



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.

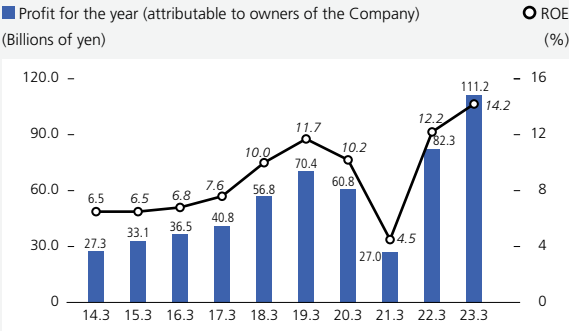
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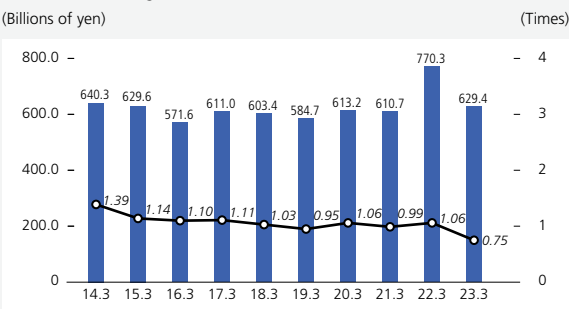
Performance Highlights (Financial / Non-Financial)

Financial Indicators (IFRS)

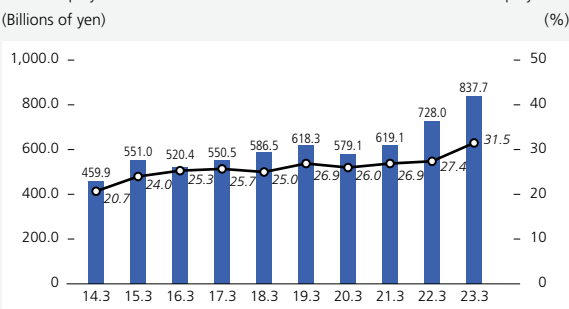
Profit for the Year (Attributable to Owners of the Company) and Return on Equity*1 (ROE)



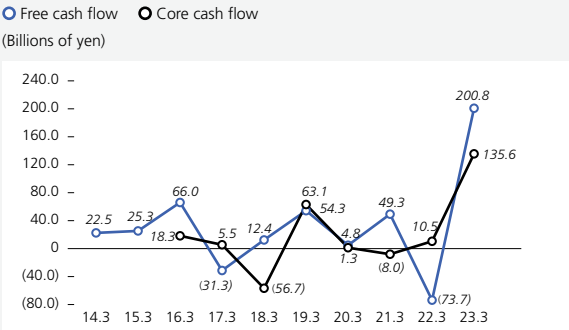
Net Interest-Bearing Debt and Net DER*1



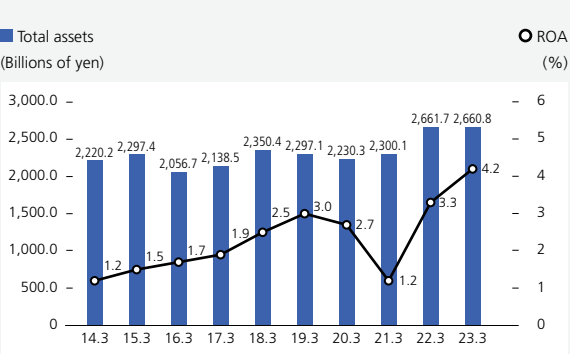
Total Equity and Equity Ratio*1



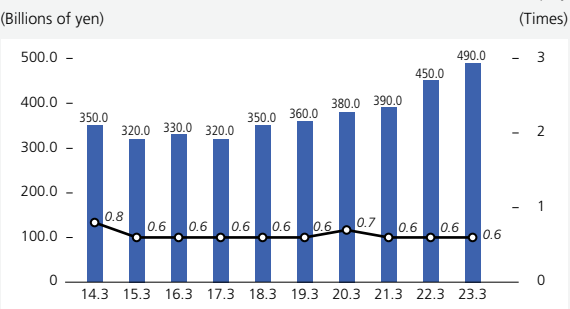
Cash Flow



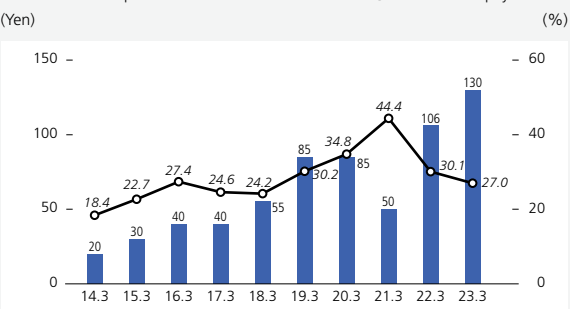
Total Assets and Return on Assets (ROA)



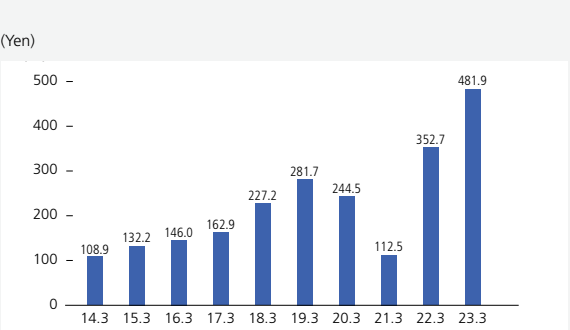
Risk Assets*2 and Ratio of Risk Assets to Total Equity



Cash Dividends per Share and Consolidated Payout Ratio*3



Profit for the Year per Share*4 (Attributable to Owners of the Company)

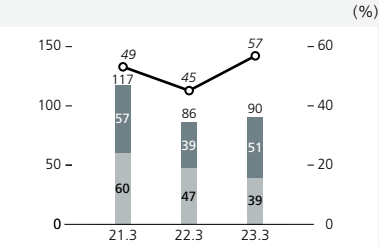


*1 Under IFRS, total equity is equity attributable to owners of the Company and is used as the basis for calculating return on equity, equity ratio, and net DER.
*2 The method of measuring risk assets mainly for goodwill was revised in the year ended March 31, 2019. Figures for the year ended March 31, 2018, have been restated to reflect this change.
*3 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.
*4 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.

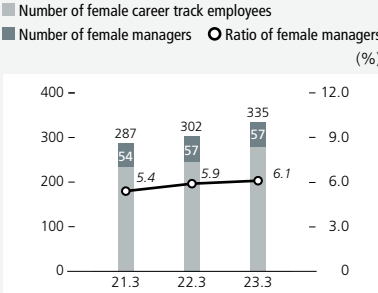
Non-Financial Highlights

Employee-Related Data

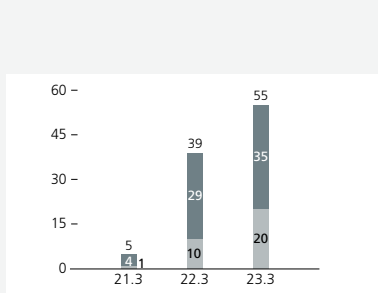
Number of New Graduate Hires / Ratio of Women Among New Graduate Hires



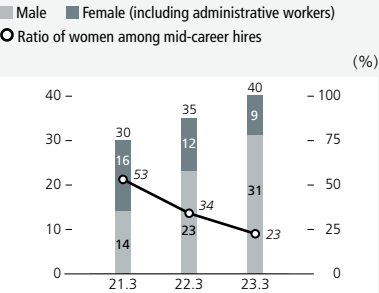
Number of Female Career Track Employees / Number of Female Managers



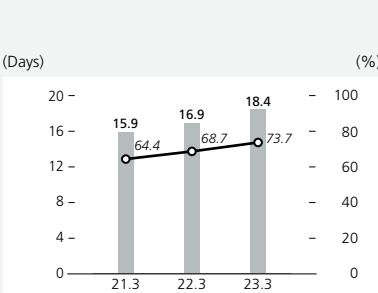
Overseas Trainee Program Participants



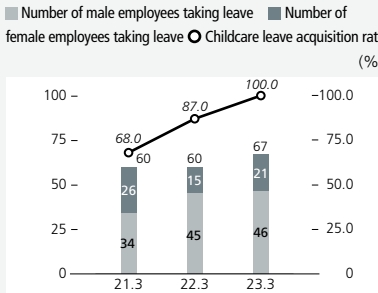
Number of Mid-Career Hires / Ratio of Women Among Mid-Career Hires



Annual Paid Leave Acquisition

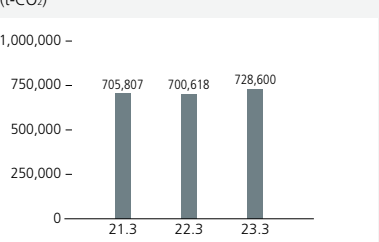


Childcare and Parental Leave Acquisition Numbers and Rate

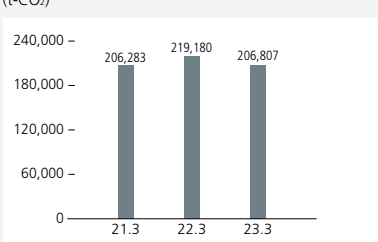


Environmental Data

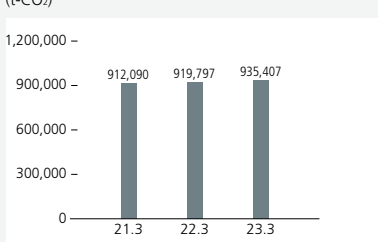
Scope 1 Emissions*1 (t-CO₂)



Scope 2 Emissions*2 (t-CO₂)



Total of Scope 1 and Scope 2 Emissions (t-CO₂)



*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.

External Evaluation

Ongoing inclusion in ESG indexes

FTSE4Good

FTSE Blossom Japan

FTSE Blossom Japan Sector Relative Index

2023 CONSTITUENT MSCI JAPAN
EMPOWERING WOMEN INDEX (WIN)

Kurumin certification maintained since 2010 and Platinum Kurumin certification acquired after introduction in April 2022

Inclusion for seven consecutive years

A- leadership level maintained for four consecutive years

Sustainability Award
Bronze Class 2022
S&P Global

Fourth year of inclusion

First year of inclusion

2023
Sompo Sustainability Index

openwork
Platinum Career Awards
2023

Receipt of grand prize

Inclusion among 10 leaders

IKUMEN AWARD 2020

Telework Pioneer



Constant Commitment to Value Creation

Greetings, my name is Makoto Shibuya and I assumed the position of CFO of Sojitz in April 2023. Sojitz is engaged in an ongoing dialogue with the market through which it has sought to convey its history of value creation, together with specific examples of value creation efforts. We hope that you will find this dialogue compelling and use it to shape your evaluation of the Company.

Makoto Shibuya

CFO
Executive Management of M&A Strategy & Value Creation, IR, Corporate Sustainability, Financial Solutions, Finance COO, General Accounting Department, Business Accounting Department

Profile

Makoto Shibuya joined Nissho Iwai Corporation in 1994. After gaining experience in accounting and being involved in the organizational restructuring of European Group companies, he went on to participate in the formulation of Medium-Term Management Plan 2023 as well as the two prior plans as general manager and later COO of the Corporate Planning Department. Shibuya assumed his current position in April 2023.

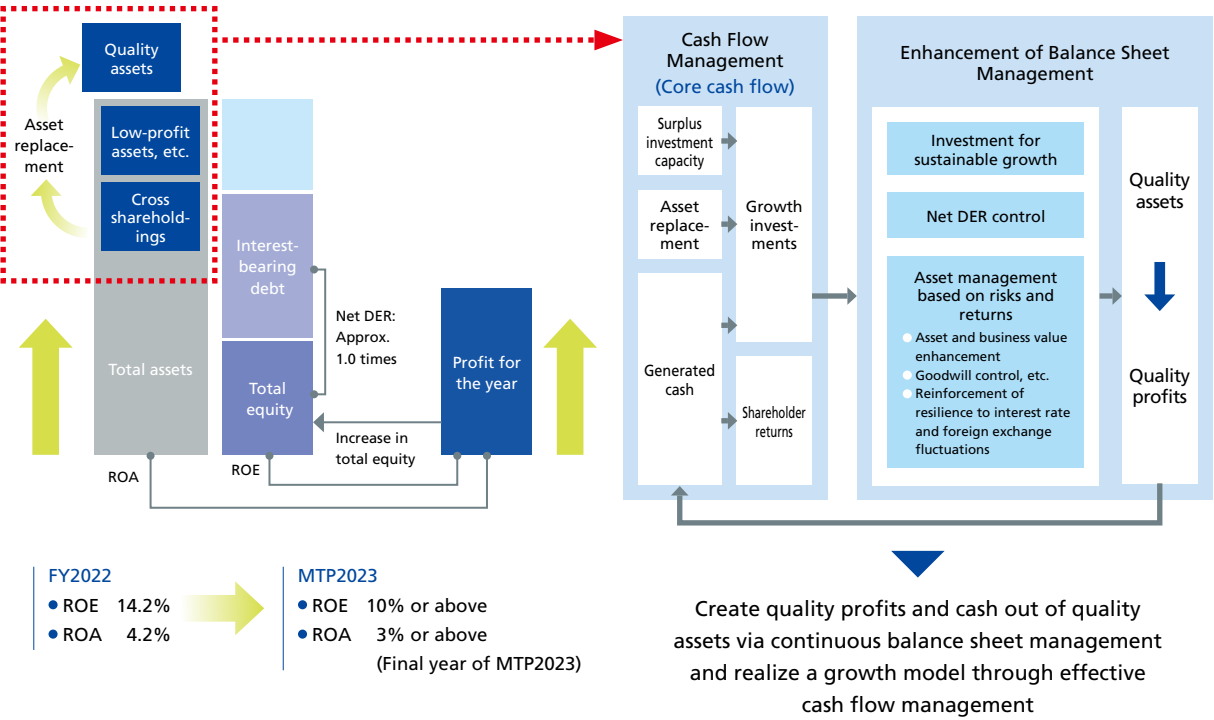
Emphasis on Improving Corporate Value under Medium-Term Management Plan

As COO of the Corporate Planning Department, I was involved in the formulation of Medium-Term Management Plan 2023, which was launched in April 2021. I would thus like to begin by talking a little bit about this plan. Medium-Term Management Plan 2023 is not just about achieving earnings growth up until its final year. Rather, we went about formulating this plan by taking a deep dive in what exactly constitutes Sojitz's corporate value, based on which we sought to lay out a road map for how to improve this value over the medium to long term. With this groundwork, we must not allow ourselves to be satisfied by accomplishing our targets for any given year, especially if that year presented favorable conditions. In such favorable years, we need to achieve results surpassing targets. Conversely, even in particularly challenging years, we must move forward with preparations to secure growth in the following year. Based on this approach, we emphasized ensuring that the Company would achieve a certain degree of performance over the medium term, no matter how the operating environment may change, when setting quantitative targets. This is why we chose to put forth three-year targets, as opposed to targets for the final year of the plan. The plan also presents targets for

return on assets (ROA) and return on equity (ROE) as a symbol of our dedication to generating returns that surpass cost of capital. To facilitate our accomplishment of these targets, we introduced the indicator of cash return on invested capital (CROIC)*1 and described investment standards in Medium-Term Management Plan 2023. The idea of "corporate value improvement" is rather abstract, and there can be a lot of different interpretations. To move away from such subjective concepts, we have defined increases to our equity spread as a common goal, based on which we aim to entrench within the organization a mindset that will make direct contributions to improvements in corporate value. Other important themes of Medium-Term Management Plan 2023 include human resource strategies, decarbonization initiatives, and environmental, social, and governance (ESG) initiatives. We recognize that ESG and other non-financial initiatives will likely have an impact on our future financial position or, in other words, be important factors influencing our future corporate value. Based on this recognition, these initiatives have been incorporated to clearly indicate our intent to advance such initiatives to both internal and external stakeholders and to share and track the progress thereof.

*1 CROIC = Core operating cash flow ÷ Invested capital

Disciplined Balance Sheet and Cash Flow Management



CFO Message

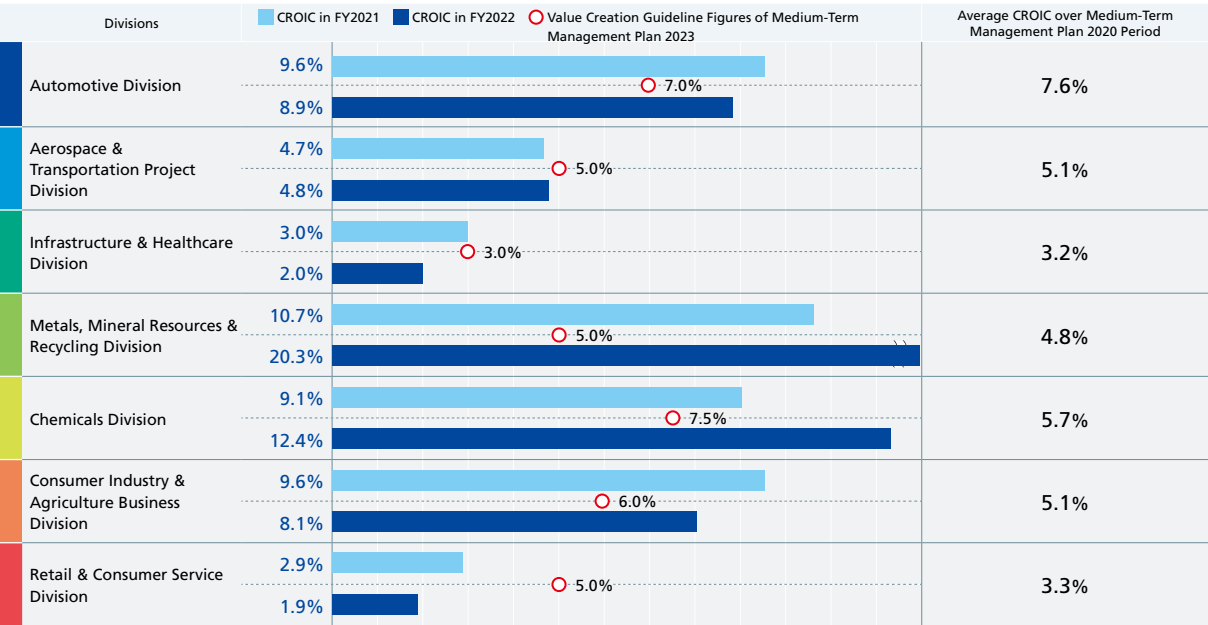
Evaluation of Progress after Second Year of Medium-Term Management Plan 2023

Looking back at the year ended March 31, 2023, the second year of Medium-Term Management Plan 2023, we managed to deliver results that surpassed nearly all of the quantitative performance targets we had set. One factor behind this record-breaking performance was the earnings-buoying benefits of higher resource prices. At the same time, our non-resource businesses, which are resilient to impacts of market fluctuations, helped drive up our overall earnings power. In terms of profitability, a solid improvement was seen in ROE, which rose from 12.2% in the year ended March 31, 2022, to 14.2% in the year ended March 31, 2023. The only quantitative target yet to be met is a price-to-book ratio (PBR) of 1.0 times or above. This ratio stood at 0.82 times on August 31, 2023.

We have also set value creation guideline figures representing the minimum level of CROIC to be achieved by each division on average over the three-year period of the medium-term management plan. The levels of these guideline figures were decided based on the business characteristics and capital efficiency of the respective divisions. Figures for divisions with relatively high volatility were set higher, whereas divisions that will be the target of concentrated investment or major portfolio restructuring during the period of the medium-term management plan were given lower figures. Both of the divisions that did not reach their value creation guideline figures in the year ended March 31, 2023, were in the latter group: the

Infrastructure & Healthcare Division and the Retail & Consumer Service Division. This is due to the fact that these divisions have been identified as focus areas and therefore continue to be the target of new investments aimed at future growth. This was also true in the year ended March 31, 2022. We expect to see improvement in this situation as the new investments conducted in these divisions start making greater contributions to earnings. In fact, CROIC in the Retail & Consumer Service Division is expected to get very close to the value creation guideline figure in the year ending March 31, 2024, given the anticipated recovery from the impacts of the COVID-19 pandemic and benefits of proactive asset replacement in domestic real estate, textile, and other businesses. In this manner, the introduction of the value creation guideline figures has fostered a CROIC-oriented mindset that inspires employees to implement strategies aimed at achieving ongoing growth while generating the greatest possible cash returns from investments. This mindset has taken root in all divisions, including those that have been successful in surpassing their guideline figures. As such, we are now in a position to accelerate concrete initiatives targeting improvements in CROIC. I briefly touched on the domestic real estate business a moment ago, but, to be more specific, we have withdrawn from this business. Our domestic real estate business has continued to generate earnings for quite some time. However, we have to examine whether allocating people and funds to a given business makes sense when thinking about the future growth of the Sojitz Group. When it comes to such discussions, no

CROIC by Division



Note: Figures for the year ended March 31, 2022, have been restated to reflect organizational restructuring

asset is safe from being put on the chopping block.

The processes we use when screening individual investments were also revised as part of the process of formulating Medium-Term Management Plan 2023. Now, our primary focus is when a given investment will contribute to higher corporate value. This has led to increased transparency in business plans and their underlying hypotheses and made an objective perspective a given when discussing investment decisions. Terminal value is calculated as one factor used in determining acquisition prices. Our new investment screening standards have lent an additional element of clarity to objective and quantitative discussions of how we can improve terminal value. I feel that this approach has resulted in a substantially greater focus on corporate value improvement, whether looking at a post-execution investment or at an investment being screened. In addition, Sojitz has an organization tasked with proposing one-stop solutions for all steps of the investment process, spanning from screening to post-merger integration. This organization has begun incorporating external insight in order to further enhance its solutions. In terms of non-financial initiatives, we are accelerating efforts based on the underlying human resource, sustainability, and digital strategies as we seek to cement our foundations for transforming the Company and our employees.

Ongoing Generation of Returns Surpassing Cost of Capital

Medium-Term Management Plan 2023 was formulated in the year ended March 31, 2021. This timing coincided with the start of the COVID-19 pandemic, which sunk demand, disrupted logistics flows, and forced Sojitz to shoulder a massive drop in earnings. Fortunately, Sojitz had continued to practice extensive discipline in financial management, based on which it sought to improve the quality of its asset portfolio through ongoing asset replacement aimed at strengthening its resilience to market changes and to continue creating and growing clusters of revenue-generating businesses. These basic policies were shaped by Sojitz's past experience with restructuring its management. As a result of this discipline, we were able to keep conducting the investments necessary for growth, without feeling any negative impacts to our financial health, even under such extreme circumstances. This reality indicated that Sojitz had, in the truest sense, completed restructuring its management and reinforcing its foundations and was thus now prepared to move onto a stage of advancing toward future growth. Based on this judgment, Medium-Term Management Plan 2023 was designed with an emphasis on ongoing growth over the next decade leading up to 2030.



The year ending March 31, 2024, will be a year of determining what we need to do in order to prepare for the next medium-term management plan. Under Medium-Term Management Plan 2023, I feel that Sojitz has access to a significantly wider range of investment opportunities than was available during the periods of prior plans. In the past, our lack of funds and experience limited our options for new investments and made it difficult to expand and broaden the scope of our businesses. Nevertheless, we proceeded to engage in numerous projects and to create new businesses by exercising ingenuity to address customer and market needs, instead of just throwing money at a project. In recent years, our capacity for investment has grown and we have amassed a staff of experienced and skilled individuals while developing a global network of interpersonal connections. As a result, we now find ourselves able to take advantage of a much wider range of investment opportunities. If we are to effectively capitalize on these opportunities to drive future growth, we will need to select businesses with an emphasis on competitiveness and growth markets while maintaining our disciplined approach toward management. Through this process, we will take a big picture perspective to broaden and build upon our operations and thereby achieve further growth. The policies for how we invest and allocate resources to this end will be an important point of consideration in the final year of the current medium-term management plan and over the period of the next plan.

At the same time, Sojitz needs to strive to shrink the gap between its ideal shareholders' equity costs and that deemed appropriate by the market. In the past, we thought that giving the market a better understanding of Sojitz's business would reduce this gap. Now, we recognize that just ramping up information disclosure and gaining a better appraisal from the market will not shrink this gap in the way we had anticipated. The calculations we had conducted previously led us to believe that Sojitz's

CFO Message

shareholders’ equity costs should be around 8%. Given the global rises in interest rates and other changes in the operating environment, we now think that 9% is a more appropriate assumption. We remain dedicated to more robust and proactive information disclosure. However, we also recognize the need to invest in creating businesses with even greater earnings power, and in using these businesses to expand our business scope and branch out into other areas. It is also important that we present the market with results and with strategies and frameworks that give it hope for the future growth of Sojitz. Our operating environment is always changing, as is how the market views Sojitz. This is why we will continue to value our opportunities for direct communication with investors and other stakeholders as chances to tell a compelling narrative of our growth in the years to come.

