

# Hassojitz

発想 × **sojitz**

## Sojitz Corporation

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# START OF THE NEXT DECADE



Sojitz Corporation  
Integrated Report 2022



# TOWARD THE NEXT DECADE



We are aware of the different perspectives of Sojitz and society, and we believe that maximizing value for both will lead to the creation of value and prosperity, which is the aim of the Sojitz Group Statement.

## Course Over the Next Decade

In Medium-Term Management Plan 2023—“Start of the Next Decade,” Sojitz Corporation has defined its vision for 2030 as becoming a general trading company that constantly cultivates new businesses and human capital. Our operating environment is currently changing at breakneck speed due to factors such as the progression of digitalization; rising awareness for environmental, social, and governance (ESG) factors; and diversifying values and needs. The COVID-19 pandemic and war in Ukraine, meanwhile, have acted as a catalyst, rapidly accelerating the pace of these changes. It is the mission of a general trading company to deliver goods and services where necessary. Fulfilling this mission in the rapidly changing operating environment of today will require Sojitz to continue to transform while constantly creating new businesses. As shown in Sojitz’s value creation model, our people are at the heart of our value creation initiatives. Cultivating human capital is thus an indispensable part of creating new businesses. The overall structure of this report was designed to allow its content to contribute to a better understanding of Sojitz’s value creation model. Meanwhile, explanations on Sojitz’s initiatives for achieving ongoing improvements in corporate value are centered on Medium-Term Management Plan 2023.

### ■ Sojitz Group Statement

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

### ■ Sojitz Group Slogan

***New way, New value***

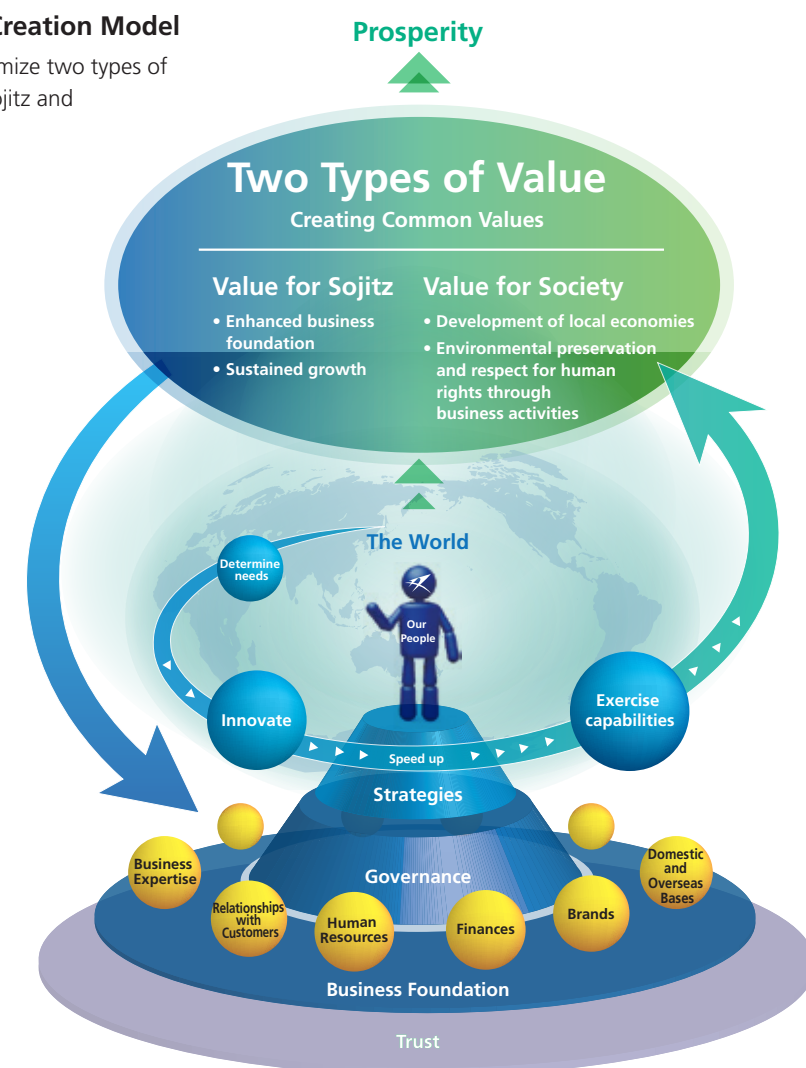
### ■ Sojitz Guiding Principles

The Sojitz Group aims to create value for our stakeholders by aligning our strong, capable individuals under the following five principles:

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

### Sojitz’s Value Creation Model

Sojitz aims to maximize two types of value—value for Sojitz and value for society.



#### Creating Two Types of Value

Sojitz aims to create two types of value. The first is value for Sojitz, which means enhancing our business foundation and pursuing sustained growth, and the second is value for society, which includes the development of local economies and environmental preservation.



#### Strengthening Human Resources

Human resources are the greatest business asset for a general trading company. We are working to understand society's needs around the world and to enhance our human resource capabilities to create value based on the keywords of “*genba-ryoku*,” “*speed*” and “*innovation*,” making this a source of value creation for Sojitz.



#### Exercising Our Capabilities through New Ideas

We are always exercising our capabilities through trading, investments in interests, and business investments, with new ideas, looking ahead to the future and quickly expanding our business in advance of the fast-moving changes in the operating environment and the diversification of needs.



#### Practicing Strategies and Governance That Will Create Sustained Growth

Sojitz anticipates business opportunities and risks based on the uncertainty of the operating environment, and engages in disciplined investments, loans, and risk management. In so doing, we create clusters of revenue-generating businesses and construct a foundation for sustained growth.



#### Building a Robust Business Foundation

Business locations and partnerships that reach countries across the world, trust-based relationships with customers in different regions that have grown over many years, and brand power: the solid business foundation that Sojitz has built up supports sustained growth.

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Editorial Policy

Integrated Report 2022 has been compiled based on the Integrated Reporting Framework proposed by the IFRS Foundation and the Guidance for Integrated Corporate Disclosure and Company-Investor Dialogues for Collaborative Value Creation: ESG Integration, Non-Financial Information Disclosure, and Intangible Assets into Investment released by Japan's Ministry of Economy, Trade and Industry. Focused on Medium-Term Management Plan 2023—“Start of the Next Decade,” which has been positioned as our first step toward accomplishing our vision for 2030 of becoming a general trading company that constantly cultivates new businesses and human capital, the report offers concise information on Sojitz's ongoing value creation efforts from both financial and non-financial perspectives. With this focus, *Integrated Report 2022* has been positioned as an important tool for facilitating constructive engagement with stakeholders.

Report Cover

Sojitz conducts corporate advertisements based on the slogan of “Hassojitz,” which expresses the message that we are striving to develop businesses that create value shaped by new ideas. Based on the theme of how to realize a stable supply of finite marine resources, the cover of this report shows Sojitz's efforts to create sustainable tuna farming operations together with community members and symbolizes how Sojitz will fulfill its mission as a general trading company of delivering goods and services where necessary from a future-oriented perspective looking to the next decade.



Note on Forward-Looking Statements

Data and forward-looking statements contained in this integrated report are based on information available to management as of the date of publication as well as judgments deemed to be rational. Accordingly, such information is subject to known and unknown risks, uncertainties, and other factors. The Company does not guarantee the accomplishment of targets or the accuracy of forecasts or future performance projections contained in this integrated report. Information regarding risks, uncertainties, and other factors can be found in the Company's annual securities reports, quarterly business reports, and other documents (some documents are available in Japanese only). The Company is under no obligation to update or issue revisions to forward-looking statements contained in previously disclosed materials. Moreover, the Company takes no responsibility for any damages that result from the use of information contained in this integrated report. Timely notification will be issued should material changes to this integrated report be required.



Graphic Adaptation of Sojitz and Its Corporate DNA  
**Hassojitz**  
**Sojitz—A General Trading Company**  
**The Pioneers Who Paved the Future of Japan**

Sojitz has produced a graphic adaptation of its history since its founding, which has been made available on our corporate website.

Priority Initiatives

United Nations Global Compact

Sojitz became a signatory to the United Nations Global Compact (UNGC) in order to clearly declare its ideals for its global operations, including respect for the environment and human rights through businesses that comply with international standards as well as the laws of countries and regions. The UNGC calls for companies to exercise leadership as members of the international community and pursue sustainability through their businesses. Sojitz joined the UNGC in 2009. We support the Ten Principles of the UNGC in the areas of human rights, labour, environment, and anti-corruption, and practice these principles through our business activities.



Guidance for Collaborative Value Creation

Sojitz complies with the Guidance for Integrated Corporate Disclosure and Company-Investor Dialogues for Collaborative Value Creation: ESG Integration, Non-Financial Information Disclosure, and Intangible Assets into Investment (Guidance for Collaborative Value Creation), issued by Japan's Ministry of Economy, Trade and Industry. We consult the Guidance for Collaborative Value Creation in all our investor relations activities, including this integrated report, with the objective to receive evaluations of our corporate values through constructive dialogue with investors and shareholders.



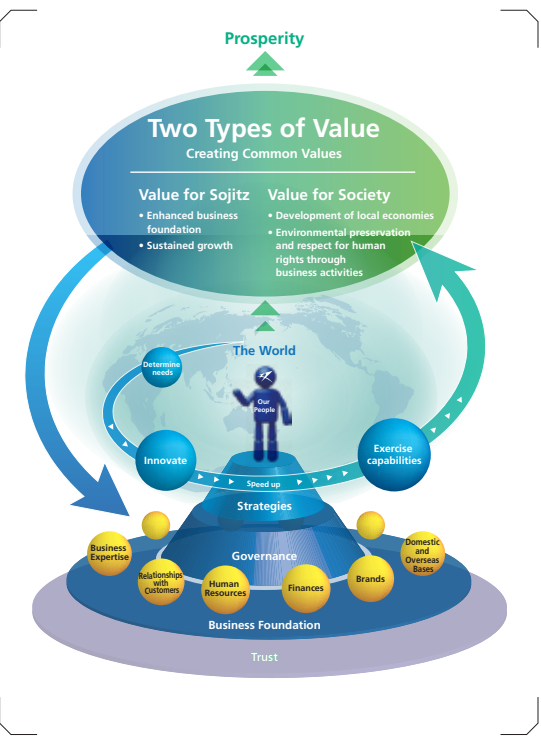
Sustainable Development Goals

The Sustainable Development Goals (SDGs) call for the resolution of 17 worldwide priority social issues by 2030. Under the leadership of the United Nations, the goals were adopted in 2015 by 193 member nations. Given the medium- to long-term expectations stakeholders have for the resolution of these issues, Sojitz took the SDGs into account when formulating the Group's CSR Focus Areas (currently, the Key Sustainability Issues).



Task Force on Climate-related Financial Disclosures

Climate change is a major issue facing global society, one which Sojitz is emphasizing as a key management issue. We endorse the proposals of the Task Force on Climate-related Financial Disclosures (TCFD), and we are making efforts to disclose the impact of climate change on our business activities and to implement specific measures to overcome it.



Related Websites

Corporate Website



<https://www.sojitz.com/en/>

Business Overview



<https://www.sojitz.com/en/business/>

Investor Relations



<https://www.sojitz.com/en/ir/>

Sustainability



<https://www.sojitz.com/en/csr/>

Corporate Governance



<https://www.sojitz.com/en/corporate/governance/governance/>

Sojitz ESG BOOK

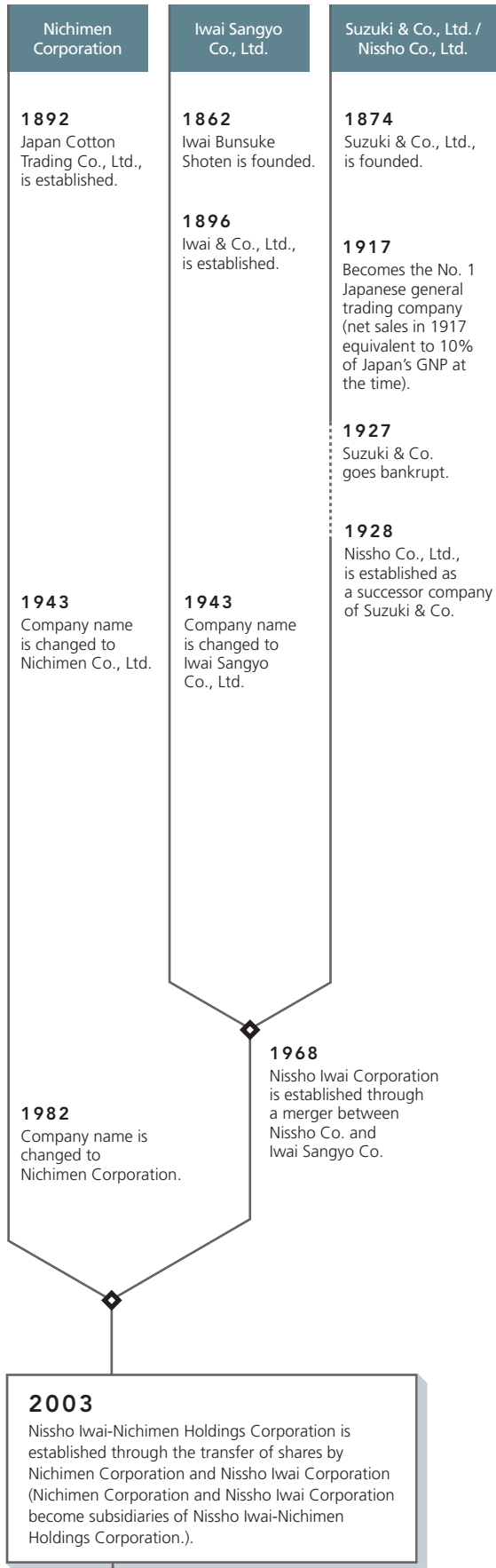


[https://www.sojitz.com/en/csr/sojitz\\_esg/](https://www.sojitz.com/en/csr/sojitz_esg/)





## INTRODUCTION



# Living DNA of Business Creation

Sojitz was born out of the merger of Nichimen Corporation and Nissho Iwai Corporation. More than 100 years have passed since the founding of these two companies, but their DNA of creating new businesses continues to live on in Sojitz even today.

## NICHIMEN

Japan Cotton Trading Co., Ltd., the predecessor of Nichimen, was established with the goal of procuring raw cotton through exclusive channels to contribute to the textile industry, which would later grow into Japan's largest industry. This company went on to expand into overseas markets to better procure cotton and export cotton products. The insight and customer bases Japan Cotton Trading fostered overseas enabled this company to acquire orders for building electric railroads, power plants, and power lines in India and then-Burma, where it had cotton procurement bases, after World War II. At this time, Japan Cotton Trading also began branching out into fields like industrial machinery, energy, chemicals, and food, thereby exercising its functions as a general trading company. Later, during the period of the so-called Japanese economic miracle, this company built a leading position in the domestic market for lumber imports and condominiums by capturing the rising housing demand. In 1964, Japan Cotton Trading founded Orient Leasing Co., Ltd. (currently ORIX Corporation), allowing it to take advantage of the robust capital investment demand seen at the time by importing the concept of leasing from the United States. These are just some of Japan Cotton Trading's bold industry-shaping initiatives.

The connections this company formed with Thailand, India, and China, where it had strengths in the areas of cotton and food transactions, remain an integral part of Sojitz's business foundation even today.



Power lines built in Burma (currently Myanmar) in 1961



Power plant in Baluchaung, Burma



Former Nichimen Jitsugyo President Saburo Minamisato (center left) with Mao Zedong



Team buying raw cotton in East Africa



Press conference commemorating establishment of Nike Japan



MMC Automotriz S.A. automobile manufacturing plant in Venezuela



Kanezaki factory of Kansai Paint Co., Ltd., at time of founding



Dairi Sugar Refinery (currently Kanmon Sugar Manufacturing Co., Ltd.)



Oil tanker headed for Panama based on order received by Nissho



Railcars being prepared for shipment to Nigeria



Main entrance of Jamshedpur factory of Tata Steel, which supported Nissho at time of its founding and after World War II



Main entrance of Kobe Steel, Ltd., at time of founding



**2004**

Operating subsidiary Sojitz Corporation is established through merger of subsidiaries Nichimen Corporation and Nissho Iwai Corporation. Holding company name is changed to Sojitz Holdings Corporation.

## ◆ New Business Plan

**2005**

Sojitz Holdings Corporation merges with subsidiary Sojitz Corporation. Company name is changed to Sojitz Corporation.



## ◆ New Stage 2008

## ◆ Shine 2011

## ◆ Medium-Term Management Plan 2014—Change for Challenge

## ◆ Medium-Term Management Plan 2017—Challenge for Growth

## ◆ Medium-Term Management Plan 2020—Commitment to Growth

# Cycle of Business Creation Driven by Human Resources

Sojitz has continued to pioneer new businesses in various regions and fields. This process has fostered human resources, who support an ongoing cycle of new business creation.

**01**

## Pioneering of Untold Potential of Vietnam

When we were discussing priority markets for overseas strategies following the birth of Sojitz, Vietnam was one of the first markets to be brought up. Sojitz predecessor Nissho Iwai entered into this market in the 1970s, shortly after the end of the Vietnam War. In the years that followed, this company proceeded to forge strong bonds of trust with the Vietnamese government through its businesses in various areas. These businesses included fertilizer businesses for increasing food production, hydroelectric and gas-fired

thermal power generation businesses for installing electricity infrastructure, and industrial park businesses for accommodating influxes of foreign capital. Even after this company was merged to create Sojitz, we continued to contribute to the social and economic development of Vietnam through an unwavering dedication to addressing the needs and living up to the expectations of the Vietnamese people. These efforts cemented Sojitz's presence in the Vietnamese market. Sojitz is committed to utilizing its network as a general trading company to tap the untold potential of Vietnam.



Kimio Yamaguchi  
Sojitz Research  
Institute, Ltd.

**02**

## Pride and Responsibility as a Pioneer in LNG Development

LNG Japan Corporation is a joint venture between Sumitomo Corporation and Sojitz. This company is participating in the Tangguh LNG Project, a project being advanced by the Indonesian government as part of its national strategies. Through this project, we

are slated to construct a third LNG process train (Train 3) in this country with an annual production capacity of 3.8 million tons of LNG in 2023. Sojitz's predecessor took part in our first LNG project in Indonesia in 1973. Our operations in this country continued to grow thereafter, at one time even involving our handling of 15.0 million tons of LNG, equivalent to between 30% and 40% of the volume imported to Japan at the time. In this manner, we have long been a leading player in the Indonesian LNG industry. These foundations built by our forebears form the basis for the LNG business we are

developing today. I am incredibly proud to be involved in writing a page of our storied history, and I recognize the heavy responsibility of ensuring that our tale continues on into the future.



Seiji Inada  
LNG Japan Corporation

**03**

## Creation of Frameworks for Supplying Automobiles to a Wider Market

It is said that there are around 2 billion people around the world who are unable to take advantage of auto loans. Sojitz has embarked on a quest to supply new financial services that provide such individuals with

options for purchasing automobiles. One step on this journey was our entry into the Autofinanciamiento business in Mexico in 2019. The trust of stakeholders is of utmost importance to financing businesses. In this

regard, Sojitz has strong foundations of trust with local stakeholders in Mexico built over our long history in the automobile sales business. Looking ahead, we plan to apply the expertise we have honed in Mexico to other countries and regions in order to help as many people in need of automobiles as we can to purchase vehicles.



regard, Sojitz has strong foundations of trust with local stakeholders in Mexico built over our long history in the automobile sales business. Looking ahead,

Tadashige Hatakeyama  
Automotive Department 2  
Automotive Division

**04**

## Reliable Supply of Food Products and Invigoration of Local Economies

Sojitz has been importing tuna into Japan for more than three decades. However, concern for the depletion of marine resources has since prompted limitations on harvesting natural grown tuna. We responded to the limitations by establishing Sojitz Tuna Farm Takashima Co., Ltd., a dedicated Pacific bluefin tuna farming company, in 2008. The first tuna shipments by this company were made in 2010. Sojitz Tuna Farm Takashima is currently raising some 40,000 tuna with the goal of providing a reliable supply of safe, secure, and high-quality fish. Recently, we have been working to automate the tuna farming process with IT. These

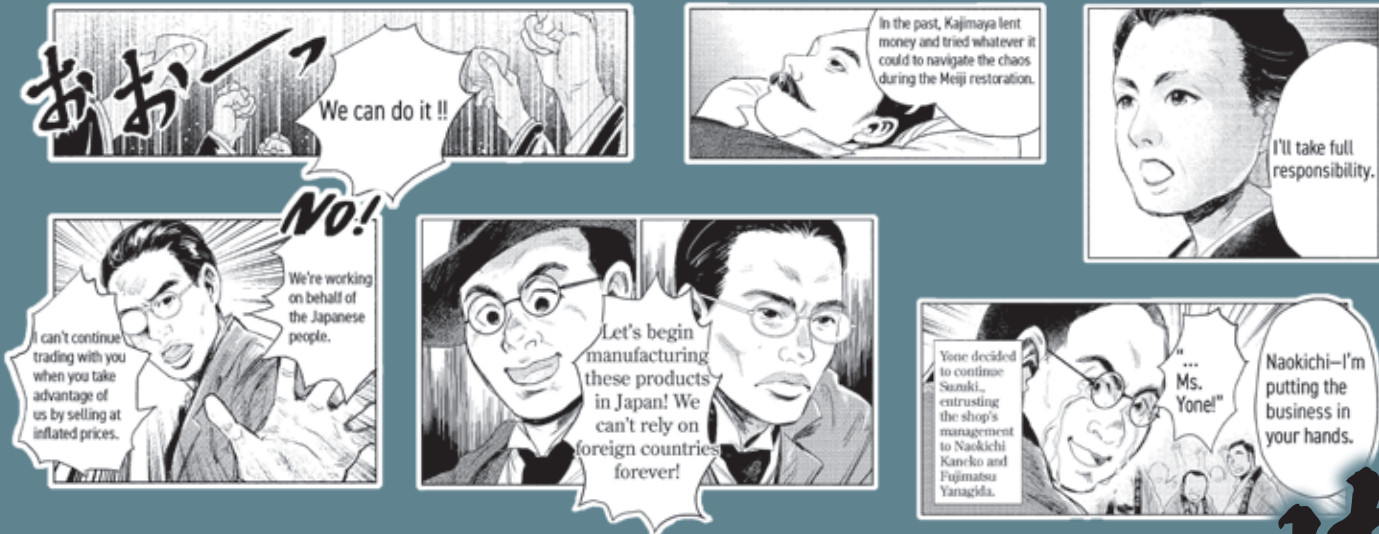
efforts are backed by the insight and expertise Sojitz has fostered in a wide range of businesses and by its partnerships with IT companies. Moreover, Sojitz Tuna Farm Takashima employs a number of youths from the local area. This is noteworthy given the fact that young people are increasingly avoiding the fishing industry. We look forward to continuing to utilize Sojitz's unique functions as a general trading company in order to contribute to a reliable supply of food products and the invigoration of local economies.



Miki Senju  
Retail Business Department 2  
Retail & Consumer Service Division

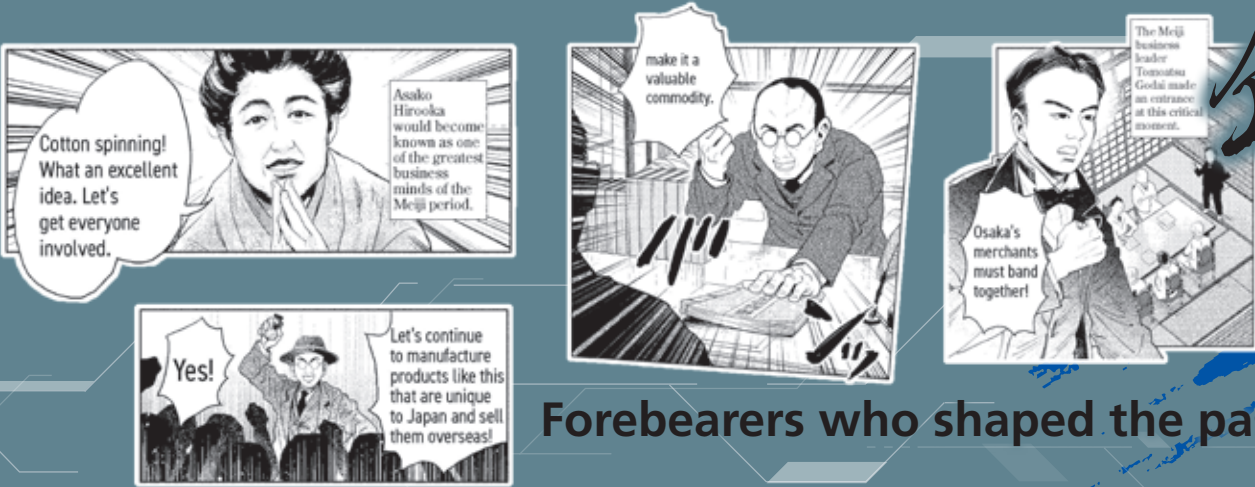
Hiroyuki Onishi  
President  
Sojitz Tuna Farm  
Takashima Co., Ltd.





# Quest to become a general trading company that constantly cultivates new businesses and human capital

Since its founding, Sojitz has continued to enact a cycle of value creation based on its mission as a general trading company: delivering goods and services where necessary. Each business we develop helps us forge new and deeper connections with customers and partners and thereby creates opportunities for future businesses. We seek to seize upon these opportunities with the functions we acquire and the people we foster through this process. This cycle drives the ongoing growth of Sojitz. We will continue to create value through this cycle as we advance toward the future to realize our vision for 2030 of becoming a general trading company that constantly cultivates new businesses and human capital.



Forebearers who shaped the past

時代を創る

Shaping the Past

次代を創る

Guiding the Future



Pioneers who guide the future



Sojitz's Vision for 2030  
**Become a general trading company that constantly cultivates new businesses and human capital**

Mission as a General Trading Company

**Deliver goods and services where necessary**



# Ongoing Strides Toward Our Next Stage

## Framing of Global Changes as Opportunities for Transformation

A devastating blow struck the global economy with the COVID-19 pandemic in early 2020. The pandemic also had a massive impact on people's values and lifestyles, which rapidly accelerated changes in the operating environment. In the last year's integrated report, I likened the period of great transformation we are in today to the historic Meiji Restoration that fundamentally changed Japan.

A year has passed since we issued that report, and over that year we have seen a gradual dissipation to the impacts of the COVID-19 pandemic along with the alleviation of restrictions on the movement of people and goods. These trends have spurred recovery in various industries. Nevertheless, several recent developments are threatening to undermine the assumptions on which we based our business strategies. These developments include rising interest rates and commodity prices, fluctuations in foreign exchange rates, and, of course, the growing geopolitical risks stemming from Russia's invasion of Ukraine. There seems to be no end to the areas impacted by such changes. I therefore think that no one can deny the fact that we are in an era of great and global transformation.

Given these changes, one question that comes to mind is whether there is a need for Sojitz to change its course going forward. Sojitz announced Medium-Term Management Plan 2023—Start of the Next Decade in April 2021 along with its vision for 2030 of becoming a general trading company that constantly cultivates new businesses and human capital. This vision was formulated based on exhaustive discussion within the organization about the type of company that Sojitz should aspire to become over the next decade. Transformation was one of the fundamental assumptions on which we based this vision. The global environment is growing increasingly more opaque, and it can be expected that the emerging megatrends will have an ever-growing impact on corporate activities. Examples of these megatrends include the accelerated pace of digitalization; the rising awareness regarding environmental, social, and governance (ESG)



**Masayoshi Fujimoto**  
Representative Director,  
President & CEO



issues; and the diversification of people’s values and needs. These changes will make it difficult to predict the course of the next decade. Surviving this era of great transformation will require that Sojitz transform itself. Based on this recognition, we saw a need to reflect on our point of origin as a general trading company. Through this reflection, we came to recognize the importance of increasing corporate value by creating businesses and human capital that respond to market needs and social issues through the fulfillment of our mission as a general trading company: delivering goods and services where necessary. Earlier, I spoke of the great changes seen over the past year. Despite these changes, let me assure you that there will be no change to the course for Sojitz.

[Nichimen Corporation and Nissho Iwai Corporation, Sojitz predecessors, trace their roots back to the time of the Meiji Restoration](#) <sup>[A]</sup>. Both companies were diligent in their efforts to adapt to the changes seen in Japan after their founding. This was done by investing in numerous new businesses to fulfill their mission of delivering goods and services where necessary in the market of Japan. Through such investment, our predecessors transformed their business models and achieved ongoing growth. This is the point of origin for Sojitz of today. In the current era of great transformation, Sojitz is pressed to frame the changes in Japan and around the world as opportunities. To capitalize on these opportunities and move us toward our vision, we have defined the four priorities of adopt local market-oriented initiatives, collaborate proactively, strive for speed, and aim for corporate and employee transformation. Adopting local market-oriented initiatives is imperative to fulfilling our mission of delivering goods and services where necessary. If we become trapped in a product-oriented mindset centered on Japan, we will be unable to deliver goods and services where necessary in other areas of the world. Accordingly, it is crucial for us to develop an intimate understanding of the sensibilities of people across the globe in order to identify the goods and services of which they are in need and to pinpoint the true issues faced in various regions.

One example of our efforts in this regard can be seen in Sojitz’s entry into the convenience store business in Vietnam. If we had just exported Japanese convenience stores to Vietnam, they would not have resonated with the people in this market. This is because the necessary goods and services differ by market. When we first entered this market, we were locked into a product-

oriented mindset based on our experience in Japan. This mindset shaped how we stock our stores and made for an approach that proved to be unsuccessful. Today, however, we are turning an intent eye to the goods and services that consumers in Vietnam truly need. As a result, our convenience stores now feature lineups of the fresh foods in demand in this country alongside Japanese-style rice balls, prepared meals, and boxed lunches, making for stores that are more tailored to local preferences and communities.

When it comes time to conduct a new business investment, I try to actually visit the site whenever possible. This is because speaking directly with customers and partners and getting a sense from within the market grants insights that cannot be viewed from the outside. I am confident in our ability to become a general trading company that constantly cultivates new businesses and human capital by framing global changes as opportunities and using these opportunities to transform and grow in this manner.



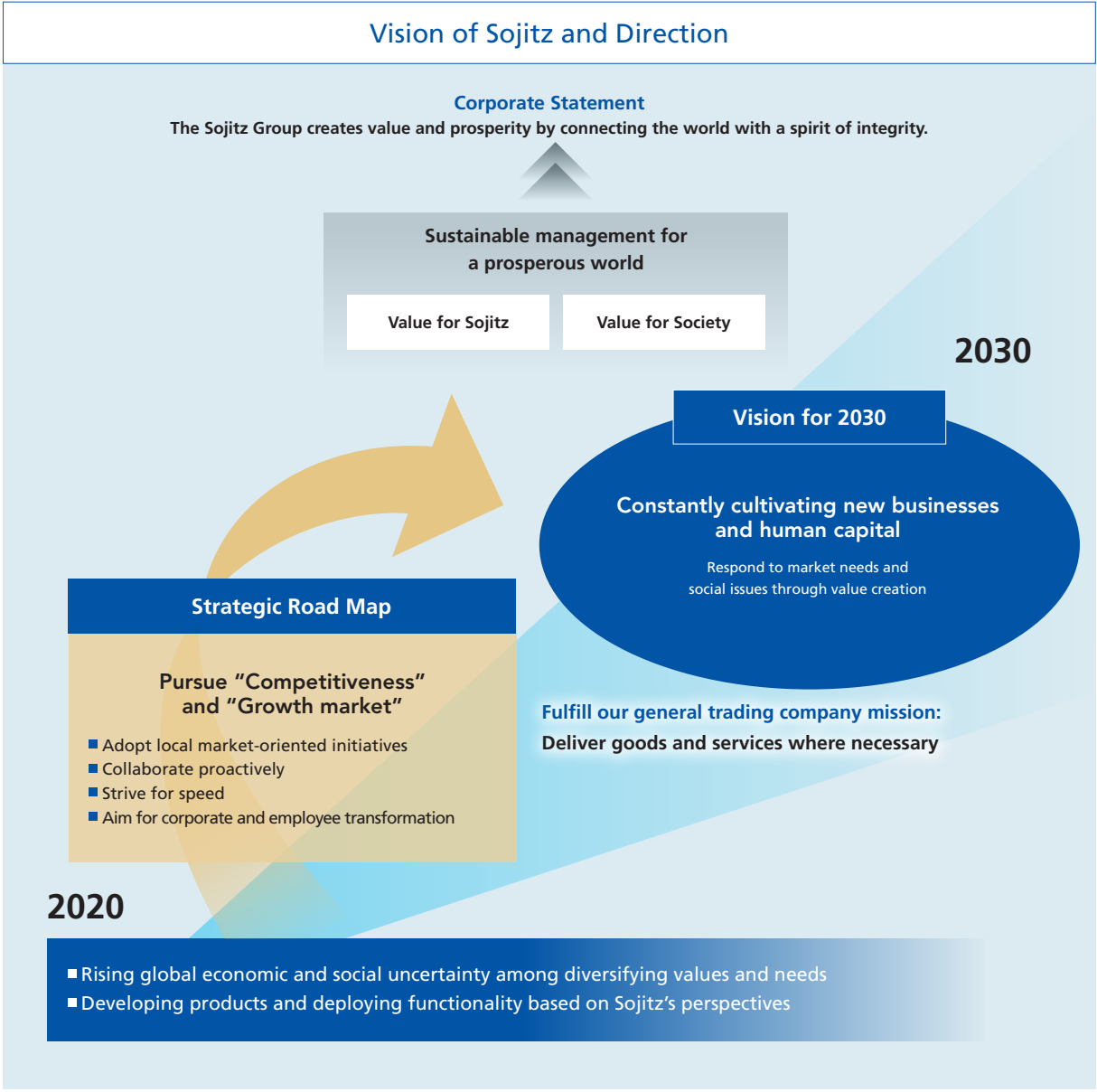
Highest Level of Profit for the Year Since Sojitz’s Inception

When formulating Medium-Term Management Plan 2023, we placed emphasis on ensuring that we could effectively communicate Sojitz’s vision and strategies for accomplishing this vision to investors and other stakeholders in order to gain their understanding for these strategies. Our communication efforts have been highly regarded. Specifically, *Integrated Report 2021* has won the grand prize in the 1st NIKKEI Integrated Report Award program. I am thankful for this honor as well as for the positive evaluation of our communication efforts by external stakeholders that it represents. As our next step, it will be important for us to walk the path toward our vision together with stakeholders while making sure that we effectively communicate how far we are along this path. In explaining our progress,

I would like to begin by explaining our [quantitative performance](#) <sup>[B]</sup> in the year ended March 31, 2022, the first year of Medium-Term Management Plan 2023.

From the perspective of creation of shareholder value, we have set quantitative targets for the three-year averages of return on equity (ROE), profit for the year (attributable to owners of the Company), core operating cash flow,\* and dividend payout ratio over the period of Medium-Term Management Plan 2023. In the year ended March 31, 2022, we posted profit for the year

(attributable to owners of the Company) of ¥82.3 billion, our highest level since our inception in 2004. This feat was accomplished thanks to the beneficial environment created by strong commodity prices and the rebound from prior declines in demand seen in material-related businesses in the previous fiscal year as a result of the COVID-19 pandemic. In addition, ROE and core operating cash flow both exceeded the levels targeted by the plan while dividends not only surpassed our target but also rose to a record high.



<sup>[A]</sup> For more information, please refer to page 4.

Information on the business creation efforts of Nichimen Corporation and Nissho Iwai Corporation

<sup>[B]</sup> For more information, please refer to page 21.

Information on progress toward quantitative targets



When I think about it, the greatest challenges Sojitz faced at the time of its inception were restoring the strength of its financial base and restructuring management. We tackled these challenges by practicing the selection and concentration of business while downsizing assets and liabilities and otherwise working to restructure management. We were thereby able to achieve net income in excess of ¥60.0 billion in the year ended March 31, 2008. However, the ensuing 2008 global financial crisis suppressed the revenue of our resource-related businesses, which had been the driver behind revenue growth up until that point, triggering a downturn in performance. Sojitz thus moved on to a stage of reinforcing foundations and engaging in new undertakings to spur future growth. This stage saw us practicing asset replacement to improve the quality of our asset portfolio and creating and expanding new revenue-generating businesses in order to heighten our resilience to market changes. After reinforcing its foundations during this stage, Sojitz went on to post higher profits for seven consecutive years beginning with the year ended March 31, 2013. Our history has not always been an easy one. There have been times when changes in the operating environment have presented us with adversity. However, Sojitz has continued to overcome this adversity by transforming itself in response to such changes. It is true that profit for the year declined in the year ended March 31, 2021, as a result of the COVID-19 pandemic. Nevertheless, we were able to quickly bounce back to post record-breaking earnings in the year ended

March 31, 2022, as I mentioned earlier. Moreover, this feat was achieved in a year rife with uncertainty, such as that resulting from Russia's invasion of Ukraine late in the fiscal year. Our ability to succeed even in the face of adversity is a product of the management foundation we have continued to reinforce through self-transformation since Sojitz's founding. Last year, I spoke about how there is no need to remain attached to businesses and product lines that are no longer "in season" and have thus ceased to have meaning for the Company. To add to this point, if we become complacent with our current status, then we cannot hope to keep growing. This belief has continued to guide my management approach ever since I became president in 2017. As such, I have decisively called for the reorganization of and withdrawal from no-longer-relevant businesses while also promoting aggressive investment in new businesses. Maintaining this momentum, we strive to furnish effective responses to social changes and to use these changes as opportunities to start new businesses and offer new products that will be coming "in season" in pursuit of future growth.

\* Core operating cash flow = Net cash provided by (used in) operating activities (as calculated for accounting purposes) – Changes in working capital

Aggressive Growth Investments Centered on Focus Areas

Growth and financial discipline is another perspective based on which we have set quantitative targets. From

In the first year of Medium-Term Management Plan 2023, we took a large stride toward our vision for 2030.



this perspective, we have gotten off to a strong start with performance surpassing our initial expectations.

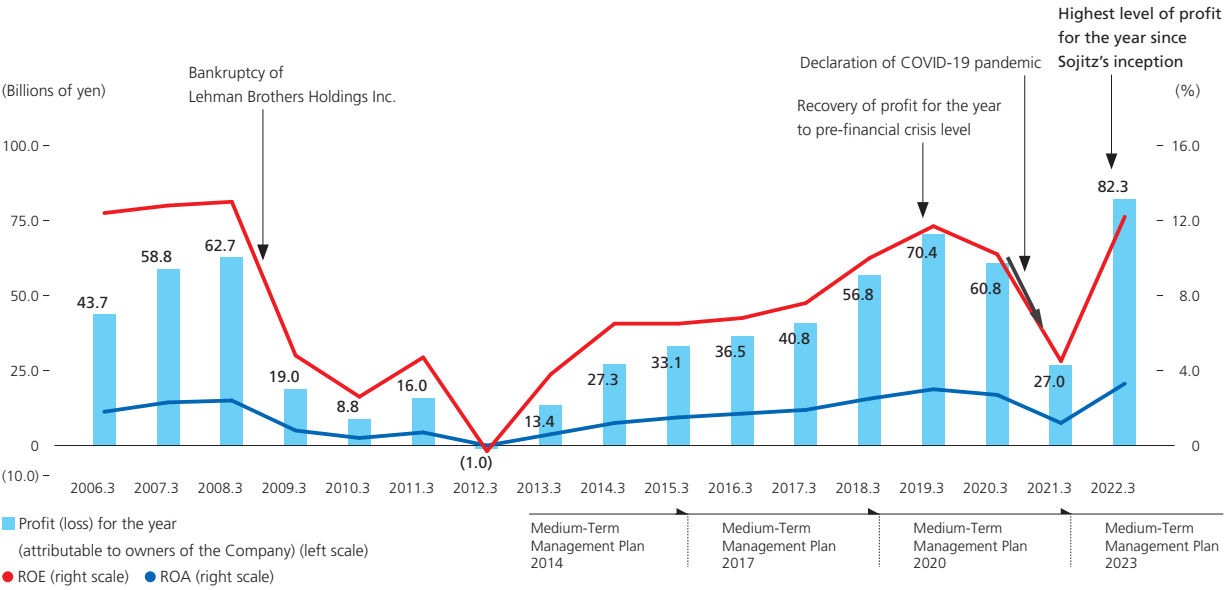
Specifically, I refer to the target of investing ¥330.0 billion, including ¥30.0 billion in non-financial investments, over the three-year period of the medium-term management plan. In line with the plan, we conducted investments over the past year totaling ¥150.0 billion, including ¥10.0 billion in non-financial investments, which represents roughly half of the targeted amount. I would now like to explain these targets in accordance with the focus areas defined by Medium-Term Management Plan 2023.

The first of these [focus areas is the infrastructure and healthcare field, where we work with essential infrastructure](#) [C]. In this field, we have invested in an energy service company in the United States to furnish the foundations for the transition to a decarbonized society. We also commenced capital participation in an electricity and gas retail company in Spain. To support ongoing growth in emerging countries, meanwhile, Sojitz conducted investments in a natural gas-fired independent power producer and desalination project in the Middle East as well as in a gas retail company in Nigeria. As a general trading company, I believe our goal in the energy business should be to offer a reliable supply of energy. Accomplishing this goal will require us to extend our involvement beyond upstream power generation businesses to include the supply of the generated power to users in need. The investments made in the year ended March 31, 2022, namely those in a U.S. energy service company, an electricity and gas retail company in Spain, and a gas retail company in Nigeria, will allow Sojitz to

branch out from generating the necessary power to develop operations that encompass sales. We are thus now able to directly gain information on the issues faced by the market. This expansion of our business domain has also poised us to create new value based on a market-oriented perspective in infrastructure businesses.

The next area is growth markets, which will be approached through market-oriented initiatives. In this area, we concluded a capital and business alliance with Royal Holding Co., Ltd., a major domestic player in the food service industry, in February 2021. Through this alliance, Sojitz aims to expand this company's restaurant business as well as the in-flight catering business of Sojitz Royal In-flight Catering Co., Ltd., into Southeast Asian and other emerging countries.

Other investments in this area include the acquisition of all shares of marine food product processing company The Marine Foods Corporation in February 2022 as well as the completion of a tender offer bid for shares of JALUX Inc., which operates stores in airports as well as duty-free shops, in March. The latter was a joint undertaking with Japan Airlines Co., Ltd. In the past, it has been rare for Sojitz to take part in business-to-consumer operations in the domestic retail market. However, we have acquired the functions necessary developing such operations with a focus on market needs through these investments. For example, Marine Foods has a leading share in the domestic market for sushi ingredients backed by a network of more than 40 sales offices and a customer base of over 4,000 companies across Japan. I see significant potential for synergies with this company that could allow us to



C For more information, please refer to page 28.  
Information on essential infrastructure businesses



A video of President Fujimoto's visit to the marine food product processing site of Marine Foods subsidiary Kushiro Marusui Co., Ltd., can be found on the following website.  
[https://www.sojitz.com/en/ir/reports/ceo\\_video/](https://www.sojitz.com/en/ir/reports/ceo_video/)



diversify production bases, approach new ingredient suppliers, and expand our sales channels to overseas markets. The United States is one market that we intend to target. Diets are growing more diverse in this market, and the accompanying rise in health consciousness is stimulating a strong interest in Japanese culinary culture. Sojitz looks to deliver Japanese cuisine to dinner tables in the United States in order to cater to the demand generated by this trend. In doing so, we will take advantage of the sushi ingredient and processed marine food products of Marine Foods as well as the tuna farming operations Sojitz has been developing for some time. This is just one example of how we can combine the functions of partner companies with Sojitz's global network. Going forward, this approach will be used to accelerate our efforts in the retail fields of Vietnam, where Sojitz already has an established value chain for food products, and of other growing ASEAN markets.

The last of the three focus areas is the material and circular economy field. Unfortunately, we were unable to build our asset portfolio in this field. Competition is intensifying in this field, making investments more expensive. Accordingly, we are currently at a stage in which we need to carefully assess potential investment projects to determine how Sojitz will be able to best exercise its strengths in this field. At the same time, we are actively laying the groundwork for businesses that will contribute to future revenues as well as to the trend toward a circular economy, which has been gaining steam as of late.

Our business model as a general trading company is in the process of shifting from upstream areas to

downstream areas in all value chains. This is a statement that also applies to fields outside of the aforementioned focus areas. When thinking about the smiling curve business management theory, a common topic of discussion is whether trading companies should focus on upstream areas, which mainly mean resource areas, or downstream areas, like retail and other areas that directly impact consumers. I, however, think that we should invest in developing a presence in both upstream and downstream areas. Sojitz is committed to advancing market-oriented initiatives. These initiatives will be founded on an up-to-date understanding of trends and changes in the global society and will target fields and regions in which we can capitalize on our strengths. Through this approach, Sojitz will continue to transform its business portfolio.

Human Resources as Most Important Form of Capital for General Trading Companies

Medium-Term Management Plan 2023 places emphasis on non-financial initiatives for the purpose of reinforcing the foundations that support our ongoing creation of value. Human resources, an area of focus when it comes to non-financial initiatives, are central to Sojitz's value creation efforts. A glance at [Sojitz's value creation model](#) <sup>[D]</sup> should make this clear. Today, a lot of attention is being directed toward the importance of management emphasizing human capital. There is no denying that human resources are the most important form of management capital for the business models of general trading



Sojitz is committed to advancing market-oriented initiatives. Through this approach, Sojitz will continue to transform its business portfolio.

<sup>[D]</sup> For more information, please refer to page 1.

Information on Sojitz's value creation model

companies like Sojitz. We have defined the vision for our [human resource strategies](#) <sup>[E]</sup> as to develop a team of diverse, autonomous individuals, and we have put forth key performance indicators (KPIs) for human resources based on this vision. As we move ahead with data-driven management emphasizing human capital, we will also employ dynamic and flexible KPIs that can be revised based on changes in the operating environment trends and in the degree of dissemination of human resource measures. KPIs are monitored based on this approach of flexibility. We thereby aim to develop frameworks that stimulate the growth of all employees and tie this individual growth to the growth of the Company.

One factor I am paying particular attention to in our human resource strategies is the empowerment of female employees. When you break down Sojitz's employee base by demographic, you will see that more than 30% of our employees are over 50. We have in place a system for rehiring employees who have passed the mandatory retirement age of 60 based on Japan's Act on Stabilization of Employment of Elderly Persons. Nevertheless, this does not change the fact that many of our employees will end their careers at some point over the next decade. Meanwhile, Sojitz has set the goal of raising its ratio of female employees to around 50% by the 2030s. If, despite our efforts, a large number of female employees currently in their 20s, those recruited through aggressive hiring drives, choose to temporarily halt or end their careers due to life events, Sojitz will obviously find itself with a lack of human resources, its most important form of capital. Sojitz will, of course, maintain its focus on empowering its female employees based on the recognition that a workplace which is comfortable for women is also comfortable for men and for all other employees. However, this is an issue that Sojitz cannot fully address on its own; a fundamental resolution cannot be found if society itself does not become more receptive toward diversity. For this reason, I think that tracking our progress on this front through KPIs and communicating our efforts and the progress of our KPIs to a wide range of stakeholders will send a meaningful message with regard to Japan's human resource strategies.

Another area we are focused on when it comes to human resources is the utilization of locally hired employees. We are actively encouraging involvement in management by talented local hires exhibiting excellence in their respective countries in order to ensure that Sojitz is effectively equipped to promote market-oriented initiatives

<sup>[E]</sup> For more information, please refer to page 56.

Information on human resource strategies

around the world. We have been gradually seeing the results of these efforts in forms such as a rise in the representation of local hires among the management of overseas subsidiaries. However, as we have just gotten started with these initiatives, there is a need for ongoing perseverance.

Sustainability Initiatives for Seizing Future Growth Opportunities

[Sustainability initiatives](#) <sup>[F]</sup> are among the top priorities for corporate management. In accordance with its philosophy of creating two types of value—value for Sojitz and value for society—Sojitz has formulated the Sustainability Challenge, its long-term vision for 2050, based on its Key Sustainability Issues (Materiality). In addition, Medium-Term Management Plan 2023 is guiding the implementation of measures based on the overarching themes of helping achieve a decarbonized society and promoting respect for human rights. We thus focused on measuring and tracking climate change response measures in the year ended March 31, 2022. Particular attention was paid toward Scope 3 emissions as we sought to develop an understanding of the decarbonization-related risks faced across our supply chain. Qualitative assessments of our business sectors were conducted toward this end, and we also commenced quantitative measurements of our operations in the power generation sector. In addition, the Company plans to expand the scope of measurement and tracking activities to include Scope 4 emissions, or avoided emissions. We also took steps to verify the measures for responding to human rights risks in place at business sites as part of our efforts to ensure that human rights are protected across the Sojitz Group's wide-ranging supply chains as a general trading company. This process confirmed that no major human rights issues have occurred.

Coal interests are currently a pillar of Sojitz's earnings. Regardless of their importance to our earnings, in the Sustainability Challenge we have defined our goals of reducing thermal coal interests by half by 2025, a goal that we have already achieved, and of completely eliminating these holdings by 2030. The base year for this goal is the year ended March 31, 2019, and targets are based on the book values of interest assets. The Sustainability Challenge also puts forth the goal of reducing coking coal interests to zero by 2050. If you look just at our earnings from coal interests, it might seem as if we had to make some difficult management decisions in order to work

<sup>[F]</sup> For more information, please refer to page 48.

Information on sustainability initiatives



toward these targets. However, this is not the case. Sojitz views social changes as opportunities, and we therefore believe that creating new businesses that contribute to the reduction of CO<sub>2</sub> emissions is a critical part of working toward a decarbonized society.

Transition to Next Stage

In the first year of Medium-Term Management Plan 2023, we took a large stride toward our vision for 2030. Unfortunately, though, we still have yet to achieve our target for the price-to-book ratio (PBR) of 1.0 times or above, despite our stock price rising from ¥1,560 per share on April 1, 2021, to more than ¥2,000 per share on March 31, 2022. There are a number of reasons behind this development. However, one of the major reasons is likely that we have been unable to inspire trust in our ability to generate stable earnings among investors. This situation is further compounded by the large degree of volatility in performance that Sojitz has historically exhibited. In addressing this issue, it will be important for us to continue stepping up disclosure of financial and non-financial information while achieving solid results.

