

May 1, 2018

Company: Sojitz Corporation

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**Announcement Regarding Introduction of a System
of Performance-Linked Share Remuneration, etc. for Directors, etc.**

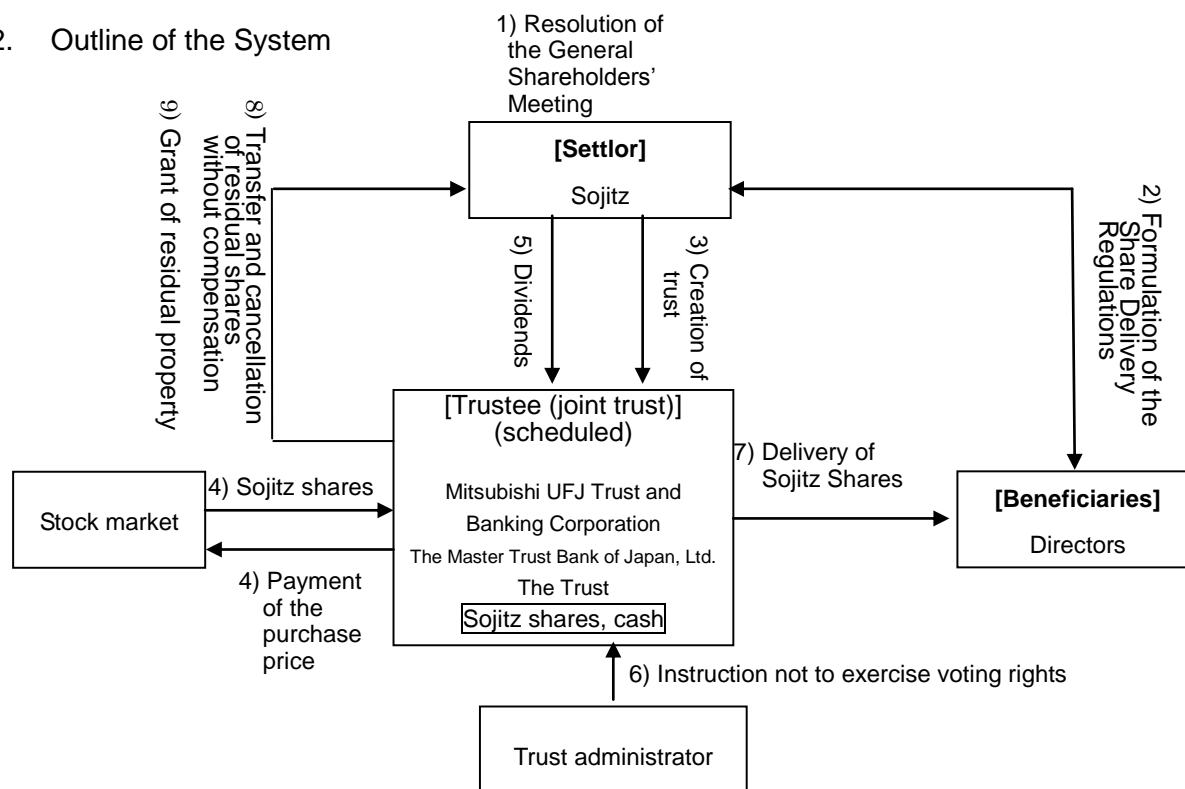
Sojitz Corporation (“Sojitz”) hereby announces that, at the meeting of the Board of Directors held today, it has resolved to introduce a system of performance-linked and share remuneration, etc. (the “System”) and submit a proposal relating thereto for approval at the 15th Ordinary General Shareholders’ Meeting to be held on June 19, 2018 (the “General Shareholders’ Meeting”).

1. Introduction of the System

- (1) Sojitz will introduce the System for Directors and Executive Officers (excluding Outside Directors and non-residents in Japan; “Directors”) as a remuneration system closely linked to the corporate performance and having high transparency and objectivity, with the objective of heightening their awareness toward making contributions to improving Sojitz’s performance and to increasing its corporate value over the medium-to-long term.
- (2) The introduction of the System is subject to the approval at the General Shareholders’ Meeting.
- (3) The System is a share remuneration system that uses a structure called Board Incentive Plan trust (herein after referred to as the “BIP Trust”). The BIP Trust is a system similar to the performance-linked share remuneration (Performance Share) and share remuneration with transfer restriction (Restricted Stock) in the U.S. and European markets, delivery and provide (“Delivery” collectively) of Sojitz shares and cash equivalent to the conversion amount of Sojitz shares (the “Sojitz Shares” collectively) as well as dividends on the Sojitz shares are made to Directors, commensurate with factors such as executive rank and achievement level of performance targets.
- (4) 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 at the

Remuneration Committee.