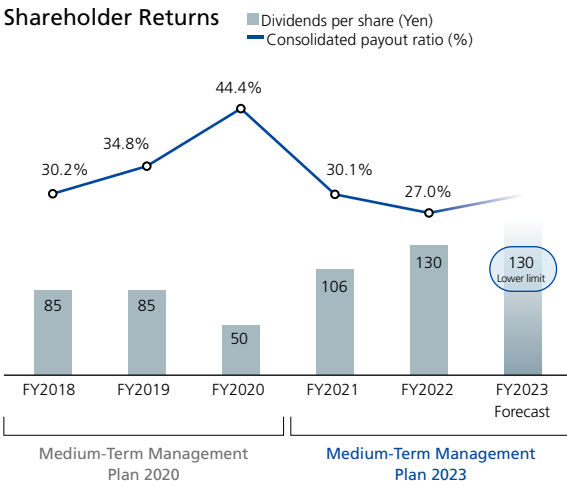
Acceleration of New Investments While Maintaining a Stable Financial Base

Sojitz’s basic approach toward financial discipline is really quite simple: We use the cash generated from operations and recovered through asset replacement to conduct new investments and shareholder returns. We will utilize borrowings to secure the working capital needed to start up a new business. However, we have no intention of using debt to make new acquisitions that entail massive amounts of goodwill, as this will expose us to the risk of not being able to recover our investment. Medium-Term Management Plan 2023 prescribes a focus on growth and financial discipline, based on which we have set a target of achieving a positive core cash flow over a six-year period encompassing the periods of the current plan and the previous plan. The emphasis on financial discipline put forth by this plan has become entrenched throughout the Company. In the first two years of the current plan, we have been accelerating earnings production and asset replacement, which has enabled us to secure a substantial amount of cash to redirect toward investment. We therefore chose to ramp up the amount of investments we intend to make during the period of the plan, for the initially earmarked amount of ¥300.0 billion in standard investments plus ¥30.0 billion in non-financial investments, to ¥500.0 billion. Based on this new budget, Sojitz will be pursuing growth by ramping up substantive new investments based on its strategies centered on the focus areas defined by Medium-Term Management Plan 2023, namely, the infrastructure and healthcare field, growth markets to be approached through market-oriented initiatives, and the materials and circular economy field.

As for shareholder returns, our basic policy is to pay stable, continuous dividends. Based on this policy, the

Company will target a consolidated payout ratio of approximately 30%. In addition, a market price-based dividend on equity ratio (DOE)*2 of 4% will be set as the lower limit for dividend payments for any year in which our PBR is less than 1.0 times at the fiscal year-end, while the lower limit will be represented by a book value-based DOE*3 of 4% when the year-end PBR is above 1.0 times. It is only natural for a company to pursue ongoing growth over the medium to long term. Sojitz has thus laid out shareholder return policies that are based on medium-term performance, as opposed to single-year performance, and we will make ongoing efforts to ensure that shareholders find these policies to be compelling.

*2 Market price-based DOE = Total dividends paid ÷ (Average closing share price for fiscal year × Total shares issued at year-end)
*3 Book value-based DOE = Total dividends paid ÷ Shareholders’ equity at year-end (book value)



Expected Role of CFO at the Sojitz of Today

I am often asked about the essence of Sojitz, or, in other words, our corporate culture. Sojitz’s corporate culture could be seen as one of embracing free and open ideas and valuing hard work. We have continued to cherish this culture over the years, and I hope we will continue to do so, even as we find ourselves approaching a new stage in which we are able to rely more on our increased financial capabilities. However, I also realize that a corporate culture is not static; it is something that changes dynamically as we shape it.

The question then becomes: How do we elevate our corporate culture, our essence, into a source of strength for the Company. One answer to this question can be found in Sojitz’s vision for 2030 of becoming a general trading company that constantly cultivates new businesses and human capital. My interpretation of this vision does

not entail our finally becoming such a company in 2030, but rather being such a company that, in 2030, we can say that we have been constantly cultivating new businesses and human capital as a matter of course. Accomplishing this vision will require that we not be bound by the past, but rather we continue to change and evolve.

In a similar vein, the role expected of a CFO changes based on the given operating environment and stage of a company. Up until now, a major part of the role of the CFO at Sojitz has been protecting the Company through funding and risk management to ensure that we are never again at risk of bankruptcy. This role was a reflection of the struggles that Sojitz had to surmount in the past. Of course, protecting the Company from bankruptcy will always be part of the CFO’s role. However, as we move on to a new stage of our development, the CFO will also need to play a more proactive role in driving the progress of the Company. Accordingly, I feel that the role of the CFO at the Sojitz of today is to increase our equity spread, with a constant emphasis on improving corporate value through the ongoing generation of the value that fuels our sustainable growth, while also crafting a balance sheet that contributes a larger equity spread. My personal definition of corporate value improvement involves increasing the returns that constitute the numerator for ROE, returns including our future financial impact, and fostering a sense of anticipation regarding Sojitz’s growth.

I am utterly dedicated to contributing to such improvements in corporate value.

Sojitz currently has a foundation that is capable of generating profit for the year of more than ¥100.0 billion a year, indicating that it has reached a new stage of its growth. In this new stage, we will keep pursuing ongoing growth through constant transformation and continuous efforts to build a business portfolio that can consistently generate value. Moreover, we will actively communicate the appeal of Sojitz and its value creation to investors. I hope you will look with anticipation toward the future growth of Sojitz.

Cash Flow Management

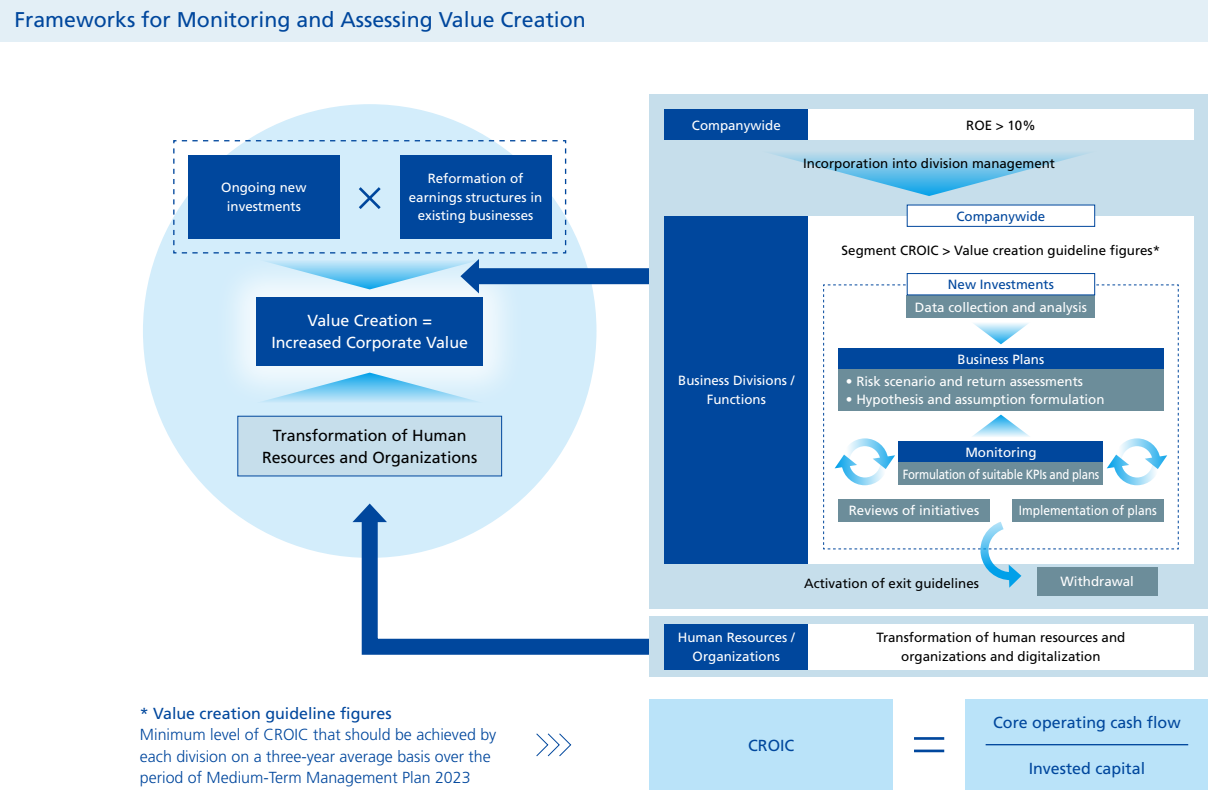
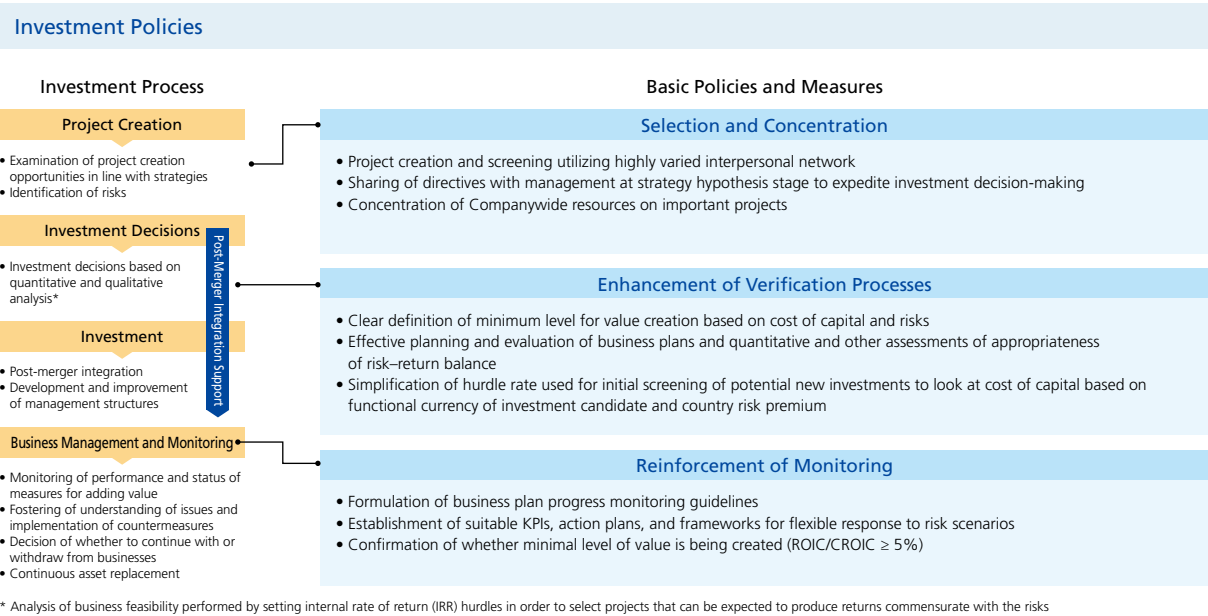
Targeting positive core cash flow over a six-year period encompassing the periods of Medium-Term Management Plan 2020 and Medium-Term Management Plan 2023

	MTP2020 3-year cumulative results (FY2018–FY2020)	FY2021 results	FY2022 results	MTP2023 3-year aggregate forecast (FY2021–FY2023)
Core operating cash flow*1	¥219.0 billion	¥129.0 billion	¥145.0 billion	Approx. ¥380.0 billion
Asset replacement (Investment recovery)	¥170.0 billion	¥62.0 billion	¥113.0 billion	Approx. ¥300.0 billion
New investments and loans / Others	¥(262.0) billion	¥(148.5) billion	¥(93.0) billion	Approx. ¥(500.0) billion
Shareholder returns*2	¥(71.0) billion	¥(32.0) billion	¥(29.0) billion	Approx. ¥(120.0) billion
Core cash flow*3	¥56.0 billion	¥10.5 billion	¥136.0 billion	Positive over six-year period
Free cash flow	¥108.0 billion	¥(74.0) billion	¥201.0 billion	Approx. ¥200.0 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.)

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 in growth strategies and new fields based on megatrends. Initially, we had planned to invest a total of ¥330.0 billion (including ¥30.0 billion in non-financial investments) over the three-year period of the plan, but this amount was later raised to ¥500.0 billion to reflect the wider range of investment options granted by the experience and insight gained through past investment activities. As Sojitz accelerates its approach toward new growth, we will carefully assess risks as we boldly lay the groundwork for businesses that will contribute to future earnings with the goal of achieving steady improvements in corporate value.



◆ Improvement of New Investment Success Rates and Returns (Value Creation Project)

Over the period from June 2022 to March 2023, Sojitz implemented the Value Creation Project with the goal of developing frameworks that will help increase the success rates and returns of new investments. Recognizing that there was room for improvement in prior pre-investment investigation, discussion, and decision-making processes, we sought to compile information on past investments and on both successful and unsuccessful post-merger integration processes through this project. Incorporating input from external experts, we thereby endeavored to make this knowledge usable on an organizational level. Other elements of the Value Creation Project included the preparation of manuals, the sharing of our values and policies, and the transformation of our investment processes.

◆ Establishment of M&A Strategy & Value Creation Office

The M&A Strategy & Value Creation Office was established in April 2023 to help maximize the benefits from important M&A and investment projects. This organization carries on the function of the prior M&A Management Office, which was created in 2018. Specifically, the M&A Strategy & Value Creation Office works together with business divisions to jointly advance projects in its quest to contribute to improvements in investment returns and in the success rates of creating value through investments. Tasks handled by the office include identifying key points of discussion and heightening the quality and efficiency of investigations in phases ranging from preliminary due diligence activities to post-merger integration. Moreover, coordination is practiced with relevant divisions from the early stages of projects in order to quickly identify the points of discussion that will be imperative to decisions and to therefore contribute to increased accuracy in strategic hypothesis formulation.

Comment 1 I am involved in the post-merger integration process for the newly acquired TRY Inc. Specifically, I am responsible for using the expertise and insight housed within the M&A Strategy & Value Creation Office to support a smooth integration process while facilitating coordination between the business and other relevant divisions of Sojitz and the management and employees of TRY. In this role, I aspire to collect and share the information that can best be gained at the actual business site, information that might be hard for the head office to obtain otherwise. We make a lot of requests of TRY as part of the integration process. This is why I think it is so important to communicate directly with those involved and to gain their understanding via thorough explanations that get us all on the same timetable and aligned toward the same goal.

Comment 2 In my position at TRY, I, of course, go about my job while remaining cognizant of Sojitz's business, which includes thinking about how we can create synergies through collaboration with Group companies. However, first and foremost in my mind is the need to act as a member of TRY and to be the most vocal advocate for TRY in negotiations. Rather than just imposing Sojitz's way of thinking on TRY, I encourage direct communication with management and employees so that we can understand each other and exercise our respective strengths. This, I think, is the approach toward creating value that is best for both companies.

Joint Efforts Between Business Divisions and M&A Strategy & Value Creation Office

Business Divisions

- Industry and business experience and insight
- Project management
- Formulation of investment hypotheses
- Negotiation with investment candidates

Joint projects

- Accumulation of organizational M&A insight
- Human resource development

M&A Strategy & Value Creation Office

- M&A- and investment-related experience and insight
- Utilization of external advisors
- Selection and focusing of investigation criteria
- Coordination with functional divisions

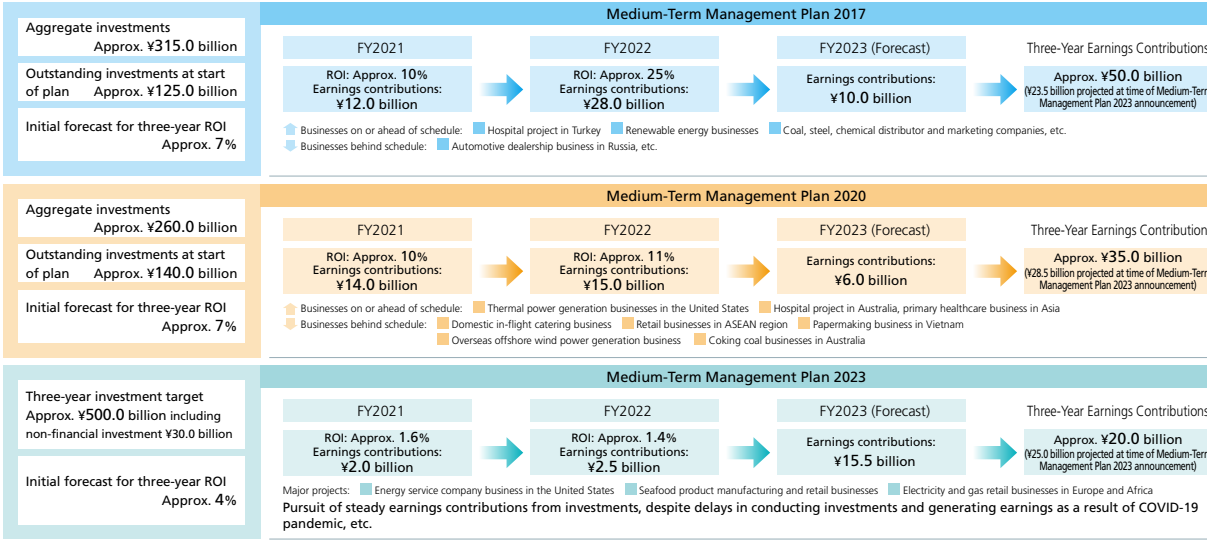


1 Tokunosuke Takahashi
M&A Strategy & Value Creation Office

2 Atsushi Tauchi
Retail & Consumer Service Division
(Seconded to TRY Inc.)

Progress in Generating Earnings from Investments Conducted under Three Medium-Term Management Plans

To paint a clearer picture of its earnings power, Sojitz began disclosing its progress in generating earnings contributions from new investments conducted beginning with the period of Medium-Term Management Plan 2017. Strong contributions are being seen from non-resource business investments executed under Medium-Term Management Plan 2017 and Medium-Term Management Plan 2020. In fact, contributions from these investments are surpassing the levels projected when announcing the respective plans. As for investments under Medium-Term Management Plan 2023, earnings contributions from certain projects have been delayed as a result of the impacts of the COVID-19 pandemic, but performance has been firm with regard to infrastructure- and retail-related investments. We will continue efforts to generate returns from these investments going forward.

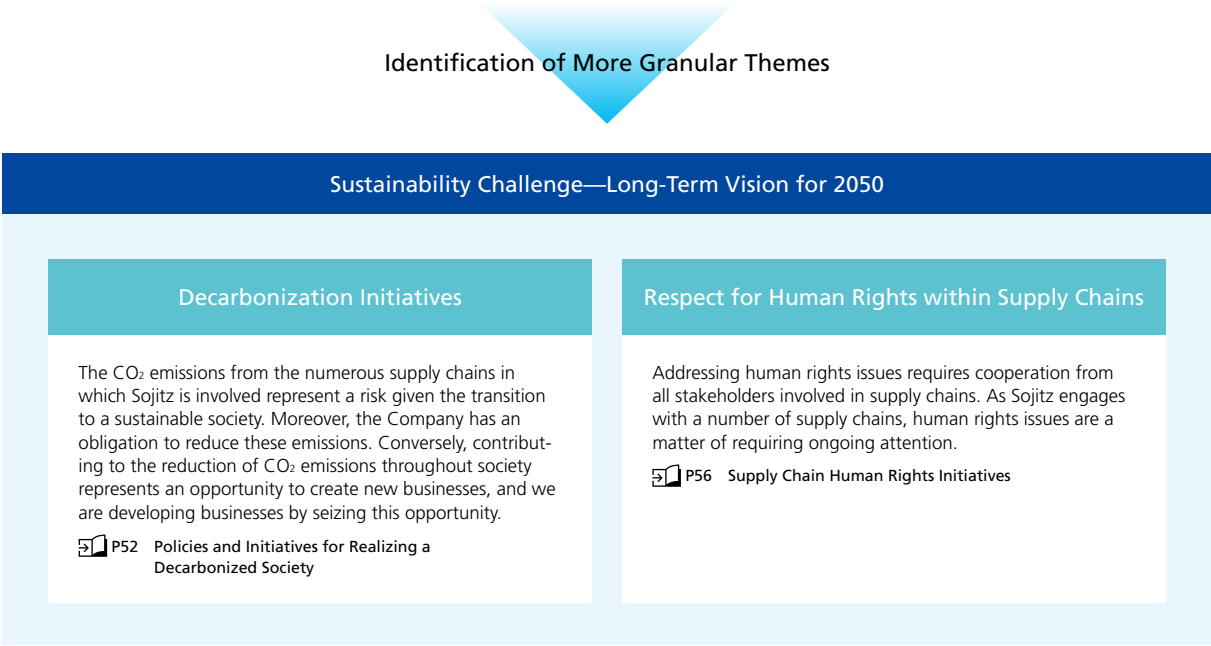
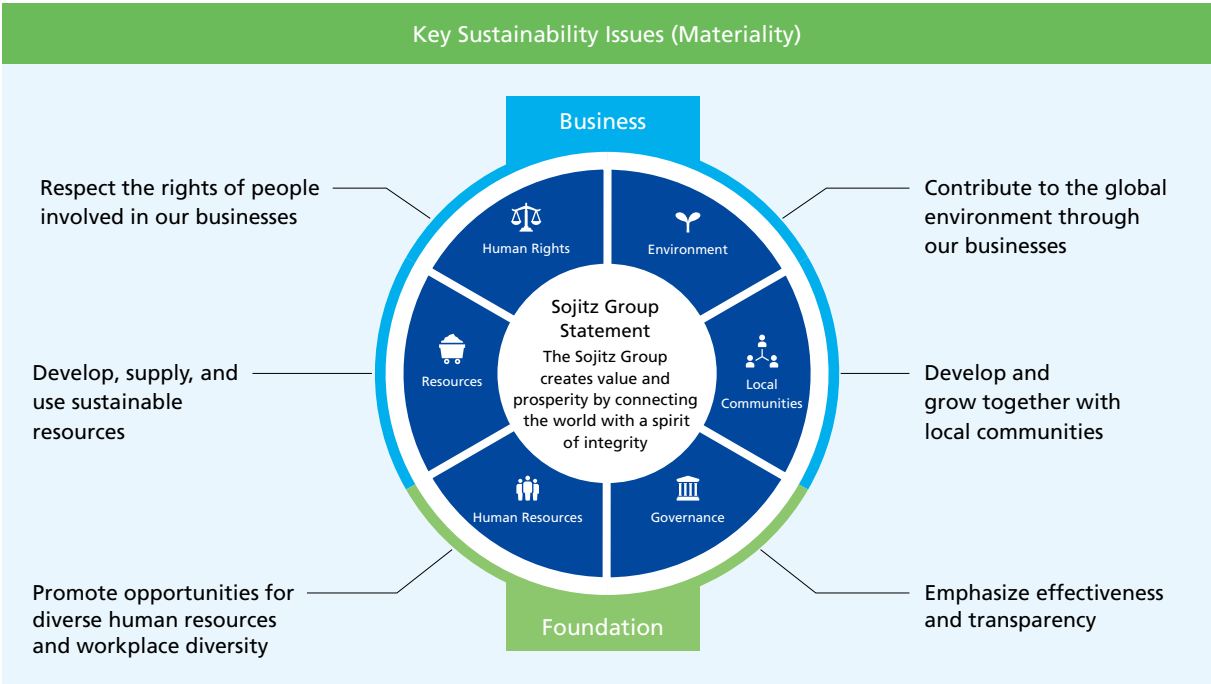


Pursuit of Sustainable Value Creation

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.

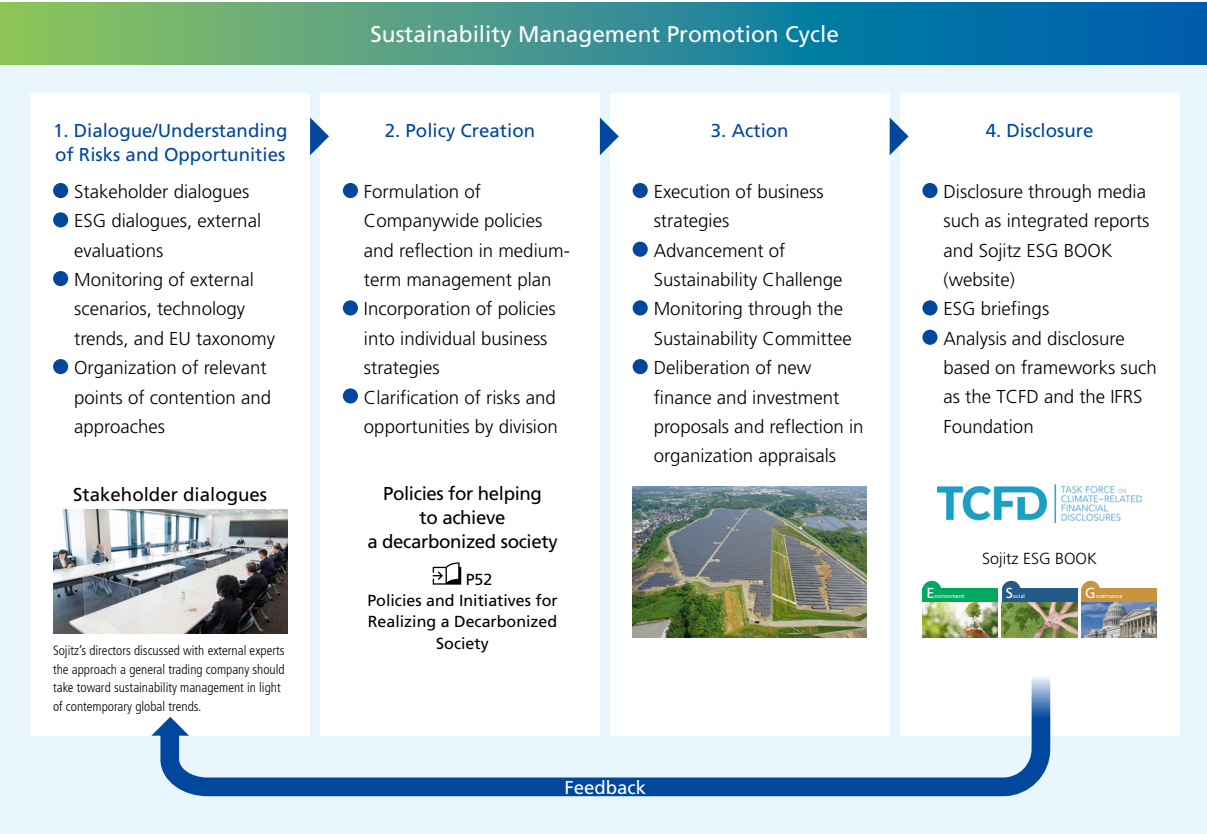
To guide its efforts to maximize its two types of value, in 2016 Sojitz defined 6 Key Sustainability Issues (Materiality) to focus on in its business over the medium to long term. Referencing the United Nations Sustainable Development Goals (SDGs), the Paris Agreement, and other international standards 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.



