



New way, New value

We look forward to your  
participation.

# Notice of the 15th Ordinary General Shareholders' Meeting

To be held at 10:00 a.m. on  
Tuesday, June 19, 2018 at  
ANA InterContinental Tokyo

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**Deadline for Exercising Voting Rights by Postal Mail or The Internet:**  
No later than 5:30 p.m. on Monday, June 18, 2018 (JST)

No souvenirs will be provided to the shareholders attending the  
General Shareholders' Meeting.  
We appreciate your understanding.

The following is an English translation of the Notice of the 15th Ordinary General Shareholders' Meeting of Sojitz Corporation ("Sojitz") to be held on June 19, 2018. Sojitz provides this translation for your reference and convenience only. In the case of any discrepancy between the translation and the Japanese original, the latter shall prevail. Sojitz hereby disclaims all representations and warranties with respect to this translation, whether express or implied, including, but not limited to, any representations and warranties with respect to accuracy, reliability or completeness of this translation. Under no circumstances shall Sojitz be liable for any damages of any kind of nature, including, but not limited to, direct, indirect, special, punitive, consequential or incidental damages arising from or in connection with this translation. Also, this document was created for the purpose of providing information to our shareholders that will help them make informed decisions. It was not created to solicit investors to buy or sell Sojitz's shares. The final decision and responsibility for investments rests solely with the reader of this document.

**Sojitz Corporation**

(Securities code 2768)

May 29, 2018

To Our Shareholders:

Masayoshi Fujimoto  
Representative Director, President & CEO  
1-1, Uchisaiwaicho 2-chome, Chiyoda-ku,  
Tokyo  
**Sojitz Corporation**

**Notice of the 15th Ordinary General Shareholders' Meeting**

You are cordially invited to attend the 15th Ordinary General Shareholders' Meeting of Sojitz Corporation ("Sojitz") to be held as described below. We look forward to meeting as many of our shareholders as possible at the meeting.

<b>Date and Time</b>	<b><u>10:00 a.m., Tuesday, June 19, 2018</u></b> (The reception is scheduled to open at 9:00 a.m.)
<b>Place</b>	<b>The Prominence Ballroom (B1F) at ANA InterContinental Tokyo</b> 12-33, Akasaka 1-chome, Minato-ku, Tokyo (Please refer to the Access to the Venue attached at the end)

**If you are unable to attend the meeting in person, please read the attached Reference Documents for the General Shareholders' Meeting, and exercise your voting rights by postal mail or electronic method in accordance with the instructions on pages 3 and 4 by no later than 5:30 p.m. on Monday, June 18, 2018 (JST).**

**Please be advised that in the event you duplicate your voting right by exercising it via postal mail and via the Internet, your vote via the Internet will be treated as valid.**

## Purpose of the Meeting

<b>Matters to be reported:</b>	<p>(1) The 15th fiscal year (from April 1, 2017 to March 31, 2018) business report, the consolidated financial statements, and the audit reports concerning the consolidated financial statements by the accounting auditors and the Audit &amp; Supervisory Board</p> <p>(2) The 15th fiscal year (from April 1, 2017 to March 31, 2018) non-consolidated financial statements</p>
<b>Matters to be resolved:</b>	<p><b>Proposal No. 1 Dividends from Surplus (Year-End Dividends for the 15th fiscal year)</b></p> <p><b>Proposal No. 2 Election of Seven (7) Directors</b></p> <p><b>Proposal No. 3 Introduction of a System of Performance-Linked Share Remuneration, etc. for Directors, etc.</b></p>

- If you exercise your voting rights at the meeting by proxy, you must appoint only one proxy who is a shareholder with voting rights in Sojitz, in accordance with the Articles of Incorporation of Sojitz. In this case, your proxy will be requested to present your letter of proxy, together with your Voting Right Exercise Form at the reception desk upon arrival at the meeting.
- In accordance with the applicable laws and regulations and Article 14 of the Articles of Incorporation of Sojitz, Sojitz publishes the Sojitz Group segment information and the “Basic concept” of “Basic concept and status of implementation and operation of internal control system” in the Business Report, notes to the consolidated financial statements and consolidated statements of changes in equity in the consolidated financial statements, and notes to the non-consolidated financial statements and non-consolidated statements of changes in net assets in the non-consolidated financial statements on our website at <https://www.sojitz.com/en/ir/stkholder/general/>.
- In the event of any revisions to the Reference Documents for the General Shareholders’ Meeting, the business report, consolidated financial statement or non-consolidated financial statements, Sojitz will publish the amendments on our website at <https://www.sojitz.com/en/ir/stkholder/general/>.
- The Notice of Resolutions at the 15th Ordinary General Shareholders’ Meeting will be published on our website at <https://www.sojitz.com/en/ir/stkholder/general/> after the General Shareholders’ Meeting.
- No souvenirs will be provided to the shareholders attending the General Shareholders’ Meeting. We appreciate your understanding.

Please exercise your “voting rights,” which are the rights to participate in the management of Sojitz.

### Guidance for Exercising Voting Rights

There are several methods for exercising voting rights. Please read the attached Reference Documents for the General Shareholders’ Meeting, and exercise your voting rights through either of the following methods:

**<For shareholders who are attending the meeting>**

**Date and time of the General Shareholders’ Meeting: 10:00 a.m. on Tuesday, June 19, 2018 (JST)**

When you attend the meeting, you are requested to present the enclosed Voting Right Exercise Form at the reception desk upon arrival at the meeting.

\*Please bring this document “Notice of the 15th Ordinary General Shareholders’ Meeting” with you to the meeting.

**<For shareholders who are unable to attend the meeting>**

If you are unable to attend the meeting in person, you can exercise your voting rights by postal mail or Electronic Method (The Internet).

**<Exercising voting rights by postal mail>**

**Deadline for exercising voting rights: To arrive no later than 5:30 p.m. on Monday, June 18, 2018 (JST)**

Please indicate your approval or disapproval on each proposal on the enclosed Voting Right Exercise Form, and return it by postal mail.

\*In the event Sojitz receives the form which has no indication of either approval or disapproval on any of the proposals made by Sojitz, Sojitz will regard such proposals as being approved.

**<Exercising voting rights by electronic method (The Internet)>**

**Deadline for exercising voting rights: No later than 5:30 p.m. on Monday, June 18, 2018 (JST)**

Please access the website designated by Sojitz for exercising voting rights which is at <https://evote.tr.mufg.jp/> through your computer, smartphone, or mobile phone by using the login ID and temporary password indicated on the enclosed Voting Right Exercise Form, and enter your vote for each proposal according to the instructions on the screen. Please see page 4 for details.

**<For institutional investors: Electronic Voting Platform>**

Nominal shareholders such as trust banks (including standing proxies) who apply in advance to use the Electronic Voting Platform for foreign and institutional investors operated by ICJ, Inc., a joint venture established by Tokyo Stock Exchange, Inc., etc. may use the platform to exercise their voting rights, in addition to the exercising of voting rights via the Internet as explained above.



### **Instructions for Exercising Voting Rights by the Internet**

To exercise your voting rights via the Internet, please access the website designated by Sojitz for this purpose (<https://evote.tr.mufg.jp/>) via a computer, smartphone, or mobile phone. Once you have accessed the site, please use the login ID and temporary password provided on the enclosed Voting Right Exercise Form and then enter your vote for each proposal according to the instructions displayed on the screen.

A new login ID and temporary password will be issued and provided to shareholders each time a General Shareholders' Meeting is to be convened.

#### **Precautions to observe**

##### **1. Handling of voting rights exercised in duplicate**

- If your voting rights are exercised in duplicate, both via postal mail and via the Internet, the vote made via the Internet will be treated as the valid vote.
- If you exercise your voting rights more than once via the Internet or via more than one device (a computer, a smartphone, or a mobile phone), only the last vote made will be treated as valid.

##### **2. Costs incurred from accessing the website for exercising voting rights**

The costs incurred from accessing the website designated by Sojitz for exercising voting rights (such as the Internet connection charges or communication fees) shall be borne by the shareholder.

#### **For technical inquiries, please contact:**

Mitsubishi UFJ Trust and Banking Corporation, Corporate Agency Division (Help Desk)  
Tel: 0120-173-027 (Business hours: 9:00 a.m. to 9:00 p.m.; toll free, within Japan only)

## Reference Documents for the General Shareholders' Meeting

### Proposals and References

#### **Proposal No. 1: Dividends from Surplus (Year-End Dividends for the 15th fiscal year)**

Sojitz recognizes that paying stable, continuous dividends is a management priority, together with enhancing shareholder value and boosting competitiveness through the accumulation and effective use of retained earnings. Under the Medium-term Management Plan 2017, which ended in fiscal 2017, the basic dividend policy was to maintain a consolidated payout ratio of around 25%.

In light of the financial results for the year ended March 31, 2018 and the adequacy of its total equity, Sojitz hereby proposes Year-End Dividends for this fiscal year as follows.

(1) Type of Dividend Property

Cash

(2) Allocation of Dividend Property to shareholders, and the total amount

¥6 per share in common stock of Sojitz, and ¥7,505,824,524 in total

Sojitz paid an interim dividend of ¥5 per share on December 1, 2017. Therefore, an annual dividend per share will be ¥11 and the total amount of annual dividends is ¥13,760,699,189.

(3) Effective date of Dividends from Surplus

June 20, 2018

## Proposal No. 2: Election of Seven (7) Directors

The Board of Directors of Sojitz currently consists of seven (7) Directors including two (2) Outside Directors, all of whose terms terminate as of the conclusion of this General Shareholders' Meeting. Accordingly, Sojitz hereby proposes the election of seven (7) Directors including two (2) Outside Directors.


The Candidates for Directors are as follows. Prior to the selection of the candidates, the Nomination Committee, an advisory body of the Board of Directors of Sojitz, deliberated and decided on the nomination.

Each of the two (2) Outside Director candidates meets the requirements for Independent Outside Director set forth in the listing rules of the Tokyo Stock Exchange, on which Sojitz is listed, and they will be registered as Independent Outside Directors if their election is resolved.


There is no special interest between any of these Director candidates and Sojitz.


No.	Name (age)	Current position and responsibilities at Sojitz	Attendance at the Board of Directors meetings
1	Yoji Sato (68) <Reappointment>	Representative Director and Chairman of the Board	100% (19/19)
2	Takashi Hara (66) <Reappointment>	Representative Director and Vice Chairman	100% (19/19)
3	Masayoshi Fujimoto (60) <Reappointment>	Representative Director, President & CEO	100% (15/15)
4	Seiichi Tanaka (57) <Reappointment>	Representative Director, Senior Managing Executive Officer, CFO	100% (15/15)
5	Shigeru Nishihara (55) <New appointment>	Senior Managing Executive Officer Assigned for Corporate Planning, Corporate Sustainability, and Overseas Project Development Office, CCO	Not applicable (new candidate)
6	Kayoko Naito (69) <New appointment> <Outside Director> <Independent Outside Director>		Not applicable (new candidate)
7	Norio Otsuka (67) <New appointment> <Outside Director> <Independent Outside Director>		Not applicable (new candidate)


- (Notes) 1. The age of each candidate is as of the conclusion of the General Shareholders' Meeting.
2. If this Proposal is resolved, Director candidate Shigeru Nishihara will be appointed as Representative Director, Senior Managing Executive Officer at the Board of Directors meeting to be held after the conclusion of the General Shareholders' Meeting.


No.	Name (Date of birth, age)	Career summary, position and responsibilities at Sojitz	Number of shares owned
1	 <p data-bbox="236 869 427 927">Yoji Sato (July 14, 1949, 68)</p> <p data-bbox="240 949 422 981">&lt;Reappointment&gt;</p> <p data-bbox="213 1010 453 1111">Term of office as Director: 12 years (as of the conclusion of the Meeting)</p> <p data-bbox="213 1144 453 1245">Attendance at the Board of Directors meetings: 19/19 (100%)</p>	<p data-bbox="464 338 1251 770">           April 1973 Joined Nissho Iwai Corporation            October 1998 Treasurer, Nissho Iwai American Corporation            April 2003 Executive Officer, Nissho Iwai Corporation            April 2004 Managing Executive Officer, Sojitz Corporation <sup>(*)1</sup>            April 2005 Director, Managing Executive Officer, CFO            October 2005 Director, Managing Executive Officer, CFO, Sojitz Corporation <sup>(*)2</sup>            April 2006 Director, Senior Managing Executive Officer, CFO            April 2008 Representative Director and Executive Vice President, CFO            April 2012 Representative Director, President &amp; CEO            June 2017 Representative Director and Chairman of the Board (current position)         </p> <p data-bbox="464 786 1251 887">           *1: In April 2004, the corporate name was changed to Sojitz Corporation due to the merger of Nichimen Corporation and Nissho Iwai Corporation.            *2: In October 2005, the corporate name was changed to Sojitz Corporation due to the merger of Sojitz Holdings Corporation and Sojitz Corporation.         </p> <p data-bbox="464 902 1278 1279">           [Reasons for the nomination of the candidate for Director]            Since assuming office as a Director of Sojitz in 2005, and later becoming CFO of Sojitz, as well as during the five years from 2012 to 2017 in the position of Representative Director, President &amp; CEO, Yoji Sato has continued to significantly contribute to the enhancement of corporate value of Sojitz by promoting the improvement of asset efficiency, enhancing profitability, and improving Sojitz's financial standing. Since assuming office as Representative Director and Chairman of the Board in 2017, he has taken on the role of supervising management as Chairman of the Board and endeavored to strengthen the governance structure of Sojitz and to improve the effectiveness of the Board of Directors. Based on his experience and accomplishments, Sojitz has chosen Yoji Sato as Director candidate predicated on its judgment that he will continue to be able to perform his duties as Director.         </p> <p data-bbox="464 1294 1246 1554">           To Shareholders of Sojitz:            Since assuming the office of Representative Director and Chairman of the Board in June 2017, I have continued to endeavor to raise the level of governance of the Sojitz Group as Chairman of the Board responsible for supervising management.            Sojitz will continue to strengthen our governance structure to ensure that it is worthy of shareholders' trust, aim to maximize the two values of "Value for Sojitz" and "Value for society," and exert every effort to deliver value to our stakeholders and to society.         </p>	292,600




No.	Name (Date of birth, age)	Career summary, position and responsibilities at Sojitz	Number of shares owned
2	 <p data-bbox="220 763 443 824"><b>Takashi Hara</b> (August 24, 1951, 66)</p> <p data-bbox="220 846 443 875">&lt;Reappointment&gt;</p> <p data-bbox="220 904 443 1003">Term of office as Director: 6 years (as of the conclusion of the Meeting)</p> <p data-bbox="220 1032 443 1131">Attendance at the Board of Directors meetings: 19/19 (100%)</p>	<p data-bbox="464 338 1275 689">           April 1975 Joined The Sanwa Bank Ltd.            January 2002 Executive Officer, UFJ Bank Ltd. <sup>(*)1</sup>            May 2005 Managing Executive Officer            January 2006 Managing Executive Officer, The Bank of Tokyo-Mitsubishi            UFJ, Ltd. <sup>(*)2</sup>            June 2008 Managing Director            May 2009 Senior Managing Director            May 2010 Deputy President            June 2012 Representative Director and Vice Chairman, Sojitz            Corporation (current position)         </p> <p data-bbox="464 696 1275 757">*1: In January 2002, the corporate name was changed to UFJ Bank Ltd. due to the merger of The Sanwa Bank, Ltd. and The Tokai Bank, Ltd.</p> <p data-bbox="464 763 1275 824">*2: In January 2006, the corporate name was changed to The Bank of Tokyo-Mitsubishi UFJ, Ltd. due to the merger of The Bank of Tokyo-Mitsubishi, Ltd. and UFJ Bank Ltd.</p> <p data-bbox="464 846 1275 1137">           [Reasons for the nomination of the candidate for Director]            Takashi Hara has acquired abundant experience and made distinguished achievements as a manager through positions such as Deputy President of The Bank of Tokyo-Mitsubishi UFJ Ltd. (currently MUFG Bank, Ltd.) In addition, since assuming office as Representative Director of Sojitz in 2012, he has dedicated himself to enhancing the governance structure of Sojitz, in an effort to attain further improvement in sound, transparent, and effective management system. Based on his experience and accomplishments, Sojitz has chosen Takashi Hara as a Director candidate predicated on its judgment that he will continue to be able to perform his duties as Director.         </p> <p data-bbox="464 1144 1275 1382">           To Shareholders of Sojitz:            In an ever-changing business environment, Sojitz continues to carry out initiatives aimed at future growth. As Sojitz grows in this way, the new Medium-term Management Plan has been launched from fiscal 2018, and we are being called upon today to not only create value for Sojitz, but also for society. I will continue to focus my efforts on strengthening corporate governance, including the management and supervision of Sojitz, so that it can achieve the creation of these two types of values.         </p>	101,700

No.	Name (Date of birth, age)	Career summary, position and responsibilities at Sojitz	Number of shares owned
3	 <p data-bbox="225 824 437 913"><b>Masayoshi Fujimoto</b> (January 9, 1958, 60)</p> <p data-bbox="225 936 437 969">&lt;Reappointment&gt;</p> <p data-bbox="209 992 453 1099">Term of office as Director: 1 year (as of the conclusion of the Meeting)</p> <p data-bbox="209 1122 453 1232">Attendance at the Board of Directors meetings: 15/15 (100%)</p>	<p data-bbox="464 331 1254 719">           April 1981 Joined Nissho Iwai Corporation            December 2008 MMC Automotriz S.A. Director President            August 2012 Sojitz Corporation of America                              Regional General Manager, Machinery Division, Americas            October 2014 Corporate Officer                              Senior General Manager, Corporate Planning, Sojitz                              Corporation            April 2015 Executive Officer            October 2015 Managing Executive Officer            April 2016 Senior Managing Executive Officer            June 2017 Representative Director, President &amp; CEO (current position)         </p> <p data-bbox="464 734 1270 969">           [Reasons for the nomination of the candidate for Director]            Masayoshi Fujimoto has abundant experience exemplified, for example, by the management skills he exerted as a President of an overseas operating company of Sojitz, as well as a Regional General Manager of Machinery Division supervising the Americas region while serving at Sojitz Corporation of America. In addition, since fiscal 2014, he has been in charge of corporate planning and has played a central role in formulating and promoting the Medium-term Management Plan.         </p> <p data-bbox="464 969 1254 1081">           In fiscal 2017, the final year of Medium-term Management Plan 2017, he has endeavored to expand the earnings base and improve asset and capital efficiency, as the Representative Director, President &amp; CEO of Sojitz, and has achieved results.         </p> <p data-bbox="464 1081 1270 1205">           Based on his experience and accomplishments, Sojitz has chosen Masayoshi Fujimoto as Director candidate predicated on its judgment that he will continue to exert strong leadership as the Representative Director, President &amp; CEO, under the new Medium-term Management Plan.         </p> <p data-bbox="464 1216 1270 1538">           To Shareholders of Sojitz:            Under Medium-term Management Plan 2017, which ended in fiscal 2017, I was able to deliver results by expanding Sojitz's stable earnings base.            Under Medium-term Management Plan 2020, which started this year, I also intend to devote myself to the further development of Sojitz by speeding up our challenge towards future growth.            The development of human resources who support growth is indispensable for Sojitz's sustainable growth. Going forward, I will to achieve the sustainable growth of Sojitz through the enhancement of onsite capabilities by focusing on the development of practical human resources and speedy business management.         </p>	61,500