I mentioned earlier that there will be no significant changes to our policies in the second year of Medium-Term Management Plan 2023. Rather, we will be moving further forward on our defined course. In the year ending March 31, 2023, we project that our second consecutive year of record-breaking profit for the year, and the accomplishment of the plan's target for profit for the year (attributable to owners of the Company), is already within reach. Moreover, we expect strong progress with regard to our other quantitative targets. For forward-looking investments, it is important to exercise apt caution with regard to foreign exchange rate fluctuations, inflation, and other changes currently seen in the operating environment to determine which investments should be conducted now and which should be tabled for the moment. Even as we exercise such caution, we will continue to accelerate our timetable for investment in areas including the focus area of the material and circular economy field, where we are facing challenges, in preparation for the period after Medium-Term Management Plan 2023.

Nearly two decades have passed since the birth of Sojitz. When I look back to the start of the Company, I remember how rough things were initially. Our road has not been a smooth one up until today, but we have finally reached a point at which we are beginning to generate

stable performance. We are therefore now poised to conduct strategic investments based both on a short-term and medium- to long-term perspective. At the same time, the financial base we have built thus far enables us to conduct several large-scale investments of the size of over ¥10.0 billion each year. Looking ahead, I think that [digital transformation initiatives](#) <sup>G</sup> will be critical to Sojitz's future growth. We have secured the capacity to implement these initiatives by recruiting Tomomi Arakawa, the first chief digital officer of IBM Japan, Ltd. Sojitz is now armed to accelerate the implementation of digital technologies that will facilitate the creation of new businesses and the transformation of existing business models. We have also been making headway in enhancing our corporate governance systems. Outside Director and Chairman of the Board of Directors Norio Otsuka is diligent in his efforts, helping us move forward with the delegation of authority to the executive branch, with the enhancement of the effectiveness of the Board of Directors as the highest management decision-making body of the Company, and with other measures for reinforcing our management foundations. A level of profit for the period of ¥100.0 billion is now within reach, and Sojitz is preparing for its transition to the next stage. The second year of Medium-Term Management Plan 2023 will be a time for us to begin crafting our vision for Sojitz to be seen in the next stage. Accordingly, we will continue to make powerful strides toward this stage.

Evolution into a Global Trading Company in Name and Substance through a Frontline Business and Market-Oriented Perspective

When I was still in school, I read Ryotaro Shiba's *Ryoma Goes His Way*, a historical novel about Ryoma Sakamoto. It was this book that made me want to work overseas. At the same, there were not many industries that offered the opportunities for work abroad. This is why I chose to join Sojitz's predecessor Nissho Iwai; I was attracted by its open culture of offering opportunities to new employees.

Upon joining this company, I was placed in a sales position in the machinery transportation division, where I was involved in arranging deliveries of automotive parts to the United States. As I went about my daily work, I proceeded to read anything I could to learn more about automotive parts. However, I wasn't able to make any progress in learning English, which was imperative to working

overseas. Nevertheless, I received my opportunity to go on assignment to the United States in my fifth year at Nissho Iwai. I was somehow able to pick up English while I was there. Later, I went on to work in automobile-related businesses in Japan and in Poland. It was in 2000 that I received notice of my transfer to the corporate planning department. There, I was tasked with finding ways to work out funding for Nissho Iwai, which had fallen on hard times. During the day, I would contact the relevant divisions and ask about their numbers and the progress of their business activities. At night, I would prepare profit and loss statements and balance sheets. Eventually, we got over these hard times, and, in 2003, we were able to cut a fresh start as Sojitz. In 2009, I was once again sent on overseas assignment, this time to Venezuela, where I was appointed to the position of president of an automobile production subsidiary that conducted the assembly and sales of automobiles with a workforce of 1,500. One day, seemingly out of nowhere, the subsidiary's radical labor union seized our automobile factory. It took a year of discussion between the local government authorities and the heads of the labor union to regain control of the factory, but the memory of that struggle is still fresh in my mind. I have experienced a lot over the years, and these experiences have taught me the importance of doing everything you can to overcome the trials you face so that you can move on to the next trial. You have to do your best and leave the rest up to fate.

Each of these experiences has become a building block of the person I am today. In the same way, the new businesses Sojitz has created since its founding have allowed it to acquire the functions and networks it needs to develop its next business and broaden its business scope.



President Fujimoto just before taking up position as president of automobile manufacturing and sales company in Venezuela (2008)

In planning our next step, it is important to reflect on our mission as a general trading company of delivering goods and services where necessary. At a glance, it might appear as though there is nothing that Japan needs. However, a closer look will reveal energy and food issues as well as diminished regional economies. These issues point to various areas in which we can contribute by fulfilling our mission. The same can be said when viewing the world as a whole. There are still numerous opportunities for us to contribute to society with the functions and networks we have developed thus far and with the Sojitz Group's workforce of passionate individuals who produce unfettered ideas. Moreover, the open organization and culture of speed that have been strengths of Sojitz throughout its history will allow us to capitalize on these opportunities even faster.

By catering to the needs of markets around the world, Sojitz will look to evolve from a Japanese trading company to become a global trading company in name and substance. At the same time, we will work toward our vision for 2030 by framing the changes seen across the globe as opportunities and pursuing ongoing self-transformation accordingly. Engagement with investors and other stakeholders will be a constant focus throughout this process as we seek to inspire a sense of anticipation with regard to Sojitz and, of course, to then live up to this anticipation. I hope we can look forward to our stakeholders' ongoing understanding and support as we walk down this path.

September 2022

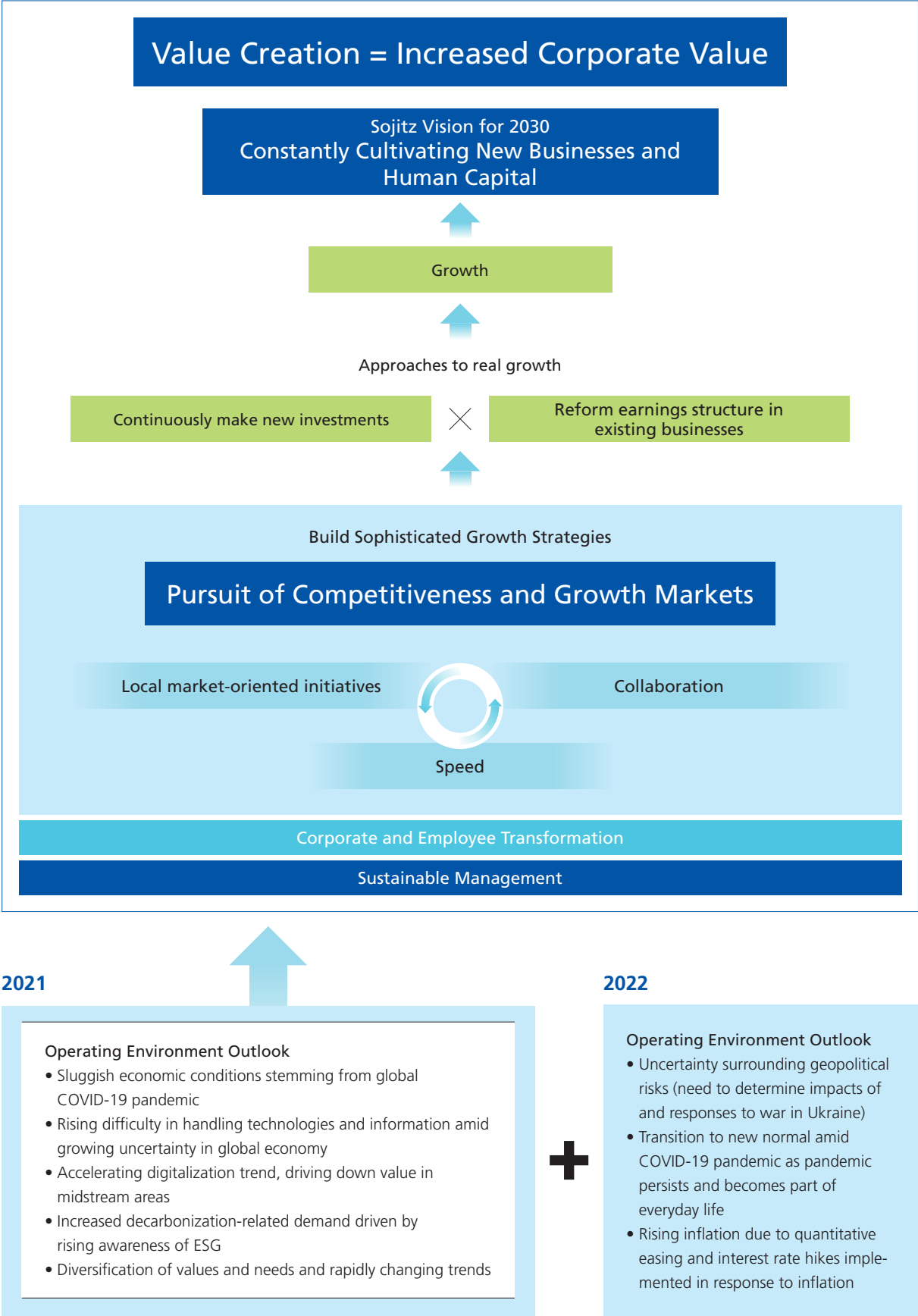
Masayoshi Fujimoto  
Representative Director, President & CEO

<sup>G</sup> For more information, please refer to page 64.

Information on digital transformation initiatives



Medium-Term Management Plan 2023—“Start of the Next Decade”



Financial Targets and FY2021 Performance

Financial Targets		FY2021 Performance	
Increased Shareholder Value (Three-year avg.)			
ROE	10% or above	12.2%	
Profit for the year (attributable to owners of the Company)	Approx. ¥65.0 billion	¥82.3 billion	
Core operating cash flow*1	Approx. ¥80.0 billion	¥128.7 billion	
Consolidated payout ratio	Approx. 30% Lower limit for dividends set	30.1% Annual dividends: ¥106 per share (up ¥56 year on year)	
PBR		1.0 times or above	0.64 times
Growth and Financial Discipline			
Investments	¥330.0 billion (including ¥30.0 billion in non-financial investments)		¥150.0 billion
Core cash flow*2	Positive over MTP2020 through MTP2023 cumulative total		¥10.5 billion
Net DER	Approx. 1.0 times		1.1 times
ROA	3% or above (final year of MTP2023)		3.3%

\*1 Core operating cash flow = Cash flow after deducting changes in working capital from operating cash flow calculated for accounting purposes  
\*2 Core cash flow = Core operating cash flow (excluding changes in working capital) + Investing cash flow (including asset replacement) – Dividends paid – Purchase of treasury stock

Shareholder Return Policy

It is Sojitz's basic policy to pay stable, continuous dividends while enhancing shareholder value through the accumulation and effective use of retained earnings. In accordance with this policy, we are targeting a consolidated payout ratio of approximately 30% under Medium-Term Management Plan 2023. In addition, under the plan we will target a market price-based dividend on equity ratio (DOE) of 4% until our price-to-book ratio (PBR) reaches 1.0 times, and a book value-based DOE of 4% after this level has been reached.

Lower Limit for Dividends

**Dividend payments when year-end PBR is under 1.0 times**

- Market price-based DOE of 4%
- Calculated based on the annual average of stock closing prices
- Approach resulting in dividend yield of 4%

Market price-based DOE = Total dividends paid ÷ (Average closing share price for fiscal year × Total shares issued at year-end)

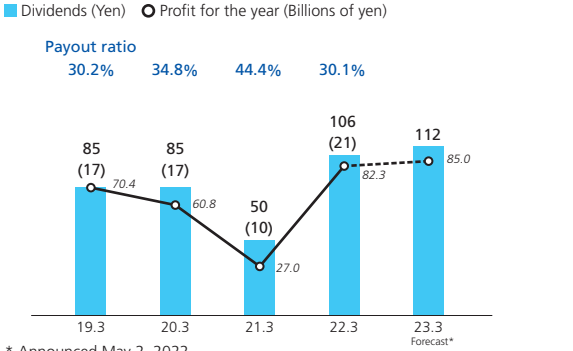
**Dividend payments when year-end PBR is above 1.0 times**

- Book value-based DOE of 4%
- Return 50% of approx. 8% shareholders' equity costs

Book value-based DOE = Total dividends paid ÷ Shareholders' equity at year-end (book value)

Note: The decision of whether to apply market price-based DOE or book value-based DOE will be determined based on PBR on March 31, 2022.

Shareholder Returns

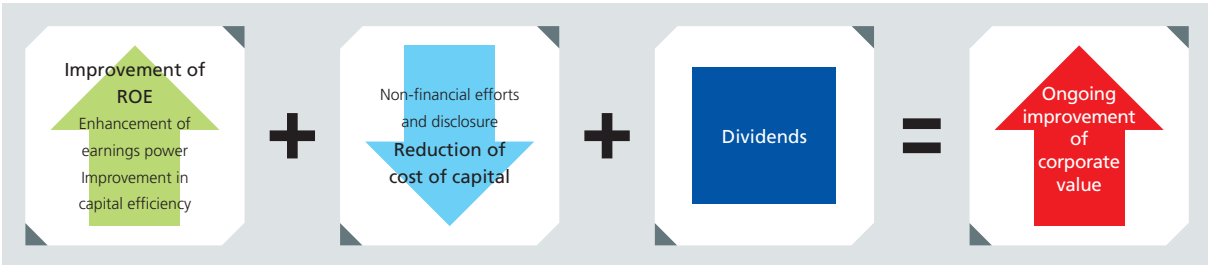


\* Announced May 2, 2022  
Notes: 1. Effective October 1, 2021, the Company performed a one-for-five share consolidation. Figures for cash dividends per share and profit for the year per share (attributable to owners of the Company) for the years ended March 31, 2019–2022, have been restated to reflect this change. Figures in parentheses ( ) are values that do not account for the impacts of this share consolidation.  
2. Annual dividend payments in the year ended March 31, 2022, amounted to ¥106 per share, making for a market price-based DOE of 6.1%, which surpasses the lower limit.

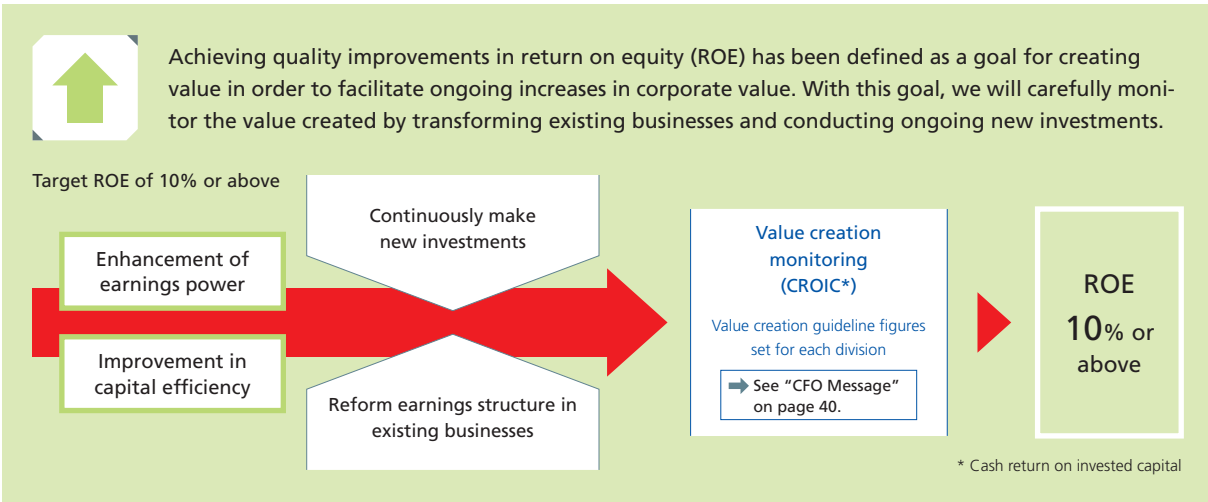


Sojitz’s Value Creation

Sojitz is targeting a level of 1.0 times or above for the price-to-book ratio (PBR), an indicator that represents the market’s evaluation of our corporate value. We will pursue this target by expanding our equity spread and enhancing non-financial initiatives and disclosure.



Improvement of ROE



Reduction of Cost of Capital

Reductions in cost of capital contribute to the ongoing creation of value. We will pursue such reductions in cost of capital by enhancing disclosure of financial information along with ramping up non-financial initiatives and enhancing their disclosure.

**Sustainability**

See “Sustainability” on page 48.

Sojitz’s management is based on initiatives related to the Sojitz Group Statement, its two types of value, and its 6 Key Sustainability Issues, namely, human rights, the environment, resources, local communities, human resources, and governance. Moreover, the Sustainability Challenge, our long-term vision for 2050, calls for a systematic response to help achieve a decarbonized society (achieve net zero CO<sub>2</sub> emissions by 2050) and to address human rights and water risks across our wide-reaching supply chain, which is a characteristic of a general trading company.

**Human Resource Strategies**

See “Human Resource Strategies” on page 56 and “Road Map for the Development of DX-Experts” on page 65.

Sojitz views its human resources as its source of competitiveness and the most important asset behind the value it provides. It is therefore seeking to generate a human resource growth cycle based on the theme of transforming diversity into competitiveness in order to further enhance the skills of its human resources and thereby drive the creation of value. By maintaining a team of diverse, autonomous individuals, we will maximize our human resource capabilities.

**Corporate Governance**

See “Corporate Governance” on page 74.

Based on the belief that the enhancement of corporate governance is an important issue of management, Sojitz seeks 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.



VALUE CREATION STORY

This section explains how the operating foundation of Sojitz is utilized to create two types of value—value for Sojitz and value for society.

- 24 Sojitz’s Value Creation Process
- 28 Examples of Value Creation

History of Transformation and Future Outlook for Business Models via Cycle of Value Creation Illustrated through Energy Solutions





Value Creation Process

Vision 2030 **Constantly Cultivating New Businesses and Human Capital**

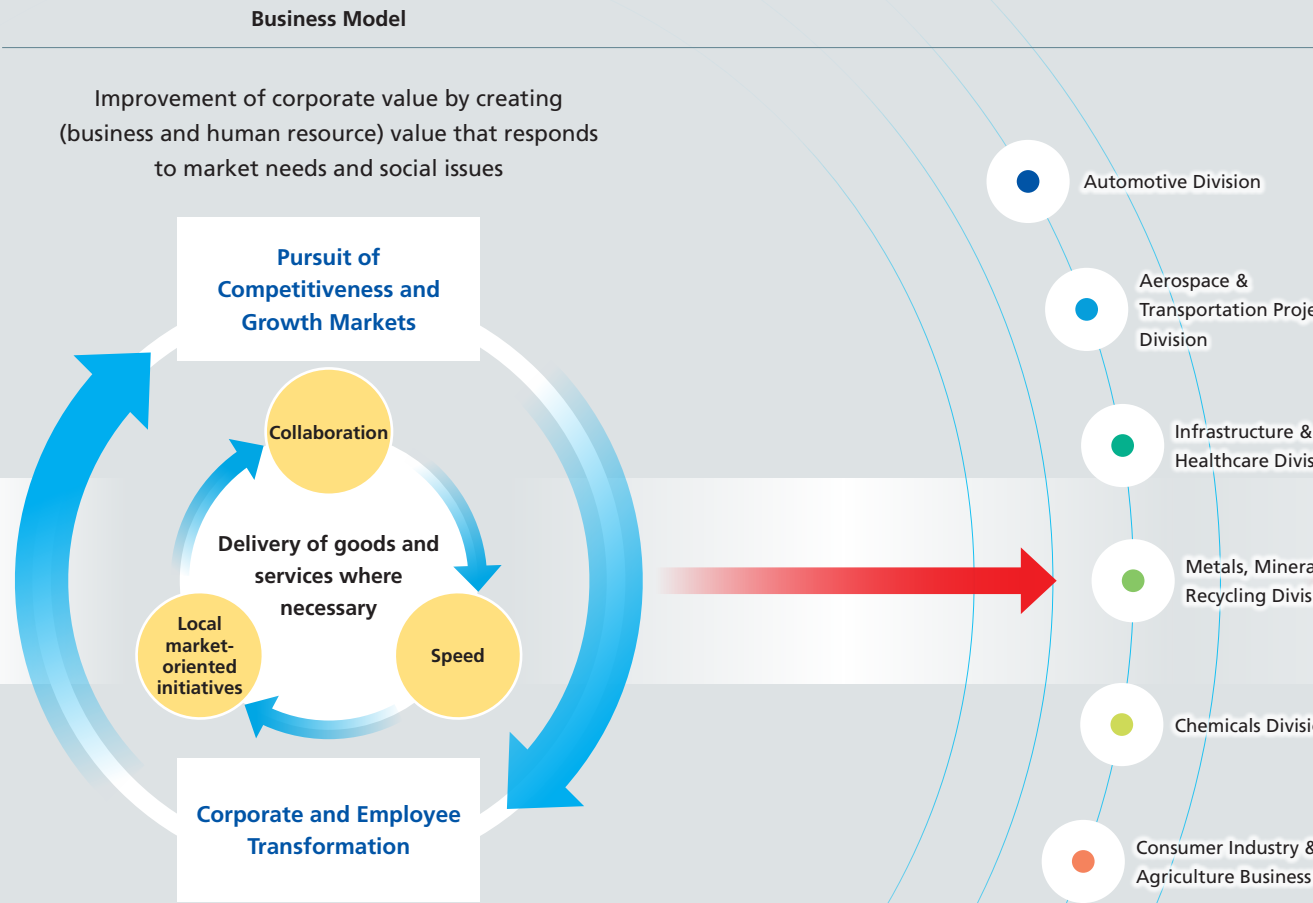
Sojitz Group Statement  
The Sojitz Group creates value and prosperity by connecting the world with a spirit of integrity.

Sojitz Group Slogan  
**New way, New value**

Market Needs and Social Issues Based on Megatrends (Opportunities and Risks)

Diversification of Values and Needs Amid Market Volatility and Rapid Digitalization		
• Economic repercussions of global COVID-19 pandemic	• Global uncertainty • Accelerated digitalization	• Rising ESG awareness • Diversification of values and needs

Business Foundation	
Human Resources	<b>Human Capital</b> Talented people who can create value Team of diverse, autonomous individuals
Finances	<b>Financial Capital</b> Disciplined financial management
Business Expertise	<b>Intellectual Capital</b> Expertise gained in diverse business fields
Domestic and Overseas Bases	<b>Global Network Capital</b> Synergy created by our global network
Relationships with Customers	<b>Business Relationship Capital</b> Relationships of mutual trust with customers and the ability to make proposals
Brands	<b>Brand Capital</b> Trust in the Sojitz Group
Environmental Resources	<b>Natural Capital</b> Every environmental resource that supports lifestyles and industry




Digital Transformation (Evolution and Creation)					
Platform for Supporting Ongoing Value Creation: Sustainability and ESG Management					
Key Sustainability Issues (Materiality)	Human Rights	Environment	Local Communities	Sustainability Challenge	• Initiatives to achieve a low-carbon and decarbonized society
	Governance	Human Resources	Resources		• Initiatives respecting human rights, including supply chains

Business Creation / Human Capital Cultivation

Business Foundation

Among the most important elements of Sojitz's business foundation—the wellspring of value creation it has fostered thus far—are its finances, human resources, domestic and overseas bases, relationships with customers, brands, business expertise, and environmental resources. By effectively and efficiently combining these elements, we are maximizing two types of value—value for Sojitz and value for society—through our business activities. The maximization of this value in turn serves to further cement our business foundation and thereby supports the creation of even greater value. Going forward, Sojitz will strengthen the business foundation that functions as its wellspring of value creation while building upon this cycle to achieve ongoing improvements in corporate value.



Financials

Financial Capital

Disciplined financial management

Investments in future growth are conducted based on Sojitz's approach toward disciplined financial management. Our basic policy is to secure a positive core cash flow over a predetermined period in order to ensure the stability of our financial base. The new management indicator of cash return on invested capital (CROIC)\* was introduced under Medium-Term Management Plan 2023 for the purpose of measuring and evaluating value creation in order to facilitate more sophisticated financial management.

• Total assets

Approx. **¥2,661.7** billion

• Total equity

Approx. **¥728.0** billion

• ROE

**12.2**%

• Profit for the year

**¥82.3** billion

Highest level since birth of Sojitz

• Core cash flow


**¥10.5** billion


• Core operating cash flow

**¥128.7** billion

\* CROIC = Core operating cash flow ÷ Invested capital

(As of March 31, 2022)





Human Resources

Human Capital

Talented people who can create value

At the Sojitz Group, over 20,000 employees are working diligently to create value around the world. The current volatile operating environment is making the development of a diverse employee base more important than ever. This recognition has prompted Sojitz to focus on ramping up local hiring overseas and on empowering female employees. In addition, Medium-Term Management Plan 2023 sets human capital key performance indicators, and quantitative measurements are performed to gauge the degrees of understanding and dissemination of human resource measures.

• Number of employees (non-consolidated)

**2,558**

• Number of Group employees (consolidated)

**20,673**

• Female recruitment ratio for new graduates in career track positions

Approx. **30**%

• Ratio of employees expressing ambition

**96**%

• Percentage of people with overseas experience

Approx. **40**% of all employees  
(80% of these before they were 40 years old)

• Number of locally hired employees in management positions

**32**  
(1,200 locally hired employees)

• Number of female managers

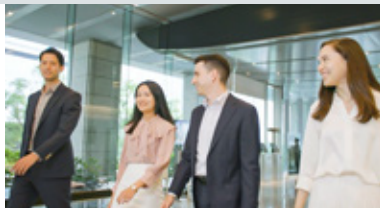
**57**

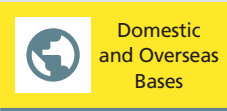
Ratio of employees providing affirmative responses to questions regarding ambition on engagement survey issued in August 2022

Scope: Sojitz Corporation employees (including employees seconded to overseas subsidiaries and operating companies and domestic branches and operating companies)

Response rate: 99%

(As of March 31, 2022)





Domestic and Overseas Bases

Global Network Capital

Synergy created by our global network

Sojitz possesses a wide-reaching global network. We are pursuing coordination between bases and Group companies in order to address the various issues faced by customers.

• Number of bases

Bases in Japan: **5**

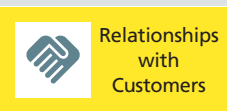
Bases overseas: **79**

• Group companies

Companies in Japan: **134**

Companies overseas: **298**  
(As of June 30, 2022)




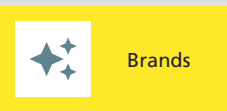


Relationships with Customers

Business Relationship Capital

Relationships of mutual trust with customers and the ability to make proposals







Brands

Brand Capital

Trust in the Sojitz Group






Business Expertise


Intellectual Capital

Expertise gained in diverse business domains

Ever-growing base of value creation expertise

Page 28: Examples of Value Creation






Environmental Resources

Natural Capital

Every environmental resource that supports lifestyles and industry







Examples of Value Creation

Mission of Delivering Goods and Services Where Necessary

# History of Transformation and Future Outlook for Business Models via Cycle of Value Creation Illustrated through Energy Solutions

Industries cannot function without energy, meaning that energy is an essential component to sustaining industry and is indispensable to our daily lives. Sojitz entered into the field of trading energy resources, such as oil, coal, and natural gas (LNG), in the 1970s to address the growing energy demand in Japan seen at that time.

In the years that followed, we have proceeded to expand our energy operations throughout the upstream, midstream, and downstream areas of the value chain to fulfill our mission as a general trading company of delivering goods and services where necessary. In recent years, however, there has been an acceleration in the transition to more eco-friendly energy sources in pursuit of a decarbonized society.

In this section, we will look at the history of transformation and the future outlook for Sojitz's energy solutions business to illustrate our efforts to create businesses and human resources through a cycle of value creation.

1970s

- Start of energy resource trading
- Entry into businesses of trading oil, coal, and natural gas (LNG)

1980

1990s

- Development of trading-focused businesses in upstream and midstream areas
- Acquisition of energy resource interests
  - Expansion into wide-ranging areas including LNG (Indonesia, etc.), coal (Indonesia, Australia, etc.), plant and power generation equipment exports, and financing

2010s

- Enhancement of energy solutions expertise
- Start of thermal coal mining and business operation in Australia
  - Expansion of independent power producer businesses
- Acceleration of renewable energy business initiatives

2020s

- Accelerated transition to a decarbonized society
- Increased renewable energy investment in downstream areas
  - Acquisition of coking coal interests and downsizing of thermal coal interests in Australia

Pursuit of Sustainability Challenge  
Long-Term Vision for 2050

Delivery of goods and services where necessary





# Continuous Advancement to Next Step in Energy Solutions Businesses

We are in the midst of a transition to a decarbonized society. At the same time, however, concern regarding energy security is growing on a global scale due to the war in Ukraine. The ensuing rises in resource prices are having a heavy impact on people around the world, while companies involved in the energy business are being forced to navigate a challenging operating environment. On the following pages, you will see Masaaki Bito, an individual who has long been involved in the coal business, currently a core component of Sojitz's earnings, speaks with Takefumi Nishikawa, who stands on the front lines of our essential infrastructure businesses as COO of the Infrastructure & Healthcare Division, and Keiko Nakahara, general manager of the Corporate Sustainability Office. This discussion will touch on topics including the history of Sojitz's energy solutions businesses and the outlook for our next step.

**Masaaki Bito**  
Director, Senior Managing Executive Officer

Masaaki Bito entered Sojitz in 1988, after which he spent years advancing the coal business in Japan and overseas. His experience includes being stationed in Australia and being seconded to a coal sales company established as a joint venture by three general trading companies. In 2010, he became general manager of the Coal Department in the Coal & Non-Ferrous Metals Unit of the Energy & Metal Division, and he was later appointed to the position of COO of the Metals & Coal Division in 2016 before eventually becoming COO of the Metals & Mineral Resources Division and later the Metals, Mineral Resources & Recycling Division. Today, Bito oversees the Metals, Mineral Resources & Recycling Division, the Chemicals Division, the Consumer Industry & Agriculture Business Division, and the Retail & Consumer Service Division as director and senior managing executive officer.



**Takefumi Nishikawa**  
Executive Officer, COO  
Infrastructure & Healthcare Division

Takefumi Nishikawa joined Sojitz in 1995. After being involved in the export of infrastructure facilities associated with financing activities, he was engaged in power-related businesses such as the export of power plant equipment, investment in overseas independent power producer projects, among others. He was transferred to the Corporate Planning Department in 2015, becoming general manager of this department in 2018. Nishikawa subsequently became vice COO of the Infrastructure & Healthcare Division in 2021 before assuming his current position as COO of the Infrastructure & Healthcare Division in 2022.



**Keiko Nakahara**  
General Manager  
Corporate Sustainability Office

Keiko Nakahara joined Sojitz in 1993. After gaining experience in finance, she was involved in the establishment of the Company's investor relations organization. She was positioned in the Corporate Planning Department following the establishment of Sojitz, where she accrued experience in a wide range of areas. In 2017, she was transferred to the CSR Section of the Public Relations Department. Nakahara oversaw the establishment of the Corporate Sustainability Office in 2018 before becoming general manager of this organization in April 2019.



**Bito** ♦ Sojitz got into the coal business in the 1970s amid the rising energy demand that was seen accompanying economic growth in Japan and other parts of Asia at the time. We cut our teeth on the trading of thermal coal for use in power generation. As the years passed, the importance of coal, a relatively affordable fossil fuel, rose, making it increasingly difficult to secure suppliers. This is when we began looking at acquiring coal interests. However, the fierce competition in Australia and China, the main sources of coal at the time, did not leave us much room to make headway. We thus chose to turn our eyes to a market that was then still unexplored by general trading companies: Indonesia. At the time, Indonesia was seen as having higher geopolitical risks than Australia or China, and their coal was of lower quality. Accordingly, there were voices in opposition to investing in this market. This did not stop us, though. Since embarking on our first LNG project in Indonesia in 1973, we had proceeded to build relationships with this country while gaining insight and establishing networks. These assets fueled our decision to acquire coal interests in this country, leading to our acquisition of interests in Berau in 1983. Our purchase of coal interests did not stop there, as we acquired interests in the Minerva Coal Mine in Australia in 1994. We then continued to gradually raise our stake in this mine, holding near complete ownership in 2010.

**Nishikawa** ♦ Sojitz's involvement in the Minerva Coal Mine is not only significant in how we went from a minority interest to a majority owner, but also in how the Company became the first general trading company to directly operate a coal mine. Could you please go into the background of this development in a little more detail?

**Bito** ♦ Minority investment features low risks, but the opportunities are also limited. As a minority owner, the amount of information we can gain about the mining industry is limited, making it difficult for us to plan our next step. As a simple example, when a mine is looking to sell interests, they will first approach companies that are actually operating mines, as opposed to companies only involved in minority investment. Accordingly, operating a mine gave us access to the inner circles of the mining industry, which made us privy to a greater amount of information than even we could have imagined. At the same time, we recognized that we needed someone from that country who was versed in the local market to take full advantage of this information. This recognition prompted us to recruit an individual working at an external mining company, and he is now serving as the

president of Sojitz Coal Mining Pty Ltd. It is thanks to this individual that we were able to grow Sojitz's coal businesses in Australia to the size they are today.

**Nishikawa** ♦ No matter what the business, it is important to differentiate a company's operations and plan for the next step.

**Bito** ♦ You are exactly right. If we look at our operations in Indonesia, our efforts in this country led to a situation in which Sojitz was the first place Japanese companies came knocking when they were looking to procure Indonesian thermal coal. As I mentioned, there were some concerns about investing in Indonesia. However, we could have never established this position if we had let other companies be the first to invest. In this manner, it is crucial to identify risks and then march forward while taking the risks deemed appropriate. The substantial growth we managed to achieve in the coal business was a result of our geographical differentiation in Indonesia and the functional differentiation granted by our mine operation functions in Australia.

**Nakahara** ♦ Sojitz's coal business was successful in building a differentiated track record and function for thermal coal. However, the environment pertaining to coal underwent a massive change after the 2015 United Nations Climate Change Conference held in Paris.

**Bito** ♦ That is undeniable. We saw a 180-degree change from the previously favorable environment after that conference. However, we had recognized that there was an issue with our overdependence on thermal coal since even before this change. Sojitz acquired a 100% stake in the Gregory Crinum coking coal mine in Australia in 2018. One factor behind this decision was, of course, the decarbonization trend. However, another consideration was the need to rebalance our coal portfolio to focus more on coking coal from the perspective of long-term business sustainability. Moreover, this purchase has put us in a position in which, when the thermal coal reserves of the Minerva Coal Mine are depleted, we will be able to reallocate equipment and human resources to the Gregory Crinum coking coal mine. Our ability to acquire such interests has been a result of the high appraisals sellers have for Sojitz's mine operating functions and sophisticated insight, techniques, and expertise related to mine rehabilitation. If we had only been involved in minority investment, it would have been difficult to undertake asset replacement in this market. These efforts have



Examples of Value Creation

enabled us to avoid sharp declines in the earnings from our coal business. Going forward, however, we will be looking to completely eliminate our holdings of thermal coal by 2030 and then of coking coal by 2050.\* Accordingly, a pressing task in our energy-related businesses is to determine how best to restructure our portfolio in order to achieve increased earnings going forward. It will be my job to spur forward this restructuring.

\* In the year ended March 31, 2022, thermal coal interests had been reduced by 70% from the base year ended March 31, 2019.

**Nishikawa** ♦ Next, I would like to offer a brief overview of how our energy-related businesses have transformed in recent years. Up until the 1990s, Sojitz had been pursuing growth by exporting power equipment and energy-related plants while arranging financing. These efforts enabled us to build a vast and strong network of connections with government agencies and companies in developing countries, such as those in Southeast Asia and the Middle East, and with manufacturers, engineering companies, and financial institutions. Similar to what was mentioned earlier, our procurement of gas, coal, and other fuel sources enabled us to build networks in resource-producing countries and to strengthen ties with the domestic power and gas companies to which we sold these resources.

The globalization of companies, spread of the internet, and development of the IT industry that began in the 2000s fundamentally transformed the functions required of trading companies, specifically those pertaining to infrastructure and machinery. This trend prompted us to target infrastructure and power business development investment, which was particularly brisk in developing



countries at the time. In this undertaking, the cross-divisional partnerships we had continued to foster throughout our history proved to be a powerful asset. We had relationships with all of the constituents necessary to form a viable business. This included the government agencies in developing nations that would buy power, the power and gas companies that functioned as our investment and technical partners, the manufacturers and engineering companies that helped us construct power generation equipment, and the financial institutions that provided funding. We won high levels of praise for our unique ability as a general trading company to utilize and comprehensively connect these functions, and this praise has led to the business we have today.

**Nakahara** ♦ You mean to say that we used our prior functions to take the next step, as Mr. Bito also talked about. If, for example, a Japanese company were looking to take part in an overseas independent power producer project, what benefits might they see in partnering with Sojitz that could inspire them to choose us?

**Nishikawa** ♦ One benefit they might see is our deep insight into trends related to the countries and regions in which investment candidates reside. Investments in power and other infrastructure businesses tend to be quite large, and a significant length of time is required to recover these investments. These factors make it even more likely that companies will feel hesitant to invest in high-risk areas. In this regard, Sojitz's network of employees stationed overseas and other partners have enabled us to develop an understanding of safer locations within high-risk areas where risks are relatively low or more easily identified. We have therefore been able to introduce prospective investors to locations or to advance projects in such locations and then invite partner Japanese power companies to join after we have a clear picture of the inherent risks. It is this approach that has made it possible for us to continue taking the next step forward.

**Bito** ♦ When thinking about the next step to be taken in energy-related businesses, we cannot ignore the trends seen in the energy industry, including the push for decarbonization. The pace of change is blinding, and the impacts of such changes are massive. This is also true with regard to the coal business, which, prior to the 2015 United Nations Climate Change Conference, was

garnering a lot of attention and expected to continue to see growing demand going forward. Similarly, the way people perceived nuclear power changed greatly as a result of the 2011 Great East Japan Earthquake. In these developments, we see the importance of accurately predicting changes in trends.

**Nishikawa** ♦ Sojitz was relatively quick to get into the renewable energy business, which we entered in the early 2010s. Renewable energy initiatives in the year ended March 31, 2022, included the commencement of construction of a solar power plant in Australia. When completed, this will be one of the largest plants to be built by a Japanese company. However, the number of participants in the renewable energy market is growing rapidly, and the range of roles for Sojitz to fill is decreasing. There is thus a need for us to change and evolve our role in this market. One approach toward evolving our role can be seen in the investments in energy service companies in the United States that we announced in 2021. The social climate points to a clear phased reduction in power generation using coal. For LNG, which has relatively low environmental impacts, the outlook is not so clear. Looking ahead, it will be crucial for us to carefully monitor how the global trends might change in relation to energy. Whether we are talking about LNG or renewable energy, there is a possibility that changes in the environment might fundamentally undermine the ability for a business to function. At the same time, it is equally possible that a sudden change in a country's government policies or environmental regulations could turn attention to a previously overlooked form of energy and create substantial opportunities in this regard. The future is difficult to predict. This is why we are currently looking to take our next step based on the theme of decarbonization.

**Nakahara** ♦ There is a lot of talk about international sustainability going on in Europe and other areas at the moment, and discussions on the implementation of regulatory frameworks mandating climate change response measures are constantly moving forward.

As Mr. Nishikawa mentioned, we cannot deny the possibility that a change in regulatory frameworks or stakeholder perception regarding LNG could force us to pivot in our business policies. For this reason, it is important that the task of collecting such sustainability-related information, which can have a massive impact on our business, not be hoisted solely on the shoulders of business divisions; the



Corporate Sustainability Office must also remain abreast of trends in this area so that we can share such information with members of management and business divisions to help the Company make appropriate decisions.

**Bito** ♦ When our business team is passionate about taking on a new business, that motivation is very powerful. I am also this way. This is, in itself, a good thing. However, if our passion is too strong, we risk heading in a direction that is different from that desired by society and other stakeholders. This is something we must be careful of. If we fail to realize such a discrepancy until a new business is underway, we are already too late and may be on the line for substantial losses. To prevent this from happening, it is crucial that we make sure that we are always aligned with society, at both the business and the corporate level, and to practice communication based on a shared understanding.

**Nishikawa** ♦ The presence of the Corporate Sustainability Office as an independent organization has a lot of meaning. It is this position that helps spread awareness within the Company and that contributes to the high level of sensitivity toward sustainability-related information that can be seen throughout the Company.

**Nakahara** ♦ The role of the Corporate Sustainability Office is to gather input from investors and other stakeholders and experts around the world in order to develop an understanding about contemporary sustainability trends. Moreover, we must communicate these trends accurately throughout the Company to build a shared understanding with everyone involved in developing Sojitz's businesses. Up until now, we have focused on

Examples of Value Creation



building this shared understanding from the perspective of risk mitigation. In the future, I hope to contribute from the perspective of creating opportunities. For example, what customers sought from energy-related businesses in the past was low prices and reliable supplies. Today, customers also place emphasis on the degree to which businesses can reduce greenhouse gas emissions. I am passionate about helping with a Groupwide effort to create value in this regard to ensure that partners continue to choose Sojitz.

**Nishikawa** ♦ Earlier, I mentioned how the range of roles we can fill with regard to renewable energy is decreasing. However, this phenomenon is not limited to the renewable energy business. No matter what the business, the amount of value that Sojitz can provide will decline eventually. During the course of my career, I have personally experienced multiple cases in which we have had to completely revamp our business model as the business we had been developing previously ceased to provide value. The need for self-transformation is a constant for a general trading company. This is why we are intensively focused on our next step and why we cannot halt our progress. Rather than thinking of our role as being over, I like to picture it as our being promoted to the next role, which also represents our next step. Amid the push to achieve a decarbonized society seen today, Sojitz is preparing for its next step in response to the transition to new energy sources.

**Bito** ♦ A major strength of a general trading company is its ability to change its role in line with or, better yet, ahead of the times. We are not married to the energy business. Rather, we have continued to change our role to

fulfill our mission as a general trading company of delivering goods and services where necessary. For Sojitz, ongoing change is the norm, and our staff is filled with people like Mr. Nishikawa who embrace this change. We are vigilant in our commitment to identifying the course for and taking our next step. Conversely, the thing that we must not change is this aspect of our corporate culture.

**Nakahara** ♦ Even when it comes to sustainability, the world is undergoing substantial and increasingly rapid changes. It is, of course, important to practice backcasting based on a long-term perspective. However, it is also equally important to pay attention to short-term changes to avoid being overwhelmed by change and to ensure that the long-term vision from which you are backcasting can be reached. In this manner, we must chart several potential courses so that we can choose the best course for our next step from among them. I want the Corporate Sustainability Office to be an organization that is receptive to the changes going on around it and that is thus able to quickly identify changes in the tides so that it can become a beacon illuminating the course for the next step to be taken in Sojitz's energy-related businesses.

**Nishikawa** ♦ If we are to chart several courses, it will be important for us to develop a network that puts us in contact with various business associates and customers with whom we can partner to guarantee that we have options for those courses. When talking about our coal businesses, Mr. Bito mentioned how minority investment only yields weak connections with few points of contact. This is because partners do not have a strong need for the roles played by minority investors. We have created a number of contact points with partners during the course of developing our energy-related businesses, and the connections formed through this network are incredibly strong. As times changed and energy demand rose, there were cases when our partners found themselves needing to advance into new regions or business areas. At these times, it was Sojitz who identified the risks and led the way, and this is what partners have come to expect of us. Living up to these expectations has strengthened our ties with partners and allowed us to keep taking the next step in our energy-related businesses. People sometimes speak of invisible assets. For Sojitz, these connections with people, this network, are among our greatest invisible assets.

**Bito** ♦ I completely agree with you. Our history of exploring new regions and business fields has heightened our reputation in the market. The stronger our reputation, the more likely we are to be approached by new partners, which in turn will increase our contacts. At the same time, it will be more important than ever going forward for us to find passionate people who have knowledge of the respective region or business field and who fully appreciate Sojitz's approach. These people should be appointed to leadership positions in their respective markets, as we did with the coal CEO in Australia.

**Nakahara** ♦ One of our outside directors once mentioned how surprised they were at the sheer number of investment candidates proposed to the Finance & Investment Deliberation Council despite the restrictions on business trips and other forms of movement amid the COVID-19 pandemic. However, I believe that we were able to find this large number of candidates due to the contacts and networks that you two speak of.

**Nishikawa** ♦ Sojitz continued to march forward, even amid the COVID-19 pandemic. This is why we were able to connect our contacts and networks with our next step. Speed is also important in ensuring that we do not miss out on the opportunity to take our next step. In the past, I have experienced a case in which material changes were made to a contract for an independent power producer project we had bid on at the final stage before the finalization of the order. Furthermore, the counterparty asked us to approve the contract within only a few days,

something that is quite out of the ordinary. It goes without saying that we could not just skip the approval process. Rather, we arranged an extraordinary meeting of the committee with the approval authority, which enabled us to approve the contract within the allocated time and after the appropriate discussion. This type of unity, speed, and flexibility is definitely a strength of Sojitz.

**Bito** ♦ Identifying risks and taking those deemed appropriate, always based on the necessary preparations, and swiftly seizing hold of opportunities is a core part of Sojitz's corporate culture and something in which we should pride ourselves. We must continue to embrace this corporate culture so that we can keep taking steps forward and realize Sojitz's vision for 2030 of becoming a general trading company that constantly cultivates new businesses and human capital.



Bito, Nakahara, and Nishikawa at Sojitz head office in July 2022



Examples of Value Creation

INITIATIVES FOR THE NEXT DECADE

The following is an example of a new initiative being undertaken that will shape the course of Sojitz’s energy solutions businesses over the next decade.

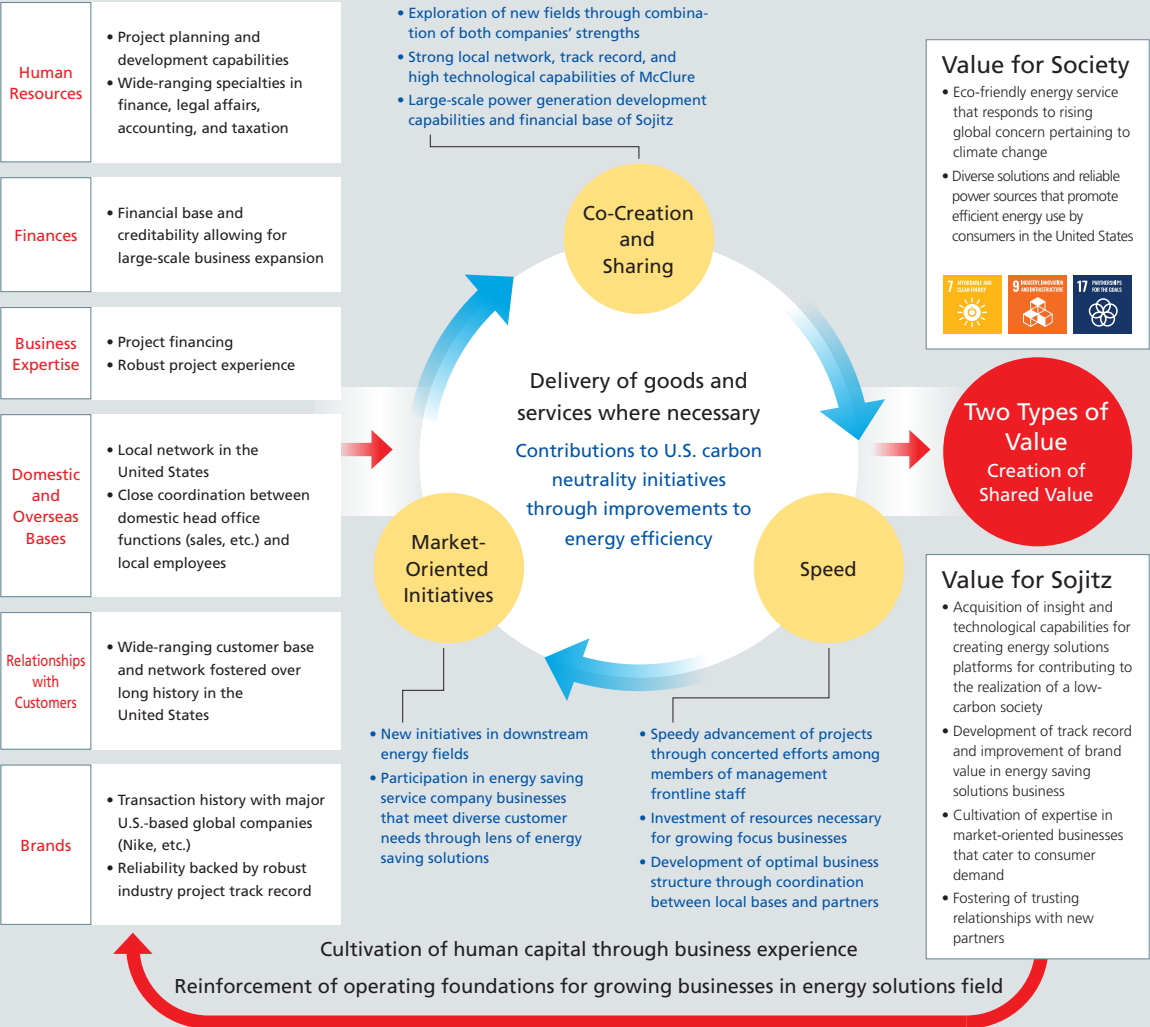
Energy Saving Service Business in Pennsylvania

In December 2021, Sojitz acquired a stake in McClure Company, an energy saving service company based in the U.S. state of Pennsylvania, and converted this company into a consolidated subsidiary. Energy saving service companies provide energy saving solutions to customers to lower their utility and maintenance costs, improve efficiency, and help reduce CO<sub>2</sub> emissions. As efforts are made to achieve net-zero emissions in the United States, the world’s second-largest emitter of CO<sub>2</sub>, this investment in McClure positions Sojitz to meet growing demand for energy saving solutions. Going forward, we will combine McClure’s operational capacities with Sojitz’s power generation business and operational expertise to expand the energy saving solutions business and to advance into the decentralized solar power generation sector.