Governance and Risk Management

In formulating its response toward these issues, the Sojitz Group sought to develop an understanding of the risks and opportunities it faced through engagement with stakeholders. Based on this understanding, we formulated decarbonization measures and established policies related to human rights and other matters, which have been reflected in Medium-Term Management Plan 2023 to guide concrete action. In addition, we disclose information on these activities based on frameworks, such as those recommended by the Task Force on Climate-related Financial Disclosures (TCFD), in order to gain new input from stakeholders. This approach constitutes our sustainability management promotion cycle.



Sustainability Promotion System

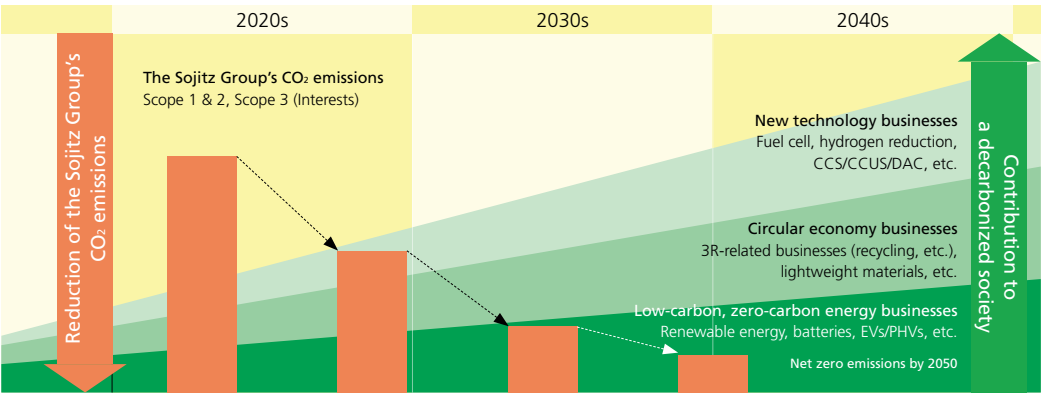


Sustainability Challenge—Decarbonization

Policies and Initiatives for Realizing a Decarbonized Society



The Sojitz Group recognizes that CO₂ 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 CO₂ 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, 2023, we confirmed the response measures in place together with Group companies that are major sources of emissions and moved forward with 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 CO₂ 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 CO₂ 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 CO₂ 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 CO₂ 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 CO₂ emissions. These areas are generally believed to face the risks of pressure to reduce CO₂ emissions or threats of replacement.

Opportunities (Scope 4*): 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.

		Raw materials	Logistics	Product processing	Product use	End-users	Equity investment	Avoided emissions (Scope 4)
To be quantified	Quantified	Risks						Opportunities
	Power generation	Thermal coal Coal mining Sojitz Approx. 1,310,000 tons	Transport of raw materials and products Approx. 190,000 tons	—	Coal-fired thermal power generation Approx. 19,720,000 tons	Consumers No emissions	Coal interests Approx. 350,000 tons	High-efficiency gas-fired thermal power generation Approx. 2,270,000 tons
		Emissions reduction measures						
	Oil and gas	Oil drilling Approx. 10,000 tons	Transport of raw materials and products Approx. 10,000 tons	—	Coal-fired thermal power generation Approx. 190,000 tons	Consumers No emissions	Gas-fired thermal power generation Approx. 2,280,000 tons	Renewable energy generation Approx. 510,000 tons
		Emissions reduction measures						
	Steelmaking	Coking coal Coal mining Sojitz Approx. 100,000 tons	Transport of raw materials and products Approx. 50,000 tons	—	Blast furnace smelting Approx. 6,530,000 tons	Consumers No emissions	Coal interests Approx. 280,000 tons	Carbon capture and storage
		Emissions reduction measures						
	Iron ore	Mining	—	—	Blast furnace smelting	Manufacturers	—	—
		Emissions reduction measures						
	Livestock	Livestock and feed businesses	Transport of raw materials and products Sojitz	Processing of livestock	Cooking Sojitz	Consumers No emissions	Livestock processing businesses	Non-meat alternatives
		Emissions reduction measures						
	Chemicals	Material production	Transport of raw materials and products Sojitz	—	Chemical product manufacturing Sojitz	Consumers No emissions	—	Biochemicals
		Emissions reduction measures						
	Papermaking pulp	Production of paper-making wood chips Sojitz	—	Papermaking Sojitz	N/A	Consumers No emissions	—	Paper recycling
		Emissions reduction measures						
	Construction	Construction material production	Transport of raw materials and products	Construction	Use of facilities Sojitz	—	Use of facilities	Energy conservation, ZEH and ZEB
		Emissions reduction measures						
	Transportation	Manufacturing of automobiles, ships, etc.	—	—	Sea travel Sojitz	Drivers	Automobile manufacturers	Vehicles that use electricity, hydrogen Utilization of biomass fuel
		Emissions reduction measures						

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.
* Scope 4 emissions = (Average global thermal power generation efficiency figures for 2021 published by the IEA [745 g/kWh] – Sojitz's power generation intensity) × Power generation volume

Sustainability Challenge—Decarbonization

Strategy

◆ Sojitz's Decarbonization Road Map

In Medium-Term Management Plan 2023, Sojitz defines its focus on the materials and circular economy field and on essential infrastructure businesses, such as renewable energy and businesses related to the transition to a decarbonized society. One of the guides shaping our strategies in these areas is the decarbonization road map detailed below. In this road map, Sojitz has organized the risks and opportunities it is projected to face based on its outlook for social trends and the required technologies for various future periods. This road map is regularly reviewed and amended as necessary.

Technology and Social Trend Outlook				Sojitz's Policies	
2020	2030	2040	2050		
Increase in renewable energy				Response to risks	• Reduction of CO ₂ emissions from businesses (Scope 1 and Scope 2) • Elimination of thermal coal interests by 2030
Growth of circular businesses				Opportunities	• Consolidation and enhancement of resources to advance energy and other environmental businesses • Development and expansion of businesses for recovering resources from urban mines
Need for low-CO ₂ -emissions gas-fired thermal power to support energy supply during transition period				Response to risks	• Selection of assets based on need for transition period
				Opportunities	• Promotion of high-efficiency gas-fired thermal power generation, energy conservation, and clean hydrogen businesses • Supply of LNG, natural gas, and carbon-neutral fuels
Utilization of green hydrogen employing renewable energy				Response to risks	• Elimination of coking coal interests by 2050
Emergence of hydrogen reduction steelmaking using low-cost hydrogen				Opportunities	• Exploration of hydrogen-related businesses
Use of carbon capture and storage; carbon capture, utilization and storage, and direct air capture to address remaining CO ₂				Opportunities	• Monitoring of trends in technological progress and adoption of technologies in public and private sectors — Development of carbon capture and storage, and carbon capture, utilization and storage businesses — Practical application of direct air capture

◆ Scenario Analyses and Financial Impacts

Transition Risks

Based on external investigations and internal analysis, Sojitz conducts scenario analyses of the financial impacts of business areas believed to present the greatest risks and opportunities to the Group's business activities, management strategies, and financial planning. Specifically, transition risk scenario analyses have been conducted with regard to coal and power generation businesses, areas where the Group does business that entails high risks related to CO₂ emissions (see "Analysis of CO₂ Emissions across the Supply Chain") with significant potential to have a serious impact on the Group.

	Risks	Opportunities
Coal businesses	<div>Analysis Method: Using scenarios projecting average global warming of 1.5°C above pre-industrial levels, we analyze the potential financial impact on Sojitz's assets based on forecasts for coal demand and prices leading up to 2050.</div> <div>Financial Impact Certain assets may suffer declines in value as a result of increased production costs should the conditions described by scenarios projecting average global warming of 1.5°C above pre-industrial levels become a reality.</div>	<div>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.</div> <div>Major Successes in FY2022 ◇ Commencement of operation at a biomass power plant in Hokkaido ◇ Start of sales of household electricity storage systems in Japan</div>
Power generation businesses	<div>Analysis Method: Using scenarios projecting average global warming of 1.5°C above pre-industrial levels, we analyze the potential financial impact on Sojitz's assets based on forecasts for carbon prices and supply and demand conditions.</div> <div>Financial Impact The range of power plants that would be impacted by changes in carbon prices and supply and demand conditions would be limited, and the financial impact on the Company would thus also be limited.</div>	

Physical Risks

Sojitz conducts analyses of physical risks with the potential to emerge in the event that climate change cannot be avoided and global warming continues to progress. Initial analyses looked at acute water risks, such as the risks of floods in coastal areas and along rivers. Business sites and assets (manufacturing and processing sites and other non-office sites) in locations assessed as having high or extremely high risks by Aqueduct, a tool for analyzing water risk developed by the World Resources Institute, are deemed to be exposed to water risks. The potential financial impact of water risks has been analyzed using the amount of property, plant and equipment (excluding lease assets) associated with said business sites and assets on March 31, 2023. These analyses found that certain business sites located in areas centered on Southeast Asia were exposed to risk of floods in coastal areas and along rivers, and the amount of assets (property, plant and equipment) judged to be threatened by financial impacts associated with water risks was measured to be approximately ¥31.0 billion.

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Integrated Report 2023

Metrics and Targets

Sojitz has formulated decarbonization policies that include metrics and targets for assessing and managing the aforementioned climate change-related transition risks and opportunities. Progress and financial impacts associated with these policies are detailed below.

◆ Progress of Sojitz's Decarbonization Policies

	Policies / Targets (Announced in March 2021)	Progress
Existing businesses	<div>Scope 1 and Scope 2</div> Reduce emissions by 60% by 2030; achieve net zero emissions by 2050*1 (Net zero emissions by 2030 for Scope 2*1) Note: Coal-fired power generation: No current projects nor future projects planned	Confirmation of measures and timetables with high-emissions Group companies and commencement of partial renewable energy introduction to accomplish targets by 2030
	<div>Scope 3</div> Natural Resource Interest Reduction Targets Thermal coal interests: Reduce interests to half or less by 2025 Zero interests by 2030*2 Oil interests: Zero interests by 2030 Coking coal interests: Zero interests by 2050	Target of halving thermal coal interests by 2025 accomplished ahead of schedule Qualitative assessment of Groupwide Scope 3 emissions and commencement of quantitative measurements beginning with power generation sector, which has high CO ₂ emissions and a large impact on Sojitz's business The scope of measurements will be expanded to include other sectors in the future.
New businesses	Formulation of business-specific decarbonization policies and net zero emissions by 2050	
Contributions to a decarbonized society	Expansion of relevant businesses and initiatives framing situation as an opportunity Measurement of contributions to reductions in society's CO ₂ emissions (Scope 4) and advancement of related business activities	Commencement of Scope 4 measurements for renewable energy, energy saving services, and other power generation sector businesses

*1 FY2019 serves as the base year, with non-consolidated and consolidated subsidiaries included in the scope. Initiatives include certificate and other CO₂ emissions reduction activities. Internal carbon pricing schemes are being considered to facilitate the acceleration of initiatives.
*2 FY2018 serves as the base year, and targets are based on the book value of interest assets.

◆ Reduction of Scope 1 and Scope 2 Emissions

Total Emissions (Including new businesses commenced after FY2020)

	FY2019	FY2020	FY2021	FY2022
Scope 1 (Direct emissions from use of fuels such as city gas)	970,000 t-CO ₂	710,000 t-CO ₂	700,000 t-CO ₂	730,000 t-CO ₂
Scope 2 (Indirect emissions from use of purchased electricity and heat)	150,000 t-CO ₂	210,000 t-CO ₂	220,000 t-CO ₂	210,000 t-CO ₂
Total for Scope 1 and Scope 2	1,120,000 t-CO ₂	910,000 t-CO ₂	920,000 t-CO ₂	940,000 t-CO ₂

Progress Toward Targets* (Existing businesses only)

Measures for cutting emissions are discussed with Group companies with high levels of CO₂ emissions on an ongoing basis to confirm whether sufficient progress is being made in said reductions. Going forward, we will examine potential measures for reducing emissions, such as the transition to renewable energy and high-efficiency equipment.

◆ Financial Impact : Scope 3 Resource Interests

Thermal coal interests have been reduced by 70% in comparison with the base year, meaning the target of halving these interests by 2025 has been accomplished ahead of schedule. Efforts for accomplishing other targets are ongoing.

(Billions of yen)

Fiscal Year	Thermal coal	Coking coal	Oil and gas
FY2018	~75.0	~10.0	~15.0
FY2019	~50.0	~10.0	~15.0
FY2020	~40.0	~10.0	~15.0
FY2021	~30.0	~10.0	~15.0
FY2022	~22.5	~10.0	~15.0

Reduction of 70% in thermal coal interests (from March 31, 2019)

Integrated Report 2023

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DIRECTION

VALUE CREATION STORY

VALUE CREATION STRATEGY

STRATEGY BY DIVISION

DATA

Sustainability Challenge—Human Rights

Supply Chain Human Rights Initiatives



Sojitz develops businesses around the world and is thus committed to promoting respect for human rights in all of the countries and regions touched by the supply chains of these businesses. In this regard, the Sojitz Group supports the International Bill of Human Rights and the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work. We are promoting respect for human rights in accordance with the UN Guiding Principles on Business and Human Rights.

Process Described in UN Guiding Principles on Business and Human Rights



Strategy

◆ Establishment and Sharing of Policies

The Sojitz Group Human Rights Policy and 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.

Ensuring respect for human rights across the supply chain requires the awareness and understanding 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 Department (the secretariat for the Sustainability Committee) practices communication with the management of 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 promote greater levels of awareness and understanding in relation to respect for human rights.



◆ Risk Assessments

The Sojitz Group develops its operations on a global scale, taking part in a wide range of businesses and being involved in areas of various supply chains spanning from the upstream to the downstream. The Business & Human Rights Resource Centre, an NGO based in the United Kingdom, maintains a database with examples of human rights risks. Adopting a risk-based approach, we use this database to identify areas of Sojitz Group businesses in which risks are particularly high and to analyze and confirm areas of the supply chain in which human rights risks are generally most likely to appear.

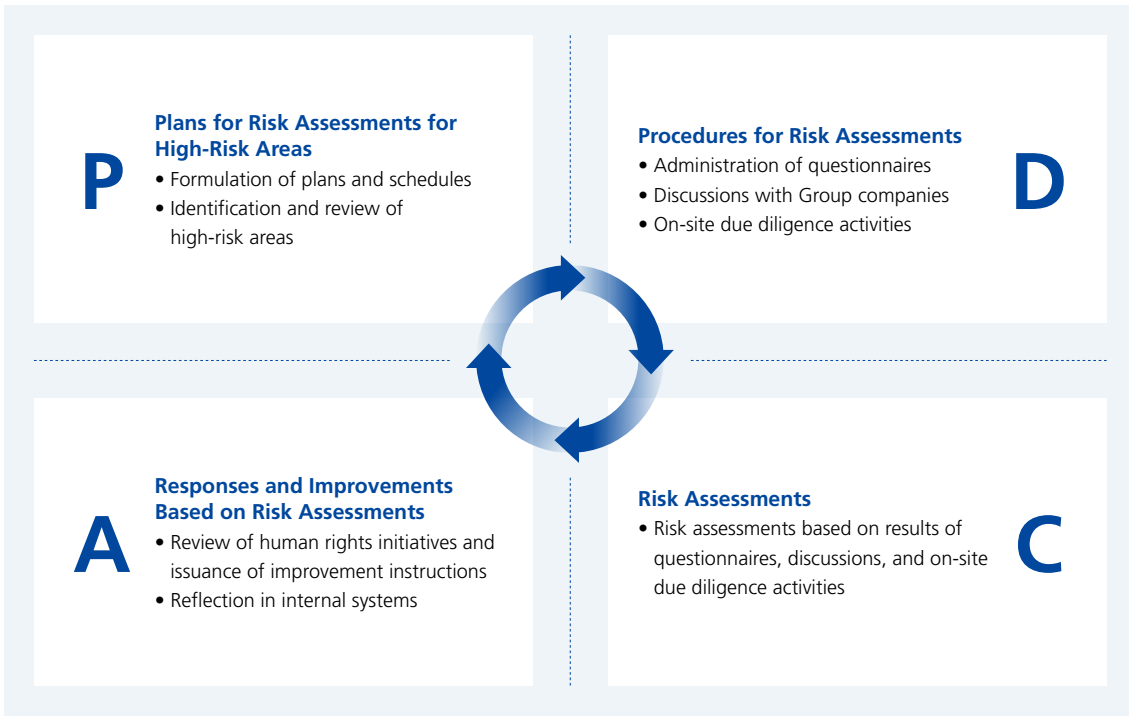
Sojitz's Human Rights Risks across the Supply Chain (Excerpt)

High-Risk Areas for the Sojitz Group	Upstream		General Supply Chain		Downstream	
	Interests and Development	Mining 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, compulsory labor				
Lumber and papermaking	Land expropriation, deforestation	Occupational health and safety (lumber)	Environmental and water pollution (papermaking)			
Agricultural products	Land expropriation, deforestation	Compulsory labor and child labor				
Textiles		Compulsory labor and child labor	Compulsory labor and child labor			
Marine food products and processing		Occupational health and safety	Occupational health and safety			
Infrastructure construction	Land expropriation		Occupational health and safety			
Telecommunications						Information leakage

Strategy

◆ 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 of and promote initiatives targeting our wide-ranging supply chains.



◆ On-Site Due Diligence

Sojitz understands the importance of due diligence activities conducted at the sites of individual transactions and businesses when investigating and confirming human rights risks. For example, we have implemented the Sojitz Wood Procurement Policy, which contains provisions regarding legality, environmental consideration, and social consideration as they pertain to the procurement of imported wood products. One way we enact this policy is by directly visiting suppliers to conduct surveys that include meetings with managers, local NGOs, government agencies, and community representatives.

Metrics and Targets

◆ Improvements and Remedy Measures and Disclosure of Results

In accordance with the established policies, risk assessments are conducted and human rights initiatives are advanced across our supply chains and in other areas. Sojitz thereby strives to ensure respect for human rights as described in the International Bill of Human Rights and the UN Guiding Principles on Business and Human Rights.

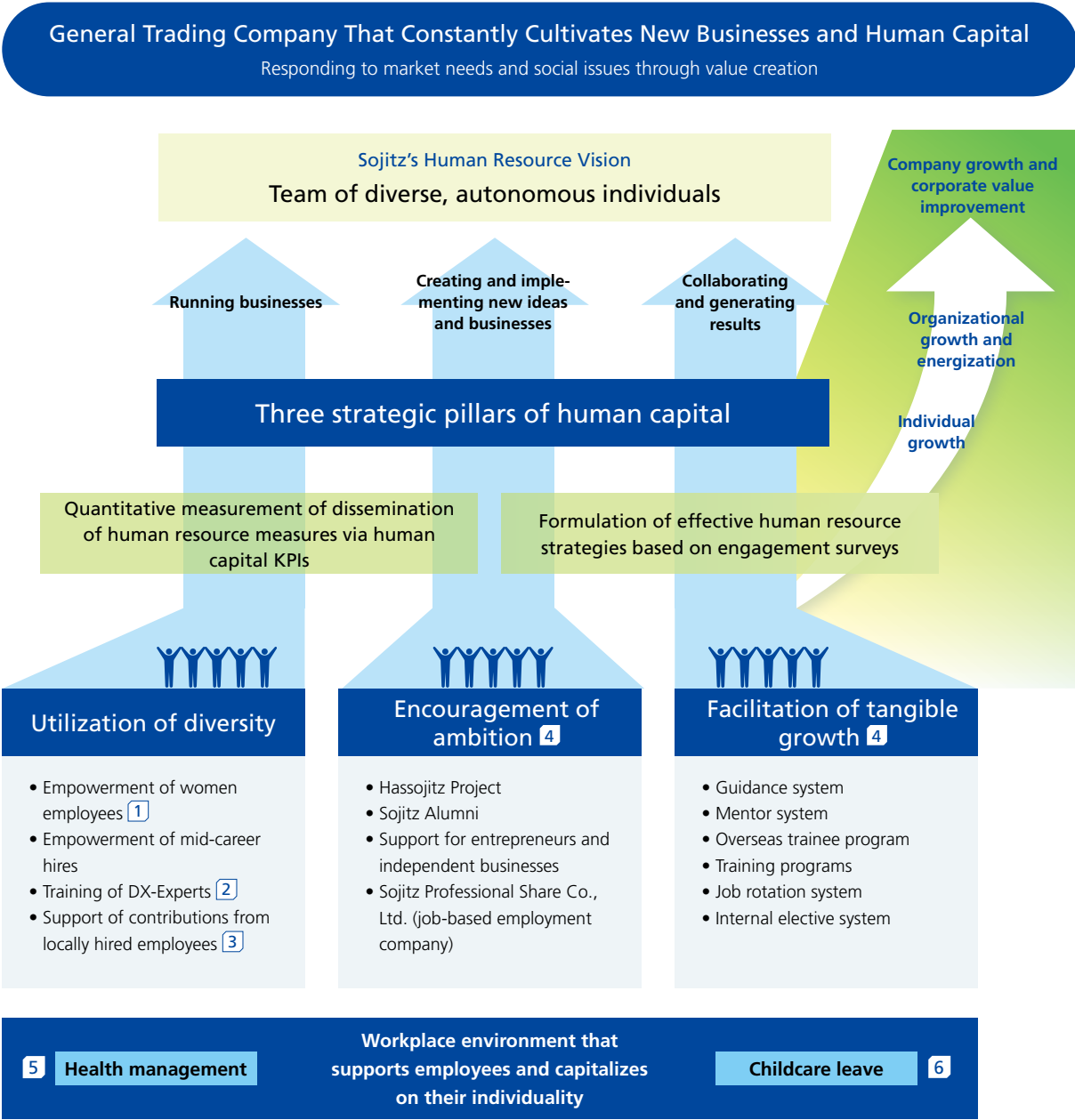
Risk assessments of high-risk areas performed in the year ended March 31, 2023, found no issues with the measures taken at Sojitz Group companies or across the Group's supply chains. Ongoing improvements through a PDCA (plan-do-check-act) cycle as well as timely and appropriate disclosure will be pursued in relation to these areas while incorporating input from external specialists.