No.	Name (Date of birth, age)	Career summary, position and responsibilities at Sojitz	Number of shares owned
4	 <p data-bbox="225 645 443 725"><b>Seiichi Tanaka</b> (September 14, 1960, 57)</p> <p data-bbox="225 757 443 788">&lt;Reappointment&gt;</p> <p data-bbox="209 837 451 936">Term of office as Director: 1 year (as of the conclusion of the Meeting)</p> <p data-bbox="209 945 451 1043">Attendance at the Board of Directors meetings: 15/15 (100%)</p>	<p data-bbox="464 340 1273 542">April 1984 Joined Nissho Iwai Corporation April 2014 Executive Officer, Assigned for Finance, General Manager, Finance Department, Sojitz Corporation April 2016 Managing Executive Officer, CFO June 2017 Representative Director, Senior Managing Executive Officer, CFO (current position)</p> <p data-bbox="464 555 1273 869">[Reasons for the nomination of the candidate for Director] Seiichi Tanaka has been continually engaged in the finance operations of Sojitz, including serving as the General Manager of the Finance Department. From 2016, as the CFO and Chairman of the Finance &amp; Investment Deliberation Council, he has dedicated himself to establishing and strengthening a stable foundation for Sojitz's finance operations, as Sojitz advances initiatives with an eye toward future growth. Based on his specialized knowledge which he developed through the execution of his duties, his abundant experience and accomplishments to date, Sojitz has chosen Seiichi Tanaka as Director candidate predicated on our judgment that he will continue to be able to perform his duties as Director.</p> <p data-bbox="464 882 1273 1167">To Shareholders of Sojitz: The new Medium-term Management Plan starts from fiscal 2018. Under the preceding Medium-term Management Plan (Medium-term Management Plan 2017), Sojitz managed to execute new investments and loans amounting to ¥300 billion with a view to creating a source of future revenue as originally scheduled, without compromising its financial soundness. Under the new Medium-term Management Plan, Sojitz will strive to ensure constant revenue from the investments and loans executed and will be committed to investments to drive future growth for establishing further solid earnings base, focusing on cash flows more than ever before.</p>	24,100

No.	Name (Date of birth, age)	Career summary, position and responsibilities at Sojitz	Number of shares owned
5	 <p data-bbox="236 824 432 920"><b>Shigeru Nishihara</b> (July 19, 1962, 55)</p> <p data-bbox="229 949 438 976">&lt;New appointment&gt;</p> <p data-bbox="212 1025 453 1099">Term of office as Director: Not applicable (new candidate)</p> <p data-bbox="212 1128 453 1234">Attendance at the Board of Directors meetings: Not applicable (new candidate)</p>	<p data-bbox="464 338 1246 824">           April 1986 Joined Nissho Iwai Corporation            June 2006 General Manager, Coal Department, Sojitz Corporation            October 2010 General Manager, Corporate Planning Department            April 2011 Executive Officer, Assigned for Corporate Planning Department, Regional Coordination &amp; Administration Department, and Investor Relations Office            April 2014 Managing Executive Officer, Assigned for Corporate Planning, Logistics &amp; Insurance, Investor Relations            April 2016 Senior Managing Executive Officer, Executive Management of Business Group (Metals &amp; Coal, Foods &amp; Agriculture Business, Lifestyle Commodities &amp; Materials, Retail) General Manager, Overseas Project Development Office            April 2018 Senior Managing Executive Officer, Assigned for Corporate Planning, Corporate Sustainability, Overseas Project Development Office, and CCO (current position)         </p> <p data-bbox="464 837 1273 1189">           [Reasons for the nomination of the candidate for Director]            Shigeru Nishihara has served as an Officer responsible for a wide range of fields including corporate planning, investor relations, and other corporate departments, as well as mineral resources and lifestyle-related business fields. Based on his insight developed from having served in these positions and his abundant experience, Sojitz has chosen Shigeru Nishihara as new Director candidate predicated on its judgment that he will be able to play a role in the sustained enhancement of Sojitz's corporate value as a Director going forward. If Shigeru Nishihara is elected as Director, he is scheduled to be appointed as Representative Director, Senior Managing Executive Officer at the Board of Directors meeting to be held after the conclusion of this Ordinary General Shareholders' Meeting.         </p> <p data-bbox="464 1200 1262 1538">           To Shareholders of Sojitz:            Since joining Sojitz, I have been in charge of a wide range of business, including trading of steel products as well as trading and business investments in mineral resources at business sites, followed by business in corporate departments including corporate planning, investor relations, logistics and insurance, in addition to executive management of the lifestyle-related business which is a non-resource business.            As Sojitz currently aims for sustainable growth under Medium-term Management Plan 2020 in a business environment undergoing even more rapid changes, I hope to leverage the experience and knowledge that I have acquired so far and dedicate myself to the enhancement of the corporate value of Sojitz, as well as meet the expectations of our shareholders.         </p>	90,500

No.	Name (Date of birth, age)	Career summary, position and responsibilities at Sojitz	Number of shares owned												
6	 <p data-bbox="244 943 427 999">Kayoko Naito (May 2, 1949, 69)</p> <p data-bbox="228 1032 443 1059">&lt;New appointment&gt;</p> <p data-bbox="228 1070 443 1097">&lt;Outside Director&gt;</p> <p data-bbox="217 1108 451 1182">&lt;Independent Outside Director&gt;</p> <p data-bbox="209 1227 451 1301">Term of office as Director: Not applicable (new candidate)</p> <p data-bbox="209 1335 451 1440">Attendance at the Board of Directors meetings: Not applicable (new candidate)</p>	<p data-bbox="464 344 1262 405">April 1985 Federation of Bar Associations (Daini Tokyo Bar Association, Japan)</p> <p data-bbox="464 412 1054 439">September 1989 Davis Polk &amp; Wardwell LLP (New York)</p> <p data-bbox="464 445 959 472">January 1991 Mitsui, Yasuda, Wani &amp; Maeda</p> <p data-bbox="464 479 1182 506">September 2004 Partner, Oh-Ebashi LPC &amp; Partners (current position)</p> <p data-bbox="464 512 1214 573">September 2014 Lecturer, Ritsumeikan University School of Law (current position)</p> <p data-bbox="464 580 1270 667">June 2016 Member of The Japan-Mekong Business Cooperation Committee, Japan Chamber of Commerce and Industry (JCCI) (current position)</p> <p data-bbox="464 674 1246 734">October 2017 Supervisory Officer, Tokyo Infra Energy Toshihojin (current position)</p> <p data-bbox="464 745 1270 1066">[Reasons for the nomination of the candidate for Outside Director] Kayoko Naito, as an attorney, has advanced and specialized knowledge in the fields of international law and corporate law. Sojitz has chosen Kayoko Naito as an Outside Director candidate predicated on its judgment that she will give appropriate and useful advice and suggestions on Sojitz's management at the Board of Directors meetings and other such occasions from an independent and global perspective in the future, particularly in the fields of legal affairs, risk management, and corporate governance. Although Kayoko Naito has not been directly involved in corporate management before, Sojitz has determined that she will be able to appropriately perform her duties as Outside Director for the reasons stated above.</p> <p data-bbox="464 1077 1262 1312">[Independence] Kayoko Naito is a candidate for Outside Director pursuant to Article 2, Paragraph 3, Item 7 of the Ordinance for Enforcement of the Companies Act of Japan. Kayoko Naito meets Sojitz's "Standards Concerning the Appointment and Independence of Candidates for Outside Executive Officers" (please see pages 17 and 18 of the Reference Documents for the General Shareholders' Meeting), and Sojitz believes that she has sufficient independence from Sojitz as Outside Director.</p> <p data-bbox="464 1335 1270 1395">[Significant concurrent occupations or positions at other organizations and business relationships with Sojitz]</p> <table border="1" data-bbox="464 1395 1270 1874"> <thead> <tr> <th data-bbox="464 1395 778 1456">Name of organization</th> <th data-bbox="778 1395 1007 1456">Occupation or position</th> <th data-bbox="1007 1395 1270 1456">Relationship with Sojitz</th> </tr> </thead> <tbody> <tr> <td data-bbox="464 1456 778 1664">Oh-Ebashi LPC &amp; Partners</td> <td data-bbox="778 1456 1007 1664">Partner</td> <td data-bbox="1007 1456 1270 1664">Transactions among revenue in Sojitz's consolidated financial statements were less than 0.5%, and less than 0.5% of net sales of said firm.</td> </tr> <tr> <td data-bbox="464 1664 778 1809">The Japan-Mekong Business Cooperation Committee, The Japan Chamber of Commerce and Industry (JCCI)</td> <td data-bbox="778 1664 1007 1809">Member</td> <td data-bbox="1007 1664 1270 1809">There is no special relationship.</td> </tr> <tr> <td data-bbox="464 1809 778 1874">Tokyo Infra Energy Toshihojin</td> <td data-bbox="778 1809 1007 1874">Supervisory Officer</td> <td data-bbox="1007 1809 1270 1874">There is no special relationship.</td> </tr> </tbody> </table>	Name of organization	Occupation or position	Relationship with Sojitz	Oh-Ebashi LPC & Partners	Partner	Transactions among revenue in Sojitz's consolidated financial statements were less than 0.5%, and less than 0.5% of net sales of said firm.	The Japan-Mekong Business Cooperation Committee, The Japan Chamber of Commerce and Industry (JCCI)	Member	There is no special relationship.	Tokyo Infra Energy Toshihojin	Supervisory Officer	There is no special relationship.	0
Name of organization	Occupation or position	Relationship with Sojitz													
Oh-Ebashi LPC & Partners	Partner	Transactions among revenue in Sojitz's consolidated financial statements were less than 0.5%, and less than 0.5% of net sales of said firm.													
The Japan-Mekong Business Cooperation Committee, The Japan Chamber of Commerce and Industry (JCCI)	Member	There is no special relationship.													
Tokyo Infra Energy Toshihojin	Supervisory Officer	There is no special relationship.													

No.	Name (Date of birth, age)	Career summary, position and responsibilities at Sojitz	Number of shares owned
		<p>To Shareholders of Sojitz:</p> <p>To encourage Sojitz's sustainable growth, enhance its corporate value, and ultimately create value and prosperity in line with its Group Statement, it is imperative that we lay the groundwork by strengthening the corporate structure so that it is worthy of the shareholders' trust. The Board of Directors, in particular, is a cornerstone of the governance structure. Going forward, I intend to make every effort to identify the substance and risks of each business and provide appropriate suggestions to deepen the discussions of the Board of Directors meetings from an Outside Director's standpoint, particularly from the perspectives of international law and corporate law, which I have developed over the years.</p>	



No.	Name (Date of birth, age)	Career summary, position and responsibilities at Sojitz	Number of shares owned
7	 <p data-bbox="240 891 427 949">Norio Otsuka (July 5, 1950, 67)</p> <p data-bbox="229 981 438 1010">&lt;New appointment&gt;</p> <p data-bbox="229 1021 438 1050">&lt;Outside Director&gt;</p> <p data-bbox="220 1061 448 1128">&lt;Independent Outside Director&gt;</p> <p data-bbox="209 1178 448 1256">Term of office as Director: Not applicable (new candidate)</p> <p data-bbox="209 1285 448 1386">Attendance at the Board of Directors meetings: Not applicable (new candidate)</p>	<p data-bbox="464 338 794 367">April 1973 Joined NSK Ltd.</p> <p data-bbox="464 378 1262 407">July 1993 Transferred to NSK-RHP EUROPE LTD. to serve as Director</p> <p data-bbox="464 418 1262 530">June 1998 Deputy Head of all European operations, NSK Ltd., Transferred to NSK-RHP EUROPE LTD. to serve as Director (concurrent). Transferred to NSK FRANCE S.A. to serve as President (concurrent).</p> <p data-bbox="464 542 1219 600">April 2000 Vice President, Head of Corporate Strategy Division HQ, Head of IR Office</p> <p data-bbox="464 611 1225 669">June 2002 Director, Senior Vice President, Administrative Divisions, Head of Corporate Strategy Division HQ</p> <p data-bbox="464 680 1257 792">June 2003 Director, Senior Vice President, Finance Division, IR Office, Head of Corporate Strategy Division HQ, Head of Needle Roller Bearing Business Division HQ, Member of the Compensation Committee</p> <p data-bbox="464 804 1273 938">June 2004 Director, Executive Vice President, Vice Chairperson of the Board of Directors, Administrative Divisions, Needle Roller Bearing Business Division HQ, Internal Audit Office, Head of Corporate Strategy Division HQ, Deputy Head of Automotive Division HQ, Member of the Compensation Committee</p> <p data-bbox="464 949 1246 1061">June 2007 Director, Senior Executive Vice President, Vice Chairperson of the Board of Directors, Administrative Divisions, Global Sales Planning Dept., Head of Corporate Strategy Division HQ, Member of the Compensation Committee</p> <p data-bbox="464 1072 1225 1184">June 2009 Director, President and Chief Executive Officer, Vice Chairperson of the Board of Directors, Chairperson of the Nomination Committee, Chairperson of the Operating Committee</p> <p data-bbox="464 1196 1257 1285">June 2011 Director, President and Chief Executive Officer, Chairperson of the Board of Directors, Chairperson of the Nomination Committee, Chairperson of the Operating Committee</p> <p data-bbox="464 1296 1118 1326">June 2015 Director, Chairperson of the Board of Directors</p> <p data-bbox="464 1337 1238 1395">June 2016 President, The Japan Bearing Industry Association (current position)</p> <p data-bbox="464 1406 1270 1435">March 2017 Outside Director, Showa Shell Sekiyu K. K. (current position)</p> <p data-bbox="464 1447 1134 1476">June 2017 Honorary Chairman, NSK Ltd. (current position)</p> <p data-bbox="464 1487 1270 1762">[Reasons for the nomination of the candidate for Outside Director] Norio Otsuka has abundant knowledge and experience as senior management exemplified, for example, by his efforts to promote worldwide growth strategies as well as strengthen corporate governance while serving as Director, President and Chief Executive Officer, and Chairman of NSK Ltd. Sojitz has chosen Norio Otsuka as an Outside Director candidate predicated on the judgment that he will give appropriate and meaningful advice on Sojitz's long-term group strategies and further reinforcement of Sojitz's corporate governance at the Board of Directors meetings and other such occasions from a practical perspective.</p>	0

No.	Name (Date of birth, age)	Career summary, position and responsibilities at Sojitz	Number of shares owned												
		<p>[Independence] Norio Otsuka is a candidate for Outside Director pursuant to Article 2, Paragraph 3, Item 7 of the Ordinance for Enforcement of the Companies Act of Japan. Norio Otsuka meets Sojitz's "Standards Concerning the Appointment and Independence of Candidates for Outside Executive Officers" (please see pages 17 and 18 of the Reference Documents for the General Shareholders' Meeting), and Sojitz believes that he has sufficient independence from Sojitz as Outside Director.</p> <p>[Significant concurrent occupations or positions at other organizations and business relationships with Sojitz]</p> <table border="1" data-bbox="464 658 1272 1189"> <thead> <tr> <th data-bbox="464 658 778 714">Name of organization</th> <th data-bbox="778 658 1007 714">Occupation or position</th> <th data-bbox="1007 658 1272 714">Relationship with Sojitz</th> </tr> </thead> <tbody> <tr> <td data-bbox="464 714 778 920">NSK Ltd. (6471)*</td> <td data-bbox="778 714 1007 920">Honorary Chairman</td> <td data-bbox="1007 714 1272 920">Transactions among revenue in Sojitz's consolidated financial statements were less than 1.0%, and less than 1.5% of net sales of said company.</td> </tr> <tr> <td data-bbox="464 920 778 981">The Japan Bearing Industry Association</td> <td data-bbox="778 920 1007 981">President</td> <td data-bbox="1007 920 1272 981">There is no special relationship.</td> </tr> <tr> <td data-bbox="464 981 778 1189">Showa Shell Sekiyu K. K. (5002)*</td> <td data-bbox="778 981 1007 1189">Outside Director</td> <td data-bbox="1007 981 1272 1189">Transactions among revenue in Sojitz's consolidated financial statements were less than 0.5%, and less than 0.5% of net sales of said company.</td> </tr> </tbody> </table> <p>*Figures in parentheses are securities codes. To Shareholders of Sojitz: Sojitz has taken on the challenge for growth and is about to embark on a new stage. I have promoted worldwide growth strategies and the reinforcement of governance throughout my career in corporate management. Drawing on this experience and from a position independent from business execution, I will endeavor to further accelerate growth and maximize corporate value so that Sojitz will be able to provide new value to all its stakeholders to an even greater extent.</p>	Name of organization	Occupation or position	Relationship with Sojitz	NSK Ltd. (6471)*	Honorary Chairman	Transactions among revenue in Sojitz's consolidated financial statements were less than 1.0%, and less than 1.5% of net sales of said company.	The Japan Bearing Industry Association	President	There is no special relationship.	Showa Shell Sekiyu K. K. (5002)*	Outside Director	Transactions among revenue in Sojitz's consolidated financial statements were less than 0.5%, and less than 0.5% of net sales of said company.	
Name of organization	Occupation or position	Relationship with Sojitz													
NSK Ltd. (6471)*	Honorary Chairman	Transactions among revenue in Sojitz's consolidated financial statements were less than 1.0%, and less than 1.5% of net sales of said company.													
The Japan Bearing Industry Association	President	There is no special relationship.													
Showa Shell Sekiyu K. K. (5002)*	Outside Director	Transactions among revenue in Sojitz's consolidated financial statements were less than 0.5%, and less than 0.5% of net sales of said company.													