Team of McClure, which boasts the leading share for service provided to Pennsylvania schools and hospitals

Value Creation Process of U.S. Energy Saving Service Business



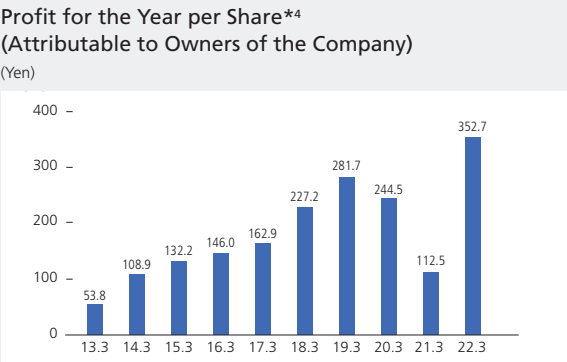
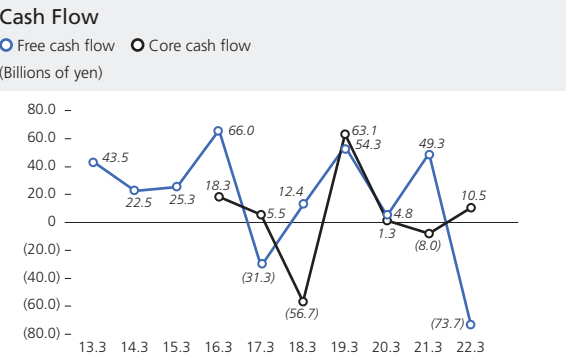
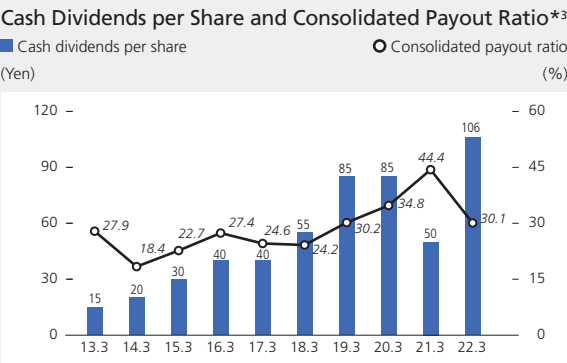
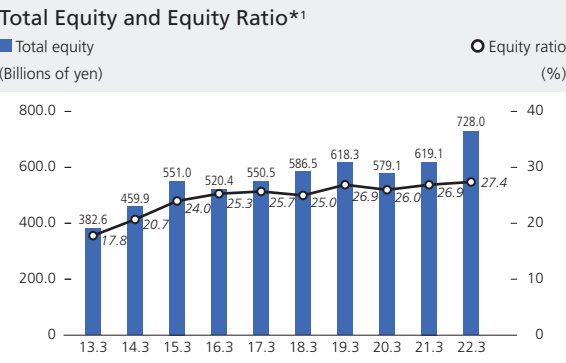
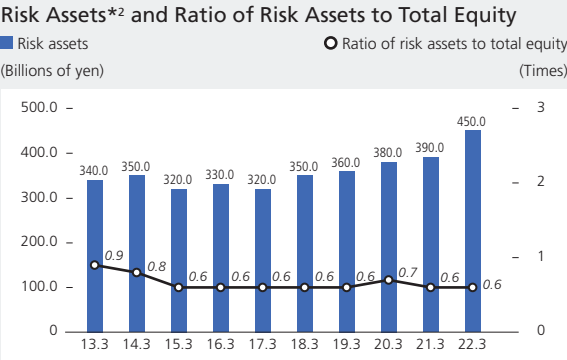
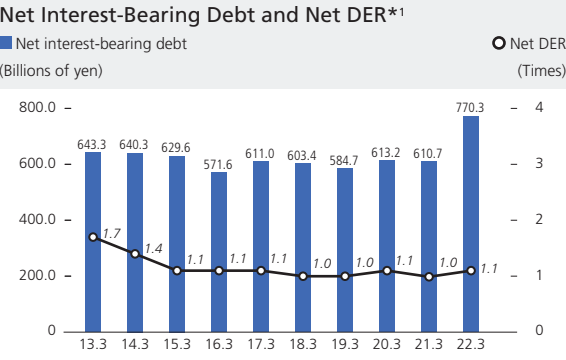
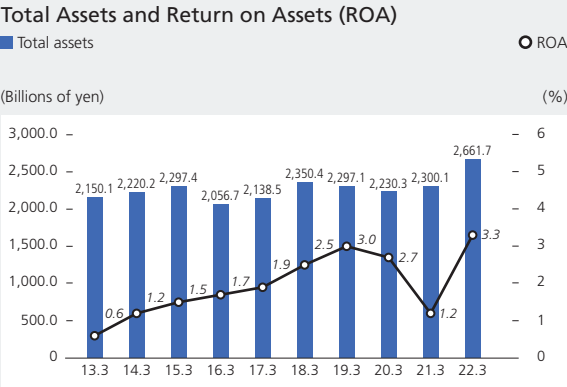
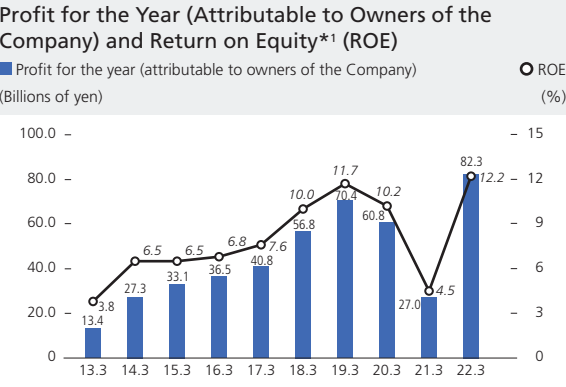
VALUE CREATION STRATEGY

In this section, readers will find explanations of Companywide value creation strategies from both financial and non-financial perspectives along with information on the corporate governance systems that support these strategies.

- 38 Performance Highlights (Financial / Non-Financial)
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Performance Highlights (Financial / Non-Financial)

Financial Indicators (IFRS)



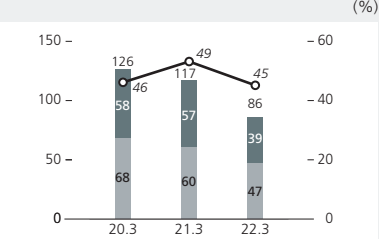
\*<sup>1</sup> Under IFRS, total equity is equity attributable to owners of the Company and is used as the basis for calculating return on equity, equity ratio, and net DER.  
\*<sup>2</sup> The method of measuring risk assets mainly for goodwill was revised in the year ended March 31, 2019. Figures for the year ended March 31, 2018, have been restated to reflect this change.  
\*<sup>3</sup> Dividends per share represent the annual dividends per share of common stock of Sojitz Corporation. Consolidated payout ratio is calculated based on the number of shares as of March 31.  
\*<sup>4</sup> Effective October 1, 2021, the Company performed a one-for-five share consolidation. Past figures for cash dividends per share and profit for the year per share (attributable to owners of the Company) have been restated to reflect this change.

Non-Financial Highlights

Employee-Related Data

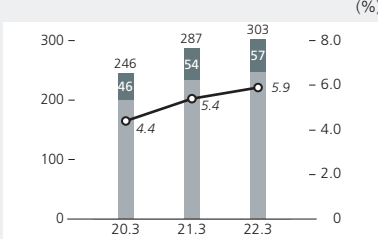
Number of New Graduate Hires / Ratio of Women Among New Graduate Hires

■ Male  
■ Female (including administrative workers)  
○ Ratio of women among new graduate hires (%)



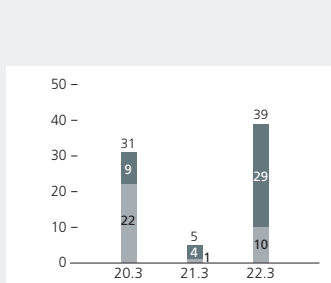
Number of Female Career Track Employees / Number of Female Managers

■ Number of female career track employees  
■ Number of female managers  
○ Ratio of female managers (%)



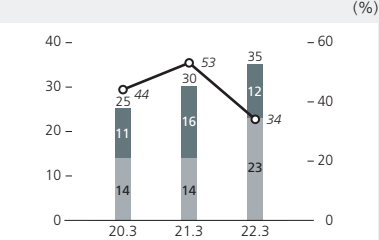
Overseas Trainee Program Participants

■ Short term  
■ Long term



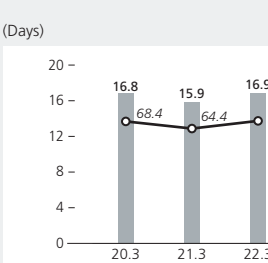
Number of Mid-Career Hires / Ratio of Women Among Mid-Career Hires

■ Male  
■ Female (including administrative workers)  
○ Ratio of women among mid-career hires (%)

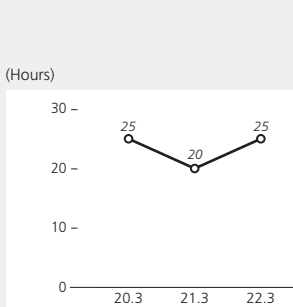


Annual Paid Leave Acquisition

■ Average number of days acquired  
○ Acquisition rate (%)

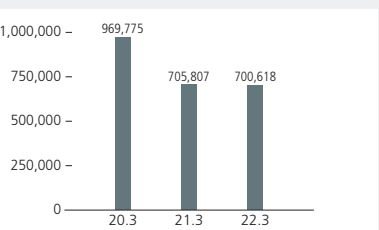


Average Monthly Overtime Hours



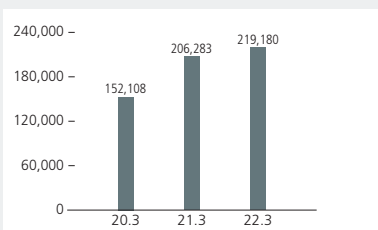
Environmental Data

Scope 1 Emissions\*<sup>1</sup> (t-CO<sub>2</sub>)



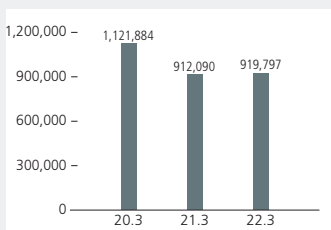
\*<sup>1</sup> Scope 1: Direct emissions from the use of fuels such as city gas

Scope 2 Emissions\*<sup>2</sup> (t-CO<sub>2</sub>)

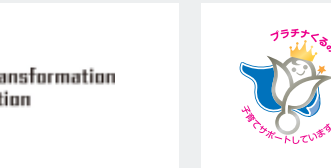
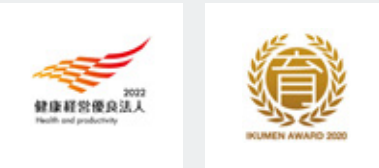


\*<sup>2</sup> Scope 2: Indirect emissions from the use of purchased electricity, heat, etc.

Total of Scope 1 and Scope 2 Emissions (t-CO<sub>2</sub>)



ESG Awards and Commendations







Seiichi Tanaka  
Representative Director  
Executive Vice President, CFO

# Reinforcement of Management Foundations to Support Ambition

## Performance Exceeding Expectations in the First Year of Medium-Term Management Plan 2023

Medium-Term Management Plan 2023 puts forth quantitative targets from the two perspectives of creation of shareholder value and growth and financial discipline. In the year ended March 31, 2022, the first year of the plan, we saw substantial earnings growth. This growth can be attributed to reversals to the demand declines that occurred amid the COVID-19 pandemic in the year ended March 31, 2021. These reversals took the form of higher prices for steel, coal, and other resources as well as increased sales of automobiles. We were thus able to absorb the impacts of semiconductor shortages and the war in Ukraine. As a result, profit for the year

(attributable to owners of the Company) came to ¥82.3 billion in the year ended March 31, 2022, more than three times higher than in the year ended March 31, 2021, and the highest figure we have posted since Sojitz was established in 2004.

This strong performance was not limited to profit for the year (attributable to owners of the Company); we also surpassed our targets for return on equity (ROE) and three-year average core operating cash flow. The targets for all three of these items were set from the perspective of shareholder value creation. We also raised annual dividend payments to ¥106 per share, a year-on-year increase of ¥56, which made for a consolidated payout ratio of 30.1% and allowed us to accomplish our target of approximately 30%.

From the perspective of growth and financial discipline, meanwhile, we have set the target of

## Cash Flow Management

Target positive core cash flow over six-year period encompassing periods of Medium-Term Management Plan 2020 and Medium-Term Management Plan 2023

	MTP2020 3-year cumulative results (FY2018–FY2020)	FY2021 results	MTP2023 3-year cumulative forecast (FY2021–FY2023)
Core operating cash flow*1	¥219.0 billion	¥129.0 billion	¥240.0–¥250.0 billion
Asset replacement (Investment recovery)	¥170.0 billion	¥62.0 billion	Approx. ¥100.0 billion
New investments and loans / other	¥(262.0) billion	¥(148.5) billion	Approx. ¥(330.0) billion
Shareholder returns*2	¥(71.0) billion	¥(32.0) billion	Approx. ¥(70.0) billion
Core cash flow*3	¥56.0 billion	¥10.5 billion	Positive (MTP2020 and MTP2023 6-year period)
Free cash flow	¥108.0 billion	¥(74.0) billion	

\*1 Core operating cash flow = Net cash provided by (used in) operating activities (as calculated for accounting purposes) – Changes in working capital

\*2 Includes acquisition of treasury stock

\*3 Core cash flow = Core operating cash flow + Post-adjustment net cash provided by (used in) investing activities – Dividends paid – Purchase of treasury stock  
(Post-adjustment net cash provided by (used in) investing activities is net cash provided by (used in) investing activities after adjustment for changes in long-term operating assets, etc.)



investing an aggregate total of ¥330.0 billion, including ¥30.0 billion in non-financial investments, over the three-year period of the medium-term management plan. Smooth progress is being made toward this target, as we have already conducted new investments totaling ¥150.0 billion. This aggressive stance toward new investment will be maintained going forward. As we conduct such aggressive investments, I am turning a cautious eye toward the stability of our financial foundation, which will support these investments, in my capacity as CFO. My fundamental stance is to secure a positive core cash flow over a predefined period. Of course, a positive core cash flow was posted in the year ended March 31, 2022. Moreover, our acceleration of our investment timetable was expected to cause the net debt equity ratio (DER) to rise to 1.2 times, but our strong performance helped limit this ratio to 1.1 times. In addition, return on assets (ROA) climbed to 3.3%, reaching the level targeted in the final year of the plan. In this manner, we got off to a strong start in the medium-term management plan with quantitative performance surpassing our initial expectations.

For more information, please see “Medium-Term Management Plan 2023—‘Start of the Next Decade’” on page 20.

Pursuit of CROIC Surpassing Value Creation Guideline Figures in All Business Divisions

Under Medium-Term Management Plan 2023, we will achieve ROE of 10% or above based on consideration of the level of approximately 8% for shareholders’ equity costs in order to gauge and assess our value creation efforts. In addition, we have introduced cash return on invested capital (CROIC)\* as a new management indicator. CROIC measures returns on a cash basis in order to ensure that the aforementioned ROE target is fully incorporated into business division management. Each division has set targets for the minimum level of three-year average CROIC as “value creation guideline figures” for the period of Medium-Term Management Plan 2023. These value creation guideline figures have been formulated in a manner that will ensure the accomplishment of our Companywide ROE target of 10% or above, if each division is able to achieve CROIC that

exceeds its guideline figure. In the year ended March 31, 2022, the Metals, Mineral Resources & Recycling Division and the Chemicals Division generated CROIC that surpassed their value creation guideline figures amid favorable market conditions. Conversely, CROIC in the Infrastructure & Healthcare Division and the Retail & Consumer Service Division, both focus areas for growth investments, fell below these levels. This is because new investments in these divisions require time before they can begin creating earnings contributions. The ¥150.0 billion in new investments conducted in the year ended March 31, 2022, were largely directed toward the focus area of the infrastructure and healthcare field as well as toward Royal Holdings Co., Ltd., and JALUX Inc., partners with which we seek to approach growth markets through market-oriented initiatives. In this manner, investments targeted areas that were heavily impacted by the COVID-19 pandemic. We had accounted for these impacts in our targets to a certain degree. Looking ahead, we will work to quickly raise CROIC in divisions that are not clearing their value creation guideline figures to a level that surpasses these figures by advancing post-merger integration with investees and improving their value through a joint effort between business and corporate divisions.

\* CROIC = Core operating cash flow ÷ Invested capital

Development of Frameworks for Large-Scale Investments

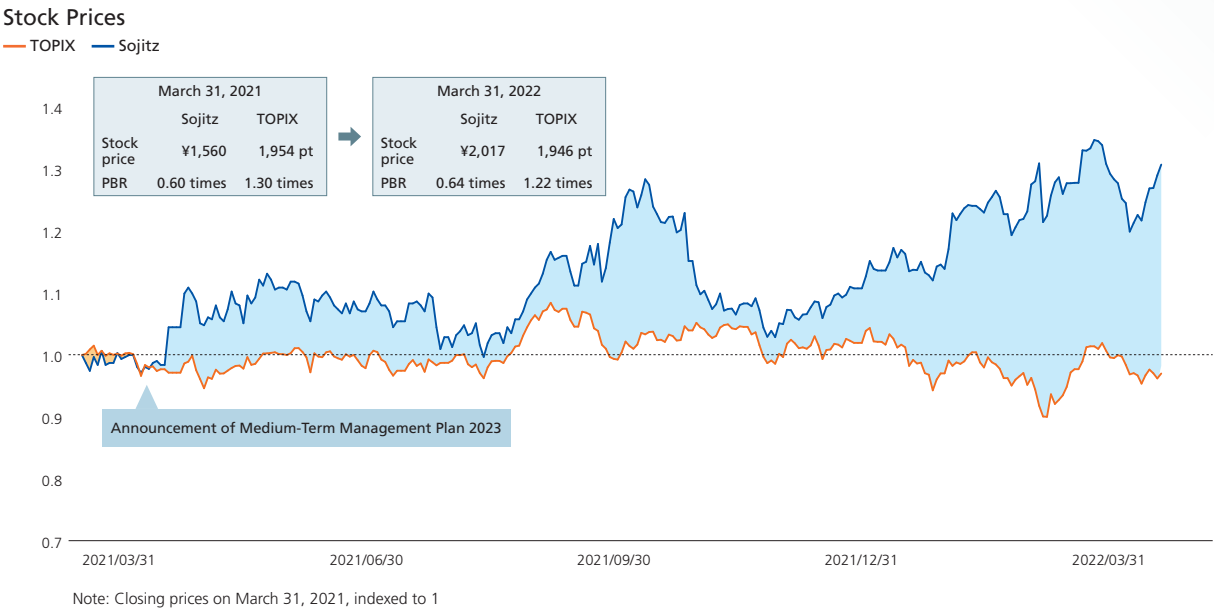
In the year ended March 31, 2022, we conducted several large investments of the scale in increments of ¥10.0 billion per project. This is a massive change in approach for Sojitz. Over the years, we have proceeded to reinforce our financial foundation, raising net assets to a level of more than ¥700.0 billion, and improvements to our financial position are beginning to generate results. This situation has increased our capacity to shoulder the risks associated with large investments. Moreover, our past investing experience has granted us a greater degree of investment literacy, and we have also developed the investment standards and organizational structures necessary for conducting such investments. These are also factors that contributed to this change. For example, we sought to bolster our responsiveness to changes in the investment environment by

simplifying our hurdle rate standards for the initial screening of new investments to look at two factors: cost of capital based on the functional currency of the investment candidate and country risk premium. The new standards guide us in making investment decisions based on whether the project in question will contribute to improved corporate value. Meanwhile, the Financial Solutions Department has been established as a one-stop organization for all steps of investing, starting from screening and ending with post-merger integration. This is how we have gained the insight and developed the frameworks for capitalizing on the opportunities presented by large-scale investment projects. However, even as we seize their opportunities, it is important that we do not abandon our financial discipline. Even a small indiscretion can shatter everything we have built thus far. I can speak to this from personal experience as I have seen this happen prior to the birth of Sojitz. It is important to ensure that we never again find ourselves in a situation in which financing has to be our main management priority, and we must maintain strict financial discipline with an emphasis on cash flows for this purpose. Accordingly, while the scale of individual investments may be an important factor considered, it will never be our top priority. One point that I have always tried to hammer home within the Company, even when I was chairperson of the Finance & Investment Deliberation Council, is the need to formulate business plans based on

objective hypotheses with as little bias as possible. It is crucial that we are careful to only pull the trigger on investments when we have a sufficient amount of rational information for decision-making to allow us to hold the utmost confidence that the acquisition price for a business is appropriate. Of course, we cannot guarantee the future, and there will be times when an investment fails to meet our initial expectations. Sojitz measures whether the return on invested capital (ROIC) and the CROIC levels of each investment exceed their levels of weighted average cost of capital (WACC), and the minimum level of value to be generated by each investment is defined based on these measurements. If a project fails to generate the minimum expected level of value, despite our best efforts, we will, in principle, withdraw.

PBR Target of 1.0 Times or Above to Be Achieved by Raising Faith in Future Earnings

Looking back at the year ended March 31, 2022, performance exceeded our initial forecasts, despite the impacts of the COVID-19 pandemic, due to our efforts to raise income, boost profitability, increase cash flows, and conduct new investments. Regardless of these efforts, our price-to-book ratio (PBR), which is an indicator of the capital market’s assessments of the Company,





remains at the low level of 0.6 times.

One reason I can imagine for this situation is that the market has low faith in our ability to generate future cash flows. The other day, I held my first on-site meeting with investors in the United States in around two years. Speaking directly with investors, I was able to gain some insight on how we could accomplish our PBR target of 1.0 times or above. Specifically, they suggested that this target could be accomplished by explaining to the market how Sojitz is evolving its unique strengths, where it is going, and how it will need to change to accomplish its goals. During the first year of Medium-Term Management Plan 2023, I have taken care to be thorough and concise in my explanations of our quantitative and qualitative goals leading up to 2030. Based on these comments from investors, I will continue to engage in an active dialogue on how Sojitz will change as we advance toward 2030. At the same time, I will seek to alleviate information gaps by bolstering disclosure of financial and non-financial information in order to reduce capital costs. Another priority will be expanding our equity spread through improvements to ROE.

The rising uncertainty with regard to changes in the operating environment is likely to drive up risk premiums. It will therefore be important for us to place increased emphasis on improving earnings per share (EPS), by growing medium- to long-term business earnings, and on maximizing capital efficiency. To accomplish these goals, we will need to advance strategies that incorporate Sojitz’s competitive edge while developing a clearer picture of profit drivers and investment returns.

Moreover, we will need to remain constantly mindful of how best to allocate cash flows with a sense of dedication toward steadily generating cash flows. We also must reach out to the capital markets to ask for their frank and earnest opinions regarding where Sojitz is lacking and what is expected of the Company. The understanding gained from this engagement should be used to help us respond to the expectations of the market. If we can present our response to market expectations in a clear form, it should move us closer to increasing the market’s faith in our ability to generate future earnings.

In the future, I hope to continue to speak with investors around the world and to issue stable and ongoing shareholder returns.

Alignment of Employees and the Company Toward a Common Goal

In the year ending March 31, 2023, we expect to set a new record for profit for the year (attributable to owners of the Company) for the second consecutive year with a figure of ¥85.0 billion. In setting this target, we have accounted for the highly opaque operating environment created by factors like the war in Ukraine and rapid inflation. Our targets for profit for the year (attributable to owners of the Company) and core operating cash flow are within reach, but I recognize that simply accomplishing our quantitative targets for a single fiscal year will not inspire investors to have greater faith in our future prospects. We must never become complacent with our current situation, and we should instead continue to persevere and thereby reinforce our financial foundation. The cash generated in this manner should be used to fuel growth during the period of the next medium-term management plan. At the same time, we will need to be even more sensitive to factors like the flows of people, goods, and funds given the mounting uncertainty. Aggressive action is not the only way to go; we may sometimes be required to halt our progress, assess the situation, and maybe even make the management decision to withdraw from a business without hesitation.

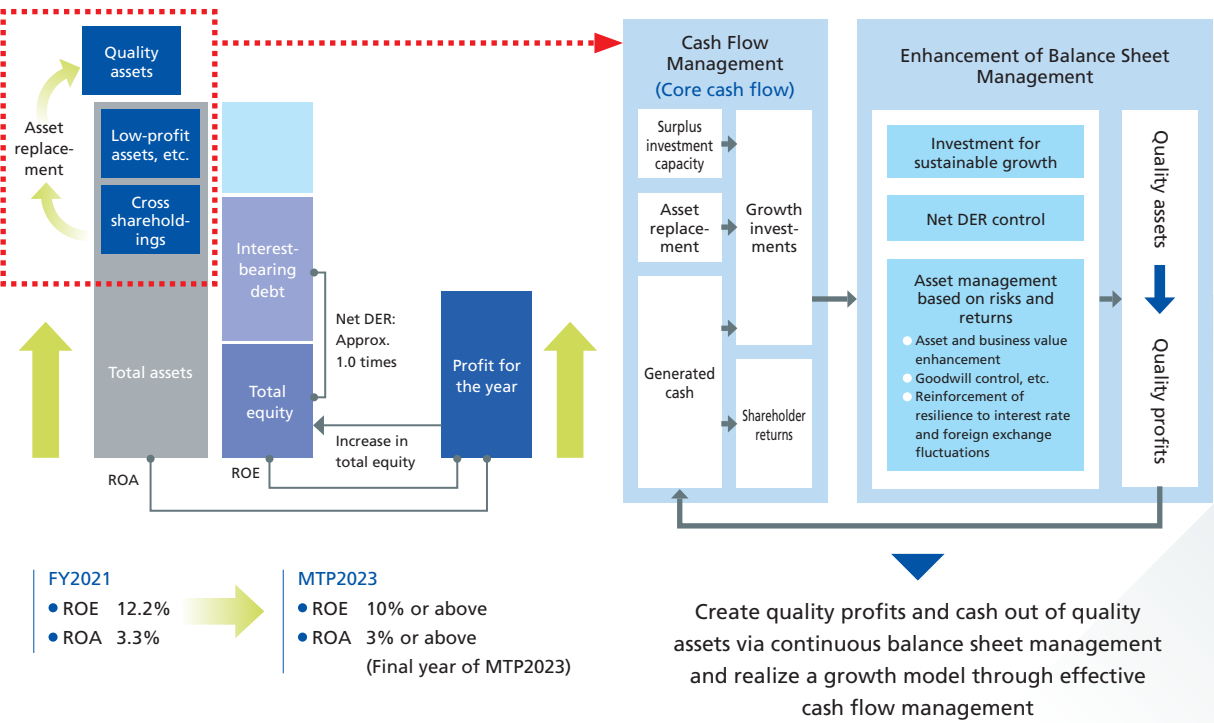
Such management decisions can be perceived as obstacles to ambition. However, when we think about things from the perspective of improving corporate value, we realize that we cannot allow for investments that are not based on objective rationale as these investments have a significant likelihood of damaging corporate value. Last year, I spoke of my desire for Sojitz to always be a company that is aligned with its employees toward a common goal. Members of management, myself included, speak on behalf of the goals of the Company. If the Company does not have a clear goal, it will be impossible for the employees to be aligned toward this goal. If I had to sum up the goal of the Company in the simplest terms, it would be the improvement of corporate value. This does not just mean increasing net asset value. Rather, improving corporate value involves growing Sojitz into an entity that is deemed to have greater value by society. When I realized this, it became clear that I must be careful to never make statements, take actions, or issue management decisions that undermine

my role as CFO, this role being to improve our financial health, ensure investment discipline, and identify the risks to be taken.

I recognize that, when employees are able to go about their work with a feeling of self-actualization and fulfillment, they will contribute to improving corporate value. Moreover, this situation will necessarily mean that the employees and the Company are aligned toward a common goal. Creating such an environment is top priority for management. I therefore understand that my mission is to fulfill my aforementioned role as CFO toward addressing this priority. Sojitz defines its vision for 2030 as becoming a general trading company that constantly cultivates new businesses and human capital. The ambitions of employees will play an indispensable part in realizing this vision. However, we cannot support employees in chasing their ambitions if we do not have a solid management foundation. I remain committed to constantly reinforcing our management foundation to ensure that I do not fail in my role as CFO and that Sojitz does not lose the trust of society. This is how I will work to build the foundations for supporting employee ambitions and making Sojitz into a company that is aligned with its employees toward a common goal.



Disciplined Balance Sheet and Cash Flow Management

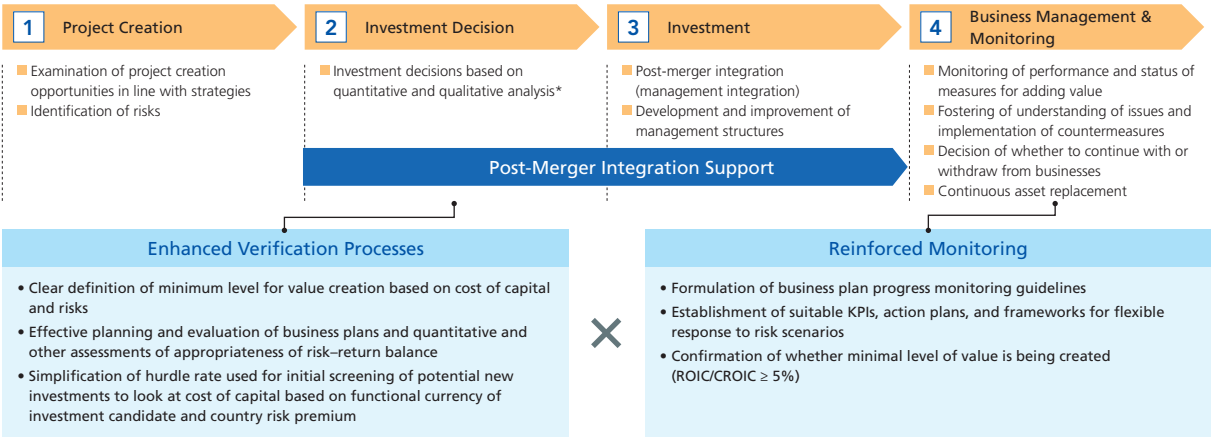


Business Investment Monitoring for Accelerating Value Creation

Investment Policies for Creating Value

Under Medium-Term Management Plan 2023, Sojitz will work to improve corporate value through growth achieved by conducting ongoing new investments and drastic reforms in the earnings structure of existing businesses. Our growth strategies for this plan will be executed with a sense of speed prefaced on the enhancement of strategies to heighten competitiveness and growth potential in order to create value. At the same time, we will manage cash flows based on a disciplined stance as we invest a total of ¥330.0 billion (including ¥30.0 billion in non-financial investments in human resources and organizational reforms) in growth strategies and new fields based on megatrends over the three-year period of the plan with the goal of achieving steady improvements in corporate value.

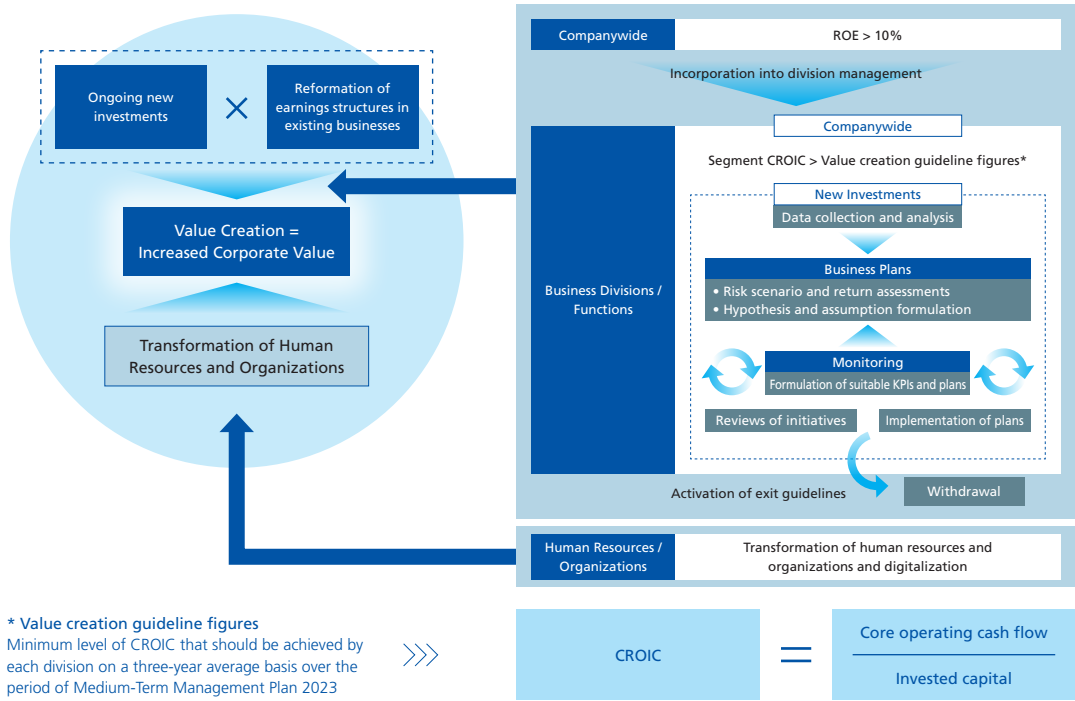
Investment Process



\* Analysis of business feasibility by setting internal rate of return (IRR) hurdles in order to select projects that can be expected to produce returns commensurate with the risks

Frameworks for Monitoring and Assessing Value Creation

An ROE target of 10% or above has been set based on estimated shareholders' equity cost of 8% in order to gauge improvements in corporate value. In addition, we have introduced CROIC as a management indicator and set targets for business divisions in Medium-Term Management Plan 2023 in order to facilitate the accomplishment of the ROE target. We will pursue the aforementioned ROE target by having all divisions shape their activities based on the CROIC value creation guideline figures.

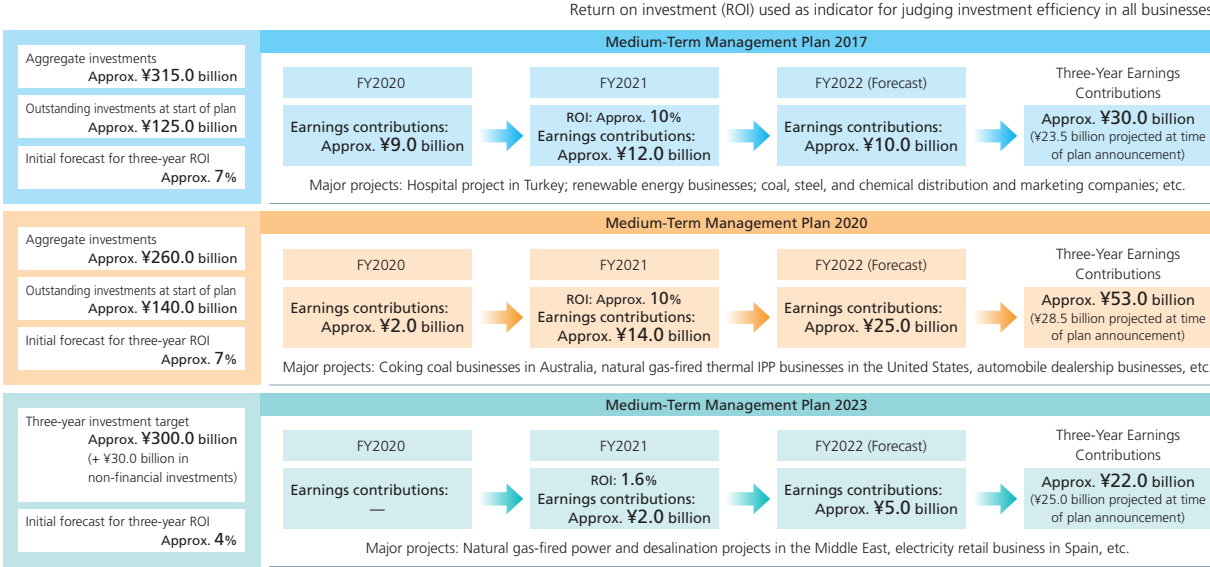


\* Value creation guideline figures  
Minimum level of CROIC that should be achieved by each division on a three-year average basis over the period of Medium-Term Management Plan 2023

Investment for Growth Strategy and Focus Areas (FY2021)

Focus Area under Medium-Term Management Plan 2023	Investments in FY2021	Major Investments
<b>Maintain steady growth</b> Infrastructure & Healthcare Develop essential infrastructure and provide services as a social issue	¥70.0 billion	Energy service companies in the United States; natural gas-fired power and desalination projects in the Middle East; gas retail business in Nigeria; electricity retail business in Spain; solar power business in Australia; hospital project in Australia; telecommunications tower business in the Philippines; office building development project in Manila, the Philippines
<b>Capture growth from growing markets</b> Growth Markets to Be Approached through Market-Oriented Initiatives Strengthen efforts in retail areas in growth markets such as ASEAN and India	¥62.0 billion	Acquisition of full ownership of marine food processing company Marine Foods; collaboration with the Vinamilk Group, a major Vietnamese dairy product manufacturer (establishment of beef product sales company); joint initiatives with Royal Holdings; tender offer for shares of JALUX; establishment of new joint venture for developing operations for adding value to rental housing with the Goldman Sachs Group
<b>Reform conventional business model</b> Materials & Circular Economy Build upon 3R and other cyclical businesses	No investments	Agreement reached to establish joint venture with Braskem of Brazil for purpose of creating plastic materials entirely from biomass; development of competitive businesses matched to social needs in conjunction with chemical recycling initiatives in Japan

Earnings Contributions from Investments under Medium-Term Management Plan 2017, Medium-Term Management Plan 2020, and Medium-Term Management Plan 2023



Value Creation Guideline Figures of Medium-Term Management Plan 2023 (Three-Year Average CROIC)

Value creation guideline figures have been set under Medium-Term Management Plan 2023 indicating the minimum level of the three-year average CROIC that each division needs to achieve in order for us to accomplish our Companywide target of ROE of 10% or above. These figures account for the business characteristics of each division as well as the current levels of capital efficiency. In principle, divisions exposed to significant levels of volatility have relatively high value creation guideline figures, whereas relatively low figures have been set for divisions on which investment will be concentrated during the period of the plan or those divisions that are implementing substantial changes to their business portfolios.

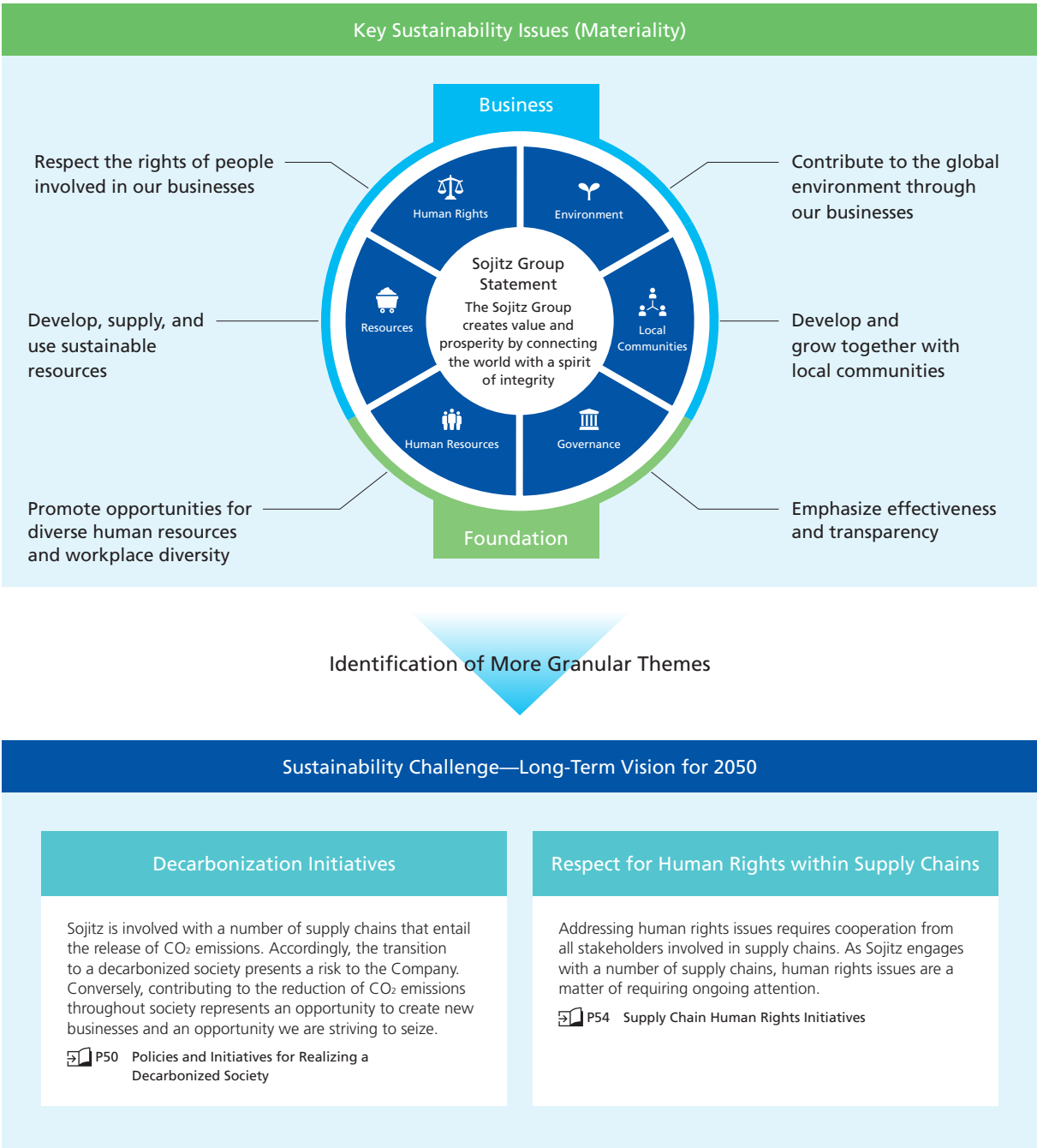
Division	CROIC in FY2021	Value Creation Guideline Figures of Medium-Term Management Plan 2023	Average CROIC over Medium-Term Management Plan 2020 Period
Automotive Division	9.7%	7.0%	7.6%
Aerospace & Transportation Project Division	4.6%	5.0%	5.1%
Infrastructure & Healthcare Division	2.9%	3.0%	3.2%
Metals, Mineral Resources & Recycling Division	10.1%	5.0%	4.8%
Chemicals Division	9.1%	7.5%	5.7%
Consumer Industry & Agriculture Business Division	9.5%	6.0%	5.1%
Retail & Consumer Service Division	2.8%	5.0%	3.3%



Pursuit of Sustainable Value Creation

For Sojitz, the pursuit of sustainability involves working toward sustainable growth for both society and Sojitz by partnering with stakeholders based on the Sojitz Group Statement to maximize two types of value—value for Sojitz and value for society—through its business.

To guide its efforts to maximize its two types of value, in 2016 Sojitz defined 6 Key Sustainability Issues (Materiality) to focus on in its business over the medium- to long-term. Referencing the United Nations Sustainable Development Goals (SDGs), the Paris Agreement, and other international standards that indicate external expectations, Sojitz identified universal issues that need to be tackled if the Company is to achieve sustainable growth together with society. This process led the Company to define the 6 Key Sustainability Issues of human rights, the environment, resources, local communities, human resources, and governance. [For more information, please see “How We Set Key Sustainability Issues (Materiality) and Reflect Them in Our Strategies” on our corporate website: <https://www.sojitz.com/en/csr/priority/>.]



The Sustainability Challenge, Sojitz’s long-term vision for 2050, takes a more granular approach toward defining issues among universal issues. This vision calls on us to help achieve a decarbonized society through our business activities and to respond to human rights issues, including those within our supply chains. These two tasks have been an area of particular focus for Sojitz as of late and have formed the foundation for setting the growth strategies of Medium-Term Management Plan 2023.

In formulating its response toward these issues, Sojitz sought to develop an understanding of the risks and opportunities it faced through engagement with stakeholders. Based on this understanding, we established policies related to decarbonization, human rights, and other matters, and reflected these policies in Medium-Term Management Plan 2023 to guide concrete action. In addition, we disclose information on these activities as appropriate in order to gain new input from stakeholders. This approach constitutes our sustainability management promotion cycle.



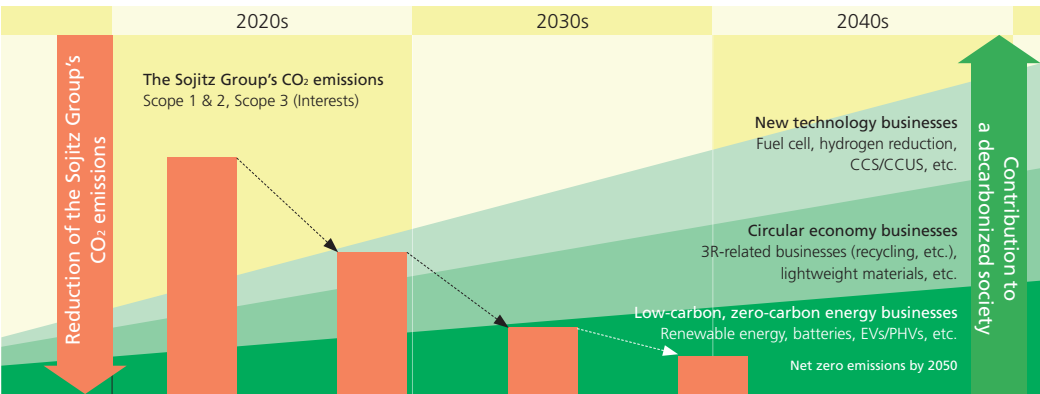
Sustainability Challenge—Decarbonization

Policies and Initiatives for Realizing a Decarbonized Society

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The Sojitz Group recognizes that CO<sub>2</sub> emissions constitute a risk, and we are accelerating reduction efforts in order to become a company that is better suited to a decarbonized society. Meanwhile, we view the process of transitioning to this society as an opportunity, based on which we are developing new businesses in a wide range of fields.



Mitigation of Risks

◆ Reduction of Scope 1 and Scope 2 Emissions

Sojitz views reducing its own CO<sub>2</sub> emissions, as represented by Scope 1 and Scope 2, as an obligation toward achieving a decarbonized society. For this reason, we have set the target of reducing total Scope 1 and Scope 2 emissions by 60% of the level from the year ended March 31, 2020, by 2030. As part of accomplishing this target, we aim to achieve net zero Scope 2 emissions. New businesses undertaken thereafter will be oriented toward achieving overall net zero emissions by 2050. In the year ended March 31, 2022, we confirmed the response measures in place together with Group companies that are major sources of emissions and commenced a partial introduction of renewable energy.

◆ Measurement and Identification of Scope 3 Emissions

If we are to realize a decarbonized society, it will be important for us to address CO<sub>2</sub> emissions across the supply chain, as represented by Scope 3, in addition to our own emissions. Areas of the supply chain responsible for large quantities of Scope 3 emissions have been designated as risks in light of their potential to become a source of significant pressure for reducing CO<sub>2</sub> emissions in the future.

Approach Toward Opportunities

◆ Positioning of Scope 4 Emissions as an Opportunity

Although Scope 3 emissions represent a risk for Sojitz, the potential to create new businesses that contribute to reductions of emissions across the supply chain is viewed as an opportunity. We are approaching this opportunity through initiatives for achieving growth. Going forward, we plan to accelerate such initiatives for reducing CO<sub>2</sub> emissions based on the concept of Scope 4.

Analysis of Scope 3 and Scope 4 Emissions Across the Supply Chain

Sojitz performs qualitative analysis of the risks and opportunities it faces based on a matrix that uses industries with generally high CO<sub>2</sub> emissions on the vertical axis and the stages of each supply chain on the horizontal axis. In addition, quantitative assessments are performed with regard to the power generation sector, which has been judged to entail particularly high emissions. Risks (Scope 3): Areas with representative risks (Scope 3 emissions) are displayed in orange, with darker shades indicating greater CO<sub>2</sub> emissions. These areas are generally believed to face the risks of pressure to reduce CO<sub>2</sub> emissions or threats of replacement. Opportunities (Scope 4\*1): The rightmost column displays alternatives that represent new business opportunities for Sojitz, and we will further increase our Scope 4 (avoided) emissions through these businesses moving forward.