Lumber procurement has been identified as a high-risk business area. Accordingly, we have established the Sojitz Wood Procurement Policy, which contains indicators and targets related to lumber procurement. For more information on these and other initiatives in the year ended March 31, 2023, please refer to Sojitz's corporate website. https://www.sojitz.com/en/csr/sojitz_esg/s/human_rights.php

Sojitz's Unique Approach Toward Human Capital Management

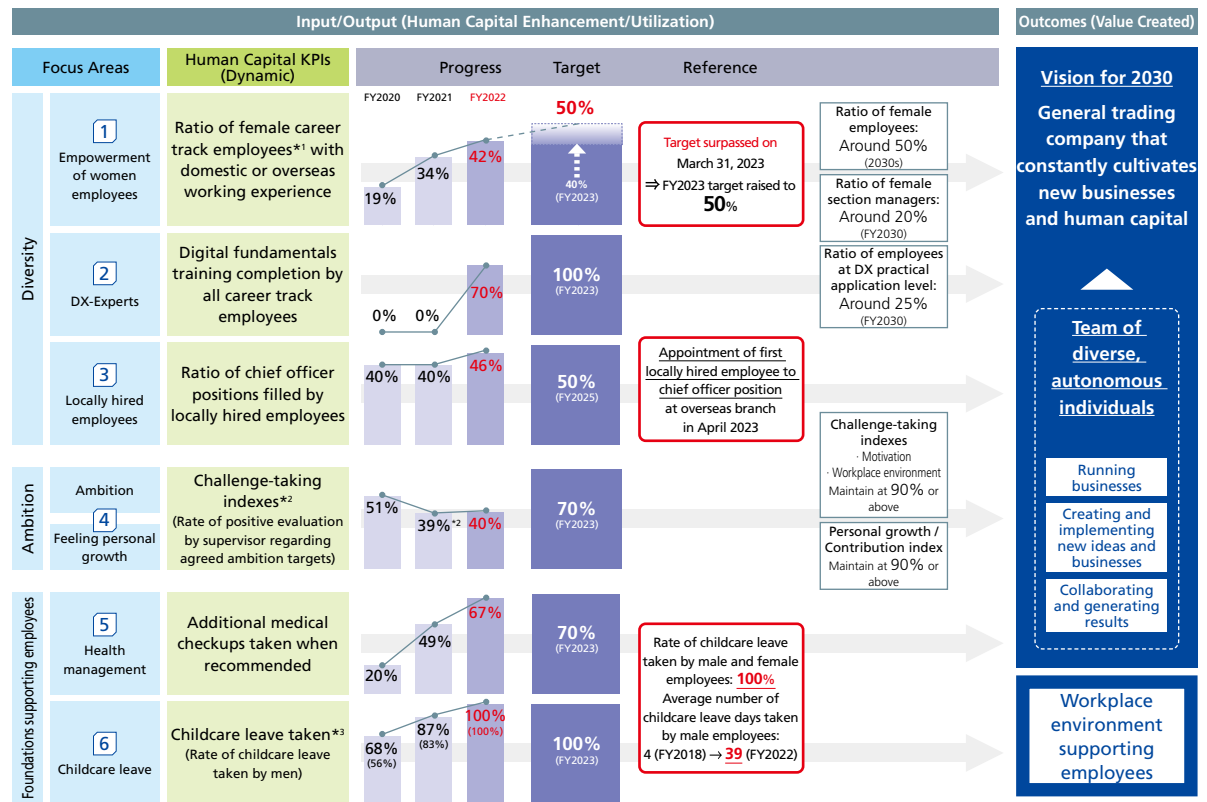
Human Resource Strategies Tied to Management and Business Strategies

Sojitz's most important form of capital, a central component to its value creation, is human capital. It is for this reason that we practice human capital management in pursuit of improvements to corporate value. This approach entails maximizing the capabilities of our human resources to assemble a team of individuals who are capable of transforming themselves to create new value. 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. By tying human resource strategies to management and business strategies, Sojitz is committed to the creation of distinctive value through development of a team of diverse individuals adept at adapting to the changing operating environment and the enhancement of organizational capabilities by connecting individuals via communication.



Human Capital KPIs for Creating Value

Sojitz has established dynamic human capital key performance indicators (KPIs) that can be flexibly revised based on changes in the degree of dissemination of human resource measures and in the operating environment.



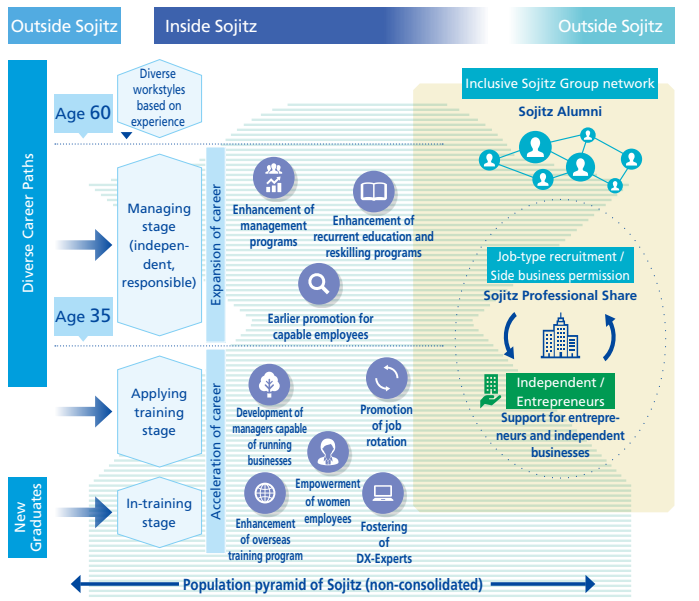
*1 Ratio of female career track employees at Sojitz (non-consolidated) who have domestic/overseas secondment, stationing, or trainee experience
*2 Ambition targets used in annual evaluation processes set on a voluntary basis in the year ended March 31, 2021 (prior to establishment of human capital KPIs) but required of all career track employees from the year ended March 31, 2022
*3 Ratio of employees who took childcare leave based on the Child Care and Family Care Leave Act in addition to our childcare leave system at Sojitz (non-consolidated)

Value Creation through Inclusive Sojitz Group Network

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.

Not bound to past conventions, such as lifetime employment and seniority based on years of service, our corporate culture is built on the concept of helping employees pursue their desired careers while ensuring high levels of motivation in a workplace environment that attracts diverse and ambitious human resources and encourages them to pursue mutual growth.

In addition, we offer a platform for creating new business opportunities and promoting open innovation, in a manner that is not limited to our existing business domain, through networking among current members of Sojitz as well as former members who continue business or social contribution activities even after leaving the organization. The Sojitz Group has also established a job-based employment company that helps employees further their diverse career goals and life plans. Employees working at this company use their skills and experience inside and outside of the Group to create value.



Utilization of Diversity

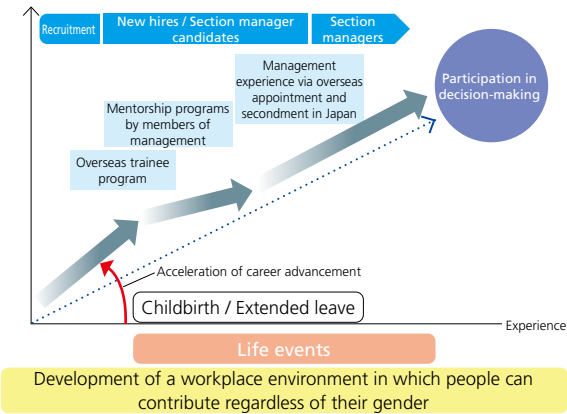
Empowerment of Women Employees

Having 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 female 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. These efforts have led to steady improvements in human capital KPIs related to the empowerment of women employees. In addition, the Company has appointed two female executive officers,* one an individual recruited from outside of the organization for her specialized insight and experience and the other an equally talented individual promoted from within.

However, there are still a number of issues Sojitz must overcome with regard to its pipeline for human resources who can contribute to management decision-making. For example, the ratio of female career track employees with domestic or overseas working

experience is primarily a product of employees dispatched on short-term trainee programs at the moment. Up until now, we have proceeded to dispatch junior female career track employees on such programs to accelerate the advancement of their careers, out of consideration of the life events they may undergo in the future. Going forward, it will be important to ensure that there are no gender disparities in the opportunities we provide to gain experience in management at domestic and overseas operating companies. Management is currently discussing how to design the systems for balancing work with life events provided to overseas dispatches in order to eliminate such disparities.

* Sojitz had one female executive officer and one female managing executive officer as of July 31, 2023.



Initiatives in FY2022

- Emphasis on new graduate and mid-career recruitment drives for female career track employees
- Appointment of female employees to management positions
- Increasing ratio of junior female career track employees with domestic or overseas working experience (acceleration of career advancement)
- Mentorship programs by members of management for female career track employees around the age of 30
- Career discussion forum led by female outside director

Women's Empowerment Targets and Progress

Ratios of women employees among:		FY2020	FY2021	FY2022	Medium-Term Management Plan 2023 Targets (FY2023)	FY2030 Targets	2030s
Human Capital KPIs	Section managers	8.6%	9.1%	12%	10% or more	Approx. 20%	
	Section manager candidates	12%	12%	14%		Approx. 30%	
	New hires (career track)	32%	44%	34%*	Maintain at 30% or above		
Long-term Perspective	All employees	28%	29%	31%			Approx. 50%

* Ratio for employees who joined on April 1, 2023

Cultivation of Future Management Candidates through Opportunities to Acquire Diverse Experience

Looking at Sojitz Corporation on a non-consolidated basis, the ratio of employees in the age groups associated with mid-rank employees and section managers is low. In addition, the ratio of career track employees with domestic or overseas working experience is lower for women than it is for men. This situation is thought to be a result of the life events that women may go through. However, the Company's engagement surveys have revealed that a large portion of female career track employees desire to go on overseas assignments early in their careers and have relatively high appetites for growth. Based on this revelation, Sojitz is working to accelerate the career advancement of such employees by providing them with diverse opportunities to grow into future management candidates. At the same time, we have been ramping up recruitment of mid-career individuals, leading the ratio of such individuals in management positions to reach around 20% as of March 31, 2023.



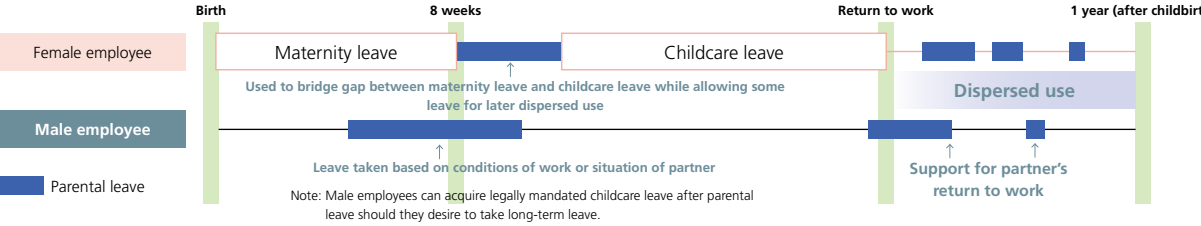
Rira Tamori
Retail Business Department 2
Retail & Consumer Service Division
(Rira Tamori joined Sojitz as a mid-career recruit in 2008.)

When I joined Sojitz, I was the only female career track employee in the Ferroalloys Department. This situation was a great source of pressure as I felt that, if I were to mess up, it might ruin any future opportunities for women who came after me. Even feeling this pressure, I continued to push ahead with the projects to which I was assigned, working together with diverse partners from Japan and overseas and gaining experience along the way. This process helped me shape a career path that was suited to me. Today, Sojitz's corporate culture has evolved to encourage the ambitions of all employees, and a workplace environment has been put in place to support such ambitions, regardless of an employee's gender. I have experience in both business and functional divisions, and I hope to practice management in a way that allows me to use the insight gained through my experience to contribute to the organization while encouraging the ambitions of others.

Parental Leave for Supporting Contributions by Diverse Employees

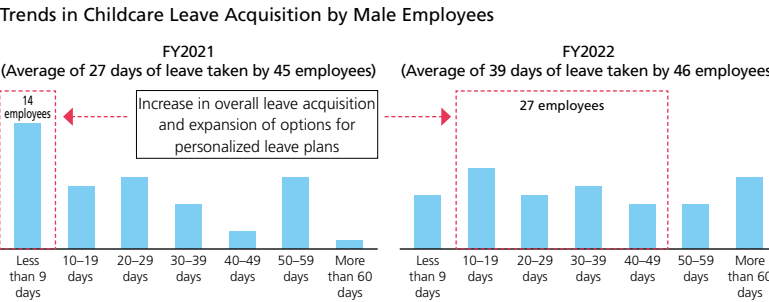
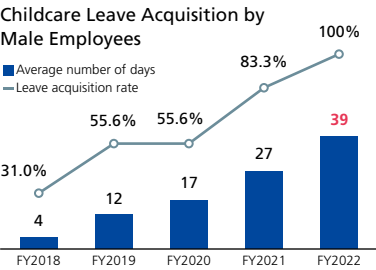
In April 2022, Sojitz introduced a parent leave system under which both male and female employees are entitled to take paid leave for a maximum of 40 days, that can be acquired freely at any time, during the period up until the child turns one year old. This system makes it easier for male employees to continue working while still participating in caring for children by, for example, taking leave outside of busy periods in cases when long-term leave might not be feasible. In addition, female employees are able to use this leave during the maternity leave period offered 8 weeks following childbirth or in a dispersed manner after returning to work.

Parental Leave Usage Examples

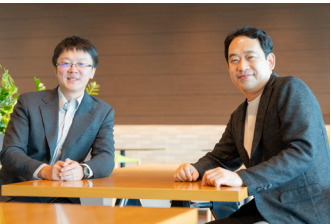


Encouragement of Participation in Child-Rearing by Male Employees

Sojitz has been actively encouraging male employees to take childcare leave and participate in child-rearing. As a result, the ratio of applicable male employees taking childcare leave was 100% in the year ended March 31, 2023. We recognize that fostering a supportive workplace environment in which employees are able to balance their work with child-rearing, regardless of their gender, 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.



Comment from Childcare Leave Participant and His Supervisor



Weixun Zhao, Business Accounting Department (left)
I took a total of 51 days of childcare leave, three days a week. This is how I managed to maintain a good work-life balance. I was able to support my wife while still maintaining a presence at work. I am really appreciative of my coworkers and how they supported me throughout this process.

Kunihiro Ishii, Section Manager, Business Accounting Department (right)
Mr. Zhao was in charge of an important project when it came time for him to take childcare leave. We laid out some clear policies and split tasks among other members of the department to make sure that Mr. Zhao could continue to head up this project. This experience really made me feel how a proactive stance toward helping men take childcare leave while continuing to work can drive the growth of both the leave participant and his organization.

Development of a Workplace Environment in Which Employees Are Motivated and Can Continue to 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.

Included in "White 500" of the 2023 Certified Health & Productivity Management Outstanding Organizations Recognition Program
In 2023, Sojitz was selected for inclusion in the White 500 (large enterprise category) of the Certified Health & Productivity Management Outstanding Organizations Recognition Program, organized jointly by the Ministry of Economy, Trade and Industry and Nippon Kenko Kaigi. This is our fourth time being included in this selection. Sojitz's inclusion was a reflection of the high evaluation of how members of the Company's management play an active role in health and productivity management, which has been positioned as an important management theme, as well as its promotion of health and productivity management understanding among employees and its verification and improvement of related initiatives. A specific area applauded was our efforts to address healthcare issues that are unique to women. Examples of these initiatives include the following.

- 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



Sojitz has been included in the 2019, 2020, 2021, and 2023 selections of the Certified Health & Productivity Management Outstanding Organizations Recognition Program.

Utilization of Diversity

Support of Contributions from Locally Hired Employees

Sojitz is focused on increasing the number of chief officer positions and other management 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 have set the target of raising this ratio above 50% by the year ending March 31, 2026. By exercising a market-oriented perspective and practicing co-creation and sharing, we aim to strengthen coordination across the Sojitz Group's network and thereby create value. Accomplishment in this regard includes the following.

- 46% rate of chief officer positions filled by locally hired employees as of March 31, 2023
- Arrangement of an advisory board meeting with attendance by the chief officers of operating companies in the Americas in 2022
- Organization of a regional committee meeting with participation by representatives of operations in Europe in 2022 (23 participants from 10 European countries)

I have had the pleasure of meeting and working with talented people throughout the Americas. Now as I take up my new role as CAO, I will champion policies and practices that provide opportunities for talent development and career enhancement for my colleagues. I was seconded to the head office from 2014 to 2017, and this experience allowed me to understand the Japanese decision-making process and how Japanese people work. I would like to contribute to the expansion of business in the Americas region by connecting the head office and our local employees through communication, utilizing my experience both in Japan and domestically.

I believe that by enhancing the strength of each region, the strength of the Sojitz Group will improve as a whole. We will achieve this by driving market-oriented initiatives and advancing collaboration. Within the Americas, we will continue to empower our local offices and companies to promote and pursue further business opportunities.

Julian Gomez
CAO for the Americas
CAO, Sojitz Corporation of America



Encouragement of Ambition

Hassojitz Project

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. We are continuing this project with the goal of fostering employees' abilities to plan for the future and to practice strategic thinking.

In the year ended March 31, 2023, the fifth year of this project, the various business ideas proposed have begun to produce results. For example, the wireless charging system for commercial electric vehicles that was presented with an award from the president in the first year of the project has become the first in Japan to obtain vehicle registration. Verification tests of vehicles using this system have commenced on public roads. This initiative has also led to investment in electric vehicle start-up company ASF Co., Ltd., as well as to the development of a unique charging control (auto charging) system for electric vehicles that offers a high degree of convenience to users. In this manner, we are branching out from this initiative as part of an integrated approach toward new business development.

Around 200 employees have taken part in the Hassojitz Project over the period from 2019 to 2022, helping entrench a corporate culture emphasizing cross-organizational collaboration.

Furthermore, managers with diverse backgrounds act as team facilitators to help transform unfettered ideas into new businesses, and advice is solicited from former Sojitz employees (Sojitz Alumni members) and from external experts to guide the process of commercializing such ideas. In the year ended March 31, 2022, Sojitz began having students to whom it has extended employment offers participate in the Hassojitz Project as part of their onboarding training. These individuals have presented unique ideas formulated from their perspectives as students. Employees working in fields that relate to the proposals help the student teams refine their ideas.

In addition, Hassojitz Project participants are dispatched to external incubation programs and utilize Sojitz's broad internal and external networks to refine and enhance their ideas with the goal of accelerating innovation. The Hassojitz Project will continue to be advanced as a means of fostering an entrepreneurial spirit and cultivating individuals who can exercise autonomy in creating businesses.

Hassojitz Project Concepts



Team that received the president's award for its successful efforts in the Hassojitz Project for the year ended March 31, 2023



Artist's rendering of ASF vehicle used for verification test of wireless charging system for commercial electric vehicles

Facilitation of Tangible Growth

Data-Driven Organization's Cultural Reforms

In order to create a workplace environment that maximizes employees' potential, we use a number of internal surveys to gather input from our employees and to advance human resource measures through a data-driven approach. By utilizing the data gained from such surveys, we aim to foster an open organizational environment while heightening employee ambition and strengthening organizational capabilities. Moreover, the responses for certain engagement survey questions are disclosed internally and externally as dynamic human capital KPIs and also are used to determine officer remuneration and guide human capital management initiatives.

Engagement Surveys

Sojitz conducts engagement surveys to build greater trust between employees and their organizations and thereby heighten engagement. In order to gain a better understanding of conditions within the Company, we have introduced our unique questions under the guidance of an external specialist. Moreover, neutral responses to multiple choice questions have been eliminated to improve the accuracy of analyses and to paint a better picture of the actual opinions of frontline employees. These surveys are helping to generate a positive cycle of invigorating communication, leading to discussion on how to advance strategies and accomplish the Company's goals and thereby fostering a culture of encouraging others' ambitions.

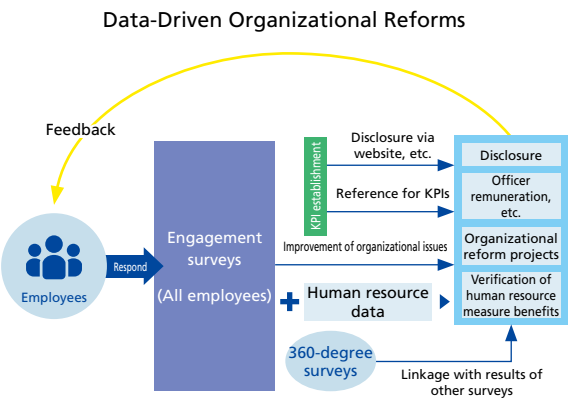
Organizational Reform Projects

The results of engagement surveys are employed on a Companywide basis to perform analyses based on specific organizations and other groupings to guide the advancement of organizational reform projects aimed at improving individual organizations.

Project owners (heads of organizations) and action leaders are assigned at each workplace, and the action leaders play a central role in guiding analyses of survey data and improvement activities and expanding these activities throughout their organizations. Data is shared to allow for analyses to be conducted from a variety of angles, including by age, gender, and job type, and these analyses are used to enhance the PDCA (plan-do-check-act) cycle for workplace improvement activities.

360-Degree Surveys

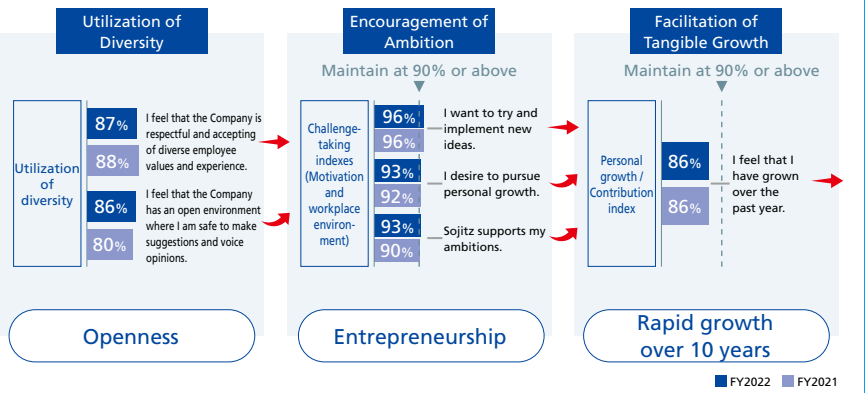
Sojitz conducts 360-degree surveys to provide management with input from a variety of angles, including input from superiors, coworkers, and subordinates. These surveys are designed to help members of management make new discoveries about their everyday actions to help them change their approach as necessary while contributing to workplace environment improvements and enhanced organizational capabilities. Surveys are constantly being refined, with past improvements including alterations to questions based on the expected role of each position and the addition of questions related to communication between supervisors and subordinates and the ability to drive change within an organization and in its processes to improve productivity.



Essence of Sojitz's Culture Revealed through Engagement Surveys

Sojitz began conducting employee engagement surveys in 2017. Unique questions have been introduced under the guidance of an external specialist for the purpose of gaining a better understanding of conditions within the Company that can be used to guide effective human resource strategies. The results of the surveys are analyzed on a Companywide basis, and this information is utilized to shape improvement activities. The survey conducted in the year ended March 31, 2022, had a response rate of 91% whereas the response rate for the survey administered in the year ended March 31, 2023, was 99%.

In April 2023, Sojitz launched the Pursuit of Sojitz's Uniqueness Project, a project involving the entire Company, to further it along the path toward its vision for 2030. We seek to assess the current situation from the perspectives of the present and the future and management and all other personnel in order to foster a corporate culture that is distinctly Sojitz.



Acceleration of Human Capital Management

Message from the COO of the Human Resources Department



Masakazu Hashimoto

Managing Executive Officer
COO, Human Resources 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.

Individuals, Organizations, Cultures, and Data Forming Sojitz's Unique Foundations for Human Capital Management

Human resources are the central and most important form of capital used in Sojitz's value creation activities. Based on this belief, we practice human capital management with the goal of fully drawing out and synergizing the strengths of individuals in order to drive the improvement of Sojitz's medium- to long-term corporate value. Having defined our vision for 2030 as becoming a general trading company that constantly cultivates new businesses and human capital, we have laid out a human resource strategy composed of the three strategic pillars of human capital: utilization of diversity, encouragement of ambition, and facilitation of tangible growth. Based on these pillars, we are advancing concerted Companywide initiatives shaped by the understanding that the growth of a team of diverse, autonomous individuals will contribute to the growth of organizations and the Company and ultimately to the improvement of corporate value.

In recent years, increasing attention has been devoted toward the connection between human resource strategies and corporate value as well as toward investment in human resources. This attention has been generated by the trend toward framing people, not based on the traditional view of human resources as a "resource to be managed," but rather, as a form of "capital to be fostered via investment" in order to create value. This idea of human capital is informed by the ITO Report for Human Capital Management as well as by indicators for tracking non-financial information. Taking a backcasting approach from our vision for 2030, we seek to identify and analyze elements that might contribute to management issues. The understanding gained through this process is used to track our improvements for closing the gap between the targets for our human capital KPIs and the reality at the Company as well to accelerate various initiatives for tying the value created by our people to financial value. Sojitz's unique approach to human capital management is founded on frequent discussions between the president, other members of management, and representatives from business and functional divisions that delve into the challenges of human resource strategies, the progress of measures, and measurements of the benefits. Through this process, we aim to develop human resources who can ensure the success of our management strategies.

Specifically, Sojitz established its dynamic human capital KPIs in June 2021 and began disclosing information on annual changes in relation to these KPIs, based on quantitative data, to both internal and external data. This proactive disclosure has led to improved quality in internal communication while also increasing the range of opportunities for us to receive input from external stakeholders, which is used to revise our measures deemed necessary. "Human resources" is also an important theme discussed at the intensive discussion session, a management retreat that sees participation from outside directors and all other members of management. A great amount of time is devoted to this subject at these retreats, and we also regularly discuss this subject at meetings of the Board of Directors. By engaging such discussions to incorporate a wide variety of perspectives, we aim to ensure that our human resource strategies are highly effective.

Reforms to the culture of our organization are imperative to achieving our vision. Increased trust, and subsequently higher engagement, between human resources and organizations is anticipated to enhance the quality of internal initiatives (inputs). This, in turn, is expected to invigorate communication and discussion regarding the advancement of our strategies and the accomplishment of our goals, thereby giving rise to a culture of encouraging the ambitions of others. To facilitate such improvements to our culture, we solicit employee input through engagement surveys and discussion forums and use this input to implement organizational reform projects as part of ongoing data-driven initiatives advanced together with frontline workplaces.

