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START OF THE NEXT DECADE



Sojitz Corporation
Integrated Report 2023

Endless Quest to Forge New Paths and Create New Value

Since its founding, Sojitz has continued to enact a cycle of value creation based on its mission as a general trading company: delivering goods and services where necessary. Each business we develop helps us forge new and deeper connections with customers and partners and thereby creates opportunities for future businesses. We seek to seize upon these opportunities with the functions we acquire, the networks we build, and the people we foster through this process. This cycle drives the ongoing growth of Sojitz. No matter how the times may change, there will be no change to Sojitz's mission as a general trading company. We will not simply respond passively to the changing times. Rather, we will actively transform ourselves while constantly creating new businesses to contribute to a more prosperous future. In this report, we will examine the DNA of creating new value through constant self-transformation that is entrenched within Sojitz, as indicated in the Sojitz Group slogan of "New way, New value."



Sojitz Group Statement

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

Sojitz Group Slogan

New way, New value



The Sojitz Group slogan of “New way, New value” encapsulates the commitment of every employee to create new value for society based on fresh ideas that are not bound by prior conventions. We go about creating this value by leveraging all of our tangible and intangible strengths, including our history, people, and network. In our diverse businesses, which we develop in a wide range of fields, employees with specialized expertise constantly tackle new challenges to explore “New ways” and to thereby improve corporate value by creating “New value.” This is the essence of our slogan of “New way, New value.”

Sojitz Guiding Principles

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

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

Reason for Focus of “New way, New value”

The Sojitz Group slogan of “New way, New value” represents a transcendental value embraced by the Sojitz Group. In today’s era of increasingly dynamic and rapid changes, we believe that providing investors, shareholders, and all other stakeholders with an in-depth examination of this transcendental value will cast light on new possibilities for our future and help guide us down the best path.

DNA of business creation traceable back to more than a century

Sojitz's Roots

Nichimen

Japan Cotton Trading Co., Ltd., the predecessor of Nichimen, was established with the goal of procuring raw cotton through exclusive channels to contribute to the textile industry, which would later grow into Japan's largest industry. This company went on to expand into overseas markets to better procure cotton and export cotton products. Later, the company would branch out to take part in power plant, power line, and other infrastructure businesses as well as chemical and food businesses in India and Burma (present day Myanmar), where it has cotton procurement bases. In 1964, Japan Cotton Trading founded Orient Leasing Co., Ltd. (currently ORIX Corporation), allowing it to take advantage of the robust capital investment demand seen at the time by importing the concept of leasing from the United States. These are just some of Japan Cotton Trading's bold industry-shaping initiatives.

Nissho Iwai

Nissho Iwai traces its roots to Suzuki & Co., Ltd., and Iwai & Co., Ltd., two companies that built the foundation for the creation of numerous companies that have become well-known today. In fact, Suzuki & Co. even generated sales that were equivalent to 10% of Japan's gross national product (GNP) in 1917, a reflection of its growth into Japan's No. 1 general trading company. However, this company eventually went bankrupt as a result of the recession that followed World War I and the deterioration of the operating environment that stemmed from factors like the Great Kanto Earthquake, leading it to establish Nissho Co., Ltd., as its successor in 1928. Nissho Co. would become a major proponent behind the maritime and railroad export industries of post-World War II Japan, and would even acquire Japanese agent rights for the products of The Boeing Company of the United States, leading it to aggressively expand its aviation business. At this time, Iwai & Co. was developing the manufacturing businesses that Sojitz continues to advance today, thereby contributing to the domestic production of various products that Japan had previously imported. Iwai & Co. later changed its name to Iwai Sangyo Co., Ltd., and then went on to develop iron ore mines in Brazil to acquire the steel materials needed during the period of the Japanese economic miracle. It was after this that Nissho Co. and Iwai Sangyo merged to form Nissho Iwai Corporation. In 1973, Nissho Iwai signed a contract for an LNG development project in Indonesia, which was the largest LNG project in Japanese history at the time. In the years that followed, Nissho Iwai would continue to contribute to the stable supply of energy to Japan, growing its presence by developing businesses such as coal mines. It also became involved in the steel and metal businesses. After developing operations in the food and commodity fields, Nissho Iwai eventually went on to commence transactions with Blue Ribbon Sports, Inc., the predecessor of Nike, Inc., in 1971, having sensed the potential of the sports shoes offered by this company. Nissho Iwai continued to set trends by establishing the first representative office of a Japanese company in Vietnam in 1986. This powerful drive fueled by foresight continues to propel Sojitz even today.

Sojitz Corporation

Both Nichimen and Nissho Iwai would suffer from performance downturns as a result of the collapse of Japan's bubble economy and the Asian financial crisis of the 1990s. This prompted the companies to change course, moving away from their prior pursuit of growth in scale to place greater emphasis on efficiency. As they navigated their new courses, Nichimen and Nissho Iwai made the decision to merge in 2003, becoming Nissho Iwai-Nichimen Holdings Corporation with the aim of creating an innovative multi-function trading company. The improved rationality and managerial efficiency yielded by the merger drove the reinforcement of operating and financial foundations. Sojitz Corporation was established in the following year of 2004, cutting a fresh start as a general trading company.

Nichimen Corporation

1892

Japan Cotton Trading Co., Ltd., is established.

1943

Company name is changed to Nichimen Co., Ltd.

1982

Company name is changed to Nichimen Corporation.

Iwai Sangyo Co., Ltd.

1862

Iwai Bunsuke Shoten is founded.

1896

Iwai & Co., Ltd., is established.

1943

Company name is changed to Iwai Sangyo Co., Ltd.

Suzuki & Co., Ltd. / Nissho Co., Ltd.

1874

Suzuki & Co., Ltd., is founded.

1917

Suzuki & Co. becomes the No. 1 Japanese general trading company (net sales in 1917 equivalent to 10% of Japan's GNP at the time).

1927

Suzuki & Co. goes bankrupt.

1928

Nissho Co., Ltd., is established as a successor company of Suzuki & Co.

1968

Nissho Iwai Corporation is established through a merger between Nissho Co. and Iwai Sangyo Co.

2003

Nissho Iwai-Nichimen Holdings Corporation is established through the transfer of shares by Nichimen Corporation and Nissho Iwai Corporation. (Nichimen Corporation and Nissho Iwai Corporation become subsidiaries of Nissho Iwai-Nichimen Holdings Corporation.)

2004

Operating subsidiary Sojitz Corporation is established.

Holding company name is changed to Sojitz Holdings Corporation.

2005

Sojitz Holdings Corporation merges with subsidiary Sojitz Corporation.

Company name is changed to Sojitz Corporation.



“New way, New value” Initiatives Guided by the Sojitz Group Slogan



Coal Business in Australia



**New
WAY**

Development of Coal Mines as First General Trading Company Operator

In the 1980s, Sojitz began acquiring coal interests in locations centered on Indonesia and Australia. We thereby sought to support the economic growth of Japan and of emerging Asian countries through the supply of energy. Moreover, Sojitz became the first general trading company to manage a coal mine as operator in December 2010, when the Company upped its stake in the Minerva Coal Mine to 96% from the prior 45%. This move expanded the earnings generated by this mine. (The thermal coal-producing Minerva Coal Mine was closed in the year ended March 31, 2021, in line with Sojitz's decarbonization policies.)

**New
VALUE**

Proprietary Coal Mine Operation Expertise Creating Future Opportunities

The transition from minority investment to majority investment in the Minerva Coal Mine entailed exposure to greater risks. At the same time, however, majority investment enabled Sojitz to acquire expertise and insight and to build networks that would benefit it in future undertakings. The proprietary mine operation expertise gained through this undertaking, as well as the information we were able to obtain due to the access to the inner circles of the mining industry granted through this investment, would eventually help us acquire interests in the Gregory Crinum coking coal mine, which is now Sojitz's flagship coking coal mine.

Horizontal expansion utilizing one-stop solutions encompassing everything from harbors to mine operation and mine rehabilitation services*

Acquisition of interests in Meteor Downs South Coal Mine in 2018 and Gregory Crinum coking coal mine in 2019

* Restoring the topography, soil, water, and flora and fauna ecosystems of a mine site to its previous condition

Hospital Project in Turkey



**New
WAY**

First Overseas Hospital PPP* Project by a Japanese Company

Sojitz's first hospital operation project was located in Turkey. We were able to succeed in this project thanks to our experience in public-private partnership schemes, gained through involvement in independent power producer and other plant projects, as well as the trust built with partners through these endeavors. This first foray into the previously unexplored field of healthcare built a bridgehead that Sojitz is using to make further expeditions into the healthcare field.

* PPP: Public-private partnership

**New
VALUE**

Robust Healthcare Frameworks for Combating the COVID-19 Pandemic

Based on a request from the Turkish government, the hospital built through this project was partially opened in April 2020, before being fully opened in May of the same year, six months earlier than initially intended. The completed hospital was able to help successfully prevent the collapse of Turkey's healthcare system in the face of the COVID-19 pandemic. As this hospital contributes to higher quality of life as an outstanding piece of healthcare infrastructure, it is also functioning as a reliable earnings foundation for Sojitz. We have since continued to build our track record and brand in the hospital business, leading us to become involved in an Australian hospital operation project in March 2021. The hospital being constructed through this project is scheduled to be opened in 2025.

- Symbol of the friendly relationship between Turkey and Japan
- Total of 2,682 hospital beds (more than the largest hospitals in Japan)
- Out-patient service provided to approximately 7 million individuals since opening in May 2020 (as of April 30, 2023)

Business Jet Services



**New
WAY**

Completely New Business Exceeding Boundaries of Exclusive Distributor for Commercial Aircraft

In 2003, Sojitz entered into the field of business jets, which had not yet become popularized in Japan at the time. This represented a completely new business for Sojitz, although it was not without assets in this area as it was to capitalize on the relationship of trust with The Boeing Company that it had cultivated ever since predecessor Nissho Iwai became the exclusive Japanese distributor for this company in 1956 as well as the aviation industry experience it has amassed over the years. Today, its involvement in the aviation industry goes beyond aircraft trading to involve business jet operation management and chartering as the only international operator based out of Japan.

**New
VALUE**

Reduction of CO₂ Emissions from Business Activities

Sojitz is examining opportunities for expanding its use of sustainable aviation fuels in business jet operation. For example, in September 2022, we arranged our first flight to use SUSTEO, a sustainable aviation fuel brand manufactured and sold in Japan by Euglena Co., Ltd. This was also the first international flight departing from Japan to use made-in-Japan sustainable aviation fuel.

- Relationship of trust with Boeing fostered over more than six decades
- Entry into business jet field dating back to 2003
- No. 1 fleet of chartered jets based in Asia held by consolidated subsidiary Phenix Jet International, LLC



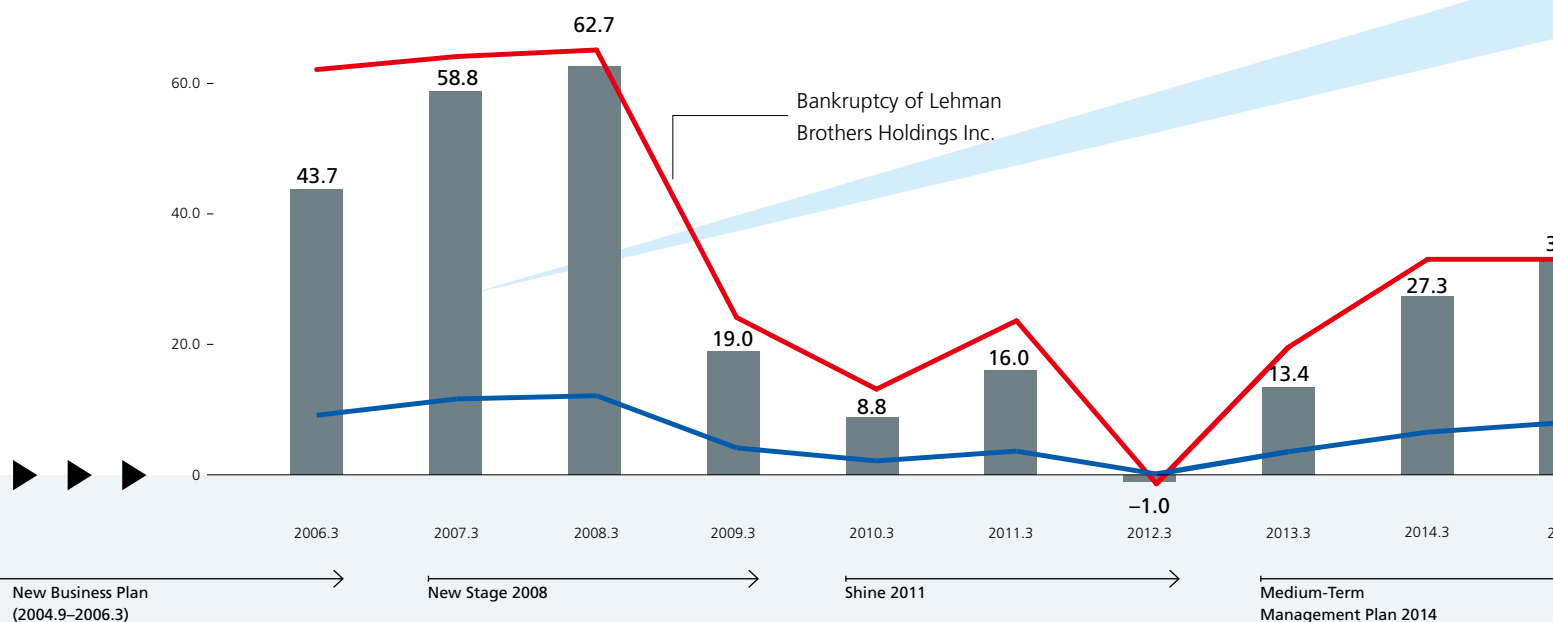
Restoring the strength of our financial base was a top priority after the establishment of Sojitz. For this reason, the Company began to practice the selection and concentration of businesses while also downsizing assets and liabilities. Sojitz soon came to benefit from a favorable environment exemplified by yen depreciation, high stock prices, and rising resource prices, among other factors. Resource-related businesses drove earnings growth in this favorable environment, allowing us to make steady progress in management restructuring measures. However, it was not long before the world was plunged into the financial crisis that began in September 2008. Resource prices plummeted, dealing a heavy blow to earnings in the resource-related businesses that had been a pillar of earnings. Meanwhile, we faced stagnancy in the distribution of automobiles, chemicals, and other commodities. Real estate operations also suffered due to reductions in credit amounts and in real estate prices. As a result, we experienced a sharp decline in profit for the year in the year ended March 31, 2009.

The impacts of the 2008 financial crisis continued to linger, resulting in a persistent sense of opacity in international trends and economic conditions. Seeking to raise its resilience toward market fluctuations in response to these conditions, Sojitz began shifting the focus of its business portfolio from resource businesses to non-resource businesses. As we continued to operate traditional Sojitz businesses, like aircraft and fertilizer, we also made ongoing growth investments in fields such as renewable energy. At the same time, assets deemed to have low efficiency were sold and other asset replacement steps were taken. By accumulating quality assets through this approach, we proceeded to construct a stable earnings foundation. We also practiced exhaustive management of inventory and foreign exchange risks while implementing financial strategies emphasizing cash flows in order to build an unshakable financial base.



(Billions of yen)

■ Profit (loss) for the year (attributable to owners of the Company) (left scale) ● ROE (right scale) ● ROA (right scale)



With its unshakable financial base and business portfolio for generating stable earnings, Sojitz became capable of conducting investments of a scale that it could not have imagined previously. These large investments not only had the potential to generate even greater returns, they also enabled the Company to be more active in taking the initiative in business operation. By capitalizing on the expertise, networks, and other strengths fostered through its business activities thus far, Sojitz will seek to climb to new pinnacles by taking part in businesses that produce even higher levels of value.

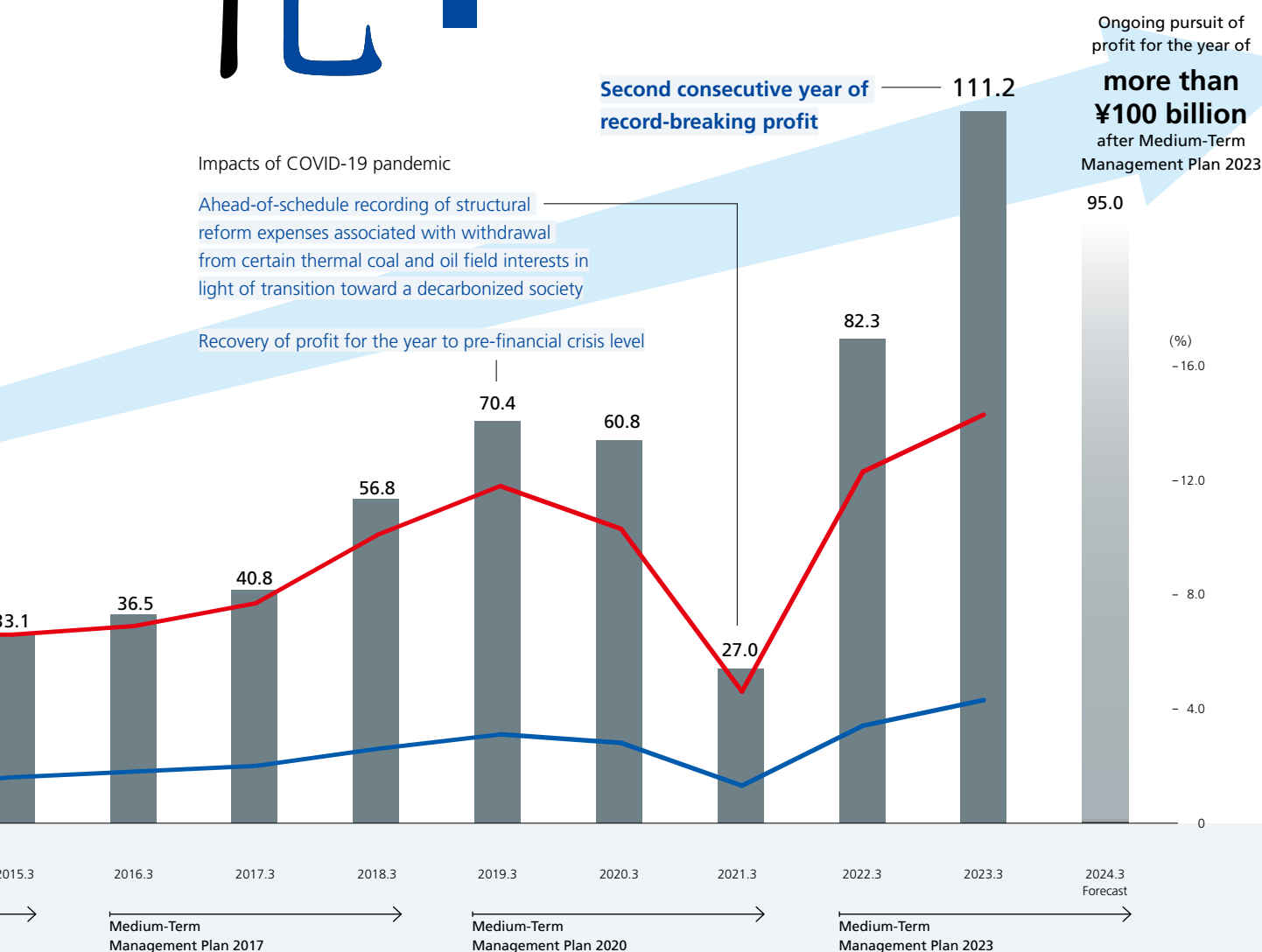
PROGRESS



变化

TRANSFORMATION

Over the years, Sojitz has continued to bolster its operations in non-resource fields, which are resilient to the impacts of market fluctuations, while also undertaking structure reforms in light of the transition to a decarbonized society. These measures have resulted in earnings from non-resource businesses surpassing those generated by resource businesses. Specifically, non-resource businesses have accounted for around 70% or 80% of Sojitz's earnings in the past, although this has been closer to 50% in recent years due to the current market climate. No matter how the market may change, Sojitz will continue to transform, adapting flexibly to the economic repercussions of the COVID-19 pandemic; the increasingly rapid digitalization trend; the growing attention toward environmental, social, and governance (ESG) issues; and the diversification of values and needs.