(Note) Other matters concerning the candidates for Outside Director

Limited liability agreements with candidates for Outside Director

Sojitz plans to enter into a limited liability agreement with Kayoko Naito and Norio Otsuka, limiting their liabilities to the higher of ¥10 million or the minimum liability amount stipulated in Article 425, Paragraph 1 of the Companies Act of Japan, if they are elected.

(Reference)

## **Standards Concerning the Appointment and Independence of Candidates for Outside Executive Officers**

### **Standards concerning appointment of Outside Executive Officers**

Sojitz 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 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, Sojitz also ensures 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 Executive Officers**

Sojitz judges Outside Executive Officers 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 Sojitz (a shareholder holding 10% or more of Sojitz's total voting rights) or a member of business personnel thereof
2. A major creditor to Sojitz (a creditor from whom Sojitz owed an amount exceeding 2% of consolidated total assets in the most recent fiscal year) or a member of business personnel thereof
3. A major business partner of Sojitz (a business partner whose transaction amount with Sojitz exceeded 2% of Sojitz's annual consolidated revenue in the most recent fiscal year) or a member of business personnel thereof
4. A party whose major business partner is Sojitz (an entity whose transaction amount with Sojitz exceeded 2% of its annual consolidated net sales in the most recent fiscal year) or a member of business personnel thereof
5. An attorney, certified public accountant, certified tax accountant, consultant or other professional who received money or other property from Sojitz for his/her services as an individual, in an amount exceeding ¥10 million annually on average over the past three fiscal years, other than remuneration of Executive Officers (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 Sojitz in an amount exceeding ¥10 million annually on average over the past three fiscal years or in an amount of 2% of the annual total revenue or consolidated net sales of the organization, whichever the greater.)
6. A person who receives donations or grants from Sojitz in an amount exceeding ¥10 million annually (if

such donations or grants are received by an organization, such as a corporation or partnership, this item refers to a member of business personnel of the organization.)

7. A person who serves as Sojitz's Accounting Auditor or a person who is engaged in auditing Sojitz's activities 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 Sojitz's business personnel (limited to the person holding the position of officer or other important positions) or any of its consolidated subsidiaries
11. A person whose term of office as Outside Executive Officer of Sojitz exceeds eight years
12. A person with concerns about his/her independence, such as having constant and substantial conflict of interest with general shareholders as a whole in performing the duties of Outside Executive Officer

**Proposal No. 3: Introduction of a System of Performance-Linked Share Remuneration, etc. for Directors, etc.**

1. Reasons for the proposal and rationale for remuneration, etc.

In this Proposal, we ask for your approval of the introduction of a new remuneration system of performance-linked share remuneration, etc. (hereinafter referred to as the “System”), in which delivery and grant (hereinafter referred to as “Delivery”) of Sojitz shares and cash equivalent to the conversion amount of Sojitz shares (hereinafter referred to as the “Sojitz Shares”) are made commensurate with the level of achievement of performance targets, etc., to Directors (excluding Outside Directors and non-residents in Japan) and Executive Officers (excluding non-residents in Japan) of Sojitz (hereinafter collectively referred to as “Directors”).

The System is intended to encourage contributions to the improvement in Sojitz’s performance and corporate value over the medium-to-long term, thus the introduction of the System is believed to be appropriate. For the purpose of ensuring transparency and objectivity in the remuneration-determining process, Sojitz has set up the Remuneration Committee as a voluntary advisory body to the Board of Directors. The Committee is chaired by an Outside Director and half of its members are Outside Directors. The introduction of the System was deliberated by the Remuneration Committee.

This proposal is to offer share remuneration to the Directors separately and in addition to the limit of the remuneration, etc. for Directors excluding Outside Directors (maximum of ¥550 million per year, excluding the salary as for being employees), as resolved at the 4th Ordinary General Shareholders’ Meeting held on June 27, 2007.

Five (5) Directors (excluding Outside Directors and non-residents in Japan) shall be applicable under the System at the conclusion of this General Shareholders’ Meeting, subject to the resolution of Proposal No.2 (Election of seven (7) Directors) as originally proposed. Since the System shall also apply to Executive Officers (excluding non-residents in Japan), 14 Executive Officers not concurrently serving as Directors shall be covered under the System, subject to the resolution of the Proposal No.2 as originally proposed. Remuneration based on the System includes remuneration for Executive Officers, and since the System handles the share remuneration for Directors together with that for Executive Officers, this Proposal is made for the total remuneration based on the System as remuneration for Directors setting out its amount and other details, as well as the calculation method involved therein.



Remuneration for Directors of Sojitz shall consist of “basic remuneration” and “performance-linked monetary remuneration” along with “share remuneration,” subject to the approval of this Proposal as originally proposed.

## 2. The amount and details of the remuneration under the System

### (1) Outline of the System

The System is a share remuneration system, in which Sojitz shares are acquired through a trust, using cash contributed by Sojitz for remuneration, and Delivery of the Sojitz Shares will be made to Directors through a trust. Remuneration under the System consists of the “performance-linked portion” and “fixed portion.” For the performance-linked portion, Delivery of a certain number of the Sojitz Shares will be made based on the rank of Directors, and linked to profit for the year attributable to owners of Sojitz (hereinafter referred to as “Consolidated Net Profit for the Year”) for in each of the three fiscal years covered by the Medium-term Management Plan of Sojitz. For the fixed portion, Delivery of a certain number of the Sojitz Shares will be made based on the rank and basic remuneration of Directors without any link to business performance. (For further details, please refer to (2) below as well as subsequent paragraphs.)

1) Persons eligible for Delivery of the Sojitz Shares in this Proposal	<ul style="list-style-type: none"> <li>- Directors (excluding Outside Directors and non-residents in Japan)</li> <li>- Executive Officers (excluding non-residents in Japan)</li> </ul>
2) Impact of Sojitz shares subject to Delivery in this Proposal on the total number of shares issued	
Upper limit of cash contributed by Sojitz (as described in (2) below)	- ¥700 million in total for three fiscal years
Upper limit of the number of Sojitz shares (including shares to be converted into cash) subject to Delivery to Directors, and the acquisition method thereof (as described in (2) and (3) below)	<ul style="list-style-type: none"> <li>- The upper limit of points to be granted to Directors during the trust period shall be 3 million points (equivalent to 3 million shares) for three fiscal years.</li> <li>- The average number of points to be granted for each fiscal year shall be 1 million (equivalent to 1 million shares), which accounts for approximately 0.08% of the total number of Sojitz shares issued (as of March 31, 2018, after deduction of treasury shares).</li> <li>- As Sojitz shares are to be acquired from the stock market, no dilution is expected to occur under this System.</li> </ul>

3) Details of the performance conditions to be achieved (as described in (3) below)	- Variable in accordance with Consolidated Net Profit for the Year in each fiscal year
4) Timing of Delivery of the Sojitz Shares to Directors (as described in (4) below).	- After retirement

## (2) Upper limit of cash contributed by Sojitz

The period applicable under the System shall be the three fiscal years covered by the Medium-term Management Plan of Sojitz (hereinafter referred to as the “Applicable Period”). The initial Applicable Period shall be the three fiscal years, from the fiscal year ending March 31, 2019, to the fiscal year ending March 31, 2021.

Sojitz shall contribute a trust fund amount not exceeding ¥700 million for each Applicable Period as remuneration for Directors, thereby creating a trust (hereinafter referred to as the “Trust”) with a trust period equivalent to the Applicable Period, for Directors who meet the beneficiary requirements set out as follows as beneficiaries. The Trust shall acquire Sojitz shares from the stock market using the trust fund under direction of the trust administrator.

Sojitz shall grant share delivery points (as defined in (3) below) to Directors during the trust period. Share delivery points that were granted shall be accumulated each year, and after the retirement of Director, Delivery of the Sojitz Shares equivalent to accumulated share delivery points shall be made from the Trust.

Upon expiry of the trust period of the Trust, the Trust may be continued by amending the trust agreement and making additional contributions to the Trust. In such case, the trust period of the Trust shall be extended for three years, and Sojitz shall, for each such extended trust period, make additional contributions, not exceeding the upper limit of the trust fund as resolved by this General Shareholders’ Meeting, thereby continuing to grant Directors share delivery points during the extended trust period. In the event of such additional contribution to the trust, however, if there remain in the trust property Sojitz Shares (excluding Sojitz Shares corresponding to the number of the share delivery points granted to Directors for which Delivery has not been made) as well as cash (hereinafter referred to as “Residual Shares”) as of final day of the trust period before extension, the combined amount of Residual Shares and the amount of the trust fund additionally contributed shall not exceed the upper limit of the trust fund as resolved by the General Shareholders’ Meeting. This extension of the trust period is not limited to once, and the Trust may be renewed likewise thereafter.

In the event that the Trust is terminated, if, upon expiry of the trust period, (in the case where the

Trust has been continued, upon expiry of the extended trust period), Directors who may meet the beneficiary requirements remain in service, the Trust must not be terminated immediately, and the trust period of the Trust shall be extended for a period not exceeding 10 years, until such time as the Directors retire and Delivery of the Sojitz Shares is completed. However, in such case, no share delivery points shall be newly granted to Directors.

(Beneficiary requirements)

- 1) Remaining in service as Directors during the Applicable Period after the inception of the System (including those becoming Directors after the inception of the System)
- 2) Having retired from the office of Director
- 3) Resident in Japan
- 4) Not having retired voluntarily from the office of Director due to personal reasons (excluding voluntary retirement due to unavoidable circumstances such as injury or sickness), nor having resigned or been dismissed due to certain wrongful conduct or gross violation of work regulations/internal rules while in office.
- 5) Other requirements considered necessary for achieving the purposes intended for this performance-linked share remuneration system

(3) Upper limit of the number of Sojitz shares subject to Delivery to Directors (including shares subject to conversion into cash) and the calculation method thereof

Around June each year during the trust period, share delivery points as follows shall be granted to those who served as Directors for a predetermined period of time as compensation for the execution of duties.

Share delivery points that were granted shall be accumulated each year, and following the retirement of Director, according to the accumulated share delivery points, Delivery of the Sojitz Shares shall be made to the Director at a ratio of one Sojitz share per one point (any fraction less than one point shall be rounded down).

In the event of an increase or decrease in the number of Sojitz shares held in the Trust due to share split, gratis allotment of shares or share consolidation, Sojitz shall adjust the number of the Sojitz Shares subject to Delivery for each point, depending on the rate of such increase or decrease.

The number of share delivery points to be granted to Directors during the trust period of the Trust shall not exceed 3 million points for each series of three fiscal years (equivalent to the annual average of 1 million points). Such maximum number of points has been decided, in consideration of the upper limit of the trust fund described in (2) above, along with factors such as the latest share price.

(Calculation of Points)

1) Performance-linked share delivery points

$(\text{Amount of individual share remuneration})(*1) \div (\text{Monthly average closing price of Sojitz shares at the Tokyo Stock Exchange in July 2018})(*2)$

\*1 The amount of individual share remuneration shall be calculated, based on the total amount of share remuneration calculated using Consolidated Net Profit for the Year.

■ Total amount of share remuneration

$= (\text{Consolidated Net Profit for the Year in each fiscal year}) (\text{Note 1}) \times \alpha\% (\text{Note 2})$   
 $\times (\text{Aggregate sum of rank-based points for all Directors eligible}) \div 539$  (any fraction less than one yen shall be rounded down)

(Note 1) For Directors who retired (including those who retired voluntarily due to unavoidable circumstances such as injury or sickness, but excluding those who retired voluntarily and not under unavoidable circumstances), or Directors who died, before expiry of their term of office, profit for the quarter attributable to owners of the Company in the quarterly closing report already disclosed at such point in time (hereinafter referred to as “Consolidated Net Profit for the Quarter”) shall be annualized into Consolidated Net Profit for the Year (for example, if the quarterly financial results for the first quarter have already been disclosed, by quadrupling Consolidated Net Profit for the Quarter for the first quarter), to calculate the above Consolidated Net Profit for the Year. Directors who changed their status before expiry of their term of office to become non-residents in Japan shall be treated likewise.

(Note 2) The value of coefficient  $\alpha$  shall be adjusted according to the targeted Consolidated Net Profit for the Year in each fiscal year, and shall be disclosed along with such targeted Consolidated Net Profit for the Year after being resolved by the Board of Directors. Note that for fiscal 2018,

the value of  $\alpha$  shall be set at 0.078.

■ Individual amount of share remuneration

= (Total amount of share remuneration) x ((Rank-based points for each Director) ÷ (Aggregate sum of rank-based points for all Directors eligible)) (any fraction less than ¥1,000 shall be rounded down)

(Table of rank-based points)

	Executive rank	Rank-based points
Directors	Director and Chairman	86
	Director and Vice Chairman	73
	Director and President	100
	Director and Executive Vice President	73
	Director and Senior Managing Executive Officer	67

\*2 In the case where the trust period has been extended, the month preceding the month in which the extension was effected

Directors who retired (including those who retired voluntarily due to unavoidable circumstances such as injury or sickness, but excluding those who retired voluntarily and not under unavoidable circumstances), or Directors who died, before expiry of their term of office, shall be granted performance-linked share delivery points, in proportion to the number of months in service (any fractional period less than one month shall be rounded down). Directors who changed their status before expiry of their term of office to become non-residents in Japan shall be treated likewise.

Performance-linked share delivery points that are granted to Executive Officers (excluding Executive Officers concurrently serving as Directors), classified as Directors, etc. shall be calculated using a method in conformity with the method used for Directors.

2) Fixed share delivery points

(Basic share remuneration by rank)(\*3) ÷ (Monthly average closing price of Sojitz shares at the

Tokyo Stock Exchange in July 2018(\*4))

\*3 Basic share remuneration by rank is determined based on the rank and the basic remuneration of each Director.

\*4 In the case where the trust period has been extended, the month preceding the month in which such extension was effected.

Directors who retired (including those who retired voluntarily due to unavoidable circumstances such as injury or sickness, but excluding those who retired voluntarily and not under unavoidable circumstances), or Directors who died, before expiry of their term of office, shall be granted fixed share delivery points, in proportion to the number of months in service (any fractional period less than one month shall be rounded down). Directors who changed their status before expiry of their term of office to become non-residents in Japan shall be treated likewise.

Fixed share delivery points that are granted to Executive Officers (excluding Executive Officers concurrently serving as Directors), classified as Directors, shall be calculated using a method in conformity with the method used for Directors.

#### (4) Method and timing of Delivery of the Sojitz Shares to Directors.

Directors who meet the beneficiary requirements shall, after their retirement (excluding retirement due to deaths), receive delivery of the number of Sojitz shares equivalent to 70% of the accumulated share delivery points as calculated in accordance with (3) above (with any fractional share being rounded down), while receiving the amount of cash equivalent to the conversion amount of Sojitz shares equivalent to the rest of the accumulated share delivery points converted within the Trust.

In the event of death of a Director who meets the beneficiary requirements during the trust period, the number of Sojitz shares equivalent to his/her accumulated share delivery points at the time of death, shall all be converted into cash within the Trust, and the amount of cash equivalent to the conversion amount shall be granted to the heir of such Director from the Trust.

#### (5) Exercise of voting rights of Sojitz shares held in the Trust

The voting rights for Sojitz shares held in the Trust (prior to Delivery of Sojitz shares to Directors)



shall not be exercised during the trust period, to ensure neutrality of the Trust with no influence on the management of Sojitz.

(6) Treatment of the dividends on Sojitz shares held in the Trust

Dividends paid on Sojitz shares held in the Trust, shall, after being received by the Trust, be used for paying the trust fee and the trust expenses and retained within the Trust at an amount equivalent to the amount of dividend per share for the accumulated share delivery points held by Directors as of the date of record for dividends, while being granted to Directors along with the Sojitz Shares subject to Delivery, under (4) above.

(7) Other details of the System

Other details of the System shall be decided by the Board of Directors at the time of the establishment of the Trust, the amendment to the trust agreement, and the additional contribution to the Trust.

**(Attachment to the Notice of the 15th Ordinary General Shareholders' Meeting)**

## **Business Report**

(From April 1, 2017 to March 31, 2018)

### **1. Current circumstances of Sojitz Group**

#### **(1) Review of progress and performance in operations**

In the year ended March 31, 2018, conditions in the global economy proved firm due to the support of growth in developed countries witnessing increased consumption and in emerging countries in which markets were buoyed by the growth in developed countries. Resource prices were likewise solid amidst bullish demand.

The United States witnessed the continuation of steady economic growth fueled by increases in capital investment and consumer spending, which was the impetus for an additional hike in the policy interest rate. Furthermore, stock prices reached record highs as a result of strong corporate performance and the ratification of the new tax reform plan. However, there was a slight slowdown that arose leading up to the end of the fiscal year due to concern stemming from the interest rate hike and trade negotiations, particularly with regard to the restrictions on steel imports.

Meanwhile, firm export and consumer spending trends contributed to increasingly strong economic recovery in Germany and other European countries, prompting the European Central Bank to announce plans to scale back quantitative easing measures in October 2017. However, there was a lingering sense of opaqueness in light of factors including negotiations regarding the United Kingdom's withdrawal from the European Union.

In China, economic conditions proved firm, despite faltering growth in consumer spending, as positive trends resumed in relation to exports and investments in infrastructure, real estate, and other areas. Nonetheless, this country faces an increasingly uncertain outlook due to concerns related to factors including trade disputes stemming from the United States' steel import restrictions, excessive production facilities, and the need to respond to environmental issues and the debt issues of regional governments.