2. Outline of the System



- 1) Sojitz will, obtain approval on the introduction of the system remuneration by resolution of the General Shareholders' Meeting,
- 2) Sojitz will formulate the Share Delivery Regulations in relation to the introduction of the System at the Board of Directors meetings.
- 3) Sojitz will transfer cash into trust, not exceeding the limit as approved by the resolution at the General Shareholders' Meeting in 1) above, thereby creating a trust whose beneficiaries are Directors who meet the beneficiary requirements (the "Trust").
- 4) The Trust will, under the instruction of the trust administrator, acquire Sojitz shares from the stock market, using cash entrusted in 3). The number of shares to be acquired by the Trust shall not exceed the limit as approved by the resolution at the General Shareholders' Meeting in 1).
- 5) Payment of Dividends for Sojitz shares held in the Trust shall be treated in the same way as other Sojitz shares.
- 6) Voting rights for Sojitz shares held in the Trust will not be exercised throughout the trust period.
- 7) During the trust period in each year, Directors shall be granted a certain number of points commensurate with the performance, etc. in each fiscal year. Directors who meet certain beneficiary requirements shall, after their retirement from the office of Directors, receive delivery of Sojitz shares equivalent to a certain proportion of the number of points accumulated, while receiving, pursuant to the provisions of the trust agreement, the cash proceeds from the conversion of the number of Sojitz shares equivalent to the rest of such

accumulated points, as well as the cash dividends paid in 5) on Sojitz shares held in the Trust, commensurate with the number of points accumulated as of the dividend record date.

8) If residual shares occur upon expiry of the trust period, due to reasons such as the failure to achieve the performance targets for each fiscal year during the trust period, Sojitz will, by amending the trust agreement or making additional contribution to the Trust, continue to use the Trust as part of the System as it is, or as part of a similar but new share remuneration system, or alternatively, will transfer the residual shares from the Trust to Sojitz without compensation, to achieve cancellation thereof based on the resolution by the Board of Directors.

9) At the termination of the Trust, residual property remaining after the distribution to the beneficiaries will belong to Sojitz to the extent of the trust expense reserve, which is the trust fund less the share acquisition fund, while the portion in excess of the trust expense reserve will be donated to organizations that have no interest in Sojitz and Directors.

* If it becomes likely, during the trust period, that the number of Sojitz shares held in the Trust may fall short of the required number of Sojitz shares to cover the accumulated share delivery points as prescribed for Directors during the trust period (as set out in (5) below, hereinafter the same), or that the amount of cash as part of the trust property may not be enough to pay the trust fees and expenses, additional cash may be transferred into the Trust, not exceeding the upper limit of the trust fund as set out in (7) below.

(1) Outline of the System

The System is a remuneration system in which, through the Trust, Delivery of the Sojitz Shares, and the dividends paid thereon, is made as executive remuneration after the retirement of Directors, commensurate with the performance in each of the three fiscal years covered by the Medium-term Management Plan of Sojitz (the “Applicable Period”).

In the event of renewal of the Trust (as defined in (4) b. below, hereinafter the same), the extended period following such renewal shall be included in the Applicable Period.

Remuneration under the System consists of the “performance-linked portion” and “fixed portion”. For the performance-linked portion, Delivery of a certain number of the Sojitz Shares will be made based on the rank of Directors, linked to profit for the year attributable to owners of the Company (“Consolidated Net Profit for the Year”) for the subject period. 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.

(2) Resolution on the introduction of the System at the General Shareholders’ Meeting

At the General Shareholders’ Meeting, resolution shall be made on the matters necessary for introducing the System, including the upper limit of trust fund to be contributed to the Trust, and the total number of the share delivery points (as defined in (5) below, hereinafter the same) to be granted to Directors.

(3) Persons eligible for the System (beneficiary requirements)

Directors shall, after their retirement, be entitled to Delivery from the Trust of the Sojitz Shares equivalent to the number of accumulated share delivery points corresponding to the period of service up to their retirement, on condition that they meet the beneficiary requirements and that they follow the prescribed beneficiary-determining procedures.

The beneficiary requirements are as follows.

- 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

* In the event that the trust period is extended as described in (4) c. below, and that a person eligible for the System remains in service as Director as at the expiry of the extended trust period, the Trust shall be terminated at such point in time, and such eligible person shall receive Delivery of the Sojitz Shares while in service as Director.

(4) Trust period

a. Initial trust period

Initial trust period shall be approximately three years from August 2018 (scheduled) to August 2021 (scheduled).

b. Renewal of 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 approved by the 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 ("Residual Shares" collectively) as of the final day of the trust period before extension, the combined amount of the Residual Shares and the amount of the trust fund additionally contributed shall not exceed the upper limit of the trust fund as approved by the General Shareholders' Meeting. Such extension of the trust period shall not be limited to once, and the Trust may be renewed likewise thereafter.

- c. Handling of termination of the Trust (extension of the trust period without additional contribution)

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 Directors retire and Delivery of the Sojitz Shares is completed. However, in such case, no share delivery points shall be newly granted to Directors.