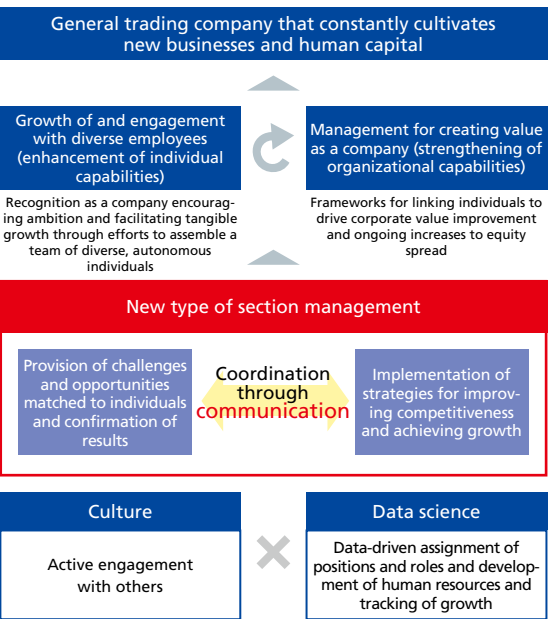
We currently find ourselves in an era of uncertainty and constant change. In this era, it is important that we move away from the prior approach of searching for the right path to instead identify and define issues and enhance our ability to address said issues. We have implemented a number of human resource initiatives over the years. These initiatives should not be seen as isolated efforts but rather as mutual complementary parts of a larger campaign. Based on this view, we must communicate to stakeholders, in a concise yet compelling manner, how these efforts will contribute to corporate value (outcomes). We still have a ways to go, but I am committed to ensuring that our human resource strategies will help us accomplish the goals of management.

Our Next Approach on the Path Toward 2030

Management has been engaged in an ongoing process of discussion with other members of Sojitz on the directives for how the Company should approach the next stage on its path toward 2030. Through this series of discussions, it was determined that a team of diverse, autonomous individuals must continue tackling new challenges and drawing out the full potential of individuals to fuel the ongoing creation of value as a company. Based on this recognition, it was concluded that we should entrench a culture of active engagement among employees while assigning each employee the ideal position and role, effectively developing human resources, and offer fair, impartial, and balanced assessments. Through this process, Sojitz will seek to provide employees with greater feelings of tangible growth while also heightening its own competitiveness. Moreover, we intend to introduce new human resource systems under the next medium-term management plan to stimulate the further growth of Sojitz.

The source of value creation for a general trading company is the connections it forms through frontline business sites and its network. These connections are made by section managers, a middle management position. I suspect that the role of such middle managers will become increasingly more important in the future. If middle managers, however, continue fulfilling their traditional role, we will be unable to grow into an organization that can expand beyond its own confines. This is why we look to entrench a new approach toward management. This approach will entail pursuing both quantitative and qualitative improvements to communication, providing individuals with opportunities that suit them, tracking their growth, and implementing compelling strategies based on the Sojitz Group slogan of "New way, New value." Engagement surveys have illustrated how communication is imperative to fully drawing out the potential of one's subordinates and in providing them with feelings of tangible growth. Based on these findings, organizational standards were revised to limit the number of people in a given section to 10 in order to facilitate more frequent communication between section managers and their staff.

In the volatile operating environment, it is also imperative for us to link our management, business, and human resource strategies, flexibly allocate human resources, and build resilient management structures. To this end, we are taking steps to enhance our pool of management personnel by identifying candidates for core positions in Group management and developing their skills through selective and other training programs. Moreover, human resource strategy representatives referred to as "human resource business partners" have been appointed in various business divisions in order to strengthen the capacity of frontline organizations to advance self-propelled initiatives. Through coordination between the Human Resources Department and human resource business partners cognizant of the perspectives both of the Company overall and of



specific business divisions, we aim to advance human resource development and position employees in their ideal roles in a cross-organizational, Companywide manner. Engagement surveys (see page 63) have found that Sojitz is a company in which employees can chase their ambitions and experience feelings of tangible growth. Looking ahead, we hope to entrench a culture of actively engaging with others while accelerating initiatives that begin from the lower or middle ranks of the Company and flow upward from there. At the same time, we will disseminate new human resource systems tailored to Sojitz's future aspirations in our efforts to continue to encourage employee ambition and facilitate tangible growth. In preparation for the next medium-term management plan, we will work to help employees understand their personal role in our initiatives as we seek to bolster the capabilities of both individuals and organizations. As we enhance the Company's inputs in this manner, we will seek to achieve better outcomes through improvements to productivity and corporate value while continuously promoting Sojitz's unique approach toward human capital management to inspire our people to transform the Company.

Synergies Generated by Individuals

In 2021, Sojitz partnered with Vietnam Livestock Corporation JSC, a member of the Vinamilk Group, a major Vietnamese dairy product manufacturing conglomerate, to establish Japan Vietnam Livestock Co., Ltd., as a joint venture company. This company will combine the Vinamilk Group's local operating foundation in Vietnam, which allows it to reliably procure Holstein bulls and cows that can no longer be milked, with Sojitz's meat processing technologies. A team of individuals well versed in the relevant fields were assembled from divisions across the Company to undertake the task of creating a market for this company in Vietnam. The members of this team, with their diverse backgrounds and strengths, are working together with local partners to generate synergies between their respective knowledge, skills, and expertise as they prepare for the full-fledged operation of the joint venture's production facilities.



See "Value Creation Story" on page 26.

Digital Transformation for Accelerating Value Creation

Sojitz's Value Creation and Digital Transformation Initiatives

Creation of a Prosperous and Sustainable Future through Digital Technologies

Tomomi Arakawa

Managing Executive Officer
CDO (Chief Digital Officer), CIO (Chief Information Officer)
COO, Digital Department

After joining IBM Japan, Ltd., as a system engineer, Tomomi Arakawa became a director at this company in 2014 before being appointed as its first CDO in 2015. Arakawa assumed the role of executive officer and CDO at Sojitz in December 2021 and took up her current position in April 2023, and she has since continued to lead the Group's digital transformation and other digital technology strategies.



Concerted Effort to Accelerate Transformation and Value Creation through Digital Transformation

When I became CDO at Sojitz in 2021, "digital transformation" was still only a buzzword in Japan, and there were not really that many companies actually promoting digital transformation. Simply stated, digital transformation is the process of using digital technologies to transform a company. In this era of companies clambering toward digital transformation, Sojitz sought to take a head-on approach in digital transformation as a general trading company. Its first step: employee awareness reforms. There is no magic approach toward completing digital transformation. The potential for digital transformation is unlimited, and this is why it is crucial to first understand what digital technologies are, what it means to introduce these technologies into a business, and how these technologies can be used to create new value. Moreover, employees must recognize that these technologies can be used by anyone in any business. That is why I emphasize employee awareness reforms. For this purpose, we began developing training programs designed to grant all employees an understanding of digital technologies and help them realize their role in utilizing these technologies. The Company also launched a number of hands-on digital projects, which I oversaw directly as CDO, to allow employees to experience the potential of digital technologies firsthand. In this manner, we sought to introduce digital technologies into Sojitz's business while working together with employees.

Over the two years since I became CDO, Sojitz has taken an ongoing and extensive approach toward cultivating digitally proficient employees, whom we refer to as "DX-Experts." Business divisions have managed to cultivate their own DX-Experts, allowing them to spearhead their own digital technology projects. Digital technologies have thus taken root through Sojitz, and knowledge of these technologies are becoming a standard tool for Sojitz employees. Finally, standing at the starting line, Sojitz is poised to accelerate the creation of value by using digital technologies on a Companywide basis in order to transform itself into a next-generation trading company. Sojitz is a general trading company that has potential to greatly transform society given the scale of its business and the diversity of its portfolio. It brings me great joy when I see the benefits of digital transformation appearing in the form of results at specific workplaces.

I am committed to maintaining an up-to-date understanding of ever-evolving digital technologies so that I can use these technologies to promote digital transformation in pursuit of further growth at Sojitz. I hope you will look forward to Sojitz's future of accelerated progress toward growth using digital technologies.

Position of Digital Transformation in Sojitz's Value Creation Process

Over the years, general trading companies have continued to transform their business and asset portfolios as they sought to quickly respond to market needs and social issues. Sojitz, however, seeks to move beyond this traditional approach to transform itself into a next-generation trading company. For this reason, we are taking an all-in approach toward digital transformation strategies while placing particular emphasis on the following two key initiatives.

The first initiative is to create new value by implementing and utilizing digital technologies. This will entail installing

digital technologies in existing businesses to generate opportunities for co-creation as well as developing new businesses to create new value using digital technologies. Implementing and utilizing digital technologies in the wide range of businesses Sojitz develops as a general trading company will require that the ideal technologies be selected based on an accurate understanding of the characteristics and industry conventions of each individual business. As CDO, I work closely with the heads of business divisions, using regular meetings as an opportunity to discuss the potential for implementing digital technologies in Sojitz's businesses from the perspectives of both the businesses and technologies to

advance Companywide digital technology projects. The second initiative is the cultivation of DX-Experts who can be the proponents behind creating new business value. At Sojitz, we developed our own in-house curriculum to foster employees who are able to utilize digital technologies and promote co-creation in a manner suited to the business model of a general trading company.

As DX-Experts gain practical experience in their respective organizations, their teams and organizations obtain a valuable asset in the form of accumulated digital technology utilization expertise. Moreover, the cross-organizational sharing of this expertise has begun accelerating the use of data and digital technologies.

The march of technological progress is constant. We are therefore constantly reviewing our DX-Expert training programs to ensure that they are matched to the needs of the market and that the DX-Experts they produce are capable of contributing to the competitiveness of Sojitz. We will continue to create new value through a concerted, Companywide approach toward embracing digital technologies with eyes to the day when such technologies are a standard part of business and the title "DX-Expert" ceases to hold meaning.

Digital Transformation Promotion System

At Sojitz, the president himself chairs the DX Promotion Committee, and this committee is used to facilitate swift decision-making when it comes to digital transformation. The heads of business and functional divisions raise the issues they need to address in their respective business models or work processes with the DX Promotion Committee. The committee then engages in interactive discussion about the digital technologies that could address these issues and how these technologies could be employed. Having senior management at the forefront lends extra momentum to our efforts. Seeking to support this momentum from the perspective of digital technologies, Sojitz established the CDO Office when I was appointed CDO. Furthermore, in my new capacity as CDO and CIO, I oversaw the integration of the CDO Office, the IT Operation Department, and the ERP Transition Office to form Digital Department 1 and Digital Department 2 effective April 1, 2023. By consolidating our digital technology-related functions and staff in a single organization, we aim to improve the speed and quality of our efforts to promote digital

transformation and to develop, maintain, and redevelop IT and infrastructure systems. I am also working closely with the CISO (Chief Information Security Officer), the highest authority for information security, to help strengthen information security as we accelerate the use of digital technologies.

Discussion on Digital Transformation and Digital Technology Utilization at Intensive Discussion Session for Management



In the 2023 intensive discussion session, a management retreat that saw participation from outside directors and other members of upper management as well as the heads of business and functional divisions, the implementation of digital technologies was defined as an important topic of discussion. This topic was discussed in a concentrated manner through a workshop on how to incorporate digital technologies into business activities. These discussions served to align all members of management, from the workplace representative level up to senior management, based on shared consensus on how to create new value using digital technologies.

Major Topics of Discussion

- Creation of new projects using digital technologies in business and functional divisions
- Strategies and measures for utilizing digital transformation as a source of competitiveness

TOPICS

First Time Inclusion in Digital Transformation Stock Selection

In 2023, Sojitz was selected for inclusion, for the first time, in the Digital Transformation Stock Selection program organized by the Ministry of Economy, Trade and Industry, the Tokyo Stock Exchange, and the Information-technology Promotion Agency, Japan. In this program, the organizations select companies, from among those listed on the Tokyo Stock Exchange, that have developed internal frameworks for promoting digital transformation in a manner that contributes to improved corporate value and that are producing results through excellence in utilizing digital technologies. Sojitz's inclusion in this selection was a reflection of the high evaluation of its Companywide digital transformation initiatives and their results. These initiatives are advanced through an approach integrating digital transformation promotion system development with our management vision and business strategies. Going forward, Sojitz will continue to move forward with its all-in approach toward digital technologies in all of its businesses.



Digital Transformation Case Study

Smart Fishery Project at Sojitz Tuna Farm Takashima

Digital Twin Approach for Reproducing Aquaculture Cages in a Digital Space

Sojitz is accelerating the utilization of data and digital technologies in existing businesses in order to improve value and create new value. A prime example of these efforts can be seen in the smart fishery project that was carried out at Sojitz Tuna Farm Takashima Co., Ltd., where Sojitz is engaged in an industry-academia collaboration project with the Japan Agency for Marine-Earth Science and Technology (JAMSTEC).



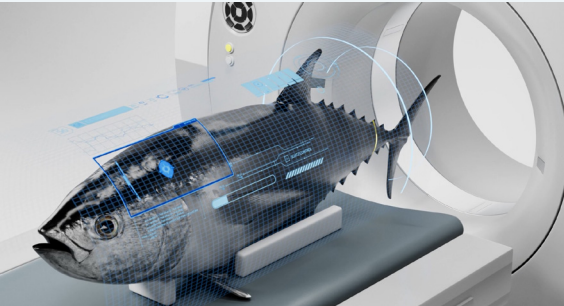
Digital Transformation Achieved through Co-Creation

Sojitz Tuna Farm Takashima is a bluefin tuna farming company established in 2008. Its farming site, located in the sea off of Takashima Island in Matsuura City, Nagasaki Prefecture, houses some 40,000 bluefin tuna at any given time. In the past, the amounts of feed and the ways this feed was administered were determined based on the experience and intuitions of the captains of feeding vessels and the divers who perform maintenance on aquaculture cages. However, this process could not be completely accurate as it was impossible to accurately count the number of tuna swimming in the aquaculture cages. The smart fishery project uses a digital twin* approach to address this inability to count the number of tuna by reproducing the aquaculture cages, in their entirety, in a digital space. This approach makes it possible to combine a virtual aquaculture cage, created based on information on the actual aquaculture cage and the tuna swimming therein, with a tuna swimming simulation to estimate the number of tuna of a certain size.

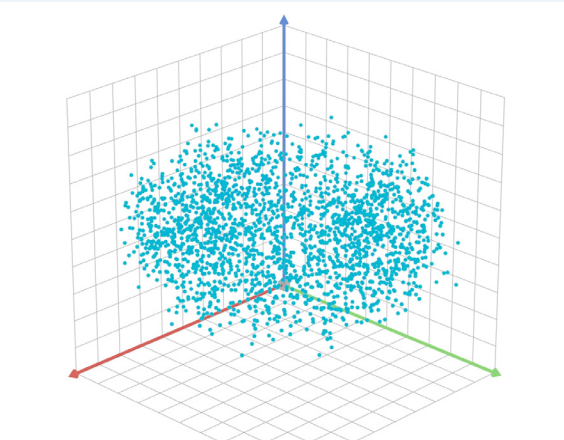
Applying the insight gained through basic research advanced together with JAMSTEC to create a virtual aquaculture cage requires massive quantities of tuna swimming image data to be analyzed, analog inputs to be converted into digital data, and this information to be reflected in the virtual aquaculture cage model. Sojitz has been directly involved in all steps of this process, spanning from the acquisition of image data to the measurements and estimates on the number of tuna. We first prepared a virtual aquaculture cage for use in reproducing the swimming patterns of the tuna, and then used the data gained from the simulation prepared using the virtual aquaculture cages as the teaching data for the final simulation system. Sojitz personnel were then dispatched to the site directing divers to dive into the aquaculture cages and set-up cameras produced in-house, carefully adjusting camera angles to collect the data necessary for video systems and image processing. In addition, fish detection systems and CT scanners were employed to input 6,000 images into a machine learning system in order to produce the virtual aquaculture cage model. Through this ongoing process of AI training, we succeeded in developing a system that could estimate the

number of tuna in the aquaculture cages with the initially targeted level of 95% accuracy. When we first began the project, it was expected that it would require around two years to produce the virtual aquaculture cages. However, the expert advice and proactive support of JAMSTEC and other co-creation partners allowed for swift progress in all steps of the process, resulting in the successful completion of the virtual aquaculture cage model in just six months.

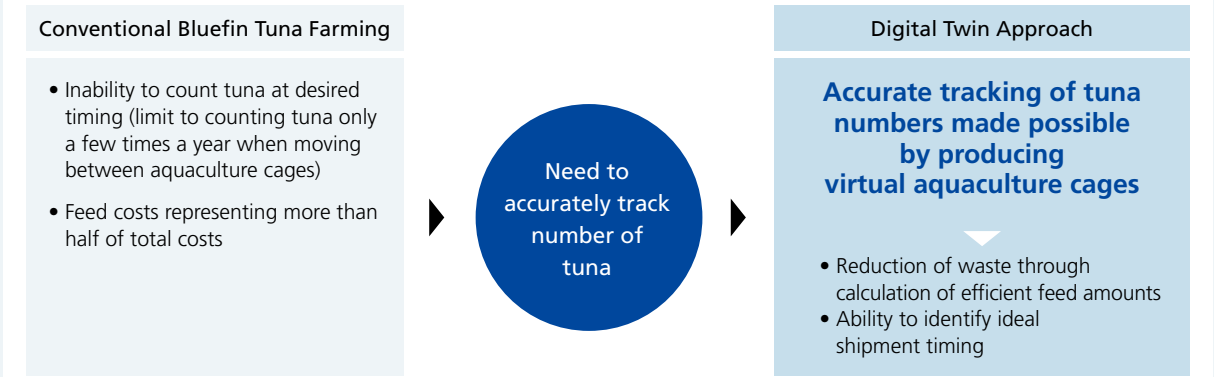
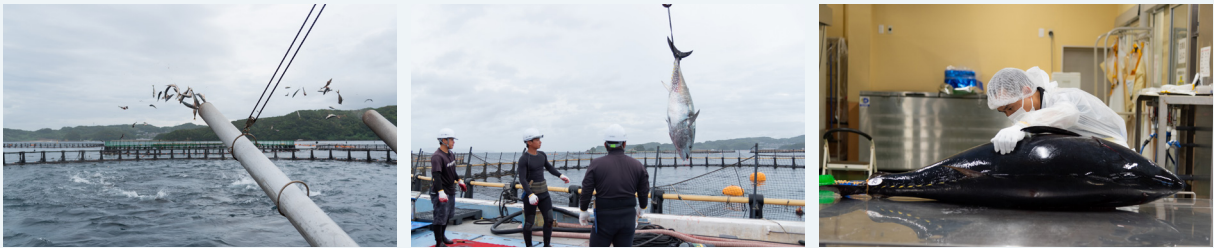
* Technology that consists of a digital counterpart of a physical object or process. Objects or processes being studied are outfitted with various sensors for tracking vital data



CT scanner used to determine characteristics of sonar system for detecting tuna



Simulation of tuna swimming in virtual aquaculture cage (screenshot)



Growing Scope of Digital Technology Application

Sojitz employees were involved in all steps of the smart fishery project, actually performing the necessary programming, a process that allowed us to acquire expertise and insight that will be invaluable to future projects entailing the use of digital technologies. In addition, we are currently in the process of developing an automated feeding support system that optimizes the amounts of feed issued based on the state of the tuna in the aquaculture cages.

The digital twin model that was the cornerstone of this project is a technology that can be used to address a wide variety of issues. Accordingly, applying this technology to other businesses has the potential to contribute to the

resolution of issues and the creation of new value. Sojitz has developed a marine food product value chain that comprises The Marine Foods Corporation, TRY Inc., and Dalian Global Food Corporation, as well as Sojitz Tuna Farm Takashima, the company involved in the smart fishery project. Sojitz is committed to improving profitability across the entirety of its marine food product business.

Going forward, we will continue to utilize digital technologies in co-creative projects to create business value in pursuit of the sustainable use and reliable supply of marine food products.



Hiroyuki Onishi (left), president of Sojitz Tuna Farm Takashima, and Emina Ryuo (right) of Digital Department 1, who was responsible for inputting data into virtual aquaculture cage model



CDO and CIO Tomomi Arakawa explaining project to institutional investors and analysts visiting Sojitz Tuna Farm Takashima in Nagasaki Prefecture

Cultivation of DX-Experts

Training Programs Tailored to the Multifaceted Business of a Trading Company

Progress in Cultivating DX-Experts

Sojitz's DX-Expert training programs define five skill levels. For the entry-level course, which targets all employees, and the basic-level course, which is for all career track employees, around 90% of applicable employees have completed training. The practical application-level skill courses are divided into the two skill categories of data analysis and business design.

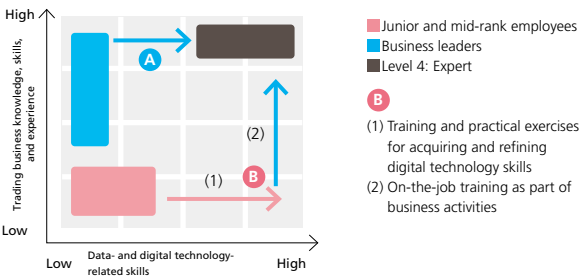
The expert-level data analysis course is designed to foster individuals capable of utilizing big data through coding to propose and implement solutions to business issues through machine learning and other technologies. Participants are thereby empowered to play a central role in promoting data-driven measures for addressing the issues faced in their respective organizations. For example, the skills granted by this course could be used to analyze marketing and other data to propose sales measures for specific products or to combine text data mining* and machine learning technologies to track and analyze business processes based on text documents.

Two routes have been defined for business design courses: Route A for leaders with substantial trading business experience and Route B for digital native (junior and mid-rank) employees seeking to acquire and refine specialized digital technology skills as part of building their career through business activities. In Route A, program participants are exposed to a myriad of successful digital transformation case studies so that they can practice adapting the essence of

these case studies to match the business model of their respective organizations in order to improve and create value. Route B is meant to foster individuals capable of properly reaching a consensus and engaging in co-creation with internal and external digital technology partners in relation to development of their desired digital services, technological bottlenecks, and other matters. One exercise toward accomplishing this goal is training in the development of online applications using coding. Meanwhile, as part of our efforts to recruit new graduates, we arrange digital transformation internships consisting of multiple-day workshops with the aim of recruiting students who possess sophisticated digital technology skills.

* Text data mining: Analysis method of identifying trends and connections in collected data

Two Routes of Business Design Courses



DX-Expert Training Programs and Participation Targets

Skill Level		Skill Categories		Participation Target under Medium-Term Management Plan 2023 (Progress as of August 31, 2023)
		Data Analysis	Business Design	
Practical Application	Level 5: Thought Leader	Guidance and oversight of experts as a leader to promote the transformation of organizations and businesses with digital technologies		—
	Level 4: Expert	Data analysis for verifying hypotheses to plan and propose resolutions to business issues	Skills for creating new businesses and improving value of existing businesses through use of digital technologies	40 employees (73%)
	Level 3: Experienced	Understanding of basic data analysis methodologies for use in hypothesis verification regarding analysis challenges	Understanding of basic programming principles that can be used to assist in application prototyping, development, and verification	300 employees (69%)
Level 2: Basic		Basic knowledge for applying digital technologies to business activities (IT literacy, information security, data science, digital marketing)		All career-track employees (89%)
Level 1: Entry		Entry-level knowledge required of all employees that deal with IT (National IT Passport certification, low-code tools)		All employees (90%)



Shunsuke Miyawaki
Manager, Digital Data Analytics Section,
Digital Department 1

Message from Project Leader Involved in DX-Expert Development Program Planning and Implementation
As a general trading company, Sojitz is involved in a wide variety of business areas. This is why it is important for employees to acquire a balanced array of various digital technology skills and to be able to engage in co-creation with internal and external partners. We realized that the pre-packaged training programs available to be purchased were insufficient for cultivating the type of employees Sojitz needed for its digital transformation strategies. This is why we decided to craft a unique program custom-tailored to Sojitz's unique needs. We went about this through a repeated process of examining the expected roles of digital technology staff based on a collective understanding of their skills and backgrounds. We devoted particular effort to the development of the expert-level training programs to ensure that they could endow participants with a high degree of practical skills. Frontline issues and data utilization were major points of focus of these programs. A flexible approach is taken toward incorporating input from program participants as we seek to cultivate employees who are able to utilize data analysis as a tool in their respective businesses. Going forward, we will continue our efforts to build the foundations for utilizing digital technologies and to foster DX-Experts who can contribute to actual business activities to accelerate the growth of the Company with the goal of contributing to improvements to Sojitz's corporate value.

Comments from Participants in Expert-Level Data Analysis Course



Hiroto Tabara
Section 2,
Automotive Department 1
Automotive Division

Current Analysis Challenges	Optimization of product mix and improvement of profitability through business area analyses based on purchase data
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Ambition as a Beginner

There are a lot of opportunities to analyze data as part of the business activities of the Automotive Division. Fortunately, the Company is proactive in encouraging us to acquire IT skills. I am involved in domestic and overseas automotive dealership and used car sales businesses, but I have not previously had the opportunity to learn about programming. Participation in the expert-level data analysis course helped me gain an understanding of a wide range of ways to interpret data and raised my awareness regarding the need to choose the appropriate methods of collecting and approaching data. My newfound knowledge also made me realize that we were just sitting on a lot of valuable data that was ripe for using. I later went on to learn programming languages outside of Python, which was taught in the course. This understanding has made it easier to come to a consensus when working with internal and external partners in projects for addressing issues or pursuing improvements using digital technologies. Going forward, I will continue to use non-electronic communication methods when digital methods are insufficient, as I act as a trading professional to resolve frontline issues with data and bridge the gap between business activities and digital technology projects.