Despite concerns for possible outflows of capital following the interest rate hike in the United States, Asia experienced overall stable economic growth. Factors contributing to this growth included economic recovery in developed countries, increased exports accompanying economic growth in China, and favorable internal consumption.

In Japan, a fairly high growth rate was posted due to improvements in corporate performance and capital investment levels coupled with strong consumer spending.

#### **Sojitz Group Performance**

Sojitz Corporation's consolidated business results for the year ended March 31, 2018 are presented below. (Note)

- (Note) Sojitz adopts the International Financial Reporting Standards (hereinafter referred to as "IFRS") in preparing the consolidated financial statements. Gross profit, operating profit, profit before tax, profit for the year, and total comprehensive income for the year are shown pursuant to IFRS. Net sales is calculated based on Japanese Generally Accepted Accounting Practices (JGAAP), and represents the total amount of the transactions in which Sojitz Group took part as principal and those in which Sojitz Group took part as an agent.

Net sales	Net sales increased 12.4%, to ¥4,209,077 million, due to increased transaction volumes of tobacco in the Retail & Lifestyle Business Division, as well as increased sales in the Chemicals Division, resulting from the new acquisition of a European chemical distributor and marketing company and higher volume of plastic resin transactions, increased sales in Metals & Coal Division resulting from higher coal and other commodity prices and higher volumes.
Gross profit	Gross profit was up ¥31,695 million year on year, to ¥232,380 million. This increase can be attributed to profit growth in the Automotive Division due to higher automobile sales volumes in overseas automobile wholesale businesses; the Metals & Coal Division, resulting from higher selling prices for the overseas coal businesses; and a rise in profit in the Infrastructure & Environment Business Division due to earnings contributions from infrastructure-related businesses.
Operating profit	Operating profit increased ¥8,220 million year on year, to ¥59,838 million, as a result of the rise in gross profit.
Profit before tax	Profit before tax increased ¥22,388 million year on year, to ¥80,343 million, as a result of the rise in operating profit and in share of profit of investments accounted for using the equity method.
Profit for the year	After deducting income tax expenses of ¥18,648 million from profit before tax of ¥80,343 million, profit for the year amounted to ¥61,694 million, up ¥17,619 million year on year. Profit for the year (attributable to owners of the Company) increased ¥16,082 million year on year, to ¥56,842 million.
Comprehensive income for the year	Despite the decrease of foreign currency translation differences for foreign operations, comprehensive income for the year ended March 31, 2018 amounted to ¥51,326 million, up ¥7,193 million. Comprehensive income for the year (attributable to owners of the Company) increased ¥7,141 million year on year, to ¥47,430 million.

Sojitz Group's operating performance and overview of business conditions by business segment are as follows.

Effective April 1, 2017, the Lifestyle Commodities & Materials Division and the Retail Division were reorganized to form the Retail & Lifestyle Business Division and the Industrial Infrastructure & Urban Development Division. Also effective on this date, the medical and healthcare business operations previously included in the Chemicals Division were transferred to the Infrastructure & Environment Business Division. The results for fiscal 2016 have been reclassified to reflect this change from the previous organization to that in effect as of April 2017.

### Automotive Division

#### Operating performance

Net sales (JGAAP) increased 19.9% year on year, to ¥339,487 million, as a result of higher export trading transactions for the Philippines and off-shore transactions and the new acquisition of parts quality inspection business in North America. Profit for the year (attributable to owners of the Company) increased ¥2,929 million year on year, to ¥6,515 million, due to higher unit sales in the overseas automobile wholesale businesses.

#### Overview of business conditions

For our core businesses of assembly and wholesale, unit sales rose and performance was strong due to increased automotive demand, primarily in emerging countries. In order to create clusters of revenue, Sojitz acquired new functions in the automotive-related business field by expanding and initiating automobile dealership businesses in the United States and Russia as well as participating in automobile component quality inspection businesses in North America.

### Aerospace & IT Business Division

#### Operating performance

Net sales (JGAAP) decreased 14.5% year on year, to ¥491,482 million, as a result of lower aircraft-related transactions. Profit for the year (attributable to owners of the Company) of ¥4,514 million was recorded, decreasing ¥5,391 million from the previous fiscal year due to lower gross profit as well as rebound from gain on partial sale of IT business subsidiary in the previous fiscal year.

#### Overview of business conditions

Profits declined year on year due in part to the one-time profit of the previous fiscal year, but the commercial aircraft field, one of Sojitz's strengths, performed well. During the year ended March 31, 2018, Sojitz took measures to strengthen its future profitability by expanding its business field such as expanding its business jet operations and participating in the operation business of Palau International Airport. In addition, subsidiaries Nissho Electronics and Sojitz Systems were merged, combining ICT infrastructure software and construction with core system development and administration ability to meet diverse customer needs.

## Infrastructure & Environment Business Division

### Operating performance

Net sales (JGAAP) increased 0.3% year on year, to ¥221,087 million, as a result of higher volumes of industrial machinery transactions. Profit for the year (attributable to owners of the Company) increased ¥2,848 million year on year, to ¥7,010 million, due to earnings contributions from infrastructure-related businesses.

### Overview of business conditions

The infrastructure-related business carried out in the years leading up to this fiscal year steadily contributed to revenue, and industrial machinery transactions increased as a result of the strong global economy. Sojitz made advances into businesses that produce stable revenue, such as gas-fired power generation business in the U.S. and renewable energy business in Japan, the Americas, and Europe, and also built new business foundations, such as by participating in the hospital facility management business in Turkey.

## Energy Division

### Operating performance

Net sales (JGAAP) increased 47.2% year on year, to ¥118,358 million, due to a rise in LNG transaction volumes. Loss for the year (attributable to owners of the Company) of ¥8,472 million was recorded, compared with loss for the year (attributable to owners of the Company) of ¥559 million in the previous fiscal year, as a result of losses related to oil and gas interests.

### Overview of business conditions

The oil and gas supply and demand environment is improving, with factors such as increased demand for energy due to strong global economic growth and ongoing reductions in oil production by oil-producing nations. Although prices of oil and gas have been stable, results were affected by the one-time loss produced by the division's policy of shifting its business portfolio from upstream to midstream and downstream businesses. Midstream and downstream business expansion during the year ended March 31, 2018 included equity participation in an LNG receiving terminal business in Europe, a first for a Japanese trading company. Sojitz is working to establish a revenue base that is resilient against the impact of market conditions through expansion of its clean energy value chain, focusing on gas and LNG.

## Metals & Coal Division

### Operating performance

Net sales (JGAAP) increased 24.2% year on year, to ¥561,371 million, as a result of higher prices and transactions volumes for coal and other resources. Profit for the year (attributable to owners of the Company) increased ¥11,852 million, to ¥21,882 million. Factors contributing to this increase include higher gross profit, itself a product of a rise in selling prices in overseas coal operations, and increase in share of profit of investments accounted for using the equity method associated with the steel business and other companies.

### Overview of business conditions

In addition to the recovery in market prices for mineral resource products and increases in transaction volume, the steel product business, supported by the rise in the global and domestic steel market, performed strongly. This caused business results to far exceed the initial outlook. Building a stable revenue base that is resilient to market conditions remains a challenge, and Sojitz aims to further improve its competitiveness in existing businesses while at the same time moving into new business fields which meet new societal needs, such as those concerning environment, recycling, and EV.

## Chemicals Division

### Operating performance

Net sales (JGAAP) increased 23.5% year on year, to ¥736,601 million, as a result of the new acquisition of a European chemical distribution and marketing company as well as of higher plastic resin transactions. Profit for the year (attributable to owners of the Company) was up ¥366 million year on year, to ¥8,702 million, because of higher gross profit.

### Overview of business conditions

The market for methanol, one of Sojitz's core products, remained stable, transaction volume of liquid chemicals and plastic resins rose in the Asian region, and rare earth sales were strong. Furthermore, the European chemical distribution and marketing company acquired in the previous fiscal year steadily contributed to revenue starting this fiscal year, so results were generally firm. In areas in which Sojitz has particular strengths, it will expand global trade and further increase the added value to its value chains that Sojitz has cultivated until now, thereby building a high-quality asset portfolio and growing its stable revenue base.

## Foods & Agriculture Business Division

### Operating performance

Net sales (JGAAP) increased 6.5%, to ¥321,563 million, following higher grain and feed material transactions. Profit for the year (attributable to owners of the Company) of ¥4,029 million was recorded, compared with loss for the year (attributable to owners of the Company) of ¥6,899 million in the previous fiscal year. This outcome was a reaction to the poor performance and impairment losses in grain collection business during the previous year in spite of impacts of lower profit in overseas fertilizer businesses.

### Overview of business conditions

Fertilizers business in the revenue bases of Thailand, the Philippines, and Vietnam, remains stable, and measures are being taken to further reinforce this business, such as initiating warehouse operations at the sales company in Myanmar newly established in the previous fiscal year. Sojitz is also engaging in business activities aimed at the supply and sales of safe and reliable foods, such as entering the flour production, ingredient wholesaling, and packaged bread

business in the Philippines and operating a new tuna processing factory in China.

### Retail & Lifestyle Business Division

#### Operating performance

Net sales (JGAAP) increased 14.8% year on year, to ¥1,327,580 million, following a rise in heat-not-burn cigarette transaction volumes. Profit for the year (attributable to owners of the Company) was down ¥1,595 million, to ¥5,698 million. Although higher heat-not-burn cigarette and meat transactions contributed to profit growth, overall profit was down due to the absence of the gain on sales of shopping centers in Japan recorded in the previous equivalent period.

#### Overview of business conditions

Revenue fell in comparison to the previous fiscal year due to absence of gain on sales of shopping centers in Japan, but the main businesses, such as the food distribution business, textile business, and consumer goods distribution business, performed strongly. During the year ended March 31, 2018, the food value chain in ASEAN countries was reinforced through measures such as entry into the food service distribution business in Thailand. In the trading business, which is a stable revenue base, Sojitz established a marketing company named “Meat One Corporation” with Japanese livestock product companies, strengthening Sojitz’s customer and consumer supply functions.

### Industrial Infrastructure & Urban Development Division

#### Operating performance

Net sales (JGAAP) increased 59.4%, to ¥45,674 million, due to growth in earnings from real estate transactions. Profit for the year (attributable to owners of the Company) was up ¥807 million year on year, to ¥2,139 million.

#### Overview of business conditions

Handovers were executed smoothly for the major businesses of overseas industrial park business and domestic real estate development business. In Indonesia, the Japan Town and Smart Town development plans were started, mixed urban infrastructure functions were enhanced, and agent sales were launched for a new industrial park in the Philippines during the year ended March 31, 2018. Inside Japan, measures are being implemented to build a portfolio for producing stable revenue through the steady expansion of asset management, real estate management, and daycare management business.

## (2) Major business segments of Sojitz Group

Sojitz Group is engaged in a wide range of businesses on a global basis as a general trading company. Our main businesses are trading, import, and export of products, domestic and overseas manufacture and sale of a diverse array of products, provision of services in Japan and overseas, planning and organizing of various projects, investment in diversified business areas, and financial activities.

The Group consists of 436 consolidated subsidiaries and equity method associates, including 311 consolidated subsidiaries and 125 equity method associates. (Of these, the Company directly performs consolidation accounting for a total of 269 companies consisting of 191 consolidated subsidiaries and 78 equity method associates.)

The following table lists our products, services, and main subsidiaries and affiliates by industry segment.

(As of March 31, 2018)

Segment	Main products and services	Main subsidiaries and associates (Main business; Status within consolidated group)
Automotive Number of consolidated subsidiaries: 23 Number of equity method associates: 7	Completely built-up (CBU) vehicle export; wholesale and retail; local vehicle assembly, manufacturing and sales, automobile and motorcycle components; tire sales; automotive parts quality inspection operations	<ul style="list-style-type: none"> <li>● Sojitz Automotive &amp; Engineering, Inc. (automobile and motorcycle components; tire sales; Subsidiary)*2</li> <li>● Subaru Motor LLC (Import and exclusive distribution of Subaru automobiles in Russia; Subsidiary)</li> <li>● Mitsubishi Motors Philippines Corporation (Import, assembly and sale of Mitsubishi automobiles; Equity method associate)</li> </ul>
Aerospace & IT Business Number of consolidated subsidiaries: 50 Number of equity method associates: 8	Aero business (Commercial aircraft, defense and related equipment agency and sales, business jets, used aircraft and part-out business, airport business); Marine business (New building, second-hand ships, ship chartering, ship equipment, ship owning); IT business (Sales and maintenance of communications and IT equipment; systems integration / software development and sales / data centers, cloud services, and managed services / Business Process Outsourcing (BPO), Internet of Things (IoT)-related business)	<ul style="list-style-type: none"> <li>● Sojitz Aerospace Corporation (Import, export and sale of aero-related and defense-related equipment; Subsidiary)</li> <li>● Sojitz Marine &amp; Engineering Corporation (Sale, purchase and charter brokerage of ships, ship operation management, domestic sale and import/export of marine-related equipment and materials; Subsidiary)</li> <li>● Nissho Electronics Corporation (IT systems, network services; Subsidiary)</li> <li>● SAKURA Internet Inc. (Internet data center operator; Equity method associate) *1</li> </ul>



<p>Infrastructure &amp; Environment Business</p> <p>Number of consolidated subsidiaries: 44</p> <p>Number of equity method associates: 32</p>	<p>Infrastructure &amp; Environment (Renewable energy, water business, IPP projects); Energy Projects (IPP and IWPP projects, power plant EPC business); Plant Projects (Plant business (steel, fertilizer &amp; chemical, energy)); Transportation &amp; Social Infrastructure Projects (transportation projects and social infrastructure projects, i.e. water, harbor); Industrial Machinery and Bearings (Industrial machinery, surface-mounting machines, bearings); Medical Infrastructure (Hospital PPP, Medical-related service)</p>	<ul style="list-style-type: none"> <li>● Sojitz Machinery Corporation (Trading and sale of general industrial machinery; Subsidiary)</li> <li>● Mirai Power (Kamikita Rokkasho) Corporation (Solar power generation project; Subsidiary)</li> <li>● Blue Horizon Kelanitissa Power B.V. (Investment in power generation projects; Subsidiary)</li> <li>● Blue Horizon Power International Ltd. (Investment in power generation projects; Subsidiary)</li> <li>● First Technology China Ltd. (Sales and service of surface-mounting machines and semiconductor-related equipment; Subsidiary)</li> <li>● Sojitz Hospital PPP Investment B.V. (Investment in hospital PPP business; Subsidiary)</li> </ul>
<p>Energy</p> <p>Number of consolidated subsidiaries: 11</p> <p>Number of equity method associates: 6</p>	<p>Oil and gas; petroleum products; LNG; nuclear fuels; nuclear power-related equipment and machinery; floating production storage and offloading units; LNG-related businesses</p>	<ul style="list-style-type: none"> <li>● Tokyo Yuso Co., Ltd. (Stockpiling of petroleum products etc., storage, logistics; Subsidiary)</li> <li>● Sojitz Energy Venture Inc. (Oil and gas development; Subsidiary)</li> <li>● LNG Japan Corporation (LNG business and related investments and loans; Equity method associate)</li> </ul>
<p>Metals &amp; Coal</p> <p>Number of consolidated subsidiaries: 28</p> <p>Number of equity method associates: 16</p>	<p>Coal; iron ore; ferroalloys (nickel, molybdenum, vanadium, other rare metals), ores, alumina, aluminum, copper, zinc, tin, precious metals, ceramics and minerals; coke; carbon products; infrastructure businesses; steel-related business</p>	<ul style="list-style-type: none"> <li>● Sojitz Ject Corporation (Coke, carbon products, trading in various minerals; Subsidiary)</li> <li>● Sojitz Coal Resources Pty Ltd. (Investment in coal mines; Subsidiary)</li> <li>● Sojitz Resources (Australia) Pty. Ltd. (Production of alumina; Subsidiary)</li> <li>● Sojitz Moolarben Resources, Pty. Ltd. (Investment in coal mines; Subsidiary)</li> <li>● Sojitz Moly Resources, Inc. (Investment in molybdenum mines; Subsidiary)</li> <li>● Metal One Corporation (Import, export, and sale of, and domestic and foreign trading in, steel-related products; Equity method associate)</li> <li>● Coral Bay Nickel Corporation (Production and sale of nickel and cobalt mixed sulfide; Equity method associate)</li> <li>● Japan Alumina Associates (Australia) Pty. Ltd. (Production of alumina; Equity method associate)</li> <li>● Cariboo Copper Corporation (Investment in copper mine; Equity method associate)</li> </ul>
<p>Chemicals</p> <p>Number of consolidated subsidiaries: 39</p> <p>Number of equity method associates: 14</p>	<p>Organic chemicals; inorganic chemicals; functional chemicals; fine chemicals; industrial salt; foodstuff additives; rare earths; commodity resins; raw materials for plastics including engineering plastics; films and sheets for industry, packaging, and foodstuffs; plastic molding machines; other plastic products; electronics materials including liquid crystals and electrolytic copper foil; fiber materials and products for use in industrial supplies</p>	<ul style="list-style-type: none"> <li>● Sojitz Pla-Net Corporation (Trading and sale of plastics and related products; Subsidiary)</li> <li>● Pla Matels Corporation (Trading and sale of plastics and related products; Subsidiary) *1</li> <li>● P.T. Kaltim Methanol Industri (Manufacture and sale of methanol; Subsidiary)</li> <li>● solvadis holding S.a.r.l.(Trading and sale of chemical products ; Subsidiary)</li> </ul>