Q. What is Sojitz and what is its history?

Overview

This section examines Sojitz's history dating back to before the Company was formed by looking at a number of past developments that shaped the operating foundation it possesses today.

Q. What are Sojitz's purpose and goals?

Overview

In this section, we look at Sojitz's mission and purpose as well as the growth strategies based thereon.

Q. How does Sojitz create value?

Overview

This section examines how Sojitz's operating foundation is used to create its two types of value—value for Sojitz and value for society.

Q. How will Sojitz work to accomplish its vision?

Overview

Here, readers will find information on the financial and non-financial aspects of our Companywide strategies for creating value as well as on the corporate governance systems that support these strategies.

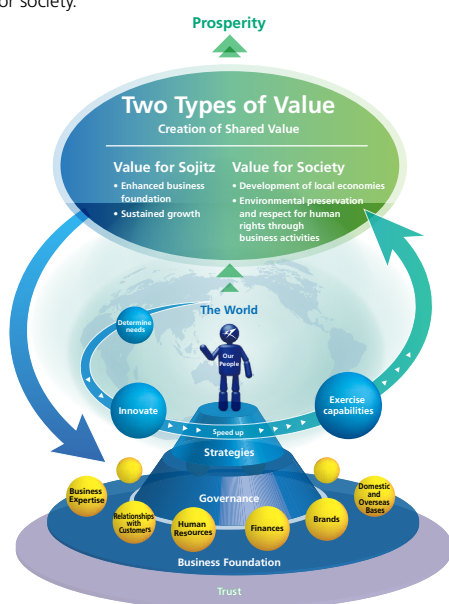
Q. What type of businesses does Sojitz develop?

Overview

This section contains explanations of the strategies being implemented by business divisions to create value along with examples of specific value creation initiatives.

Sojitz's Value Creation Model

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



Disclosure Materials (Some materials are available in Japanese only.)



Note on Forward-Looking Statements

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

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Editorial Policy

Integrated Report 2023 is centered around the Sojitz Group slogan of "New way, New value," specifically looking at the results of our efforts based on this slogan and the sustainability of these efforts. In addition, we report on the "New way" we have continued to pursue and the sources and the transformation of "New value" created through the new path we forge in accordance with the mission of a general trading company—to deliver goods and services where necessary. This report also details the path of Sojitz's future growth. To offer concise information on Sojitz's ongoing value creation efforts from both financial and non-financial perspectives, *Integrated Report 2023* has been compiled based on the Integrated Reporting Framework proposed by the IFRS Foundation and the Guidance for Integrated Corporate Disclosure and Company-Investor Dialogues for Collaborative Value Creation: ESG Integration, Non-Financial Information Disclosure, and Intangible Assets into Investment released by Japan's Ministry of Economy, Trade and Industry.

Report Cover

The cover of *Integrated Report 2023* illustrates our vision of becoming a general trading company that constantly cultivates new businesses and human capital, for example, through the efforts of employees to create value and develop businesses in Vietnam, where we are accelerating our activities in the focus area of growth markets to be approached through market-oriented initiatives.



Scope of Reporting

Organizations: Sojitz Corporation and its subsidiaries and affiliates
Period: April 1, 2022–March 31, 2023 (Information on some activities after April 1, 2023, is also included.)

CEO Message




Masayoshi Fujimoto

Representative Director,
President & CEO


Record-Breaking Earnings Functioning as a Springboard for Future Growth

Ongoing March Toward Our Next Stage

People cannot grow if they just keep doing the same thing over and over again; they need to constantly tackle new challenges, always looking toward the future. The same can be said of companies. The first medium-term management plan I played a substantive role in formulating was Medium-Term Management Plan 2017, which spanned the years ended March 31, 2016 to 2018. This was when I was still the executive officer responsible for corporate planning. When we announced this plan, we were targeting profit for the year of more than ¥60.0 billion in the year ended March 31, 2018, the final year of the plan. This large step-up from the level of ¥33.1 billion in the year ended March 31, 2015, was to be achieved through growth in earnings from both trading activities and business investments. Unfortunately, we failed in accomplishing this target, only posting ¥56.8 billion in profit in the year ended March 31, 2018. The primary cause behind this failure was an inability to invest in line with our initial intentions, which in turn was a result of our lacking capacities and speed when it came to finding projects. I saw this deficiency as emblematic of a need for fundamental reforms to the Company. After its birth through the merger, Sojitz was in a position in which it needed to restructure its management. We addressed this need by proceeding to build a stable financial base by limiting investments, but this came at the cost of opportunities to acquire new functions and form new networks via business investments. As a result, we found ourselves in a situation in which—even if we sought to ramp up new investment for the purpose of achieving further earnings growth—frontline organizations were unable to find promising projects or were only able to identify projects that were quite small in scale. We were thus unable to achieve the earnings growth we had desired.

 For more information, please refer to page 16.

Information on the progress
of Medium-Term Management
Plan 2023

When I took up the position of president, I implemented a number of measures aimed at encouraging employees to tackle new challenges from a forward-looking perspective. However, Sojitz is lacking in financial muscle in comparison to other general trading companies, which means we cannot compete with our rivals when it comes to money. We are therefore pressed to exercise ingenuity while refining the functions and value that are unique to Sojitz. Since launching these measures, I have been noticing a gradual increase in the scale of the investments proposed to management, and the types of these investments have also been changing. This shift seems to be evident of how these ambition-inspiring measures have come to be embraced by employees. The results of this shift have been witnessed under [Medium-Term Management Plan 2023](#) , the current plan covering the period from the year ended March 31, 2022, to the year ending March 31, 2024. In the year ended March 31, 2023, we posted our second year of record-breaking earnings, and profit for the year surpassed ¥100 billion for the first time in our history, with a figure of ¥111.2 billion. Medium-Term Management Plan 2020, which we announced in 2018, described our goal of eventually achieving profit for the year of more than ¥100 billion. I am incredibly impressed with our ability to actually reach this level a mere five years after this announcement. Now that we achieved this earnings goal, I think it is important for us to develop an even greater appetite for ambition to propel us toward our next stage.

Accelerated Progress Toward New Growth

The point of common focus of the business models of general trading companies is shifting from upstream manufacturers to downstream consumers in all value chains.

CEO Message

In addition, there have been shifts from low-value and low-profitability midstream businesses, a traditional area of functions for trading companies, toward high-value and high-profitability businesses in upstream or downstream areas. Many may see this as the standard approach toward portfolio reforms by general trading companies as of late. However, we have a different approach. Sojitz looks to expand in both upstream and downstream areas. In other words, we will not simply conduct unrelated investments in high-profitability businesses in upstream or downstream areas; we will look to generate connections between businesses in these areas and branch out from there to invest in a broader range of business fields, thereby refining and strengthening our functions and networks. Furthermore, we will raise the value of the businesses in which we have invested so that these businesses can be used as a ladder to future opportunities. Based on this approach, we have proceeded to make steady investments in the three focus areas defined in Medium-Term Management Plan 2023.

Infrastructure & Healthcare

In the energy solutions field, Sojitz has been leveraging the networks and partnerships with power and gas companies as well as with manufacturers it has formed over the course of its history through interest development, production, and sales of crude oil, gas, and other fossil resources to develop upstream thermal power and renewable energy generation businesses. At the same time, we have been branching out into energy saving service and electricity and gas retail businesses in downstream areas. A short-term perspective will not be sufficient going forward. Rather, we will need to look further toward the future, toward 2030 or even 2050, to formulate various scenarios for the energy supplies of Japan and the world in that future. Based on this outlook, we should then adopt a backcasting approach to determine the types of businesses that Sojitz needs to create. In the past, Sojitz has played a part in helping ensure energy and economic security in Japan and other parts of Asia. With eyes toward realizing a decarbonized society, Sojitz's next target will be the field of next-generation, new energy. The need for such new energy sources is increasing rapidly as transitions to new types of energy are accelerated. In this area, we signed a memorandum of understanding with Sembcorp Industries Limited, a major Singapore-based energy and urban solutions provider, in fall 2022. This agreement calls on both parties to strategically coordinate to develop a wide range of solutions for the infrastructure

and new energy sectors based on the theme of decarbonization. Singapore has declared its target of achieving carbon neutrality by 2050, and the country is aggressively incorporating the development and utilization of new energy into its approach toward achieving this goal. Based on our experience investing in thermal power generation and renewable energy businesses, we understand that success in the new energy field is dependent on the ability to continue to sell electricity and energy produced at a set price over the long term. This is why our strategic partnership with Sembcorp, a government-associated company that has a core role to play in Singapore's energy strategies, is so important. Our ability to form this partnership was the result of Sojitz's history of working together with Sembcorp in Vietnamese thermal power generation businesses for more than two decades. Looking ahead, Sembcorp and Sojitz will complement each other's strengths and provide functions that the other partner might lack as they develop renewable energy, a green hydrogen and ammonia value chain, waste-derived renewable natural gas production, and other new energy field businesses in the Asia Pacific region. Through these businesses, we aim to contribute to industry and society in Japan and other parts of Asia.



Memorandum of understanding signing ceremony with Sembcorp in October 2022

Growth Markets to Be Approached through Market-Oriented Initiatives

In the focus area of growth markets to be approached through market-oriented initiatives, Sojitz is enhancing its seafood product processing value chain. Demand for seafood products may be on the decline in Japan, but global seafood product demand is expected to see substantial long-term growth as a result of rising interest in seafood products in other parts of the world. Our involvement in this field was previously limited to tuna trading. However, we cannot grow the scale of our earnings through such midstream businesses alone. Over the years, we have branched out into upstream areas and into the processing business through our involvement in a frozen tuna processing business in China from 2003 and our entry into the tuna farming business through Sojitz Tuna Farm Takashima Co., Ltd., in 2008. Recognizing that our value chain was still lacking, even with these additions, we chose to expand into the downstream areas of the value chain through the acquisition of The Marine Foods

Corporation and its tuna product processing and sales business in 2022. By coordinating with such downstream areas, we sought to broaden and build upon our operations in this area and thereby achieved further growth. Another addition to our value chain came in March 2023, when we acquired all of the shares of TRY Inc., which boasts functions spanning the procurement, processing, and sales of frozen tuna. This acquisition bolstered our function lineup by introducing the value-added function of domestic processing into our prior functions of tuna farming and overseas processing. We are thus now poised to provide an even more robust lineup of products to Marine Foods' customer base of some 4,000 companies. Given the rise in health consciousness, the global market for seafood products is expected to continue to grow, particularly with regard to venues like sushi-go-rounds and general supermarkets. To capitalize on this growth, Sojitz will combine the respective strengths of these new acquisitions, namely, the customer base of Marine Foods and the high-quality and competitively priced processed seafood products of TRY, with the Company's global network to expand the scale of its earnings.

Materials & Circular Economy

As a general trading company, Sojitz realizes that it is charged with a mission that goes beyond contributing to the development of a circular economy through the effective use of finite resources and the reduction of environmental impacts; we also must procure and realize a reliable long-term supply of the materials that are essential to industries of rising importance, like semiconductors, next-generation batteries, healthcare, and telecommunications. This field features intense competition, and we have thus chosen to exercise scrutiny when it comes to investment. One of the investments conducted based on this approach under the current medium-term management plan was our partnership with eCycle Solutions Inc., Canada's largest collector and processor of resources from urban mines. This investment signaled Sojitz's entry into the electronic component recycling business in the North America market. We were also able to gain footholds that will go a long way toward strengthening the resilience of our rare earths and fluorinated material supply chains in Japan. There were new business areas, but both were areas that we were able to enter thanks to the partnerships and networks with customers with whom we have continued to build trust through our history of providing the basic trading functions of a general trading company. Meanwhile, in regard to fluorinated materials, which have

strong prospects related to next-generation storage batteries and other applications, Sojitz entered into a regional land cooperation agreement with Mexichem Fluor, S.A. de C.V., its Japanese subsidiary Mexichem Fluor Japan Ltd., and Kitakyushu City in Japan's Fukuoka Prefecture, in February 2023. Japan is currently only sourcing fluorinated materials, for which demand is expected to show robust growth going forward, from a very limited range of locations. This situation presents issues in terms of national economic security. Seeking to address these issues, Sojitz has teamed up with Mexichem, with which it has built a strong partnership over more than three decades of trading fluorite, a fluorinated material. By combining Mexichem's fluorite procurement capabilities and fluorinated material business operation experience with Sojitz's business operation expertise and sales network, we aim to heighten the resilience of Japan's fluorinated material supply chain while contributing to the development of the downstream areas of this supply chain.

Furthermore, Sojitz concluded a sole distributor agreement with Lynas Rare Earths Limited of Australia in 2011 regarding the supply of rare earths to Japan. In March 2023, we announced our decision to invest an additional AUD200 million in Lynas for the purpose of securing a supply of rare earths for the Japanese market. In this manner, we continue to build upon the networks formed through our prior business and trading activities to acquire assets in fields that are anticipated to contribute to future earnings.

New Ways Found through Distinctively Sojitz Ingenuity

This approach toward compensating for our lack of financial muscle in comparison to rivals with distinctively Sojitz ingenuity is also being applied to reforming the earnings structures of existing businesses.

One example that demonstrates this approach is Meat One Corporation, a joint venture company established by Sojitz Foods Corporation in 2018. We have been engaged in transactions with Cargill, Incorporated, the world's largest grain trader, for more than half a century, and we thus found ourselves pressed with bolstering our ability to sell the meat products offered by this company. However, the ham and sausage manufacturer that held a high share of meat sales in Japan already had a business relationship with other trading companies, meaning that there was not much of a chance for us to increase sales to this company. Instead, Sojitz turned its attention to the meat

CEO Message

processing companies that procure meat through trading companies and other venues to be processed and sold. It was together with a number of these companies that we established Meat One. This move resulted in a dramatic increase in Sojitz's meat sales capacity. In this manner, Meat One is a clear example of our finding a new way based on distinctively Sojitz ingenuity. Another example can be seen in our automotive dealership business. Other general trading companies deal with Japanese automobile manufacturers. Sojitz, however, focuses on overseas manufacturers, which has allowed us to achieve impressive results by following our own unique path.

[We emphasize a hands-on approach toward operating businesses](#) **[B]** in order to take full advantage of Sojitz's ingenuity. This approach is apparent in the case of Saigon Paper Corporation, a Vietnamese papermaker acquired in 2018. The original plan for this acquisition was to grow its industrial paper product business amid the surging demand seen at that time. However, the market took an unexpected turn, which, when combined with the changes to the operating environment, caused demand to plummet and led Saigon Paper to fall into a persistent state of unprofitability. The Sojitz staff stationed at and seconded to this company engaged in close communication with the local staff as they promoted exhaustive inventory management and pursued extensive reductions in costs. There was even a time when I would talk with the local staff and confirm their progress via web conference on a weekly basis. This ongoing process of trial and error allowed us to find a path toward growing Saigon Paper by capitalizing on its position as Vietnam's market share leader for household paper products. As a result, we expect this company to finally post a profit in the year ending March 31, 2024. Even if things do not go as planned, we do not give up. Quite the contrary, the Sojitz approach is to seek out new ways through ingenuity and to carry out steadfast improvements to achieve results.

Growth of Individuals Driving Growth of Sojitz

Earlier, I mentioned that the scale of investment proposals has been growing. Specifically, during the period of Medium-Term Management Plan 2020, we started conducting investments with scales of more than ¥10.0 billion. Under Medium-Term Management Plan 2023, the scale of investments has risen to surpass ¥20.0 billion and even ¥30.0 billion. I believe that these increases to the

scale of our investments can be attributed to the significant accumulation of business investment experience throughout the organization as well as to the improvement to the financial base and earnings that support these investments. Rather than jumping into a completely new field, we have proceeded to grow the scale of our investments in fields where we already have a track record of success. We have thereby been able to steadily grow our previously small revenue-generating businesses without any substantial failures. Through this process, Sojitz has reinforced its earnings foundations in non-resource businesses, which are relatively resilient to the impacts of operating environment changes. I also have to boast about the steady improvement in our earnings power that we have achieved as a result.

It has been the growth of individuals at the Company that has driven this growth for Sojitz. In recent years, a lot of attention has been directed toward the idea of emphasizing human capital in management. [As a general trading company, there can be no denying that human resources are central to our value creation activities.](#) **[C]** When I assumed the position of president, one of the first things I did was to revise our human resource evaluation systems. At that time, around 70% of our employees were receiving the mid-rank rating of "B." This represented a serious issue: employees had become accustomed to the idea that, for better or worse, if they just kept doing the same thing, they could get a rating of "B." However, if people do not set high targets for themselves and do not work hard in order to surpass these targets, they will not be able to feel as though they are growing and will not be able to pursue further growth. To address this stagnancy in our organization, we revised our evaluation systems to ensure more varied evaluations by predetermining the ratio of employees who would receive each rating. As part of this process, I sought to stress the idea that, even if one is producing results, they should not receive a high rating if they just continue to do the same thing over and over again. I used every opportunity to reiterate the importance of not becoming complacent but instead always looking to the next mountain to be climbed. This ongoing effort has resulted in a gradual change in employee perception.

Another initiative to stimulate the growth of employees was the Hassojitz Project, a new business proposal contest launched in 2019. This contest is designed to make the overall corporate culture at Sojitz more aggressive. The first iteration of this contest was only open to employees who had been at the Company for fewer than 10 years, but the scope of eligibility was expanded in the following

[B] For more information, please refer to page 37.

Examples of hands-on management approach

[C] For more information, please refer to page 58.

Information on human resource strategies

As a springboard toward future growth, shifting our approach toward human resources will be more important than anything.



year. Gradually refining the project with each coming year, we held the fifth iteration of the Hassojitz Project in 2023. Only a handful of the proposed projects are actually made into businesses. Nonetheless, I feel that giving a wider range of employees the opportunity to experience the process of earnestly engaging in business planning to learn the challenges and fun of this process will be a great asset to the future growth of Sojitz.

Shift in Approach Toward Human Resources

Recently, we informed all Sojitz employees that we will be introducing new human resource systems under the next medium-term management plan. The directives for these new systems were forged over an ongoing process of discussion among management that lasted nearly a year. If we are to use our current scale of earnings of ¥100 billion as a springboard toward future growth, shifting our approach toward human resources will be more important than anything. Based on this recognition, we examined the types of human resources and organizations we would need in order to enact our corporate philosophy and realize our vision for 2030 of becoming a general trading company that constantly cultivates new businesses and human capital. We also looked at what Sojitz would require to continue creating value over the next decade given the massive changes being seen in its workforce, the scale of its investments, and the operating environment. These discussions led us to be reminded of the importance of the fundamentals, namely, ensuring that we can attract diverse employees and provide them with opportunities to

tackle new challenges and grow, and that line managers* can draw out the potential of individual employees to fuel ongoing value creation by the Company. We have thus defined four themes for human resource systems: earnest interactions between people, self-initiated ambition and growth, development of a new management approach, and data-driven communication. Discussions with employees based on these themes are underway with the goal of launching new human resource systems in April 2024.

Sojitz has an open corporate culture that allows it to utilize the capabilities of younger employees. This is why we are abandoning old conventions like lifetime employment and seniority based on length of service. We thereby aim to shape the new human resource systems through the type of ingenuity that is suited to Sojitz to make these systems our first step toward becoming a company where everyone can find more opportunities to tackle new challenges and grow than at anywhere else. In recent years, we have seen non-Japanese employees recruited straight out of overseas universities exercising their skills in their ideal position at Sojitz. I suspect the time it took them to get used to the unfamiliar culture at a Japanese company felt longer than it needed to, and there were many who left Sojitz before they could become acclimated. Those who remained, however, are now empowered in the value creation initiatives they are advancing in Japan or in their home country. This is the vision I hold for Sojitz as it utilizes diversity as a source of competitiveness.