Masataka Sukita
Asset Management Business Section,
Retail Business Department 3
Retail & Consumer Service Division

Current Analysis Challenges	Formulation and proposal of revenue improvement measures for consumer products based on clustering analyses*
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Growth of Individuals and Growth of Organizations

I feel that there is a lot of room for people with marketing and data analysis skills to contribute in the focus area of retail defined by Medium-Term Management Plan 2023. Based on this realization, I decided to take part in the expert-level data analysis course as I felt that it presented the opportunity for me to take advantage of my background in real estate and shopping center management. Today, I am going beyond the bounds of my organization to get involved in the data utilization projects of other divisions by making proposals based on the unique perspective founded on my own personal insight and experience. Data analysis is an ongoing process of hypothesis verification. What makes data analysis interesting is how the same data can lead to different interpretations and hypotheses depending on who looks at it, meaning that this is an area where our individuality comes into play. I also feel that project teams have increasingly been embracing the idea of moving away from the discussions grounded on experience and perceptions that used to be commonplace to found discussions on information reflecting reality and tracking such information. If this emphasis on hard facts can become an entrenched custom among my colleagues and at other organizations, I think it will contribute to the development of a mindset and workplace atmosphere that encourages autonomous contributions and action toward resolving issues by those who are actually affected by said issues.

* A statistical method for processing data and organizing items into groups or clusters on the basis of how closely associated they are



Misato Yamamoto
Planning & Administration Section,
Planning & Administration Office
Aerospace & Transportation
Project Division

Current Analysis Challenges	Development of task grouping models by applying text data mining and machine learning technologies to email text
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Immersion Skills and Creation of Opportunities to Use Skills

I decided to take part in the expert-level data analysis course after returning from childcare leave based on my search for opportunities to utilize the code skills I had developed in university in my career as a trading professional. Learning Python through this course really opened up new horizons for me in regard to digital transformation. I am now capable of using data to discuss our approach toward matters that would previously have been decided based on the experience of employees with longer tenures. I can even act as somewhat of an "interpreter" for communicating the language of data to other parties. It is incredibly important for analyses to be conducted as a team. By engaging in discussions based on a common understanding with clear goals, it is possible to advance a variety of approaches toward big data over a short period of time. Also, Sojitz has internal communities for digital technology experts. Through these communities, we share analysis case studies and knowledge, and new ideas are always being proposed. These communities thus serve as a constant source of stimulation. In the future, I look forward to applying interpretation and approaches based on analyses of collected data to the resolution of business issues while providing advice on exactly how this insight can be utilized.

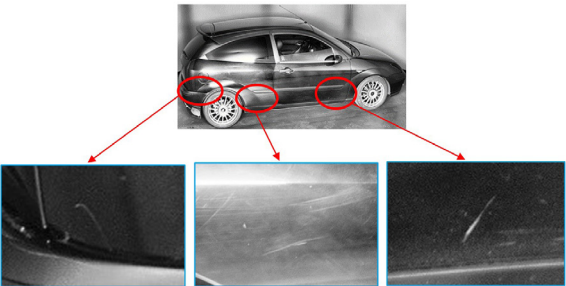
Digital Transformation Case Studies

Used Car Distribution Platform

Every used car is unique. For this reason, information on the condition of individual vehicles and their repair and accident histories is imperative to used car transactions. However, there have been issues regarding a lack of transparency in such information. Seeking to address this issue, Sojitz invested in Twinner GmbH of Germany. Twinner offers a service known as Twinner Space, which uses high-resolution scanning technologies to create high-quality digital twins of vehicles. These digital twins faithfully recreate the internal and external condition of a vehicle, including any scratches or dents, in the form of digital data that can be viewed from a variety of angles. The resulting ability to clearly assess the condition of a vehicle contributes to increased transparency in transactions.



Aperta Nagoya used import luxury automobile dealership

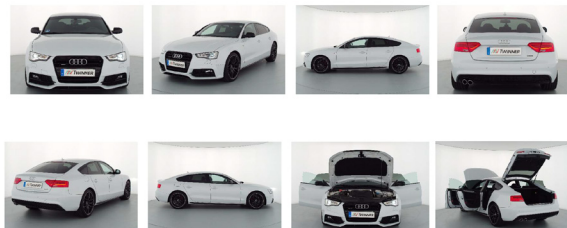


Vehicle damage detection by scratch sensor

The first Twinner Space venue in Japan has been set up in Kiyosu City, Aichi Prefecture. Certificates guaranteeing the quality of digital twins are displayed at Aperta Nagoya, a Sojitz-operated used import luxury automobile dealership located next to the venue, granting customers an additional degree of peace of mind. As Twinner Space allows for the condition of vehicles to be confirmed anywhere by viewing digital twins saved on a cloud server via the internet, it has potential to function as a solution for creating a new used car distribution platform, which would deliver new customer experiences together with improved convenience. Sojitz looks to contribute to the digital transformation of used car distribution through such initiatives.



Twiner Space vehicle scanner



Vehicle scan data that can be viewed from 360 degrees through Twinner Space

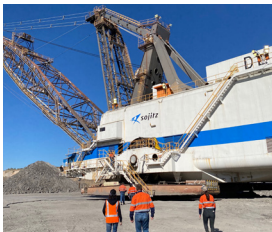
Digitalization of Coal Mine Operations in Australia

Sojitz's Gregory Crinum coal mine in Australia produces coking coal for steel product applications, and we are incorporating digital technologies into the process of operating this mine. Specifically, mine operation data and equipment remote control technologies are being employed to improve operational efficiency with the goal of optimizing coal production costs. Going forward, Sojitz will continue to utilize various data and multifaceted analyses to make data-driven management decisions and to optimize the maintenance of the equipment that is so crucial to mining operations through a preventive maintenance approach. Moreover, mine rehabilitation measures (restoration of natural environment and greening of stripped land) are being advanced at Gregory Crinum with the goal of making the mine more eco-friendly. Through this process, Sojitz is accumulating

expertise and digital technologies (3D simulation technologies). We aim to combine these assets in the future to create unique digital mine rehabilitation services that can be applied to other mines in order to help resolve social issues related to mines.



Remote control of mining equipment

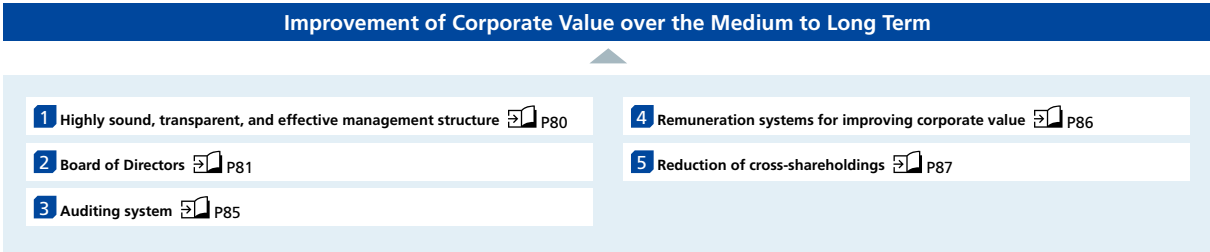


Dragline excavator used for stripping mine sites

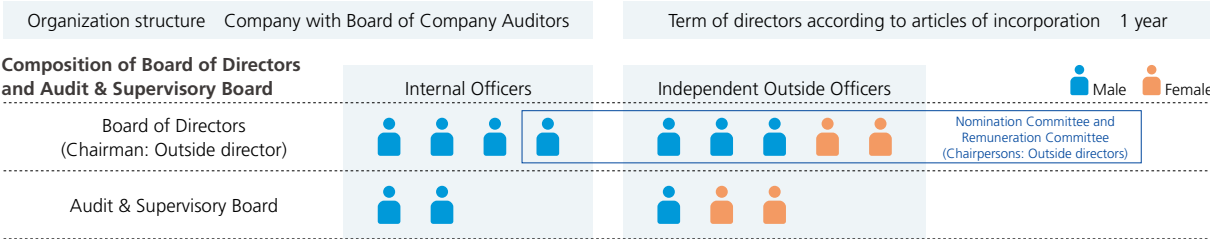
Corporate Governance Supporting Value Creation Strategy

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 corporate governance structure depicted below 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. We employ an executive officer system for the purpose of clarifying authority and

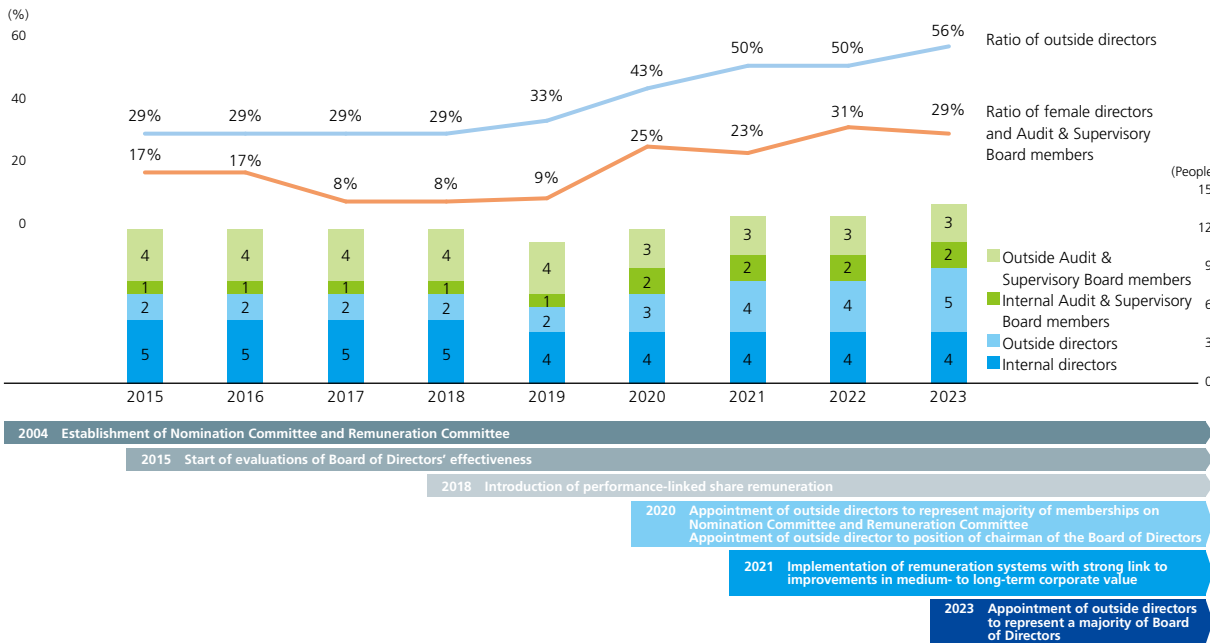
responsibilities and ensuring a smooth and swift execution of business through the separation of managerial decision-making from operational execution. Sojitz is examining the possibility of revising its corporate governance system through means such as transitioning to the Company with Audit and Supervisory Committee structure as described in the Companies Act of Japan. The aim of potential revisions will be to facilitate more transparent, fair, timely, and decisive decision-making and thereby contribute to improvements to corporate value under the next medium-term management plan through the enhancement of the supervisory functions of the Board of Directors and the delegation of authority from the Board of Directors to executive directors.



Overview of Corporate Governance System



Evolution of Corporate Governance Systems



The following is a discussion between outside directors Norio Otsuka, Haruko Kokue, and Tsuyoshi Kameoka in which they examine Sojitz’s initiatives under Medium-Term Management Plan 2023 and talk about their hopes for the next medium-term management plan and what challenges they perceive.



Norio Otsuka
Outside Director
Chairman of the Board
of Directors

Haruko Kokue
Outside Director

Tsuyoshi Kameoka
Outside Director

Otsuka ♦ Five years ago, when I first became an outside director at Sojitz, I felt that Sojitz had a tendency to be overly cautious when it came to investment. This was likely due to the strong sense of discipline that can be attributed to the Company’s past experience overcoming financial difficulties. I found this reality a little frustrating at the time. Today, however, Sojitz is clearly at a new stage in its development. It continues to exercise discipline when it comes to its finances, but it is also proactive in terms of investment.

Each year, we have discussed matters pertaining to the ideal approach toward corporate governance at Sojitz,

and I have seen the Company’s governance systems continue to evolve. The decision, for example, to appoint an outside director to the position of chairman of the Board of Directors, a position previously filled by the chairman, who did not have the right of representation, was not insignificant, and we can see the strength of the commitment of President Fujimoto and other members of management toward good governance in these decisions. The number of outside directors is growing gradually. Upon welcoming Mr. Kameoka in June 2023, outside directors came to represent a majority of the Board of Directors. Meanwhile, Ms. Kokue, who joined us in June 2022,

always voices very grounded opinions on matters such as market needs, the importance of the perspective of the front lines, and safety and quality. I believe these opinions to be a product of her experience at manufacturers. A large number of the operating companies Sojitz acquires through its proactive investments are manufacturers. Accordingly, Ms. Kokue’s experience in supply chain management and overseas operations at manufacturers is crucial to Sojitz at its current stage.

Kokue ♦ Since joining Sojitz, I have always tried to point out issues I noticed from the perspective of a manufacturer. This is also true when it comes to acquisitions. We cannot just look at the economic rationale of an acquisition. Instead, we must consider the perspective of the acquisition candidate while examining the entire supply chain and also thinking about the standpoints of private investors and various other stakeholders. This is a fact that I have made sure to state.

It is common for there to be issues with information gaps between outside and internal directors. At Sojitz, however, we are provided with a breadth of materials from various bodies to help us understand and judge agenda items. It is therefore easy to jump into discussions. We are also provided with opportunities to engage with employees. For example, I have been asked to take part in a career discussion forum for women arranged by the Corporate Sustainability Department. This forum saw participation by approximately 130 employees, including online participants, and many asked about my career. I hope I will have opportunities to be of assistance to Sojitz in such manners in the future as well.



Kokue at a career discussion forum for women

Otsuka ♦ I have known Mr. Kameoka since my time as an outside director at Showa Shell Sekiyu as he was serving as the group CEO at this time. He led this company during its merger with Idemitsu Kosan. I suspect that the post-merger process of aligning various people with completely different backgrounds and roles was incredibly challenging. Moreover, Shell Sekiyu, the predecessor of Showa Shell Sekiyu, was a foreign company. As such, this company had a unique, let’s say British, approach toward business, governance, and internal control as well as toward the processes of evaluating and assigning responsibility to employees. I felt that there was a lot that I could learn from this highly rational approach. In this distinctive environment, I remember seeing employees and officers going about their work in a carefree manner. I hope that Mr. Kameoka will use the

instincts and insight honed during his time at this company for the benefit of Sojitz.

Kameoka ♦ You mentioned the merger between Idemitsu Kosan and Showa Shell Sekiyu. As you can imagine, as people with different values and approaches toward work were made to work together, people naturally began to form sides based on which company they came from. I suspect that this probably occurred, at least a little, when Sojitz was born out of the merger between Nissho Iwai and Nichimen. However, unlike this sense of tribalism, Sojitz had a history of mutual respect and stimulation between Nissho Iwai and Nichimen, both companies with business creation imprinted on their very DNA. This relationship allowed the merged Sojitz to produce an even more refined corporate culture.

In my position as an outside director, I try to emphasize an overarching perspective. Companies exist because people need them. Accordingly, companies need to base their activities on contributions to society. The Sojitz Group Statement professes, “The Sojitz Group creates value and prosperity by connecting the world with a spirit of integrity.” I believe that “connecting the world with a spirit of integrity” means building trusting relationships with various stakeholders around the world. I plan to examine Sojitz from an overarching perspective to determine whether it can truly connect the world in this manner and to explore the new value and prosperity it can create. I therefore hope to help Sojitz make ongoing contributions to society.

Otsuka ♦ Sojitz accomplished almost all of the targets of Medium-Term Management Plan 2023 a year ahead of schedule, in the plan’s second year. I have high praise for the Company’s ability to create numerical results, despite the impacts of high resource prices and other external factors. Investments are also advancing faster than projected, and this aggressive progress is proving beneficial.

However, we cannot deny the fact that a large portion of Sojitz’s earnings is from investments conducted during the period of Medium-Term Management Plan 2017 or earlier. In this manner, Sojitz has yet to sufficiently reap the returns from investments executed under Medium-Term Management Plan 2020 and Medium-Term Management Plan 2023. It goes without saying that it takes a lot of time and effort to reap the benefits of the seeds one sows. This is why it is so important to continuously sow seeds. Opportunities cannot be found everywhere, and Sojitz still has some challenges it needs to overcome in terms of its ability to identify the limited opportunities that do exist. Would you both be willing to share your opinions on this matter?

Kokue ♦ Sojitz broke past earnings records for the second consecutive year in the year ended March 31, 2023. I am truly happy for these impressive results, which are no doubt a source of pride for employees. In particular, the increase in core operating cash flow is something that deserves praise, especially considering how this extra cash will allow for even more aggressive investments.

I also believe that the new indicator of cash return on invested capital (CROIC), adopted in Medium-Term Management Plan 2023, is proving very functional as the idea that this indicator is to be used to determine desired value creation levels, as opposed to a metric merely to be measured, has become entrenched within the Company.

In terms of sustainability, Sojitz is involved in a multifaceted business as a general trading company. It is therefore crucial of the Company to be able to examine developments and changes that could represent risks or opportunities from a variety of angles. Under the leadership of President Fujimoto, Sojitz has developed a sustainability governance system centered on the Sustainability Committee, through which it is making steady progress in efforts to help achieve a decarbonized society and to respond to human rights issues, including those within its supply chains. Moreover, the stakeholder dialogues held each year provide an opportunity for management to receive input from experts in various fields, which is then utilized to formulate and implement strategies. In addition, sustainability factors have been incorporated into the screening criteria used by the Finance & Investment Deliberation Council, further underscoring



how sustainability awareness has permeated all areas of Sojitz's business. Meanwhile, Group think tank Sojitz Research Institute, Ltd., is utilized to analyze geopolitical and social trends as well as megatrends, and this information is then used to adopt a backcasting approach. I believe that this approach is lending an extra element of foresight to the Company's business. At the same time, attention is being directed toward methods of quantifying the benefits of environmental, social, and governance (ESG) initiatives to estimate and disclose their financial impact. I therefore think

there is a need for Sojitz to examine how it handles this matter with consideration paid to concerns like impartiality and understandability.

As for the environment, Sojitz has already conducted scenario analyses for Scope 1, Scope 2, and Scope 3 emissions and is working to measure Scope 4 emissions using its own unique method. This is no easy task, and these efforts show the degree to which Sojitz is disclosing sustainability-related information.

Kameoka ♦ Decarbonization initiatives are designed to combat climate change, or, in other words, to protect the lives and lifestyles of the people of the future. However, it is important that these initiatives be advanced while also protecting the lives and lifestyles of the people of today. Japan is an island nation plagued by frequent natural disasters. There is thus a need for Japan to plot a course toward decarbonization that allows it to maintain its unique frameworks for ensuring a reliable energy supply. This is something, I think, that Sojitz should examine as a general trading company with the express mission of delivering goods and services where necessary. It will be people who guide these efforts. I often hear discussions about human resource strategies at meetings of the Management Committee and other occasions. This makes it apparent just how scrupulous Sojitz is in its initiatives targeting its people, its greatest resource. I even see the Company carefully considering and executing human resource investments as a part of Medium-Term Management Plan 2023.

Otsuka ♦ I completely agree. There can be no doubt that people are the most important asset for a general trading company. Sojitz is incredibly aggressive when it comes to investing in human resources. Management is also very passionate toward matters related to human resources, and you can see this passion in the investment conducted in this area. Sojitz's human resource strategies include the target of raising the ratio of chief officer positions at overseas Group companies filled by locally hired employees. Progress is being made in this regard, but I think there is a need to increase the diversity of even higher ranked positions. Such diversity would help Sojitz transform itself further and move on to a new stage in its development.

Kameoka ♦ When I was at Showa Shell Sekiyu, diversity was already a well-entrenched consideration. This was even before the word became commonplace in Japan. Research on diversity has revealed that, while homogeneous organizations are able to produce good results on average, it is diverse organizations that generate truly spectacular results. If Sojitz is to create distinctive and

refined business and deliver new value to customers and the greater society, it will need to embrace diversity. The reason why diversity is so important is that it allows a company to assemble people with diverse values to discuss how to develop businesses that contribute to society. Sojitz is achieving increases in the ratio of chief officer positions at overseas Group companies filled by locally hired employees and the ratio of women in management positions. However, we cannot forget that improving these ratios is just a means through which the Company is to promote diversity.



Otsuka ♦ One major challenge Sojitz needs to overcome is achieving its target of a price-to-book ratio (PBR) of 1.0 times or above. PBR is not something that a company can control. There was a lot of discussion regarding the decision to set this target during the process of formulating the medium-term management plan, but I think Sojitz deserves praise for its decision to display its commitment in this manner. Moreover, this target is not far off.

Sojitz is making steady progress in its sustainability initiatives, as Ms. Kokue mentioned, as well as in its efforts to reduce cost of capital through information disclosure and proactive engagement with the market. Accordingly, the biggest task needing to be tackled to accomplish this target will be to continue boosting earnings power. Business investments will be an essential part of addressing this task. Sojitz already has the foundation for generating profit for the year of ¥100 billion, but this is still not sufficient when you look at other major general trading companies.

Sojitz thus needs to really think about to where it allocates its capital, people, and other limited resources. The Company has augmented the asset portfolio it has built throughout its history. In addition, by investing around ¥100 billion in each of the past three or four years, Sojitz has established the position to exercise its strengths in certain fields. We should thus look at how the benefits of these investments can be combined to create even greater synergies. It will be important for this to be

considered as part of doing business during the period of the next medium-term management plan. It is not as though Sojitz has been haphazard in the investments it has carried out thus far, but I think that the Company will need to further concentrate its capital and people on fields in which it excels going forward.

Kokue ♦ At Sojitz, people often talk about branching out by leveraging the Company's strengths to advance into new fields. Given the wealth of expertise that has been accumulated to date, I have no doubt that there exist fields in which Sojitz can utilize its strengths to branch out from its current businesses to engage in new businesses that are necessitated by changes to social structures. I am sure there are businesses that can only be developed with Sojitz's current size, businesses in which it can utilize its speed. I therefore hope that Sojitz will be able to find these businesses before its rivals and carefully cultivate them to generate earnings.

Kameoka ♦ At the risk of repeating myself, people are of utmost importance. It is people who identify unmet needs and use the functions a company has developed to meet these needs with new ideas, and it is people who will allow Sojitz to create the new value and prosperity talked about in the Sojitz Group Statement. If we look back at Sojitz's history, we will see that the Company was always driven by talented and passionate people. If such people are to succeed, they need an environment in which they are safe to fail as part of the process toward succeeding in creating something new. As Sojitz works toward its vision of becoming a general trading company that constantly cultivates new businesses and human capital, I hope that it will continue to foster such talented people.



I will keep striving to contribute to improved corporate value at Sojitz as it continues to make progress in its non-financial initiatives toward its vision of becoming a general trading company that constantly cultivates new businesses and human capital.

It has been three years since I became an outside director at Sojitz. I am grateful for this opportunity to talk to you about Sojitz's major non-financial initiatives.

One of the most important things Sojitz needs to do to improve corporate value is to strengthen its corporate governance systems. In 2020, I joined the prior two outside directors to become Sojitz's third outside director. We were joined by another outside director the following year and by yet another in the year after that. As a result, the Company now has five outside directors, and we represent a majority on the Board of Directors. Moreover, the outside director team is diverse, with members having a variety of experience, expertise, genders, and ages. The Board of Directors has made the decision to look at the possibility of revising the Company's corporate governance system, which may include transitioning to the Company with Audit and Supervisory Committee structure as described in the Companies Act of Japan. I intend to play an active role in this process.

We are currently facing a number of complicated social and environmental issues, including climate change and issues related to water resources and human rights. Sojitz's ability to achieve sustainable growth will hinge on the degree to which it can address these issues. The Company is making strides in this regard. It has accomplished certain decarbonization targets ahead of schedule and is now looking to further accelerate the timetable for its targets. I am also paying attention to how Sojitz is seriously examining biodiversity issues, which are sure to be the subject of increased discussion both inside and outside of the organization going forward.

I would next like to talk about digital transformation. Sojitz was chosen for inclusion in the Ministry of Economy, Trade and Industry's Digital Transformation Stock Selection 2023 program. I am overjoyed that Sojitz's forward-looking efforts have earned such recognition. Digital transformation is not merely about using data and technologies. Rather, it is the process of fundamentally transforming business models and creating new businesses by utilizing data and technologies. For Sojitz, I think that digital transformation should involve using a strongly market-oriented focus to identify issues that not even customers themselves have noticed and to provide solutions to said issues.



Naoko Saiki
Outside Director
Chairperson, Nomination Committee

A number of business initiatives for this purpose are already underway. I intend to provide support in these business initiatives to help steadily grow the businesses to possess substantive earnings capacity.