<p>Foods &amp; Agriculture Business</p> <p>Number of consolidated subsidiaries: 18</p> <p>Number of equity method associates: 10</p>	<p>Grains; flour; oils and fats; oil stuff; feed materials; marine products; processed seafood; sweets; raw ingredients for sweets; coffee beans; sugar; other foodstuffs and raw ingredients; compound chemical fertilizers</p>	<ul style="list-style-type: none"> <li>● Thai Central Chemical Public Co., Ltd (Manufacture and sale of compound chemical fertilizers; sale of imported fertilizer products; Subsidiary)</li> <li>● Atlas Fertilizer Corporation (Manufacture and sale of compound chemical fertilizers; sale of imported fertilizer products; Subsidiary)</li> <li>● Fuji Nihon Seito Corporation (Manufacture, refining, processing and sale of sugar; Equity method associate) *1</li> </ul>
<p>Retail &amp; Lifestyle Business</p> <p>Number of consolidated subsidiaries: 29</p> <p>Number of equity method associates: 16</p>	<p>Cotton and synthetic fabrics; non-woven fabrics; knitted fabrics and products; raw materials for textiles; clothing; construction materials; imported timber; timber products such as lumber, plywood, and laminated lumber; manufacture and sale of wood chips; imported tobacco; Aquaculture products; processed aquaculture products; fruits and vegetables; frozen vegetables; frozen foods; sweets; raw ingredients for sweets; sugar; other foodstuffs and raw ingredients; real estate-related businesses (investment, dealing, leasing, management, etc.); administration of shopping centers; interior accessories; bedclothes and home fashion-related products; nursery items; general commodities</p>	<ul style="list-style-type: none"> <li>● Sojitz Building Materials Corporation (Sale of construction materials; Subsidiary)</li> <li>● Sojitz Foods Corporation (Sale of sugar, dairy products, farmed and marine products, processed foods, and other foodstuffs; Subsidiary)</li> <li>● Daiichibo Co., Ltd. (Manufacture and sale of textiles, storage distribution, shopping center management; Subsidiary)</li> <li>● Sojitz Fashion Co., Ltd. (Processing and sale of fabrics; Subsidiary)</li> <li>● Sojitz Infinity Inc. (Planning, manufacture, and sale of apparel; Subsidiary)</li> <li>● Sojitz General Merchandise Corporation (Import, export and domestic wholesale of general commodities; Subsidiary)</li> <li>● JALUX Inc. (Logistics and services in the in-flight, airport retail, lifestyle-related, and customer service business fields; Equity method associate) *1</li> <li>● Tri-Stage inc. (Direct marketing support operations; Equity method associate) *1</li> </ul>
<p>Industrial Infrastructure &amp; Urban Development</p> <p>Number of consolidated subsidiaries: 10</p> <p>Number of equity method associates: 3</p>	<p>Overseas industrial park businesses; real estate-related businesses (investment, dealing, leasing, management, etc.)</p>	<ul style="list-style-type: none"> <li>● Sojitz New Urban Development Corporation (Development and consignment sales of newly constructed condominiums, real estate brokerage, development and ownership of rental apartments, sale of residential-related products ; Subsidiary)</li> <li>● Sojitz General Property Management Corporation (Condominium and office building management, real estate agency services : Subsidiary)</li> <li>● PT. Puradelta Lestari Tbk (New city development including industrial parks; Equity method associate)</li> </ul>

<p>Other</p> <p>Number of consolidated subsidiaries: 17</p> <p>Number of equity method associates: 3</p>	<p>Administration, domestic branches, logistics and insurance services</p>	<ul style="list-style-type: none"> <li>● Sojitz Kyushu Corporation (Domestic regional operating company; Subsidiary)</li> <li>● Sojitz Logistics Corporation (Logistic services; land, sea and air cargo handling; international non vessel operating common carrier (NVOCC) transportation; Subsidiary)</li> <li>● Sojitz Insurance Agency Corporation (Insurance agency services; Subsidiary)</li> <li>● Sojitz Shared Service Corporation (Shared services and consulting regarding HR, accounting and finance; temporary staffing services; Subsidiary)</li> <li>● Sojitz Research Institute (Research and consulting; Subsidiary)</li> <li>● Sojitz Tourist Corporation (Travel agency; Subsidiary)</li> </ul>
<p>Overseas branches</p> <p>Number of consolidated subsidiaries: 42</p> <p>Number of equity method associates: 10</p>	<p>We are engaged in wide range of activities as a general trading company, trading in thousands of products overseas.</p>	<ul style="list-style-type: none"> <li>● Sojitz Corporation of America (Subsidiary)</li> <li>● Sojitz Europe plc (Subsidiary)</li> <li>● Sojitz Asia Pte. Ltd (Subsidiary)</li> <li>● Sojitz (Hong Kong) Ltd. (Subsidiary)</li> <li>● Sojitz (China) Co., Ltd. (Subsidiary)</li> </ul>

(\*1) The following five companies are listed in the Japanese stock market as of March 31, 2018: SAKURA Internet Inc. (TSE 1st section), JALUX Inc. (TSE 1st section), Fuji Nihon Seito Corporation (TSE 2nd section), Tri-Stage inc. (Mothers) and Pla Matels Corporation (JASDAQ).

(\*2) Sojitz Automotive & Engineering, Inc. changed its company name to Sojitz Autrans Corporation on April 1, 2018.

### (3) Funding, etc.

Under Medium-term Management Plan 2017, which ended in the fiscal year under review, the Sojitz Group continued to advance financial strategies in accordance with the basic policy of maintaining and enhancing the stability of its capital structure. In addition, Sojitz has been endeavored to maintain a stable financial foundation by holding sufficient liquidity as a buffer against changes in the economic or financial environment and by keeping the long-term debt ratio at its current level.

As one source of long-term funding, Sojitz issued straight bonds in the amount of ¥10 billion in June 2017 and issued another ¥10 billion worth of straight bonds in March 2018. Sojitz will continue to closely monitor interest rates and market conditions and will consider floating additional issues whenever the timing and associated costs prove advantageous.

As supplemental sources of procurement flexibility and precautionary liquidity, Sojitz maintains a ¥100 billion long-term yen commitment line (which remains unused) and long-term commitment line totaling US\$1.9 billion (of which US\$760 million has been used).

### (4) Major creditors and borrowed amounts (As of March 31, 2018)

(Billions of yen)

Creditor	Amount outstanding
The Bank of Tokyo-Mitsubishi UFJ, Ltd. (Note 3)	196.3
Mizuho Bank, Ltd. (Note 4)	59.0
Development Bank of Japan Inc. (Note 4)	57.7
Sumitomo Mitsui Trust Bank, Limited (Note 4)	34.9
The Norinchukin Bank	34.5
Nippon Life Insurance Company	28.0
Sumitomo Mitsui Banking Corporation (Note 4)	25.9
Mitsubishi UFJ Trust and Banking Corporation	25.5
Resona Bank, Ltd. (Note 4)	25.0
Shinkin Central Bank	22.5

- (Notes)
1. Amounts are rounded down to the first decimal place.
  2. The above amounts are on a non-consolidated basis.
  3. As of April 1, 2018, The Bank of Tokyo-Mitsubishi UFJ, Ltd. changed its corporate name to MUFG Bank, Ltd.
  4. Sojitz accepts that these loans may be assigned in part or in whole upon request by the lender.

## (5) Assets, profits and losses

### (a) Sojitz Group's assets, profits and losses

Sojitz Group's assets, profits and losses in FY2017 and the past three fiscal years are as outlined below.

(Millions of yen, unless otherwise specified)

Item \ FY	FY2014 12th fiscal year	FY2015 13th fiscal year	FY2016 14th fiscal year	FY2017 15th fiscal year (fiscal year under review)
Net sales (Note 1)	4,105,295	4,006,649	3,745,549	4,209,077
Profit before tax	52,584	44,269	57,955	80,343
Profit for the year (attributable to owners of the Company)	33,075	36,526	40,760	56,842
Total comprehensive income for the year (attributable to owners of the Company)	107,347	(25,379)	40,289	47,430
Basic earnings per share (attributable to owners of the Company) (yen)	26.44	29.20	32.58	45.44
Total assets	2,297,358	2,056,670	2,138,466	2,350,351
Total equity attributable to owners of the Company	550,983	520,353	550,513	586,464
Total equity per share attributable to owners of the Company (yen)	440.43	415.95	440.06	468.81

- (Notes) 1. "Net sales" is calculated based on Japanese generally accepted accounting practices (JGAAP), and represents the total amount of the transactions in which Sojitz Group took part as principal and those in which Sojitz Group took part as an agent.
2. Figures are rounded down to the nearest million yen.

**(b) Sojitz's assets, profits and losses**

Sojitz's assets, profits and losses in FY2017 and over the past three fiscal years on a non-consolidated basis are as outlined below.

(Millions of yen, unless otherwise specified)

Item \ FY	FY2014 12th fiscal year	FY2015 13th fiscal year	FY2016 14th fiscal year	FY2017 15th fiscal year (fiscal year under review)
Net sales	2,560,367	2,530,034	2,297,451	2,626,996
Ordinary income	34,228	20,935	19,519	36,652
Net income (loss)	(792)	9,407	11,448	23,326
Net income per share (loss) (yen)	(0.63)	7.52	9.15	18.65
Total assets	1,581,155	1,443,469	1,483,021	1,639,804
Net assets	364,953	356,484	368,931	384,754
Net assets per share (yen)	291.72	284.96	294.91	307.56

(Note) Figures are rounded down to the nearest million yen.

## (6) Business outlook and issues to be addressed

### Medium-term Management Plan 2017

Under Medium-term Management Plan 2017 – Challenge for Growth, the three-year plan that began in April 2015, the Sojitz Group sought to improve corporate value by expanding its foundations for generating stable earnings through the ongoing pursuit of future growth. Espousing the principle of growth driven by trading, investments, and loans, the Sojitz Group conducted investments and loans to the tune of ¥300.0 billion as budgeted for over the three-year period of the Medium-term Management Plan 2017 and succeeded in constructing foundations capable of stably generating earnings of more than ¥50.0 billion. We were also able to achieve our targets of return on assets (ROA) of 2% or higher and return on equity (ROE) of 8% or higher while keeping the net debt equity ratio below 1.5 times through financial discipline. Profit for the year (attributable to owners of the Company) did not reach the level of ¥60.0 billion or higher targeted in the final year of the plan, but it did exceed the initial forecast for the year ended March 31, 2018, at ¥56.8 billion.

### Medium-Term Management Plan 2020

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

The targeted performance indicators in Medium-Term Management Plan 2020 are as follows.

<b>Performance Indicator</b>	<b>Target</b>
ROA	3% or above
ROE	10% or above
Net D/E ratio	1.5 times or lower
Dividend payout ratio	Approximately 30%

The Sojitz Group will pursue steady growth by increasing the value of its assets while managing cash flows to continue conducting disciplined investments and loans (total of ¥300.0 billion over the three-year period of the medium-term management plan). Our target for profit for the year (attributable to owners of the Company) in the final year of the plan will be ¥75.0 billion or more, which is to be achieved through average annual growth of approximately 10% over the plan period. More information on Medium-Term Management Plan 2020 can be found on Sojitz's corporate website (<https://www.sojitz.com/en/>).

# Medium-Term Management Plan 2020

## ~ Commitment to Growth ~

Under Medium-Term Management Plan 2020, we will endeavor to link prior initiatives to growth while engaging in ambitious undertakings to achieve steady growth going forward.





(7) **Business locations of Sojitz Group and the number of employees (As of March 31, 2018)**

(a) **Business locations of Sojitz Group**

<Domestic>

HQ	Chiyoda-ku, Tokyo
Branches	Hokkaido Branch (Sapporo), Tohoku Branch (Sendai), Nagoya Branch (Nagoya), Kyushu Branch (Fukuoka)

<Overseas>

Branches, etc.	MEA Office (Dubai), Singapore Branch, Kuala Lumpur Branch, Yangon Branch, Jeddah Branch, Johannesburg Branch Besides the above, 14 liaison offices and sub-branches of liaison offices and overseas branches
Overseas Subsidiaries	28 Overseas Subsidiaries, including Sojitz Corporation of America, Sojitz Europe plc, Sojitz (China) Co., Ltd. and Sojitz Asia Pte. Ltd. (Singapore) Besides the above, 34 branches and offices, etc. of overseas subsidiaries

(b) **Number of Employees**

Segment	Number of employees
Automotive	4,869
Aerospace & IT Business	1,474
Infrastructure & Environment Business	1,044
Energy	188
Metals & Coal	535
Chemicals	1,698
Foods & Agriculture Business	2,076
Retail & Lifestyle Business	3,014
Industrial Infrastructure & Urban Development	1,072
Others	1,947
Total	17,917

(c) **Employees of Sojitz**

Number of employees	Change from the previous year	Average age	Average years of service
2,343	25 (increase)	41.9 years old	16.0 years

- (Notes) 1. The above figures do not include 133 locally hired employees in overseas offices.  
2. The average years of service is calculated including the length of service at the former Nichimen Corporation and Nissho Iwai Corporation.

**(8) Major Subsidiaries (As of March 31, 2018)**

(a) Major consolidated subsidiaries and equity method associates

**Consolidated Subsidiaries**

(Millions of yen, unless otherwise specified)

Company	Capital	Controlling share (%)	Major business activities
Sojitz Corporation of America	US\$336,083,868	100.00	Trading business
Sojitz Europe plc	13,240 GBP73,117,500	100.00	Trading business
Sojitz Asia Pte. Ltd.	US\$136,507,474	100.00	Trading business
Sojitz Aerospace Corporation	1,410	100.00	Import/export and sales of aerospace- and defense-related equipment
Sojitz Marine & Engineering Corporation	800	100.00	Sales, purchase, charter, and brokerage of ships; import/export and domestic sales of marine-related equipment and materials, etc.
Nissho Electronics Corporation	14,336	100.00	IT systems and network services
Sojitz Machinery Corporation	1,500	100.00	Import/export and sales of general industrial machinery
Sojitz Pla-Net Corporation	3,000	100.00	Trading and sales of plastic raw materials and products
Pla Matels Corporation	793	46.55 (Note)	Trading and sales of plastic raw materials and products
Sojitz Building Materials Corporation	1,039	100.00	Sales of building materials
Sojitz Foods Corporation	412	100.00	Sales of sugar; glycated products; dairy products; farm, livestock and marine products; processed foodstuffs; and other foodstuff
Sojitz New Urban Development Corporation	3,000	100.00	Development and consignment sales of condominiums, real estate brokerage, development and ownership of rental condominiums, sale of residential-related products
Sojitz Kyushu Corporation	500	100.00	Domestic regional company

(Note) Pla Matels Corporation is a 46.55%-owned subsidiary of Sojitz Pla-Net Corporation.

**Equity Method Associates**

(Millions of yen)

Company	Capital	Controlling share (%)	Main business activities
Metal One Corporation	100,000	40.00	Import/export and domestic and offshore sales of steel-related products
LNG Japan Corporation	8,002	50.00	LNG business and related investments and loans
JALUX Inc.	2,558	22.00	Logistics and services operations related to airlines and airport retail, lifestyle and customer service sectors

**(b) Result of Mergers**

1. Sojitz Group now has 311 consolidated subsidiaries and 125 equity method associates.
2. For the business performance of Sojitz Group in FY2017, please refer to “(1) Review of progress and performance in operations.”

## 2. Sojitz's Shares (As of March 31, 2018)

### (1) Total number of shares authorized to be issued

Common stock 2,500,000,000 (As of March 31, 2017: 2,500,000,000)

### (2) Total number of shares issued and outstanding

Common stock 1,251,499,501 (As of March 31, 2017: 1,251,499,501)

(Note) The total number of outstanding shares of common stock includes the number of treasury stock (As of March 31, 2018: 528,747 shares).

### (3) Number of Shareholders

Common stock 160,526

### (4) Major Shareholders

#### Common Stock

Shareholder	Investment in Sojitz	
	Shares held (in thousands)	Shares outstanding (%)
Japan Trustee Services Bank, Ltd. (Note 2)	160,660	12.84
ICHIGO TRUST PTE. LTD.	123,634	9.88
The Master Trust Bank of Japan, Ltd. (Note 3)	59,886	4.79
CHASE MANHATTAN BANK GTS CLIENTS ACCOUNT ESCROW	44,263	3.54
Trust & Custody Services Bank, Ltd. (Note 4)	42,426	3.39
Morgan Stanley MUFG Securities Co., Ltd.	31,479	2.52
JP MORGAN CHASE BANK 385151	16,857	1.35
JP MORGAN CHASE BANK 380634	15,077	1.21
STATE STREET BANK AND TRUST COMPANY	14,735	1.18
STATE STREET BANK WEST CLIENT TREATY 505234	12,117	0.97

- (Notes) 1. Numbers of shares less than 1,000 are rounded down and the figures of shares outstanding are rounded to the nearest second decimal place.
2. The number of shares held by Japan Trustee Services Bank, Ltd. includes 154,389 thousand shares held in trust accounts.
3. The number of shares held by The Master Trust Bank of Japan, Ltd. includes 55,459 thousand shares held in trust accounts.
4. The number of shares held by Trust & Custody Services Bank, Ltd. includes 40,191 thousand shares held in trust accounts.
5. The shares outstanding are calculated excluding the number of shares of treasury stock.

## 3. Holdings of listed shares

### <Policies regarding share holdings>

Sojitz makes decisions on acquiring listed shares for purposes other than portfolio investment, comprehensively taking into account whether revenue is expected to be earned by strengthening relationships for marketing strategies and whether there are opportunities of medium-to-long term revenue by acquiring the shares.

In addition, with regard to the shares held by Sojitz, it reviews the reasons for holding the shares from the qualitative perspective as mentioned above, and also by quantitatively verifying investment returns

such as revenue and dividend income in connection with each investment target on a yearly basis.

**<Exercise of voting rights>**

Upon considering the significance of holding listing shares, voting rights are exercised based on whether the exercise contributes to sustainable growth of both Sojitz and the investment target as well as for enhancing their corporate value over the medium-to-long term, therefore, Sojitz has established a system that confirms the status of exercising voting rights.