Of course, we also must recognize that a change in systems will not necessarily equate to a change in the Company. It is therefore imperative that we make employees aware of the fact that they need to be proponents in creating their own opportunities to tackle new challenges

CEO Message



Our purpose will be to create new functions and networks and link businesses with businesses and people with people to generate new value.

and grow. The new systems may not yet be in place, but we have already begun encouraging employees to change their perception and how they act now. I want to build a company where people communicate with their colleagues, inspire one another, and chase their own personal ambitions in order to continue transforming Sojitz and the world, and I too am taking action to drive this change.

* Line managers: Section managers, general managers, and other managers responsible for steering organizations

Creation of New Value for an Era of Great Change

In the past, I have likened the period of great transformation we are in today to the historic Meiji Restoration that fundamentally changed Japan. The Meiji Restoration was a period of rapid modernization in Japan. Similarly, today we are seeing a fundamental transformation to the values that had been the norm previously. The accelerated digitalization trend and the rising concern for environmental, social, and governance (ESG) issues as well as a number of major global developments, including the COVID-19 pandemic and the war in Ukraine, have overlapped to create a complicated and rapidly changing environment. In this changing environment, our purpose—our role as a general trading company—will be to create new functions and networks and link businesses with businesses and people with people to generate new value. Sojitz's strength is the tenacity that allows it to transform changes, not into risks, but into opportunities for creating new value, and this is something that we will need to continue to do going forward.

Sojitz has long been involved in the procurement of crude oil, gas, coal, and other conventional fuels. We also

have a history in energy businesses like thermal power generation. Today, however, the operating environment is changing rapidly as a result of the global trends toward decarbonization and decentralization of power sources while the competitive climate is evolving due to a rise in new market participants, and these trends are transforming Sojitz's role in this area. Under Medium-Term Management Plan 2023, Sojitz commenced a new investment in an energy saving service business. In this business, we have been utilizing the power generation business functions we have developed thus far to provide renewable energy and emissions-free energy solutions in response to the needs of the investee's customers. In this manner, we are generating value while also contributing to the growth of the investee. This is a prime example of our framing market changes not as risks but rather as opportunities to pursue in the form of innovative initiatives.

Conversely, we cannot become overly attached to businesses in which Sojitz cannot fulfill its purpose. We have a history in condominium and other real estate areas that spans more than half a century. However, the role for Sojitz to play in this business has been diminished, and we thus chose to turn it over to a more suited steward. The operating environment is always changing. Sojitz is committed to transforming change into opportunities, while carefully assessing risks, to boldly lay the groundwork for businesses that will contribute to future earnings. At the same time, we will be decisive in reorganizing and exiting businesses when necessary to transform Sojitz's business portfolio and thereby accelerate the creation of distinctive value.

During the Meiji Restoration, Sojitz predecessor Suzuki & Co., Ltd., saw the massive upheaval as representing an opportunity to create various businesses, thereby playing

an important role in the development of Japan while growing itself. In the current era of great transformation, Sojitz is pressed to play a role, not as a Japanese general trading company, but as a global general trading company by responding to the needs of the global market to contribute to the development of the world. In 2023, Vietnam and Japan celebrated the 50th anniversary of the start of their diplomatic relationship. Sojitz predecessor Nissho Iwai Corporation was developing crude oil and coal businesses in this country since even before the Vietnam War. In fact, in 1986 Nissho Iwai became the first company from the Western Bloc to receive approval to set up a representative office in Vietnam, creating the foothold it would use to further grow its business in the Vietnamese market. In the years that followed, this company continued to support the economic development of Vietnam through afforestation, fertilizer, industrial park, electricity, and various other businesses. In recent years, Vietnam has been experiencing rapid economic growth. Sojitz has responded by setting up a food product value chain, and the results of these efforts are already beginning to appear. [Going forward, we will continue to strengthen the bonds our forebearers forged with Vietnam.](#) ^[D] At the same time, we will seek to contribute to the development of new areas, as our forebearers did in Vietnam. The world still holds numerous new frontiers for Sojitz to explore.

Transformation Together with the Times to Heighten Corporate Value

Effectively, the only numerical target of Medium-Term Management Plan 2023 that remains unmet is achieving a price-to-book ratio (PBR) of 1.0 times or above. On August 31, 2023, PBR stood at 0.82 times. This figure represents a substantial improvement from the level of 0.60 times on March 31, 2021, and we still aim to raise PBR above 1.0 times.

I have praise for our efforts to improve our external reputation and otherwise reduce cost of capital through the enhancement of non-financial initiatives and information disclosure based on [Sojitz's value creation process.](#) ^[E] At the moment, discussions among members of management are centered on how to address the rising obsolescence of existing businesses and the new earnings opportunities emerging amid technological progress in the increasingly uncertain operating environment in order to achieve ongoing growth. I have touched on how [Sojitz's history is a history of transformation.](#) ^[F] We have

sought to respond to the changing operating environment by finding new ways through distinctly Sojitz ingenuity. This pursuit is encapsulated in the Sojitz Group slogan of "New way, New value." If we can effectively communicate this ability to transform and improve earnings, we should be able to inspire the market to feel a sense of anticipation toward the ongoing growth of Sojitz. I am confident that this process will allow us to reach the milestone of a PBR of above 1.0 times.

Business is all about timing, and we cannot take advantage of the ideal timing if we do not act. Also, even if we do act at the ideal timing, it is only a matter of time before a given business will cease to be relevant. This is something that I have come to know all too well during my long history in the business world. The mission of a general trading company of delivering goods and services where necessary is not about being bound by precedent but rather is one of adopting a market-oriented perspective to determine what goods and services the market needs at any given time. If we go about fulfilling this mission by identifying the functions and networks Sojitz should supply, I am sure that we can find our way. This process of introspection will ensure that Sojitz can continue to transform together with the times, no matter how they may change, in order to keep creating value.

No matter what the decision, the criterion for deciding always comes down to one simple question: Do we have the necessary functions or not? This is why speed is important and why we cannot become complacent and must continue to embark on new ventures. Sojitz is always marching forward to its next stage. We have made the preparation needed to raise Sojitz's corporate value; all that is left now is to do it. We will continue to share our vision for Sojitz's next stage with investors and with our various other stakeholders to give them a sense of anticipation, to which we will aspire to live up to. I hope we can look forward to our stakeholders' ongoing understanding and support as we walk down this path.

September 2023

Masayoshi Fujimoto

Representative Director,
President & CEO

^[D] For more information, please refer to page 26.

Special feature on Sojitz's business history in Vietnam

^[E] For more information, please refer to page 21.

Information on Sojitz's value creation process for improving corporate value

^[F] For more information, please refer to page 2.

Information on the history of Sojitz's predecessors and their business creation initiatives

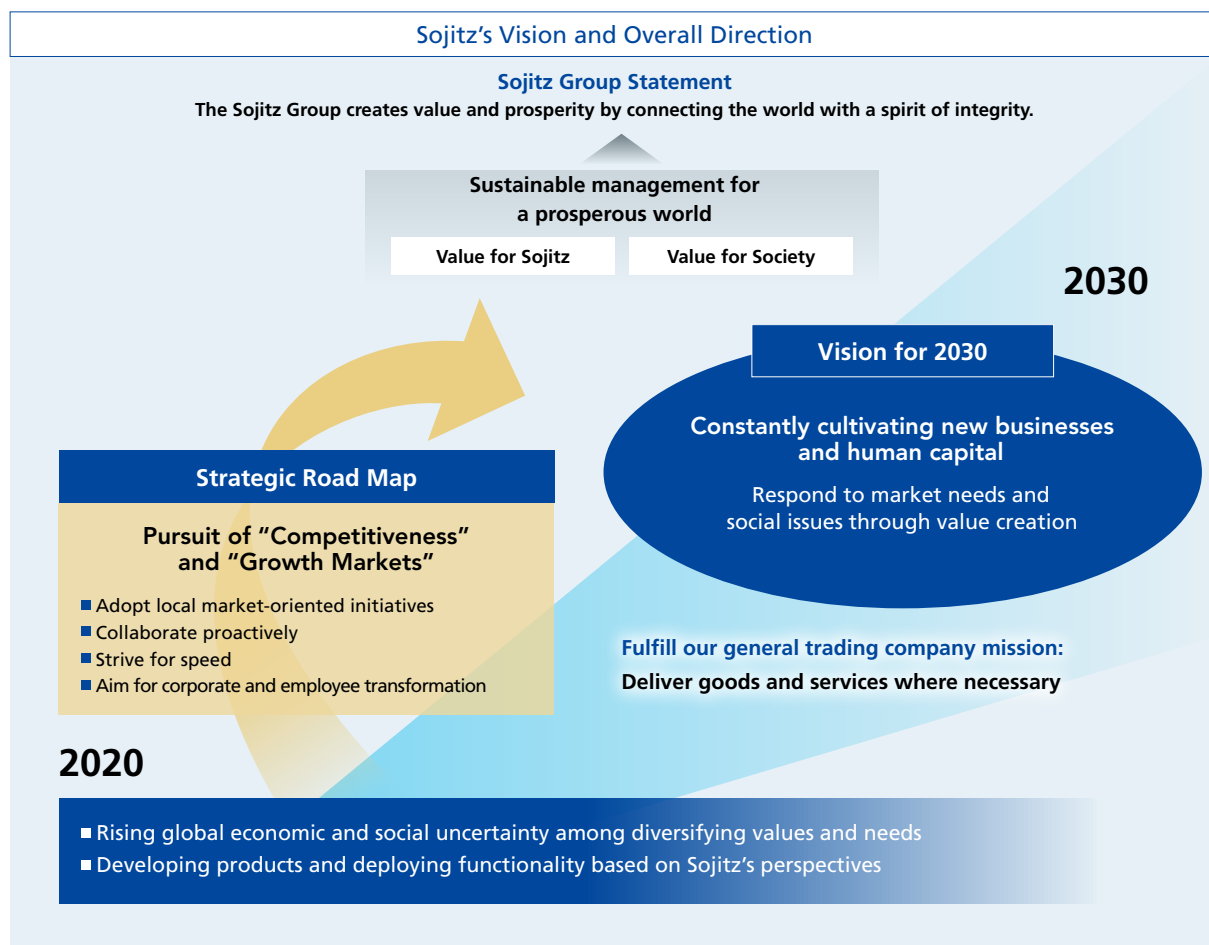
Growth Strategies for Becoming a General Trading Company That Constantly Cultivates New Businesses and Human Capital

Medium-Term Management Plan 2023—"Start of the Next Decade," which was launched in April 2021, has been positioned as our first step, the start of the next decade, toward accomplishing our vision for 2030 of becoming a general trading company that constantly cultivates new businesses and human capital. Under this plan, Sojitz is moving forward with flexible measures for addressing volatile changes in the operating environment and tackling the management challenges it faces. We were thereby able to achieve record-breaking performance for two consecutive years and record profit for the year in excess of ¥100.0 billion for the first time in the Company's history. With the exception of price-to-book ratio (PBR) of 1.0 times or above, Sojitz accomplished all of the targets set for the key performance indicators (KPIs) of the plan ahead of schedule. We are nearing the end of Medium-Term Management Plan 2023, the first step toward our vision for 2030. Accordingly, we would like to take a moment to review this plan with eyes to the next three-year period and to the future that lies beyond that.

Sojitz's History of Transforming M

01 Improvement of Financial Position and Reorganization of Unprofitable Businesses

Sojitz was established in April 2004 through the merger of Nichimen Corporation and Nissho Iwai Corporation. In the year ended March 31, 2005, immediately after the merger, a massive impairment loss of around ¥400.0 billion was recorded for the purpose of improving the health of our asset portfolio. At the same time, the Company undertook large-scale equity financing with the goal of recovering its equity. The Company also employed a debt equity swap to reduce interest-bearing debt to around ¥1 trillion. As a result, total equity stood at ¥280.0 billion on March 31, 2005, while net debt equity ratio (DER) was at an incredibly high 3.58 times. It was thus clear that the top priority for management was to improve the Company's financial position and continue to reorganize unprofitable businesses.



Management Strategies While Overcoming Adversity and Failure

02 Pursuit of Growth with a Healthy Financial Base

Due in part to the benefits of ongoing asset replacement and favorable commodity market conditions, Sojitz was able to grow to the point that it was able to break previous performance records in the year ended March 31, 2008. However, the 2008 financial crisis followed by the 2011 Great East Japan Earthquake triggered a downturn in performance and placed Sojitz in a position in which it once again needed to reform its management structures. We thus proceeded to revise our asset portfolios and risk management systems coupled with reforming earnings structures and emphasizing a well-managed balance sheet as our top priority. This approach inspired the Company to always tackle the issues immediately at hand, even in the event of failure, to ensure that past failures were not carried forward and to prevent future losses. This experience forged the management foundations that Sojitz has continued to value to this day.

Over the years that followed, we made steady progress in

our medium-term management plans, maintaining profitability for seven consecutive years. This impressive performance was a result of our resolute adherence to our central management tenets of disciplined financial management, ongoing asset replacement for improving resilience to operating environment and market fluctuations, and creation and growth of clusters of revenue-generating businesses. The start of the COVID-19 pandemic in 2020 adversely impacted our earnings, but the steady efforts we had advanced to improve financial health up until that point made it possible for us to continue to make notable progress in efforts toward reforming our asset portfolio as necessary in order to support structural reforms and facilitate the shift toward a decarbonized society. Through these efforts, we found ourselves with the foundations necessary for undertaking a massive shift toward ongoing initiatives targeting growth when it came time to formulate Medium-Term Management Plan 2023.

Growth Strategies for Becoming a General Trading Company That Constantly Cultivates New Businesses and Human Capital

03 Backcasting Approach Beginning with 2030 Vision to Position Medium-Term Management Plan 2023 for the Leap Toward Further Growth

Medium-Term Management Plan 2023 was formulated by using a backcasting approach beginning with our vision for 2030. The groundwork for this plan was laid through a series of in-depth discussions at the intensive discussion session for management*¹ on how Sojitz can continue to provide value in the increasingly uncertain operating environment. Through this examination, it was determined that Sojitz would need to enhance its competitiveness via policies emphasizing **local market-oriented initiatives**, **collaboration**, and **speed**.

This approach is meant to drive Sojitz to continue growing and creating value through ongoing new investments and the reformation of earnings structures in existing businesses. At the same time, **the smiling curve is growing sharper as a result of the digitalization trend**, which means that general trading companies will have to continue to propose more multifaceted and sophisticated functions in the future. We plan to address this need through a strategy of investing in both the upstream and downstream areas of the value chain

in order to continue creating value in the future.

Beginning with Medium-Term Management Plan 2017, Sojitz has continued to invest around ¥300.0 billion over the three-year period of each of its medium-term management plans. We started largely with specifically targeted investment as well as investments in projects focused on creating value. Under Medium-Term Management Plan 2023, however, we have been branching out and building upon individual investments to develop our operations with a greater sense of scope. Examples of such expansion include our domestic and overseas seafood product business, retail operations in Vietnam, and infrastructure and energy-related businesses. This approach has enabled us to make steady investments in growth from a more medium- to long-term perspective.

*1 Overnight management retreat seeing participation from outside directors, other members of senior management, and the heads of business and functional divisions

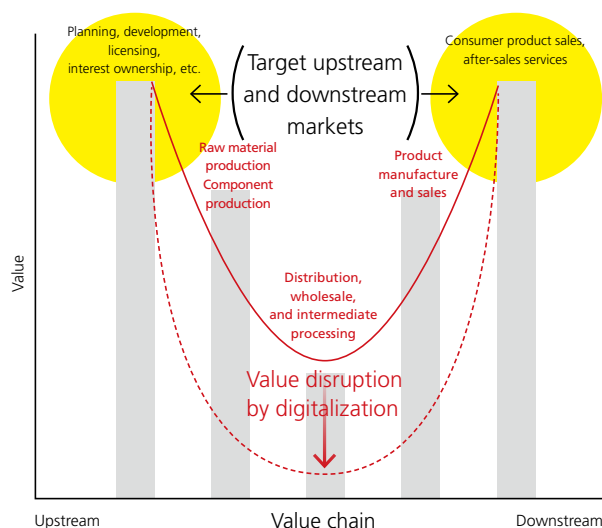
Business transformation directives: Formulation of sophisticated strategies for achieving growth

Approaches to achieving growth



Policies and Measures for Securing Competitiveness

Sharpening smiling curve*²



Traditional general trading company businesses

Shift from product-oriented approach to market-oriented approach encompassing upstream and downstream value chain areas

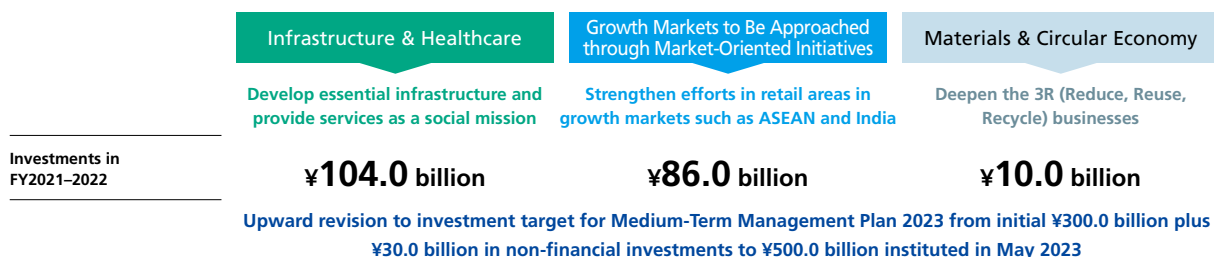
Supplying the value sought by consumers in downstream areas of the value chain is becoming an increasingly important part of our business. The smiling curve is expected to grow increasingly sharper as manufacturers seek to bypass intermediaries by selling their products directly and as generative AI and other digital technologies disrupt traditional value propositions.

*2 A graphical depiction of how value is added across value chains that illustrates how greater value is added in more upstream and downstream areas while midstream areas tend to add less value

Growth Strategies for Creating Value

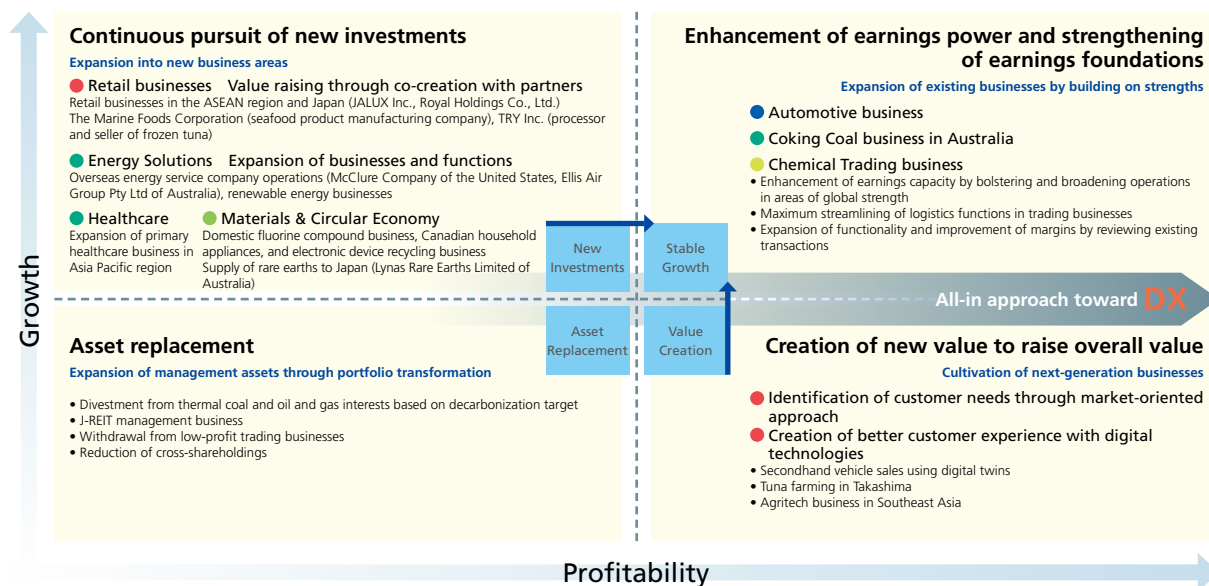


Focus Areas of Medium-Term Management Plan 2023



Acceleration of Business Portfolio Transformation

Sojitz is transforming its business portfolio with the aim of generating a cycle of ongoing value creation through the reinforcement and transformation of its operating foundation. One approach toward this task will be new investments in focus and other areas. At the same time, we are introducing new value into existing businesses in accordance with their business phase while advancing asset replacement to improve the value of our overall portfolio.