Lastly, I would like to stress the importance of human capital. Human resources are among the most important forms of capital for all companies. For Sojitz, which looks to become a general trading company that constantly cultivates new businesses and human capital, this importance cannot be overstated. I chair the Nomination Committee, and I place incredible emphasis in this role and direct discussions accordingly. I, of course, offer input, and sometimes even harsh criticism, regarding the policies of the executive team from a variety of perspectives. Management is receptive toward such input and responds quickly, flexibly, and in an earnest manner, which gives me great hope for Sojitz's future. Fostering diverse and autonomous human resources is a long and involved process. Nevertheless, I am committed to continuously examining how Sojitz can practice management emphasizing human capital together with the relevant members in order to steer the Company in the right direction.

As an advocate entrusted with the interests of shareholders, I will continue to give my all to help drive the ongoing growth of Sojitz and the improvement of its corporate value in order to maximize value for Sojitz and value for society.

I will support Sojitz in developing a workplace environment in which an uncompromising approach is taken toward change.

Sojitz delivered a record-breaking performance in the year ended March 31, 2023, despite external detractors like high resource prices, and thereby made steady progress in improving its corporate value. I have particularly high praise for the Company's ability to grow earnings in fields that are resilient to the market fluctuations, specifically by investing and developing businesses in the retail and automotive fields. This success is no doubt a product of management's dedicated efforts to bolster Sojitz's earnings power.

At Sojitz, outside directors participate as observers in meetings of the Finance & Investment Deliberation Council, which is responsible for screening and approving investment candidates. At these meetings, we see discussions taking place from a variety of perspectives with a level of discipline that is not bound by established norms. In terms of post-merger integration, Sojitz has become more proficient at assessing and analyzing challenges in a timely and effective manner, although there is still some room for improvement in this regard. These highly effective initiatives are what has enabled Sojitz to improve its performance, when excluding external factors. Medium-Term Management Plan 2023 prescribes amounts of new investments and asset replacement that are roughly double those of the previous plan, making for a more dynamic approach toward value creation.

In regard to Sojitz's quest to improve PBR, I believe it is necessary for the Company to steadily generate earnings from investments and business activities in various sectors. There is currently a bit of disparity between the earnings power and growth potential of different business divisions and Sojitz's businesses in different fields. Accordingly, Sojitz will need to achieve high earnings growth in a wider range of sectors. This will be no easy task; it will require Sojitz to identify fields in which it has or can obtain a competitive edge. If such an edge cannot be secured, the Company must be able to be decisive in pulling out. This will be crucial if Sojitz is to move on to the next stage of its development. However, if Sojitz can fully capitalize on its strengths, I am confident that it will be presented with exciting prospects and opportunities for growth that will allow it to carve out a unique position and develop businesses that its rivals cannot mimic. If Sojitz can achieve an unparalleled position in a given field, the kind of position



Ungyong Shu
Outside Director
Chairperson, Remuneration Committee

that makes it synonymous with that field, it will certainly contribute to higher motivation among employees. The Company should thus seek to give the best possible people the best possible opportunities and then demand that they deliver the best possible performance. Then, when employees realize that this stance creates a workplace environment in which they can take pride in their work, it will generate a positive evaluation from people both inside and outside of the organization. I believe that this is the ideal path for Sojitz to take.

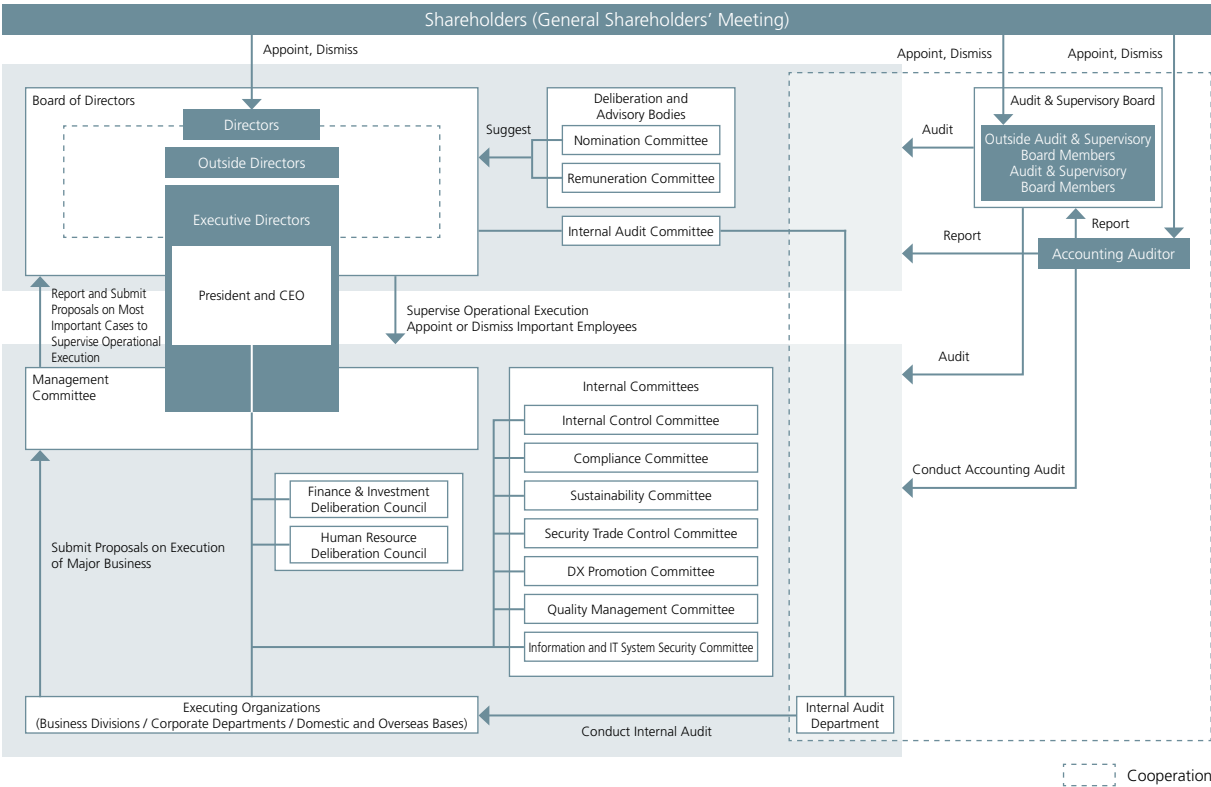
Executive remuneration systems are also an important topic of discussion. Over the past year, the Remuneration Committee has proceeded to assess the Company's current remuneration systems, which were formulated together with Medium-Term Management Plan 2023. Matters to be examined going forward include the ideal level of performance-linked remuneration and how to prioritize the key performance indicators used to determine performance-linked remuneration. The most common reason for raising the ratio of performance-linked remuneration is to align the interests of management with those of shareholders. However, given that performance is not yet sufficiently reflected in the Company's stock price, there is also an argument to be made for increasing the influence of indicators related to stock prices, which are directly linked to shareholder interests.

I am committed to supporting Sojitz in developing an atmosphere and workplace environment in which lofty targets are set, the reality of the Company is assessed objectively, and an uncompromising approach is taken toward change. This is how I seek to contribute to the improvement of Sojitz's corporate value.

Corporate Governance

1 Highly sound, transparent, and effective management structure

Corporate Governance Framework (As of June 20, 2023)



Executive Organizations

Management Committee	The Management Committee comprises executive directors, the heads of business divisions and corporate departments, and other members. This committee reviews and approves management policies, management strategies, and administrative management-related matters from a Groupwide and medium- to long-term perspective.
Finance & Investment Deliberation Council	The Finance & Investment Deliberation Council comprises members including executive directors and the heads of corporate departments. This body discusses and makes resolutions on important investment and loan proposals, including investment and loan guarantee and credit proposals, from a Groupwide perspective.
Human Resource Deliberation Council	The Human Resource Deliberation Council comprises members including executive directors and the heads of corporate departments, and discusses and makes resolutions on important issues pertaining to human resources from a Groupwide perspective.
Internal Committees	Internal Control Committee The Internal Control Committee formulates policies for improving internal controls based on the Companies Act and the Financial Instruments and Exchange Act and monitors the implementation of internal controls and their enforcement out of consideration for the various risks that may arise during the course of business activities throughout the Group.
	Compliance Committee The Compliance Committee examines and formulates fundamental policies and measures to ensure good compliance.
	Sustainability Committee Based on the Sustainability Challenge, the Sustainability Committee examines and formulates various policies and measures with a focus on the realization of a decarbonized society and respect for human rights in the supply chain. P51
	Security Trade Control Committee The Security Trade Control Committee swiftly responds to changes in security trade controls that pertain to the Sojitz Group and establishes appropriate trade control systems.
	DX Promotion Committee The objective of the DX Promotion Committee is to reform business models, human resources, and work processes through the use of digital technologies in order to transform Sojitz's business, bolster competitiveness, and thereby improve corporate value. To this end, the committee tracks and shares information on the overall progress of digital transformation initiatives and verifies the effectiveness of these initiatives.
	Quality Management Committee The Quality Management Committee builds and maintains a Companywide quality control system and examines and formulates measures to develop business-to-consumer operations from a market-oriented perspective and improve corporate value. P91
	Information and IT System Security Committee The Information and IT System Security Committee identifies key challenges, establishes policies, and promotes the implementation of measures related to Companywide information assets and IT system security in order to improve corporate value. As Sojitz accelerates its promotion of digital transformation, the committee pinpoints the potential risks associated with businesses that utilize digital data and IT tools to assess the severity of risks and discuss potential countermeasures.

2 Board of Directors

Board of Directors

In the year ended March 31, 2023, brisk discussions at meetings of the Board of Directors were held on topics including progress toward targets for human capital key performance indicators (KPIs) related to empowering female employees, training DX-Experts, promoting locally hired employees to chief officer positions, and increasing the rate of childcare leave taken by men. The Board of Directors also examined reports related to human resource and digital transformation initiatives to be implemented under the next medium-term management plan.

Furthermore, a variety of matters, such as a transition to the Company with Audit and Supervisory Committee structure described in the Companies Act of Japan, were discussed

pertaining to the possible revision of corporate governance systems to enhance governance and improve corporate value.

Investment candidates discussed by the Board of Directors included the acquisition of Ellis Air Group Pty Ltd, an air conditioning and mechanical services company in Australia that provides energy-efficient design and construction services, and the acquisition of Albert Automotive Holdings Pty Ltd, which operates a wholesale and retail used car business in Australia as part of the Dutton Group. Other discussions centered on the potential for expanding Sojitz's aquaculture business through synergies between TRY Inc., a frozen tuna processing and sales company of which the Company recently acquired full ownership, and existing subsidiary The Marine Foods Corporation.

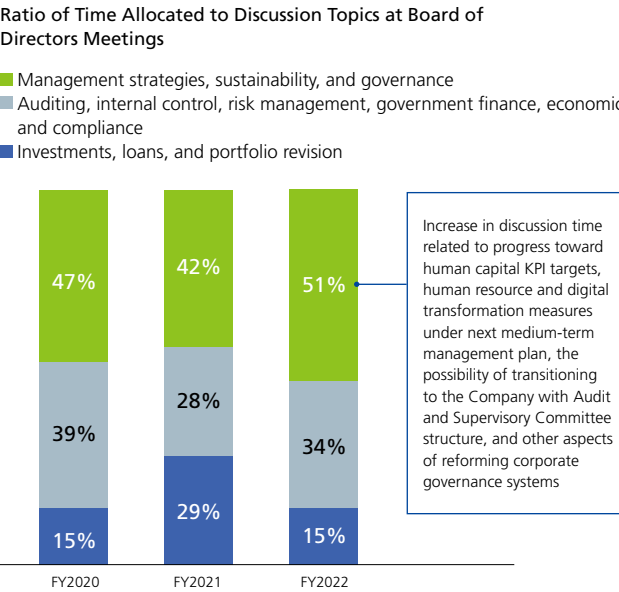
Major Topics of Discussion	Management strategies, sustainability, and governance (51%)	Medium-term management plan	Progress reports on the medium-term management plan and business performance
		Sustainability	Reports from Sustainability Committee
		Officer-related matters	Reports from Nomination and Remuneration committees, officer appointments, remuneration, business execution reports, D&O insurance, and limited liability agreements with outside directors
		Governance	Assessment of effectiveness of the Board of Directors, cross-shareholdings, shareholders' equity costs, annual schedule for Board of Directors meetings, and revision of corporate governance systems
		General Shareholders' Meeting	Matters related to the General Shareholders' Meeting
		Human resource-related matters	Human resource policies, new human resource systems, and issuance of company shares to employees
	Auditing, internal control, risk management, finance and accounting, and compliance (34%)	Systems and digital transformation	Reports from Information and IT System Security Committee and progress reports on digital transformation initiatives
		Auditing	Matters related to the Audit & Supervisory Board and internal audit reports
		Internal control	Reports from Internal Control Committee and risk management operation policy
		Risk management	Reports from Quality Management Committee
		Finance and accounting	Matters related to financial reporting, budgets, funding plans, and financing
		Compliance	Reports from Compliance Committee and Security Trade Control Committee
	Investments, loans, and portfolio revision (15%)	Litigation and arbitration	Reports on litigation and arbitration
			Construction of a rail maintenance depot in India for a high-speed rail project, aquaculture businesses of The Marine Foods Corporation and TRY Inc., real estate investment trust businesses, energy-efficient design and construction service businesses in Australia, and secondhand automobile sales businesses in Australia

Note: Figures in parentheses indicate the percentage of total discussion time spent on each topic of discussion at meetings of the Board of Directors held in the year ended March 31, 2023.

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 the time and numbers of agenda items for meetings remain around a consistent level. 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 ending March 31, 2024, time has been secured to discuss matters such as the formulation of the next medium-term management plan and the possibility of transitioning to the Company with Audit and Supervisory Committee structure described in the Companies Act of Japan as well as other potential revisions to corporate governance systems.



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 method and results of the assessment performed in the year ended March 31, 2023, and the policies for initiatives to be implemented in the year ending March 31, 2024, based on this assessment.

Assessment Method

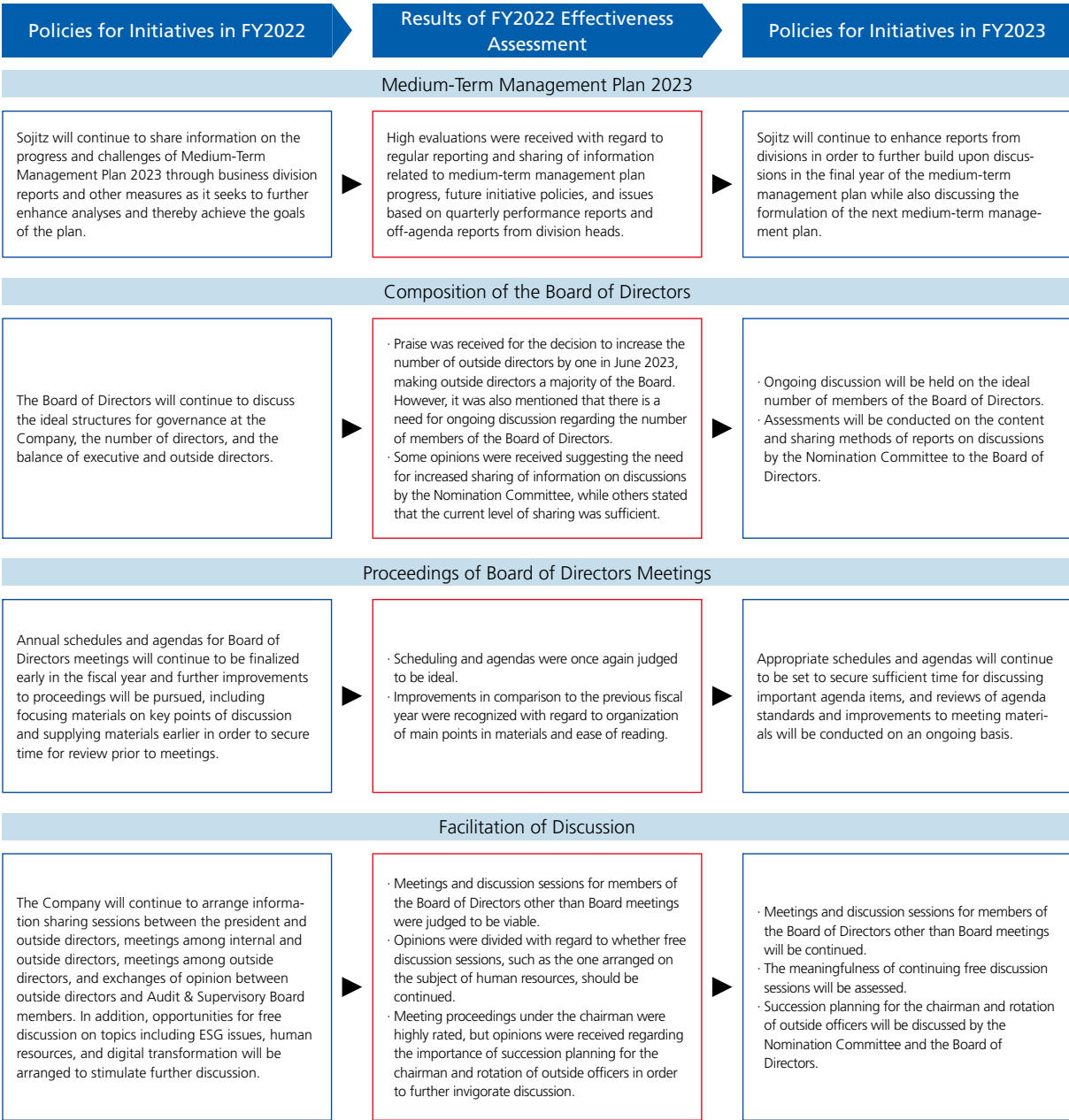
The assessment method and whether or not an assessment by a third-party organization was necessary was discussed by the Board of Directors, and it was decided that a self-assessment would be conducted using the following process.

December 2022 Deliberation on questionnaire items and other aspects of the assessment method by the Board of Directors

January 2023 Anonymous questionnaire administered to all directors and Audit & Supervisory Board members

February 2023 Individual meetings with all directors and Audit & Supervisory Board members by the secretariat of the Board of Directors

April 2023 Discussion of future initiatives based on analysis and assessment of the results of survey responses and at individual meetings held at Board of Directors meetings



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 and conduct audits 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, human resource, internal control, and other expertise are crucial to building strong business foundations. The Company also recognizes the importance of expertise pertaining to environmental and social areas that can be used to contribute to the promotion of decarbonization, the realization of a circular economy, and the resolution of social issues.

		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
Masayoshi Fujimoto	Representative Director, President & CEO	●	●	●							●
Ryutaro Hirai	Representative Director	●	●	●					●		
Yoshiki Manabe	Representative Director	●				●	●	●		●	
Masaaki Bito	Director	●		●							●
Norio Otsuka	Outside Director Chairman of the Board of Directors	●	●	●				●			
Naoko Saiki	Outside Director	●			●				●		●
Ungyong Shu	Outside Director	●	●			●	●				
Haruko Kokue	Outside Director	●		●							●
Tsuyoshi Kameoka	Outside Director	●	●	●							
Masaaki Kushibiki	Audit & Supervisory Board Member	●				●		●	●		
Takehiro Honda	Audit & Supervisory Board Member	●	●	●					●		
Michiko Nagasawa	Audit & Supervisory Board Member	●			●					●	
Kazuhiro Yamamoto	Audit & Supervisory Board Member	●	●	●				●			
Junko Kamei	Audit & Supervisory Board Member	●						●		●	

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 background, 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).

For more information on policies on appointment and the Independence Standards for Outside Directors and Outside Audit & Supervisory Board Members, please refer to the following website.
https://www.sojitz.com/en/corporate/governance/governance/#a02_4

Corporate Governance Supporting Value Creation Strategy

Corporate Governance

Systems and Activities for Supporting Outside Directors

To support outside directors, the Company arranges briefings on its medium-term management plan, internal control and risk management systems, and investor relations and sustainability initiatives as well as lectures by lawyers when a new outside director assumes their position. In addition, information on the latest macroeconomic trends is provided by the Group’s think-tank subsidiary when appropriate.

Furthermore, various events are arranged on a year-round basis to help outside directors gain a better understanding of the Sojitz Group’s wide-ranging business activities. These events include tours of domestic and overseas business sites and opportunities to speak directly with employees.

Events Arranged in FY2022	
Briefings prior to Board of Directors meetings	16
Information sharing sessions between the president and outside directors	12
Off-site meetings between executive directors and outside directors	2
Meetings between outside directors	2
Forums for exchanging opinions between outside directors and Audit & Supervisory Board members	2
Tours of business sites for outside directors	3
Business division report sessions (medium-term management plan progress, etc.)	7
Intensive summer discussion session (overnight management retreat)	1
Stakeholder dialogues (meetings with sustainability experts)	1
Sojitz IR Day 2022 (briefings for institutional investors and panel discussions led by outside directors)	1
Career discussion forum for women (internal forum for information sharing and exchanges for empowering female employees)	3



Outside Director Naoko Saiki at a career discussion forum for women

TOPICS

Visits to Business Sites by Outside Directors

Outside directors are provided with opportunities to tour major bases and business sites and to speak directly with local employees in order to gain a better understanding of the Sojitz Group’s wide-ranging business activities.

In 2022, outside directors toured the Gregory Crinum coal mine, Sojitz’s flagship coking coal mine in Australia, and tours of 3D metal printing business operator JAMPT Corporation, located in Tagajo City, Miyagi Prefecture, and a solar power generation facility in Kuji City, Iwate Prefecture, were arranged in 2023.



Outside directors touring Gregory Crinum coal mine in Australia



Outside directors touring a solar power generation facility in Kuji City, Iwate Prefecture

Advisory Bodies to the Board of Directors

	Nomination Committee	Remuneration Committee
Role	Discusses and proposes the standards and methods for selecting director and executive officer candidates and assesses candidate proposals	Discusses and proposes remuneration levels for directors and executive officers and various systems related to evaluation and remuneration
Membership (As of June 20, 2023)	Naoko Saiki (Chairperson/Outside Director) Norio Otsuka (Outside Director) Ungyong Shu (Outside Director) Haruko Kokue (Outside Director) Tsuyoshi Kameoka (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) Tsuyoshi Kameoka (Outside Director) Masayoshi Fujimoto (Representative Director, President & CEO)
Number of meetings (FY2022)	10 (Attendance by members: 100%)	5 (Attendance by members: 100%)
Major discussion themes (FY2022)	· Nomination of candidates for positions as directors and executive officers in the year ending March 31, 2024 · Improvement of president succession plan implementation · Director and Audit & Supervisory Board member skill matrix for the year ending March 31, 2024 · Report on activities of Nomination Committee in the year ended March 31, 2023, and activity plan for the year ending March 31, 2024	· Performance target amounts for calculating short-term performance-linked remuneration for executive officers for the year ended March 31, 2023 · Assessment method and progress assessment of ESG indicators used for determining medium- to long-term performance-linked remuneration for executive officers for the year ended March 31, 2022 · Revision of regulations on remuneration of directors and internal regulations on appointment of advisors · Report on activities of Remuneration Committee in the year ended March 31, 2023, and activity plan for the year ending March 31, 2024

Note: Attendance by members is calculated using the numbers of meetings held during the terms of the respective members.

3 Auditing system

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 oversee and audit the operations of the Company by performing audits through activities including those indicated below.

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 reports on audit plans and 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.

Accounting Audits

Independent auditing firm KPMG AZSA LLC performs accounting audits of Sojitz 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 with supervision by the Internal Audit Committee, an organization positioned under the Board of Directors, the Internal Audit Department conducts audits covering business divisions, corporate departments, and consolidated subsidiaries.

Major Activities by Audit & Supervisory Board Members	Applicable Audit & Supervisory Board Members	
	Full-Time	Outside
Attendance at Board of Directors meetings	○	○
Attendance at important meetings*1	○	△*2
Meetings with executive directors	○	○*3
Meetings with outside directors	○	○
Meetings with executive management officers, COOs of business and function divisions, and presidents and CEOs of overseas operations	○	△
Audit of domestic and overseas Group companies (including remote audits)	○	△
Meetings with full-time auditors of Group companies	○	—
Reporting meetings and interviews with the accounting auditor	○	○
Attendance at pre-audit briefings and audit review meetings of the Internal Audit Department and submission of written opinions	○	—
Review of important documents relevant to major business decisions	○	—

A “○” mark indicates a required task, and a “△” mark indicates an auxiliary or voluntary task.

*1 Important meetings include meetings of the Management Committee, the Finance & Investment Deliberation Council, the Internal Control Committee, the Compliance Committee, the Sustainability Committee, the Security Trade Control Committee, the Quality Management Committee, the Information and IT System Security Committee, and the Internal Audit Committee.

*2 Outside Audit & Supervisory Board members attended Finance & Investment Deliberation Council meetings as observers.

*3 At least one outside Audit & Supervisory Board member attended.