Scope 1 and Scope 2 emissions of Sojitz Corporation (consolidated)		Risks							Opportunities
sojitz t-CO <sub>2</sub>		Supply Chain							
CO <sub>2</sub> emissions									
		Raw materials	Logistics	Product processing	Product use	End-users	Equity investment	Avoided emissions (Scope 4)	
Quantified	Power generation	Thermal coal Coal mining sojitz Approx. 10,000 tons	Transport of raw materials and products Approx. 260,000 tons	—	Coal-fired thermal power generation Approx. 31,300,000 tons	Consumers No emissions	Coal interests Approx. 290,000 tons	High-efficiency gas-fired thermal power generation Reduction of approx. 860,000 tons	
		Scope 3 CO <sub>2</sub> emissions Approx. 2,100,000 tons	Approx. 260,000 tons	0 tons	Approx. 31,300,000 tons		Approx. 290,000 tons		
	Oil and gas	Oil drilling Approx. 10,000 tons	Transport of raw materials and products Approx. 10,000 tons	—	Oil-fired thermal power generation sojitz Approx. 180,000 tons	Consumers No emissions	Gas-fired thermal power generation Emissions reduction measures Approx. 2,020,000 tons	Renewable energy generation*2 Reduction of approx. 260,000 tons	
		Scope 3 CO <sub>2</sub> emissions Approx. 10,000 tons	Approx. 10,000 tons	0 tons	0 tons		Approx. 2,020,000 tons		
	Steelmaking	Coking coal Coal mining sojitz	—	—	Blast furnace smelting	Consumers No emissions	Coal interests	Carbon capture and storage	
		Iron ore Mining	—	—	—	Manufacturers	—	—	
	Livestock	Livestock and feed businesses sojitz	Transport of raw materials and products sojitz	Processing of livestock sojitz	Cooking sojitz	Consumers No emissions	Livestock processing businesses sojitz	Non-meat alternatives	
		—	sojitz	sojitz	sojitz	—	—	—	
	Chemicals	Material production sojitz	Transport of raw materials and products sojitz	—	Chemical product manufacturing sojitz	Consumers No emissions	—	Biochemicals	
		—	sojitz	—	sojitz	—	—	—	
To be quantified	Papermaking pulp	Production of paper-making woodchips sojitz	—	Papermaking sojitz	N/A	Consumers No emissions	—	Paper recycling	
	Construction	Construction material production sojitz	Transport of raw materials and products sojitz	Construction sojitz	Use of facilities sojitz	Consumers No emissions	Use of facilities sojitz	Net zero energy houses and buildings	
	Transportation	Manufacturing of automobiles, ships, etc. sojitz	—	—	Sea travel sojitz	Drivers sojitz	Automobile manufacturers sojitz	Vehicles that use electricity, hydrogen	
		—	—	—	—	—	—	Utilization of biomass fuel	

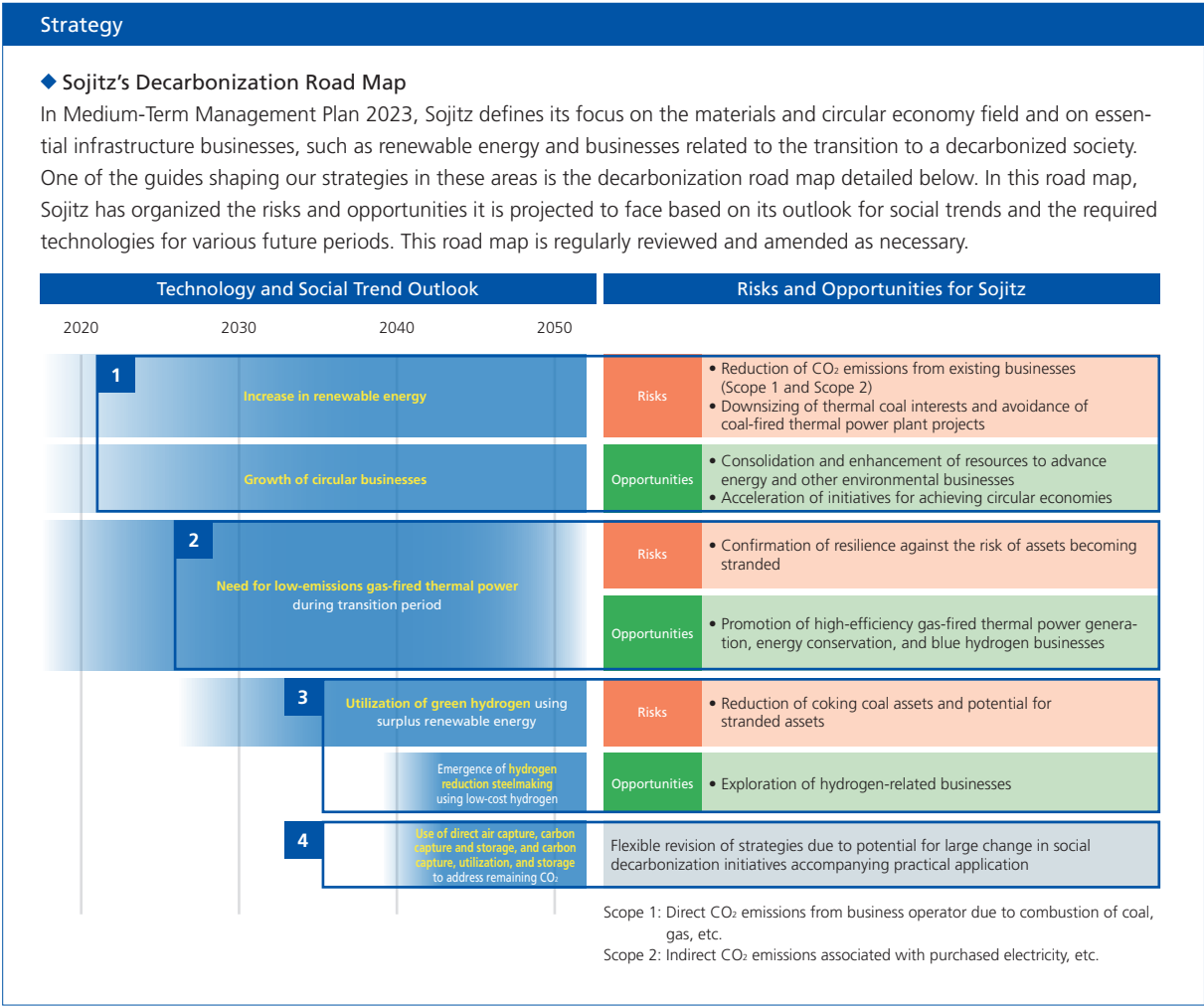
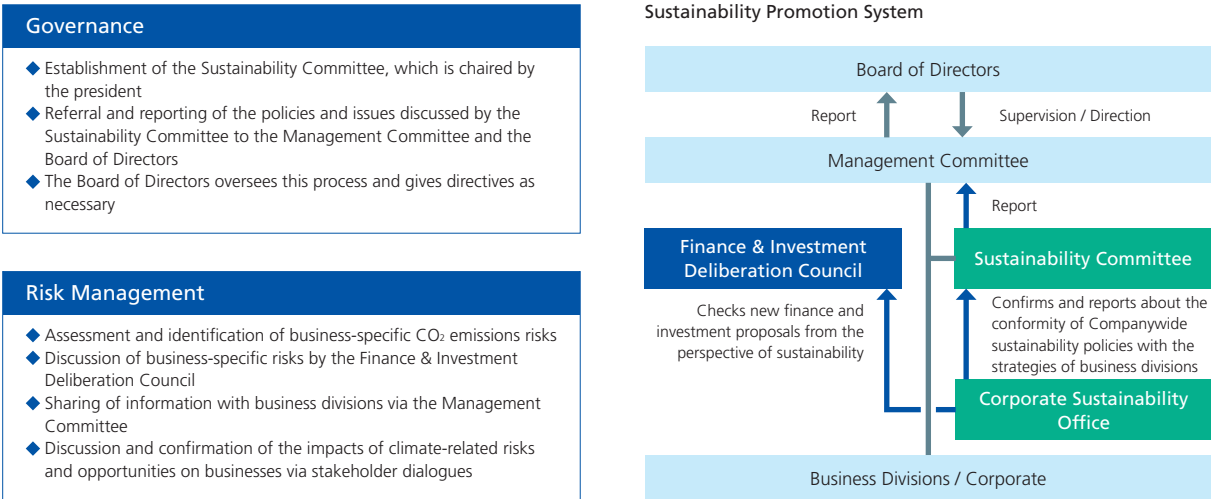
Note: The above chart is based on a simplified version of the 15 Scope 3 categories defined by the GHG Protocol. For more details on specific categories, please refer to [https://www.sojitz.com/en/csr/sojitz\\_esg/e/data.php](https://www.sojitz.com/en/csr/sojitz_esg/e/data.php).  
\*1 Scope 4 emissions = (Average global power generation efficiency by 2030 based on Net Zero Emissions by 2050 Scenario [global warming of 1.5°C above pre-industrial levels]) of International Energy Agency [545 g/kWh] – Sojitz's power generation CO<sub>2</sub> emissions coefficient) × Power generation volume  
\*2 Renewable energy generation refers to generation of solar power.



Sustainability Challenge—Decarbonization

Climate Change-Related Disclosure Based on TCFD Recommendations

In August 2018, Sojitz declared its endorsement of the final recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). Utilizing the recommended framework, Sojitz practices wide-ranging collaboration with stakeholders while improving transparency through proactive disclosure pertaining to its climate change-related risks and opportunities.

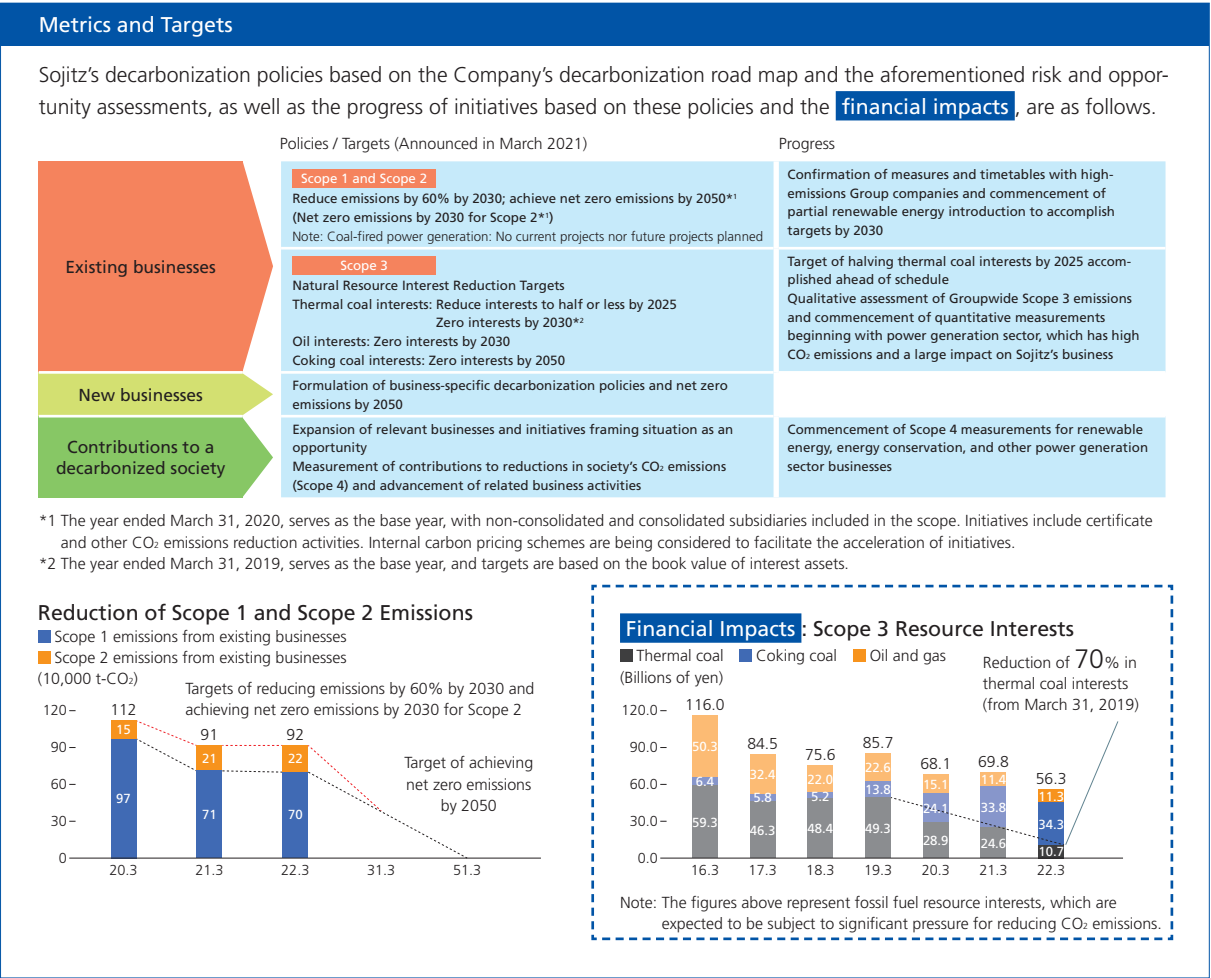


Strategy

◆ Scenario Analyses and Financial Impact

Based on external investigations and internal analysis, we are conducting scenario analyses of the financial impacts of coal interest and power generation businesses, fields believed to present the greatest risks and opportunities to the Group's business activities, management strategies, and financial planning. In addition, water is an area that will require assessment in relation to the physical risks that may emerge if we are unable to limit climate change and global warming becomes more extreme.

Transition risks	Risks	Opportunities
Coal interest businesses	<b>Analysis Method:</b> We analyze the value of Sojitz's assets based on demand and price projections using a number of scenarios projecting trends leading up to 2050, including the Net Zero Emissions by 2050 Scenario.	All scenarios analyzed by the Group estimate increases in supply and demand for renewable energy. Moreover, the Sojitz Group views the transition to a decarbonized society as a business opportunity. We are thus working to capitalize on this opportunity through renewable energy and other decarbonization businesses as well as through businesses that support the transition, such as high-efficiency gas-fired thermal power generation and energy service company businesses.
	<b>Financial Impact</b> Thermal coal interests will not have an impact on Sojitz's business as the Company is currently working to completely eliminate thermal coal interests by 2030. Moreover, we aim to eliminate coking coal interests by 2050 while accounting for trends in the development of alternative technologies, and the impacts of such asset degradation will be limited.	
Power generation businesses	<b>Analysis Method:</b> We analyze the impact of carbon prices, demand fluctuations, and the cost competitiveness of Sojitz's assets in a number of scenarios projecting trends leading up to 2050.	Major Successes in FY2021 ◆ Commencement of construction of large-scale solar power generation facility in Australia ◆ Entry into energy service company business in the United States
	<b>Financial Impact</b> The power plants that will be affected by carbon prices and demand fluctuations are limited in number, and we do not believe that those plants which will be affected will be impacted financially as a result of the effects of asset degradation.	
Physical risks	Sojitz tracks overall water risks through wide-ranging assessments of Group companies that are heavy users of fresh water. We also identify assets that are vulnerable to flood risks and measure the potential financial impacts (exposure). For more information, please refer to Sojitz's corporate website. <a href="https://www.sojitz.com/en/csr/environment/tcfd/">https://www.sojitz.com/en/csr/environment/tcfd/</a>	

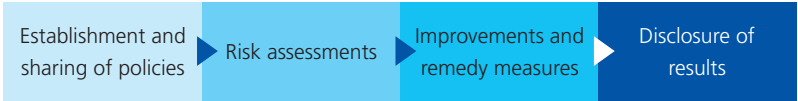


Sustainability Challenge—Human Rights

Supply Chain Human Rights Initiatives

As a general trading company, Sojitz is involved in a diverse range of industries. Accordingly, we are actively tracking and mitigating environmental and human rights risks to ensure respect for human rights across our supply chain. In this regard, the Sojitz Group promotes its initiatives in accordance with the UN Guiding Principles on Business and Human Rights while referencing the International Bill of Human Rights and the OECD Guidelines for Multinational Enterprises.

Process Described in UN Guiding Principles on Business and Human Rights



Establishment and Sharing of Policies

The Sojitz Group CSR Action Guidelines for Supply Chains have been established based on the Ten Principles of the United Nations Global Compact. We share these guidelines with our suppliers and Group companies and ask for their understanding and compliance with all policies.



◆ Frontline Employee Awareness Raising

Ensuring respect for human rights across the supply chain requires the awareness of frontline employees. Based on this recognition, we request that Group companies submit documentation to confirm that they are effectively promoting understanding regarding human rights and raising awareness among frontline employees. In addition, the Corporate Sustainability Office practices direct communication with representatives from Group companies in order to verify the extent to which policies and initiatives have been communicated throughout the company in question, confirm the status of on-site measures, and gather feedback to promote greater levels of awareness.

Risk Assessments

◆ Identification of High-Risk Areas for the Sojitz Group

The Business & Human Rights Resource Centre, an NGO based in the United Kingdom, maintains a database with examples of environmental and human rights risks. This database is used to identify areas of Sojitz Group businesses in which risks are particularly high and to analyze and confirm the areas of the supply chain in which environmental and human rights risks are generally most likely to appear.

Sojitz’s Environmental and Human Rights Risks Across the Supply Chain

High-Risk Areas for the Sojitz Group	Upstream		General Supply Chain		Downstream	
	Interests and Forestry Development	Mining Interests and Raw Material Cultivation	Raw Materials, Product Manufacturing, and Processing	Wholesale	Retail and Services	
Oil and natural gas	Land expropriation	Pollution				
Minerals	Land expropriation, deforestation	Pollution				
Lumber	Deforestation	Labor problems				
Sugar	Land expropriation, deforestation	Labor problems				
Textiles		Labor issues, water pollution	Labor issues, water pollution			Excess waste
Chemicals			Atmospheric and water pollution			
Food						Labor issues
Telecommunications						Information leakage

◆ Risk Assessment PDCA Cycle

Under the supervision of external consultants, we inspect our internal initiatives and confirm new issues to ensure that the actions taken throughout the Sojitz Group to address risks are sufficient. In addition, direct communication is practiced with Group companies to spread awareness and promotion of initiatives targeting our wide-ranging supply chains.



◆ Formulation of Individual Policies

To complement the Sojitz Group CSR Action Guidelines for Supply Chains, Sojitz has formulated policies related to high-risk areas where social standards are being developed, particularly lumber, minerals, and palm oil. Area-specific guidelines were referenced to organize our policies in regard to these areas, and action is being taken based on the established policies.

Improvements and Remedy Measures and Disclosure of Results

Risk assessments of high-risk areas performed in the year ended March 31, 2022, found no issues with the measures taken at Sojitz Group companies or across the Group’s supply chains. Ongoing improvements through a PDCA (plan–do–check–act) cycle as well as timely and appropriate disclosure will be pursued in relation to these areas while incorporating input from external specialists.

For more information on major initiatives in the year ended March 31, 2022, please refer to Sojitz’s corporate website. [https://www.sojitz.com/en/csr/sojitz\\_esg/s/human\\_rights.php](https://www.sojitz.com/en/csr/sojitz_esg/s/human_rights.php)

TOPICS

**Sojitz ESG BOOK**

Information on Sojitz’s initiatives based on specific social issues, including those not related to climate change or human rights, can be found in the Sojitz ESG BOOK section of the Company’s corporate website. Committed to transforming the resolution of social issues through its business into corporate strength, Sojitz will bolster its operating foundation in order to maximize two types of value—value for Sojitz and value for society.

[https://www.sojitz.com/en/csr/sojitz\\_esg/](https://www.sojitz.com/en/csr/sojitz_esg/)

Environment

Social

Governance

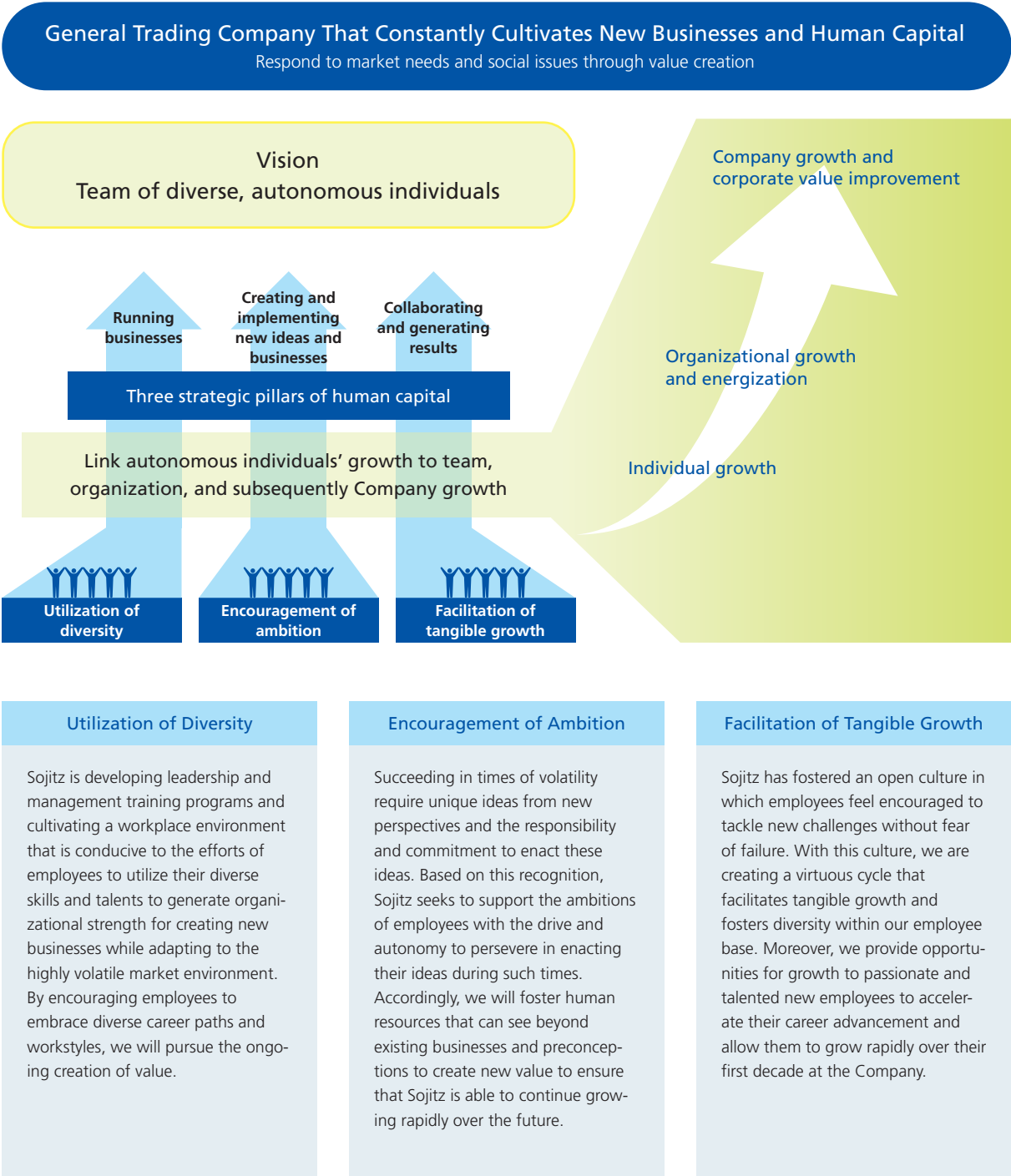


Human Resource Strategies

Emphasis on Human Capital in Management for Continuously Cultivating Human Resources Who Create Value

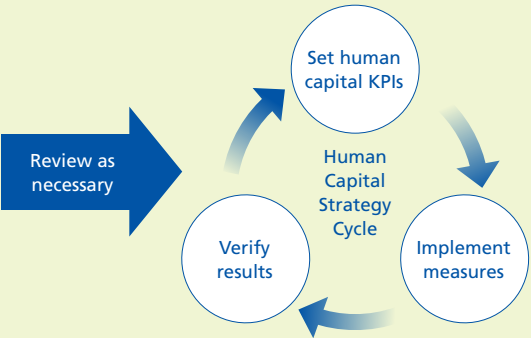
Human resources are Sojitz's greatest asset and an important form of management capital. Increasing the capabilities of our human resources will translate directly to the creation of greater value. We therefore aim to foster human resources who can think, act, and persevere on their own to transform change into opportunities and thereby create new value on the global stage.

Guided by the belief that the growth of a team of diverse, autonomous individuals will contribute to value creation, we have defined three strategic pillars of human capital: utilization of diversity, encouragement of ambition, and facilitation of tangible growth. Sojitz is committed to the creation of value and the improvement of corporate value through the ongoing optimal mobilization of diverse individuals (human capital) adept at adapting to the changing environment.



Human Capital KPIs for Creating Value

In June 2021, Sojitz established human capital key performance indicators (KPIs) to guide the implementation of human resource strategies that are linked to management strategies. Accordingly, the Company's human resource development initiatives are being advanced based on quantitative measurements of the degrees of understanding and dissemination of human resource measures. The status and progress of human resource measures are reported to the Management Committee and the Board of Directors every six months in order to facilitate discussion among management. These matters are deliberated on and confirmed at venues such as meetings of the Management Committee and information sharing sessions between the president and outside directors. With dynamic and flexible KPIs that can be revised based on the operating environment trends and the degree of dissemination of human resource measures, we are implementing monitoring systems while adjusting measures as necessary.



INPUT/OUTPUT (Human Capital Enhancement)					OUTCOME Value Created	
Focus Areas	Human Capital KPI Targets	Progress		Target		
Empowerment of women employees	Ratio of female career track employees with domestic or overseas working experience	FY2020	FY2021	40% (FY2023)	Ratio of female employees: Around 50% (2030s) Ratio of female section managers: Around 20% (FY2030)	Team of diverse, autonomous individuals
		19%*1	34%			
DX-Experts	Digital fundamentals training All career track employees	December 2021 Launched March 2022 Basics program content released (Reference) July 2022 Experienced program content released		100% (FY2023)	Ratio of employees with digital experience and digital experts: Around 25% (FY2030)	Running businesses
Locally hired human resources	Overseas operating company CxOs	40%	40%	50% (FY2025)		Creating and implementing new ideas and businesses Collaborating and generating results
Ambition	Challenge-taking index (Rate of positive evaluation by supervisor regarding agreed ambition targets)	51%	39%*2	70% (FY2023)	Challenge-taking index • Motivation • Workplace environment Maintain at 90% or above  Personal growth / Contribution index Maintain at 90% or above	Vision for 2030 General trading company that constantly cultivates new businesses and human capital
Feeling personal growth						
Health management	Additional medical checkups taken when recommended	20%	49%	70% (FY2023)		Workplace environment supporting employees
Childcare leave	Childcare leave taken (Rate of childcare leave taken by men)	68% (56%)	87% (83%)	100% (FY2023)		

\*1 As of June 30, 2021  
\*2 Ambition targets used in annual evaluation processes set on a voluntary basis in FY2020 (prior to establishment of human capital KPIs) but required of all career track employees from FY2021

Message from the COO of the Human Resources Department, General Affairs & IT Operation Department



**Masakazu Hashimoto**  
Managing Executive Officer  
COO, Human Resources Department, General Affairs & IT Operation Department

Since joining the Company in 1990, Masakazu Hashimoto has continued to be involved in areas related to machinery and infrastructure. After serving as COO of the Infrastructure & Healthcare Division, he assumed the position of COO of the Human Resources Department and the General Affairs & IT Operation Department in April 2022. Hashimoto is leading our human resource strategies in this capacity.

Assembly of a Team of Diverse, Autonomous Individuals

After joining Sojitz, I spent 32 years in sales. Recently, I served as COO of the Infrastructure & Healthcare Division before becoming COO of the Human Resources Department and the General Affairs & IT Operation Department in April 2022. Sojitz’s vision for 2030 is becoming a general trading company that constantly cultivates new businesses and human capital. I am strongly committed to leading our human resource strategies toward the accomplishment of this vision.

Our employees are our greatest asset. If we are to draw out and utilize the maximum potential of our people, it will be imperative for us to adopt an approach toward management that emphasizes human capital. This will entail reframing our people, previously thought of as human “resources” to be managed, as human “capital” for generating value through investment. In order to create value led by human capital, it is important to support the independence and growth of individuals, which in turn will lead to organizational and company growth. This should be coupled with efforts to make the improvement to corporate value something tangible to employees in order to generate a virtuous cycle that drives the growth of individuals.

The entrenchment of such a cycle will require support from human resource measures. This is why I position the Human Resources Department as a partner for supporting

the implementation of management and business strategies from the perspective of human resources.

When I think about it, the human resource strategies and measures I saw when I was in sales positions had some aspects about them that made it difficult for these strategies and measures to be linked to management and business strategies. In times of intense volatility, it is important to effectively capitalize on any opportunities presented. This should be done by tracking human capital on a Companywide basis and flexibly reallocating and repositioning this capital to push us forward toward the accomplishment of our medium- to long-term vision. I believe there must be a role to play in order to ensure that our human resource strategies are more effectively linked to management and business strategies from a perspective versed in frontline operations. This recognition fills me with a sense of commitment toward improving Sojitz’s corporate value through management emphasizing human capital. I will go about doing this by developing an environment that is in line with Sojitz’s culture and that allows every employee to deliver their maximum performance. I will also value the individuality of all employees, recognizing that they are our most important asset.

Some might ask what needs to be done to introduce into the front lines human resource measures that employees will be receptive toward. The answer is

Debate on Human Resources at Intensive Discussion Sessions

Sojitz arranges intensive discussion sessions in the form of management retreats that take place in the summer and see participation by members of management including outside directors and the heads of business and functional divisions. Human resource strategies have been a major theme of discussion at these sessions, which have been a forum for lively debate on the type of human resource strategies needed to realize our vision for 2030. We will continue to use these sessions as an opportunity for discussions with frontline workers to drive the ongoing evolution of our human resource systems.

Major Topics of Discussion Regarding Human Resource Strategies

- Job-type systems suited to Sojitz
- Commitment needed for transformation
- Sojitz’s corporate culture (elements to be preserved and elements to be changed)



“communication.” People’s values are changing and growing more diverse. By communicating with our people, we can develop a better understanding of their diverse values and how they feel about their careers. This should be our first step in creating an environment that is comfortable for all employees and that supports them in chasing their ambitions. It is for this reason that I aim to ramp up discussion on the subject of human resources. Specifically, I look to increase the number of times I sit down to talk with CEOs of overseas operations and the COOs of business and function divisions to twice a year. Meanwhile, we devote a great deal of time at our intensive discussion sessions, management retreats for all officers, to discussions on the subject of human resources while also regularly raising the subject at meetings of the Board of Directors. This level of communication allows me to gain input regarding the frameworks for and progress of our human resource strategies from a variety of perspectives. By continuing to engage in such constructive discussion, I hope to encourage changes in the behavior of the front lines by implementing truly Sojitz human resource measures that are highly effective and grant employees a feeling of motivation and accomplishment.

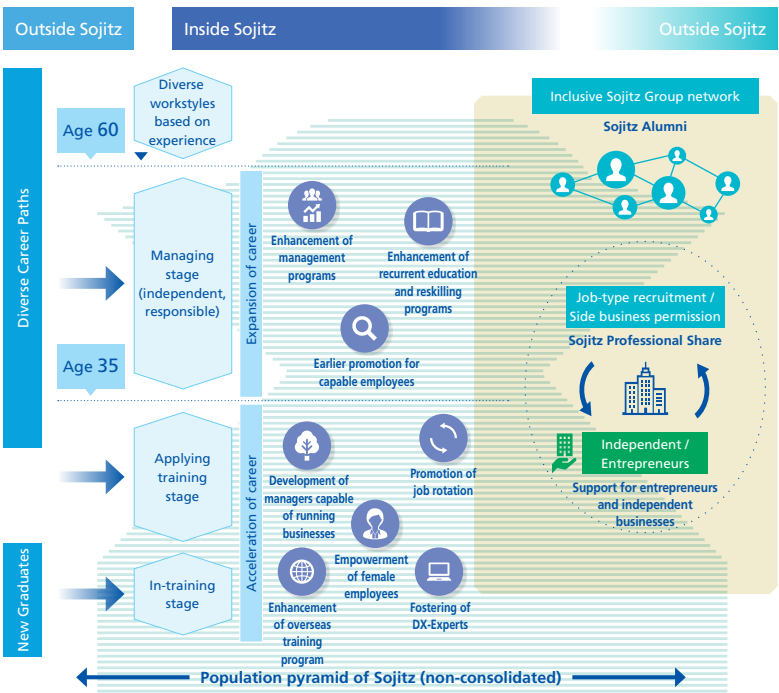
The goal of our human resource strategies is to assemble a team of diverse, autonomous individuals. As such, diversity is one of our areas of focus. The reason we are so focused on diversity is because we understand that it will help us create innovation. We are thus promoting diversity in our recruitment of new graduates and mid-career individuals while providing junior employees with opportunities for rapid growth during their first 10 years at the

Company. A major characteristic of our personnel is how many of our employees have insight regarding multiple industries and areas of expertise. I believe that fostering such environments conducive to the mobilization of individual diversity will be key to creating innovation. My first position as a division head was in an organization tasked with the development of renewable energy, transportation, social infrastructure, and other next-generation businesses. This organization, which would later give rise to the Infrastructure & Healthcare Division, was staffed by a small team assembled from various organizations. I remember having trouble exploring new business opportunities while managing our team members, who, despite having diverse backgrounds, were lacking real experience. When I think about it today, I cannot help but realize that it was how we found our own individual motivations and utilized our respective backgrounds while covering for each other’s shortcomings that allowed us to grow our business to the point where it is supporting Sojitz today.

To reiterate, my role is to link our human resource strategies and measures to our management and business strategies or, in other words, to encourage the autonomous action of employees and tie this action to the creation of new value. I am committed to drawing out the potential of the frameworks we have developed thus far to accomplish this goal. Ambition and transformation are ingrained in the very DNA of Sojitz. If we can institute these principles into our frameworks, I am confident that we can accomplish our vision of becoming a general trading company that constantly cultivates new businesses and human capital.

Internal and External Support for Diverse Career Development  
Workplace Environment Attracting and Stimulating Mutual Growth of Diverse Human Resources

Sojitz is developing a workplace environment that transforms diversity into competitiveness and incorporates new ideas and opinions in an effective and multifaceted way to create value. Our workplace environment attracts diverse and ambitious human resources and encourages them to pursue mutual growth while generating innovation. Going forward, we will keep evolving our workplace environment together with the times, without being bound to past conventions such as lifetime employment and seniority based on years of service. We thereby aim to ensure that employees with diverse values and career aspirations are highly motivated and can continue to develop their careers.





Utilization of Diversity

Empowerment of Women Employees

Have established a dedicated organization for promoting diversity management, Sojitz is advancing efforts from a medium- to long-term perspective to develop a workplace environment in which contributions by women employees are commonplace. Moreover, we are bolstering our human resource pipelines among all age groups while helping employees gain experience and encouraging them to pursue career development with the aim of increasing the representation of women in management decision-making.\*

\* Two executive officers at Sojitz were women as of July 31, 2022.

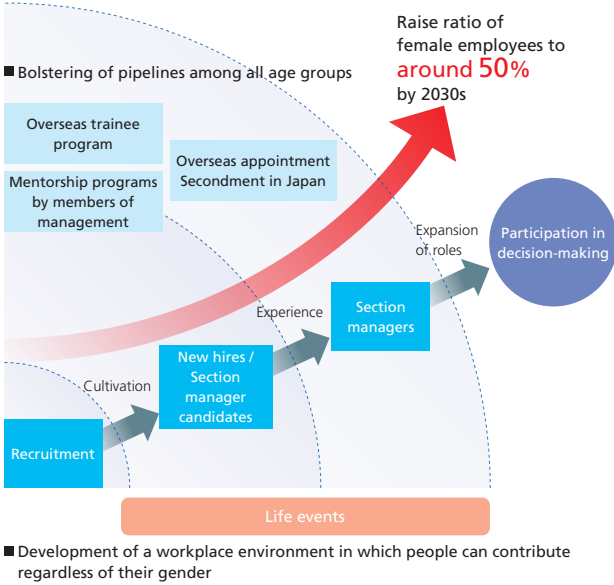
Initiatives in FY2021

- Emphasizing new graduate and mid-career recruitment drives for female career track employees
- Appointment of female employees to management positions
- Increasing ratio of female career track employees with domestic or overseas working experience
- Mentorship programs by members of management for female career track employees around age 30
- Dispatch of female employees to executive programs for managers and other external training programs

In April 2022, childcare leave systems were revised to encourage active acquisition of leave and participation in child-rearing by male employees. In assisting employees in balancing their work with child-rearing, regardless of their gender, we recognize that fostering a supportive workplace environment is imperative to creating a corporate culture in which female employees can continue to contribute with no need to halt their careers for childbirth, child-rearing, or other life events.

Women's Empowerment Targets and Progress

Human Capital KPIs	Ratios of women employees among:	FY2020		FY2021		Medium-Term Management Plan 2023 Targets (FY2023)	FY2030 Targets		2030s
Pipelines	Section managers	8.6%	9.1%	10% or more			around 20%		
	Section manager candidates	12%	12%				around 30%		
	New hires (career track)	32%	44%	maintain at 30% or above					
Long-term Perspective	All employees	28%	29%						around 50%



Utilization of Locally Hired Employees

Sojitz is increasing the number of chief officer positions filled by locally hired employees with the goal of better entrenching its operations, centered on overseas operating companies, into local networks in order to expand its business domain and co-create new businesses. In the year ended March, 31, 2022, the ratio of overseas chief officer positions filled by locally hired employees was 40%, and we look to raise this ratio above 50% by the year ending March 31, 2026. Moreover, we aim to bolster information sharing in overseas regions in order to facilitate market-oriented initiatives, seize new business opportunities, and promote co-creation and sharing. To this end, the Company has established an advisory board membered by the locally hired leaders of overseas operating companies and appointed locally hired directors. In addition, we are enhancing discussions at the boards of directors of overseas subsidiaries through the appointment of outside directors and advisors.

In August 2022, an advisory board meeting was held with attendance by the chief officers of operating companies in the Americas. Sojitz Corporation President Masayoshi Fujimoto participated and took part in the lively debate about the growth strategies to be implemented going forward. This meeting provided an opportunity for the leaders of operating companies involved in different business fields to engage in co-creation and sharing, thereby facilitating coordination through the Sojitz Group's network, which will be used to create value.



Empowerment of Mid-Career Hires

Sojitz is focused on recruiting mid-career individuals as part of its efforts to acquire management and digital transformation personnel and to improve its diversity in terms of gender and nationality. We are seeing an increasing number of cases in which mid-career hires are involved in management, utilizing internal resources together with the skills and experience they gained outside of the Company. Specifically, on March 31, 2022, around 20% of management posts and 30% of corporate posts were filled by mid-career hires. Moreover, mid-career hires accounted for 29% of all new hires in the year ended March 31, 2022.

In the past, I was involved in the organizational restructuring of a local company while working in London. This was a tough process, but we were able to succeed thanks to the strong teamwork among all members, including others on overseas assignment. In the future, as a section manager at Sojitz, I plan to focus on human resource development in order to cultivate highly skilled individuals who can have a strong presence in overseas operations.



Akiko Higa  
Section Manager  
Group Administration  
Section  
Corporate Accounting  
Department

I believe that the experience at Sojitz that most contributed to my growth was the acquisition of an energy service company in the United States. The process of advancing the project while calling upon my connections with local colleagues, supervisors, and other business associates really pushed me to the next level. In the future, I hope to provide an environment and opportunities that give newer employees the same feeling of growth.

Takuya Shimizu  
Section Manager  
Section 3, Power Infrastructure  
Department  
Retail & Consumer Service  
Division

**Examination of Human Resource Measures and Tracking of KPIs Based on Employee Input**

Employee engagement surveys are implemented regularly to gain a better understanding of the autonomous, goal-oriented ambitions of employees and of the environment in which these employees work. The information from the surveys can be analyzed and used to formulate more effective human resource strategies. These surveys have revealed the importance of accelerating the advancement of the careers of female career track employees, as a large portion of these female employees desire to go on overseas assignments and have relatively high appetites for growth in their 20s, earlier than male employees. Based on this revelation, the ratio of female career track employees with domestic or overseas working experience has been set as a KPI. Proactive dispatch of female employees on such assignments resulted in women representing 50% of dispatched employees in the year ended March 31, 2022, despite women only accounting for 25% of applicable employees.

**Ayako Yamada**  
Section Manager, Regional Co-Creation Section  
Agriculture & Regional Development Office  
Consumer Industry & Agriculture Business Division

During my fifth year at Sojitz, I was sent to work at a grain accumulation company in Brazil, where I spent roughly two years as a trainee. There, I worked together with local employees and partners, engaging in teamwork based on the perspective of those I was working with. This broadened my horizons and proved to be an invaluable experience that has helped me build trusting relationships. I would later go on to take maternity and childcare leave twice, but I was able to maintain my confidence and motivation even after coming back from leave thanks to this experience.

**Distribution of current managers based on age at time of first overseas assignment**

● Ratios of employees offering affirmative responses with regard to desire to grow or achieve self-actualization through overseas assignment on engagement surveys (ratio of top two choices from among "somewhat agree," "agree," and "strongly agree")

Average age of first childbirth in Japan (30.7)

Men 70%  
Women 62%

79%  
58%  
66%  
36%

Age

Health Management

Development of a Comfortable Workplace Environment in Which Employees Are Motivated and Succeed

We recognize that our management strategies can only be successfully implemented when our employees are in good physical and mental health and are offered a comfortable workplace environment. For this reason, the president is leading a team tasked with developing a workplace environment in which employees are motivated and can continue to succeed. In addition, health management has been positioned as a management strategy, as seen in the identification of the rate of additional medical checkups taken when recommended as a human capital KPI in 2021.

We also have set the goal of raising the ratio of female employees to around 50% by 2030. Accordingly, Sojitz has therefore launched the following initiatives with the goal of building an environment that is conducive to the ongoing contributions of employees of all genders.

- Implementation of childcare leave systems shared by both male and female employees
- Provision of cervical cancer and breast cancer screening to employees of all ages
- Appointment of gynecology specialists to in-house clinics
- Coordination with Cradle Inc. to arrange online seminars led by physicians and specialists and provide support for infertility treatment

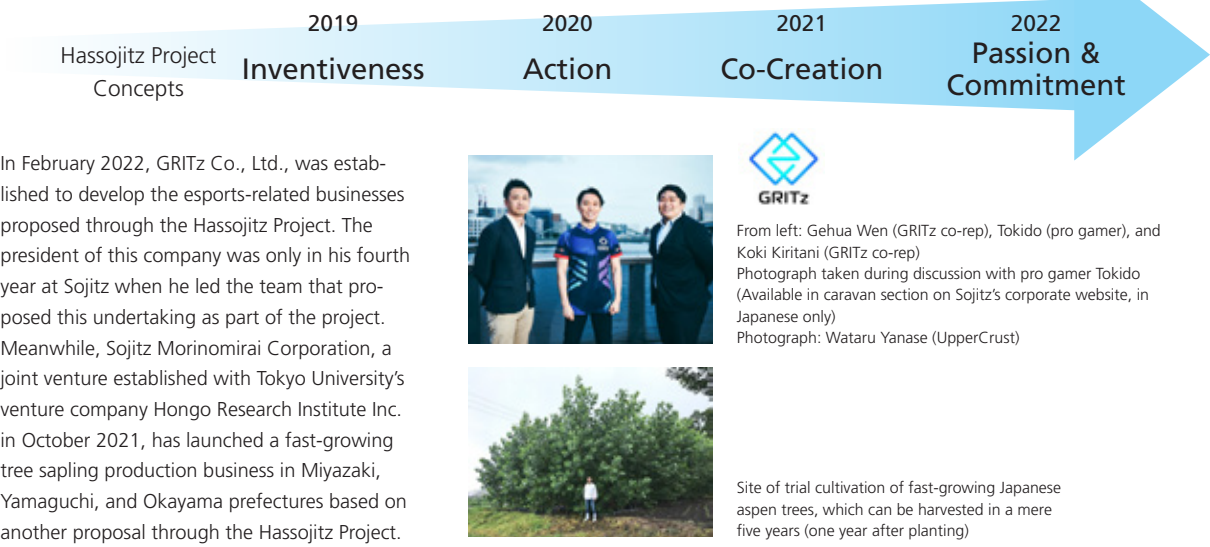


President Fujimoto with Hiro Ozaki, president and CEO of Cradle Inc., when discussing the importance of understanding women's career development issues in organizational management  
Photograph provided by Wataru Yanase (UpperCrust)

Encouragement of Ambition / Facilitation of Tangible Growth

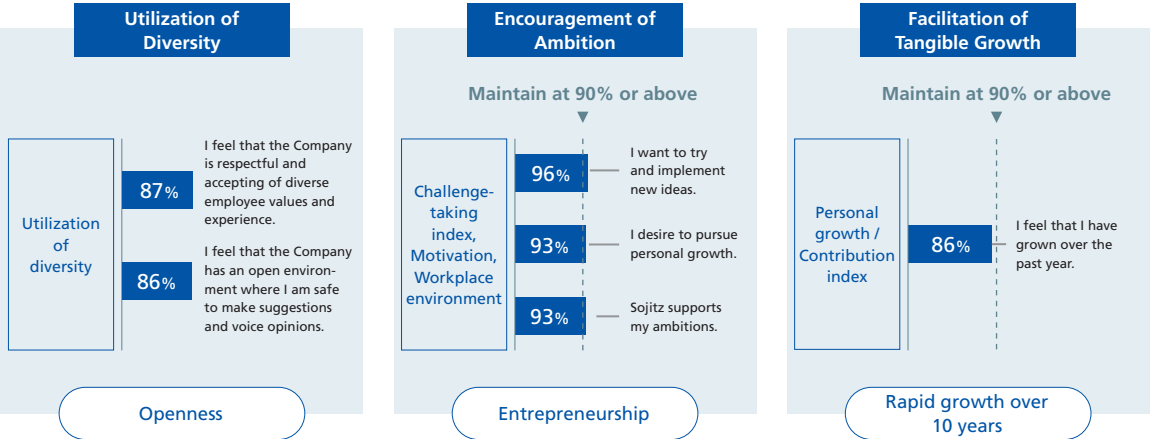
The Hassojitz Project is a new business creation project launched in 2019 based on a suggestion by President Masayoshi Fujimoto. This project functions as one of our unique frameworks for creating distinctive Sojitz value that contributes to the pursuit of new ambitions and the implementation of new ideas. Now in its fourth year, the various ideas proposed through this project have begun to take form as new businesses. At the same time, the project has contributed to the entrenchment of a corporate culture of cross-organizational co-creation. Going forward, we will continue our efforts to grow new businesses born out of a culture of openly supporting employee ambitions while engaging in co-creation and sharing with external partners.

Businesses Created through the Hassojitz Project



Essence of Sojitz's Culture Revealed through Engagement Surveys

Sojitz began conducting employee engagement surveys in 2017. Under the guidance of an external specialist, we are introducing into these surveys unique questions developed to help us gain a better understanding of conditions within the Company for use in guiding effective human resource strategies. Questions related to our corporate culture have revealed truths about the essence of Sojitz's culture of supporting the ambitions of diverse employees. The survey conducted in August 2022 had a response rate of 99% (up from 91% for the 2021 survey). The results of these surveys have been reflected in human capital KPIs and officer compensation to promote management emphasizing human capital.



Cycle of Value Creation through Inclusive Sojitz Group Network

Sojitz Alumni

Sojitz Alumni is a platform for expanding our business scope through networking among current members of Sojitz as well as former members who continue business or social contribution activities even after leaving the organization. Through this platform, we will build an inclusive Sojitz Group network that creates opportunities for businesses and open innovation in order to expand the range of new business opportunities we have access to. This platform is one of our efforts toward becoming a general trading company that constantly cultivates new businesses and human capital by ensuring that Sojitz is always a company with which employees want to continue to be involved, even after leaving.



From left: Masayuki Takajo (vice chairman of Sojitz Alumni and president, chief executive officer of Chip One Stop, Inc.), Mamoru Tatsumi (representative director and Co-CEO of Canly Inc.), and Koichi Yamaguchi (president & CEO for the Americas of Sojitz Corporation and president of Sojitz Corporation of America)

Together with a former employee, Sojitz invested in Canly Inc., a company that develops and deploys systems for integrated management of store and facility information.

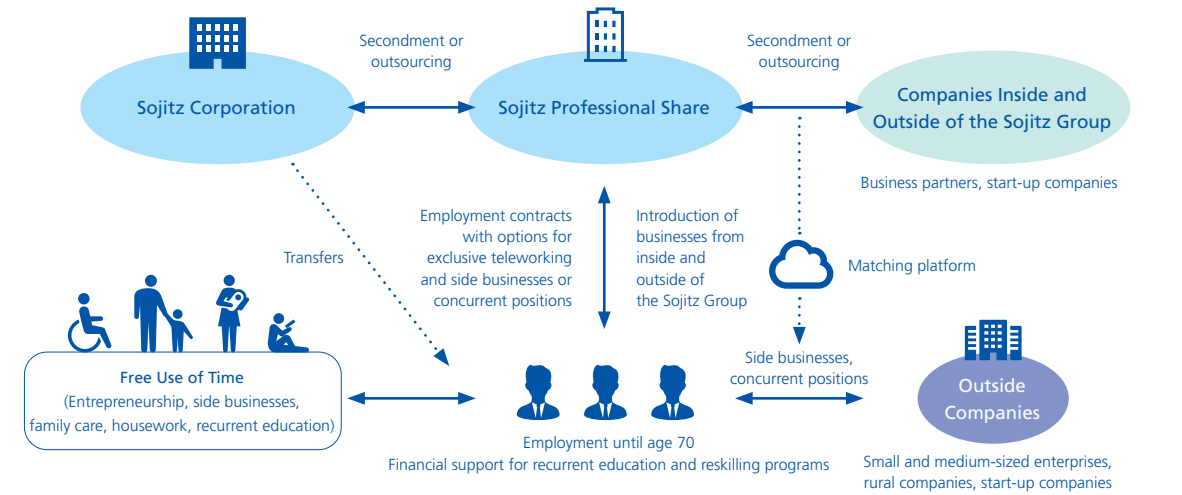
Sojitz Professional Share



Hiroshi Murayama  
Sojitz Professional Share Co., Ltd.

Sojitz Professional Share Co., Ltd., is a company for job-based employment that functions as a career platform available to employees over the age of 35 to further their diverse career goals and life plans. This company allows employees to work until the age of 70, has no restrictions on workplace or time, and authorizes side businesses and entrepreneurial ventures. Employees that transfer to Sojitz Professional Share are able to apply the skills and experience they have acquired at Sojitz to businesses inside and outside of the Company in order to provide new value under this framework.

I transferred to Sojitz Professional Share out of a desire to utilize the knowledge learned from my MBA and the experience I gained at Sojitz. At the moment, I spend four days a week contributing to the Sojitz Group's business and one day providing consulting services to small and medium-sized enterprises as a private business operator. In the future, I hope to also use my skills in the area of corporate organizational development to propose workstyles that can address the labor shortages and various other issues facing society.



Sojitz has been awarded the highest prize at the 4th Platinum Career Awards\* out of reflection of Sojitz Professional Share and other initiatives for respecting the diverse values of employees and supporting autonomous career development.

\* The Platinum Career Awards is organized through a partnership between the Initiative for Co-creating the Future, which is operated by Mitsubishi Research Institute, Inc., and Mitsubishi UFJ Trust and Banking Corporation, with sponsorship from the Ministry of Health, Labour and Welfare and the Tokyo Stock Exchange.





Message from the CDO

Sojitz's Value Creation and Digital Transformation Initiatives

**Tomomi Arakawa**  
Executive Officer  
CDO (Chief Digital Officer)

Tomomi Arakawa joined IBM Japan, Ltd., as a system engineer in 1985. After filling roles related to services, hardware, software, and digital technology sales, she became a director at this company in 2014 before being appointed as its first chief digital officer in 2015. Arakawa assumed the role of executive officer and CDO at Sojitz in December 2021, and she has since continued to lead the Group's digital transformation strategies.



Digital Transformation Strategies for Creating New Value

Sojitz has defined its vision for 2030 as becoming a general trading company that constantly cultivates new businesses and human capital. Data and digital technologies will play an indispensable role toward realizing this vision. We therefore aim to increase our business value and create new value by making digital technologies a common skill in which all employees are proficient and utilizing these technologies to drive business portfolio reforms. This pursuit is one facet of our management strategies. I am confident that advancing such efforts will heighten our profits while also helping Sojitz contribute to a better society. There are two main focal points that I have adopted in advancing these strategies.

The first focal point is the acceleration of data usage and technology implementation in existing businesses for increasing value and creating new value. At Sojitz, the president himself chairs the DX Promotion Committee, and, in this capacity, he actively discusses how to apply digital technologies to our businesses together with the

heads of business and functional divisions in order to achieve swift decision-making.