Business Model Characteristics

Characteristics of General Trading Companies

- Diverse business portfolios and broad-ranging business domains allowing for dispersion of risks associated with changes in specific markets or economies
- Networks comprising partnerships with customers and business counterparties around the world created through global business development
- Wealth of insight and information for taking advantage of new business opportunities regardless of field
- Management employee base with expertise in varied fields capable of excelling on the global stage

Strengths of Sojitz

- Healthy management approach based on experience with past management restructuring
- Human resources capable of creating new businesses based on ideas and ingenuity for addressing customer and market needs
- Free and open corporate culture founded on speed and flexibility, taking advantage of Sojitz's size
- Current phase of steady growth from a medium- to long-term perspective given the short history as a general trading company

Growth Strategies for Becoming a General Trading Company That Constantly Cultivates New Businesses and Human Capital

04 Pursuit of New Growth Having Accomplished Nearly All Targets of Medium-Term Management Plan 2023 Ahead of Schedule

Sojitz has accomplished all of the targets initially set for the KPIs of Medium-Term Management Plan 2023, with the exception of the PBR target of 1.0 times or above. Accordingly, discussions are currently underway assuming that we will be starting the next medium-term management plan with the ability to generate profit for the year of more than ¥100.0 billion with a view to the next growth stage. Meanwhile, we are working to achieve the remaining goal of PBR of 1.0 times or above and to further improve corporate value through ongoing engagement with the stock market based on our value creation process. Sojitz is advancing steady growth measures to prepare for further growth in the future as it marches ahead with the creation of distinctive value.

Quantitative Targets and Results

		FY2021	FY2022	Medium-Term Management Plan 2023 Targets	Period
Increased Shareholder Value	ROE	12.2%	14.2%	10% or above	Three-year average
	Profit for the year (attributable to owners of the Company)	¥82.3 billion	¥111.2 billion	Approx. ¥65.0 billion	Three-year average
	Core operating cash flow* ¹	¥128.7 billion	¥145.2 billion	Approx. ¥80.0 billion	Three-year average
	Consolidated payout ratio	30.1% Annual dividends: ¥106 per share* ² (Up ¥56 year on year)	27.0% Annual dividends: ¥130 per share (Up ¥24 year on year)	Approx. 30% Lower limit for dividends set	Three-year average
Growth and Financial Discipline	PBR	0.64 times	0.76 times	1.0 times or above	—
	Investments	¥150.0 billion	¥93.0 billion	¥330.0 billion (Including ¥30.0 billion in non-financial investments) → Upward revision to ¥500.0 billion	Three-year aggregate
	Core cash flow* ³	¥10.5 billion	¥136.0 billion	Positive over period encompassing	Medium-Term Management Plan 2020 and 2023 aggregate
	Net DER	1.06 times	0.75 times	Approx. 1.0 times	—
	ROA	3.3%	4.2%	3.0% or above	Final year of Medium-Term Management Plan 2023

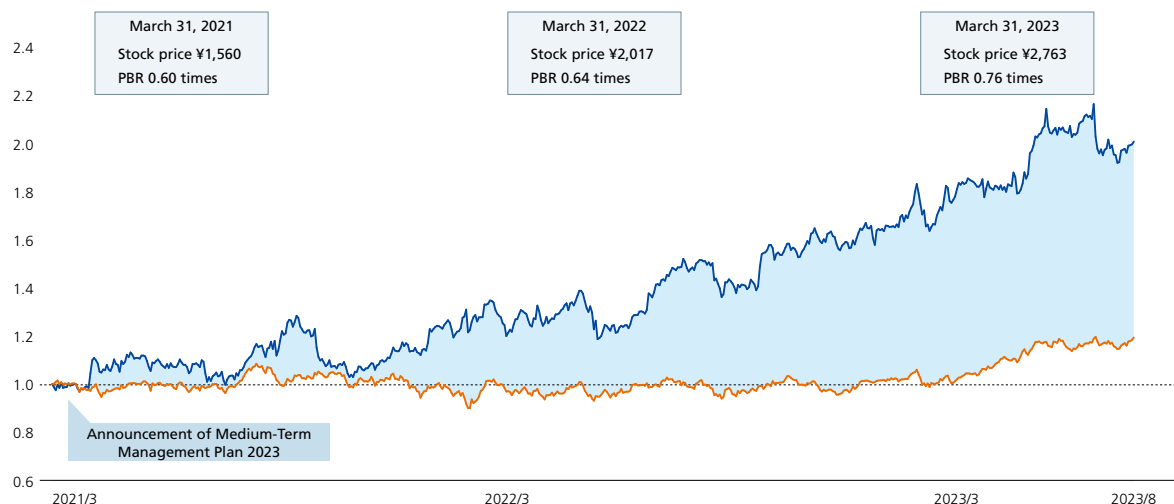
*1 Core operating cash flow = Net cash provided by (used in) operating activities (as calculated for accounting purposes) – Changes in working capital

*2 Effective October 1, 2021, the Company performed a one-for-five share consolidation. Figures for dividend payments issued for the year ended March 31, 2022, have been restated to reflect this share consolidation.

*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.)

Stock Prices

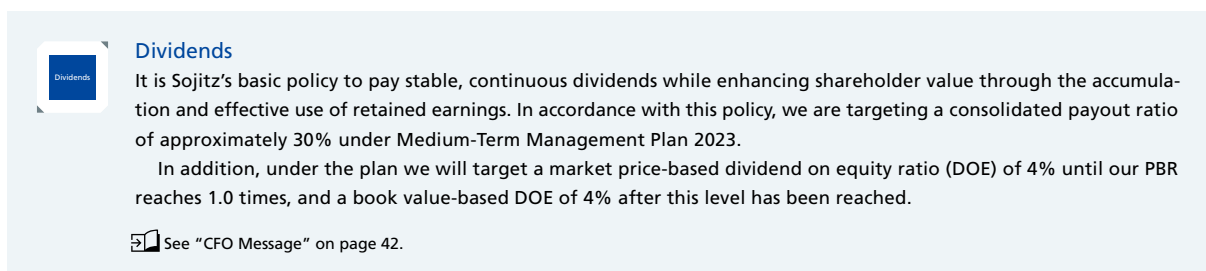
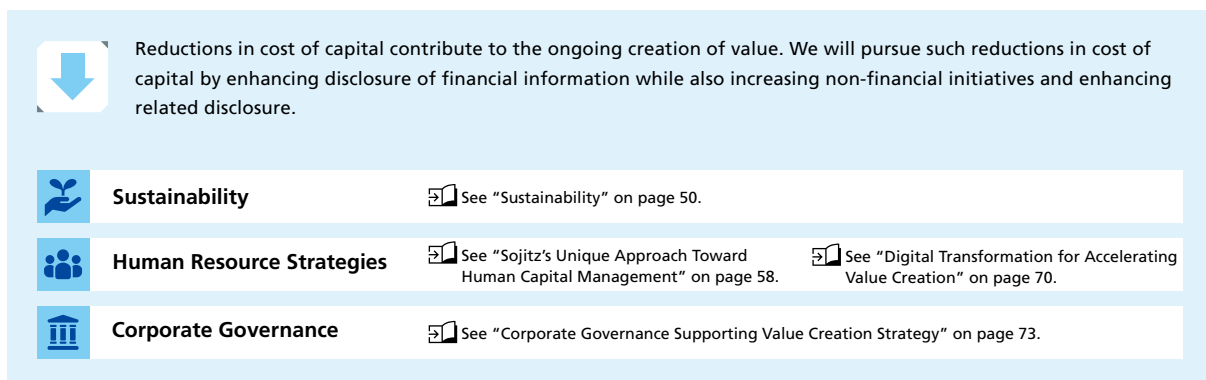
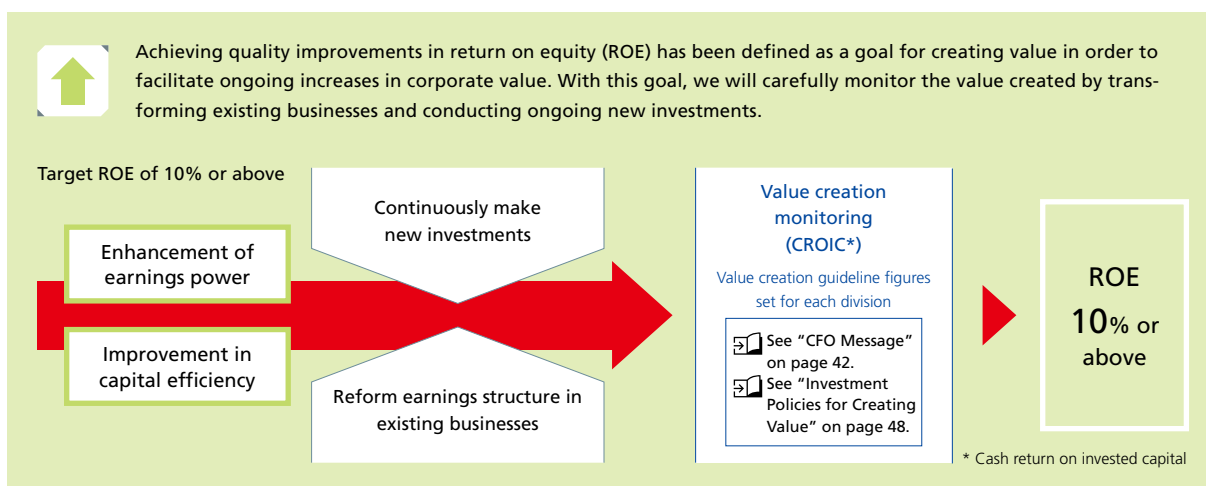
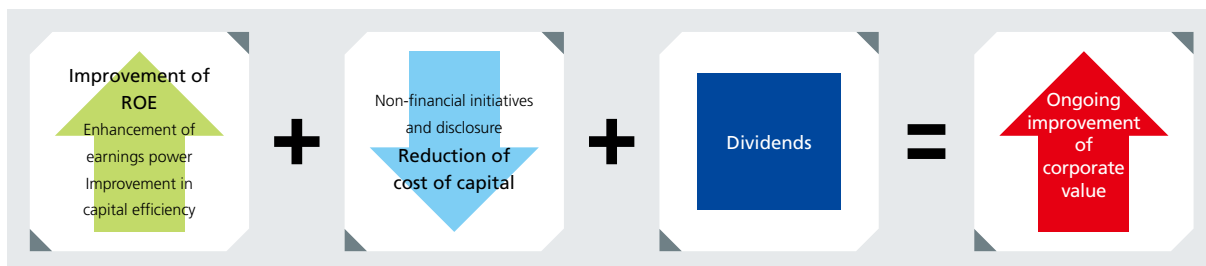
— Sojitz — TOPIX



Note: Closing prices on March 31, 2021, indexed to 1.0

Sojitz's Value Creation Process

Sojitz is targeting a level of 1.0 times or above for the price-to-book ratio (PBR), an indicator that represents the stock market's evaluation of its corporate value. We will pursue this target by expanding our equity spread and enhancing non-financial initiatives and disclosure. At the same time, Sojitz will work toward the ongoing improvement of corporate value through the enhancement of earnings power and the reduction of cost of capital.



Growth Strategies for Becoming a General Trading Company That Constantly Cultivates New Businesses and Human Capital

Enhancement of Non-Financial Initiatives and Disclosure to Reduce Cost of Capital

Message from the COO of the IR Office, Corporate Sustainability Department



In the spring of 2021, Sojitz unveiled Medium-Term Management Plan 2023, which contained the target of achieving a PBR of 1.0 times or above. Since launching this plan, we have seen substantial changes in how the stock market views Japanese stocks, general trading companies, and Sojitz itself. At the time of formulating the plan, however, there was a lot of discussion within the Company on the appropriateness of setting a quantitative target that is influenced by the stock market's appraisal of us, something that we cannot control. Through these discussions, we judged that we could not ignore the fact that Sojitz was below liquidation value, which led us to the decision to put forth the target of PBR of 1.0 times or above as a symbol of the strong commitment of management to pursue ongoing improvements in corporate value. In my capacity as the COO of the IR Office, I have been trying to contribute to the accomplishment of this goal by enhancing disclosure of our initiatives for maximizing equity spread and reducing cost of capital. I have also been engaged in ongoing

discussions with the market. Medium-Term Management Plan 2023 was formulated by using a backcasting approach beginning with our vision for 2030. We thereby sought to craft a medium- to long-term growth narrative for Sojitz, with a strong emphasis on value creation, and efforts have been made to clearly communicate the results of these measures and the frameworks used for measuring our progress. I believe that this approach has led to even more extensive discussion with investors following the announcement of the plan. We have not been limiting ourselves purely to discussions of our business. Rather, I have been noticing an increase in investors' understanding of Sojitz management strategies in comprehensive terms, which includes the non-financial initiatives that influence the future of our finances. This does not mean that there are no issues for us to address. For example, I think there is a need for us to better explain the returns and ongoing growth generated from the investments conducted over the past two years. These investments have been fueled by bold asset replacement in our business portfolio and the allocation of resources to our three focus areas. Such communication is sure to foster a sense of anticipation with regard to Sojitz's approach toward transformation while providing value for society and improving corporate value. Recently, I was talking with a major European institutional investor, and we got to the idea that the best relationship between companies and investors is a co-creative one in which they work together to create value. I am happy to say that I have had the opportunity to meet with a much wider range of domestic and overseas investors as of late. This is certainly a result of our earnest efforts to communicate the path of Sojitz's transformation to the market.

I look forward to continuing to inform the market of Sojitz's steady value creation efforts in the future.

Function of Integrated Reports

Enhancement of engagement by utilizing a narrative approach to evolve integrated reports into "corporate value reports"

■ Preparation of Integrated Reports

- Analysis of prior reports, issues, and potential improvements
- Fostering of mutual understanding through cross-organizational projects using integrated reports as disclosure platforms

■ Communication of Feedback to Management Based on Integrated Thinking Approach

- Clarification of long-term approach toward sustainable corporate activities (business models)
- Examination of strategies and resource allocations
- Formulation of KPIs and frameworks for monitoring strategy progress
- Tracking and analysis of results



■ Engagement

- Tools for engagement with new and existing shareholders and other investors
- Enhancement of corporate communication
- Identification of strengths and areas requiring improvement based on feedback and evaluation from readers
- Provision of feedback to management
- Reflection of input in disclosure measures and engagement activities

Integrated Reports Communicating Course of Medium-Term Management Plan 2023



Integrated Report 2021

communicates the results of Sojitz's ongoing transformation efforts as well as its commitment to growth through future transformation based on its vision for 2030 of becoming a general trading company that constantly cultivates new businesses and human capital.



Integrated Report 2022

details Sojitz's transition to a new stage in which it can conduct larger investments and its steady progress toward its vision for 2030.



VALUE CREATION STORY

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

- 24 Sojitz's Value Creation Process
- 26 Examples of Value Creation
Pursuit of "New way, New value" in Vietnam

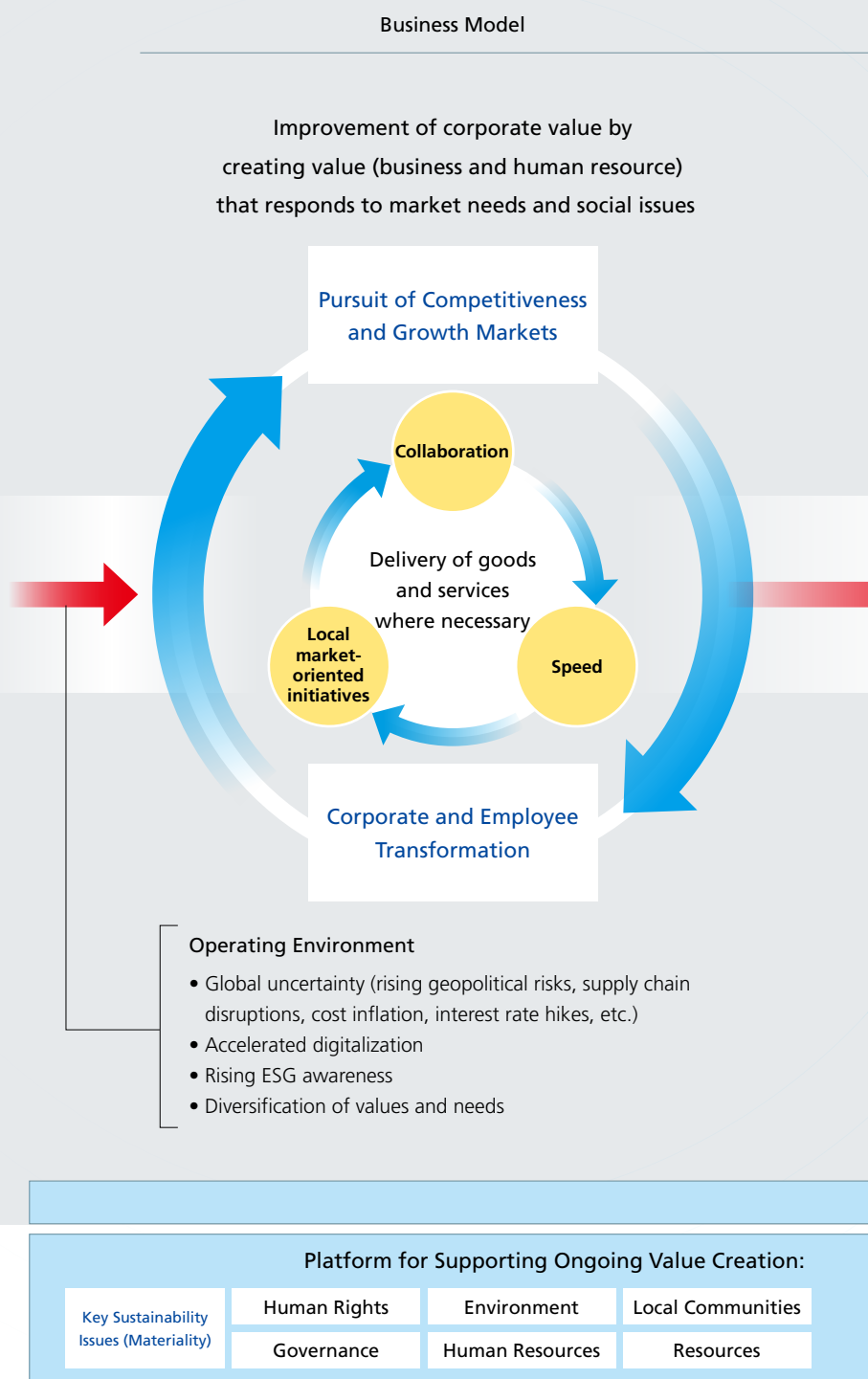


Sojitz's Value Creation Process

Value Creation Process

Vision 2030 Constantly Cultivating New Businesses and Hu

Business Foundation	
Human Resources	Human Capital Talented people who can create value Team of diverse, autonomous individuals <div> Number of employees (non-consolidated) 2,523 </div> <div> Number of Group employees (consolidated) 20,669 </div> <div> Female recruitment ratio for new graduates in career track positions Approx. 40% </div> <div> Locally hired employees Approx. 1,200 </div> <div> Number of female managers 57 (6.1%) </div> <div> Number of locally hired employees in management positions 34 </div> <div>(As of March 31, 2023)</div>
Finances	Financial Capital Disciplined financial management <div> Total assets Approx. ¥2,660.8 billion </div> <div> Total equity Approx. ¥837.7 billion </div> <div> Growth investments More than ¥1 trillion* </div> <div>* Over period encompassing FY2018–2023</div> <div>(As of March 31, 2023)</div>
Domestic and Overseas Bases	Global Network Capital Synergy created by our global network <div> Number of bases Bases in Japan: 5 </div> <div> Bases overseas: 88 </div> <div> Group companies Companies in Japan: 131 </div> <div> Companies overseas: 312 </div> <div>(As of June 30, 2023)</div>
Relationships with Customers	Business Relationship Capital Relationships of mutual trust with customers and the ability to make proposals
Brands	Brand Capital Trust in the Sojitz Group
Business Expertise	Intellectual Capital Expertise gained in diverse business fields
Environmental Resources	Natural Capital Every environmental resource that supports lifestyles and industry