#### 4. Sojitz's Directors and Audit & Supervisory Board Members

##### (1) List of Directors and Audit & Supervisory Board Members (As of March 31, 2018)

Name	Position	Responsibilities	Important concurrent position
Yoji Sato	Representative Director and Chairman of the Board		
Takashi Hara	Representative Director and Vice Chairman		
Masayoshi Fujimoto	Representative Director and President	CEO	
Satoshi Mizui	Representative Director and Executive Vice President	Adviser to the President, and Executive Management of the Americas, Europe, Russia & NIS Assigned for Logistics, Executive Management Affairs Office, and Business Group	
Seiichi Tanaka	Representative Director, Senior Managing Executive Officer	CFO Executive Management of Investor Relations, Structured Finance, General Accounting, and IT Planning Assigned for Finance	
Yoko Ishikura (Yoko Kurita)	Director (Part-time)		Outside Director, Nissin Foods Holdings Co., Ltd. Professor Emeritus, Hitotsubashi University External Director, Shiseido Company, Limited
Yukio Kitazume	Director (Part-time)		Vice Chairman, General Incorporated Foundation Japan Aircraft Development Corporation
Junichi Hamatsuka	Audit & Supervisory Board Member		
Takayuki Ishige	Audit & Supervisory Board Member		
Mikinao Kitada	Audit & Supervisory Board Member (Part-time)		Special Counsel, Mori Hamada & Matsumoto Outside Audit & Supervisory Board Member, Oji Holdings Corporation Outside Audit & Supervisory Board Member, ASKUL Corporation Outside Director, Yokogawa Bridge Holdings Corporation

Name	Position	Responsibilities	Important concurrent position
Kazunori Yagi	Audit & Supervisory Board Member (Part-time)		Outside Director, Yokogawa Bridge Holdings Corporation Outside Audit & Supervisory Board Member, TDK Corporation Outside Director, OYO Corporation
Hyo Kambayashi	Audit & Supervisory Board Member (Part-time)		Chairman & Senior Managing Director, Protiviti LLC Chairman, Japan Internal Control Research Association

- (Notes)
1. Yoko Ishikura and Yukio Kitazume are Outside Directors as stipulated in Article 2, Item 15 of the Companies Act.
  2. Takayuki Ishige, Mikinao Kitada, Kazunori Yagi and Hyo Kambayashi are Outside Audit & Supervisory Board Members as stipulated in Article 2, Item 16 of the Companies Act.
  3. Junichi Hamatsuka has a substantial knowledge of finance and accounting, having been engaged in operations such as finance, accounting and risk management, etc. at Sojitz and holding important positions including CFO for the Americas.  
Takayuki Ishige has a substantial knowledge of finance and accounting, having been responsible for accounting, financial and auditing operations, etc. at Kao Corporation, and also has experience of serving as an Audit & Supervisory Board Member at the same company.  
Kazunori Yagi has substantial knowledge of finance and accounting, having been responsible for finance, accounting, and business planning at Yokogawa Electric Corporation and holding important positions including the General Manager of Administration Headquarters.  
Hyo Kambayashi is a certified public accountant. He has substantial knowledge of finance and accounting developed through his experience in accounting audit operations in an audit firm and his experience as representative director of a consulting company which is involved in operations such as internal audit services.
  4. Sojitz has appointed Yoko Ishikura, Yukio Kitazume, Takayuki Ishige, Kazunori Yagi and Hyo Kambayashi as independent executive officers, and submitted a notification of their appointment to Tokyo Stock Exchange, Inc.
  5. There are no special relationships (such as business operators having a specified relationship) between Sojitz and Nissin Foods Holdings Co., Ltd., Shiseido Company, Limited, General Incorporated Foundation Japan Aircraft Development Corporation, Oji Holdings Corporation, ASKUL Corporation, Yokogawa Bridge Holdings Corporation, TDK Corporation, OYO Corporation and Protiviti LLC, where Outside Executive Officers of Sojitz have concurrent positions.

**(2) Remuneration of Directors and Audit & Supervisory Board Members**

(Millions of yen)

Classification	Directors		Audit & Supervisory Board Members		Total		Remarks
	Number of persons to be paid	Amount	Number of persons to be paid	Amount	Number of persons to be paid	Amount	
Remuneration pursuant to resolution of General Shareholders' Meeting	9	420	7	106	16	526	(*1), (*2)
Internal	7	396	1	37	8	433	
Outside	2	24	6	68	8	92	

\*1. Directors' maximum remuneration 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

\*2. Audit & Supervisory Board Members' maximum remuneration resolved at the Ordinary General Shareholders' Meeting held on June 27, 2007

¥150 million per year

(Note) Figures are rounded down to the nearest million yen.



### (3) Main activities of Outside Executive Officers

Name	Position	Number of attendance to the Board of Directors meetings	Number of attendance to the Audit & Supervisory Board meetings	Main activities
Yoko Ishikura (Yoko Kurita)	Outside Director	100% (19/19)	—	Yoko Ishikura provides valuable advice from an independent and objective perspective based on her wide range of knowledge and abundant experience as a scholar, and her experience as an Outside Executive Officer at a diverse range of companies.
Yukio Kitazume	Outside Director	100% (19/19)	—	Yukio Kitazume provides valuable advice from an independent and objective perspective based on his wide range of knowledge and abundant experience as a diplomat. He has accumulated experience in key positions in the public administration field.
Takayuki Ishige	Outside Audit & Supervisory Board Member	100% (19/19)	100% (20/20)	Takayuki Ishige provides valuable advice from an independent and objective perspective based on his abundant experience in finance, accounting and management audits etc., and in serving as an Audit & Supervisory Board Member.
Mikinao Kitada	Outside Audit & Supervisory Board Member	100% (19/19)	100% (20/20)	Mikinao Kitada provides valuable advice from an independent and objective perspective based on his experience in the judicial field by holding important posts as a public prosecutor and as an attorney, as well as in serving as an Outside Director and Outside Audit & Supervisory Board Member at various companies.
Kazunori Yagi	Outside Audit & Supervisory Board Member	100% (15/15)	100% (14/14)	Kazunori Yagi provides valuable advice from an independent and objective perspective based on his abundant experience in finance, accounting and management administration etc., and in serving as an Outside Director and Audit & Supervisory Board Member at various companies.
Hyo Kambayashi	Outside Audit & Supervisory Board Member	100% (15/15)	100% (14/14)	Hyo Kambayashi provides valuable advice from an independent and objective perspective based on his wide range of knowledge and abundant experience, which have been accumulated through his experience in key positions in auditing firms and consulting companies.

(Note) The number of attendance for Kazunori Yagi and Hyo Kambayashi is based on their attendance record after they assumed the position of Audit & Supervisory Board Member on June 20, 2017.

### (4) Limited Liability Agreements with Directors and Audit & Supervisory Board Members

Sojitz has concluded limited liability agreements with Outside Directors (Yoko Ishikura and Yukio Kitazume) and Audit & Supervisory Board Members (Junichi Hamatsuka, Takayuki Ishige, Mikinao Kitada, Kazunori Yagi and Hyo Kambayashi) limiting their liabilities to the higher of ¥10 million or the minimum liability amount stipulated in Article 425, Paragraph 1 of the Companies Act of Japan.

## 5. Accounting Auditor

### (1) Name of Accounting Auditor

KPMG AZSA LLC

### (2) Amount of remuneration, etc. for Accounting Auditor in FY2017

(Millions of yen)	
	Amount paid
Remuneration, etc. payable by Sojitz in FY2017	
Remuneration, etc. for services stipulated in Article 2, Paragraph 1 of the Certified Public Accountants Act	417
Remuneration, etc. for services other than those stipulated in Article 2, Paragraph 1 of the Certified Public Accountants Act	29
Total	446
Total amount of money and other financial benefits payable by Sojitz and its subsidiaries to the Accounting Auditor	798

- (Notes)
- The Audit & Supervisory Board conducted necessary verification on whether the contents of the audit plan, the status of execution of accounting audit duties and the basis for calculating the estimated amount of remunerations, etc. of the Accounting Auditor are appropriate. As a result, the Audit & Supervisory Board has given the consent with regard to remuneration, etc. for the Accounting Auditor in accordance with Article 399, Paragraph 1 of the Companies Act.
  - The audit agreement between Sojitz and the Accounting Auditor does not and cannot practically distinguish between remunerations for audits in accordance with the Companies Act and those in accordance with the Financial Instruments and Exchange Act. For this reason, the above figures include the remuneration for audits under the Financial Instruments and Exchange Act.
  - Of major subsidiaries of Sojitz, Sojitz Corporation of America, Sojitz Europe plc, and Sojitz Asia Pte. Ltd. are audited (limited to audits stipulated in the Companies Act or the Financial Instruments and Exchange Act (including equivalent laws and regulations of the relevant overseas country)) by CPAs or audit firms (including those who hold equivalent qualifications of the relevant overseas country) other than KPMG AZSA LLC.
  - Figures are rounded down to the nearest million yen.

### (3) Non-audit Services

Sojitz entrusts our Accounting Auditor to provide advisory services pertaining to IFRS that are services other than those stipulated in Article 2, Paragraph 1 of the Certified Public Accountants Act (non-audit services).

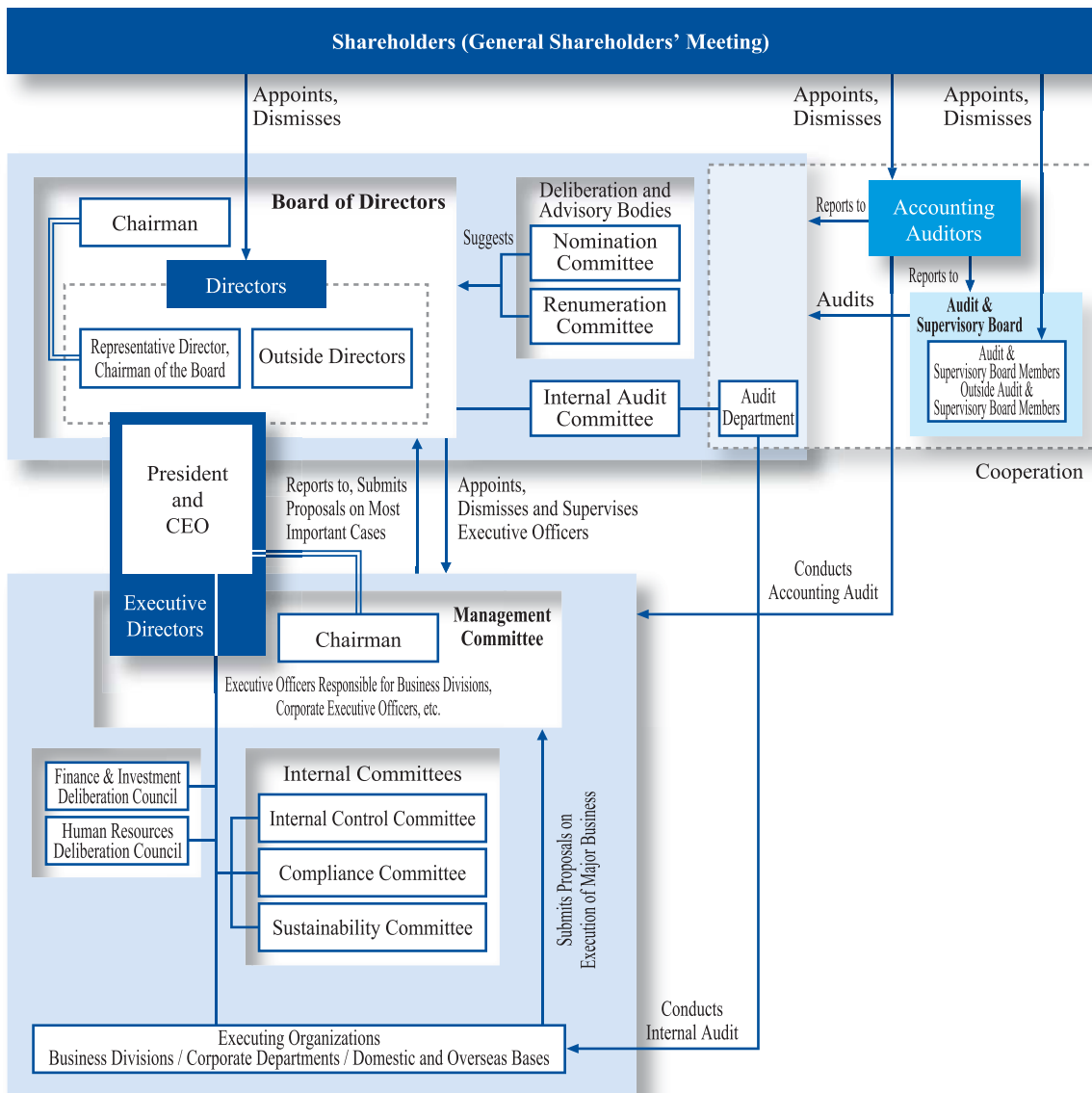
### (4) Policy for determining dismissal or non-reappointment of Accounting Auditor

In the event that the Audit & Supervisory Board deems that any Accounting Auditor falls under any of the Items of Article 340, Paragraph 1 of the Companies Act, the Audit & Supervisory Board shall dismiss the Accounting Auditor based on the consent of all the Audit & Supervisory Board members.

In addition, the Audit & Supervisory Board shall make comprehensive judgments on the Accounting Auditors' execution of their duties, etc., and in case the Accounting Auditor is deemed incapable of executing proper audits, the Audit & Supervisory Board shall decide on the contents of proposal on dismissal or non-reappointment of the Accounting Auditor, to be submitted to the General Shareholders' Meeting, by the resolution of the Audit & Supervisory Board.

## 6. Corporate Governance Structure

Corporate Governance Framework (since April 2018)



(In April 2018, the Internal Audit Committee was established as a subsidiary body of the Board of Directors, to strengthen supervision over business execution by the Board, and to separate internal audits from execution.)

## **(1) Basic Approach**

Sojitz Corporation strives to improve its corporate value over the medium-to-long term based on the “Sojitz Group Statement.”

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

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

### **(a) Management and business execution system**

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

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

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

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

### **(b) Monitoring and supervisory functions for management**

Sojitz appoints multiple Outside Directors in order to receive appropriate advice and proposals on management of the Group from an outside, objective standpoint and to reinforce the supervisory function of the Board of Directors. In addition, Sojitz ensures appropriateness and transparency with regard to the appointment of Directors and remuneration by having Outside Directors serve as the chairs of the Nomination Committee and the Remuneration Committee, both advisory bodies to the Board of Directors.

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

## (2) Company Institutions

### (a) Board of Directors

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

- Policy for appointing Directors and composition of the Board of Directors

In selecting candidate Directors, Sojitz takes into consideration the diversity of candidates regardless of gender or other characteristics, to select multiple candidates who possess abundant experience, specialized knowledge, and advanced expertise from both inside and outside Sojitz. This ensures decision-making and management supervision appropriate to a general trading company involved in a wide range of businesses. Sojitz's Articles of Incorporation stipulate that the number of members of the Board of Directors shall be no more than ten. As of March 31, 2018, Sojitz has seven Directors (six male and one female), five of whom are In-house Directors with abundant business experience at Sojitz and two who are Outside Directors with objective, specialist perspectives and diverse knowledge.

- Procedure for appointing Directors

The Board of Directors decides candidate Directors based on the above policy and deliberation by the Nomination Committee, an advisory body to the Board of Directors.

- Matters deliberated by the Board of Directors

The Board of Directors reviews and resolves fundamental matters concerning management among Sojitz Group, with regards to organizations systems, and important personnel, as well as matters regarding management philosophy and business plans, based on not only laws, regulations, and the Articles of Incorporation, but also internal regulations established for the Board of Directors. It also reviews and resolves important matters related to business execution, such as important investments and loans. As for business execution other than these matters resolved by the Board of Directors, the President, the Chief Executive Officer, or the executing bodies reporting to the President & CEO, they are reviewed and approved by auxiliary bodies such as the Management Committee, the Finance & Investment Deliberation Council, and the Human Resource Deliberation Council depending on the contents, scale, importance, and risks inherent each matter.

- Analysis and assessment of the effectiveness of the Board of Directors

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

<Analysis and assessment method>

A written self-assessment survey was conducted for all Directors and Audit & Supervisory Board Members. The results of this survey were then assessed by a third party (an outside consultant), and their analysis was discussed at the Board of Directors.

<Overview of major self-assessment survey items>

Roles and responsibilities of the Board of Directors, composition of the Board of Directors, management of the Board of Directors, decision-making process of the Board of Directors, supervision by the Board of Directors, support system for the Board of Directors, Nomination Committee and Remuneration Committee (advisory bodies to the Board of Directors), and items concerning Outside Directors.

<Outline of assessment results for the fiscal year ended March 31, 2018>

The aggregated survey results showed that both the average score and scores for major items exceeded the standard, while the assessment by the third party confirmed that the Board of Directors is functioning appropriately and effectively as described below.

[Outline of third-party assessment results]

- From the Ordinary General Shareholders' Meeting in June 2017, the President and the Chairman switched positions, and discussion remained vigorous under this new administration as well.
- The assessment of effectiveness found, with respect to the composition of the Board of Directors, that many wished for Outside Directors to be persons with management experience in business corporations, and the election of Mr. Otsuka, one of the Outside Director candidates, at the Ordinary General Shareholders' Meeting scheduled to be held in June 2018 is a result of appropriately reflecting these opinions.
- Factors including the level of satisfaction with explanations provided in response to questions from Outside Executive Officers, the reporting by Chief Operating Officers (COO) outside of Board of Directors meetings, the participation as observers in Finance & Investment Deliberation Council meetings, and the pointing out by In-house Executive Officers that "communication should be increased between Outside Executive Officers and business execution departments" confirmed that business execution departments are actively engaged in meeting the requests of Outside Executive Officers, indicating the high level of dedication to improving the effectiveness of the Board of Directors.

Based on these assessment results, Sojitz will continue working to improve the effectiveness of the Board of Directors.

- Support system for Directors

Sojitz has a system for reporting to, providing information to, and communicating with In-house and Outside Directors in a timely and appropriate manner, to enable the Board of Directors to properly supervise management of Sojitz.

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

**(b) Audit & Supervisory Board**

Audit & Supervisory Board Members are independent from the Board of Directors, and audit the Directors' execution of their duties based on laws and regulations, the Articles of Incorporation, internal regulations, and

the Corporate Audit Standards established by the Audit & Supervisory Board. Audit & Supervisory Board Members attend important meetings related to the execution of business in addition to the meetings of the Board of Directors. Audit & Supervisory Board Members also monitor and audit operations of business by interviewing Directors, reviewing documents related to important decisions, and other methods.