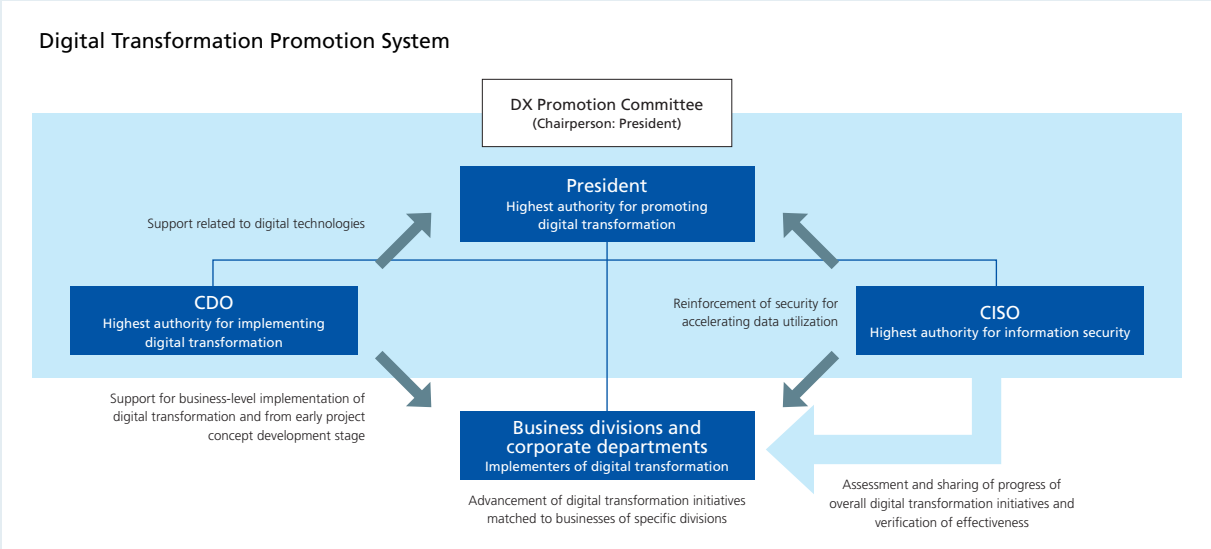
Utilizing digital technologies in the wide range of business areas we engage in as a general trading company will require us to act based on an understanding of market needs and the customers in each individual business area. One technology I can imagine us using is digital twin, which involves creating a digital copy of a physical environment based on data. There is no limit to the potential ways in which we can create value by installing this technology in various businesses. I also believe digital technologies have the power to form connections that facilitate the collaboration of value in a manner that exceeds the boundaries of business divisions.

The second focal point is the cultivation of DX-Experts. Leading up to 2021, Sojitz implemented entry, basic, and

other digital technology education programs to help make digital technologies a common skill. We later judged that cultivation of employees with skills for practical application of digital technologies was a pressing task for developing co-creative businesses that utilize digital technologies together with internal and external partners. This decision led to our developing new digital technology education programs in July 2022. When surveying the Company to determine the appropriate curriculum for this program, I learned that the number of candidates for becoming DX-Experts who have acquired knowledge on digital technologies was much higher than I imagined. What's more, these candidates could be found in various divisions throughout the Company. This discovery was most pleasing. This is because of how important it is to think about digital technology education from the perspective of both businesses and technologies. I asked some of these

individuals to join me in developing our new education programs, and they were eager to lend a hand. With the new programs, we will accelerate the cultivation of employees with the skills needed for practical application of digital technologies to create value together with partners through the use of this common skill.

Sojitz is a company that takes on new challenges and continually transforms itself. My desire to become a member of Sojitz was sparked by my admiration of this trait. I did not want to simply hop on the digital transformation trend; I wanted to use digital transformation as a tool for shaping tomorrow. This is why I desired to join Sojitz and become a vessel of transformation. The ability to stand up to adversity is a powerful driver of transformation. I therefore hope to see Sojitz unite based on a passion to advance digital transformation strategies.



Road Map for the Development of DX-Experts

Sojitz is cultivating DX-Experts and driving business portfolio reforms in order to raise corporate value in pursuit of its vision for 2030 of becoming a general trading company that constantly cultivates new businesses and human capital.

General trading companies engage in a diverse range of businesses capitalizing on vast base networks that spread across the globe, which can make it unrealistic to advance digital transformation based on a single uniform approach. It therefore is crucial for a large number of employees to exercise the skills and perspectives necessary for utilizing data and digital technologies in their everyday work. With this in mind, we have formulated systematic programs for developing such DX-Experts. The programs comprise five levels: entry (all employees), basic (all career track employees), experienced (300 employees), expert (40 employees), and thought leader (small number of employees). The experienced, expert, and thought leader levels are considered practical application levels. We have also defined two fields for additional practical application-level programs: data analysis, which entails employing data analyses when making business decisions and automating decision-making processes, and business design, which involves executing the ideas and developing the prototypes needed to create new businesses. Through these programs, Sojitz seeks to heighten the specialized skills of its workforce.

Skill Level		Expected Role / Position
Practical Application	Level 5: Thought Leader	Guidance and oversight of experts and leadership in transforming organizations and businesses with data and digital technologies
	Level 4: Expert	Resolution of issues, creation of businesses, and improvement of value as leaders in the use of data and digital technologies
	Level 3: Experienced	Support for analyzing data and developing applications under the guidance of experts
Level 2: Basic		Examination of application of IT to business activities using basic knowledge (IT literacy, digital marketing, data science, information security)
Level 1: Entry		Action based on the entry-level knowledge required of all employees that deal with IT (acquisition of national IT Passport certification)
Practical Application-Level Skill Areas	Data Analysis	Resolution of issues through data analysis
	Business Design	Improvement of value of existing businesses and creation of new businesses through use of digital technologies

Digital Transformation for Accelerating Value Creation

Creation of Better Customer Experiences with Digital Technologies

**Arakawa** ♦ We are currently working together with business divisions to implement digital technologies in existing and new businesses. The Automotive Division is developing a business that puts it especially close to end-users when compared to other Sojitz divisions. I understand that this division was swift to begin utilizing digital technologies from a market-oriented perspective, and that these efforts have been producing results.



Tomomi Arakawa  
Executive Officer, CDO  
(Chief Digital Officer)

**Kanetake** ♦ That is true. One example of these efforts can be seen in our dealership business. In this business, we are using digital technologies to improve convenience and purchasing experiences for customers. When dealing in secondhand vehicles, for example, it is important for buyers to be able to gather information on the condition of the specific vehicle they are looking to purchase as every second-hand vehicle is unique. This is why it is common for people to make purchases after inspecting the actual vehicle. We, however, are looking to develop a new business model that uses digital technologies to allow buyers to acquire the same level of information as is gained from

looking at a vehicle in person, if not more, without having to actually go see the vehicle. This business model entails using digital twin technology. We use apparatuses that can scan an entire vehicle, inside and out, to create a digital twin in a matter of minutes. This digital twin can then be inspected by prospective buyers from a variety of angles to look for any scratches or dents or even areas where the paint has been touched up that might be difficult to see with the naked eye.

**Arakawa** ♦ You mean to say that this system will make it possible for conditions that would be difficult to assess if one is not a professional secondhand vehicle appraiser to be presented as data to be viewed via a PC or some other device. That is something quite new. This would constitute a new purchasing experience of making decisions based on a digitized version of a physical item. It might even eliminate the need to go to a dealership.

**Kanetake** ♦ In addition to benefiting customers, this technology also has the potential to transform the secondhand automobile dealership industry. The flow of business for secondhand automobile dealerships involves buying cars at auctions, photographing them after delivery, and uploading these photographs to the internet to commence sales activities. This is a burdensome and time-consuming process. Our digital twin technology, meanwhile, makes it possible for dealerships to bid on vehicles based on digital twin data and to then start

sales activities by uploading the digital twin data immediately after the car has been purchased from the auction. This approach involves less time and fewer costs while also contributing to higher inventory turnover rates.

**Arakawa** ♦ Improving purchasing experiences from the eye of the customer is certainly a market-oriented initiative. This initiative is definitely a prime example of implementing digital technologies to lead industry-wide transformation. I hear that the Automotive Division is also using augmented reality and VR technologies to allow for vehicles to be experienced and negotiations to be made in a virtual space. I believe that this is an initiative targeting sales of new automobiles.

**Kanetake** ♦ Starting a new car dealership requires a massive investment that includes acquiring a large plot of land, building or renovating showrooms, and procuring vehicles to be displayed and sold. The VR showrooms we are proposing make it possible to open a dealership in a small location, such as in an urban area or shopping center. When VR headsets become more widely owned, people could even visit stores virtually from their homes just by connecting to the internet.

**Arakawa** ♦ Another important aspect of these initiatives is the ability to collect data for better understanding customers. Going back to your secondhand vehicle initiative, if we can collect and use data on the type of things that consumers focus on when making purchasing decisions, it will be possible to apply that data to new business fields. These initiatives could also be used as an avenue for transforming our business portfolio to become a general trading company that constantly cultivates new businesses and human capital. I look forward to working together with business divisions to use data and digital technologies in Sojitz's wide-ranging businesses in order to create value and grow businesses that will support the future of the Company.



Consumers shopping for secondhand vehicles using digital twins

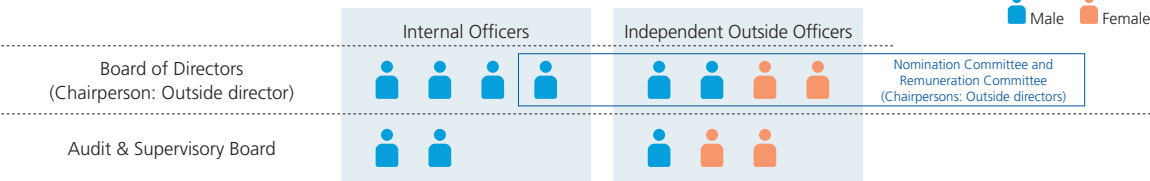


Tatsuhiko Kanetake  
Executive Officer, COO  
Automotive Division

Corporate Governance Supporting Value Creation Strategy

Corporate Governance Summary

Composition of Board of Directors and Audit & Supervisory Board



Overview of Corporate Governance System (As of June 17, 2022)

Organization structure	Company with Board of Company Auditors	Term of office of directors according to articles of incorporation	1 year
Number of directors	8 (of whom 4 are outside directors designated as independent directors)	Optional advisory committees to the Board of Directors	Nomination Committee and Remuneration Committee
Chairman of the Board of Directors	Norio Otsuka (Outside Director)	Accounting Auditor	KPMG AZSA LLC
Number of Audit & Supervisory Board members	5 (of whom 3 are outside Audit & Supervisory Board members designated as independent auditors)		

Evolution of Corporate Governance Systems

	Number of outside directors among total Board of Directors membership		Number of outside Audit & Supervisory Board members among total Audit & Supervisory Board membership		Number of female officers among total Board of Directors and Audit & Supervisory Board membership		Noteworthy events
2015	2/7	29%	4/5	80%	2/12	17%	• Establishment of Nomination Committee and Remuneration Committee in 2004
2016	↓	↓	↓	↓	↓	↓	• Start of evaluations of Board of Directors' effectiveness
2017	↓	↓	↓	↓	1/12	8%	
2018	↓	↓	↓	↓	↓	↓	• Reorganization of CSR Committee to form Sustainability Committee (Chairperson: President)
2019	2/6	33%	↓	↓	1/11	9%	• Introduction of performance-linked share remuneration
2020	3/7	43%	3/5	60%	3/12	25%	• Establishment of Board Meeting Operation Office
2021	4/8	50%	↓	↓	3/13	23%	• Appointment of outside directors to represent majority of memberships on Nomination Committee and Remuneration Committee (Chairpersons: Outside directors)
2022	↓	↓	↓	↓	4/13	31%	• Appointment of outside director to position of chairman of the Board of Directors
							• Implementation of remuneration systems with strong link to improvements in medium- to long-term corporate value
							• Establishment of policy of reducing holdings of listed shares (Cross-shareholding policy)

TOPICS

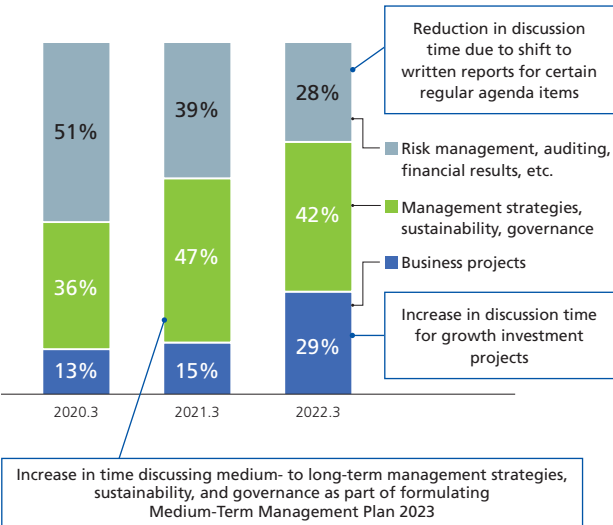
Annual Planning for Board of Directors

At the beginning of each fiscal year, an annual schedule for Board of Directors meetings is established along with a list of regular agenda items for these meetings, and steps are taken to ensure that meeting frequencies and numbers of agenda items are appropriate. This planning approach is adopted to secure the time necessary for discussing important matters and to thereby contribute to more energized discussions at meetings of the Board of Directors.

In the year ended March 31, 2022, we sought to dedicate more time to discussions of management strategies, sustainability, and governance and to the examination of growth investment projects by reducing the number of reports that are a regular part of meeting agendas and issue other reports in written form.

The Company will seek to secure even more time for discussion regarding sustainability, governance, digital transformation, and human resource measures by increasing the frequency of regular reports to twice a year in the year ending March 31, 2023.

Ratio of Time Allocated to Discussion Topics at Board of Directors Meetings





Message from the Chairman of the Board

I will spur Sojitz forward in evolving to accomplish the goals of Medium-Term Management Plan 2023 in order to improve corporate value.

Two years have passed since I became chairman of the Board of Directors. In the year ended March 31, 2021, a great amount of time at meetings of the Board of Directors was devoted to discussion regarding the formulation of Medium-Term Management Plan 2023. A major topic of discussion in the year ended March 31, 2022, meanwhile, was contributions to the accomplishment of the goals of the plan. The Board of Directors prepared a basic schedule for Board meetings over the next year, in June 2021. This schedule set clear guidelines for the amount of time that would be devoted to each topic. I, as chairman, thereby sought to facilitate more effective proceedings to ensure we could devote enough time to meaningful discussion.

I was also able to welcome Mr. Ungyong Shu as a new outside director. His wealth of knowledge regarding M&A strategies and capital policies gained from his work experience at financial institutions has been a great catalyst for discussion at Board meetings. In June 2022, we were joined by yet another new outside director, Ms. Haruko Kokue. I look forward to her providing advice from perspectives that differ from those of other outside directors based on her insight into engagement with various stakeholders, supply chain management, and the environment.

Looking back at the discussions at meetings of the Board of Directors over the past year, I am reminded of the large number of investment projects we talked about. This high representation of investment projects may, in part, be due to the Company's policy of accelerating the advancement of the measures described in Medium-Term Management Plan 2023. We received reports on the progress of projects from the respective business divisions, and we then swapped opinions on ways to pursue improvements with regard to projects for which progress was not particularly good. I have high praise for how to the point our discussions were. As such, I feel confident saying that the Board more than fulfilled its role in contributing to the accomplishment of the goals of the Medium-Term Management Plan 2023 in its first year. Despite these strong contributions, the price-to-book ratio (PBR), for which the plan sets a target of 1.0 times or above, had only reached 0.64 times as of March 31, 2022. We must therefore recognize that the road toward accomplishing the target of the plan is still long, and there is a lot that remains for the Board to do.



Norio Otsuka  
Outside Director  
Chairman of the Board of Directors

I believe that the role of outside directors is to help improve corporate value by supporting the president and other members of the executive team so that they can focus on running the business, and to sometimes spur them forward to boldly take on challenges. For this reason, it is important to establish an appropriate governance system. This is something I think that shareholders and capital markets expect as well. Having a team of outside officers with diverse backgrounds grants the executive team the opportunity to gain the input from a variety of standpoints and make new discoveries based on said input.

Sojitz has recently been branching out from its more or less conventional trading business by increasingly engaging in capital participation in operating companies, after which it proceeds to raise their value. It has also become more common for the Company to acquire manufacturers. I, personally, have been involved in the management of manufacturers for a number of years, and I will thus continue to proactively take part in discussions while utilizing the experience and insight I have gained through this background. Meanwhile, since becoming chairman, I have continued working to foster an atmosphere at Board meetings that makes everyone feel comfortable voicing their opinions. I definitely feel that we have successfully built a relationship with President Fujimoto and other members of management that is conducive to openness in discussions. I look forward to helping maximize the corporate value of Sojitz through lively discussions going forward.



Roundtable Discussion Between Outside Directors

The following is a discussion between outside directors Naoko Saiki and Ungyong Shu in which they discuss our accomplishments in the first year of Medium-Term Management Plan 2023 and the issues that must be addressed going forward from both financial and non-financial perspectives.

Naoko Saiki  
Outside Director

Ungyong Shu  
Outside Director

**Saiki** ♦ Profit for the year (attributable to owners of the Company) amounted to ¥82.3 billion in the year ended March 31, 2022, due to the large impact of market conditions, such as rising energy prices. This profit was accompanied by strong cash flows, as indicated by core operating cash flow doubling from the previous fiscal year, to come to ¥128.7 billion. Sojitz's accomplishments extended beyond quantitative indicators; I also have high praise for the Company's qualitative performance, including the steady generation of earnings from investments conducted under the previous medium-term management plan. Mr. Shu, what is your opinion regarding Sojitz's accomplishments during the first year of Medium-Term Management Plan 2023?

**Shu** ♦ I have a similar opinion to you, Ms. Saiki. I believe that Sojitz produced satisfactory results in the first year of the plan. Not only did the Company achieve record-breaking

earnings, there were qualitative improvements to the nature of those earnings, as they comprised a larger amount of profit from non-resource fields. Moreover, Sojitz was able to take part in numerous business investments that will lay the groundwork for future growth. These investments were made possible by the Company using its network and collaborating proactively, as prescribed by the medium-term management plan, with investees and partners centered on essential infrastructure and retail fields. Going forward, it will be important to ensure that such investments steadily produce earnings in order to further build upon Sojitz's track record of success.

**Saiki** ♦ I totally agree with you about the importance of ensuring proper progress when it comes to new investments. If I were to make another suggestion for Sojitz, it would be that the Company is in need of a drastic overhaul to the earnings structures of its existing businesses.



As for non-financial results, Medium-Term Management Plan 2023 outlines Sojitz's vision for 2030 as becoming a general trading company that constantly cultivates new businesses and human capital. The plan also states that this vision should be pursued through adopting local market-oriented initiatives, collaborating proactively, and striving for speed. An understanding of these aspects of the plan is gradually spreading throughout the Company, but it is still unclear whether this understanding is translating to increased earnings power. Meanwhile, we have recently seen a move to reframe the prior perceived opposition between financial and non-financial factors through the concept of "pre-financial" factors. This concept positions non-financial activities as measures for creating future financial value. Moreover, it is important for ideas put forth to express the future vision of a company or how to realize this vision to go beyond mere catchphrases. Employees must have an ingrained understanding of these ideas, and organizations need frameworks for entrenching these ideas.

I also want to stress the fact that there is no resource more important to reinforcing management foundations than human capital. Networks are also of similar importance to human resources. Sojitz is not a company that creates products from scratch through research and development and manufacturing. Rather, it needs to be a company that uses its discerning eye to connect promising outside technologies, businesses, and partners and to thereby create new business models. This approach will

become increasingly more important to the ongoing growth of Sojitz as we advance in the future.

**Shu** ♦ One of the targets of Medium-Term Management Plan 2023 is a PBR of 1.0 times or above. Sojitz has been ramping up its disclosure of non-financial information with the goal of reducing cost of capital in pursuit of this target. However, just as you stated, it is important for these efforts to translate to earnings power and improved performance. For this reason, the financial and non-financial aspects of a company should not be viewed as detached from one another. I am also in agreement with you in regard to how human resources are of paramount importance to Sojitz's non-financial initiatives. Sojitz is moving forward with measures based on the human resource strategies described in Medium-Term Management Plan 2023. I sometimes have the opportunity to take part in internal meetings at the Company. These meetings demonstrate the open corporate culture at Sojitz and the rising degree of independence of junior employees. I have thus seen the benefits of human resource strategies manifesting in various areas of the Company. Next, it will be important to ensure that these benefits appear in performance over the medium to long term.

**Saiki** ♦ President Fujimoto is personally leading the implementation of human resource strategies at Sojitz, and all parties involved in these strategies are united in their approach, a fact that is very reassuring. I believe that an organization cannot grow if its employees do not, and also that the growth of organizations unlocks new possibilities for the growth of employees.

I mentioned human capital a moment ago. Returning to this subject, it is, of course, important to bolster training and other human resource development programs. However, it is equally important to promote diversity and inclusion by empowering female employees, stepping up hiring of mid-career individuals, and utilizing non-Japanese employees. Moreover, organizations must be transformed to provide frameworks that encourage employees to boldly chase their ambitions in order to more effectively capitalize on the potential of employees. Sojitz is developing frameworks for encouraging such ambition, as shown in the establishment of the Hassojitz Project and Sojitz Professional Share Co., Ltd. I look forward to seeing its future endeavors on this front. Based on my personal experience, the key to successful human resource strategies is evaluation systems. It is crucial that a company implement fair evaluation systems founded on clear standards that also include provisions for addressing employee grievances. It is then important to take action, including conducting relocations in accordance with the aptitudes

and desires of employees based on evaluations. I think that Sojitz's human resource systems are already quite effective, but human resource policy is an area in which companies can never afford to stop evolving. Accordingly, the Company must continue to quantitatively assess the benefits and penetration of its human resource measures and to flexibly adjust these measures as warranted by their results and changes in the operating environment. Moreover, this approach should be complemented by ongoing strategic human resource investments.

At the Nomination Committee, which I chair, we have been diving deep into the subject of succession plans and their standards. Succession planning is another important aspect of strengthening human capital. I am therefore committed to fulfilling my responsibilities as chairperson to contribute to this area.

**Shu** ♦ I hope that, in the future, we will see the generation of virtuous cycles through Sojitz's measures based on its human resource strategies and its corporate culture supporting ambition. Specifically, I want to see a cycle in which the empowerment of employees leads them to succeed in important ventures and thereby be rewarded with larger roles within the organization, sparking further empowerment.

**Saiki** ♦ For its non-financial initiatives, Sojitz has put forth the goals of contributing to a decarbonized society by halving its thermal coal interests by 2025 and completely eliminating such interests by 2030. Progress toward these goals is moving ahead faster than planned, as indicated by the fact that Sojitz has already halved its thermal coal interests. The road to a carbon-neutral society will be a difficult one for Sojitz, but it should also present great business opportunities. To underscore this outlook, Medium-Term Management Plan 2023 puts forth growth strategies founded on the market needs and social issues anticipated based on current megatrends, and one of the plan's areas of focus is the field of materials and circular economies. Sojitz's 3R business forays in this field have just gotten started and more concrete efforts are yet to come, but I have high hopes in this regard.

**Shu** ♦ The price of coal is skyrocketing as a result of the war in Ukraine and various other operating environment factors. Accordingly, were a company to look only at short-term earnings, it would seem prudent to hold onto thermal coal interests for the time being. Sojitz, meanwhile, has not slowed the pace of its reforms toward its lofty goals, even amid these trends, and it remains steady on its course while striking a balance with the need for sound business rationality. I have to praise the Company

for this commitment to a medium- to long-term perspective.

**Saiki** ♦ Environmental and human rights issues are other areas Sojitz needs to address if it is to contribute to the realization of a sustainable society. Sojitz has a keen awareness of these issues, and it has begun rolling out engagement activities for spreading understanding with regard to these issues and its related policies throughout the Group. This diligence is something that is worthy of praise. I hope to see Sojitz working toward even greater frontline understanding in the future.

**Shu** ♦ Earlier, I mentioned that a major target of Medium-Term Management Plan 2023 was a PBR of 1.0 times or above. As of March 31, 2022, this ratio was just over 0.6 times. This is indeed an improvement, but it still is quite a way removed from the target. This low ratio was seen despite the Company posting record-breaking earnings together with return on equity of 12.2%. This outcome is likely a reflection of the fact that a large portion of Sojitz's earnings is tied to market prices and that investors do not see that the current level of earnings is sustainable as a result.

For Sojitz, the first step to improving its PBR will thus need to be generating earnings that surpass cost of capital through business investment. Producing steady earnings from investments thus far will no doubt be a source of trust with regard to the Company's future growth.





At the same time, when an investment is judged to lack the potential to generate the anticipated earnings, it is important to be swift in making the call to withdraw. Accurate judgments in this regard require an intimate involvement in the management of investees. The majority of Sojitz's investments to date have been taking the form of minority capital participation, which has meant that the Company's involvement in the management of investees has been limited. Even when forming business alliances, Sojitz has not become so involved as to actually have authority for steering management in most cases. I therefore think it is important for the Company to look at the possibility of conducting business investments entailing a more involved role in order to bolster its ability to respond quickly to operating environment changes and thereby create results.

**Saiki** ♦ It is exactly as you say. Improving PBR requires that a company inspire the market to hold a sense of anticipation toward its future while constructing an earnings platform that is both stable and boasts high growth potential. As was mentioned, Sojitz is proactively enhancing its disclosure of non-financial information. Part of these efforts has included proactive disclosure of information regarding human capital, a subject garnering increasing attention from investors as of late. Among the specific matters disclosed have been information on the Company's dynamic key performance indicators related to the empowerment of female employees, digital-proficient human resources, non-Japanese employees, and the challenge-taking index. Such disclosure is garnering a positive response. Clearly illustrating the Company's progress and explaining how this progress translates to financial value is an effective means of fostering a sense of anticipation among the market.

Also, this may go without saying, but fostering such a sense of anticipation requires that the narrative put forth by the Company be convincing and backed with performance and other data. Accordingly, building its track record is currently an important task for Sojitz.

**Shu** ♦ Encouraging the capital markets to trust the stability of Sojitz's earnings foundations will require the Company to expand its portfolio of successful projects, no matter how small, and thereby demonstrate that it has the ability to generate reproducible earnings. A broader portfolio of successful projects will make the market more apt to believe in Sojitz's potential to reliably generate earnings and to continue growing. Convincing the market that Sojitz has developed the necessary organizational capabilities to produce reliable earnings will bring it closer to its target of a PBR of 1.0 times or above.

**Saiki** ♦ There is still a lot more that I want to talk about, but, as we are running out of time, how about we close out today's discussion by talking about how we plan to contribute to Sojitz in the future? I will go first.

Over the past two years, I have worked to contribute to the ongoing growth and medium- to long-term improvement of the corporate value of Sojitz in my capacity as an outside director. This has, of course, included taking part in discussions at meetings of the Board of Directors. However, I have also gone further by actively pointing out issues and offering advice to management on a variety of other occasions. These interactions have given me a lot of faith in the breadth of perspective, the judgment, and the speed of Sojitz's management team. I also seek to fulfill my role of overseeing executive management as an outside director. As such, I endeavor to take rigorous looks at the Company from my outside perspective to determine if there are any issues with its corporate governance systems or any risks that it might not have noticed. This is something that I will continue to do going forward. I will also seek to deepen my understanding of Sojitz and its corporate culture while performing my duty of providing management with fresh outlooks. Moreover, I will faithfully exercise the obligations with which I have been entrusted by shareholders to help Sojitz accomplish the goals of Medium-Term Management Plan 2023 and subsequently realize its vision for 2030.

**Shu** ♦ Only a year has passed since I became an outside director. Nevertheless, Sojitz has more than demonstrated the passion it has toward its evolution through the energized atmosphere I see at internal meetings. As an outside director, I believe that my role is to contribute to highly viable discussions and decision-making that reflect an objective standpoint. I also have the duty of supporting appropriate effort by the executive management team. Based on this understanding, I am committed, in all sincerity, to contributing to improved corporate value for Sojitz together with you and the other outside directors.

Message from the New Outside Director

I hope to contribute to improvements to the corporate value of Sojitz from a unique perspective founded on my experience thus far.

A large portion of my career was spent at a general chemical manufacturer, where I was involved in areas like sales, supply chain management, public relations, and investor relations. I hope to contribute to improvements to the corporate value of Sojitz founded on my experience thus far.

In recent years, we have seen an ever-changing and broadening range of risks and ways of perceiving these risks. One thing that is clear against this backdrop is the need to guarantee the quality, safety, and reliability of a company's products and services. To this end, a company must view its supply chain, including its partners and investees, from an overarching perspective, looking at things like potential risks, safety, and, in particular, the impacts they might have on emerging countries and regions. Based on this perspective, it is important to identify areas in which a company might be failing to fulfill its social responsibilities. With my perspective fostered at a manufacturer, I aim to help Sojitz make new discoveries in this regard.

Sojitz is focused on empowering its female employees. However, if you look at the representation of women in the upper echelons of management, it is clear that there is still some work to do in this area. Based on my experience at a Japanese company, where it is still rare for women to hold such positions, I understand that women can sometimes feel hesitant to undergo promotions or perhaps have concerns about becoming a leader in their workplace. I therefore think I have a role to play in encouraging such employees to take a step forward.

When viewing Sojitz from the outside, I was impressed by how it was quick to expand overseas and how it is constantly exploring new businesses and markets. In the roughly nine months before I became an outside director, I participated in meetings of the Management Committee and the Finance & Investment Deliberation Council as well as in the Company's intensive summer discussion session. In this manner, I have been provided with numerous opportunities to learn about Sojitz's corporate culture of ambition, which is characterized by swift decision-making and employee autonomy.

I was amazed by the brisk discussions that take place at meetings of the Finance & Investment Deliberation Council. At meetings, you can feel the passion of presenters while also hearing to-the-point criticism of any assumptions deemed to be undercooked. I thus witnessed firsthand the process of enhancing plans for investment projects based on rigorous standards and swiftly determining the decisions that need to be made. At the intensive summer discussion session,

meanwhile, discussions on established themes among division heads took place, and information was shared on projects that were not yet being formally approved. These discussions made it apparent how cross-divisional synergies were leading to proactive collaboration within the Company.

Medium-Term Management Plan 2023, Sojitz's current plan, takes an incredibly balanced approach toward management with the targets it sets for both financial and non-financial indicators. We often receive reports on the results of human resource systems and employee engagement surveys at meetings of the Management Committee. Management has a high level of interest and agreement when it comes to human resources, who are at the heart of the medium-term management plan, and this is something that warrants mention. Future efforts on this front should include ongoing confirmation of how this focus on human resources is being exercised. Specifically, we must look at whether the Company's targets and measures, such as its proactive implementation of timely recurrent education programs and the Hassojitz Project, have truly become entrenched among employees and whether these programs are being instituted uniformly on a global scale. This will be one area that I focus on as I fulfill my role as an outside director by monitoring the effectiveness of the Company's measures and offering advice to ensure that Sojitz can become a distinctive company that cultivates and mobilizes ambitious people.

Haruko Kokue  
Outside Director



## Basic Stance Toward Corporate Governance

We strive to improve our corporate value over the medium- to long-term based on the Sojitz Group Statement—The Sojitz Group creates value and prosperity by connecting the world with a spirit of integrity—as well as Sojitz’s vision for 2030 of becoming a general trading company that constantly cultivates new businesses and human capital.

In order to accomplish these objectives, the Company has built the following corporate governance structure based on our belief that the enhancement of corporate governance is an important management priority. We thereby aim to establish a highly sound, transparent and effective management structure, while also working toward the fulfillment of our management responsibilities and accountability to our shareholders and other stakeholders.

## Management and Operation Execution System

We employ an executive officer system for the purpose of clarifying authority and responsibilities and ensuring a smooth and swift execution of business through the separation of managerial decision-making from operational execution. The Board of Directors is the highest decision-making body for reviewing and resolving basic policies and the most important matters concerning the management of the Group. The Board of Directors also supervises operational execution through proposals of important matters and through regular reports from the executive function. The executive function comprises the Management Committee, chaired by the president, who is also the chief executive officer. The Management Committee is responsible for the review and approval of important

managerial and executive agendas from a Groupwide and medium- to long-term viewpoint. In addition, we have established the Finance & Investment Deliberation Council for the review and approval of important 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. All of these bodies report directly to the president.

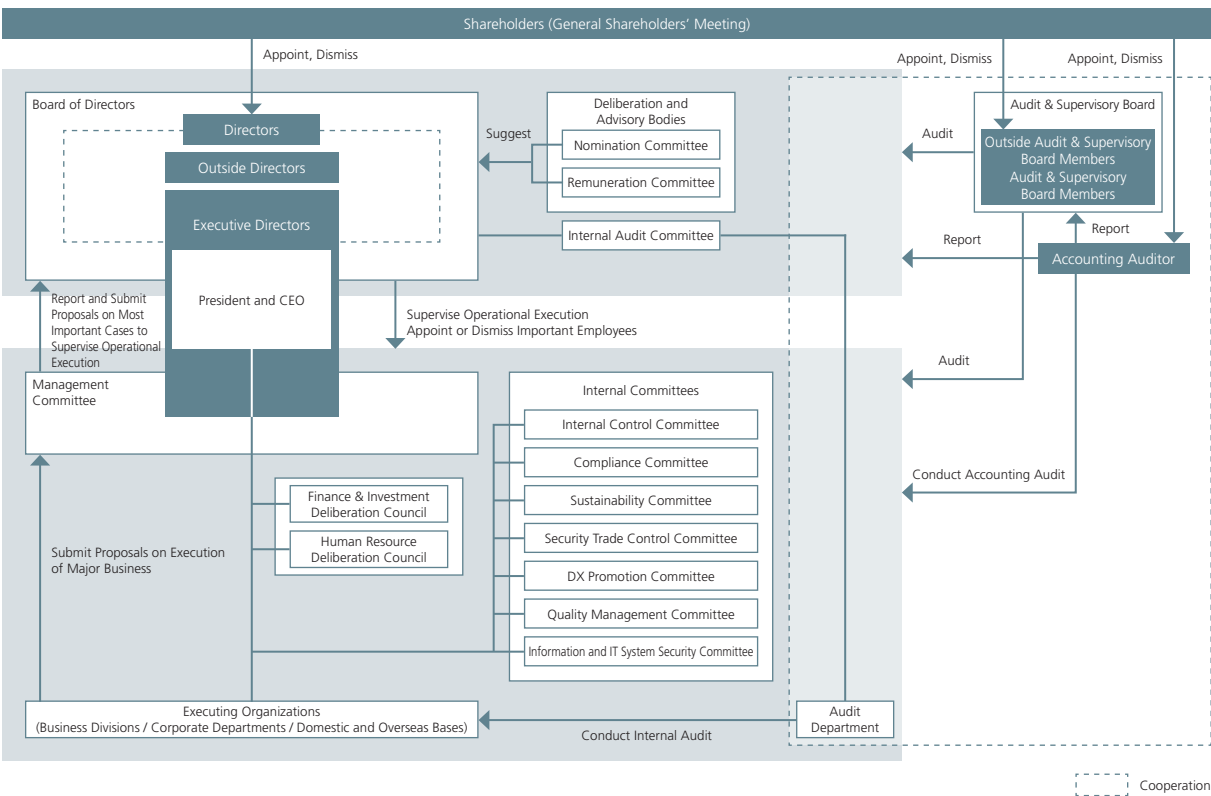
The term of office of directors and executive officers is set at one year in order to facilitate swift and appropriate responses to rapid changes in the operating environment and clarify responsibilities related to management.

## Management Monitoring and Supervisory Functions

Sojitz appoints multiple outside directors for the purpose of receiving appropriate advice and proposals on management from an outside, objective standpoint and to reinforce the supervisory function of the Board of Directors. In addition, Sojitz seeks to ensure appropriateness and transparency with regard to resolutions by the Board of Directors as well as the nomination of directors and remuneration by having outside directors serve as the chairs of the Board of Directors and of the Nomination Committee and the Remuneration Committee, both advisory bodies to the Board of Directors.

Sojitz is a Company with Board of Company Auditors, as described in the Companies Act of Japan, based on which it has established the Audit & Supervisory Board, which oversees and audits management from an independent perspective.

## Corporate Governance Framework (As of June 17, 2022)



## Analysis and Assessment of the Effectiveness of the Board of Directors

The Company conducts annual analyses and assessments of the effectiveness of the Board of Directors in order to improve its functionality

The following table compiles the policies for initiatives conducted in the year ended March 31, 2022; the results of the assessment performed in the year ended March 31, 2022; and the policies for initiatives to be implemented in the year ending March 31, 2023, based on this assessment.

Policies for Initiatives in FY2021	Results of FY2021 Effectiveness Assessment	Policies for Initiatives in FY2022
Efforts will be made to enhance monitoring activities in order to facilitate the accomplishment of the goals of Medium-Term Management Plan 2023, through measures such as reports on the status of initiatives for achieving non-financial and other targets and on issues and measures related to the progress of major businesses and projects as well as other matters pertaining to the accomplishment of numerical targets.	Positive evaluations were received with regard to the appropriate and timely sharing of information related to project progress with the Board of Directors and business division reports by COOs. Conversely, written progress reports on large-scale projects were stated to be difficult to understand.	Sojitz will continue to share information on the progress and challenges of Medium-Term Management Plan 2023 through business division reports and other measures as it seeks to further enhance analyses and thereby achieve the goals of the plan.
An annual schedule and agenda for the Board of Directors will be established at the beginning of the fiscal year to secure sufficient time for discussing important management issues. In addition, areas requiring particular emphasis will be clearly identified to facilitate more constructive discussions.	It was determined that agendas were formulated appropriately, efficiency had improved as a result of revising agenda standards, and pre-meeting briefings on agenda items had been made more robust. However, criticism was received regarding the late distribution of materials, and it was stated that materials should have the volume required for communicating key points.	Annual schedules and agendas for Board of Directors meetings will continue to be finalized early in the fiscal year and further improvements to proceedings will be pursued, including focusing materials on key points of discussion and supplying materials earlier in order to secure time for review prior to meetings.
Steps will be taken to stimulate further discussion through ongoing efforts to share information between the president and outside directors, meetings among outside directors, and exchanges of opinion between outside directors and Audit & Supervisory Board members; the resumption of visits to business sites by outside directors; and off-site meetings between internal and outside directors.	Praise was received with regard to information sharing sessions between the president and outside directors, meetings among internal and outside directors, meetings among outside directors, and exchanges of opinion between outside directors and Audit & Supervisory Board members. These efforts were cited as contributing to more active discussion at meetings of the Board of Directors.	The Company will continue to arrange information sharing sessions between the president and outside directors, meetings among internal and outside directors, meetings among outside directors, and exchanges of opinion between outside directors and Audit & Supervisory Board members. In addition, opportunities for free discussion on topics including ESG, human resources, and digital transformation will be arranged to stimulate further discussion.
Reports to the Board of Directors on the activities of advisory committees as well as the issues they face and how they are being addressed will be enhanced in order to raise understanding within the Board of Directors. The Nomination Committee will examine the matters pertaining to the terms and systematic rotation of outside officers based on the balance of skills, career backgrounds, and expertise required by the Board of Directors, and the Board of Directors will discuss these matters based on the committee's findings.	The increase in the number of outside directors was commended as leading to more active discussions. However, it was also stated that there was a need for additional discussion regarding the numbers of directors and the balance of internal and outside directors. Another area identified as requiring improvement was the content of reports submitted to the Board of Directors on the activities of advisory committees, the issues they face, and how they are being addressed.	The Board of Directors will continue to discuss the ideal structures for governance at the Company, the numbers of directors, and the balance of internal and outside directors.

## Matters Discussed at Board of Directors Meetings

The Board of Directors reviews and resolves fundamental and critical matters concerning Group management, including management policies and plans as well as subjects related to human resources, organizations, and systems as stipulated by laws, the articles of incorporation, and internal rules for the Board of Directors. In addition, the Board of Directors looks at and makes decisions regarding investments with high levels of quantitative materiality and other important matters related to operational execution.

## Summary of Board of Directors Activities in FY2021

Number of meetings	16	
Major agenda items	Management strategies, sustainability and governance	Medium-Term Management Plan 2023
		Sustainability initiatives
		Capital costs and initiatives for achieving price-to-book ratio of 1.0 times or above
		Digital transformation initiatives and policies
		Verification of holding purpose and sales of cross-shareholdings
	Business projects	Tender offer for shares of JALUX Inc.
		Acquisition of full ownership of The Marine Foods Corporation
		Participation in U.S. energy conservation business



Policies and Procedures for Nominating Directors

A general trading company deals in a wide and varied range of businesses. To ensure that it can make accurate decisions and oversee its management appropriately, Sojitz considers diversity, including that of gender and international experience, when nominating directors, and has selected several individuals with a wealth of experience, exceptional insight, and sophisticated expertise from both within and outside the Company.

In line with the above policy, the Board of Directors deliberates on the experience and attributes of each director candidate based on the results of discussion at the Nomination Committee, an advisory body to the Board of Directors, and resolves the candidate proposals to be submitted to the General Shareholders’ Meeting for approval.

Advisory Bodies to the Board of Directors

	Nomination Committee	Remuneration Committee
Membership (As of June 17, 2022)	Naoko Saiki (Chairperson/Outside Director) Norio Otsuka (Outside Director) Ungyong Shu (Outside Director) Haruko Kokue (Outside Director) Masayoshi Fujimoto (Representative Director, President & CEO)	Ungyong Shu (Chairperson/Outside Director) Norio Otsuka (Outside Director) Naoko Saiki (Outside Director) Haruko Kokue (Outside Director) Masayoshi Fujimoto (Representative Director, President & CEO)
Number of meetings (FY2021)	8	6
Major discussion themes (FY2021)	• Nomination of candidates for positions as directors, Audit & Supervisory Board members, and executive officers • Skills, career backgrounds, and expertise required by the Board of Directors and the Audit & Supervisory Board • Improvement of president succession plan implementation	• Discussion and formulation of proposal for revising executive remuneration systems and related rules • Deliberation regarding performance targets for calculating performance-linked remuneration

Support System for Directors

The Board Meeting Operation Office has been established as a dedicated support organization for directors. As of June 17, 2022, this organization was staffed by five full-time members who support directors through timely and appropriate information provision, reporting, and communication.

Event Participation by Outside Directors

Sojitz arranges a variety of events in which outside directors participate. Information sharing sessions between the president and outside directors, for example, serve as an opportunity for advancing discussions related to ESG issues, human resources, and other aspects of our operating environment and management priorities.

Events Arranged in FY2021	
Briefings prior to Board of Directors meetings	16
Information sharing sessions between the president and outside directors	11
Business division report sessions (Medium-term management plan progress, etc.)	7
Liaison meetings between outside directors and Audit & Supervisory Board members	2
Intensive summer discussion session (Overnight management retreats)	1
Stakeholder dialogues	1
Dialogues between outside directors and institutional investors	1

Policies on Appointment and Standards for

Independence of Outside Officers

Sojitz places importance on the independence of outside officers. Sojitz has formulated its own Independence Standards for Outside Officers, based on which it evaluates outside candidate officers in addition to the provisions of the Companies Act and standards for independence of officers set by financial instruments exchanges. Sojitz has confirmed that all outside officers meet these standards.



For more information on policies on appointment and the Independence Standards for Outside Officers, please refer to the following website.  
[https://www.sojitz.com/en/corporate/governance/governance/#a02\\_4](https://www.sojitz.com/en/corporate/governance/governance/#a02_4)



Members of the Nomination Committee and the Remuneration Committee

Dialogues Between Outside Directors and Institutional Investors

Sojitz has been arranging small meetings to facilitate discussions between outside directors and institutional investors once a year since 2019. Summaries of these meetings are provided via our corporate website. Outside directors use these meetings as opportunities to promote understanding with regard to the Company among investors by offering their frank opinions based on their objective standpoints. We take an earnest stance toward input received during these meetings, and viable proposals are reflected in management.

Opinions from Institutional Investors Participating in Meetings with Outside Directors

The limited scope of themes and speakers enabled us to focus discussions on areas in which I am highly interested. The meeting also allowed me to develop a better understanding of Sojitz and to see just how goal-oriented and committed the outside directors are to their missions.  
The increase in the number of outside directors made the discussion even more fruitful. I also have to praise how the results of discussions are reflected in Sojitz's medium-term management plans and integrated reports.



For more information on dialogues between outside directors and institutional investors, please refer to the following website.  
<https://www.sojitz.com/en/ir/meetings/outside/>

Remuneration of Directors and Executive Officers

Sojitz's basic policy for the remuneration of directors and executive officers is based on the following two considerations.

- Remuneration shall offer incentives to pursue ongoing growth and medium- to long-term increases in corporate value in order to facilitate the creation and provision of two types of value—value for Sojitz and value for society.
- Remuneration systems shall be structured to drive us toward our vision for 2030 of becoming a general trading company that constantly cultivates new businesses and human resources.

Basic Policies

- Remuneration systems shall be linked to medium- to long-term performance and corporate value improvements as well as to short-term performance.
- Remuneration systems shall be linked to the new value Sojitz creates and provides in the digital society as it practices ESG management.
- Remuneration systems shall be linked to the shareholder value of Sojitz.
- Remuneration systems shall provide a sufficient level of remuneration to recruit and retain globally competitive personnel.
- Remuneration shall be determined through a process with a high degree of transparency and objectivity.

Breakdown of Remuneration for Directors and Executive Officers (Excluding Outside Directors)

In order to ensure that the executive remuneration system is closely linked to Sojitz's business performance and is highly transparent and objective, targets for indicators were decided by the Board of Directors after deliberation by the Remuneration Committee and in reflection of the targets for the final year of Medium-Term Management Plan 2023.

Type of remuneration			Outline	Performance-linked indicators (KPIs)	Evaluation weight	Variation in remuneration	Timing of payment	Target	FY2021 results	
Basic remuneration	Fixed	Cash (54–66%)	Determined by the individual's rank, commensurate with job responsibilities	—	—	—	Monthly	—	—	
Performance-linked remuneration	Variable	Short-term	Cash (21–26%)	Linked to corporate performance in a single year as well as the progress made with the medium-term management plan	Consolidated net profit* <sup>1</sup> (level of achievement of single-year targets)	35%	0–150%* <sup>2</sup>	Once a year, at a certain time	¥53.0 billion	¥82.3 billion
					Consolidated net profit* <sup>1</sup> (progress made toward cumulative targets of the medium-term management plan)	35%			¥53.0 billion	¥82.3 billion
					ROE	20%			8.4%	12.2%
					Core operating cash flow (level of achievement of single-year targets)	5%			¥71.0 billion	¥128.7 billion
					Core operating cash flow (progress made toward cumulative targets of the medium-term management plan)	5%			¥71.0 billion	¥128.7 billion
		Medium- to long-term	Shares (13–20%)	Linked to the achievement of the medium-term management plan and the increase in corporate value (in terms of ESG and share price)	Accumulated consolidated net profit in the three-year period* <sup>1</sup>	60%	60–200%	Shares allotted after retirement	¥195.0 billion	—
					Sojitz share growth rate* <sup>3</sup>	30%			110%	
					ESG (environmental, social, and governance)-related criteria* <sup>4</sup>	10%			See below	



*1 Refers to profit for the year attributable to owners of the Company *2 If actual results for each criterion fall below 40% of the targets, no remuneration shall be paid for such criterion. *3 Evaluation shall be made based on a relative comparison between total shareholder return (TSR) of Sojitz and TOPIX (including dividends). *4 Level of achievement of the ESG target is evaluated by the Remuneration Committee.	ESG Areas	Evaluation Indicators	Evaluation Standards
	Decarbonization	1. Reduction in direct energy use by the Company 2. Reduction in thermal coal, coking coal, and oil field interests	Amount for reduction from March 31, 2021
	Social issues	Initiatives for addressing social issues based on two types of value 1. Initiatives for contributing to a recycling-oriented society 2. Essential infrastructure development and related service provision 3. Regional economy invigoration initiatives in Japan	Status of Companywide and division initiatives described on the left
	Corporate governance	1. Companywide initiatives by division 2. Index evaluations, etc.	1. Improvements in and reinforcement of corporate governance through reports to the Compliance Committee and the Internal Control Committee 2. Evaluations from third-party institutions
	Human capital	1. Empowerment of female employees 2. Childcare leave acquisition 3. Improvement in major employee awareness survey items	1. Increases in ratios and numbers of female career track employees with overseas experience 2. Improvement of childcare leave acquisition rates 3. Degree of improvement in items of employee awareness survey instituted in March 2021

Forfeiture of Remuneration (Clawback/Malus Clause)

If a resolution is passed by the Board of Directors for a post-closing correction of accounts due to serious accounting errors or fraud, or if a wrongdoing by a director or an executive officer is confirmed by the Board of Directors, Sojitz may restrict the payment of performance-linked remuneration or request a refund of the remuneration the director or executive officer received.

Remuneration of Audit & Supervisory Board Members

Performance-linked remuneration is not paid to Audit & Supervisory Board members out of consideration for their role in auditing directors’ execution of their duties. As a result, Audit & Supervisory Board members only receive basic remuneration (monetary), and individual remuneration therefore is determined through deliberation by the Audit & Supervisory Board.

Remuneration of Directors and Audit & Supervisory Board Members (Year ended March 31, 2022)					
Position	Number of persons to be paid	Basic remuneration	Performance-linked remuneration		Total
		Monetary	Monetary (short-term)	Shares (medium- to long-term)	
Directors (total)	8	317	158	73	549
Directors (internal)	4	266	158	73	498
Outside Directors	4	51	—	—	51
Audit & Supervisory Board Members (total)	7	106	—	—	106
Audit & Supervisory Board Members (internal)	3	73	—	—	73
Outside Audit & Supervisory Board Members	4	32	—	—	32

Note: Figures are rounded down to the nearest million yen.

The names and positions of individuals receiving more than ¥100 million in total compensation in the year ended March 31, 2022, are as follows.

Name	Position	Company	Basic remuneration	Performance-linked remuneration		Total
			Cash	Cash (short-term)	Shares (medium- to long-term)	
Masayoshi Fujimoto	Director	Sojitz Corporation	86	58	30	174
Seichi Tanaka	Director	Sojitz Corporation	64	39	17	121
Ryutaro Hirai	Director	Sojitz Corporation	64	39	17	121

Notes: 1. Figures are rounded down to the nearest million yen.  
2. Performance-linked remuneration (medium- to long-term) is issued through a share remuneration system that utilizes the Board Incentive Plan (BIP) Trust. The total amount of the aforementioned share remuneration represents the amount reported as expenses for the year ended March 31, 2022, associated with the share delivery points regarding the BIP Trust.

Audit Structure

Audit & Supervisory Board members, the accounting auditor, and the Internal Audit Department work to boost the effectiveness of their respective audits by exchanging information to ensure their efforts are complementary and efficient.

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, the Management Committee, and the Finance & Investment Deliberation Council. In addition, based on audit plans and task assignments, Audit & Supervisory Board members oversee and audit management by performing audits using means such as interviewing directors and other members of senior management regarding operational execution, reviewing important documents relevant to major business decisions, and requesting business reports from consolidated 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 to 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 of audits in a timely and appropriate fashion, based on cooperation with the accounting auditor and the Internal Audit Department.

In the year ended March 31, 2022, audits were conducted while maintaining sufficient communication with domestic and overseas subsidiaries, even amid the prolonged COVID-19 pandemic, as remote audits were conducted using web conferencing systems.

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.

Internal Audits

Based on an audit plan approved by the Board of Directors and under the supervision of the Internal Audit Committee, the Internal Audit Department conducts audits covering business divisions, corporate departments, and consolidated subsidiaries.