Human Capital

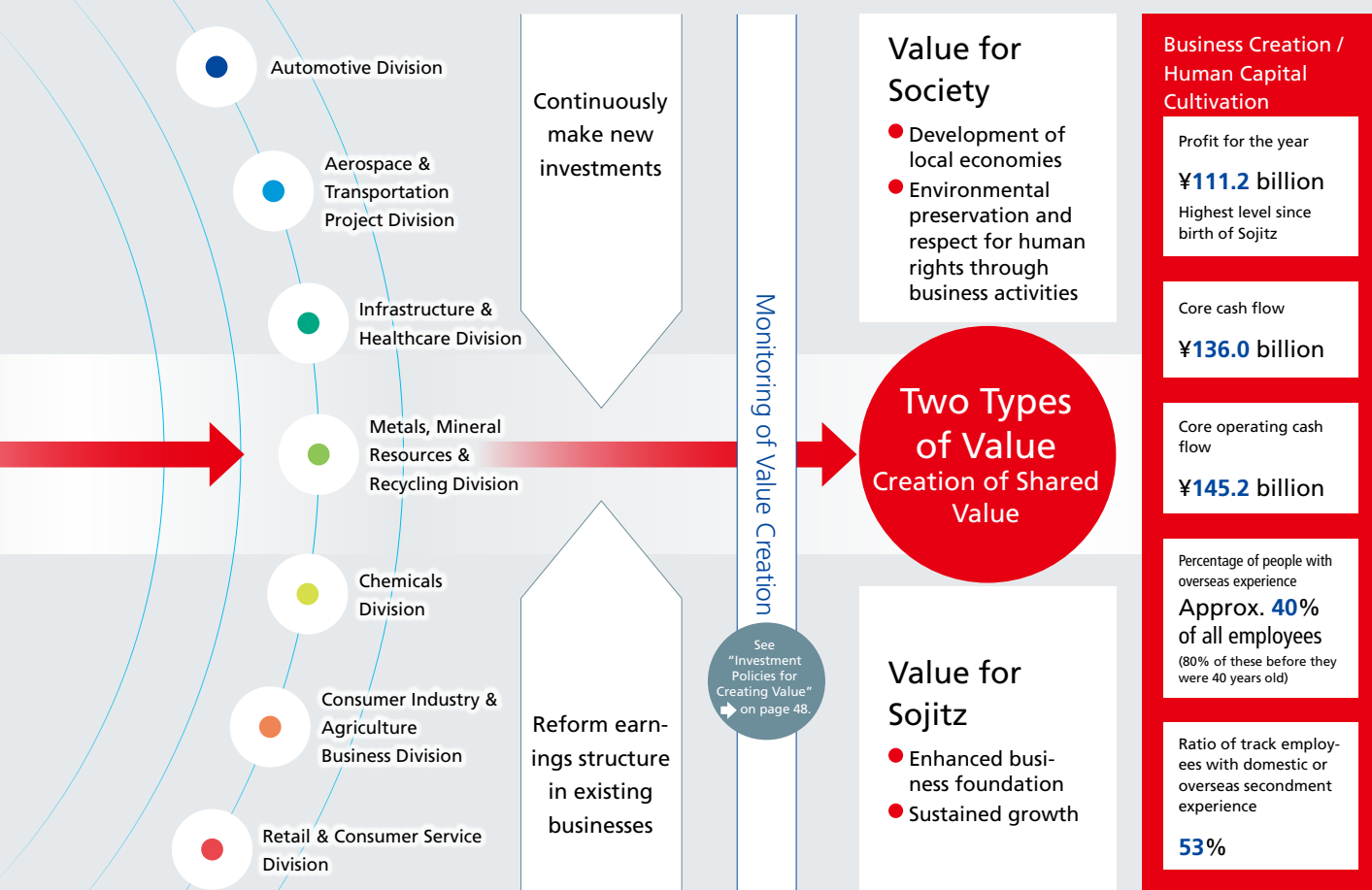
Sojitz Group Statement

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

Sojitz Group Slogan

New way, New value

Value Creation



Digital Transformation (Evolution and Creation)

Sustainability and ESG Management

Sustainability Challenge

- Initiatives to achieve a decarbonized society
- Initiatives respecting human rights, including supply chains



Pursuit of “New way, New value” in Vietnam

Sojitz's Value Creation Story of Constantly Cultivating New Businesses and Human Capital to Meet the Needs of Contemporary Vietnam

Vietnam is a country that presents some prime examples of the efforts of Sojitz to accomplish its vision for 2030 as becoming a general trading company that constantly cultivates new businesses and human capital based on the Sojitz Group slogan of “New way, New value.” In this country, we have continued to create new businesses for fulfilling the mission of a general trading company—to deliver goods and services where necessary—while accommodating the growth stage of this country at any given time. Moreover, by creating such businesses, we have provided venues through which people can succeed. In this feature, we present the story of our ongoing growth through our pursuit of “New way, New value” in Vietnam, which has seen Sojitz continue to transform while fulfilling its mission.



DIRECTION



VALUE CREATION STORY

VALUE CREATION STRATEGY



STRATEGY BY DIVISION



DATA

Transformation of Sojitz's business to address the contemporary needs of Vietnam and to contribute to the ongoing growth of its economy

Sojitz was quick to begin expanding into Vietnam, with its predecessor establishing a representative office in the country in 1986. Over the years, we have continued to supply Vietnam with the goods and services needed at any given time through businesses ranging from infrastructure for supporting the growth of the country to retail for accommodating the diversification of needs in this market.

- | | | |
|--|---|---|
| <p>1986 • Establishment of first representative office of a Western Bloc company in Hanoi, Vietnam</p> <p>1987 • Holding of first meeting of the Nissho Iwai-Vietnam Joint Committee on Economy and Technology</p> <p>1993 • Establishment of forest product and wood chip production company Vietnam Japan Chip Corporation Ltd.</p> <p>1996 • Establishment of compound chemical fertilizer production company Japan Vietnam Fertilizer Company</p> <p>Establishment of Loteco Industrial Park</p> | <p>2004 • Start of operations at Phu My 3 power plant, Vietnam's first foreign IPP project</p> <p>2006 • Receipt of first friendship award from Vietnam by a Japanese company</p> <p>2007 • Investment in grain and feed company Interflour Vietnam Limited and establishment of Kyodo Sojitz Feed Company Ltd., the first Japanese company to develop an overseas compound livestock feed production and sales business</p> | <p>2008 • Investment in food and daily necessity distributor Huong Thuy Manufacture Service Trading Corporation</p> <p>2011 • Establishment of Long Duc Industrial Park</p> <p>2015 • Launch of joint convenience store business together with MINISTOP Co., Ltd.</p> <p>2016 • Entry into cold-chain logistics business through New Land Vietnam Japan Joint Stock Company</p> |
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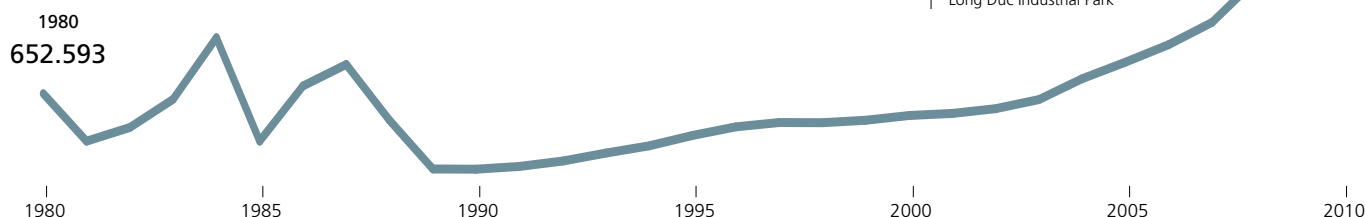
Phu My 3 power plant



Long Duc Industrial Park

Per Capita GDP of Vietnam
(Unit: U.S. dollars based on current exchange rate)

Source: International Monetary Fund

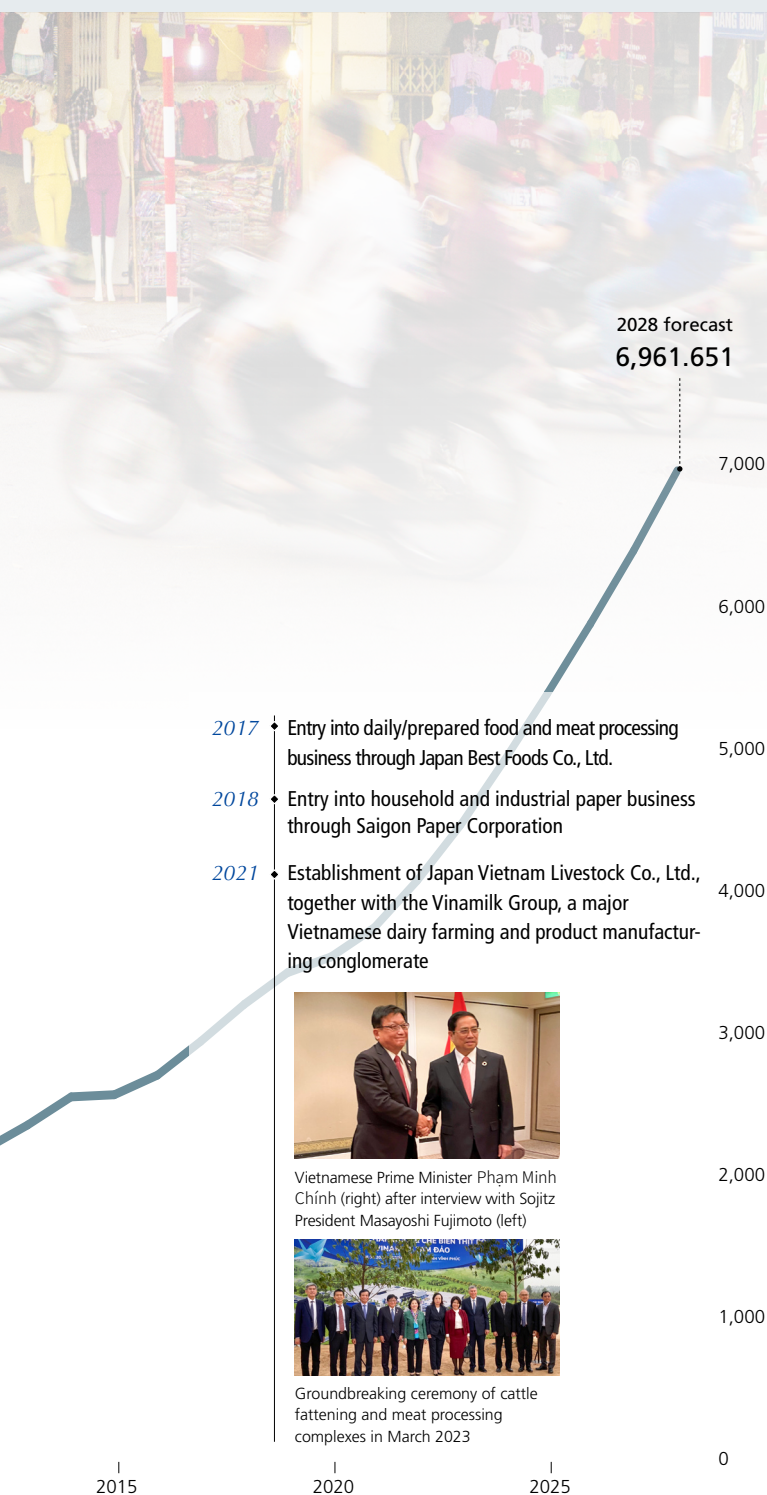


Early entry into Vietnam to support the country's foundations

Nissho Iwai began advancing its business in Vietnam in the 1970s, centering its operations on crude oil development and coal, and, in 1986, this company became the first company from the Western Bloc to receive approval to establish a representative office in Vietnam. Our predecessor would go on to take part in a variety of businesses to support the country's foundations, including through the establishment of forest product and wood chip production company Vietnam Japan Chip Corporation Ltd. to address environmental issues by helping restore the forests that had been devastated by war and by slash-and-burn farming practices. In addition, Nissho Iwai took part in developing the Phu My 3 power plant, the first independent power producer (IPP) project financed by foreign investment.

Acceleration of investment based on changing phase of industry growth

We continued to accelerate our business investments for addressing the industrialization of Vietnam in conjunction with its economic development, going on to establish the Loteco and Long Duc industrial parks. These industrial parks capitalize on the comprehensive capabilities of the Sojitz Group, including the logistics functions of Sojitz Logistics Corporation and the concentrated gas supply capabilities of Sojitz Vietnam Company Ltd., in order to provide one-stop service of a variety of facility-related needs. We were thereby able to provide appealing sites for Japanese companies seeking to enter Vietnam, attracting a number of companies to this country.



Expansion of businesses providing plentiful food supplies in conjunction with rapid economic growth

Anticipating the growth of consumption in Vietnam, Sojitz has been aggressively investing in retail areas to construct food value chains encompassing the production, distribution, and retail stages. Specifically, we are expanding our business with a focus on developing a value chain in which the products of daily/prepared food and processed meat production and sales company Japan Best Foods Co., Ltd., are supplied to MINISTOP convenience store locations. These products will be supplied using the sophisticated distribution infrastructure of food and daily necessity distributor Huong Thuy Manufacture Service Trading Corporation and four-temperature controlled logistics company New Land Vietnam Japan Joint Stock Company locations.



In 2023, Japan and Vietnam celebrated the 50th anniversary of their establishment of diplomatic relations. Sojitz is proud to be able to contribute to the ongoing development of the friendly and collaborative relationship between these two countries.



Excerpt from *Our Story: Memoirs of the Former Vietnamese Minister Who Connected Vietnam and Japan* by Võ Hồng Phúc

Sojitz Corporation was created through the merger of Nissho Iwai Corporation and Nichimen Corporation in 2005. Nissho Iwai and Nichimen were both companies that had close connections with Vietnam formed through the trading and investments conducted in various fields, and the merger made these companies even stronger.

Nissho Iwai had a long and enduring relationship with Vietnam in the fields of trading and investment. This company's trading volume with Vietnam grew on a daily basis.

In Vietnam, Nissho Iwai was involved in electricity, the production of fertilizers and chemical products, forestry product processing, food, livestock feed, and supermarket systems. It even built an industrial park to attract investment from Japanese companies. In these ways, Nissho Iwai conducted numerous investments in a diverse range of fields. Sojitz similarly continued to act with the same responsibility toward the society of Vietnam as a major Japanese company, contributing to the development of the Vietnamese economy and society. Even today, Sojitz maintains its position as a standout among the Japanese companies currently active in Vietnam.

About Book

Our Story: Memoirs of the Former Vietnamese Minister Who Connected Vietnam and Japan is a collection of memoirs in which former Minister of Planning and Investment Võ Hồng Phúc describes his various accomplishments and episodes over the period from his earlier life to his resignation in 2011. His words provide a look at the reality of socialist Vietnam and how it opened its markets to the world and embarked on a diplomatic venture to attract official development assistance and other investments from countries across the globe.

Born in the Đức Thọ district of Tỉnh Hà province in 1945, Mr. Phúc became a member of a national planning committee responsible for formulating development plans after graduating from university. Over the years, he continued to lead negotiations with industrialized nations and international financial institutions in positions such as vice-chairman of committees on oil, natural gas, and geological resources and eventually chairman of the industrial committee. He would eventually become Minister of Planning and Investment, a position in which he devoted his efforts to a joint Japanese–Vietnamese initiative.

1

Construction of Consumer Goods Value Chain That Can Stay a Step Ahead of the Times

Expansion of Points of Contact with Consumers from a Market-Oriented Perspective

As of August 31, 2023, there were 159 MINISTOP convenience store locations across Vietnam. It was in 2015 when Sojitz partnered with MINISTOP Co., Ltd., to enter into the convenience store and retail markets in Vietnam, and we continue to grow our share of these markets today. In Vietnam, the retail market is still predominately comprising venues run by individuals or by families. Even in Ho Chi Minh, the country's largest city, a short walk from city center will take one to roads lined with such small privately owned shops. Economic growth in Vietnam has prompted more modern retail outlets, such as convenience stores and supermarkets, to enter the market, which has also ignited more intensive competition. Ryoichi Tai, who has been involved in developing the MINISTOP business in Vietnam since 2019, states that "Convenience stores in this country are primarily used by people who are above a certain income level. Stores opened in urban centers, which tend to have large populations of high-income individuals, are more likely to succeed. However, our rivals also know this, and this can make it hard to get good locations for our stores in these areas. This is why we are mainly opening MINISTOP locations in suburban areas. Unfortunately, the custom of using convenience stores has yet to take hold in such areas." In the suburbs, it is still customary for people to do their shopping at family-owned businesses or other traditional retail venues, and this custom has contributed to an attitude toward food that is very different from that in Japan. For example, people believe that meat cut off from a hunk of meat hanging on a hook in a marketplace is

the freshest. Conversely, many have concerns regarding the processing that might have been applied to the wrapped and packaged meat available in convenience stores and supermarkets.

Such differences in values, culture, and tastes mean that we cannot expect to succeed if we merely export the store operation methods and product lineups that are successful in Japan to Vietnam without any alterations. As Tai explains, "A store in a suburban location will need to be much more mindful of how the needs differ in its given area than a store in an urban center would. An ability to accurately identify the local needs is of utmost importance to the success of stores that service limited business areas. It is the people of Vietnam who are the most in touch with the needs of the country, and this is why we make it common practice for locally hired staff to be involved in production planning." Tai feels a sense of excitement when opening a new store. The goal of the MINISTOP business in Vietnam is to open 500 locations by 2025, and we will work toward this goal together with locally hired staff with an intrinsic understanding of customer needs.



Left: Locally hired store manager (center) with Tai (left) and Yuya Takaichi (right) **Center:** Rice balls, sandwiches, and other products supplied by JBF on MINISTOP shelves **Right:** Road lined with privately owned stores a short distance away from the center of Vietnam's largest city, Ho Chi Minh

Diversification of Food Supported by Safe and Secure Products and a Market-Oriented Perspective

MINISTOP Vietnam is keenly focused on supporting people's lifestyles, supplying food and other consumer goods while carefully monitoring the communities it serves to detect even a small sign of a shift in customer needs. Sojitz, meanwhile, is investing in companies that can help us stock MINISTOP locations with a diverse range of products to build a strong consumer goods value chain. One example of such a company would be Japan Best Foods Co., Ltd. (JBF), a commercial-use frozen food producer established jointly with Nitto Best Corporation in 2017. With a factory positioned at the Sojitz Group's Long Duc Industrial Park in Vietnam, JBF manufactures and sells daily/prepared food items to convenience stores, supermarkets, and other retailers. It is also this company that provides the rice balls, sandwiches, and boxed lunches found on the shelves of MINISTOP stores in Vietnam.