Role Expected of Audit & Supervisory Board Members by Shareholders

It is my understanding that shareholders expect audit & supervisory board members to contribute to the ongoing growth and effective governance of a company. At Sojitz, this is to be accomplished by working with the Board of Directors to fulfill an oversight function and to audit management, through monitoring and investigation, based on the responsibilities vested by shareholders. As a full-time Audit & Supervisory Board member, I attend meetings of the Management Committee, the Compliance Committee, and the Finance & Investment Deliberation Council, at which I voice any concerns I might have after ensuring that I fully understand the matters discussed. I also share information on Sojitz’s management, the discussions held at such meetings, and the major topics thereof with outside Audit & Supervisory Board members at meetings of the Audit & Supervisory Board. This enables Audit & Supervisory Board members to better point out issues based on their respective expertise and insight and to provide input with regard to the issues faced by Sojitz at meetings of the Board of Directors.

An important theme in the year ended March 31, 2023, was on-site audits of overseas operating companies, something that I was unable to do over the past several years as a result of the COVID-19 pandemic. I was thus dispatched to audit companies in Europe, the United States, Vietnam, and the Philippines, all areas where restrictions related to the pandemic had been relaxed. Meanwhile, we continued to use online conference systems when necessary. I was thereby able to audit a total of 50 domestic and overseas Group companies in the year ended March 31, 2023. Outside Audit & Supervisory Board members played an active role in 41 of these audits. In addition to delivering questions and input from outside Audit & Supervisory Board members directly to Group companies, the discussions with the presidents and other officers at these companies allowed me to confirm that our Group governance measures had indeed taken root. If an issue was uncovered, it was reported to the executive team. I will continue to monitor any issues until they are resolved. If an internal audit finds an issue, I may even be sent to the site to check it out.

I look forward to continuing to fulfill my role as an Audit & Supervisory Board member in order to contribute to the ongoing improvement of Sojitz’s corporate value.



Masaaki Kushibiki

Audit & Supervisory Board Member (Full-time)

4 Remuneration systems for improving corporate value

Policies for 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 capital.

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	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* ¹ (level of achievement of single-year targets)	35%	0–150%* ²	Once a year, at a certain time	¥85.0 billion	(FY2022) ¥111.2 billion
				Consolidated net profit* ¹ (progress made toward cumulative targets of the medium-term management plan)	35%			¥138.0 billion	(FY2021–2022 aggregate) ¥193.5 billion
				ROE	20%			11.4%	(FY2022) 14.2%
				Core operating cash flow (level of achievement of single-year targets)	5%			¥113.0 billion	(FY2022) ¥145.2 billion
				Core operating cash flow (progress made toward cumulative targets of the medium-term management plan)	5%			¥184.0 billion	(FY2021–2022 aggregate) ¥273.9 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* ¹	60%	60–200%	Shares allotted after retirement	¥195.0 billion	—
				Sojitz share growth rate* ³	30%			110%	
				ESG (environmental, social, and governance)-related criteria* ⁴	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.

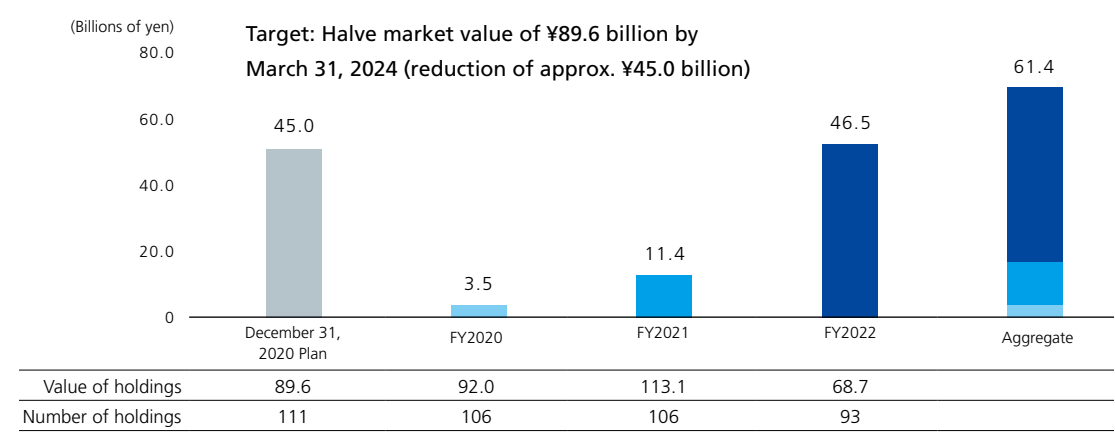
ESG areas	Evaluation indicators	Evaluation standards
Decarbonization	1. Reduction in direct energy use by the Company 2. Reduction in thermal coal, coking coal, and oil field interests	Amount for reduction from March 31, 2021
Social issues	Initiatives for addressing social issues based on two types of 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

5 Reduction of cross-shareholdings

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 ¥89.6 billion on December 31, 2020, by March 31, 2024, which will entail a reduction of approximately ¥45.0 billion. Taking action based on concrete sales plans that lay out sales timings, a total of ¥61.4 billion worth of holdings of listed shares had been sold as of March 31, 2023.

Sale of Listed Shares (Consolidated basis)



The ratio of Sojitz's holdings on a non-consolidated basis to total equity on a consolidated basis (plan and results) is as indicated below. This ratio illustrates Sojitz's steady progress in reducing cross-shareholdings.

Holdings of Listed Shares and Unlisted Shares (Non-consolidated basis)

	March 31, 2024 Plan	March 31, 2021 Results	March 31, 2022 Results	March 31, 2023 Results
(1) Book value of shares held on a non-consolidated basis (billions of yen)	—	95.7	118.7	76.5
Listed shares (billions of yen)	—	77.4	98.8	55.3
Unlisted shares (billions of yen)	—	18.3	20.0	21.2
(2) Consolidated total equity (billions of yen)	—	654.7	763.9	876.6
(3) Ratio of holdings on a non-consolidated basis to consolidated total equity (%) (1) ÷ (2)	Less than 10%	15	16	9

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 will set a deadline to improve their value or, if there is no indication these shares will improve, we will 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. The results of the assessment in the year ended March 31, 2023, are as follows.

- For the listed shares that we continue to hold as cross-shareholdings, it was confirmed that, overall, the profit realized from these holdings exceeds the Company's cost of capital.
- For each holding, we assessed whether the profit realized from the holdings exceeded the Company's cost of capital and whether the holdings would lead to enhancement of the Company's corporate value.
- For those shares that were deemed to lack significant value, we will set a deadline to improve their value or examine the possibility of divestiture.

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.

Risk Management

Basic Policies of Risk Management

As a general trading company, the Sojitz Group is engaged in a diverse range of businesses in locations around the world. 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 accordance 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, and the responsible department (corporate division) and risk manager (COO of the respective division) are defined for each of the subdivided risk types in order to ensure the comprehensiveness of management. 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 first establish risk management policies and plans. The progress of these plans is monitored on a quarterly basis by the Internal Control Committee, which will discuss potential improvement measures or issue instructions to the relevant divisions when necessary. Quarterly reports on the results of these monitoring activities are submitted to the Management Committee and the Board of Directors.

In regard to the four defined risk categories of market risks, business risks, credit risks, and country risks, the Sojitz Group measures risk assets and utilizes indicators comparing risks to

profitability, targeting a ratio of risk assets to total equity of less than 1.0 times to ensure financial health. On March 31, 2023, the ratio of risk assets to total equity was 0.6 times.

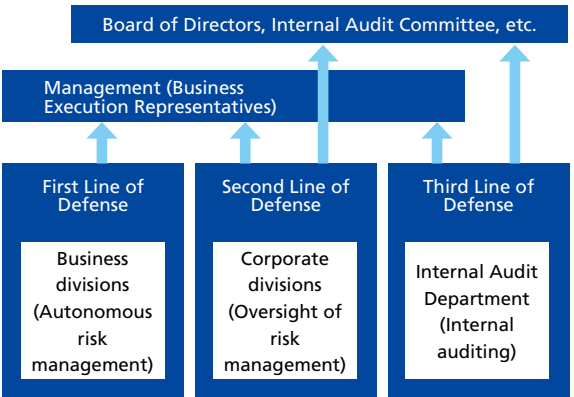
 P40 Performance Highlights (Financial / Non-Financial)

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.

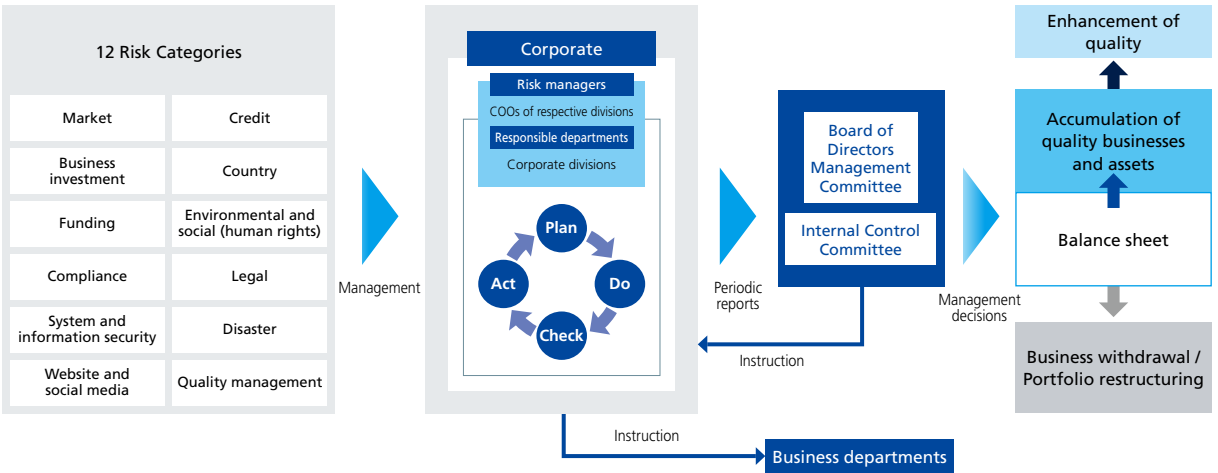
To this end, training and e-learning programs are implemented to heighten the risk management capabilities of the business division managers responsible for frontline management. In addition, each organization is expected to conduct self-assessment of their specific risk factors. We thereby seek to raise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

In addition, management frameworks are being reinforced based on the importance of addressing certain risks. These risks include the cybersecurity and security trade control risks and the risks associated with business-to-consumer operations that are rising due to recent changes in our operating environment and in our business fields.





Three Lines of Defense



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">● 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.● For products subject to fluctuations in prices, we manage our position and losses by setting (long and short) position limits and maximum loss amounts. Should a loss approach the relevant maximum loss amount, swift action will be taken to close our position in order to prevent losses from surpassing the predetermined amounts.● 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.● Meanwhile, steady progress is being made in selling marketable securities based on the Company's target of halving holdings of listed shares by March 31, 2024. <p> P87 Policies for Reducing Cross-Shareholdings of Listed Shares under Medium-Term Management Plan 2023</p>
Credit risks	<ul style="list-style-type: none">● Credit risks are controlled based on credit ratings assigned to all business partners through objective methodologies and transaction limits set by referencing these credit rates.● 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.
Business investment risks	<ul style="list-style-type: none">● For new investments, the investment purpose is clearly defined and business plan assumptions and feasibility are carefully assessed. Investment projects are selected for which the internal rate of return surpasses hurdle rates set based on cost of capital with emphasis dependent upon the ability to acquire profits or functions commensurate with risk and defined withdrawal standards.● 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.
Country risks	<ul style="list-style-type: none">● The Group assigns country risk ratings and sets net exposure limits to avoid concentrated exposure to any single country or region.● 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.
Funding risks	<ul style="list-style-type: none">● 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.● To provide additional on-hand liquidity and heighten funding flexibility, the Group maintains long-term commitment lines (denominated in yen and in foreign currencies).
Environmental and social (human rights) risks	<ul style="list-style-type: none">● Sojitz has established the Sustainability Challenge long-term vision for 2050, which includes policies for decarbonization and respect for human rights across the supply chain. In addition to defining CO₂ emissions reduction targets, policies have been formulated for environmental and human rights initiatives in order to combat environmental and social (human rights) risks. The Sustainability Committee discusses policies and frameworks and monitors progress with regard to initiatives. <p> P50–57 Sustainability</p>
Compliance and legal risks	<ul style="list-style-type: none">● 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. <p> P90 Compliance</p> <ul style="list-style-type: none">● The Security Trade Control Committee is a central proponent in the implementation of systems for security trade control initiatives.  P90 Security Trade Control● Measures are in place to monitor the taxation-related procedures of Group companies and to strengthen taxation governance.
System and information security risks	<ul style="list-style-type: none">● To strengthen its information security frameworks, 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.● 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 these safeguards by utilizing encryption technologies and security measures by installing firewalls and taking other steps to prevent unauthorized access by outsiders.● Measures to combat security risks are taken on a Groupwide basis. These measures include the implementation of malware countermeasures at endpoint terminals and the tracking of the IT assets of Group companies to identify and address vulnerabilities.
Disaster risks	<ul style="list-style-type: none">● 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.● Alternative suppliers and products are identified as a means of protecting supply chains in the event of a major disaster in order to ensure that we are able to continue transactions. In addition, we track potential impacts on supply chains and conclude insurance policies when appropriate to minimize risks.
Risks related to sharing company information via the corporate website and social media accounts	<ul style="list-style-type: none">● Usage agreements and organizational 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 of the Company or Group companies. The status of risk response is monitored by the head office.● As described in "System and information security risks" above, 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.
Quality management risks	<ul style="list-style-type: none">● The Sojitz Group Quality Management Policy has been established to put forth basic shared Groupwide policies for quality management. The Group manages quality at frontline organizations based on this policy, and the Quality Management Committee monitors these activities. <p> P91 Risk Management Systems for Responding to Diversifying Risks and an Ever-Changing Operating Environment</p>

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 at Group companies and overseas bases. In November 2019, Sojitz obtained ISO 37001 certification (Anti-bribery Management Systems), the international standard for preventing bribery. Sojitz was the first Japanese company to obtain this certification. Sojitz is investigating potential frameworks for internalizing the expertise accumulated during the process of acquiring and maintaining certification under this standard. Furthermore, subject to the Child Care and Caregiver Leave Act; the Equal Employment Opportunity Law; and 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 for implementing the Sojitz Group Code of Conduct and Ethics. Specific activities in the year ended March 31, 2023, included the following:

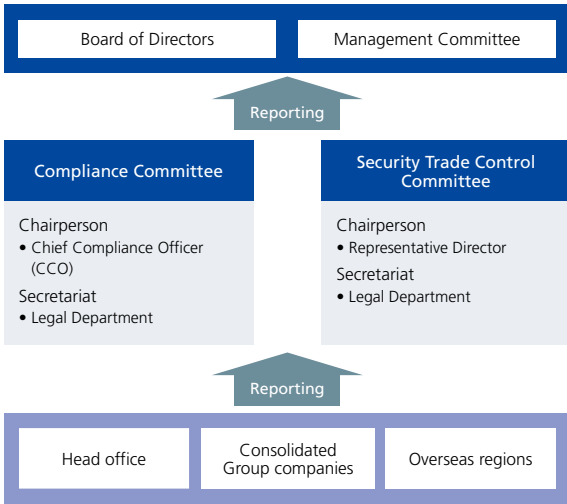
- Implementation of e-learning programs detailing revision instituted on April 1, 2022, to the Sojitz Group Code of Conduct and Ethics
- Discussions and exchanges of ideas between the CCO and presidents of Group companies
- Regular liaison meetings among the compliance team of Group companies
- E-learning programs for all officers and employees concerning 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, 2023.

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 Systems for Responding to Diversifying Risks and an Ever-Changing Operating Environment

Enhancement of Supply Chain Resilience

The risks Sojitz faces are growing increasingly more diverse. This is true for economic security risks as well as risks related to natural disasters, abnormal weather events, human rights, and the environment. In this complex environment, it is crucial to assess risks across the supply chain in order to ensure that Sojitz is able to fulfill its responsibilities toward customers and society. Broadening its focus beyond the traditional risk management functions of trading businesses, which include credit and inventory management, Sojitz quantifies and monitors risks based on scenarios for material risks, such as disaster and environmental risks. This approach is taken to boost responsiveness in the event that a risk should materialize and to heighten resilience. In the year ending March 31, 2024, preparations will continue to be advanced to enable more flexible responses to risks by revising risk scenarios, conducting internal education programs, and enhancing response measures.

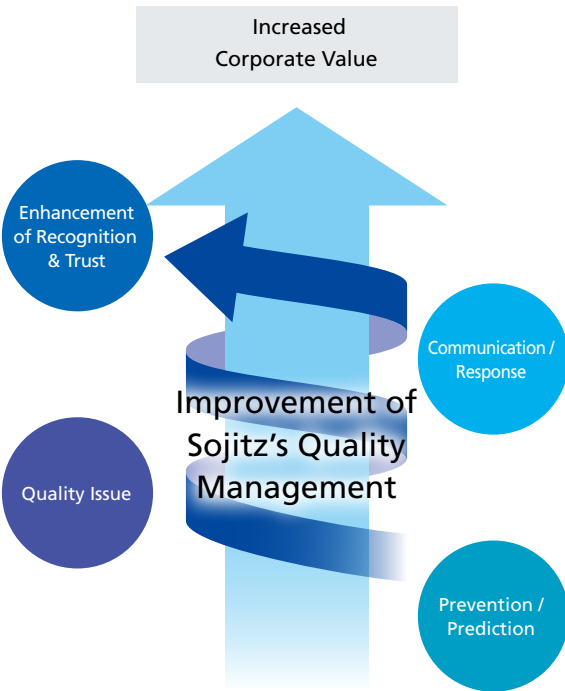
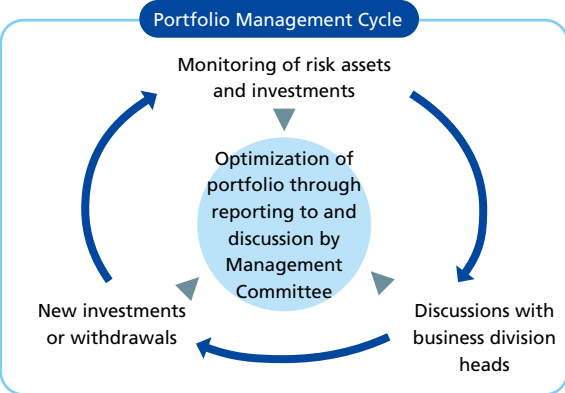
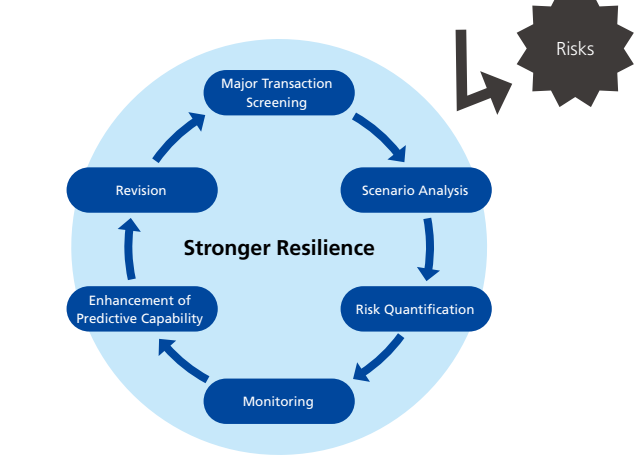
Portfolio Management Cycle

Asset management based on risks and returns is imperative to the ongoing creation of value. In the year ended March 31, 2023, Sojitz introduced a new portfolio management cycle process to achieve this type of asset management. Through this process, risk assets are regularly assessed on a by-business division basis, and results of the by-business division assessments of risks and returns and investment monitoring are discussed in biannual meetings between the head of the Risk Management Department and business divisions with respect to the current status and future vision for the portfolio of each division. Information on this process is reported to and discussed by the Management Committee to drive the improvement of Sojitz's portfolio.

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. 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. Guided by this policy, Sojitz practices quality management at the frontline organizations that interact directly with customers. We thereby seek to provide our customers and society with safe and reliable goods and services. Meanwhile, the Quality Management Committee, a Companywide body established in the year ended March 31, 2022, monitors frontline quality management initiatives and shares the insight gained through these initiatives to improve quality on a Companywide basis. Through a two-pronged approach of preventing quality issues while supplying levels of quality that inspire customers to choose our products, we aim to transform our quality into competitiveness for Sojitz and to tie this competitiveness to the creation of value.

Supply Chain Management System



Corporate Governance Supporting Value Creation Strategy

Directors and Audit & Supervisory Board Members (As of June 20, 2023)

- Number of years as a director
- Attendance at the Board of Directors meetings (for the year ended March 31, 2023)
- ☼ Number of shares owned (of which, the number of shares to be delivered under the share remuneration system)
- Reason for appointment (excerpt)

Directors



Masayoshi Fujimoto
Representative Director, President & CEO
● 6 years ○ 17/17
☼ 98,356 (56,236)
○ Since assuming the position of representative director, president & CEO of Sojitz, Masayoshi Fujimoto has spurred aggressive investments in improving corporate value while guiding efforts to develop and revise the Company's business portfolio. In addition, he has formulated policies for contributing to the realization of a decarbonized society and has helped build frameworks for developing human resources that can contribute to value creation and other management foundations for responding to changes in the operating environment.



Ryutaro Hirai
Representative Director, Executive Vice President
● 3 years ○ 17/17
☼ 50,211 (27,231)
○ 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 as well as the East Asia region.



Yoshiki Manabe
Representative Director, Senior Managing Executive Officer
● New appointment
☼ 21,969 (13,169)
○ Yoshiki Manabe has continued to contribute to the enhancement of Sojitz's financial base in positions such as the COO of the General Accounting Department, the Business Accounting Department, the Finance Department, and the IR Office. In his capacity as chairperson of the Finance & Investment Deliberation Council, he is currently responsible for screening growth investments, promoting cash flow and balance sheet management, and overseeing the wide range of other corporate functions. Manabe also possesses significant insight into corporate governance gained through his experience in risk management, CFO, and CAO positions in charge of overseas regions and subsidiaries.



Masaaki Bito
Director, Senior Managing Executive Officer
● 1 year ○ 13/13
☼ 27,782 (18,222)
○ 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*1, *2
Outside Director
Chairman of the Board of Directors
● 5 years ○ 17/17
☼ 300
○ 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*1, *2
Outside Director
● 3 years ○ 17/17
☼ 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*1, *2
Outside Director
● 2 years ○ 17/17
☼ 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*1, *2
Outside Director
● 1 year ○ 13/13
☼ 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.



Tsuyoshi Kameoka*1, *2
Outside Director
● New appointment
☼ 0
○ Tsuyoshi Kameoka has served as president & representative director, group CEO of Showa Shell Sekiyu K.K., and brings a wealth of experience and deep insight regarding management from his involvement in overseeing the business integration of Idemitsu Kosan Co., Ltd., and other events.

- Number of years as an Audit & Supervisory Board member
- Attendance at the Board of Directors meetings (for the year ended March 31, 2023)
- ☼ Attendance at the Audit & Supervisory Board meetings (for the year ended March 31, 2023)
- ☼ Number of shares owned (of which, the number of shares to be delivered under the share remuneration system)
- Reason for appointment (excerpt)

Audit & Supervisory Board Members



Masaaki Kushibiki
Audit & Supervisory Board Member (Full-time)
● 3 years ○ 17/17 ☼ 19/19
☼ 15,440
○ 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)
● 2 years ○ 17/17 ☼ 19/19
☼ 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*2, *3
Outside Audit & Supervisory Board Member
● 3 years ○ 17/17 ☼ 19/19
☼ 300
○ 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*2, *3
Outside Audit & Supervisory Board Member
● 2 years ○ 17/17 ☼ 19/19
☼ 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*2, *3
Outside Audit & Supervisory Board Member
● 1 year ○ 13/13 ☼ 14/14
☼ 100
○ 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.

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

Corporate Governance Supporting Value Creation Strategy

Executive Officers (As of July 1, 2023)

Executive Officers



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



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



Kyosuke Sasaki
Managing Executive Officer
President & CEO for Europe
Managing Director, Sojitz Corporation of Europe B.V. and Sojitz Europe GmbH
General Manager, Sojitz Corporation of Europe B.V., Paris Branch



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



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



Makoto Shibuya
Managing Executive Officer
CFO
Executive Management of M&A Strategy & Value Creation, IR, Corporate Sustainability, Financial Solutions, Finance COO, General Accounting Department, Business Accounting Department



Tomomi Arakawa
Managing Executive Officer
CDO, CIO
COO, Digital Department



Naoki Yokoyama
Executive Officer
COO, M&A Strategy & Value Creation Office



Yasuhisa Nakao
Executive Officer
COO, Business Innovation Office



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



Taro Okamura
Executive Officer
COO, Chemicals Division



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



Yumie Endo
Executive Officer
COO, IR Office, Corporate Sustainability Department



Kosuke Uemura
Executive Officer
COO, Corporate Planning Department



Tatsuhiko Kanetake
Executive Officer
COO, Automotive Division



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



Hideo Hatada
Executive Officer
General Manager, Secretariat Department



Katsunori Okada
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.
Sojitz (Hong Kong) Ltd., Sojitz (Shenzhen) Co., Ltd.