Holdings of Listed Shares

Policies for Reducing Cross-Shareholdings of Listed Shares under Medium-Term Management Plan 2023

Under Medium-Term Management Plan 2023, Sojitz will seek to reduce its holdings of listed shares with the goal of achieving a 50% reduction in the consolidated amount of holdings of listed shares from the level on December 31, 2020, by March 31, 2024. In the year ended March 31, 2022, we formulated a concrete sales plan that lays out our sales timing. As of March 31, 2022, we had sold ¥14.7 billion of the balance of ¥89.6 billion for holdings of listed shares on December 31, 2020, based on this plan. On March 31, 2022, holdings of listed shares amounted to ¥113.1 billion, largely in reflection of the addition of holdings by companies newly listed or acquired after January 2021 as well as of fluctuations in the prices of existing holdings of listed shares.

Policies for Shareholdings

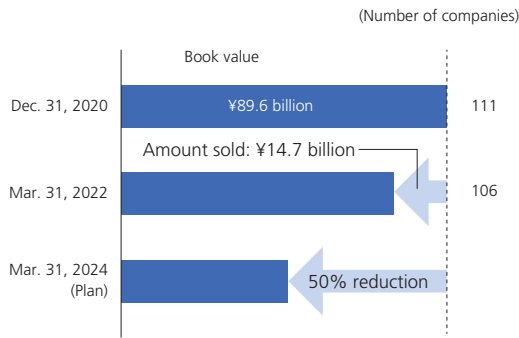
Each year, we conduct a quantitative assessment of each lot of listed shares held as cross-shareholdings to ensure that dividends or related profits earned from those shares exceed

the shares’ equity cost (weighted average cost of capital). We also conduct a qualitative assessment, looking at whether the shares help improve our corporate value. Based on these assessments, we examine the value of retaining these holdings. We retain those holdings that are deemed to be worthwhile, seeking ways to achieve greater benefits and profits from those shares. Meanwhile, for those shares which are deemed to lack significant value, we set a deadline to improve their value. If there is no indication these shares will improve, we examine the possibility of divestiture. The Board of Directors and the Management Committee conduct such assessments for each lot of shares held as cross-shareholdings.

Exercise of Voting Rights

With consideration paid to the rationale for holding listed shares, we exercise voting rights based on whether or not each proposal will contribute to ongoing growth and improve corporate value over the medium to long term for both Sojitz and the investee. We also have a system in place for monitoring the status of exercise of voting rights.

Cross-Shareholdings Reduction Plan

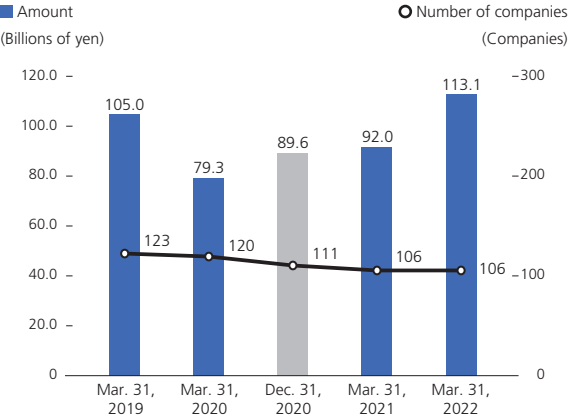


Internal Controls

Sojitz implements internal controls in accordance with the “Basic Policy Regarding the Establishment of Systems for Ensuring Appropriate Execution of Sojitz Group Business Operations,” which the Board of Directors adopted on April 24, 2015.

With regard to overall internal control systems, the Internal Control Committee, an executive body under the control of the president, tracks and regularly monitors the implementation of internal controls in order to identify Company issues related to internal structures and frameworks, examine measures for addressing these issues, offer instruction to relative divisions, and promote improvements. These activities are advanced in cooperation with the relevant committees and organizations in order to enhance internal control systems. Specific measures in each area are handled by the respective

Cross-Shareholdings (Holdings of Listed Shares) (Consolidated Basis)



committees (Compliance Committee, Security Trade Control Committee, Information and IT System Security Committee, etc.) and working groups (Disclosure Working Group, etc.) as well as through the risk management framework.

In addition, pursuant to the internal control reporting system provisions set out in the Financial Instruments and Exchange Act, Sojitz has instituted the “Basic Policy to Ensure Appropriate Financial Reporting,” based on which it carries out internal control evaluations related to Groupwide financial controls. The Internal Control Committee monitors the progress of these assessments to improve the reliability of financial reporting.

The Internal Control Committee met six times in the year ended March 31, 2022, and reported the details of its meetings to the Management Committee and the Board of Directors.



Compliance

Basic Compliance Policy

The Sojitz Group has established the Sojitz Group Compliance Program, which sets out procedures for achieving thorough compliance, and has also formulated the 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), is at the core of the Groupwide compliance system to ensure adherence to laws, regulations, and corporate ethics, which includes measures such as appointing compliance supervisors and forming compliance committees at Group companies and overseas operating sites.

Moreover, to help prevent or quickly detect violations of compliance regulations, all Sojitz Group officers and employees are informed of a hotline (internal reporting system) that provides access to the CCO and outside legal counsel, a consultation desk where committee secretariat members can be contacted, and the multilingual “Sojitz Ethics Hotline,” which is made available 24 hours a day, 365 days a year. In addition, to prevent corruption, Sojitz has established and introduced the Sojitz Group Anti-Corruption Policy and the Sojitz Group Anti-Corruption Guidelines, and is also introducing corresponding regulations overseas and at Group companies. In November 2019, Sojitz obtained ISO37001 certification (Anti-bribery Management Systems), the international standard for preventing bribery. Sojitz was the first Japanese company to obtain this certification. Furthermore, subject to the Child Care and Caregiver Leave Act; the Equal Employment Opportunity Law; the Act on Comprehensively Advancing Labor Measures, and Stabilizing the Employment of Workers, and Enriching Workers’ Vocational Lives, business

operators are obligated to prevent sexual harassment and harassment pertaining to pregnancy, abuses of power, and other such matters. Sojitz has continued with its activities in establishing systems as well as offering operational activities such as training in order to maintain positive workplaces that are free from all such harassment. Moreover, based on the action plan formulated by the Compliance Committee, Sojitz provides counsel on measures for preventing recurrence of compliance issues as well as assistance and guidance to Group companies on implementing the code. Specific activities in the year ended March 31, 2022, included the following:

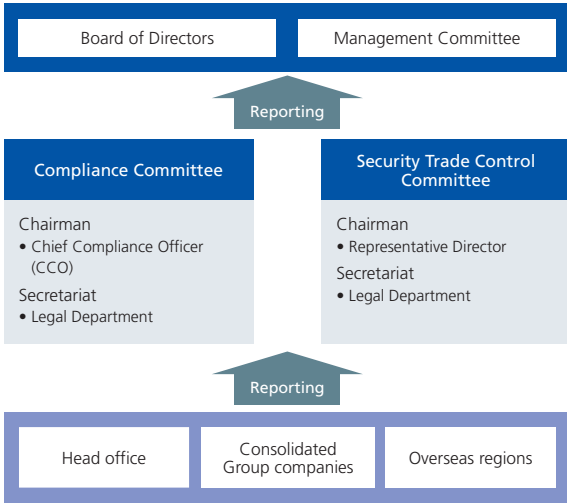
- Revision of the Sojitz Group Code of Conduct and Ethics (April 1, 2022)
- Discussions and exchanges of ideas between the CCO and presidents of Group companies
- Regular liaison meetings among the compliance team of Group companies
- E-learning programs for all officers and employees on the Sojitz Group Code of Conduct and Ethics, the prevention of harassment and insider trading, and other topics
- Online seminars and training programs on the prevention of harassment, anti-corruption measures, and other compliance matters
- Training programs for new employees, newly hired mid-career professionals, employees on overseas assignments, and others

The Compliance Committee met a total of four times, once in each quarter, in the year ended March 31, 2022.

Security Trade Control

To maintain international peace and security, the Sojitz Group is adamantly opposed to acts of terrorism and the development of conventional weapons and weapons of mass destruction, and we have taken all the necessary measures to oppose any threats to world security. As the environment surrounding security trade control ceaselessly changes together with the movements of global trends and geopolitical risks, we have established the Security Trade Control Committee, which is chaired by a representative director, to strengthen the Sojitz Group’s initiatives. Along with this move, we also formulated the “Sojitz Group Basic Policy on Sanctions and Export Controls” to serve as the Group’s basic policy on the preservation of international peace and security, with the aim of complying with and preventing violations of export transaction regulations and legal sanctions in different countries. The Sojitz Group is united in its efforts to contribute to world peace and comply with all laws and regulations.

Compliance Framework



Risk Management

Basic Policies of Risk Management

As a general trading company, the Sojitz Group is engaged in a diverse and globally dispersed range of businesses. Due to the nature of its businesses, the Group is exposed to a variety of risks. The Sojitz Group aims to ensure sound management practices and increase its corporate value. To realize these aims, the Group identifies and categorizes risks that may occur when performing duties with the potential to result in unexpected losses or damages to net assets. Additionally, the Group carefully assesses risks associated with new business ventures or accompanying changes in the operating environment and has established the necessary risk management systems to address these risks and manages these systems appropriately.

In compliance with its Basic Code of Corporate Risk Management, the Sojitz Group defines and categorizes risks, and manages them according to the nature of each risk. The Group currently has 12 defined risk categories: 1) market risks, 2) credit risks, 3) business investment risks, 4) country risks, 5) funding risks, 6) environmental and social (human rights) risks, 7) compliance risks, 8) legal risks, 9) system and information security risks, 10) disaster risks, 11) risks related to sharing company information via the corporate website and social media accounts, and 12) quality management risks.

These risks are subdivided in order to track risks in a meticulous and comprehensive manner. The responsible department (corporate division) and risk manager (COO of the respective division) are defined for each of the subdivided risk types. The materiality of each risk is then assessed and the risk is managed through the implementation of a PDCA (plan–do–check–act) cycle.

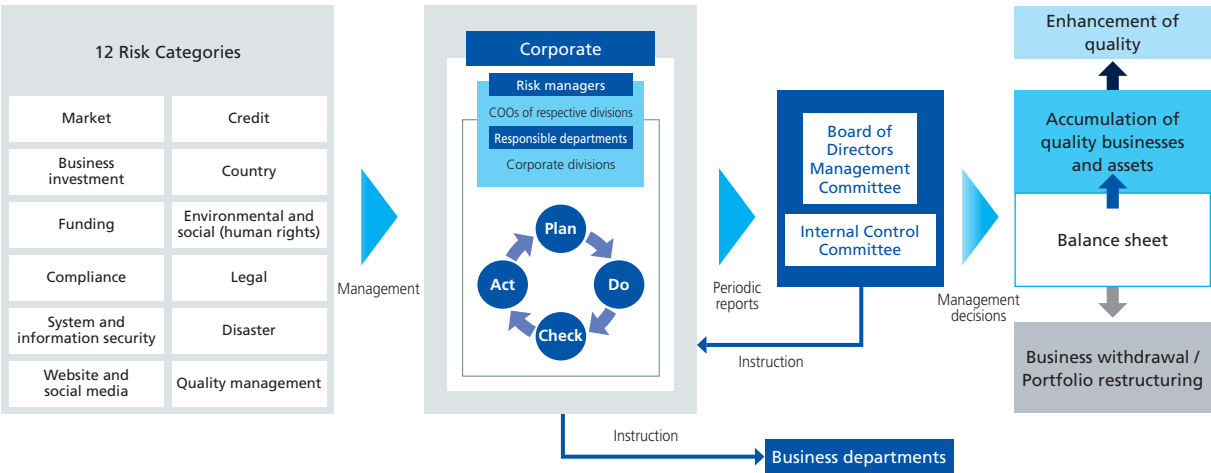
In implementing the PDCA cycle, risk managers establish risk management policies and plans; issue quarterly progress reports to the Internal Control Committee, the Management Committee, and the Board of Directors; and verify the effectiveness of risk countermeasures. Steps are taken to verify the adequacy and appropriateness of risk management plans, and the effectiveness of risk management measures is assessed regularly.

Sojitz’s basic internal control policy comprises three lines of defense (first line: business divisions; second line: corporate divisions; third line: internal audits). Under Medium-Term Management Plan 2023, we seek to augment the risk management capabilities of the first and second lines of defense while bolstering our capacity to respond to the risks that might emerge due to our entry into new business fields.


To strengthen risk management capabilities on the first line of defense, training and e-learning programs are implemented to heighten the risk management awareness of the business division managers responsible for frontline management. In addition, each organization is expected to conduct self-assessment of their specific risk factors. We thereby seek to raise awareness regarding the importance of risk management throughout the Group.

Frameworks for reinforcing management capabilities on the second line of defense are being conducted based on assessments of the materiality of the relevant risks. Specific risks assessed include the cybersecurity and security trade control risks that are rising due to recent operating environment changes and the risks associated with the growth of our business-to-consumer operations spurred by changes in our business fields.

Risk Management PDCA Cycle Based on the Basic Code of Corporate Risk Management



Individual Risks

Category	Countermeasures
Market risks	<ul style="list-style-type: none"><li>● The Group is enhancing its capacities for responding to market risks in light of the possibility of increases to procurement costs and the inability to secure the necessary quantities of items due to factors such as Russia's invasion of Ukraine.</li><li>● For products, we manage our position by setting (long and short) position limits and stop-loss levels for all products and organizations. Should a loss reach the stop-loss level, swift action will be taken to eliminate our position in order to prevent further losses.</li><li>● For interest and foreign exchange rates, steps are taken to minimize market risks through such means as matching assets and liabilities and hedging with forward exchange contracts and interest rate swaps.</li></ul>
Credit risks	<ul style="list-style-type: none"><li>● Credit risks are controlled based on credit ratings assigned to all business partners through objective methodologies. The amount of credit extended to a given partner is contained within a defined credit limit set in accordance with their credit rating.</li><li>● The Group uses a system for assessing receivables to identify customers for inquiry from among those customers with business receivables, based on certain standards; regularly monitors credit risks and safeguards; and estimates the necessary provisions for doubtful accounts for individual receivables based on rigorous standards.</li></ul>
Business investment risks	<ul style="list-style-type: none"><li>● For new investments, the investment purpose is clearly defined and business plan assumptions and feasibility are carefully assessed. Investment projects are selected based on hurdle rates set using internal rate of return (IRR) with emphasis based on the ability to acquire profits or functions commensurate with risk and defined withdrawal standards.</li><li>● The status of previously executed business investments is confirmed regularly based on conditions for monitoring and withdrawal that look at factors such as progress toward goals, changes in the operating environment or plan assumptions, and return on invested capital and cash return on invested capital. When a project meets conditions for monitoring and withdrawal, decisions on how to respond are made by examining options including swift withdrawal and resource reallocation.</li></ul>
Country risks	<ul style="list-style-type: none"><li>● The Group assigns country risk ratings and sets net exposure limits to avoid concentrated exposure to any single country or region.</li><li>● In countries that pose substantial country risk, the Group hedges against country risk on a transaction-by-transaction basis, through such means as purchasing trade insurance.</li></ul>
Funding risks	<ul style="list-style-type: none"><li>● The Group ensures stable funding by maintaining good business relationships with financial institutions, by keeping the long-term debt ratio at a specified level, and by diversifying repayment timing for long-term debt.</li><li>● To provide additional on-hand liquidity and heighten funding flexibility, the Group maintains long-term commitment lines (denominated in yen and in foreign currency).</li></ul>
Environmental and social (human rights) risks	<ul style="list-style-type: none"><li>● The Group has defined its Sustainability Challenge long-term vision for 2050, which includes policies for decarbonization and human rights across the supply chain, and has formulated its Key Sustainability Issues (Materiality). The Sustainability Committee monitors progress with regard to these objectives. Meanwhile, the Finance &amp; Investment Deliberation Council confirms environmental risks, social risks, and other risks related to sustainability when deliberating on potential finance and investment projects.</li><li>● Decarbonization risks related to climate change are controlled based on analysis of domestic and overseas government policy and regulatory trends, CO<sub>2</sub> emissions from across the supply chain (Scope 3), and the potential impacts on the Group's business. In addition, scenario analyses are performed in accordance with the final recommendations of the Task Force on Climate-related Financial Disclosures. For supply chain human rights risks, two-way communication is practiced with Group companies with the aim of maintaining an understanding of potential issues. Steps are taken to confirm and address any risks presented by business partners in business areas deemed to have high environmental or social risks. In addition, the advice of external specialists is sought to identify areas in need of improvement in order to pursue ongoing enhancements to risk management through the implementation of a PDCA cycle.  P50 Sustainability</li></ul>
Compliance and legal risks	<ul style="list-style-type: none"><li>● The Group has formulated the Sojitz Group Compliance Program and has established the Sojitz Group Code of Conduct and Ethics. The Compliance Committee promotes rigorous compliance on a Groupwide basis.</li><li>● The Security Trade Control Committee is a central proponent in the implementation of systems for security trade control initiatives.</li><li>● Measures are in place to monitor the taxation-related procedures of Group companies and to strengthen taxation governance.</li></ul>
System and information security risks	<ul style="list-style-type: none"><li>● The Group has prescribed regulations and established oversight entities, mainly the Information and IT System Security Committee, which is chaired by the chief information security officer (CISO), pertaining to the appropriate protection and management of information assets.</li><li>● The Group has implemented safeguards, such as installation of backup hardware, to protect against failure of key information systems and network infrastructure. Additionally, the Group is strengthening its safeguards against information leaks through such means as installing firewalls and taking other steps to prevent unauthorized access by outsiders, implementing sophisticated malware countermeasures at endpoint terminals, and utilizing encryption technologies.</li></ul>
Disaster risks	<ul style="list-style-type: none"><li>● The Business Continuity Management Working Group formulates action plans for addressing disaster risks and monitors the progress of these plans. In addition, disaster and infectious disease response manuals and business continuity plans have been established, systems for confirming the safety of employees in the event of a disaster have been installed, and crisis management drills are conducted. With regard to the COVID-19 pandemic, we are placing first priority on preventing infections and the spread of COVID-19 inside and outside of the Company and are maintaining the safety of all Group employees and stakeholders as we implement a variety of response measures.</li></ul>
Risks related to sharing company information via the corporate website and social media accounts	<ul style="list-style-type: none"><li>● We strive to develop measures to protect against system vulnerabilities to the greatest extent possible within reason in order to address the risk of alteration of information provided via the websites or the social media accounts of the Company or Group companies or of leakages of personal information due to such vulnerabilities. In addition, usage agreements and guidelines are put in place by Group companies to address the risk of criticism or claims or infringement of copyrights, trademarks, or rights of likeness stemming from use of websites or social media accounts. The status of risk response is monitored by the head office.</li></ul>
Quality management risks	<ul style="list-style-type: none"><li>● The Group has begun addressing quality management risks as a priority area given the importance of these risks from the perspective of responsibility toward customers as well as the Group's supply chains.</li><li>● The Quality Management Committee, which was established in April 2021, is spearheading efforts to categorize the products and services sold and supplied by the Group based on quality in order to develop organizational know-how regarding cross-organizational monitoring and quality issue response.</li></ul>

Transformation of Risk Management

Constantly Evolving Risk Management Systems for Responding to Diversifying Risks and an Ever-Changing Operating Environment

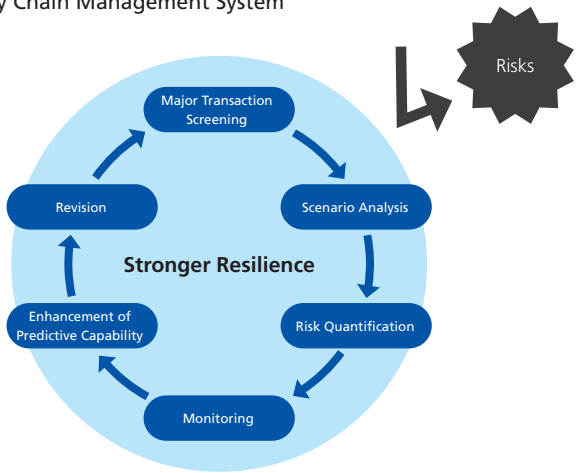
The risks Sojitz faces are growing increasingly more diverse. This is true for geopolitical risks as well as risks related to natural disasters, abnormal weather events, human rights, environment, and quality management. At the same time, Sojitz's supply chain continues to grow as the Company creates new businesses through market-oriented initiatives. Appropriately managing the ever-more diverse range of risks and fulfilling our responsibility toward customers and society will require an approach toward risk management that encompasses the entire value chain.

To respond to the changing risk management landscape, Sojitz reorganized its trading and risk management organizations in April 2022 and established the Supply Chain Risk Management Department and the General Risk Management Department.

The Supply Chain Risk Management Department possesses frameworks for flexible response to the sudden materialization of risks by swiftly measuring the quantitative impact of the given risk event. For example, when the Russia–Ukraine War disrupted supply chains, the department was able to take an organization-wide response by coordinating with business divisions to secure alternative supply routes. The Supply Chain Risk Management Department will continue working to enhance responsiveness to various risks and increase Company resilience going forward.

The General Risk Management Department is responsible for aspects of risk management like pre-investment risk screening, post-investment monitoring, provision of advice related to underperforming projects, and country risk and risk asset assessments. The results of these and other assessments are regularly reported to the Board of Directors and the Management Committee, and the department shapes its measures based on the discussion by these bodies. The General Risk Management Department also functions as the secretariat for the Quality Management Committee. By developing monitoring frameworks for high-risk areas, the department engages in discussions on how to improve frontline responsiveness and heighten the Sojitz Group's resilience.

Supply Chain Management System



Supply Chain Risk Management



Installation of Frontline Risk Management

Enhancing the risk management functions of our business divisions is imperative to ensuring we can act with the level of speed necessary to address the diversifying values seen in the evolving operating environment. In April 2022, Sojitz reorganized its risk management organizations to allow for more rigorous screening and operation of investment projects, reforms of portfolios and earnings structures, and enhancement of frontline risk management and monitoring structures. In this reorganization, parts of controller office functions were transferred to the planning and administration office of business divisions.

Furthermore, Sojitz conducts annual training based on the current risk management landscape to instill a risk management mindset among all employees and strengthen frontline risk management functions. As of March 31, 2022, a total of 3,274 individuals had taken part in these training sessions.

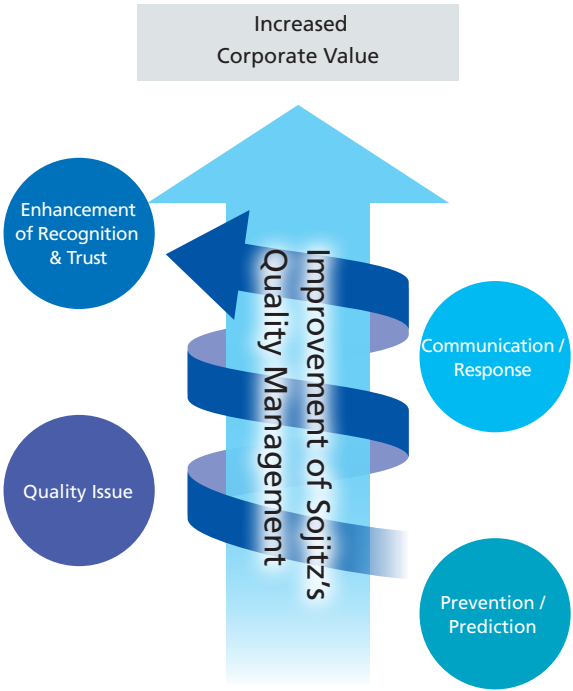


Quality Management

Creation of Value through Quality Management

Sojitz develops operations in a wide range of fields to fulfill its mission as a general trading company: delivering goods and services where necessary. Our value chain spans from resource development through to production, processing, wholesaling, distribution, and eventually retail sales and service provision, and we have transactions with a variety of corporate and consumer customers in our various businesses along this supply chain. We are committed to providing our customers and society with safe and reliable goods and services. The Sojitz Group's quality management initiatives reflect our dedication to this quest.

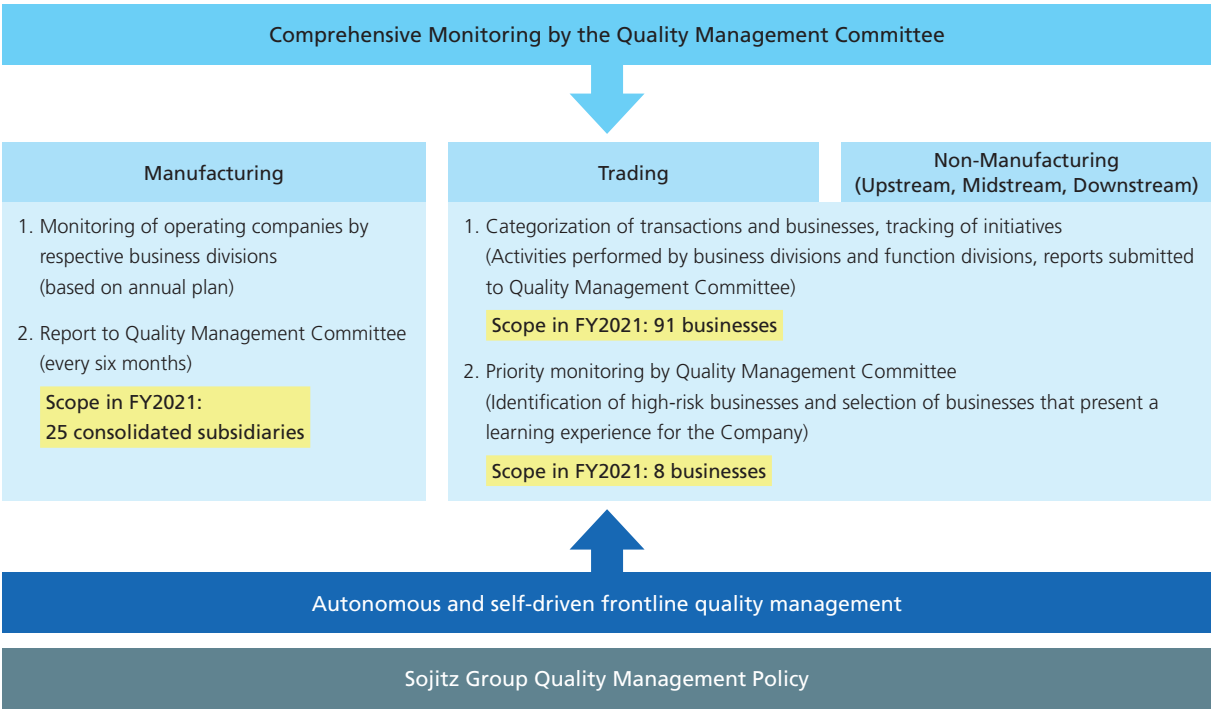
Although the necessary approach toward quality management varies depending on the business, we have established the Sojitz Group Quality Management Policy to define basic principles for quality management that we expect to be observed on a Companywide basis. This policy guides us in cultivating quality management awareness among all Sojitz Group members and creating value through our quality management initiatives.



Companywide Activities Driven by the Quality Management Committee

As Sojitz's business domain grows more diverse, its supply chains are becoming ever more extensive. To respond to the increasingly wide range of quality management needs, the Company established the Quality Management Committee in April 2021 as a Companywide body to manage product and service quality. This body is part of a comprehensive quality monitoring framework. Sojitz is exercising its organizational quality management capabilities by categorizing knowledge of its transactions and businesses and is also preparing response plans for the unlikely event that a quality issue may occur.

Moreover, in October 2021, the Company established the Sojitz Group Quality Management Policy, which promotes responsible on-site quality management and further enhancement of quality standards.



Proactive Quality Management for Improving Competitiveness

The following is a discussion between two leaders of Sojitz on the development of Companywide quality management systems and on the Company's proactive approach toward quality management from the perspective of strengthening quality management functions across the supply chain.

**Toshiaki Kasai**  
Executive Officer  
COO, PR Department,  
Risk Management Department  
General Manager, Supply Chain  
Risk Management Department



**Hiroto Murai**  
Managing Executive Officer  
COO, Retail &  
Consumer Service Division  
Chairman, Quality  
Management Committee

Focus on Proactive Quality Management in the Year Ending March 31, 2023

**Murai** ♦ Quality management is of extreme importance to Sojitz as quality is an indispensable part of our efforts to strengthen corporate governance, contribute to the accomplishment of the United Nations Sustainable Development Goals, and generate value through co-creation and sharing with partners. This recognition prompted us to establish the Quality Management Committee in April 2021 as part of our efforts in the first year of Medium-Term Management Plan 2023. Our focus in this year was the preparative side of quality management. Specifically, we took steps to comprehensively track Companywide initiatives, prevent issues from occurring, respond to any issues that did occur, and otherwise ensure that there were no holes in our quality management systems.

**Kasai** ♦ I heard from the secretariat that, after your appointment as chairman of the Quality Management Committee in April 2022, the committee began rapidly moving forward with discussions on how to move past preparative quality management to use quality management as a tool for improving corporate value.

**Murai** ♦ You are correct. Since April 2022, I have been moving ahead with a more proactive approach toward quality management. Market-oriented initiatives are a key element of Medium-Term Management Plan 2023. In advancing such initiatives, it is important for us to recognize that Sojitz is faced with a wide range of quality requirements given its varied business portfolio and that we must respond to these requirements.

**Kasai** ♦ General trading companies tend to have a broad range of very long supply chains. It is therefore imperative that we take an equally broad perspective toward quality management, looking at supply chains in their entirety, to ensure that we are able to fulfill our responsibilities toward customers and society. Can you offer some more details on your proactive approach toward quality management?

Quality as a Source of Competitiveness

**Murai** ♦ I place emphasis on the need for our quality management functions to affect the entire supply chain, not just

Sojitz, and to be tailored to the characteristics and requirements of the products and services we supply in our various businesses. The first step of quality management is, of course, to take measures to prevent issues from occurring. At the same time, we need to prepare for those issues that do occur by clearly indicating who is responsible for what in contracts with partners. If an issue does occur, we will work together with customers and partners to address any issues that arise from an overarching perspective. This is Sojitz's role in the supply chain and the function we are expected to fulfill. I am confident that fulfilling this function will help Sojitz build an even stronger reputation.

**Kasai** ♦ Another important aspect of risk management is developing measures for responding to the rising risk of supply chains being disrupted.


**Murai** ♦ What is most important, I feel, is to always have a contingency plan in mind for unforeseen occurrences. Our strength as a general trading company hinges on our ability to swiftly formulate and enact a Plan B or even a Plan C when signs of a risk first begin to surface. Moreover, quality is a source of competitiveness. After installing the necessary preparative measures to protect our quality, it is vital that we shift to a proactive approach toward quality management in order to boost our competitiveness and thereby heighten Sojitz's corporate value. The Quality Management Committee shares the quality management expertise and insight of Group companies and discusses means of standardizing and tracking quality management processes. Third-party certification is one option being examined. By categorizing this knowledge and installing best practices throughout the organization, we aim to improve the competitiveness of Sojitz as a whole.

**Kasai** ♦ When an issue occurs, we need to push back with strong resilience to get back to normal as soon as possible. This resilience will no doubt help Sojitz win greater levels of trust from customers. I hope that we will be able to make the year ending March 31, 2023, a year for promoting the aggressive quality management you speak of on a Companywide basis.


Corporate Governance Supporting Value Creation Strategy

Directors and Audit & Supervisory Board Members (As of June 17, 2022)


Directors




**Masayoshi Fujimoto**  
Representative Director, President & CEO  
● 5 years ○ 16/16  
🔍 79,537 (40,117)  
○ Since assuming the position of representative director, president & CEO of Sojitz, Masayoshi Fujimoto has contributed to the creation of new business foundations by promoting healthcare, renewable energy, and other business initiatives in areas of increasing social significance. In addition, he has formulated policies for contributing to the realization of a decarbonized society and has helped build operating foundations for developing human resources that can contribute to value creation and management foundations for responding to operating environment changes.




**Seiichi Tanaka**  
Representative Director, Executive Vice President, CFO  
● 5 years ○ 16/16  
🔍 43,326 (26,566)  
○ Seiichi Tanaka has been engaged in the finance-related activities of Sojitz for many years, and as CFO since 2016, he has contributed to increasing corporate value through promoting improvements in the quality of assets and the enhancement of the Company's financial standing.




**Ryutaro Hirai**  
Representative Director, Executive Vice President  
● 2 years ○ 16/16  
🔍 38,055 (17,775)  
○ Ryutaro Hirai has held important positions, including in machinery-related business and as the executive officer responsible for Human Resources & General Affairs and president & CEO for Asia & Oceania. He is currently promoting global business development as the executive in charge of the Automotive Division; the Aerospace & Transportation Project Division; and the Infrastructure & Healthcare Division.




**Masaaki Bito**  
Director, Senior Managing Executive Officer  
● New appointment 🔍 20,320 (11,560)  
○ Masaaki Bito has been involved in coal trading and acquisition of upstream coal interests. He is currently leveraging the insight gained from this experience to advance initiatives for contributing to the realization of a decarbonized society and to the reinforcement of earnings platforms as the executive in charge of the Metals, Mineral Resources & Recycling Division, the Chemicals Division, the Consumer Industry & Agriculture Business Division, and the Retail & Consumer Service Division. In addition, he possesses exceptional insight regarding corporate governance from his experience in the Corporate Planning Department and at operating companies.




**Norio Otsuka**<sup>\*1, \*2</sup>  
Outside Director  
● 4 years ○ 16/16  
🔍 0  
○ Norio Otsuka has served as director, president and chief executive officer, and chairperson of NSK Ltd., and has abundant experience and deep insight in management activities gained through promoting worldwide growth strategies and strengthening corporate governance.



**Naoko Saiki**<sup>\*1, \*2</sup>  
Outside Director  
● 2 years ○ 16/16  
🔍 0  
○ Naoko Saiki has had a career at the Ministry of Foreign Affairs in positions including director general of the Economic Affairs Bureau and director general of the International Legal Affairs Bureau. In addition to her skills in economic negotiations, she has a high level of insight into international affairs, international law, economics, and culture.




**Ungyong Shu**<sup>\*1, \*2</sup>  
Outside Director  
● 1 year ○ 12/12  
🔍 0  
○ Ungyong Shu has held important positions at J.P. Morgan Securities and Merrill Lynch Japan Securities Limited and has insight regarding M&A strategies and financial and capital policies, as well as extensive experience and personal networks as a corporate manager at financial institutions.




**Haruko Kokue**<sup>\*1, \*2</sup>  
Outside Director  
● New appointment 🔍 0  
○ Haruko Kokue has extensive experience gained in positions responsible for supply chain management, public relations, investor relations, and international business management at Mitsui Chemicals, Inc.


Audit & Supervisory Board Members




**Masaaki Kushibiki**  
Audit & Supervisory Board Member (Full-time)  
● 2 years ○ 16/16 ● 19/19  
🔍 14,040 (—)  
○ After serving as general manager of the Corporate Accounting Department, Masaaki Kushibiki has held positions overseeing risk management as an executive officer and in human resources, general affairs, and IT operations as a managing executive officer. He has expertise and broad knowledge cultivated through this extensive business experience at Sojitz.




**Takehiro Honda**  
Audit & Supervisory Board Member (Full-time)  
● 1 year ○ 12/12 ● 14/14  
🔍 0  
○ Takehiro Honda was primarily involved in the metals-related business at Nissho Iwai Corporation and was stationed for a time in Canada. Subsequently, at Metal One Corporation, he held a number of key positions in Japan and overseas and served as director and senior executive vice president for seven years, beginning in 2013. In addition to the expertise he has cultivated through his extensive business experience at trading companies, he possesses insight into global business management.



**Michiko Nagasawa**<sup>\*2, \*3</sup>  
Outside Audit & Supervisory Board Member  
● 2 years ○ 16/16 ● 19/19  
🔍 0  
○ Michiko Nagasawa has held important positions in the judiciary field and also has experience as an outside director at other companies. Through this experience, she has gained a high level of insight and supervisory skills related to management based on her abundant experience in corporate law as an attorney.




**Kazuhiro Yamamoto**<sup>\*2, \*3</sup>  
Outside Audit & Supervisory Board Member  
● 1 year ○ 12/12 ● 14/14  
🔍 0  
○ After joining Teijin Limited, Kazuhiro Yamamoto held a number of important positions, including general manager of the Pharmaceutical and Medical Care Business Management Department, as well as president & representative director, CEO and CFO of Infocom Corporation, a listed subsidiary of Teijin Limited. With this background, he has accumulated a high level of insight in the fields of management, information and telecommunications, and home healthcare, as well as knowledge of finance and accounting.



**Junko Kamei**<sup>\*2, \*3</sup>  
Outside Audit & Supervisory Board Member  
● New appointment 🔍 0  
○ As a certified accountant, Junko Kamei brings years of audit experience and expertise from her time at what is now Ernst & Young ShinNihon LLC. Additionally, she has worked for a securities company and possesses financial and accounting knowledge from this background.

<sup>\*1</sup> Outside director as defined in the Companies Act, Article 2 (xv)  
<sup>\*2</sup> Independent director or independent auditor as defined in the Securities Listing Regulations of the Tokyo Stock Exchange  
<sup>\*3</sup> Outside company auditor as defined in the Companies Act, Article 2 (xvi)



Please refer to Sojitz's corporate website for career histories of directors and Audit & Supervisory Board members.  
<https://www.sojitz.com/en/corporate/officer/>

Director and Audit & Supervisory Board Member Skill Matrix

Implementing the Company's management strategies requires the Board of Directors and the Audit & Supervisory Board to be able to support swift and bold executive decision-making and to provide effective oversight of operational execution. Accordingly, it is important for these bodies to have members with insight regarding global trends, economics, and various cultures as well as global perspectives that allow for discussions founded on acceptance toward diversity. In addition, members of these bodies should have experience and insight regarding the formulation and implementation of management strategies and measures and pertaining to mergers, acquisitions, investments, loans, and financial markets for creating opportunities for ongoing growth. Business management experience for raising business value is also imperative. Meanwhile, risk management, legal, finance and accounting, internal control, and other expertise are crucial to building strong business foundations. The Company also seeks to appoint directors with skills and career backgrounds in environmental and social areas so that their expertise can be used to contribute to the promotion of decarbonization, the realization of a circular economy, and the resolution of social issues.

Name	Masayoshi Fujimoto	Seiichi Tanaka	Ryutaro Hirai			Masaaki Bito	Norio Otsuka	Naoko Saiki	Ungyong Shu	Haruko Kokue
Position	Representative Director, President & CEO	Representative Director, CFO	Representative Director			Director	Outside Director, Chairman of the Board of Directors Outside Independent	Outside Director Outside Independent	Outside Director Outside Independent	Outside Director Outside Independent
Global	●	●	●			●	●	●	●	●
Business management	●		●				●		●	
Corporate planning	●		●			●	●			●
Legal								●		
Risk management		●							●	
Mergers, acquisitions, investments, loans, and financial markets		●							●	
Finance and accounting		●					●			
Human resources			●					●		
Internal control		●								
Environment and society	●					●		●		●

- The skills, career backgrounds, and expertise required for the Board of Directors and the Audit & Supervisory Board will be reviewed in response to changes in the operating environment and management policies.
- Areas to which individuals should pay particular attention when supervising management are marked with "●". This is not an exhaustive list of all the skills, career backgrounds, and expertise possessed by each individual.
- Digital transformation, including the creation and transformation of business models using digital technology, is also an important element, and is complemented by having an executive officer with digital transformation skills, a relevant career background, and digital expertise serve as chief digital officer (CDO).

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Integrated Report 2022


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Corporate Governance Supporting Value Creation Strategy

Executive Officers (As of July 1, 2022)


Executive Officers




**Haruo Inoue**  
Executive Vice President  
CISO  
Executive Management of Legal, Internal Control  
Administration, ERP Transition




**Tsutomu Tanaka**  
Senior Managing Executive Officer  
President & CEO for China  
Chairman, Sojitz (China) Co., Ltd.  
Chairman & President, Sojitz (Shanghai) Co., Ltd.  
Chairman, Sojitz (Dalian) Co., Ltd., Sojitz  
(Guangzhou) Co., Ltd., and Sojitz (Hong Kong) Ltd.




**Koichi Yamaguchi**  
Managing Executive Officer  
President & CEO for the Americas  
President, Sojitz Corporation of America




**Koji Izutani**  
Managing Executive Officer  
General Manager, Kansai Office




**Shigeya Kusano**  
Managing Executive Officer  
President & CEO for Asia & Oceania  
Managing Director, Sojitz Asia Pte. Ltd.  
General Manager, Singapore Branch




**Satoru Takahama**  
Managing Executive Officer  
Representative Director, Chief Executive Officer  
JALUX Inc.




**Masakazu Hashimoto**  
Managing Executive Officer  
COO, Human Resources Department, General  
Affairs & IT Operation Department




**Yoshiki Manabe**  
Managing Executive Officer  
COO, General Accounting Department, Business  
Accounting Department, Finance Department




**Kyosuke Sasaki**  
Managing Executive Officer  
President & CEO for Europe,  
Russia & NIS Managing Director,  
Sojitz Corporation of Europe B.V.




**Hiroto Murai**  
Managing Executive Officer  
COO, Retail & Consumer Service Division




**Naoki Yokoyama**  
Executive Officer  
A member of the Board of  
Management,  
General Director, CEO,  
Saigon Paper Corporation




**Masanori Kawakami**  
Executive Officer  
COO, ERP Transition Office




**Tatsuya Morita**  
Executive Officer  
CCO  
COO, Legal Department,  
Internal Control Administration  
Department




**Yasuhisa Nakao**  
Executive Officer  
COO, Business Innovation  
Office




**Kazuhisa Yumikura**  
Executive Officer  
COO, Financial Solutions  
Department




**Taro Okamura**  
Executive Officer  
President & CEO for  
Southwest Asia  
Chairman,  
Sojitz India Private Ltd.




**Toshiaki Kasai**  
Executive Officer  
COO, PR Department, Risk  
Management Department




**Yumie Endo**  
Executive Officer  
COO, IR Office




**Kosuke Uemura**  
Executive Officer  
COO, Chemicals Division




**Tatsuhiko Kanetake**  
Executive Officer  
COO, Automotive Division




**Makoto Shibuya**  
Executive Officer  
COO, Corporate Planning  
Department, Corporate  
Sustainability Office, Portfolio  
Transformation Office




**Tomomi Arakawa**  
Executive Officer  
CDO




**Tatsuhiko Niitaka**  
Executive Officer  
COO, Aerospace &  
Transportation Project Division



**Osamu Matsuura**  
Executive Officer  
COO, Metals, Mineral  
Resources & Recycling Division



**Yuji Yuasa**  
Executive Officer  
COO, Consumer Industry &  
Agriculture Business Division



**Takefumi Nishikawa**  
Executive Officer  
COO, Infrastructure &  
Healthcare Division



# STRATEGY BY DIVISION

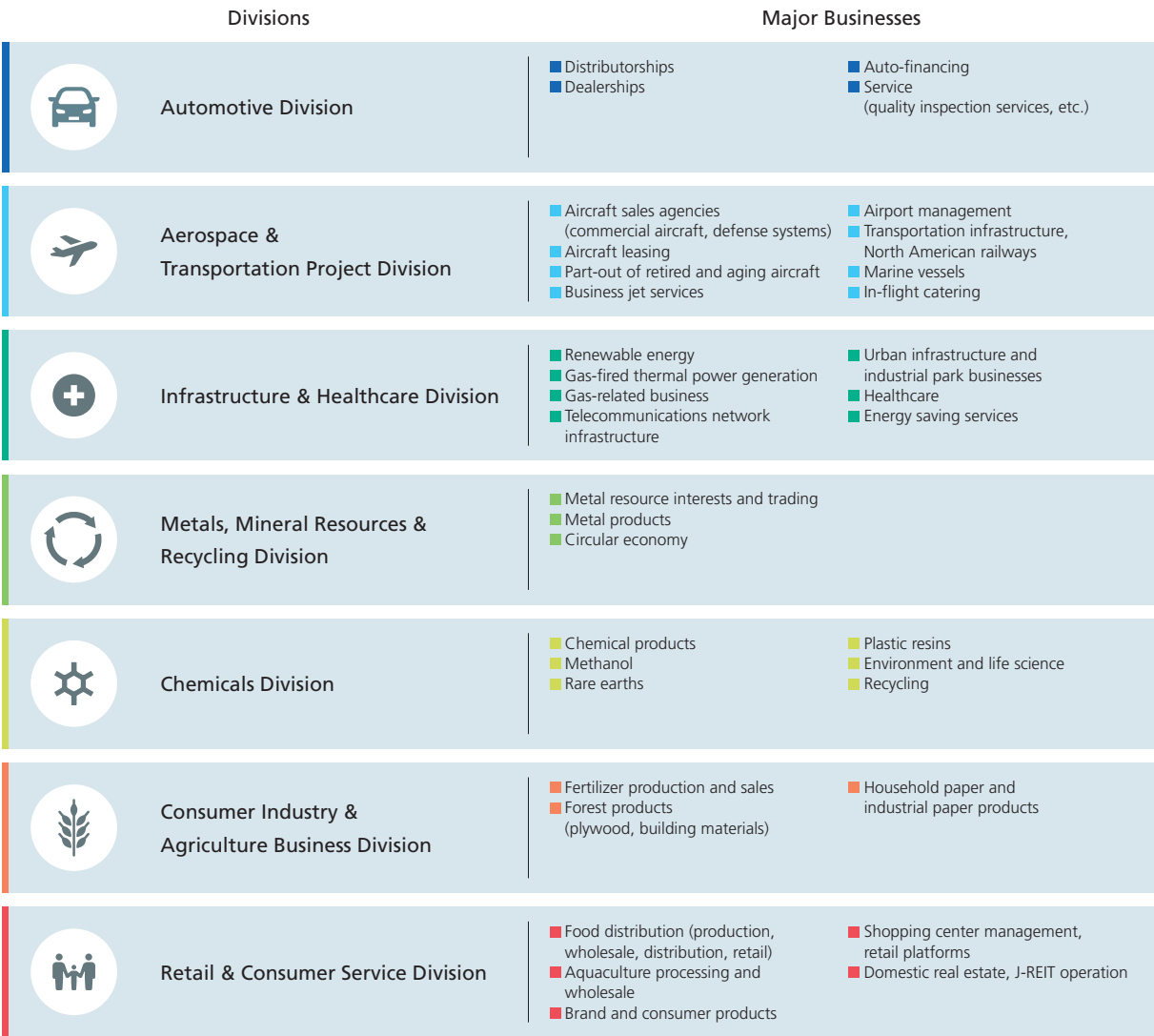
This section contains information on the strategies that will be implemented by each division to create value.

- 90 At a Glance
- 96 Division Business Reports
  - 96 Messages by Division Leaders
- 100 Automotive Division
- 102 Aerospace & Transportation Project Division
- 104 Infrastructure & Healthcare Division
- 106 Metals, Mineral Resources & Recycling Division
- 108 Chemicals Division
- 110 Consumer Industry & Agriculture Business Division
- 112 Retail & Consumer Service Division



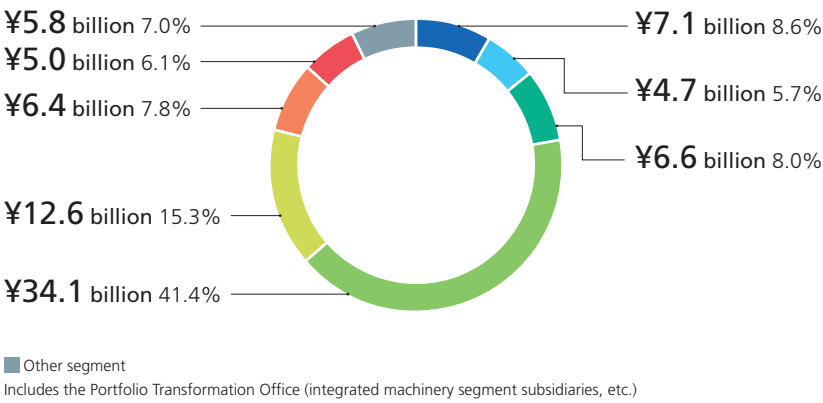
At a Glance

Overview of Business Divisions

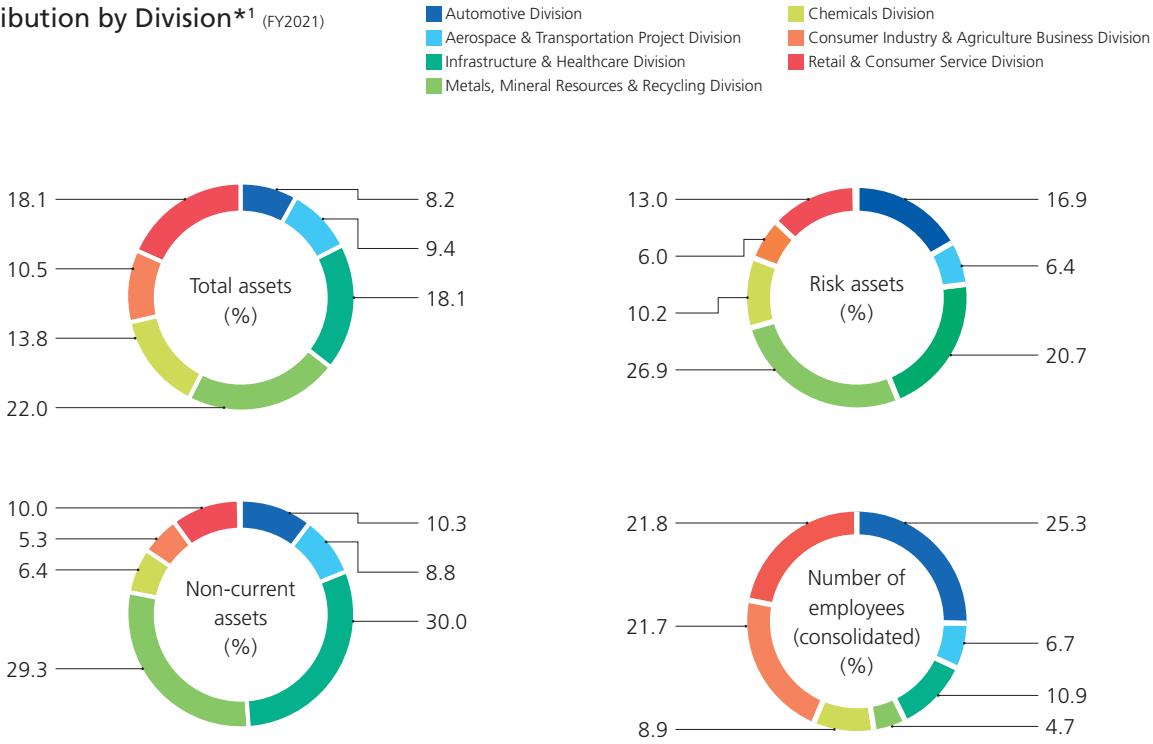


Note: Effective April 1, 2022, reportable segments were revised following the reorganization of the Consumer Industry & Agriculture Business Division and the Retail & Consumer Service Division.