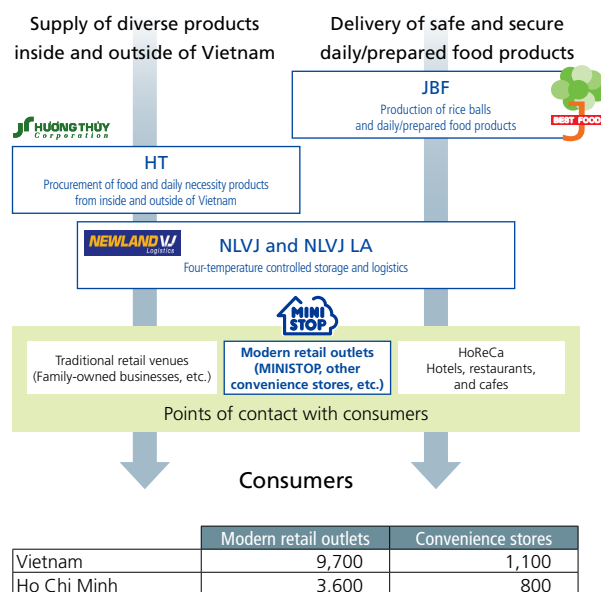
Nao Makino, an employee who has been seconded to JBF, offers insights on the changing food culture of Vietnam, "It used to be common for there to be inconsistencies in the quality of products of our competitors. As such, we were able to prove our value simply by using Japanese technologies to manufacture products of reliable quality to be delivered to stores every day. Today, however, this reliable quality has become a given, meaning that now we need to think about taking extra steps to add value during the product development process." In the product development office at JBF's factory, prototypes of potential new products are created on a daily basis as part of the product development process. A large majority of JBF's sales are from private brand products created based on requests from convenience store operators, but JBF also produces its own brand of rice balls and sandwiches. These and other daily/prepared food products are still a new addition to the food culture of Vietnam, but we have already received requests from local retail outlets looking to stock these items. In these cases, food products are first supplied under the JBF brand, and, if they prove popular, they are later rolled out on a full-scale basis as a private brand featuring the customer's logo.

JBF intends to continue growing its business to contribute to the development of retailers and of the food product

market as a whole. Makino comments on the local operating environment: "Vietnam is an energized country with the young average age of 31. Changes in tastes of the younger generation are thus driving the diversification of the food product market. I am committed to helping JBF grow by incorporating the economic growth of the market based on an accurate understanding of the needs of the Vietnamese people." Similarly, JBF is committed to contributing to the development of Vietnam through food.

Development of Distribution Network for Delivering Goods and Services Where Necessary

Sojitz's food distribution business in Vietnam began in earnest in 2008, when we invested in major Vietnamese food and daily necessity distributor Huong Thuy Manufacture Service Trading Corporation (HT). Hoang Thu Huong, founder and now chairperson of HT, is one of Vietnam's most prominent businesswomen. Sojitz has a relationship with Ms. Huong, a brilliant manager who succeeded in growing a privately



Note: Figures are as of July 31, 2023. Numbers of modern retail outlets represent the total number of outlets including supermarkets, mini-marts, drugstores, convenience stores, and baby product specialty shops.



Left: Vietnamese factory that, similar to Japan, requires a lot of work performed by hand to produce various products Center: Sorted products at factory ready to be shipped to convenience stores Right: Makino, a Sojitz employee seconded to JBF, in front of factory after interview

owned store into a major distributor in only one generation, that dates back to the time of Nissho Iwai Corporation in 2000. At the time, we were importing the products of a Japanese confection manufacturer from Singapore to be sold to HT. It was the trusting relationship with Ms. Huong built during the course of these transactions that eventually enabled us to invest in HT.

Food wholesale is a business in which it is difficult to clearly differentiate oneself from one's competitors. Accordingly, the network HT has developed during the course of growing its business in Vietnam represents a powerful competitive advantage. There are a number of manufacturers who place orders with HT based on their trust of Ms. Huong. Even with this advantage, we must not become complacent, as Vietnam is a rapidly growing market and its environment is always changing. Nobutaka Sako, general director of HT, chimes in on this subject, "The changes to the market climate are even more noticeable now that we are coming out of the COVID-19 pandemic. This is why we are working so fast to create a new business model. In building this model, we are expanding our four-temperature controlled logistics* network while developing a platform that will allow us to connect with small retailers and other customers using digital technologies. We can't just sit on our hands because we are doing good today."

Four-temperature controlled logistics will be a central component to our quest to modernize food distribution in Vietnam. HT was converted into a subsidiary of Sojitz in 2012. Since this time, it has been moving forward with the phased development of a wholesale and distribution system together with KOKUBU GROUP CORP. and New Land Co. Ltd. Over the past four years, HT has been extending a four-temperature controlled logistics-compatible distribution network across Vietnam while constructing information distribution systems and reinforcing its merchandising capabilities. Temperature management is an integral part of four-temperature controlled logistics. This approach has yet to become well-entrenched throughout Vietnam due to its high costs and the fact that foods are still primarily transported at ambient temperatures in this country. Nevertheless, the demand for distribution of refrigerated and frozen food has been increasing rapidly in conjunction with the installation of infrastructure in the retail industry seen amid the strong growth of modern

retail outlets like convenience stores and supermarkets. Around 30% of the products HT supplies to Vietnamese retailers are dairy products, and a large number of these products are made by multinational manufacturers. These manufacturers offer butter, cheese, and many other products that require managed temperatures. Accordingly, the development of four-temperature controlled logistics is expected to contribute to an increase in the range of products that multinational manufacturers provide to the Vietnamese market.

* Four-temperature controlled logistics involves distributing food products at ambient temperatures, in chilled and frozen states, and at fixed temperatures, specifically within the range of 10–25°C that is necessary for preserving food products not suited to storage at ambient temperatures, which remain above 30°C year-round in Vietnam.

Investment in Advance of Future Trends

Established in 2016, New Land Vietnam Japan Joint Stock Company (NLVJ) provides four-temperature controlled logistics services (product storage, grouping, distribution, etc.) to retailers, manufacturers, and other customers. The rice balls, sandwiches, and other daily/prepared food products made by JBF are also transported to a low-temperature warehouse belonging to NLVJ before they are grouped according to destination and distributed to MINISTOP and other convenience stores. NLVJ's business of distributing products sold in convenience stores is now functioning effectively, but achieving this level of stability was a long and challenging process as Sojitz had no prior experience operating logistics warehouses. We had to ensure that the processes for grouping products by destination at warehouses could be performed reliably while responding to changing and increasingly strict legislation and ordinances regarding distribution to stores. Tackling each of these challenges one at a time, we eventually succeeded in stabilizing our operations and in gaining customers, and NLVJ's facilities are now operating at nearly full capacity. Moreover, transactions with MINISTOP and with major supermarkets has granted NLVJ an added degree of trustworthiness, which has at times helped it commence transactions with new customers.

Around 70% of NLVJ's warehouse space is operated at ambient and fixed temperatures, while the remaining 30% is chilled and frozen spaces. As warehouse capacity is fixed,



Left: Sako envisioning the future growth of HT Center: Fixed-temperature warehouse at HT, housing food and other consumer products assembled from inside and outside of Vietnam Right: NLVJ truck

improving profitability means either charging higher prices for the items handled, raising storage efficiency, or receiving orders for transportation or other services. As the prices for chilled and frozen distribution are higher, increasing the volume of chilled and frozen items handled will be imperative to future business growth. Seconded from Sojitz, Takumi Hashimoto is the only Japanese national at NLVJ. With regard to needs associated with four-temperature controlled logistics, Hashimoto states, “We have been receiving more inquiries related to and orders for handling chilled and frozen meat, fruit, and vegetable products in conjunction with the development of retail venues and increases in the number of homes with refrigerators. We also see a lot of demand pertaining to dairy products, which are expected to be an important source of nutrients for the people of Vietnam.”

Seeking to further enhance its distribution services, Sojitz established New Land Vietnam Japan Long An LLC (NLVJ LA) jointly with KOKUBU GROUP CORP. and New Land Co. Ltd. This company constructed a new four-temperature controlled logistics warehouse facility in a location roughly 30 kilometers south of central Ho Chi Minh, and operations were commenced thereat in August 2023. These facilities are around three times the size of NLVJ facilities, and chilled and frozen areas account for approximately 70% of warehouse space. Moreover, these facilities have truck transportation functions, meaning that NLVJ LA can provide low-temperature food distribution services that provide consistent temperature management across storage and delivery. Sojitz’s goal in Vietnam is to strengthen its operations across all areas of the consumer goods and food product value chains through its operations in the areas of daily/prepared food production, food product wholesale, and convenience store operation. Standing in the massive warehouse in early July 2023, before the start of its operations, NLVJ LA Representative Director Ryuki Sakurai explains, “In addition to four-temperature controlled functions, we also have functions for grouping and distributing products. The need for such functions will likely increase in conjunction with changes to retail businesses in the future. I therefore think that we can provide services which are a bit ahead of the times.” Apparently, food product manufacturers and other customers are also highly hopeful for the services of NLVJ LA. In the warehouse business, it is

common for contracts with customers to be received after a warehouse is built. This means that NLVJ LA will be pressed to acquire customers and raise its yield now that its facilities have been completed. The main targets will be business operators active in the local market, and these customers will need to be approached through steadfast sales activities. Sojitz does not have a substantial amount of experience in the warehouse business, and NLVJ LA’s warehouse business has only just begun. Still, Sojitz has business foundations in this area that may not be readily apparent. Sakurai explains these foundations, “When we hand out pamphlets as part of sales activities, we often hear customers talk about the experiences they have had with Sojitz in the past. There are also cases in which we can form connections with customers through other Sojitz Group companies. You can really feel the strong name value of Sojitz in the Vietnamese market.”

Future Vision and Mission

Looking ahead, the Sojitz Group plans to build a four-temperature controlled logistics warehouse similar to that of NLVJ LA in the northern part of Vietnam, and our ultimate goal is to extend our four-temperature controlled logistics network across the entirety of the country. Sojitz has a long and varied business history in rapidly growing Vietnam, and throughout this history we consistently exercised foresight to create the new businesses that would come to be in demand ahead of the times. In this market, we aim to move beyond standalone businesses to generate synergies and grow our operations in a coordinated fashion to thereby build a robust operating foundation and achieve growth. Sojitz is committed to continuing to fulfill its mission as a general trading company—delivering goods and services where necessary—in Vietnam.



Left: Sakurai inside chilled warehouse prior to start of operations **Center:** NLVJ CEO Son Hoang Hai (right) and Hashimoto (left) **Right:** NLVJ LA warehouse in early July 2023 prior to start of operations

2

New Initiative for Cultivating Businesses and Human Resources in Vietnam

Cross-Group Project Shaped by Ideas Unbound by Conventions

In September 2021, Sojitz established Japan Vietnam Livestock Co., Ltd., together with Vietnam Dairy Products Corporation JSC, a member of the Vinamilk Group, a major Vietnamese dairy product manufacturing conglomerate. This company employs a business model structured to stimulate demand for beef, which is not yet a popular form of meat in Vietnam, and to incorporate the resulting growth.

The origins of this project can be traced back to Sojitz Group company Kyodo Sojitz Feed Company Ltd. (KSF), which conducts the production and sale of compound feed in Vietnam. Despite having no prior history of transactions with the Vinamilk Group, this conglomerate reached out to KSF as they had an interest in Japan-quality cattle feed. Through ensuing discussions, we learned that the Vinamilk Group was examining the possibility of developing a beef business focused on Holstein bulls; and seeing this as an opportunity, we proposed that the Sojitz Group help them with this venture. This was the start of our journey to foster a market for beef in Vietnam, by combining the Vinamilk Group's local operating foundation, which allows it to secure a reliable supply of Holstein bulls and cows that have given birth, and the Japan-standard fattening methods, meat processing technologies, and beef product marketing expertise of the Sojitz Group. However, some may wonder why KSF, a company that had previously been focused on feed for poultry and pork, came to propose this business scheme.

One of the architects of this project was Koji Inoue, who had been president of KSF up until July 2023. Inoue had

been involved in food product and fertilizer businesses as well as corporate planning prior to being assigned his position at KSF in 2019, but he had no prior experience in the feed business. At Sojitz, it is not uncommon for someone to transition to a new field in which they have no prior experience. Inoue recounts his experience, "As I had no industry experience, I realized that my role was not to become accustomed to industry conventions, but rather to guide us in accomplishing something completely new. If I had adhered to the conventions, we probably would have remained limited to a poultry and pork integration model, consisting of fattening, processing, and sales, which was similar to that of our competitors."

Inoue left his position as president in July 2023, entrusting the future of KSF in its new growth stage, to his successor. As president, Inoue generated strong results and proposed this cross-Group project. Nevertheless, Inoue's eyes remain toward the future. "We are a trading company," explains Inoue. "Just because we succeeded with KSF does not mean that our only option is to continue developing feed companies. I am always thinking about what we can accomplish through the feed business, looking for ways we can branch out by exploring neighboring fields or engaging in collaboration with customers or partners."



Left: Inoue passionately explaining the general framework for the project **Center:** KSF's mainstay pig feed **Right:** Nguyen Linhchi-thi, who joined KSF in March 2022, explaining how KSF's strong performance is founded on its market-oriented perspective

Project Team with Members of Diverse Backgrounds

A basic agreement pertaining to the beef business project was concluded with the Vinamilk Group roughly a year after its proposal. As the project came into full swing, a team was assembled including members such as Yoichi Harumoto, who was then in charge of renewable energy operations in the Infrastructure & Healthcare Division. With members from various business divisions, this team was tasked with ensuring the success of this project, which was Vietnam's leading comprehensive meat product project to date.

Like Inoue, Harumoto was entering a field where he had no prior experience. "This is a completely new field," he recalls, "but there are still a lot of ways I can make use of my previous experience. The process of searching for sites, acquiring permits, and drafting business plans is the same as that for renewable energy businesses. I therefore feel that my role is to handle such business development tasks and to manage time, processes, and the team itself. Identifying small milestones we can pass on the road toward our larger goal is important to keeping the team motivated. This is true of any project."

The project had a clear vision, but it was starting from scratch with almost nothing concrete to work off of. Rallying around Harumoto, the various members of the team went about their respective roles, whether that be planning the concept and arranging the construction of the meat processing center, researching cattle fattening techniques, or exploring potential future sales channels.

Previously positioned in the Planning & Administration Office, Nguyen Ky Nam was assigned to this project at the same time as Harumoto. He explains his role in overseeing Holstein fattening trials, "When I first joined the team, I was a complete novice when it came to fattening cattle. Now, I am working with veterinarians and fattening technique experts in Japan to determine the methods we should use to fatten our cattle. Just because a technique is effective in Japan does not mean that we can apply it in Vietnam. Accordingly, finding the appropriate techniques is a process of trial and error through actual verification tests. I remember one time I spent like three months on the ranch to adjust feed and collect data." There is no one-size-fits-all solution for feed. Fattening

cattle requires a combination of pasture grazing and grain-based compound feed, like that offered by KSF. If cattle are not provided with properly balanced feed, they will not gain weight and will also be at higher risk of contracting pneumonia and infectious diseases. The ranches where cattle will be fattened are located across Vietnam, and the climate conditions at these ranches can vary by location, as can the types of pasture grass available. Accordingly, there is a need to seek out the best combination of feed by adjusting the mixtures of compound feed based on the types of pasture grass cattle will be eating. Nam led the effort to determine the best combination of feed for each ranch site, cultivating the expertise needed to reliably fatten cattle over a period of two and a half years.

Commitment to Vision

The team's vision of reliably fattening cattle to achieve a stable supply of processed beef has yet to become a reality. Regardless, the sales team has already begun supplying supermarkets, convenience stores, and restaurants in Vietnam with beef produced using cattle involved in fattening trials in this country as well as beef imported from Hokkaido. These efforts are aimed at identifying market needs and developing sales channels to facilitate the spread of made-in-Vietnam chilled beef products once Sojitz's production system is functioning. Chihiro Yoshikawa, who joined the sales team in December 2021, speaks of the team's efforts, "Even if we are able to start production, it won't mean anything if we are unable to supply consumers with quality beef in good condition. Although we have yet to begin full-scale production in Vietnam, we still need to act today to develop sales channels and show the people of Vietnam how good beef can be and to let them know that they will have access to delicious domestically produced beef in the near future." Prior to joining the project, Yoshikawa was responsible for vegetable sales in the Consumer Industry & Agriculture Business Division. She reflects on her past career, which does not include experience in meat or in Vietnam, "At Sojitz, being transferred to a new field is common. This means that we always have to think about how to use our past experience in a new context. That is part of the fun of the job, and it is also how we grow."



Left: Nam explaining how he wants to combine the best parts of Japanese business customs and culture **Center:** (From left) Nam, Yoshikawa, Harumoto, and Nhi **Right:** Yoshikawa talking about the trend she hopes to create through the project

Customers have had favorable opinions of the quality of the beef we are importing from Hokkaido, but the cost of importing drives up the price of these products. The production of beef in Vietnam thus makes it easier for a wider range of customers to enjoy high-quality beef products. Nguyen Phuong Nhi, who was put in charge of human resources, legal affairs, and public relations for the project in June 2022, mentions, “Becoming involved in this project and learning what Sojitz is trying to accomplish in Vietnam has motivated me and given me a strong commitment to our vision of delivering quality beef to the people of this country.”

Sojitz’s Network for Accelerating Projects

There is still a long way to go before sales of beef products, under the VINABEEF brand, by the Vinamilk Group can be commenced. Nevertheless, the project has steadily taken shape over the past two years, as the construction of food processing plants has been approved, fattening methods have been found, and sales channels have been developed. Harumoto looks back at the process thus far, “We started from nothing. If we had wanted to, we could have found any number of excuses to run away. But, we didn’t. We acted as a team and we acted fast. We might be a little behind schedule, but we have made solid progress nonetheless. Our ability to come this far can be attributed to the support of Group companies like Sojitz Foods, which imports beef from the United States into Japan, as well as the network of companies with which Sojitz has formed relationships.” The project continues to move forward while taking full advantage of the Group’s functions and network. This project is receiving support from KSF, which supplies feed, as well as from NLVJ, which possesses the four-temperature controlled logistics functions vital to the distribution of chilled beef. The end goal of this project is to create a new market for beef in Vietnam and to provide this country with the new value of safe, secure, and high-quality beef products. We will continue to contribute to the development of rapidly growing Vietnam through this uniquely Sojitz project and interpersonal network, which truly embodies the Sojitz Group slogan of “New way, New value.”



The Vietnam Livestock team, comprising employees with diverse backgrounds from multiple divisions, took part in proactive team building activities, including an employee trip in 2022.

 P110 Consumer Industry & Agriculture Business Division



Left: Harumoto recounting the struggles of starting up the project **Center:** Chilled beef products produced using cows that have given birth supplied by the Vinamilk Group (launched in July 2023) **Right:** Nhi explaining how this project will contribute to both Sojitz and to the people of Vietnam

3 Improvement of Value through Hands-on Management Approach

Trials Faced after New Acquisition

Sojitz acquired major Vietnamese papermaker Saigon Paper Corporation (SGP) in June 2018. The aim of this acquisition was to expand SGP's business through the production and sale of containerboard, for which demand was growing amid the global rise of e-commerce. However, immediately after the acquisition, the containerboard market took an unexpected turn, and SGP was thus forced to sell its products at below-cost prices for a certain period.