(5) Sojitz Shares subject to Delivery to Directors

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

Share delivery points that were granted shall be accumulated each year, and following the retirement of Director, according to such accumulated share delivery points, Delivery of the Sojitz Shares shall be made to the Director at a ratio of one Sojitz share per one point.

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.

(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 by Consolidated Net Profit for the Year.

■ Total amount of share remuneration

= (Consolidated Net Profit for the Year in each fiscal year) (Note 1) x α % (Note 2) x (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 (“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 α shall be adjusted in line with such ratio, according to the targeted Consolidated Net Profit for the Year in each fiscal year, which shall be resolved and disclosed by the Board of Directors, along with such targeted Consolidated Net Profit for the Year. For fiscal 2018, the value of α shall be set at 0.078.

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

(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 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.

(6) Method and timing of Delivery of the Sojitz Shares to Directors of Sojitz

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 (5) 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.

(7) Upper limit of trust fund to be contributed to the Trust, and the upper limit of total share delivery points to be granted to Directors within the Trust

The upper limit of the trust fund to be contributed to the Trust, and the upper limit of total share delivery points to be granted to Directors within the Trust shall be set as follows, subject to the approval at the General Shareholders' Meeting.

Upper limit of trust fund to be contributed to the Trust: ¥700 million (for three years)(*)

- * Combined amount of the fund for share acquisition by the Trust and the trust fees and expenses during the trust period

Upper limit of total share delivery points to be granted to Directors during the trust period of the Trust: Three million points (for three years)

The upper limit of the total share delivery points to be granted to Directors during the trust period of the Trust has been established based on the aforementioned upper limit of the trust fund, as well as in consideration of the share price as of the date of this document.

(8) Method used by the Trust for acquiring Sojitz shares

Sojitz shares will be initially acquired by the Trust in the share market, subject to the upper limit of the fund for share acquisition as described in (7) above, as well as the total share delivery points to be granted to Directors.

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

The voting rights for Sojitz shares held in the Trust shall not be exercised during the trust period, to ensure neutrality of the Trust with no influence on the management of Sojitz.

(10) 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 (6) above.

(11) Handling at the expiry of the trust period

If residual shares occur upon expiry of the trust period, due to reasons such as failure to achieve the performance targets during the Applicable Period, Sojitz may, by amending the trust agreement or making additional contribution to the Trust, continue to use the Trust as part of the System as it is, or as a similar incentive plan. If the Trust is terminated due to expiry of the trust period, Sojitz will transfer the residual shares from the Trust to Sojitz without compensation, to achieve cancellation thereof based on the resolution by the Board of Directors.

Furthermore, the residual dividends on Sojitz shares held in the Trust upon expiry of the trust period, if the Trust is to be continuously used, shall be used as share acquisition fund, while, if the Trust is to be terminated due to expiry of the trust period, the portion in excess of the trust expense reserve will be donated to organizations that have no interest in Sojitz and Directors.

(Reference)

[Details of the trust agreement]

| | |
|-------------------------------------|--|
| 1) Type of trust | Cash trust other than individually-operated designated trust of cash (third-party benefit trust) |
| 2) Purpose of trust | Providing incentives to Directors |
| 3) Settlor | Sojitz |
| 4) Trustee | Mitsubishi UFJ Trust and Banking Corporation (scheduled) (Co-trustee: The Master Trust Bank of Japan, Ltd.) |
| 5) Beneficiaries | Directors who satisfy the beneficiary requirements |
| 6) Trust administrator | A third party that does not have any interest in Sojitz (certified public accountant) |
| 7) Trust agreement date | August 2018 (scheduled) |
| 8) Trust period | From August 2018 (scheduled) to August 2021 (scheduled) |
| 9) System start date | August 2018 (scheduled) |
| 10) Exercise of voting rights | No exercise |
| 11) Type of acquired shares | Common shares of Sojitz |
| 12) Upper limit of trust fund | ¥700 million (scheduled) (including trust fees and expenses) |
| 13) Timing of acquisition of shares | From August 7, 2018 (scheduled) to August 20, 2018 (scheduled) (excluding the period from five business days prior to the closing date of accounting periods (including interim and quarterly periods) to such closing date) |
| 14) Method of acquisition of shares | Acquisition in the share market |
| 15) Holder of vested right | Sojitz |
| 16) Residual property | Residual property that Sojitz (holder of vested right) may receive shall be within the amount of trust expense reserve, which is the trust fund less the share acquisition fund. |

[Details of administrative tasks related to the trust and shares]

- 1) Trust-related administration
Mitsubishi UFJ Trust and Banking Corporation and The Master Trust Bank of Japan, Ltd. are scheduled to be appointed to act as trustees for the BIP Trust and will be in charge of trust-related administrative tasks.

- 2) Share-related administration
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. is scheduled to be in charge of administrative tasks related to delivery of Sojitz shares to beneficiaries under the consignment contract.