Profit for the Year (Attributable to Owners of the Company) by Division (FY2021)



Distribution by Division\*1 (FY2021)



\*1 The figures above exclude the Other segment.

Performance by Division (FY2021)

Division	Profit or Loss			Financial Position		Financial Indicator	Employees		CROIC	
	Gross profit	Share of profit (loss) of investments accounted for using the equity method	Profit for the year (attributable to owners of the Company)	Total assets	Non-current assets	ROA	Number of employees (non-consolidated)	Number of employees (consolidated)	FY2021 (%)	Value creation guideline figures*4 (%)
Automotive Division	45.6	0.8	7.1	191.8	114.9	4.1%	107	4,604	9.7	7.0
Aerospace & Transportation Project Division	16.2	(0.4)	4.7	218.0	98.5	2.5%	135	1,219	4.6	5.0
Infrastructure & Healthcare Division	19.0	13.8	6.6	421.1	335.8	1.7%	227	1,982	2.9	3.0
Metals, Mineral Resources & Recycling Division	60.0	21.5	34.1	511.5	328.7	6.9%	204	857	10.1	5.0
Chemicals Division	50.7	0.7	12.6	320.5	71.2	4.3%	240	1,615	9.1	7.5
Consumer Industry & Agriculture Business Division	31.3	0.9	6.4	245.0	59.7	2.8%	150	3,957	9.5	6.0
Retail & Consumer Service Division	31.3	0	5.0	420.5	111.8	1.3%	124	3,973	2.8	5.0
Total*2	271.3	38.0	82.3	2,661.7	1,267.5	3.3%	2,558*3	20,673	—	—

\*2 The total includes the Other segment and adjustments.

\*3 The figure includes employees of Sojitz Corporation seconded to subsidiaries, etc.

\*4 Value creation guideline figures represent the minimum level for average cash return on invested capital (CROIC) to be generated over the three-year period of Medium-Term Management Plan 2023.



At a Glance

Division Business Overview

Automotive Division

With automotive assembly and wholesale and retail sales as its core businesses, the Automotive Division develops its operations in growing markets, such as Asia and Latin America, as well as in mature markets, such as Japan and the United States. In addition, this division is actively enhancing its auto-financing business while developing automotive-related services that meet the needs of the changing times.

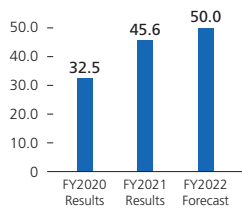
Main Subsidiaries and Associates (Equity Ownership)

- Sojitz Automotive Group, Inc. (100%)
- Sojitz de Puerto Rico Corporation (100%)
- Subaru Motor LLC (65.6%)
- Sojitz Quality, Inc. (100%)

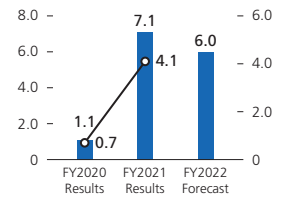
Consolidated subsidiaries 32

Equity-method associates 5

Gross Profit  
(Billions of yen)



Profit for the Year (Attributable to Owners of the Company) and ROA  
■ Profit for the year (Billions of yen)  
○ ROA (%)



Aerospace & Transportation Project Division

The Aerospace & Transportation Project Division develops aerospace industry businesses as a sales agent for commercial aircraft and defense systems and through its leasing, part-out, and business jet businesses. The division is also engaged in airport management, railroad, and other transportation infrastructure businesses as well as in-flight catering, freight car leasing, and other peripheral businesses. Meanwhile, this division's marine vessels business handles multiple types of new and secondhand vessels.

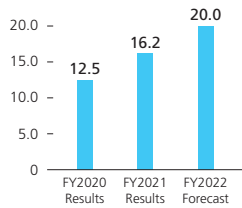
Main Subsidiaries and Associates (Equity Ownership)

- Sojitz Aerospace Corporation (100%)
- Sojitz Aviation and Marine B.V. (100%)
- SJ Aviation Capital Pte. Ltd. (100%)
- Sojitz Transit & Railway Canada Inc. (74.9%)
- Southwest Rail Industries Inc. (100%)
- Sojitz Royal In-flight Catering Co., Ltd. (60%)

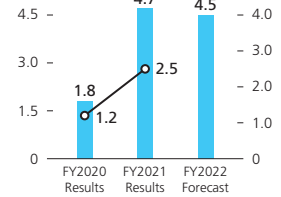
Consolidated subsidiaries 40

Equity-method associates 11

Gross Profit  
(Billions of yen)



Profit for the Year (Attributable to Owners of the Company) and ROA  
■ Profit for the year (Billions of yen)  
○ ROA (%)



Infrastructure & Healthcare Division

By combining Sojitz's unique functions and ideas, the Infrastructure & Healthcare Division provides new solutions to create value. Specific areas of operation include energy, telecommunications, urban infrastructure, and healthcare, where businesses are developed in response to global social issues, including the rising demand for infrastructure and healthcare due to economic growth in emerging countries, climate change, digitalization, and the diversification of values.

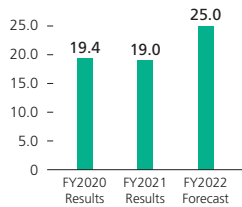
Main Subsidiaries and Associates (Equity Ownership)

- Nissho Electronics Corporation (100%)
- Tokyo Yuso Corporation (100%)
- LNG Japan Corporation (50%)
- Sojitz Hospital PPP Investment B.V. (100%)

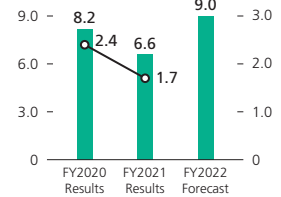
Consolidated subsidiaries 57

Equity-method associates 47

Gross Profit  
(Billions of yen)



Profit for the Year (Attributable to Owners of the Company) and ROA  
■ Profit for the year (Billions of yen)  
○ ROA (%)



Distributor Business

Sojitz has a long track record in the assembly and sales of automobiles, and the Company's management functions have received praise from various partners. We are bolstering our portfolio of South Korean- and Chinese-brand vehicles while expanding assembly and sales of Hyundai automobiles in the Pakistan market and sales of Geely automobiles in the Philippines. We also plan to develop operations for selling competitive automobile brands in promising markets boasting robust demand.

Dealership Business

We are expanding our authorized dealership business for premium brand vehicles, in which we anticipate stable demand in countries including Japan, the United States, and Brazil. In addition, we are working to strengthen used vehicle sales and after-sales services and to build a next-generation sales platform

that utilizes the internet and digital technologies. We are also promoting automobile sales to customers who are unable to receive a standard auto loan through financing operations that utilize fintech services.

Auto-Financing Business

Sojitz is developing the Autofinanciamiento business in Mexico. Autofinanciamiento, or self-financing, refers to a system in which potential buyers pool funds as a group, purchasing a vehicle monthly through a raffle system. All group members are able to purchase a vehicle at a determined step in the process, and each buyer pays off their remaining balance individually. This system provides an opportunity for potential buyers who are not able to receive a standard auto loan to purchase new vehicles.

Service Business

Sojitz is developing a parts quality assurance business, with a customer base that includes automobile and automobile parts manufacturers. Furthermore, in response to the changing times, we are working to build new service businesses for consumers and business operators that make use of the internet and digital technologies to offer mobility as a service (MaaS) and subscription services.

Part-Out Business Using Retired and Aging Aircraft

We will expand business activities by leveraging our accumulated networks and expertise to further strengthen our earnings foundation with the aim of scaling-up our part-out business, which uses retired and aging aircraft. In Europe, we will focus on growing operations through TDA Holdings B.V. of the Netherlands, in which investment was commenced in 2020, while priorities in the Americas will include building and acquiring robust business platforms through M&A activities. We thereby aim to secure the capacities needed to capitalize on the demand to emerge after the COVID-19 pandemic.

In-Flight Catering Business

Through its capital and business tie-up with Royal Holdings Co., Ltd., Sojitz entered into the in-flight catering business in April 2021 via consolidated subsidiary Sojitz Royal In-flight Catering Co., Ltd. This company is not only Japan's first in-flight catering company, it also boasts world-leading levels of quality. Our in-flight catering business is currently suffering the impacts of the COVID-19 pandemic.

Nevertheless, we are working to explore non-airline sales channels while taking advantage of the rising business opportunities in domestic airports with the aim of growing Sojitz Royal In-flight Catering into one of the top in-flight catering companies in Asia in the future.

Business Jet Business

Sojitz invested in Phenix Jet International, LLC, in 2017, and began collaborating with ANA HOLDINGS INC. in 2018. Business jet demand has remained strong, even amid the COVID-19 pandemic, and we also look to capitalize on the new demand projected to emerge after the pandemic. In addition, we are examining the possibility of conducting M&A activities for the purpose of enhancing functions so as to supply higher-value-added services that accommodate a more diverse range of customer needs and to thereby expand earnings in this area.

Transportation Infrastructure Business

Our EPC initiatives, exemplified by our Indian railway project, are performing steadily, and the Canadian MRO company in which we invested in 2015 is also continuing to ensure steady earnings for our North American railway business. Sojitz also invested in a North American railcar leasing company in March 2021. Our goal going forward is to stabilize our earnings while broadening our scope of operations in North America so that we can leverage our accumulated expertise in a variety of ways.

Airport Management Business

We are actively involved in the airport management business, both overseas (Palau and Khabarovsk) and in Japan (Shimajiri, Kumamoto, and elsewhere), and we are using the experience gained from these businesses to strengthen our airport management and operation functions. We are also working to grow the earnings of airport-related and non-airport-related businesses through in-flight catering operations advanced via coordination with other divisions as we seek to expand our earnings foundation through synergy with other Sojitz Group businesses.

Renewable Energy Businesses

By leveraging the knowledge we have gained through the development and operation of solar, onshore and offshore wind, and biomass power generation projects in Japan and overseas, we aim to further expand our business amid the global shift toward decarbonization. To this end, we are proactively promoting business development in growth markets and providing business solutions in response to demand for renewable energy from companies that have joined the RE100 initiative as well as from other companies.

Gas-Fired Power Generation Businesses

In addition to developing and operating high-efficiency gas-fired power plants to meet the demand for the switchover to gas-fired power generation with lower environmental impact, we are also working to provide new added value in the United States, including through energy saving services and regional distributed power generation. In addition, we are focusing on the development of an integrated value chain from LNG procurement and receiving to power generation in emerging Asian countries, leveraging the knowledge we have gained from developing a Gas-to-Power project in Indonesia.

Gas-Related Business

We are developing natural gas supply and decentralized renewable energy businesses in African and Asian countries where energy demand is growing. In addition to promoting a low-carbon society through the supply of natural gas, we will work to achieve decarbonization by optimizing energy usage via means such as promoting carbon neutrality at our industrial parks through the combination of renewable energy and new technologies.

ICT Infrastructure Businesses (Telecommunications Towers, Data Centers)

We are developing data center businesses as well as ICT infrastructure sharing businesses, which include telecommunications tower businesses that support the increasing data traffic brought about by aspects of the new daily reality, such as the popularization of cloud computing for business applications, teleworking, and 5G networks. In the future, we will also advance optical fiber and indoor telecommunications infrastructure sharing businesses to contribute to the construction of large-capacity, high-quality, and stable networks.

Urban Infrastructure and Industrial Park Businesses

We are developing and operating industrial parks in emerging Asian countries. We are providing high-quality utility services and contributing to the sustainable development of local communities by providing high-value-added digital transformation and decarbonization services. Also, in Deltamas City in Indonesia, we are engaging in a comprehensive urban development project with ever-growing value that is well positioned for the future. The city integrates residential, commercial, industrial, administrative, educational, and medical facilities.

Healthcare

Sojitz is creating healthcare platforms for providing healthcare solutions that contribute to the improvement of quality of life to ensure that everyone is able to live longer and healthier due to having easy access to the most efficient and optimized solutions. In addition, Sojitz is operating hospital PPP projects in Turkey and Australia in close collaboration with local communities. In the Asia Pacific region, we are expanding medical services that make large contributions to addressing regional market needs with a focus on preventive and primary care while working to promote the introduction of healthcare digital transformation.

At a Glance

Division Business Overview

<div><div><div>Metals, Mineral Resources &amp; Recycling Division</div></div><div><div><div><div>Main Subsidiaries and Associates (Equity Ownership)</div><div><div>■ Sojitz Development Pty. Ltd. (100%)</div><div>■ Sojitz Resources (Australia) Pty. Ltd. (100%)</div><div>■ Japan Alumina Associates (Australia) Pty. Ltd. 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At the same time, we are ramping up production and pursuing cost reductions at the Gregory Crinum coal mine, Sojitz's flagship coking coal mine in Australia. Making use of the mine's existing infrastructure, and our accumulated expertise as the sole general trading company with experience operating its own mine, we will venture into contract mining in surrounding mines. Meanwhile, in the steel products business of Metal One Corporation, which Sojitz founded together with Mitsubishi Corporation, we are pursuing synergies while collaborating and providing support.</div></div></div><div><div><div>■ Circular Economy Businesses</div><div>Sojitz is growing circular economy businesses that promote the reuse and recycling of resources based on the trends toward decarbonization and resource recycling. Our initiatives on this front have included investment in IT asset disposition company TES-AMM JAPAN K.K.; polyethylene terephthalate chemical recycling company PET REFINE TECHNOLOGY, Co., Ltd.; and renewable resource procurement platform provider Recotech Co., Ltd. In such circular economy businesses for recycling metal, plastic and other waste, we aim to develop businesses with a certain degree of scale in order to make contributions to the realization of a recycling-oriented society.</div></div></div><div><div><div>■ Businesses That Respond to Social Needs</div><div>We will pursue the creation of new businesses in the</div></div></div><div><div><div>fields of rechargeable batteries and decarbonization, where there is great social need. In addition to initiatives already underway, including the development of anode materials for lithium-ion batteries for use in electric vehicles, participation in production and sales businesses for the new material graphene, and hydrogen-related demonstration projects, we have also launched a rechargeable battery reuse and recycling business as well as initiatives in emissions trading and CCUS (carbon capture, utilization, and storage). Moreover, 3D metal printing business operator JAMPT is responding to demand for high-mix, low-volume production of high-precision products. Uses for this company's 3D metal printing approach include the development of lighter weight automotive components as well as dental applications.</div></div></div></div><tr><td><div><div><div>Chemicals Division</div></div><div><div><div>Main Subsidiaries and Associates (Equity Ownership)</div><div><div>■ Sojitz Pla-Net Corporation (100%)</div><div>■ PT. 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As a major player in Japan's rental residential housing market, we aim to provide more comfortable living environments while also offering a wide range of investing opportunities.</div></div></div></td></tr></div></div></div></td></tr></div></div></div></td></tr></div></div></div></td></tr></div></div>	<div><div><div>Chemicals Division</div></div><div><div><div>Main Subsidiaries and Associates (Equity Ownership)</div><div><div>■ Sojitz Pla-Net Corporation (100%)</div><div>■ PT. Kaltim Methanol Industri (85%)</div><div>■ solvadis deutschland gmbh (100%)</div></div><div><div>Consolidated subsidiaries</div><div>34</div></div><div><div>Equity-method associates</div><div>13</div></div></div></div><div><div><div>The Chemicals Division conducts a wide variety of trading and businesses, ranging from basic chemicals, such as methanol, to functional materials focusing on plastic resins as well as inorganic chemicals like industrial salts and rare earths. 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To this end, we have begun creating frameworks through M&amp;A activities targeting synergies with existing businesses. Examples of these M&amp;A activities include investments in material manufacturers in the field of foods with function claims offering products boasting benefits for combating lifestyle diseases and dementia as well as investments in manufacturers of hemanalysis systems and research reagents. Through these investments, we plan to develop new businesses that take advantage of testing data. Elsewhere, we are developing functional fertilizers that help address issues related to microplastics through collaboration with fertilizer manufacturers in the agri-product field.</div></div></div><div><div><div>■ Plastic Resin Business (Sojitz Pla-Net/Pla Matels)</div><div>The Chemicals Division is developing businesses in three growth fields that contribute to the environment as well as to communities. 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We will also develop new businesses matched to the needs of agricultural workers, in the areas of agriculture, finance, and information, by capitalizing on the long-standing initiatives of our fertilizer business, which has firmly established roots in local areas.</div></div></div><div><div><div>■ Household Paper and Industrial Paper Product Business</div><div>In June 2018, Sojitz invested in major Vietnamese papermaker Saigon Paper Corporation, thereby</div></div></div><div><div><div>entering into the household paper and industrial paper product business in Vietnam. We have responded to the rising demand in this business through investments in production capacity augmentations and production efficiency improvements. 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Note: Forecasts for gross profit and profit for the year (attributable to owners of the Company) for the year ending March 31, 2023, reflect the forecasts announced on May 2, 2022.



Division Business Reports

Messages by Division Leaders

# Ongoing Self-Transformation for Bolstering Competitiveness and Growth

Sojitz posted its highest earnings figures since its inception in the year ended March 31, 2022, the first year of Medium-Term Management Plan 2023.

Global conditions are presenting a growing feeling of uncertainty, and the impact on business is increasing from contemporary megatrends like the rapid move toward digitalization and the rising awareness regarding environmental, social, and governance (ESG) issues.

In the face of such volatility, it is crucial for Sojitz to undergo ongoing self-transformation based on a constant focus on future opportunities and risks.

It is for this reason that we will continue collaborating proactively with partners inside and outside of business divisions while cultivating new business and human capital that responds to market needs and social issues. This approach will be taken toward bolstering competitiveness and creating new value.

On the following pages, you will find messages from the COOs responsible for leading growth strategies for the business divisions that make up Sojitz’s business portfolio.

## Automotive Division

The Automotive Division set a new record for profit for the year in the year ended March 31, 2022, regardless of the impacts of certain temporary factors. This feat was accomplished due to our constant trial and error, ingenuity, teamwork, and firm commitment to results. For example, in the Automotive Division’s mainstay automobile wholesale operations in emerging countries, we enacted drastic structural reforms to transform our business structure to ensure that we can take advantage of favorable conditions while also being resilient to the downturns that can result from unfavorable conditions. We also received high evaluations for our ability to early begin generating earnings from new businesses being developed in areas where we boast expertise, including retail sales and financial services. These operations were deemed to be highly reproducible and likely to achieve successes, features that have become characteristic strengths of the Automotive Division. Our growth strategies are founded on the keywords of “functions,” “distinctiveness,” and “transformation.” By strengthening our functions in relation to sales, financial services, and digital technologies, we look to develop distinctive businesses that set us apart from competitors. At the same time, we will continue to transform our operations in order to guarantee that we can become the division that we envision. I promise to make the right decisions, to have fun doing so, and to carry through based on a sense of conviction.



**PROFILE**  
Born in Gifu Prefecture, Tatsuhiko Kanetake joined Sojitz in 1993, initially being positioned in the Foreign Exchange Department. He was later stationed in the United States, where he was responsible for the operation and acquisition of, as well as the withdrawal from, automotive businesses in the Americas. His motto is “miracles out of the locked-up.”

Goal in Second Year of Medium-Term Management Plan 2023  
**Regardless of our targets for the year ending March 31, 2023, I will aspire to once again deliver higher performance while also continuing to seek means of robust future growth.**

## Aerospace & Transportation Project Division

For aviation-related businesses, the year ended March 31, 2022, proved to be a challenging year as the COVID-19 pandemic continued to have a heavy impact on the aerospace market. Regardless, our marine vessel operations achieved impressive performance as the shipping industry enjoyed the most favorable environment seen for about 10 years. This impressive performance helped the Aerospace & Transportation Project Division achieve its overall targets. In the year ending March 31, 2023, the second year of Medium-Term Management Plan 2023, we will continue to march forward with the strategies that the plan lays out for the division. With this as the basis for our activities, we will fully capitalize on the competitiveness of Sojitz and act with an emphasis on the Companywide priorities of advancing market-oriented initiatives and collaborating proactively with internal and external partners. We thereby aim to advance concrete initiatives based on the priorities of Sojitz Aerospace Corporation and of other operating departments.

The Aerospace & Transportation Project Division features a diverse staff comprising a large number of mid-career hires and individuals who transferred from other divisions. I am confident that this staff will make it possible for us to create new businesses and adopt new methods of approaching markets through collaboration and competition based on unrestrained ideas. Though we may face a challenging operating environment, we remain committed to building solid earnings foundations that will support the Company during the period of the next medium-term management plan.



**PROFILE**  
Born in Mie Prefecture, Tatsuhiko Niitaka joined Sojitz in 1989 and was first positioned in the Aviation System Section of the Aerospace Project Department. He later earned his Master of Business Administration in Phoenix in the U.S. state of Arizona, after which he was stationed in Amsterdam in the Netherlands. His motto is “little strokes fell great oaks.”

Goal in Second Year of Medium-Term Management Plan 2023  
**We would like to create unique new businesses in the aerospace, transportation, and marine vessel fields that will shape the future of Sojitz.**

## Infrastructure & Healthcare Division

The Infrastructure & Healthcare Division was able to get off to a strong start in the first year of Medium-Term Management Plan 2023 by conducting growth investments ahead of schedule, thereby putting us in a good position to accomplish the targets for the plan’s final year and to continue growth thereafter. However, we failed to accomplish our target for profit for the year because of a loss recorded in the business of an investee in response to the political climate in Myanmar. Other deficiencies in performance were seen in indicators of asset and capital efficiency, namely return on assets (ROA) and cash return on invested capital (CROIC), as we fell below the Companywide targets in this regard. In addition, the high level of volatility seen in the operating environment makes it clear that there is a need for us to embark on new initiatives if we are to accomplish the targets of the medium-term management plan. In this environment, we will seek to swiftly generate earnings from projects already underway while also concentrating resources on businesses expected to grow and accelerating the creation of new businesses. We will also ramp up our plans for withdrawing from existing businesses and prepare multiple contingency plans for any unforeseen events.

It is only natural for one to be tempted to take the easier path. This is why it is important to guide oneself based on a calm, objective, and big-picture perspective while acting as a member of a team or organization. It is through this approach that we fulfill our roles and duties, earn trust, and create results. With such dedication, we will work to build an organization in which everyone can achieve their own personal goals.



**PROFILE**  
Born in Hiroshima Prefecture, Takefumi Nishikawa became a member of Sojitz in 1995, at which time he was appointed to the Infrastructure Project Department. He later had the opportunity to gain experience in London. His motto is “always fulfill your responsibilities and take the initiative to set a good example.”

Goal in Second Year of Medium-Term Management Plan 2023  
**I plan to drive transformation and growth.**

## Metals, Mineral Resources & Recycling Division

The Metals, Mineral Resources & Recycling Division achieved massive year-on-year increases in earnings in the year ended March 31, 2022. These increases were due in part to higher profits at Metal One Corporation, a result of the recovery of the steel business. In addition, the Gregory Crinum coal mine, where we acquired a 100% stake under the previous medium-term management plan, generated large investment returns thanks to improved market conditions. Meanwhile, we moved forward with the business portfolio reforms prescribed by the current medium-term management plan through the sale of Coral Bay Nickel Corporation and other asset restructuring measures. We still have a ways to go in enacting our policy of creating a third business pillar to stand along our upstream coal interest and steel product businesses. Still, we are making steady progress, and I expect that, during the year ending March 31, 2023, we will be able to take part in new projects that will support future growth.

The year ending March 31, 2023, began with high resource prices, but the operating environment quickly grew opaque due to an economic recession sparked by inflation and rising interest rates, the ongoing Russia–Ukraine situation, and fluctuations in resource prices. We therefore expect to face an incredibly challenging operating environment during this year. Nevertheless, I hope to make this year a time of swift action for advancing the strategies of the medium-term management plan. Specific actions will be directed toward rapidly developing businesses in new fields related to circular economies, rechargeable batteries, and new materials.



PROFILE

Born in Nara Prefecture, Osamu Matsuura entered the Company's Industrial Minerals Division in 1989. He has experience working in South Korea as well as in human resource and secretariat departments. His motto is "give everything your all."

Goal in Second Year of Medium-Term Management Plan 2023  
**I hope to make the year ending March 31, 2023, a year of swift action in which everyone in the Metals, Mineral Resources & Recycling Division unites to advance the strategies defined in the medium-term management plan.**

## Chemicals Division

The Chemicals Division posted record-breaking profit for the year of ¥12.6 billion in the year ended March 31, 2022, thanks to the favorable conditions witnessed even amid the COVID-19 pandemic, shipping container and semiconductor shortages, and various other sources of uncertainty. In the year ending March 31, 2023, the second year of Medium-Term Management Plan 2023, we will accelerate efforts for transforming earning structures and securing business profits in a sustainable manner. As one facet of these efforts, the division has introduced a cross-organizational project team system. This system entails advancing projects by sharing resources, insights, and strategic perspectives among various operating departments and other organizations, implementing market-oriented initiatives, and striving for speed. We also aim to provide team members with opportunities to act and grow and to hone the foresight and concept planning capabilities of management. In addition, the dissolution of controller offices made it possible for the division to take part in the projects of operating departments and project teams from the early stages in order to ensure consistency among strategies across the division. In our overseas operations, meanwhile, we took steps to optimize solvadis deutschland gmbh and other frameworks in Europe while reorganizing structures in South China, where the division holds important commercial rights. We also redefined our strategic focuses in Asia to promote and strengthen sustainable businesses.



PROFILE

Born in Hyogo Prefecture, Kosuke Uemura joined Sojitz and was appointed to Energy & Chemical Plant Department 1 in 1993. After obtaining a Master of Business Administration, he filled positions including vice president of a U.S. oil and gas development company and head of the Americas energy and metal resource division. His motto is "lead by example."

Goal in Second Year of Medium-Term Management Plan 2023  
**I will continue to promote human resource development and accelerate business investment in order to augment our capacity for sustainable growth.**

## Consumer Industry & Agriculture Business Division

Earnings were up year on year in the Consumer Industry & Agriculture Business Division in the year ended March 31, 2022, despite the impacts of high resource prices in fertilizer businesses, due to a rise in market prices for import plywood. We are positioning the year ending March 31, 2023, as a year of extreme importance to our growth over the next decade. As we seek to build the foundation for the next decade, the division will approach essential businesses, those without which we cannot sustain our current lifestyles, as its main target.

The world is currently divided, in a seemingly irrevocable manner, due to the changes in lifestyles brought about by the COVID-19 pandemic and Russia's invasion of Ukraine. This situation has caused countries around the world to place increased emphasis on economic security, particularly with regard to food and energy. As such, securing reliable production and supply capabilities is a pressing task. Even amid this upheaval, the Consumer Industry & Agriculture Business Division will continue to move ahead with its prior efforts to bolster production and sales in its fertilizer, food, lifestyle, and housing businesses. At the same time, we aim to cultivate a new business pillar in the form of operations that produce and supply renewable energy from primary industries in a reliable manner. These operations are especially pertinent given their contributions to decarbonization and local economic development.

Moreover, we seek to play a central role in the production and stable supply of food and biomass products in areas centered on Japan and Southeast Asia. As we boost our business competitiveness through this process, we will also endeavor to address social issues, in part by generating employment opportunities in the respective regions.



PROFILE

Born in Kagawa Prefecture, Yuji Yuasa joined the Company and was assigned to the Plastics & Textile Machinery Department in 1991. Over the years, he has been involved in machinery trading in fields including textiles, chemicals, food products, precision machinery, and healthcare. After being stationed in Germany, Yuasa went on to start up solar power generation businesses in Japan and overseas. His motto is "fate is unpredictable and changeable, do your best."

Goal in Second Year of Medium-Term Management Plan 2023  
**I will strive to maintain an accurate understanding of operating environment changes in order to align everyone in the Consumer Industry & Agriculture Business Division along the same vector as we continue to tackle challenges with a sense of speed.**

## Retail & Consumer Service Division

In the year ended March 31, 2022, the COVID-19 pandemic persisted around the world and continued to create difficult conditions in the numerous businesses of the Retail & Consumer Service Division that have connections with consumers. Nevertheless, I recognize that we cannot continue to use the pandemic as an excuse. Rather, we must aspire to transform this change into an opportunity to steadily grow our business by refining business models founded on consumers and users. The division conducted a number of large-scale business investments during the year ended March 31, 2022. These investments included a capital and business alliance with Royal Holdings Co., Ltd., which allowed us to explore retail fields; a livestock business in Vietnam through a joint venture established with Vietnam Livestock Corporation JSC; a tender offer for shares of JALUX Inc.; and the acquisition of full ownership of The Marine Foods Corporation. We also announced plans to jointly establish a new company for the purpose of raising the value of residential properties in Japan together with Goldman Sachs. Going forward, we will accelerate efforts to build a quality portfolio of business assets while drastically reforming our operations through means such as withdrawing from businesses that lack sufficient earnings capacity, viability, or functions. Speed and time will be constant areas of focus when formulating action plans for accomplishing our targets. A strongly entrenched PDCA cycle will be imperative for ensuring the effective implementation of these action plans. With these goals in mind, I will act with a strong sense of personal commitment to guarantee that the division can achieve the targets put forth in the medium-term management plan.



PROFILE

Born in Kyoto Prefecture, Hiroto Murai joined Sojitz and was assigned to the Osaka Energy & Chemical Plant Department in 1989. His experience also includes heading up the Corporate Planning Department and the Automotive Division. He seeks to manage the division with a strong emphasis on ambition, speed, and a future-oriented mindset.

Goal in Second Year of Medium-Term Management Plan 2023  
**I will work to enhance our retail digital transformation, marketing, and other functions and to deploy these functions to areas peripheral to our business domain of lifestyle essential for consumers. Another focus will be swift and bold investments in businesses expected to achieve earnings growth in order to create clusters of revenue-generating businesses during the period of the medium-term management plan.**





# Automotive Division

We will strengthen the functions in automobile sales as a core business, build business bases in new fields, and ultimately contribute to a prosperous mobility society.



### Strengths

Track record of auto sales spanning over 40 years	Locally based sales and marketing force
More than 5,000 Group employees at over 30 Group companies	Diverse human resources and global business management know-how
Capabilities of investment execution and business development	Business asset portfolio including new business areas

### Operating Environment

Opportunities	<ul style="list-style-type: none"><li>• Increase in demand for automobiles due to economic development in emerging countries and diversification of needs in developed countries</li><li>• Paradigm shift in the automotive industry and changes to the existing industry structure</li><li>• Rising need for quality control due to globalization and supply chain diversification</li></ul>
Risks	<ul style="list-style-type: none"><li>• Market, financial, and economic stagnation and event risks such as natural disasters</li><li>• Political and regulatory changes in various countries and changes to the social environment caused by technological advancements</li><li>• Changes in international strategies of car makers</li></ul>

### Growth Strategy

The automotive industry is currently in the midst of a paradigm shift, which includes focusing on CASE (Connected, Autonomous, Shared, and Electric) technologies as well as MaaS (Mobility as a Service) platforms. Further, the COVID-19 pandemic is transforming people's lifestyles, which reminds us of the progress toward a next-generation mobility society.

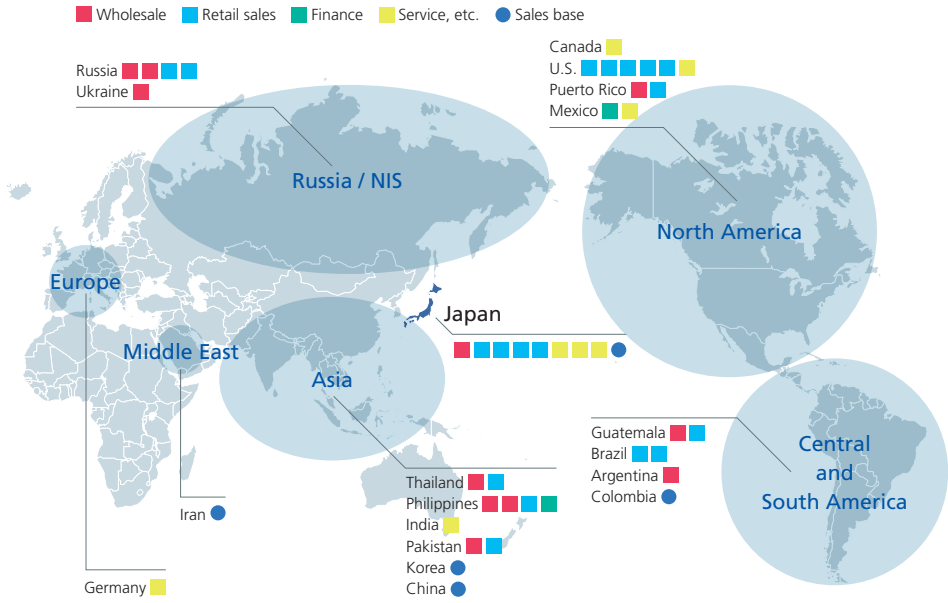
The Automotive Division is in the process of growing earnings from business investments under Medium-Term Management Plan 2020 and in the first year of Medium-Term Management Plan 2023. In addition, the division is expanding the scope of its operations in promising markets in its core automobile sales business (distributorships and dealerships). Specific measures in this division include efforts to increase business value through enhancement of locally based sales and marketing capabilities and after-sales services and the strengthening of functions through utilization of digital technologies. We are also reinforcing our financing business while aggressively developing new service businesses that adapt to the changing times.

Although numerous countries are relaxing the restrictions imposed in response to the COVID-19 pandemic, recovery in automobile production and sales volumes has been sluggish as a result of the global semiconductor shortage and the prolonged conflict between Russia and Ukraine, and the impacts of this slow recovery are also expected to be felt to some extent, in the year ending March 31, 2023. Conversely, we expect ongoing growth in automobile demand centered on Asian, Latin American, and other emerging countries. A focus in the Automotive Division will thus be augmenting Sojitz's functions and regional operating foundations to ensure we are able to capitalize on this demand growth.



Sojitz G Auto Philippines Corporation

### Business Map



Sojitz Auto Group Japan Inc.



Sojitz Auto Group Osaka Co., Ltd.

### TOPICS

#### Market-Oriented Initiatives

**Entry into Camper Manufacturing and Sales Business**

Sojitz has concluded a capital and business tie-up with K Access Corporation, a company engaged in the manufacture and sale of campers. Demand for campers and vehicles that can function as remote offices is robust in Japan and expected to grow going forward. Sojitz decided to commence full-fledged entry into the camper market in order to cater to such demand by enhancing its systems for developing new products and for supplying and selling these products. We also aim to encourage use of these vehicles for disaster preparedness purposes and at roadside rest stops to help revitalize regional communities across Japan. Our operations in this area will be used as a vessel for providing new products and services that preemptively address the automotive needs projected to arise from changes in consumer lifestyles.



#### Digital Transformation Initiatives

**Digital Transformation Using Virtual Reality**

Sojitz has formed a business alliance with infiniteloop Co., Ltd., a software development company that provides so-called cross reality\* services. Together with this company, we have developed "Auto VR," an automobile sales negotiation tool that utilizes virtual reality (VR). Through VR technologies, "Auto VR" creates digital showrooms that do not need actual vehicles as a solution for realizing new approaches to selling automobiles. Going forward, Sojitz will continue to utilize digital technologies to heighten business value and to create value in new areas.

\* Virtual reality, augmented reality, mixed reality, and other technologies for creating new experiences by merging physical and virtual spaces





# Aerospace & Transportation Project Division

We will enhance our business operations in sectors such as business jets, aircraft leasing, and part-out, while focusing on the airport and transportation infrastructure business in emerging countries where demand is growing as well as in-flight catering and North American railway businesses.



## Strengths

- Experience in the aircraft sales business with more than 900 aircraft sold, accounting for the top market share in Japan

Two railway operating foundations in North American market (MRO, railcar leasing)

One-stop solutions encompassing everything from shipbuilding and marine transport to machinery and equipment

- Over 50 years of business experience in the aerospace, transportation, and marine vessel fields
- Ability to collect and analyze information related to the aerospace industry, enabling us to develop an understanding of the needs and issues of aircraft manufacturers, airlines, leasing companies, parts-related companies, airport facilities companies, and others
- Ability to propose integrated transportation infrastructure solutions
- Ability to pursue synergy with other divisions in airport management business projects
- Comprehensive capabilities in the marine vessel field, leveraging a wealth of knowledge and a robust overseas network

## Growth Strategy

Global aircraft demand is expected to grow, as is infrastructure demand in emerging countries. At the same time, however, the structures affecting industry continue to change. Examples of this change include instability in international trends and the introduction of environmental regulations.

Medium-Term Management Plan 2023 calls for the Aerospace & Transportation Project Division to step up its response to the volatile operating environment in its aviation-related businesses while also bolstering its functions and expanding the scale of railway maintenance, repair, and overhaul (MRO) businesses in the transportation field. Specifically, the plan puts forth the three policies of build upon global partnership with Boeing, expand business in jet-related functions, and broaden North American railway operations. As we enact these policies, we will continue to grow existing operations while pursuing increased earnings in airport

## Operating Environment

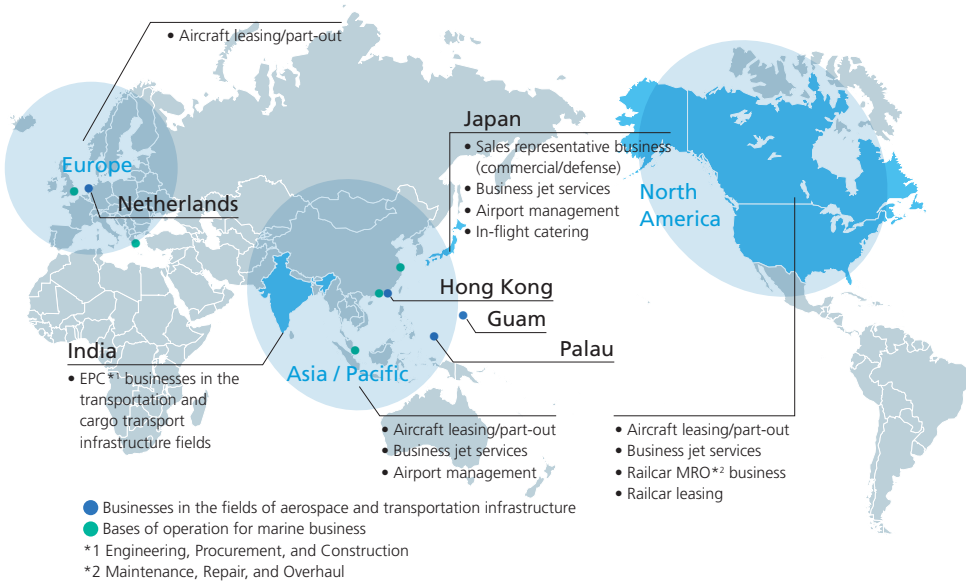
Opportunities	<ul style="list-style-type: none"><li>Trends in global aircraft demand and trends in inbound demand</li><li>Rising demand for transportation, airport, and harbor infrastructure in emerging countries</li><li>Demand for upgrading to aircraft and marine vessels using alternative fuel sources in response to environmental regulations</li></ul>
Risks	<ul style="list-style-type: none"><li>Reduced air travel demand due to the COVID-19 pandemic and post-pandemic demand trends</li><li>Financial and economic stagnation and event risks such as natural disasters</li><li>Varied impacts on individual businesses from changes in U.S.–China relations, the war in Ukraine, and other international trends and changes in regulations by country</li><li>Fluctuations in shipping market conditions due to trends in maritime transportation and demand for space on ships</li></ul>

management businesses through our in-flight catering operations, exploring new shipping-related businesses, and developing distribution and other operations aimed at connecting harbors and freight railways.

The COVID-19 pandemic caused a sharp decline in aircraft (passenger) demand. Although domestic flights in Japan are showing a gradual recovery, it is likely that it will take several years for international flight demand to recover to prior levels. This reality will have an undeniable impact on the operations of the Aerospace & Transportation Project Division.

Regardless, we will continue to pursue higher earnings in North American railway businesses, which were relatively unaffected by the pandemic, while also incorporating new demand in business jet and other businesses. At the same time, we will implement measures in preparation for the recovery in demand to be seen after the pandemic subsides.

## Business Map



In-flight catering operations (Sojitz Royal In-flight Catering Co., Ltd.)



North American railcar leasing (Southwest Rail Industries Inc.)

## TOPICS

### Market-Oriented Initiatives

#### Acquisition of New Business Jet Functions

Sojitz acquired full ownership of both Japcon Inc. and Okayama Air Service Co., Ltd., in July 2022. These acquisitions enabled Sojitz to enter into the domestic business jet market, making it the only provider in Japan to offer comprehensive business jet services for both domestic and international flights. Going forward, we will seek to contribute to the development of Japan's business jet industry while diversifying our business to create new value through participation in areas such as the advanced air mobility, or flying car, market, which is expected to see growing demand in the future.



### Collaboration

#### Collaboration with Partner (Japan Airlines Co., Ltd.) and Retail & Consumer Service Division through Tender Offer Bid for JALUX

A reorganization of the businesses of JALUX Inc. and the Sojitz Group was undertaken to reinforce the earnings foundations of JALUX. Amid the stagnant air travel demand that resulted from the prolonged COVID-19 pandemic, we are working with JALUX to generate stable earnings by reforming earnings structures and bolstering operations in non-aviation fields such as retail, lifestyle services, foods, and beverages.







# Infrastructure & Healthcare Division

We will continue to help realize a prosperous and sustainable society by providing sophisticated infrastructure that balances economic growth with environmental impact.



## Strengths

<b>Growth Capability</b> 700% increase in power generation assets*1	<b>Business Development &amp; Structuring Capability</b> 200% increase in number of deals closed*2	<b>Expansion Capability</b> Successful expansion into the medical and overseas telecommunication fields
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\*1 Power generation portfolio in the year ended March 31, 2022, compared with the year ended March 31, 2013  
\*2 Number of deals closed in the years ended March 31, 2018–2022 compared with the previous five years (the years ended March 31, 2013–2017)

- Create: We aim to create new business platforms by leveraging our human network and improving our business selection acumen to make full use of our speed and flexibility.
- Connect: We will collaborate both with existing partners in various industries and emerging markets and with new partners arising from the changing business environment in order to combine our unique strengths and enhance our competitiveness.
- Nurture: We will build deep relationships of trust with all stakeholders across public and private sectors and foster harmonious coexistence with local communities and the natural environment.
- Expand: We will combine ideas and functions, create new value, and expand our business domains.

## Growth Strategy

The Infrastructure & Healthcare Division has positioned comprehensive infrastructure businesses and healthcare-related businesses in Japan and overseas as focus growth areas. Based on these areas, we have adopted the following three growth strategies.

The first strategy is to develop, implement, and monetize businesses with a sense of scale that leverages our strengths. In the energy infrastructure and healthcare domains, where we expect to see growth and stable earnings, we will link the experience and functions we have accumulated thus far in an organic, integrated manner while also concentrating our resources. We thereby aim to build upon and branch out from existing operations in order to build a solid earnings base.

As the second strategy, we will strengthen the profitability and increase the value of existing businesses. We aim to maximize the value of our businesses in terms of both quality and quantity by leveraging our capabilities in financial structuring and other areas, by making investments to obtain functions

## Operating Environment

<b>Opportunities</b>	<ul style="list-style-type: none"><li>• Growing demand for infrastructure and healthcare owing to robust economic and population growth in emerging countries</li><li>• Growing demand for green infrastructure due to heightened global concern for climate change</li><li>• Expanding opportunities to provide complex solutions to meet diversifying needs and an increasingly decentralized society</li><li>• Growing opportunities for telecommunications and digital-related businesses in line with the rapid progress of digitalization</li></ul>
<b>Risks</b>	<ul style="list-style-type: none"><li>• Changes to supply chain and business structures due to conflicts and other geopolitical risks and transforming safety frameworks</li><li>• Economic recession and changes in the structure of the economy due to the ongoing COVID-19 pandemic</li><li>• A paradigm shift resulting from changes in regulations and policies related to climate change in countries around the world</li><li>• Country risks associated with slow economic growth in emerging countries and changes in the political, economic, and social environments</li><li>• Changes in the balance of supply and demand due to intensifying competition, and diminished business competitiveness due to new technologies, etc.</li></ul>

that can be utilized in a cross-business manner, and by creating and utilizing new value through digital transformation.

For the third strategy, we will expand into new business areas and continue working on areas in which we foresee growth and future potential. In particular, we look to expand into downstream and service fields in existing business areas, and we will pursue growth and the expansion of our business domains by acquiring new business platforms and making additional investments with a market-in approach. Furthermore, as part of our efforts to address climate change and contribute to decarbonization, we will promote businesses related to hydrogen and electric vehicles while tackling business challenges with new ideas that are not restricted to existing business areas.

Through these strategies, the Infrastructure & Healthcare Division will create and expand businesses that contribute to the resolution of social issues as it seeks to fulfill its mission of developing sophisticated social infrastructure that promises reliability, safety, and comfort.

## Business Map

- ☀ Renewable energy (solar)
  - 🌬 Renewable energy (wind)
  - 🌿 Renewable energy (biomass)
  - 🔥 Gas-fired thermal power
  - 💡 Energy saving services
  - ⚙ Gas
  - 🏭 LNG plants
  - 🌐 IT
  - 📶 Telecommunications towers
  - 🏠 Urban infrastructure and industrial parks
  - 🏥 Healthcare
  - ⚡ Electricity retail
- Note: Includes projects currently under construction



Integrated urban development project (Indonesia)



Telecommunications tower

## TOPICS

### Market-Oriented Initiatives in Downstream Areas

#### Renewable Energy-Derived Electricity Retailing and Related Services Business

In 2021, Sojitz acquired a stake in Nexus Energia S.A., a major Spanish electricity retailer. This marks Sojitz's first investment into the electricity retailing business.

Nexus Energia operates electricity retail businesses in Spain, Portugal, and Mexico, and is competent in providing electricity retailing services to customers such as government agencies and small and medium-sized businesses. The company is distinguished by the fact that 100% of its electricity sales come from renewable sources.

In addition, Spain and other European countries are highly environmentally conscious, as evidenced by the European Green Deal policy. As such, these countries are environmentally advanced markets that are leading global decarbonization efforts.

In addition to the electricity retail business, optimization of customer electricity usage, and energy management services that Nexus Energia is currently developing, Sojitz will seek to develop electricity-related businesses including rooftop solar power generation, electric vehicles and related charging infrastructure, and energy storage systems to meet diversifying customer needs and contribute to the realization of a decarbonized society.



#### Gas Retail Business in Nigeria

Through a Netherlands-based intermediary holding company, Sojitz acquired a 25% stake in Axxela Limited in March 2022. Axxela supplies natural gas to industrial customers in Nigeria and other countries in West Africa. This move represents the first time a Japanese company has entered into the gas retail market of rapidly growing Nigeria.

Countries in West Africa, such as Nigeria, which boasts large reserves of natural gas, have long been dependent on fossil fuels due to an inability to take advantage of their own gas supplies because of a lack of infrastructure.

Through Axxela, Sojitz seeks to promote the use of natural gas in West African countries and to help these countries achieve their CO<sub>2</sub> emissions reduction targets. We thereby hope to contribute to economic growth while also protecting the environment.

At the same time, we will supply Axxela's robust customer base of more than 200 companies in West Africa with Sojitz's low-carbon and carbon-free energy solutions while also practicing co-creation with business partners and customers to contribute to a decarbonized society.



Pipeline operated by Axxela



# Metals, Mineral Resources & Recycling Division

Against the backdrop of global warming and the accelerating shift toward the decarbonization of society seen in recent years, we will transition to sustainable businesses in the fields of metals and resources. We will also strengthen our efforts in the field of recycling with an eye toward the circular economies of the near future.



## Strengths

Sole general trading company with expertise in coal mine operations	Utilization of accumulated expertise as owner-operator of an Australian coal mine by developing other Sojitz-owned mines and venturing into the contract mining business
Stable earnings from businesses such as those of steel-based general trading company Metal One and niobium producer Companhia Brasileira de Metalurgia e Mineração	Stable increases in earnings from expanding businesses in growing markets and capturing new demand
Ability to offer rare resources and develop new materials	Lineup of distinctive resource offerings including niobium, chromium, and other rare metals as well as minerals like vermiculite and fluorite, development capabilities extending to graphene and other new materials with significant future potential

## Growth Strategy

Under Medium-Term Management Plan 2023, the Metals, Mineral Resources & Recycling Division is advancing initiatives with a focus on three business fields. In these fields of focus, we will work to rapidly create businesses in new areas based on trends such as the recent emphasis on resource conservation and recycling and decarbonization. Through these businesses, we will seek to contribute to the resolution of social issues. At the same time, the division will accelerate the transformation of its business portfolio.

The first business field on which the Metals, Mineral Resources & Recycling Division will focus is the circular economy field, particularly the areas of metal and waste recycling. In this field, we will seek to establish businesses with a significant sense of scale.

The second field is new businesses that address social needs related to decarbonization, hydrogen, rechargeable batteries,

## Operating Environment

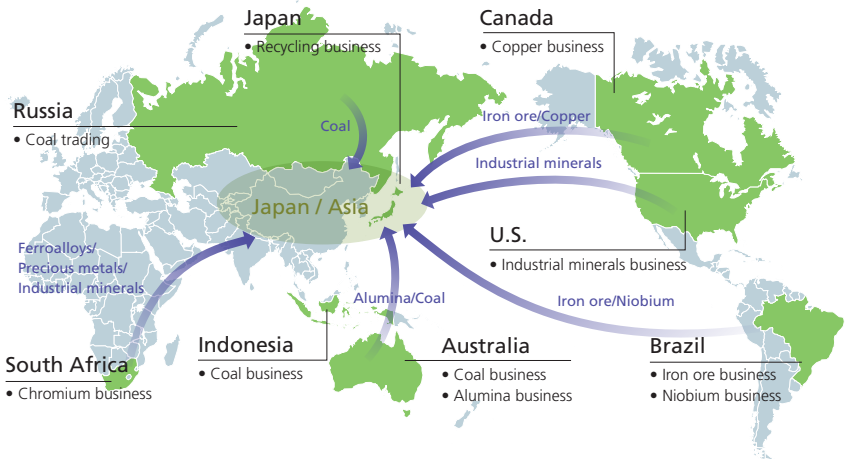
Opportunities	<ul style="list-style-type: none"><li>Growth in demand for mineral resources, steel, and industrial materials centered on emerging countries</li><li>Demand for new products arising from strengthened and revised environmental regulations</li><li>Increased demand for new technologies and materials that contribute to the development of a sustainable society</li><li>Higher demand for eco-friendly businesses, such as recycling and by-product management</li></ul>
Risks	<ul style="list-style-type: none"><li>Reduction to revenues from fluctuations in resource prices and exchange rates and inflation</li><li>Rising geopolitical risks, such as Russia's invasion of Ukraine, resource nationalism, and trade friction between the United States and China</li><li>Substitute products and strengthened regulations resulting in lower product competitiveness</li><li>Global trend toward carbon taxes and other stringent environmental regulations</li></ul>

and new materials. We are accelerating our initiatives in this area.