- **Composition of the Audit & Supervisory Board**

As of March 31, 2018, the Audit & Supervisory Board consists of five members (two full-time), including one In-house Audit & Supervisory Board Member with abundant business experience within Sojitz and four Outside Audit & Supervisory Board Members with objective, specialist perspectives and diverse knowledge.

- **Support system for Audit & Supervisory Board Members**

The Audit & Supervisory Board Members' Office exists as a dedicated body to support the Audit & Supervisory Board Members, comprised of three full-time staff as of March 31, 2018. It provides information to, reports to, and communicates with In-house and Outside Directors in a timely and appropriate manner.

**(c) Advisory bodies to the Board of Directors (Nomination Committee, Remuneration Committee)**

Sojitz has established the following advisory bodies to the Board of Directors.

- **Nomination Committee (four Directors, including two Outside Directors)**

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

- **Remuneration Committee (four Directors, including two Outside Directors)**

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

**(d) Policies on appointment and standards for independence of Outside Executive Officers**

Sojitz places importance on the independence of outside executive officers. Sojitz has formulated our own Independence Standards for Outside Executive Officers, in addition to the provisions of the Companies Act and standards for independence of officers set by financial instruments exchanges. Sojitz confirms that all our outside executive officers meet these standards. Please refer to page 17 and 18 of this convocation notice for the "Standards Concerning the Appointment and Independence of Candidates for Outside Executive Officers."

**(e) Training policy for Directors and Audit & Supervisory Board Members**

Sojitz has taken the following initiatives to enable Directors and Audit & Supervisory Board Members to appropriately fulfill their roles and responsibilities.

- Sojitz provides newly appointed Directors and Audit & Supervisory Board Members with opportunities to attend lectures by lawyers on legal obligations and responsibilities of Directors and Audit & Supervisory Board Members.
- In order for internal and Outside Directors and Audit & Supervisory Board Members to deepen their understanding of our extensive business activities, COOs of each business division hold business briefing sessions, and in order for them to deepen their understanding of the latest macroeconomic conditions,

Sojitz's research institute holds monthly briefing sessions. In addition, Sojitz provides other necessary information on an ongoing basis.

- Sojitz offers Directors and Audit & Supervisory Board Members opportunities to attend seminars, etc. held by external organizations such as the Japan Association of Corporate Directors and the Japan Audit & Supervisory Board Members Association.

**(f) Policy for determining remuneration of Directors and Audit & Supervisory Board Members**

Remuneration of Directors and Audit & Supervisory Board Members is set within the limits determined by resolution at the Ordinary General Shareholders' Meeting. Remuneration of Directors is determined with regards to both account business results and non-financial aspects of performance. Remuneration of Audit & Supervisory Board Members is, in principle, deliberated and decided by the Audit & Supervisory Board.



### **(3) Business Executing Organizations**

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

#### **(a) Main Council**

- Management Committee

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

- Finance & Investment Deliberation Council

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

- Human Resource Deliberation Council

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

#### **(b) Internal Committees**

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

- Internal Control Committee

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

- Compliance Committee

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

- Sustainability Committee (Reorganized from CSR Committee in April 2018)

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

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

#### **(4) Corporate audits, accounting audits and internal audits**

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

##### **(a) Audits by Audit & Supervisory Board Members**

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

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

##### **(b) Accounting Audits**

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

(Designated Limited Liability Partners, Engagement Partners)

Iwao Hirano, Kentaro Onishi, Daisuke Yamada

(Assistant staff working for our accounting audit)

17 CPAs and 22 assistant CPAs

##### **(c) Internal Audits**

Based on an audit plan adopted by the Board of Directors, the Internal Audit Department (comprised of 28 people as of March 31, 2018) conducts audits covering the business divisions, corporate departments, and consolidated subsidiaries as follows. In addition, since fiscal 2018, the Internal Audit Department has conducted audits under the command of the Internal Audit Committee, which was established as a subsidiary body of the Board of Directors.

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

- After the audit is completed, the Department submits an audit report to the Internal Audit Committee and the Audit & Supervisory Board Members after exchanging opinions at an audit review meeting for the audited organizations and the concerned parties (COO of divisions with primary responsibility, officers responsible for corporate departments and Audit & Supervisory Board Members). In addition, the Department holds an audit report meeting to provide an explanation to the Internal Audit Committee every month.
- To address the problems identified in the audits, the Internal Audit Department receives reports about improvements made by the audited organizations over three- and six-month periods after the audits, and conducts a follow-up audit to check their progress.

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

## **(5) Respect for the rights of stakeholders**

As expressed in the Sojitz Group Statement and the Sojitz Group Slogan, Sojitz strives through its corporate activities to meet the diverse needs and expectations of our stakeholders throughout the world with integrity, and to continue to provide “New way, New value.” By doing so, Sojitz works to maximize two types of value: “Value for Sojitz,” including enhancement of the Sojitz Group’s business foundation and sustained growth; and “Value for society,” such as development of national and local economies, environmental preservation and respect for human rights.

To implement the Sojitz Group Statement and build stronger relationships of trust with stakeholders, Sojitz has established the Sojitz Guiding Principles, sustainability policies in accordance with international norms such as the Ten Principles of the UN Global Compact, the Paris Agreement, and SDGs (Sustainable Development Goals), and the “Sojitz Group Code of Conduct and Ethics” for compliance, which all Group officers and employees are expected to honor, and ensures they are made known and thoroughly complied with by each Group company as well as their officers and employees.

### **(a) Sustainability Initiatives**

Based on the above concept, the Sojitz Group has defined six key sustainability issues (Materiality) for supporting the medium-to-long term sustained growth of the Group. These issues are implemented and promoted through corporate activities in individual business fields.

#### <Key Sustainability Issues (Materiality)>

- Human Rights: Respect the human rights of people involved in our businesses
- Environment: Contribute to the global environment through our businesses
- Resources: Develop, supply and use sustainable resources
- Local Communities: Develop and grow together with local communities
- Human Resources: Promote opportunities for diverse human resources and workplace diversity
- Governance: Emphasize effectiveness and transparency

Moreover, Medium-term Management Plan 2020 further incorporates the concepts of sustainability into management and better integrate resolutions of environmental and social issues into Sojitz's business in order to accomplish the goals of the Sojitz Group Statement and achieve ongoing growth. As part of this effort, specific Company-wide and division targets are set based on the key sustainability issues, and the Sustainability Committee monitors the progress. The following "Sustainability Challenges" has also been established as a long-term sustainability vision. Sojitz recognizes the Medium-term Management Plan 2020 is positioned as a period for preparing to address the "sustainability challenges." Sojitz will grow business to contribute to the realization of a low-carbon society over the next decade while stepping up initiatives to guarantee human rights are always respected.

<Sustainability Challenges>

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

**(b) Human Resource Diversity**

In order to continue leveraging competitiveness through global business development over the long term, Sojitz continuously strives to ensure the diversity of our human resources by hiring, developing, and utilizing human resources irrespective of gender, nationality, age, values, and other characteristics. Sojitz also makes efforts to create systems and work environments that enable all Sojitz Group's officers and employees to maximize their potential.

- Effort to promote women in the workforce

Sojitz is introducing various systems and other measures to enhance work environments and raise awareness among supervisors, staff, and female employees themselves, from a medium-to-long-term perspective. In addition, Sojitz has set up a dedicated section within the Human Resources & General Affairs Department to coordinate with the heads of various departments on efforts to promote management training for women. Sojitz has set targets for increasing the percentage of new female graduates hired for career-track positions and the number of female managers by March 31, 2021, with initiatives to promote work-life balance and facilitate flexible work styles. In March 2018, Sojitz was selected for the second consecutive year for the "Nadeshiko Brand" award that recognizes publicly listed companies that stand out in their empowerment of women in the workplace. This program is jointly administered by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange.

- Hiring and developing global human resources

Sojitz's hiring policy is to maintain approximately 10 percent ratio of non-Japanese staff among newly hired graduates, and Sojitz continues to recruit graduates from leading universities overseas, regardless of Japanese language ability. At overseas operating companies, Sojitz locally hires highly competent managers to push forward worldwide growth strategies, while providing ongoing training at the head office to foster executive candidates among local staff overseas. Also at the head office, Sojitz is actively carrying out measures to develop human resources with a global perspective. These measures include overseas trainee programs where

all new employees hired in Japan gain experience overseas within five years after joining Sojitz, overseas language training programs, and MBA/LLM study abroad programs.

- Promoting the utilization of human resources irrespective of age

In order to effectively utilize human resources and enable long-term competitiveness, Sojitz has established a human resources system to reflect individual performance in compensation by further differentiating employee evaluations, making it possible to promote talented employees at an early stage. Furthermore, Sojitz is clarifying the roles of senior employees to create an environment where they can play an active role, leveraging their experience, knowledge and other capabilities to the fullest.

- Employment of persons with disabilities

At one subsidiary certified under the law as a “Special Subsidiary,” Sojitz is creating a work environment suitable for people with intellectual and mental disabilities by dividing work duties according to the nature of individual disabilities and by providing follow-up with regard to everyday life. As of March 2018, Sojitz has achieved the legally mandated ratio of 2.0% for employment of persons with disabilities specified under the Act on the Promotion of the Employment of Disabled Persons, and is promoting the employment of persons with disabilities in order to reach the new rate of 2.2%, which was raised from April 2018.

### **(c) Dialogue with Shareholders**

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

- Providing information to shareholders

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

- Initiatives with regard to the Ordinary General Shareholders’ Meeting

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

- Systems and initiatives for dialogue with shareholders

Sojitz has established a system where Directors play an active role in dialogue with shareholders, with support from the IR Office as a dedicated body for this purpose.

Parties	Initiatives	Specific activities in the fiscal year ended March 31, 2018
Individual shareholders and individual investors	Hold various briefing sessions to ensure opportunities for the President & CEO and the CFO as the Representative Directors, and others to explain our management policies and vision, etc.	Briefing for shareholders (Nagoya, Osaka, Sendai, Fukuoka) Briefings for individual investors Participation in IR events organized by securities companies
Institutional investors (Japan and overseas)	Ensure to provide opportunities for direct dialogue through various briefings and individual meetings, etc.	Financial results briefings Individual meetings Participation in conferences held by securities companies in Japan and overseas Small meetings

In addition to the above, Sojitz held financial results briefings, business activities briefings, and small meetings with securities analysts.

## **(6) Basic concept and status of implementation and operation of internal control system**

### **(a) Basic Concept**

Sojitz has been working on implementing and maintaining our internal control systems on Group-wide basis. The “Basic policy regarding the establishment of systems for ensuring appropriate execution of Sojitz Group business operations” was resolved by the Board of Directors on April 24, 2015, based on the Companies Act and Ordinance for the Enforcement of the Companies Act of Japan. In accordance with the applicable laws and regulations and Article 14 of the Articles of Incorporation, the matters resolved are posted on our website at <https://www.sojitz.com/en/ir/stkholder/general/>.

### **(b) Status of implementation and operation**

#### **● Overall internal control system**

The Internal Control Committee, chaired by the President & CEO, consolidates and monitors the status of implementation and operation of the Internal Control System, as well as leads work to maintain and improve our internal control systems.

(Overview of operational status)

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

#### **● Compliance**

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

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

(Overview of operational status)

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

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

- Meetings between the CCO and presidents of Group companies
- Regular liaison meetings among the compliance officers of Group companies
- Seminars and briefings on preventing harassment and corruption as well as on the Subcontract Act
- Various training programs for newly hired employees, employees hired as mid-career professionals, employees on overseas assignments, and others.

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

#### ● **Risk Management**

Sojitz has designated categories of business activity risk based on the “Basic Rules of Corporate Risk Management,” has assigned officers responsible for each kind of risk, and has formulated the “Risk Management Policy and Plan” in order to deal with the various risks facing general trading companies today. By implementing a PDCA cycle with regards to formulating, executing, monitoring and summarizing the Risk Management Policy and Plan, Sojitz strives to secure its sustainability and further improve the risk management system.

(Overview of operational status)

The “Risk Management Policy and Plan” is resolved by the Board of Directors, and the Internal Control Committee deliberates whether it is operating properly, issuing a report to the Board of Directors quarterly. Additionally, in the event that it becomes necessary to make everyone at Sojitz aware of measures to counter changes in the business environment, or if new risks require new responses, such situations are dealt with upon reporting to the management as necessary on what issues exist and what responses are being taken.

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

Sojitz conducts ongoing education programs through a variety of risk management training, in order to firmly establish a risk management mindset among Sojitz Group officers and employees.



- **Management of Group companies**

Each Group company has a management system based on the management system for Group companies' business operations defined in the "Basic Rules of Group Management" and the "Group Management Administration Regulations." In addition, the Corporate Planning Department confirms that each Group company has this system in place. Directors monitor business management of Group companies through the business division or corporate department staff who supervise these companies, or else the Directors, Audit & Supervisory Board Members, and others dispatched to Sojitz Group companies.

(Overview of operational status)

Through the Directors and the Audit & Supervisory Board Members dispatched to each Group company, Sojitz manages and supervises Group companies, ensuring that they have established an appropriate management foundation and corporate governance and that these are working correctly. Sojitz also receives regular reports, including annual business reports and monthly operating activity reports. As for the most important matters at Group companies, execution of the most important business requires advance consultation with Sojitz headquarters to ensure appropriate management.

Additionally, in order to promote Group management, Sojitz has the business division or corporate department staff supervising Sojitz Group company explain Sojitz Group's management philosophy, as well as make efforts to publicize our management philosophy and policies during training sessions for Group companies' officers and employees.

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

- **Management and retention of information**

With respect to handling of important documents related to execution of duties, such as the minutes of the Board of Directors meetings, the responsible department shall appropriately manage such documents according to the retention period required by law, based on guidelines including the internal regulations for document retention. They shall also make such documents available for viewing as necessary. As for information related to business execution, Sojitz has a system in place which classifies and defines confidentiality of information through a set of separate regulations, and Sojitz monitors administration of these regulations to ensure they are working correctly.

(Overview of operational status)

With respect to information related to business execution, Sojitz regularly reviews the classification, management methods, and retention period of information as stipulated in the internal regulations, and makes efforts to ensure proper management. In the fiscal year ended March 31, 2018, Sojitz worked on measures including revising related regulations and improving guidelines based on the content of the "Cybersecurity Management Guidelines" publicized by the Ministry of Economy, Trade and Industry in order to further bolster security measures against cyber-attacks and other threats. In addition, Sojitz strives to ensure that these regulations and guidelines are made known to and thoroughly complied with at headquarters and domestic and overseas Group companies through briefing sessions, etc., as well as investigating information management conditions in each organization and issuing improvement instructions, etc.

- **Arrangements to ensure effective auditing by the Audit & Supervisory Board Members**

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

For accounting audits, Audit & Supervisory Board Members receive explanations on the audit plan and regular reports on the audit status from the Accounting Auditor, share information with each other, establish a system enabling efficient audits, and audit the independence of the Accounting Auditor.

(Overview of operational status)

Sojitz ensures reports to the Audit & Supervisory Board are made in a timely fashion, and has set up regular interviews between Audit & Supervisory Board Members and Directors so that they can exchange opinions.

## Financial Statements

### Consolidated Financial Statements

#### Consolidated Statements of Financial Position

(Millions of yen)

Items	As of March 31, 2018	(Reference) As of March 31, 2017	Items	As of March 31, 2018	(Reference) As of March 31, 2017
Assets			Liabilities and equity		
Current assets			Liabilities		
Cash and cash equivalents	305,241	308,632	Current liabilities		
Time deposits	2,788	5,728	Trade and other payables	654,138	483,049
Trade and other receivables	549,789	563,458	Bonds and borrowings	113,497	158,698
Derivatives	2,703	3,919	Derivatives	3,394	3,669
Inventories	396,020	271,327	Income tax payables	13,632	9,190
Income tax receivables	5,094	3,647	Provisions	2,069	2,124
Other current assets	106,234	72,417	Other current liabilities	55,004	60,912
Subtotal	1,367,872	1,229,130	Subtotal	841,735	717,646
Assets as held for sale	8,425	616	Liabilities directly related to assets held for sale	4,182	101
Total current assets	1,376,297	1,229,747	Total current liabilities	845,918	717,748
Non-current assets			Non-current liabilities		
Property, plant and equipment	172,135	172,201	Bonds and borrowings	797,982	766,669
Goodwill	65,842	57,594	Trade and other payables	4,759	3,709
Intangible assets	44,057	34,148	Derivatives	2,634	4,004
Investment property	24,486	21,100	Retirement benefits liabilities	22,016	21,381
Investments accounted for using the equity method	407,284	386,740	Provisions	21,000	20,792
Trade and other receivables	63,824	45,485	Other non-current liabilities	9,968	6,490
Other investments	182,949	172,944	Deferred tax liabilities	20,946	19,698
Derivatives	49	36	Total non-current liabilities	879,308	842,747
Other non-current assets	8,794	9,815	Total liabilities	1,725,227	1,560,495
Deferred tax assets	4,630	8,650	Equity		
Total non-current assets	974,053	908,719	Share capital	160,339	160,339
			Capital surplus	146,512	146,513
			Treasury stock	(174)	(170)
			Other components of equity	124,348	132,682
			Retained earnings	155,437	111,149
			Total equity attributable to owners of the Company	586,464	550,513
			Non-controlling interests	38,659	27,457
			Total equity	625,124	577,970
Total assets	2,350,351	2,138,466	Total liabilities and equity	2,350,351	2,138,466

## Consolidated Statements of Profit or Loss

(Millions of yen)

Items	FY2017 (From April 1, 2017 to March 31, 2018)	(Reference) FY2016 (From April 1, 2016 to March 31, 2017)
Revenue		
Sales of goods	1,716,670	1,463,536
Sales of services and others	99,788	91,813
Total revenue	1,816,459	1,555,349
Cost of sales	(1,584,078)	(1,354,664)
Gross profit	232,380	200,685
Selling, general and administrative expenses	(162,662)	(153,038)
Other income (expenses)		
Gain (loss) on sale and disposal of fixed assets, net	(324)	4,797
Impairment loss on fixed assets	(4,402)	(4,618)
Gain on sale of subsidiaries/associates	7,517	10,358
Loss on reorganization of subsidiaries/associates	(11,847)	(8,174)
Other operating income	6,763	9,566
Other operating expenses	(7,584)	(7,958)
Total other income/expenses	(9,878)	3,971
Operating profit	59,838	51,618
Financial income		
Interests earned	5,682	3,903
Dividends received	4,639	4,165
Total financial income	10,321	8,068
Financial costs		
Interest expenses	(14,746)	(14,382)
Other financial costs	(128)	(22)
Total financial cost	(14,874)	(14,405)
Share of profit (loss) of investments accounted for using the equity method	25,057	12,673
Profit before tax	80,343	57,955
Income tax expenses	(18,648)	(13,879)
Profit for the year	61,694	44,075
Profit attributable to:		
Owners of the Company	56,842	40,760
Non-controlling interests	4,852	3,314
Total	61,694	44,075
(For reference)		
Net sales (Note)	4,209,077	3,745,549

(Note) Net sales is calculated based on Japanese Generally Accepted Accounting Practices (JGAAP), and represents the total amount of the transactions in which Sojitz Group took part as principal and those in which Sojitz Group took part as an agent.