The market was not the only problem. Shumpei Yamada, who became CEO of SGP in 2023, explains the situation, "It was not until we arrived on the site that we realized how much important information we were lacking. We didn't know SGP's inventory management methods, the appropriate balance of procurement and sales prices, or even SGP's actual position in the industry." The costs for the storage of large and cumbersome paper products, for example, have a significant impact on earnings. This is why effective inventory management is so integral to the success of papermaking businesses. Yamada, together with the previous CEO and other members of the team, sprang into action to reform SGP's inventory management procedures. The need for renting external storage warehouses was completely eliminated through more effective controls of production and shipment volumes to lower inventory levels. This led to a massive reduction in transportation and handling costs. Today, Yamada receives daily reports containing data on production, shipments, and inventories, which he monitors to adjust procurement volumes and guide sales promotion measures as he works together with employees to achieve further improvements.

Vision as a Manager as Opposed to a Seconded

Thanks to Yamada's hands-on management approach and the hard work of frontline employees, SGP is now poised to achieve profitability at the earnings before interest and taxes level in the year ended December 31, 2022, which is the first time such profitability has been achieved since the acquisition. This company has also succeeded in building a structure that should enable it to produce reliable earnings going forward. "SGP has a lot of potential," explains Yamada. "There still are tons of issues to address, but I am determined to grow SGP together with our local staff." His face is not that of a seconded from Sojitz, but rather exudes the strong commitment of a manager dedicated to leading SGP.

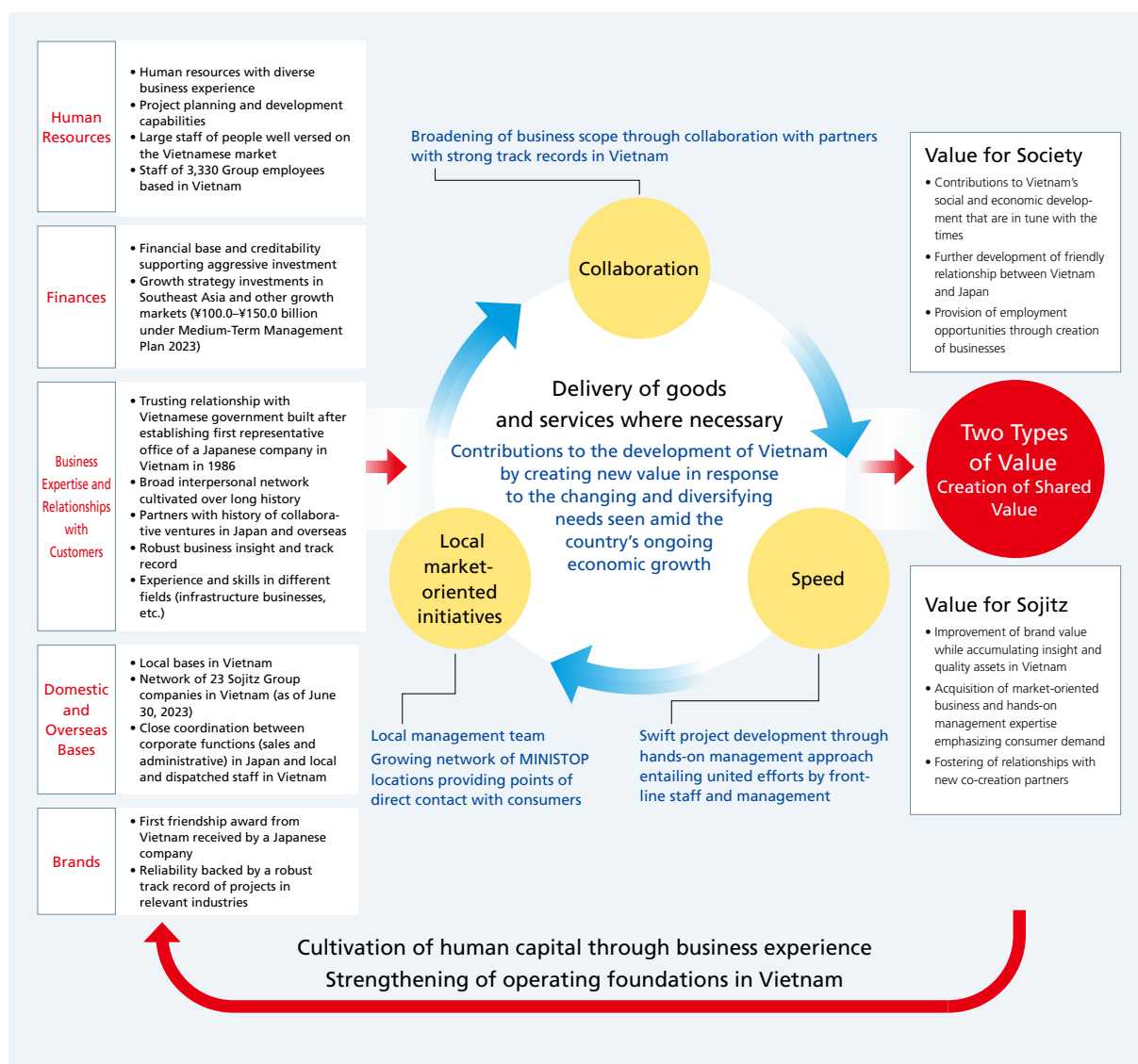
Immediately after the acquisition, the ranks of management above the division manager level were almost entirely filled by the 10 employees seconded from Sojitz. Today, however, only three secondees remain. The representation of local staff in management is slated to be increased going forward in order to ensure that SGP's business is sustainable. CAO* Yusuke Katayama explains, "There is almost no area of the policies at SGP that is decided purely by people seconded from Sojitz. The more we share information and consult with one another, the greater the sense of solidarity among our team. This contributes to better performance and subsequently higher motivation among employees. I want SGP to pursue new heights in order to become a company where people feel proud to work." Members of Sojitz are not afraid to get their hands dirty on the front lines, and it is this dedication that enables them to find new ways to create new value.

* CAO: Chief administrative officer



Left: Yamada explaining the future course for SGP as being to grow together with Vietnam **Center:** bless YOU, SGP's mainstay product, which has built a strong position in the relatively reliable earnings source that is the market for household paper products **Right:** Katayama, who was assigned to SGP in 2020 and became CAO in 2023, describing his vision for the company

Sojitz's Value Creation Process in Vietnam



Kozo Mizushima

Vice President, Sojitz Vietnam Company Ltd.
General Manager, Ho Chi Minh Branch

Kozo Mizushima has experience in the areas of coal imports for steel companies as well as energy and distribution businesses, even being stationed in Jakarta for a period. He has been working in Ho Chi Minh, Vietnam, since April 2019. In the year ended March 31, 2022, Mizushima assumed the position of chairman of The Japanese Chamber of Commerce and Industry in Ho Chi Minh City.

Creation of New Value by Cultivating New Businesses and Human Capital

The market in Vietnam is growing with breakneck speed, and the environment therein changes on a daily basis. No matter how well our business is performing today, we face the threat of becoming obsolete if we are not always evolving with an eye to the future. Even though the environment may be challenging, the Vietnamese market also is constantly presenting opportunities to overcome new trials and to make new discoveries, which is how this market helps people grow. Our operating companies in Vietnam are a prime example of the stunning growth of Sojitz personnel, which can be seen as employees united as a team to tackle the new challenges that emerge on a daily basis.

In the constantly growing Vietnamese market, our goal is to continue to capitalize on this growth. The success of our business is predicated on our ability to adapt to change in order to keep supplying the necessary goods and services. At the same time, I hope that we can make contributions to Vietnam's development. Our mission in the market is thus to create new value by providing Japanese insight and technologies while also combining new technologies and functions and introducing these into existing businesses.



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.

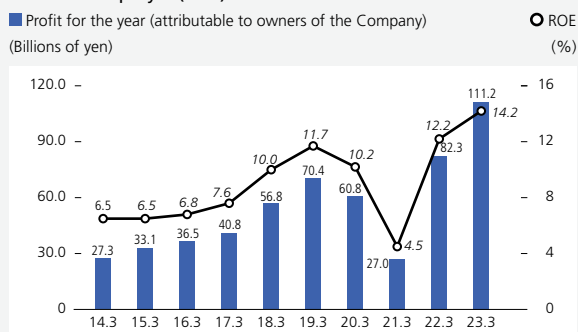
40	Performance Highlights (Financial / Non-Financial)	73	Corporate Governance Supporting Value Creation Strategy
42	CFO Message	74	Roundtable Discussion Between Outside Directors
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58	Sojitz's Unique Approach Toward Human Capital Management	88	Risk Management
66	Digital Transformation for Accelerating Value Creation	92	Directors and Audit & Supervisory Board Members
		94	Executive Officers



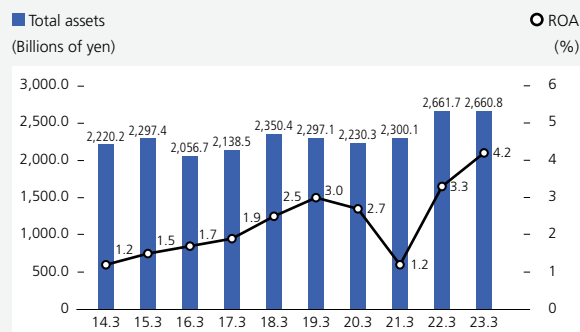
Performance Highlights (Financial / Non-Financial)

Financial Indicators (IFRS)

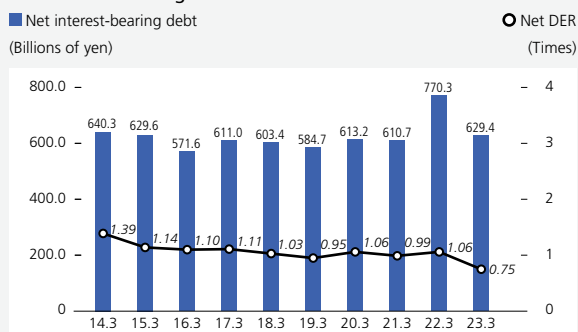
Profit for the Year (Attributable to Owners of the Company) and Return on Equity*¹ (ROE)



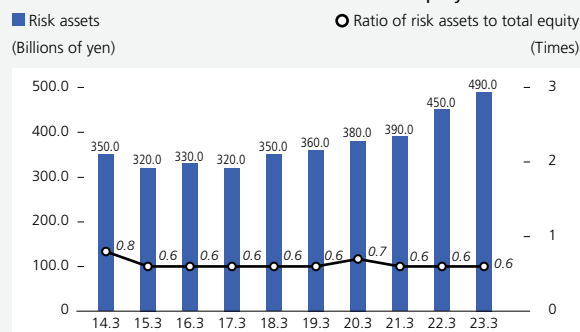
Total Assets and Return on Assets (ROA)



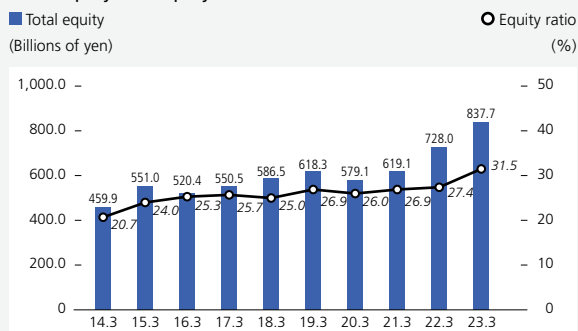
Net Interest-Bearing Debt and Net DER*¹



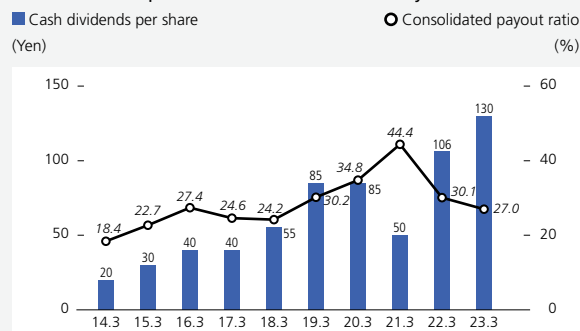
Risk Assets*² and Ratio of Risk Assets to Total Equity



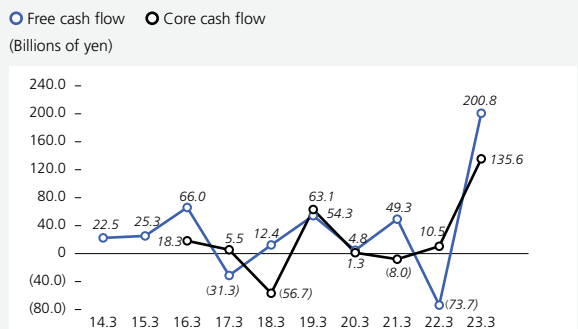
Total Equity and Equity Ratio*¹



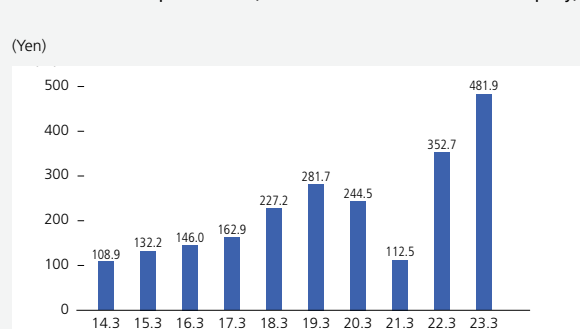
Cash Dividends per Share and Consolidated Payout Ratio*³



Cash Flow



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.

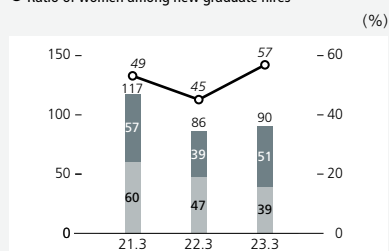
Non-Financial Highlights

Employee-Related Data

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

■ Male ■ Female (including administrative workers)

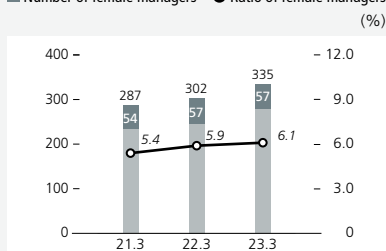
○ Ratio of women among new graduate hires



Number of Female Career Track Employees / Number of Female Managers

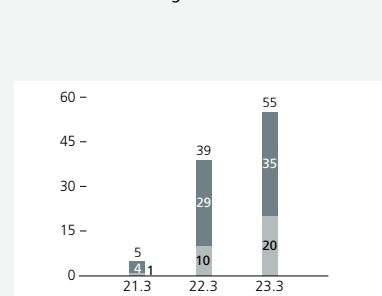
■ Number of female career track employees

■ Number of female managers ○ Ratio of female managers



Overseas Trainee Program Participants

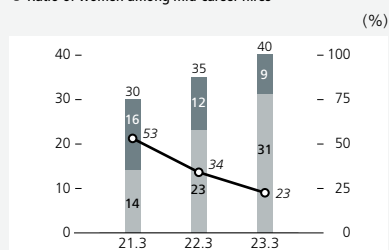
■ Short term ■ Long term



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

■ Male ■ Female (including administrative workers)

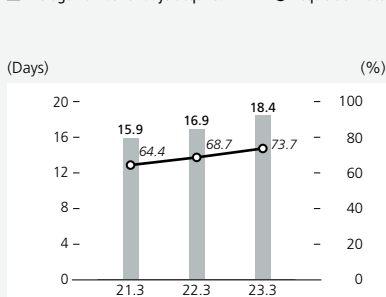
○ Ratio of women among mid-career hires



Annual Paid Leave Acquisition

■ Average number of days acquired

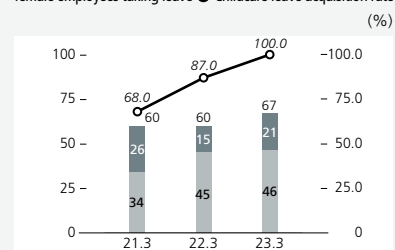
○ Acquisition rate



Childcare and Parental Leave Acquisition Numbers and Rate

■ Number of male employees taking leave ■ Number of female employees taking leave

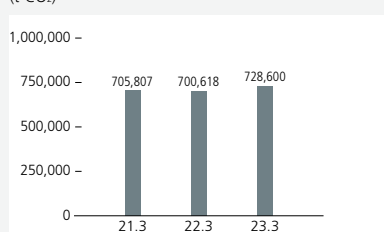
○ Childcare leave acquisition rate



Environmental Data

Scope 1 Emissions*1

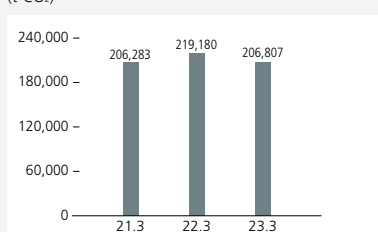
(t-CO₂)



*1 Scope 1: Direct emissions from the use of fuels such as city gas

Scope 2 Emissions*2

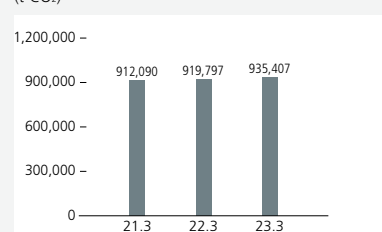
(t-CO₂)



*2 Scope 2: Indirect emissions from the use of purchased electricity, heat, etc.

Total of Scope 1 and Scope 2 Emissions

(t-CO₂)



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

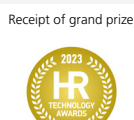


Sustainability Award Bronze Class 2022 S&P Global

Fourth year of inclusion



First year of inclusion





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.