The third field is upstream interests. Specifically, we will conduct ongoing investments in competitive upstream interests in metal resource fields. In these undertakings, we will seek to fulfill our mission as a general trading company—delivering goods and services where necessary—based on consideration of contemporary concerns such as changing social needs, supply chain stability, and synergies with other fields. By conducting asset replacement when necessary, the division will build a high-quality portfolio of upstream assets.

In this manner, we will endeavor to bolster competitiveness in metal resources, steel products, and other existing business fields while fostering future earnings pillars based on social changes and megatrends.

## Business Map



Niobium mine in Brazil (Companhia Brasileira de Metalurgia e Mineração)



Products created using 3D metal printer (JAMPT Corporation)

## TOPICS

### Market-Oriented Initiatives

**IT Asset Disposition and e-Scrap Business**

The Metals, Mineral Resources & Recycling Division invested in IT asset disposition service provider TES-AMM JAPAN K.K., in January 2021, commencing metal recycling and reuse initiatives in the circular economy field. This decision was made based on the rising needs for addressing data leakage risks in the midst of efforts to reduce emissions and environmental impacts and in the face of depleted natural resource reserves.

Looking ahead, we aim to expedite the development of an IT asset disposition and e-scrap business by bolstering the resource collection operations that are the first step in recycling the metal resources used in electronic equipment. Through metal recycling and reuse activities, the Metals, Mineral Resources & Recycling Division aims to contribute to a recycling-oriented society while also developing a competitive metal resource recycling chain in its IT asset disposition and e-scrap business that can be deployed in Japan and in other regions.



### Collaboration

**Practical Application and Commercialization of Membrane-Based DAC Technology**

Sojitz has partnered with Kyushu University to pursue the practical application and commercialization of a direct air capture (DAC) technology for directly capturing CO<sub>2</sub> emissions from the atmosphere. Kyushu University's technology is the world's first membrane-based DAC technology, which makes it possible to capture CO<sub>2</sub> from the air through a membrane separation system. This new technology will increase the number of possible locations for CO<sub>2</sub> capture equipment by greatly reducing the geographical restrictions on implementation. The recovered CO<sub>2</sub> can be used as a raw material for fuels and chemicals as well as for cultivation of crops and for production of beverages and dry ice. With this technology, Kyushu University and Sojitz seek to promote carbon neutral initiatives and provide solutions to social issues through the practical application of DAC technology toward the realization of a sustainable society.



Membrane with a width of 1/300 of a strand of human hair





Chemicals Division

We will pursue sustainable growth by further strengthening businesses in which we have strengths, such as methanol, and by creating materials businesses in line with a low-carbon and recycling-oriented society.



Strengths

- Customer base of over 5,000 companies
- Wide variety of products and materials
- Ability to make proposals in response to the changing business environment
- Wide variety of products, materials, and business proposal capabilities for upstream, midstream, and downstream areas
  - Extensive customer network of over 5,000 companies around the world
  - Top-level business scale and name recognition among general trading companies
  - Operational know-how accumulated through gas chemical business
  - Plastic resin business with a global sales and procurement network
  - Business expertise in the C5 and petroleum resin business value chain
  - Large share and stable supply of Indian-sourced industrial salt in the Asian market

Growth Strategy

The lockdowns and other activity restrictions implemented in response to the COVID-19 pandemic resulted in production halts and reduced production volumes at automobile and other factories. This situation caused declines in demand for resins and other chemical products, driving down selling prices and thus having a heavy impact on the Chemicals Division. Going forward, we will continue to carefully monitor these trends. At the same time, we will turn our attention to the changes in the operating environment, given that demand is expected to spike when conditions begin to recover from the impacts of the pandemic, in order to take advantage of the earnings opportunities and fulfill our supply obligations.

The Chemicals Division has defined three strategies for pursuing long-term earnings leading up to 2030. These strategies are to transition from petrochemicals to biomass-derived chemicals, contribute to the creation of a recycling-oriented society through recycling and other businesses, and cater to the demand for health foods and other healthcare products.

Operating Environment

- Opportunities

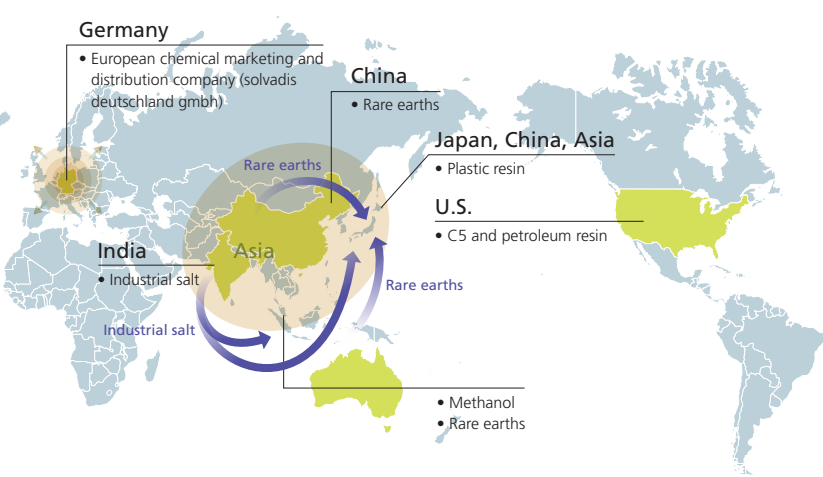
  - Rising global demand for chemicals accompanying economic growth in emerging countries
  - Supply chain changes to be seen after the COVID-19 pandemic
  - Development and production of new materials in response to progress and advancement of eco-friendly needs at the global level
- Risks

  - Social pressure directed toward petrochemical products as part of transition to low-carbon society
  - Pressure on business revenue due to volatile market conditions and fluctuations in foreign exchange rates
  - Supply-related risks accompanying rapid demand fluctuations to be seen during post-COVID-19 pandemic recovery (difficulty securing supplies, stressed distribution, etc.)

Guided by these strategies, we are investing in businesses in the life science field to move away from our prior trade-oriented operations in this field, which focused on health foods, pharmaceuticals, and cosmetics materials, and toward solutions-oriented operations, which will involve the development, production, and sale of new materials. In addition, we are utilizing new technologies in the environmental field to develop new businesses related to biochemicals and chemical recycling.

Furthermore, Sojitz is investing in start-ups and other companies with promising technologies. For example, we have acquired stakes in Green Earth Institute Co., Ltd., a company that boasts biomass-derived chemical production technologies, and JEPLAN, INC., a company possessing chemical recycling technologies. Through devoted efforts in collaboration with partners boasting superior technological and strategy execution capabilities, the Chemicals Division will help realize a decarbonized society.

Business Map



C5 and petroleum resin (U.S.) (Cymetech Corporation)



Industrial salt (India)

TOPICS

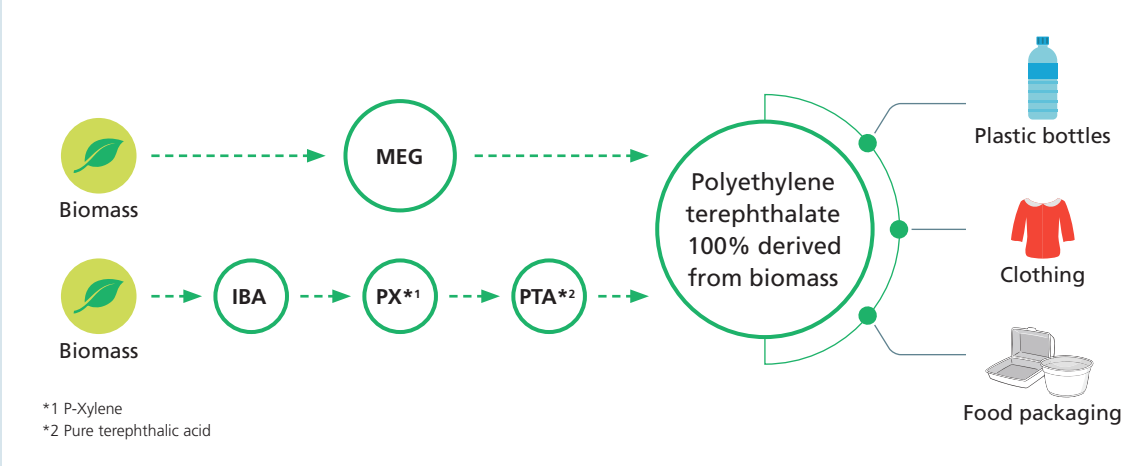
Transition from Petrochemicals to Sustainable Biomass-Derived Chemicals

Development of Biomass-Derived Chemicals

The Chemicals Division develops and supplies biomass-derived chemicals to help reduce CO<sub>2</sub> emissions and resolve environmental issues. We have been dealing in green polyethylene (plastic derived from sugarcane) for about a decade, and we are rapidly developing and expanding our lineup of other biomass-derived chemicals.

In addition, we concluded an agreement with Brazil's Braskem S.A. in March 2022 to establish a joint venture company for advancing the joint development of technologies for producing biomass-derived monoethylene glycol (MEG) and monopropylene glycol (MPG). Based on this agreement, we plan to construct a total of three commercial plants in Brazil, with the first scheduled to commence operation in 2025.

As we produce biomass-derived MEG as a substitute for petrochemicals through this joint venture company, we will also pursue synergies with the isobutane (IBA) production and development being advanced together with Green Earth Institute Co., Ltd., in which we acquired a stake in June 2021, to produce polyethylene terephthalate 100% derived from biomass. Further contributions to decarbonization and social sustainability will be made by creating MPG, a chemical used in cosmetics, from plants.





# Consumer Industry & Agriculture Business Division

We are developing new business models that see opportunities in global trends toward local production and consumption, decarbonization, and resource recycling.



Strengths

- Strong business foundation in Southeast Asia

Top class in compound chemical fertilizers in three countries

Participation in one of Japan's largest biomass power plant projects
- Development of a wide range of businesses mainly in Southeast Asia, such as fertilizer production, feed production, grain port operation, flour milling, bakery products, confectioneries, building materials, afforestation, woodchips, and papermaking
  - Establishment of a top-level market share in the production and sale of compound chemical fertilizer in Thailand, Vietnam, and the Philippines
  - Participation in one of the largest biomass power plant projects in Japan, utilizing a stable woody biomass resource procurement network

Growth Strategy

The Consumer Industry & Agriculture Business Division sees business opportunities in the massively changing operating environment characterized by the trends emerging as the world prepares to move past the COVID-19 pandemic, the turbulent global conditions, and the pursuit of the United Nations Sustainable Development Goals. Maintaining an eye on the Japanese market, we are looking to incorporate market growth in response to megatrends and thereby bolster earnings power with growing Asian markets as our main focus.

In the fertilizer business, where we boast strong market shares in Thailand, Vietnam, and the Philippines, we are applying digital transformation methodologies to our current business model, which is based on our wide-reaching network, to transition to a model for developing agricultural platforms based on a market-oriented perspective.

In the food business, we are branching out from feed production in Vietnam to enter into the livestock industry in order to contribute to a stable supply of proteins in Southeast Asia. Meanwhile, with our value chain stretching from flour milling to bakery products in the Philippines, we are growing

Operating Environment

- Opportunities

  - Diversification of lifestyles in Asia
  - Increase in demand for foodstuffs and essential consumer goods due to population growth and economic development in Southeast Asia
  - Growing need for the safety, security, and sustainability of food
  - Greater emphasis placed on sustainable procurement of lumber resources amid growing environmental awareness
- Risks

  - Price fluctuations due to an imbalance between supply and demand caused by climate change and changes in government policies
  - Pressure on business revenue due to sudden fluctuations in exchange rates

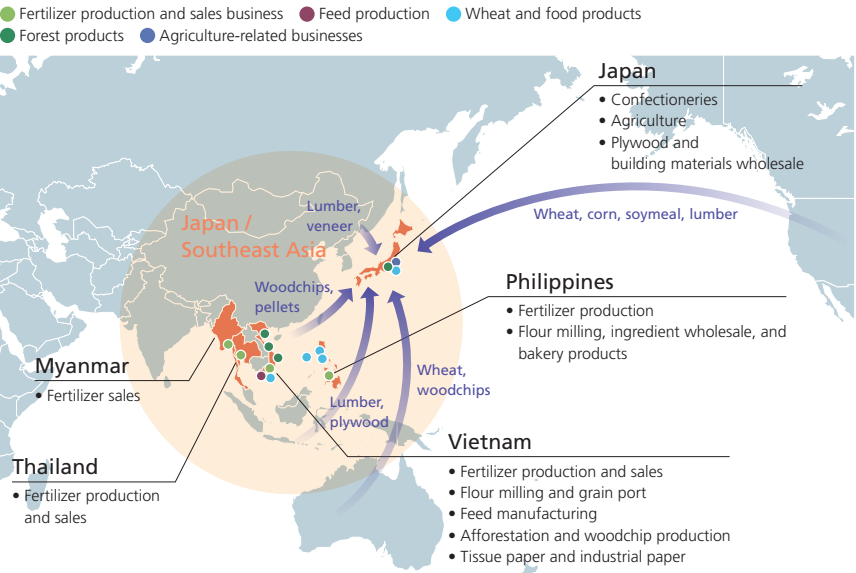
businesses that address the needs of this country by enhancing digital and other marketing activities.

As for forest products, initiatives are being ramped up in our traditional woodchip production business as well as in our biomass-related and forest management businesses and our Vietnamese household paper and industrial paper product business. We thereby aim to develop businesses that contribute to the development of local communities while preserving the global environment.

Meanwhile, we are working to promote regional economic development through businesses that contribute to the local production and consumption of items like biomass fuel materials and feed for cattle. Specific examples of initiatives include using idle and other land to plant fast-growing Japanese aspen trees, which can be harvested in a mere five years, and sorghum, a Poaceae plant.

A focus on circular economies as well as market-oriented perspectives will be incorporated into every business in order to ensure that our business models are enduring and contribute to decarbonization.

Business Map



Atlas Fertilizer Corporation (Philippines)



Saigon Paper Corporation (Vietnam)

TOPICS

Collaboration

**Vietnamese Livestock Integration**

In September 2021, Sojitz established Japan Vietnam Livestock Co., Ltd., together with Vietnam Livestock Corporation JSC, a member of the Vinamilk Group, a major Vietnamese dairy product manufacturing conglomerate. Half of the investment for establishing this company was made by the Retail & Consumer Service Division, which oversees beef import and sales subsidiary Sojitz Foods. Japan Vietnam Livestock is able to take advantage of the strength of the Vinamilk Group's local operating foundation in Vietnam, which allows it to use Holstein bulls and cows that have given birth, as well as Sojitz's Japanese processing technologies and beef marketing capabilities. We are developing a business model that combines these strengths to stimulate beef demand in Vietnam and incorporate the growth potential of this market.

Moreover, a memorandum of understanding for joint development of cattle fattening, processing, and sales businesses was concluded between Vietnam's Vinh Phúc province, the Vinamilk Group, Japan Vietnam Livestock, and Sojitz in November 2021. This massive project, entailing a total investment of more than U.S.\$500 million, is set to commence in 2023.



Regional Economic Development

**Comprehensive Agreement with Miyazaki Prefecture's Kawaminami Town**

In May 2022, Sojitz signed a comprehensive collaboration agreement with Kawaminami Town, Miyazaki Prefecture, regarding regional economic development activities centered on invigorating the agricultural industry. Under this agreement, Sojitz will work together with Kawaminami Town to invigorate the local economy and thereby contribute to sustainable agriculture and a more energized community. Specific venues for the collaboration will include biomass energy, new high-profit crops, and smart agriculture. As our first step in these efforts, we are teaming up with local agricultural workers to cultivate high-profit crops alongside Sojitz's fast-growing tree business.







# Retail & Consumer Service Division

Aiming to enrich and bring convenience to people’s lives, we will pursue a variety of businesses with a global perspective.



## Strengths

- Network and customer bases established over many years

Shopping center management track record and consistent development of real estate business

Top-class position in market for North American beef imports to Japan
- Networks and customer bases established over many years throughout Asia
  - Retail businesses developed to meet the needs of ASEAN countries based on their stage of development
  - Expertise in management and investment for increasing value of shopping centers
  - Supply base for food products and consumer goods matched to diversifying lifestyles
  - Top market share in importing frozen North American beef to Japan

## Operating Environment

- Opportunities

  - Increase in demand in India and the ASEAN region accompanying an expansion of the middle-income segment due to economic development in these areas
  - Rising demand for Japanese technologies to improve productivity and to address the higher labor costs that stem from labor shortages
  - Rising interest in Japan’s food culture (including Japanese cuisine) and diversification of food
  - Changes and diversification of consumer purchasing habits due to rising health consciousness and popularization of e-commerce
  - Demand in Japanese society for women’s participation in the workforce; demand for talent development and new job/industry creation in Asian countries
- Risks

  - Revisions to legal and regulatory systems in Asian countries
  - Cost increases due to stricter food quality control in Asia
  - Pressure on earnings from businesses and trading due to drastic fluctuations in foreign exchange rates and increases in raw material prices
  - Increase in risks related to human rights and environmental issues due to expansion of manufacturing businesses
  - Shrinkage of market associated with population decline in Japan
  - Effects of future changes in work and lifestyle habits on the real estate industry

## Growth Strategy

The COVID-19 pandemic shows no sign of subsiding, and the outlook remains opaque as a result. Nevertheless, we are witnessing recovery in previously depressed consumption levels. At the same time, there have been substantial changes in lifestyles and consumption trends, which can be viewed as representing an important turning point that shows consumers’ tastes and needs are becoming more diverse than ever before.

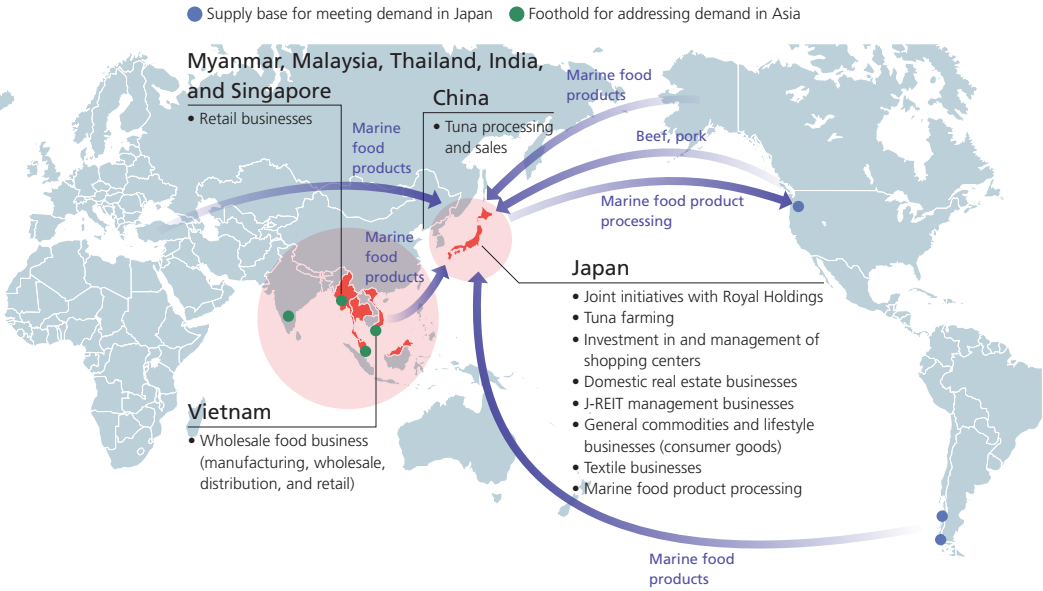
The Retail & Consumer Service Division has continued to develop a diverse range of operations aimed at enriching and bringing convenience to people’s lives with a focus on customer-based businesses in the consumer market. Advancing further in this regard, we will look to grow market-oriented service businesses in order to accommodate diversifying consumer tastes and needs and address changes in industry structures.

In the year ending March 31, 2023, we anticipate a phased recovery in domestic consumer demand from the impacts of the

COVID-19 pandemic coupled with earnings growth in ASEAN retail businesses. A major pillar of the Retail & Consumer Service Division’s growth strategies in this year will be the expansion of operations and the augmentation of functions in the ASEAN region, which is expected to continue experiencing economic growth going forward. Moreover, the division will reform existing business models and strengthen and grow earnings foundations through the construction of new business platforms in Vietnam, India, and other emerging markets.

Moreover, Marine Foods, a marine food product processing company acquired in the year ended March 31, 2022, will pursue the reinforcement and expansion of its overseas operations by combining its customer base and product development and processing functions with Sojitz’s global network. We will also look to strengthen businesses in the domestic retail field through Marine Foods.

## Business Map



Ministop Vietnam



Royal Holdings

## TOPICS

### Collaboration and Market-Oriented Initiatives

**Investment in NIKUVEGE Plant-based Meat Supplier Tastable**

In June 2022, Fuji Nihon Seito Corporation and Sojitz commenced joint investment in Tastable Co., Ltd., a developer, designer, and seller of NIKUVEGE plant-based meat and other food products.

Through this investment in Tastable, the companies aim to accelerate growth through a focus on R&D of new materials, increases to sales both in Japan and overseas, and the creation of business opportunities in related fields compatible with the plant-based meat business. Sojitz Foods and Meat One have well established sales channels for livestock products and advanced manufacturing and processing technologies. By combining such strengths of the Sojitz Group, we will provide raw material procurement, manufacturing, sales, and marketing functions to develop, manufacture, and sell these products for wholesale and commercial consumption.

This partnership is expected to help us supply safe and tasty plant-based meat while also contributing to the resolution of social issues related to protein shortages amid rising health consciousness and global population growth.

**Joint Initiatives with Marine Foods and Royal Holdings**

Acquired in March 2022, Marine Foods is a marine food processing company boasting strength in sushi and processed marine food products as well as a customer base of some 4,000 companies. By generating synergies between Marine Foods’ management resources and Sojitz’s strengths in the beef business, we look to offer an increasingly wide range of proposals to users in the restaurant, retail chain, and other industries.

We also intend to accelerate our global expansion efforts in light of the growth anticipated in the global marine food products market amid diversifying diets and rising health consciousness.

Moreover, our ingredient value chains will be utilized to develop more appealing menus for consumers in Japan and overseas through co-creation with Royal Holdings Co., Ltd.



MF Vietnam Ltd.

11-Year Financial Summary

11-Year Financial Summary

For the years ended March 31, 2022 to 2012

IFRS

	2022.3	2021.3	2020.3	2019.3	2018.3	2017.3	2016.3		2015.3	2014.3	2013.3	2012.3
Millions of yen												
Operating Results:												
Revenue	2,100,752	1,602,485	1,754,825	1,856,190	1,816,459	1,555,349	1,658,072		1,809,701	1,803,104	1,747,750	2,006,649
Gross profit	271,319	188,120	220,494	240,956	232,380	200,685	180,739		197,688	198,221	187,245	217,066
Profit before tax	117,295	37,420	75,528	94,882	80,343	57,955	44,269		52,584	44,033	28,052	58,457
Profit (loss) for the year (Attributable to owners of the Company)	82,332	27,001	60,821	70,419	56,842	40,760	36,526		33,075	27,250	13,448	(1,040)
Core earnings* <sup>1</sup>	131,263	38,468	68,302	93,015	90,713	54,076	41,603		66,354	68,018	38,395	65,812
Net cash provided by operating activities	65,084	84,972	40,510	96,476	98,812	857	99,939		39,109	46,997	55,124	88,723
Net cash used in investing activities	(138,819)	(35,676)	(35,669)	(42,200)	(86,407)	(32,179)	(33,910)		(13,792)	(24,469)	(11,652)	(42,280)
Net cash provided by (used in) financing activities	46,898	(40,621)	(12,164)	(74,907)	(13,052)	(4,029)	(114,695)		(42,600)	(30,931)	(56,177)	(29,530)
Free cash flow	(73,734)	49,295	4,840	54,276	12,404	(31,321)	66,028		25,317	22,528	43,472	46,443
Balance Sheet Data (As of March 31):												
Total assets	2,661,680	2,300,115	2,230,285	2,297,059	2,350,351	2,138,466	2,056,670		2,297,358	2,220,236	2,150,050	2,190,692
Total equity attributable to owners of the Company	728,012	619,111	579,123	618,295	586,464	550,513	520,353		550,983	459,853	382,589	329,962
Total equity	763,878	654,639	621,898	661,607	625,124	577,970	549,716		590,656	492,959	411,298	355,180
Interest-bearing debt* <sup>2</sup>	1,052,725	908,334	893,258	873,321	911,479	925,368	922,699		1,038,769	1,065,276	1,077,007	1,118,046
Net interest-bearing debt* <sup>2</sup>	770,291	610,677	613,173	584,711	603,449	611,007	571,628		629,556	640,256	643,323	676,337
Yen												
Per Share Data:												
Basic earnings	352.65	112.53	244.53	281.71	227.19	162.91	145.99		132.19	108.91	53.75	(4.16)
Total equity attributable to owners of the Company	3,153.90	2,581.58	2,374.83	2,474.69	2,344.04	2,200.32	2,079.73		2,202.13	1,837.89	1,529.03	1,318.70
Dividends* <sup>3</sup>	106	50	85	85	55	40	40		30	20	15	15
Ratios:												
ROA (%)	3.3	1.2	2.7	3.0	2.5	1.9	1.7		1.5	1.2	0.6	(0.0)
ROE (%)* <sup>4</sup>	12.2	4.5	10.2	11.7	10.0	7.6	6.8		6.5	6.5	3.8	(0.3)
Equity ratio (%)* <sup>5</sup>	27.4	26.9	26.0	26.9	25.0	25.7	25.3		24.0	20.7	17.8	15.1
Net debt equity ratio (DER) (Times)	1.1	1.0	1.1	1.0	1.0	1.1	1.1		1.1	1.4	1.7	2.0
Consolidated payout ratio (%)* <sup>6</sup>	30.1	44.4	34.8	30.2	24.2	24.6	27.4		22.7	18.4	27.9	—
Risk assets (Millions of yen)	450,000	390,000	380,000	360,000	350,000	320,000	330,000		320,000	350,000	340,000	330,000
Ratio of risk assets to total equity (Times)	0.6	0.6	0.7	0.6	0.6	0.6	0.6		0.6	0.8	0.9	1.0

Notes: 1. The Sojitz Group adopted IFRS in the year ended March 31, 2013, and the date of IFRS implementation was April 1, 2011.  
2. Effective October 1, 2021, the Company performed a one-for-five share consolidation. Past figures for per share data have been restated to reflect this change.  
\*1 Core earnings = Gross profit + Selling, general and administrative expenses (before provision of allowance for doubtful accounts and write-offs) + Net interest expenses + Dividend income + Share of profit (loss) of investments accounted for using the equity method  
\*2 Interest-bearing debt does not include lease liabilities.  
\*3 The amounts represent the annual dividends per share of common stock of Sojitz Corporation.  
\*4 Under IFRS, ROE is return on equity attributable to owners of the Company.  
\*5 Equity ratio represents the total equity attributable to owners of the Company ratio.  
\*6 Consolidated payout ratio is calculated based on the number of shares as of March 31, and is not presented for the year ended March 31, 2012, due to the recording of a loss for the year (attributable to owners of the Company).

Japanese GAAP

	Millions of yen
	2012.3* <sup>4</sup>
Operating Results:	
Net sales (Total trading transactions)	4,494,237
Gross trading profit	231,566
Operating income	64,522
Ordinary income	62,228
Net loss	(3,649)
Core earnings* <sup>1</sup>	64,943
Net cash provided by operating activities	91,600
Net cash used in investing activities	(42,287)
Net cash used in financing activities	(36,376)
Free cash flow	49,313
Balance Sheet Data (As of March 31):	
Total assets	2,120,596
Net assets	330,471
Interest-bearing debt	1,090,542
Net interest-bearing debt	647,836
Yen	
Per Share Data:	
Net loss	(14.6)
Net assets	1,222.62
Dividends* <sup>2</sup>	15
Ratios:	
ROA (%)	(0.2)
ROE (%)	(1.1)
Equity ratio (%)	14.4
Net debt equity ratio (DER) (Times)	2.1
Consolidated payout ratio (%)* <sup>3</sup>	—

\*1 Core earnings = Operating income (before provision of allowance for doubtful accounts and write-offs) + Interest expenses-net + Dividend income + Equity in earnings of affiliates  
\*2 The amounts represent the annual dividends per share of common stock of Sojitz Corporation.  
\*3 Consolidated payout ratio is calculated based on the number of shares as of March 31, and is not presented for the year ended March 31, 2012 due to the net loss.  
\*4 Figures for the year ended March 31, 2012 include figures for major overseas consolidated subsidiaries for a 15-month accounting period due to the alignment of their fiscal year-ends with that of Sojitz Corporation, the parent company.



Non-Financial Data / Country Risk Exposure (Consolidated)

Non-Financial Data

Social Data

	FY2019	FY2020	FY2021
Number of employees (consolidated)	18,839	19,463	20,673
Number of employees (non-consolidated)* <sup>1</sup>	2,460	2,551	2,558
Male	1,844	1,835	1,823
Female	616	716	735
Number of female career track employees (Number of female managers)	246 (46)	287 (54)	303 (57)
Ratio of female managers (%)	4.4	5.4	5.9
Average years of employee service	15.8	15.4	15.4
Male	16.9	16.9	17.0
Female	12.6	11.6	11.5
Ratio of employees with disabilities (%)	2.20	2.25	2.39
Annual paid leave acquisition rate (%)	68.4	64.4	68.7
Number of employees taking childcare leave* <sup>2</sup>	50	60	60
Male	30	34	45
Female	20	26	15
Ratio of employees returning to work after childcare leave (%)	92.8	100	94.1
Personnel turnover (%)	3.1	2.7	4.6
Number of new graduate hires	126	117	86
Male	68	60	47
Female (including administrative workers)	58	57	39
Ratio of women among new graduate hires (%)	46	49	45
Number of mid-career hires	25	30	35
Male	14	14	23
Female (including administrative workers)	11	16	12
Ratio of women among mid-career hires (%)	44	53	34
Ratio of mid-career hires among full-time employees (%)	17	20	29
Employee union membership rate (%)	50	53	54

\*1 Figures include full-time contract employees.  
\*2 Figures refer to the number of employees who commenced childcare leave within the fiscal year.

Human Resource Development Data


	FY2019	FY2020	FY2021
Number of employees receiving training (aggregate total)* <sup>3, 4</sup>	Approx. 21,500	Approx. 5,200	Approx. 26,000
Total training hours* <sup>3, 4</sup>	Approx. 43,000	Approx. 38,000	Approx. 39,300
Hours of training* <sup>3, 5</sup>	19	16	17
Overseas trainee program participants	31	5	39
Short term	22	1	10
Long term	9	4	29

\*3 Training refers to employee training, including self-development training, conducted by the Human Resources Department as well as e-learning and ISO 14001 environmental standards and CSR training programs provided by other departments.  
\*4 The year-on-year decreases in the number of employees receiving training and in total training hours recorded in the year ended March 31, 2021, were a result of a change in calculation methods meant to clarify the basis for disclosed figures undertaken based on input from a third-party verification institution (KPMG AZSA Sustainability Co., Ltd.).  
\*5 Figure exclude directors, executive officers, and Audit & Supervisory Board members as well as employees who retired as of March 31 of the given fiscal year.

Environmental Data

	Unit	FY2019	FY2020	FY2021
Electricity consumption	MWh	220,930	263,805	266,035
CO <sub>2</sub> emissions (Scope 1)* <sup>1</sup>	t-CO <sub>2</sub>	969,775	705,807	700,618
CO <sub>2</sub> emissions (Scope 2)* <sup>2</sup>	t-CO <sub>2</sub>	152,108	206,283	219,180
CO <sub>2</sub> emissions (Scope 1 + Scope 2)	t-CO <sub>2</sub>	1,121,884	912,090	919,797
CO <sub>2</sub> emissions (Scope 3)* <sup>3</sup>	t-CO <sub>2</sub>	—	—	36,007,569
Waste discharged* <sup>4</sup>	Tons	60,485	67,711	62,769
Water use	Millions of m <sup>3</sup>	4.77	5.03	4.50

Scope: Sojitz Corporation and domestic and overseas consolidated subsidiaries.  
• For information on progress toward Scope 1 and Scope 2 emissions reduction targets, please refer to Sojitz's corporate website.  
https://www.sojitz.com/en/csr/environment/carbon\_neutrality/  
\*1 Scope 1: Direct emissions from the use of fuels such as city gas  
\*2 Scope 2: Indirect emissions from the use of purchased electricity, heat, etc.  
\*3 Scope 3: Emissions from supply chain for power generation sector (thermal coal, oil, and gas)  
\*4 Figure for the year ended March 31, 2021, has been restated to reflect changes in data (pre-restating figure: 75,395 tons).



Reference

The above environmental, social, and other data has been verified by third-party institution KPMG AZSA Sustainability Co., Ltd.

The verification report can be found on Sojitz's corporate website.

https://www.sojitz.com/en/csr/environment/pdf/independent\_e.pdf

Country Risk Exposure (Consolidated)

Exposure (As of March 31, 2022)

Billions of yen								
Country	Investments	Loans	Guarantees	Operating receivables	Cash and deposits, etc.	Other assets	Country risk	Substantial country risk
Thailand	3.1	0	0.3	29.0	30.9	9.5	72.9	72.9
Indonesia	14.4	0	0	5.5	4.4	6.2	30.5	36.5
Philippines	2.7	0.2	0	14.7	5.3	7.1	30.1	30.0
China (including Hong Kong)	11.6	0	0	51.8	3.0	3.3	69.6	69.0
China	10.4	0	0	44.9	1.9	2.4	59.5	58.3
Hong Kong	1.2	0	0	6.9	1.1	0.9	10.1	10.7
Brazil	5.2	0.3	0.3	2.8	1.7	20.1	30.3	65.4
Argentina	0.3	0	0	0.7	0	1.3	2.3	1.4
Russia	1.7	0	0	15.0	1.8	6.6	25.1	22.8
India	39.5	0	0	19.2	1.0	4.0	63.7	57.8
Vietnam	7.9	0.5	0.2	33.6	7.1	16.0	65.3	67.9
Turkey	0	0	0	2.6	0.3	0	2.9	11.1
Total	86.4	1.0	0.8	174.9	55.5	74.1	392.7	434.8

(Reference)

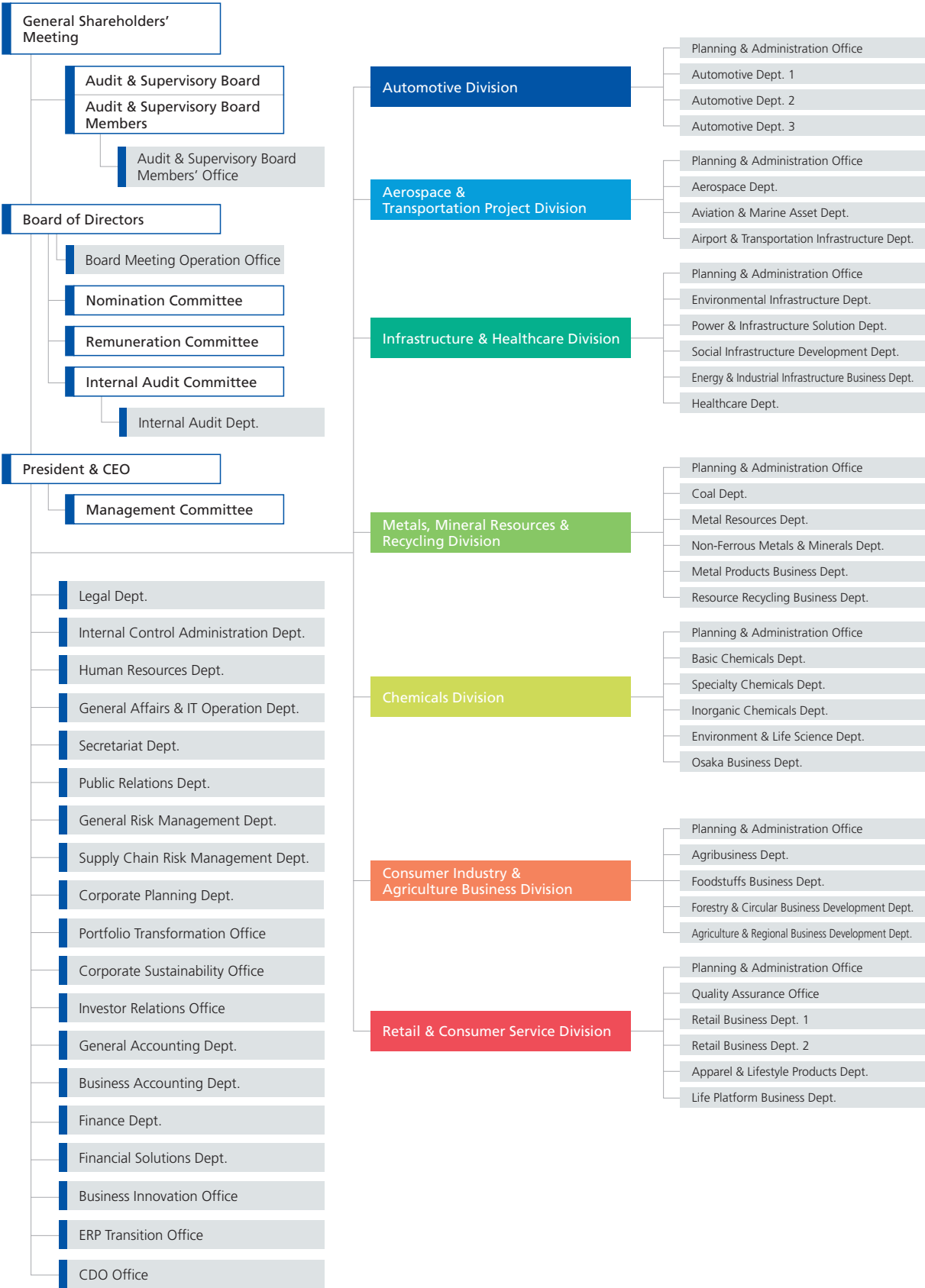
Exposure (As of March 31, 2021)

Billions of yen								
Country	Investments	Loans	Guarantees	Operating receivables	Cash and deposits, etc.	Other assets	Country risk	Substantial country risk
Thailand	4.7	0	0.1	28.2	29.1	9.7	71.8	73.2
Indonesia	13.6	0	9.2	4.4	3.6	4.8	35.7	47.4
Philippines	11.6	0.1	0	10.1	4.4	6.3	32.5	29.6
China (including Hong Kong)	10.9	0	0.2	57.2	7.3	4.8	80.5	77.5
China	9.1	0	0.2	43.9	3.2	2.0	58.4	66.8
Hong Kong	1.8	0	0	13.3	4.1	2.8	22.1	10.7
Brazil	3.6	0.2	0.2	1.8	1.3	12.5	19.7	48.2
Argentina	0.2	0	0	0.3	0	0.2	0.7	0.3
Russia	1.3	0	0	15.3	1.6	6.5	24.7	19.9
India	9.7	0	0.3	17.3	0.2	4.1	31.5	26.4
Vietnam	8.6	0.2	0.2	18.6	6.1	14.8	48.6	48.5
Turkey	0	0	0	1.3	0.5	0	1.8	10.9
Total	64.2	0.5	10.2	154.5	54.1	63.7	347.5	381.9

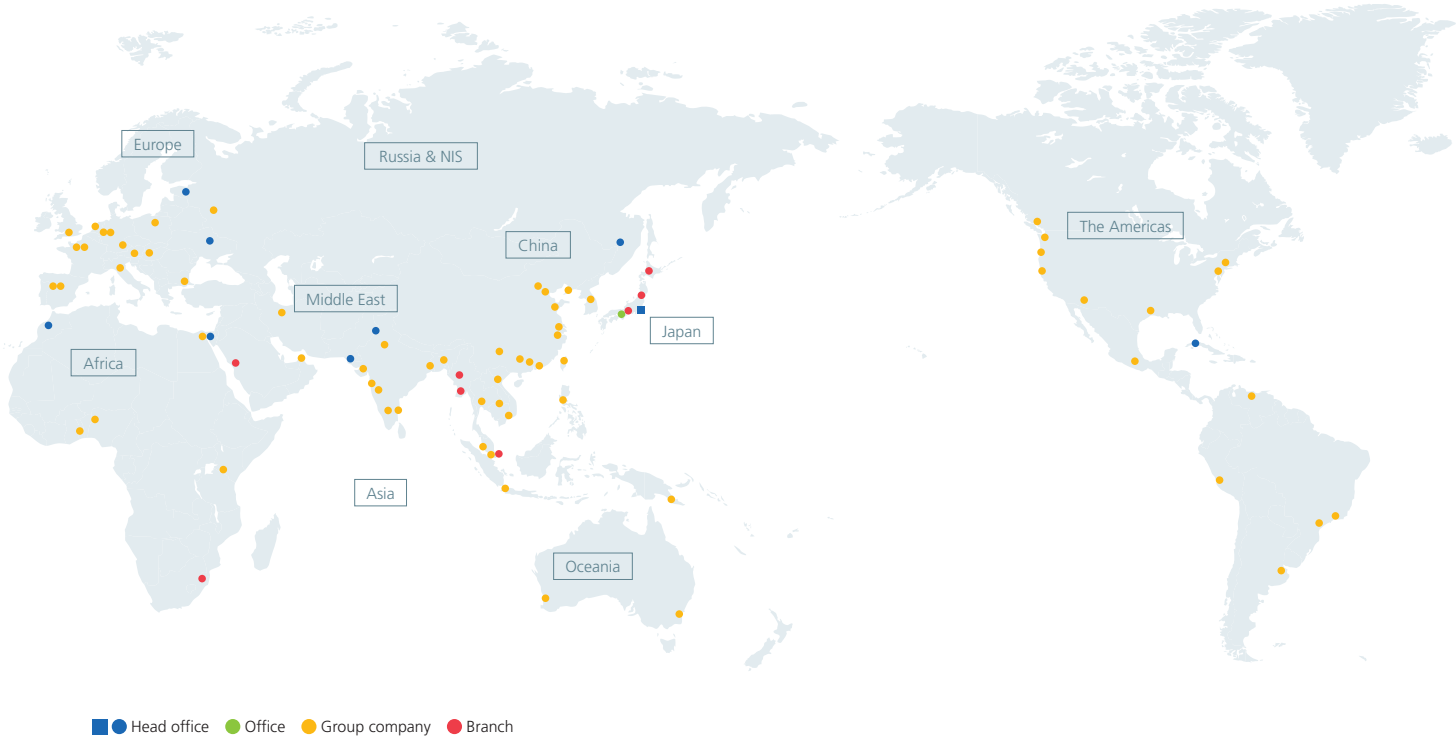
Note:  
We calculate exposure for the consolidated Sojitz Group by tallying assets that are exposed to country risk. We disclose exposure for the entire Sojitz Group and for the following assets: investments, loans, guarantees, and operating receivables and inventories (grouped as "operating receivables"); cash and deposits and financial assets (grouped as "cash and deposits, etc."); and bad debts, non-current assets, etc. (grouped as "other assets").  
Exposure is tallied on the following bases:  
• Country risk: Exposure is calculated based on the country in which credit counterparties, etc., are present.  
• Substantial country risk: Exposure is adjusted based on the substantial country of risk, regardless of counterparties' country of domicile.

Organization Chart / Principal Operating Bases

Organization Chart (As of June 30, 2022)



Principal Operating Bases (As of June 30, 2022)



Japan	5	China	10
The Americas	14	Asia & Oceania	24
Europe, Russia & NIS	18	Regions Directly Managed by the Head Office	3
Middle East & Africa	10		



For more information on Sojitz's operating bases, please refer to Sojitz's corporate website. <https://www.sojitz.com/en/corporate/network/>



Corporate Data / Investor Information

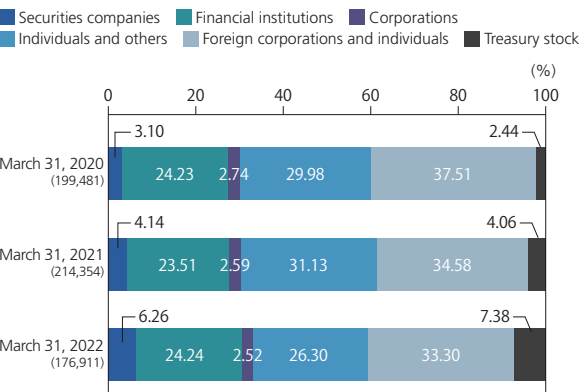
Corporate Data (As of June 30, 2022)

Company Name	Sojitz Corporation	Number of Branches & Offices	Domestic: 5 (including the Head Office) Overseas: 79
Established	April 1, 2003	Number of Subsidiaries & Affiliates	Domestic: 134 Overseas: 298
Capitalization	¥160,339,000,000	Number of Employees	Non-consolidated: 2,628 Consolidated: 20,507
President & CEO	Masayoshi Fujimoto Representative Director, President & CEO		
Head Office	1-1, Uchisaiwaicho 2-chome, Chiyoda-ku, Tokyo 100-8691, Japan Phone: +81-3-6871-5000		

Investor Information (As of March 31, 2022)

Securities Code	2768	Stock Listing	Tokyo Stock Exchange
Shareholder Registry Administrator	Mitsubishi UFJ Trust and Banking Corporation	Fiscal Year	From April 1 to March 31 of the following year
Inquiries	Mitsubishi UFJ Trust and Banking Corporation Securities Proxy Department 1-1, Nikko-cho, Fuchu-shi, Tokyo 183-0044, Japan	General Shareholders' Meeting	June
Phone	+81-120-232-711 (toll free)	Number of Shares per Unit	100 shares
		Total Number of Shares Authorized to be Issued	500,000,000
		Number of Shares Issued	250,299,900 (including treasury stock*) * 18,467,353 shares on March 31, 2022
		Number of Shareholders	176,911

Composition of Shareholders



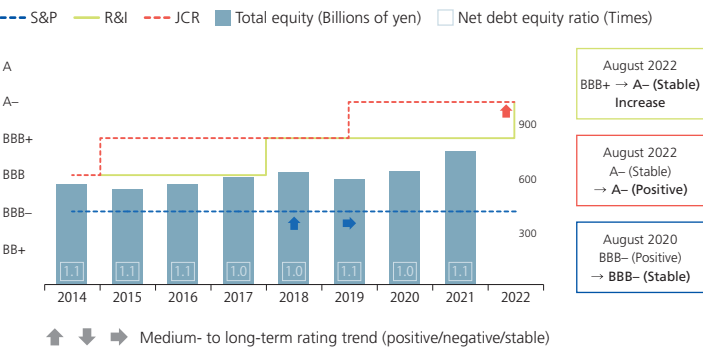
Note: Figures in parentheses indicate the number of shareholders.

Major Shareholders

Name of Shareholders (As of March 31, 2022)	Number of Shares Held (Thousands)	Shareholding Ratio (%)
The Master Trust Bank of Japan, Ltd.	34,054	14.69
ICHIGO TRUST PTE LTD.	24,726	10.67
Custody Bank of Japan, Ltd.	15,878	6.85
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	4,865	2.10
JAPAN SECURITIES FINANCE CO., LTD.	4,083	1.76
STATE STREET BANK AND TRUST COMPANY 505103	3,828	1.65
STATE STREET BANK WEST CLIENT-TREATY 505234	3,579	1.54
SMBC Nikko Securities Inc.	3,561	1.54
THE BANK OF NEW YORK MELLON 140044	2,605	1.12
JPMorgan Securities Japan Co., Ltd.	2,584	1.11

Note: Our treasury stock of 18,467 thousand shares is excluded from the above list. The shareholding ratios are calculated excluding the number of shares of treasury stock.

Rating Information



(As of September 1, 2022)

	Issuer Credit Ratings	Short-Term Ratings
Japan Credit Rating Agency, Ltd.	A- (Positive)	J-1
Rating and Investment Information, Inc.	A- (Stable)	a-1
Standard & Poor's	BBB- (Stable)	-

Investor Relations Activities

Communication with Shareholders and Other Investors

Sojitz conducts ongoing communication activities, using both offline and online venues, and practices timely and appropriate information disclosure to inform shareholders and other investors about its management policies and initiatives for achieving ongoing growth and medium- to long-term improvements in corporate value. The valuable input gained from shareholders, analysts, institutional investors, individual investors, and other stakeholders is actively communicated to management in accordance with our basic policy of engaging in constructive communication with shareholders and other stakeholders.

Targets	Initiatives	Specific Activities in the Year Ended March 31, 2022
Individual shareholders and individual investors	Explanation of management and human resource strategies, performance trends, etc., through briefings and other activities	• Online briefings for individual investors • Participation in briefings for individual investors arranged by investor relations support companies • Distribution of videos of visits to operating sites by the president via corporate website
Institutional investors (Japan and overseas)	Opportunities for direct communication through various briefings and individual meetings, etc.	• Online financial results briefings • Online ESG briefings • Small meetings with outside directors • Participation in conferences held by securities companies • Hybrid online-offline business briefings • Individual meetings

In addition to the above, securities analysts and credit rating agency representatives attended online financial results briefings.



\* Briefing was held in the year ending March 31, 2023.



External Evaluation of Investor Relations Activities

Integrated Report 2021

Receipt of Grand Prize at the 1st NIKKEI Integrated Report Awards



Selected as "Excellent Integrated Report" and "Most-improved Integrated Report" by Government Pension Investment Fund

Investor Relations Website

Grand Prize, Internet IR Awards (Sixth consecutive year, No. 1 overall in 2021) Daiwa Investor Relations Co. Ltd.



Investor Relations Information



For more information, please refer to the "Investor Relations" section of Sojitz's corporate website. <https://www.sojitz.com/en/ir/>

Message from IR Section



Investor Relations Office (As of September 1, 2022)

Thank you for reading *Integrated Report 2022*. This report was prepared with a focus on deepening reader understanding with regard to Sojitz's process of transformation and ongoing improvement of corporate value toward realizing its vision for 2030 of becoming a general trading company that constantly cultivates new businesses and human capital. We hope that reading this report has helped you gain a greater understanding of Sojitz and that you feel you can better trust the Company as a result. We will continue to emphasize the importance of engagement with our stakeholders while maintaining our earnest stance toward necessary and appropriate information disclosure as we seek to conduct investor relations activities in a manner that contributes to the improvement of corporate value.