**(Reference) Consolidated Statements of Cash Flows**

(Millions of yen)

Items	FY2017 (From April 1, 2017 to March 31, 2018)	FY2016 (From April 1, 2016 to March 31, 2017)
Cash flows from operating activities		
Profit for the year	61,694	44,075
Depreciation and amortization	23,067	23,442
Impairment loss of fixed assets	4,402	4,618
Finance (income) costs	4,552	6,337
Share of (profit) loss of investments accounted for using the equity method	(25,057)	(12,673)
(Gain) loss on sale of fixed assets, net	324	(4,797)
Income tax expenses	18,648	13,879
(Increase) decrease in trade and other receivables	7,980	(60,463)
(Increase) decrease in inventories	(118,303)	(31,853)
Increase (decrease) in trade and other payables	166,218	40,158
Increase (decrease) in retirement benefits liabilities	430	(1,409)
Others	(36,381)	(7,611)
Subtotal	107,578	13,702
Interests earned	4,248	3,496
Dividends received	17,735	12,818
Interests paid	(14,814)	(14,872)
Income taxes paid	(15,935)	(14,287)
Net cash provided (used) by/in operating activities	98,812	857
Cash flows from investing activities		
Purchase of property, plant and equipment	(29,590)	(31,830)
Proceeds from sale of property, plant and equipment	590	8,340
Purchase of intangible assets	(2,310)	(2,219)
(Increase) decrease in short-term loans receivable	2,115	(4,408)
Payment for long-term loans receivable	(32,312)	(3,867)
Collection of long-term loans receivable	10,826	1,232
Proceeds from (payments for) acquisition of subsidiaries	(20,227)	(5,408)
Proceeds from (payments for) sale of subsidiaries	5,411	(51)
Purchase of investments	(26,260)	(16,263)
Proceeds from sale of investments	13,074	16,473
Others	(7,725)	5,822
Net cash provided (used) by/in investing activities	(86,407)	(32,179)
Cash flows from financing activities		
Increase (decrease) in short-term borrowings and commercial papers	(21,723)	14,697
Proceeds from long-term borrowings	128,716	160,331
Repayment of long-term borrowings	(122,702)	(164,596)
Proceeds from issuance of bonds	19,881	19,891
Redemption of bonds	(10,061)	(20,035)
Proceeds from non-controlling interest holders	7,389	771
Purchase of treasury stock	(4)	(10)
Dividends paid	(11,258)	(10,008)
Dividends paid to non-controlling interest holders	(2,622)	(2,563)
Others	(666)	(2,507)
Net cash provided (used) by/in financing activities	(13,052)	(4,029)
Net increase (decrease) in cash and cash equivalents	(648)	(35,350)
Cash and cash equivalents at the beginning of the year	308,632	344,414
Effect of exchange rate changes on cash and cash equivalents	(2,742)	(430)
Cash and cash equivalents at the end of the year	305,241	308,632

## Non-consolidated Financial Statements

### Non-consolidated Balance Sheets

(Millions of yen)

Items	As of March 31, 2018	(Reference) As of March 31, 2017	Items	As of March 31, 2018	(Reference) As of March 31, 2017
<b>Assets</b>			<b>Liabilities</b>		
<u>Current assets</u>	733,805	658,351	<u>Current liabilities</u>	590,928	462,976
Cash and deposits	175,525	185,773	Notes payable-trade	20,707	11,322
Notes receivable-trade	10,964	7,303	Accounts payable-trade	316,870	196,000
Accounts receivable-trade	188,130	208,413	Short-term loans payable	142,626	145,964
Merchandise	255,331	142,417	Current portion of bonds	—	10,000
Advance payments-trade	19,648	19,995	Income taxes payable	2,267	2,420
Short-term loans receivable	31,548	44,148	Advances received	15,255	17,012
Deferred tax assets	1,826	859	Deposits received	78,151	65,459
Other	51,021	49,538	Provision for bonuses	3,166	2,951
Allowance for doubtful accounts	(190)	(99)	Other	11,883	11,844
<u>Noncurrent assets</u>	905,678	824,406	<u>Noncurrent liabilities</u>	664,122	651,113
<u>Property, plant and equipment</u>	7,577	7,238	Bonds payable	90,000	70,000
Buildings	2,707	2,682	Long-term loans payable	554,526	559,257
Land	3,171	3,171	Deferred tax liabilities	4,679	1,097
Other	1,698	1,383	Provisions for retirement	8,963	8,671
<u>Intangible assets</u>	5,884	6,709	benefits	8,963	8,671
Software	1,840	1,727	Other	5,952	12,086
Goodwill	3,884	4,778			
Other	159	203			
<u>Investments and other assets</u>	892,217	810,458	<b>Total liabilities</b>	<b>1,255,050</b>	<b>1,114,089</b>
Investment securities	122,878	115,179	<b>Net assets</b>		
Stocks of subsidiaries and affiliates	636,272	594,554	<u>Shareholders' equity</u>	352,789	340,725
Investments in capital of subsidiaries and affiliates, etc.	39,279	30,406	<u>Capital stock</u>	160,339	160,339
Long-term loans receivable	74,688	53,586	<u>Capital surplus</u>	155,271	155,271
Bad debts	76,893	71,897	Legal capital surplus	152,160	152,160
Other	10,165	12,049	Other capital surplus	3,110	3,110
Allowance for doubtful accounts	(64,951)	(63,139)	<u>Retained earnings</u>	37,353	25,285
Allowance for investment loss	(3,009)	(4,076)	Other retained earnings		
<u>Deferred assets</u>	319	264	Retained earnings brought forward	37,353	25,285
Bond issuance cost	319	264	<u>Treasury stock</u>	(174)	(170)
			<u>Valuation and translation</u>		
			<u>Adjustments</u>	31,964	28,206
			Valuation difference on available-for-sale securities	38,418	34,764
			Deferred gains or losses on hedges	(6,453)	(6,557)
			<b>Total net assets</b>	<b>384,754</b>	<b>368,931</b>
<b>Total assets</b>	<b>1,639,804</b>	<b>1,483,021</b>	<b>Total liabilities and net assets</b>	<b>1,639,804</b>	<b>1,483,021</b>

## Non-consolidated Statements of Income

(Millions of yen)

Items	FY2017 (From April 1, 2017 to March 31, 2018)	(Reference) FY2016 (From April 1, 2016 to March 31, 2017)
Net sales	2,626,996	2,297,451
Cost of sales	2,575,382	2,250,173
Gross profit	51,614	47,278
Selling, general and administrative expenses	57,786	57,673
Operating income (loss)	(6,171)	(10,395)
Non-operating income		
Interest income	4,270	2,835
Dividends income	46,473	36,238
Gain on valuation of derivatives	645	650
Foreign exchange profits	1,113	—
Other	6,241	6,040
Total non-operating income	58,744	45,764
Non-operating expenses		
Interest expenses	11,548	11,212
Foreign exchange losses	—	1,900
Other	4,371	2,737
Total non-operating expenses	15,919	15,850
Ordinary income	36,652	19,519
Extraordinary income		
Gain on sales of noncurrent assets	0	300
Gain on sales of subsidiaries and affiliates' stocks, etc.	926	5,164
Gain on sales of investment securities, etc.	2,368	9,873
Reversal of allowance for doubtful accounts	157	0
Total extraordinary income	3,453	15,338
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	86	4
Impairment loss	6	1
Loss, and provision for loss, on dissolution of subsidiaries and affiliates	18,563	24,123
Loss on sales of investment securities, etc.	8	46
Loss on valuation of investment securities, etc.	765	189
Total extraordinary losses	19,431	24,365
Income before income taxes	20,675	10,491
Income taxes-current	(3,770)	(233)
Income taxes-deferred	1,118	(723)
Total income taxes	(2,651)	(957)
Net income	23,326	11,448

**Independent Auditors' Audit Report**

May 15, 2018

To the Board of Directors,  
Sojitz Corporation

KPMG AZSA LLC

Designated Limited Liability Partner Engagement Partner Certified Public Accountant	Iwao Hirano
Designated Limited Liability Partner Engagement Partner Certified Public Accountant	Kentaro Onishi
Designated Limited Liability Partner Engagement Partner Certified Public Accountant	Daisuke Yamada

In accordance with Article 444, Paragraph 4 of the Companies Act, we have audited the consolidated financial statements, comprising the consolidated statements of financial position, consolidated statements of profit or loss, consolidated statements of changes in equity and the notes to the consolidated financial statements of Sojitz Corporation and its subsidiaries as of March 31, 2018 and for the 15th consolidated fiscal year from April 1, 2017 to March 31, 2018.

**Management's responsibility for the consolidated financial statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the second sentence of Section 1 of Article 120 of the Rules of Corporate Accounting, which allows the omission of certain disclosures required by the designated International Financial Reporting Standards ("IFRS"); this includes the implementation, and maintenance of internal control deemed necessary by management for the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the consolidated financial statements based on our audit as independent auditor. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected and applied depend on our judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used, the method of their application, and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



**Opinion**

In our opinion, these consolidated financial statements referred to above, prepared with the omission of certain disclosures required by the IFRS pursuant to the second sentence of Section 1 of Article 120 of the Rules of Corporate Accounting, present fairly, in all material aspects, the financial position and results of operations of Sojitz and its subsidiaries, applicable to the consolidated fiscal year ended March 31, 2018.

**Other Matter**

Our firm and engagement partners have no interest in Sojitz which should be disclosed pursuant to the provisions of the Certified Public Accountants Act.

**Independent Auditors' Audit Report**

May 15, 2018

To the Board of Directors,  
Sojitz Corporation

**KPMG AZSA LLC**

Designated Limited Liability Partner Engagement Partner Certified Public Accountant	Iwao Hirano
Designated Limited Liability Partner Engagement Partner Certified Public Accountant	Kentaro Onishi
Designated Limited Liability Partner Engagement Partner Certified Public Accountant	Daisuke Yamada

In accordance with Article 436, Paragraph 2 Item 1 of the Companies Act, we have audited the non-consolidated financial statements, comprising the non-consolidated balance sheets, non-consolidated statements of income, non-consolidated statements of changes in net assets and notes to the non-consolidated financial statements and supplementary schedules of Sojitz Corporation as of March 31, 2018 and for the 15th fiscal year from April 1, 2017 to March 31, 2018.

**Management's responsibility for the non-consolidated financial statements and others**

Management is responsible for the preparation and fair presentation of the non-consolidated financial statements and supplementary schedules in accordance with accounting principles generally accepted in Japan; this includes the implementation, and maintenance of internal control deemed necessary by management for the preparation and fair presentation of the non-consolidated financial statements and supplementary schedules that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the non-consolidated financial statements and supplementary schedules based on our audit as independent auditor. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the non-consolidated financial statements and supplementary schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the non-consolidated financial statements and supplementary schedules. The procedures selected and applied depend on our judgement, including the assessment of the risks of material misstatement of the non-consolidated financial statements and supplementary schedules, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the non-consolidated financial statements and supplementary schedules in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used, the method of their application, and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the non-consolidated financial statements and supplementary schedules.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, these non-consolidated financial statements and supplementary schedules referred to above present fairly, in all material aspects, the financial position and results of operation of Sojitz, applicable to the fiscal year ended March 31, 2018 in conformity with accounting principles generally accepted in Japan.

**Other Matter**

Our firm and engagement partners have no interest in Sojitz which should be disclosed pursuant to the provisions of the Certified Public Accountants Act.

Audit & Supervisory Board's audit report: Full copy

### **Audit Report**

With respect to the Directors' performance of their duties during the 15th fiscal year (from April 1, 2017 to March 31, 2018), the Audit & Supervisory Board has prepared this audit report after deliberations based on the audit reports prepared by each Audit & Supervisory Board Member, and hereby report as follows:

#### **1. Method and contents of audit by Audit & Supervisory Board Members and the Audit & Supervisory Board**

- (1) The Audit & Supervisory Board has established the audit policies, assignment of duties, etc. and received a report from each Audit & Supervisory Board Member regarding the status of implementation of their audits and results thereof. In addition, the Audit & Supervisory Board has received reports from the Directors, etc. and the accounting auditors regarding the status of performance of their duties, and requested explanations as necessary.
- (2) In conformity with the Audit & Supervisory Board Members auditing standards established by the Audit & Supervisory Board, and in accordance with the audit policies, audit plans, and assignment of duties, etc., each Audit & Supervisory Board Member endeavored to facilitate a mutual understanding with the Directors, the internal audit division and other employees, etc., endeavored to collect information and maintain and improve the audit environment, and performed audits using the following methods.
  - (i) Each Audit & Supervisory Board Member has attended the meetings of the Board of Directors and other important meetings, received reports on the status of performance of duties from the Directors and other employees and requested explanations as necessary, examined important approval/decision documents, and inspected the status of the corporate affairs and assets at the head office and other principal business locations. With respect to the subsidiaries, each Audit & Supervisory Board Member endeavored to facilitate a mutual understanding and exchanged information with the Directors and Audit & Supervisory Board Members, etc. of each subsidiary and received from subsidiaries reports on their respective businesses as necessary.
  - (ii) Each Audit & Supervisory Board Member regularly received reports on the status of the system and performance from the Directors and other employees and, as necessary, requested explanations for and expressed opinions on the status of the contents of the Board of Directors' resolutions regarding the development and maintenance of the system to ensure that the Directors' performance of their duties described in the business report complied with all laws, regulations and the Articles of Incorporation of Sojitz and other systems that are set forth in Article 100, paragraphs 1 and 3 of the Ordinance for Enforcement of the Companies Act of Japan as being necessary for ensuring the appropriateness of the corporate affairs of the corporate group consisting of a joint stock company (kabushiki kaisha) and its subsidiaries, and the systems (internal control systems) based on such resolutions.
  - (iii) Each Audit & Supervisory Board Member monitored and verified whether the accounting auditor maintained its independence and properly conducted its audit, received a report from the accounting auditor on the status of its performance of duties, and requested explanations as necessary. Each Audit & Supervisory Board Member was notified by the accounting auditor that it had established a "system to ensure that the performance of the duties of the accounting auditor was properly conducted" (the matters listed in the items of Article 131 of the Rules of Corporate Accounting) in accordance with, among other things, the "Quality Control Standards for audit" (Business Accounting Council, October 28, 2005), and requested explanations as necessary.

Based on the above-described methods, each Audit & Supervisory Board Member examined the business report and the supplementary schedules thereto, the non-consolidated financial statements (non-consolidated balance sheets, non-consolidated statements of income, non-consolidated statements of changes in net assets, and notes to the non-consolidated financial statements) and the supplementary schedules thereto, as well as the consolidated financial statements (consolidated statements of financial position, consolidated statements of profit or loss, consolidated statements of changes in equity, and notes to the consolidated financial statements), for the fiscal year under consideration.

## 2. Results of Audit

### (1) Results of audit of Business Report, etc.

(i) We acknowledge that the Business Report and the supplementary schedules thereto fairly present the status of Sojitz in conformity with the applicable laws and regulations and the Articles of Incorporation of Sojitz.

(ii) We acknowledge that no misconduct or material fact constituting a violation of any law or regulation or the Articles of Incorporation of Sojitz was found with respect to the Directors' performance of their duties.

(iii) We acknowledge that the Board of Directors' resolutions with respect to the internal control systems are appropriate. We did not find any matter to be mentioned with respect to the contents of the business report concerning the internal control systems and the Directors' performance of their duties.

### (2) Results of audit of the non-consolidated financial statements and their supplementary schedules

We acknowledge that the methods and results of audit performed by the accounting auditor, KPMG AZSA LLC, are appropriate.

### (3) Results of audit of the consolidated financial statements

We acknowledge that the methods and results of audit performed by the accounting auditor, KPMG AZSA LLC, are appropriate.

May 15, 2018

Sojitz Corporation Audit & Supervisory Board

Audit & Supervisory Board Member(Full-time)

Outside Audit & Supervisory Board Member(Full-time)

Outside Audit & Supervisory Board Member

Outside Audit & Supervisory Board Member

Outside Audit & Supervisory Board Member

Junichi Hamatsuka

Takayuki Ishige

Mikinao Kitada

Kazunori Yagi

Hyo Kambayashi

## Access to the Venue

Date and Time:

**10:00 a.m., Tuesday, June 19, 2018**

(Reception is scheduled to start at 9:00 a.m.)

Please come early to the venue as the reception area will become congested as the starting time of the meeting approaches. Please refrain from arriving by car.

Place:

ANA InterContinental Tokyo  
Prominence Ball Room, 1st Basement Floor,  
12-33, Akasaka 1-chome, Minato-ku, Tokyo 107-0052  
Tel: 03-3505-1111

Rail access via:

Tokyo Metro Ginza Line

- Tameike-sanno Station: 1 minute walk from Exit 13.  
(5 minute walk from Tameike-sanno Station.)

Tokyo Metro Namboku Line

- Tameike-sanno Station: 1 minute walk from Exit 13.  
(7 minute walk from Tameike-sanno Station.)
- Roppongi-itchohome Station: 2 minute walk from Exit 3.  
(5 minute walk from Roppongi-itchohome Station.)