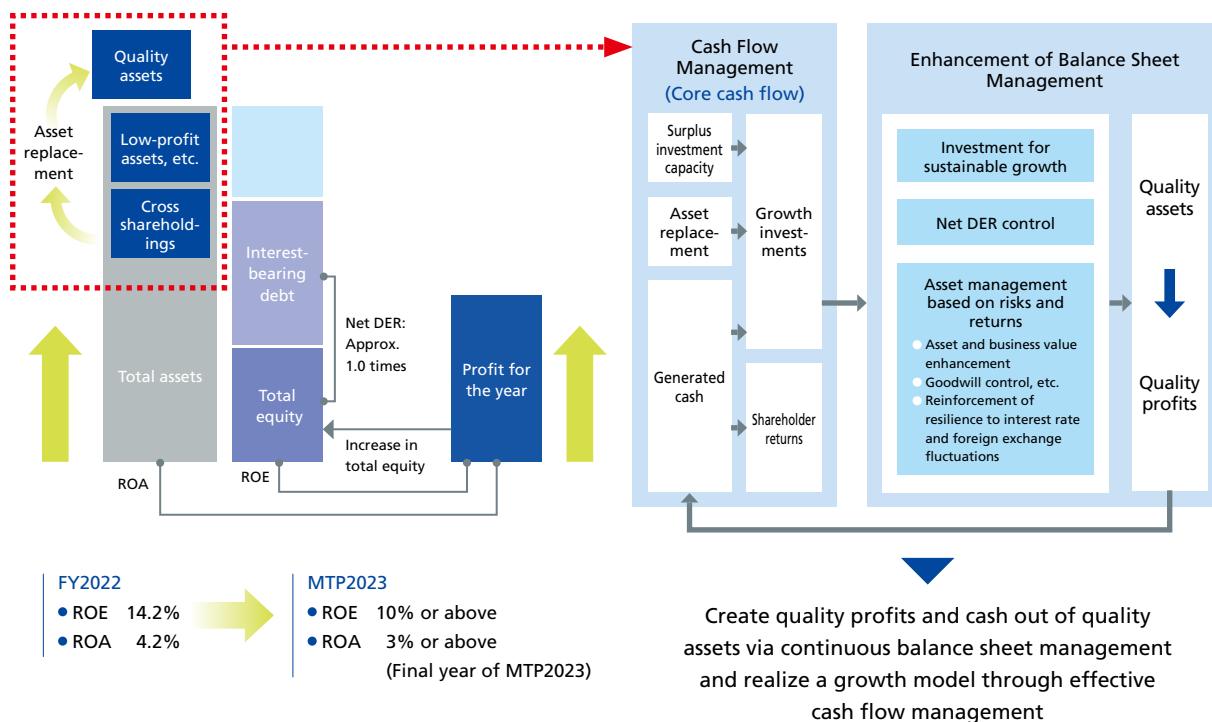
Emphasis on Improving Corporate Value under Medium-Term Management Plan

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

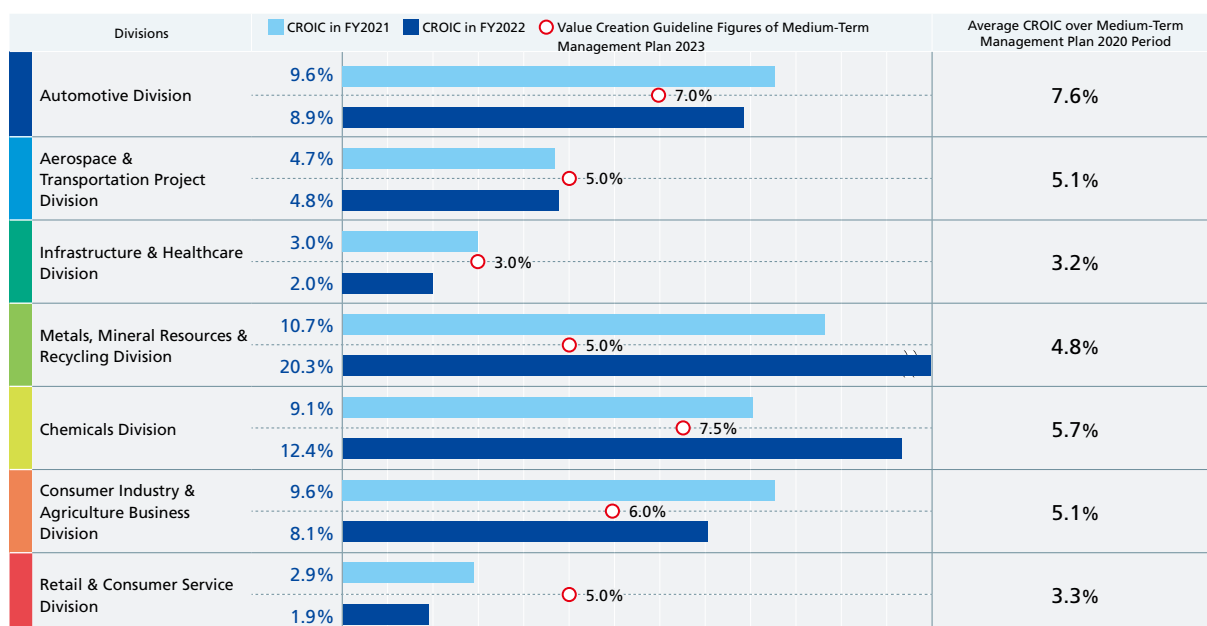
Evaluation of Progress after Second Year of Medium-Term Management Plan 2023

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.

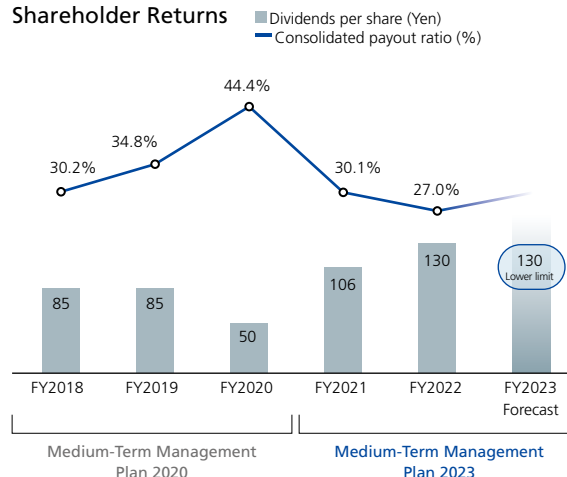
As for shareholder returns, our basic policy is to pay stable, continuous dividends. Based on this policy, the

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)

Shareholder Returns



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

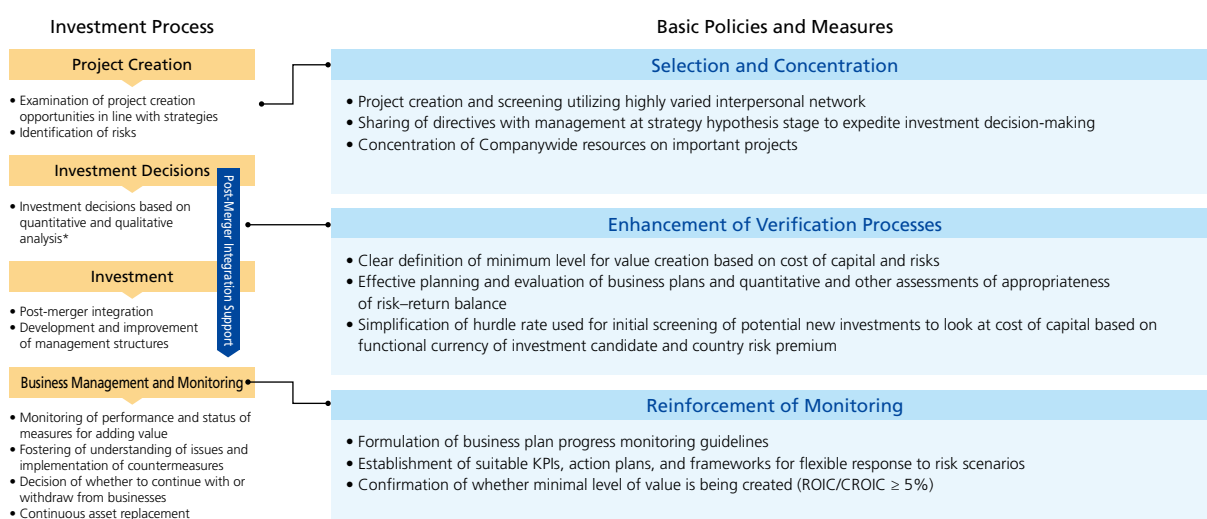
*2 Includes acquisition of treasury stock

*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

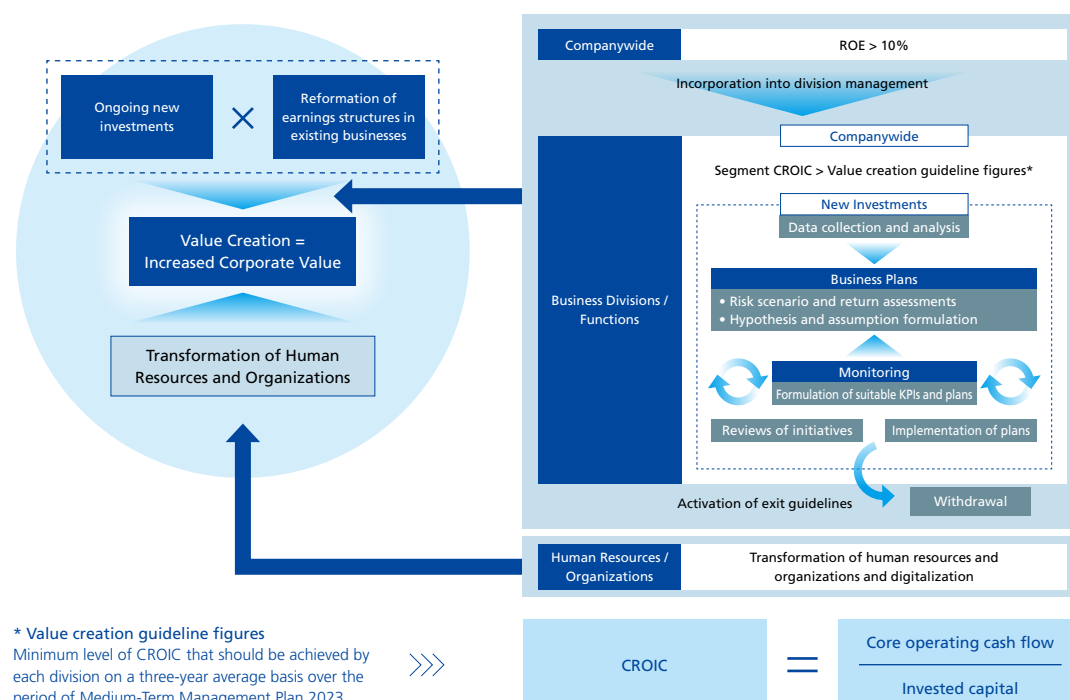
Under Medium-Term Management Plan 2023, Sojitz will work to improve corporate value through growth achieved by conducting ongoing new investments and drastic reforms in the earnings structure of existing businesses. Our growth strategies for this plan will be executed with a sense of speed prefaced on 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.

Investment Policies



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

Frameworks for Monitoring and Assessing Value Creation



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

◆ 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

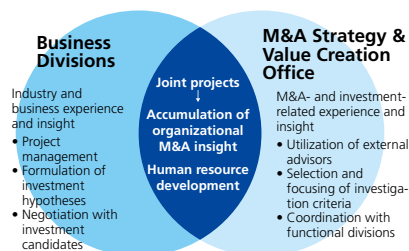
The M&A Strategy & Value Creation Office was established in April 2023 to help maximize the benefits from important M&A and investment projects. This organization carries on the function of the prior M&A Management Office, which was created in 2018.

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

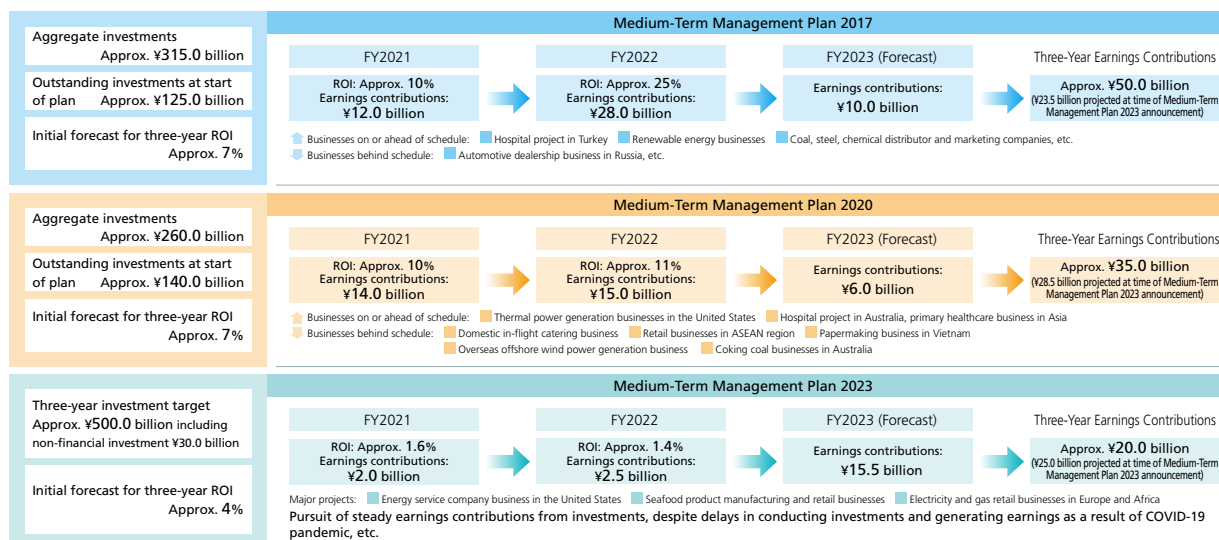


① Tokunosuke Takahashi
M&A Strategy & Value Creation Office

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.



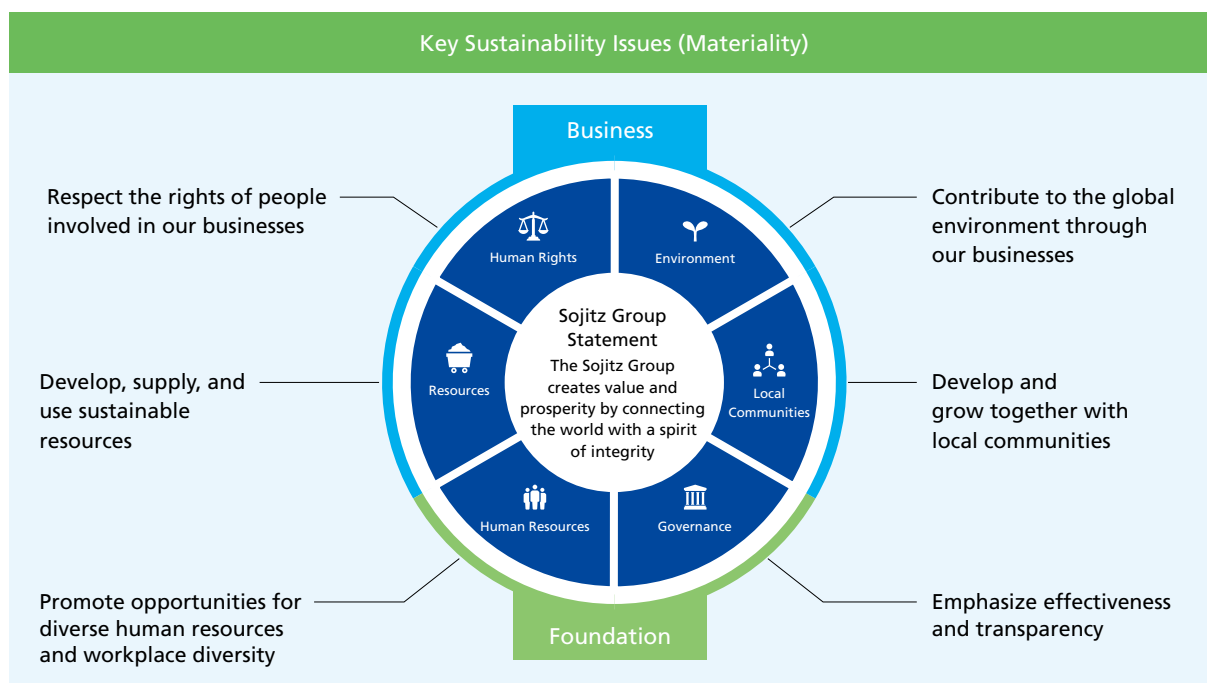
Sustainability

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.

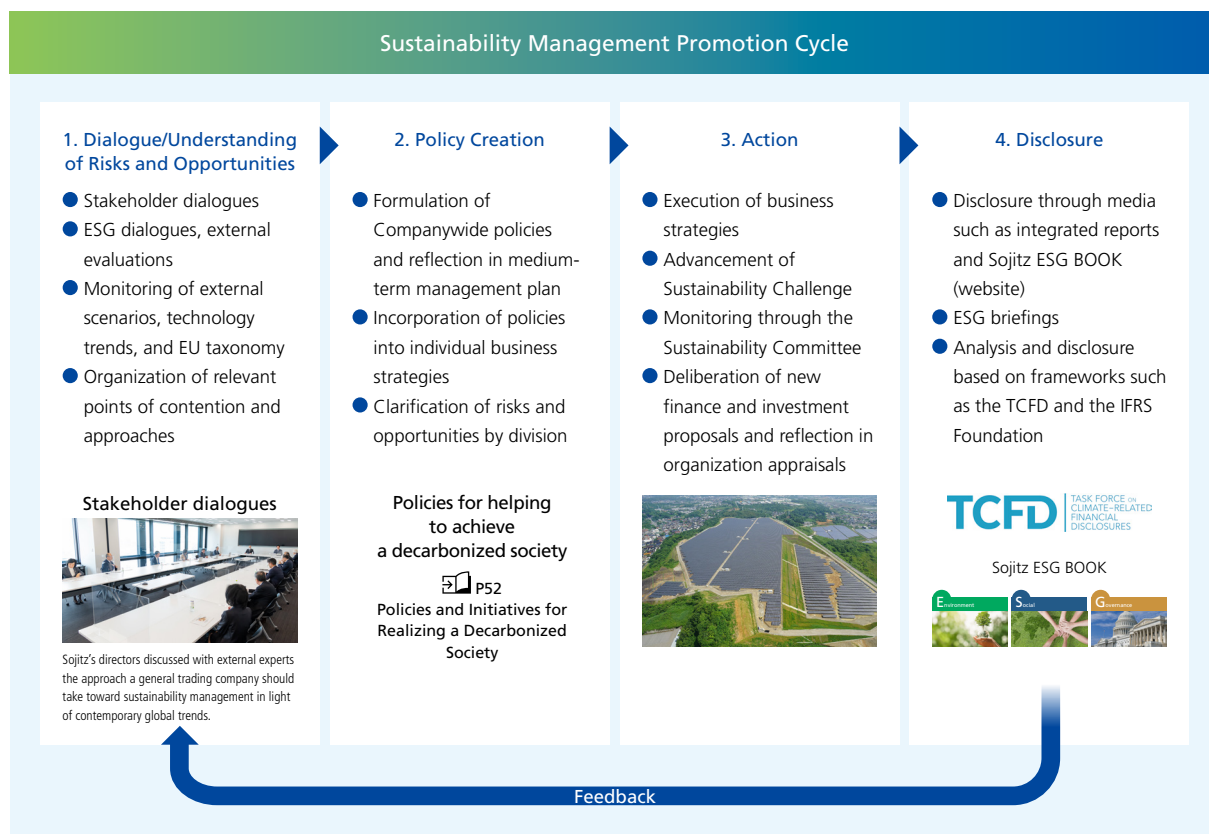


Identification of More Granular Themes



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



Governance

- ◆ Establishment of the Sustainability Committee, which is chaired by the president
- ◆ Referral and reporting of the policies and issues discussed by the Sustainability Committee to the Management Committee and the Board of Directors
- ◆ The Board of Directors oversees this process and gives directives as necessary

Risk Management

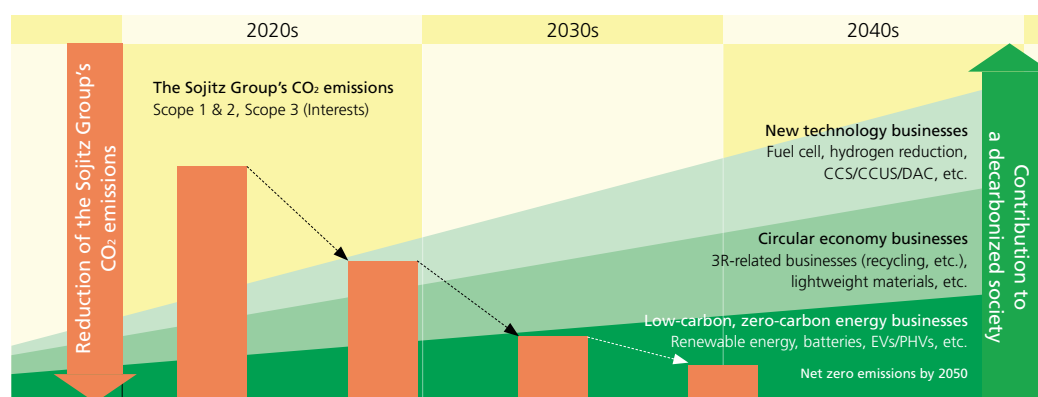
- ◆ Assessment and identification of business-specific CO₂ emissions risks
- ◆ Discussion of business-specific risks by the Finance & Investment Deliberation Council
- ◆ Sharing of information with business divisions via the Management Committee
- ◆ Discussion and confirmation of the impacts of climate-related risks and opportunities on businesses via stakeholder dialogues

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.

Scope 1 and Scope 2 emissions of Sojitz Corporation (consolidated)

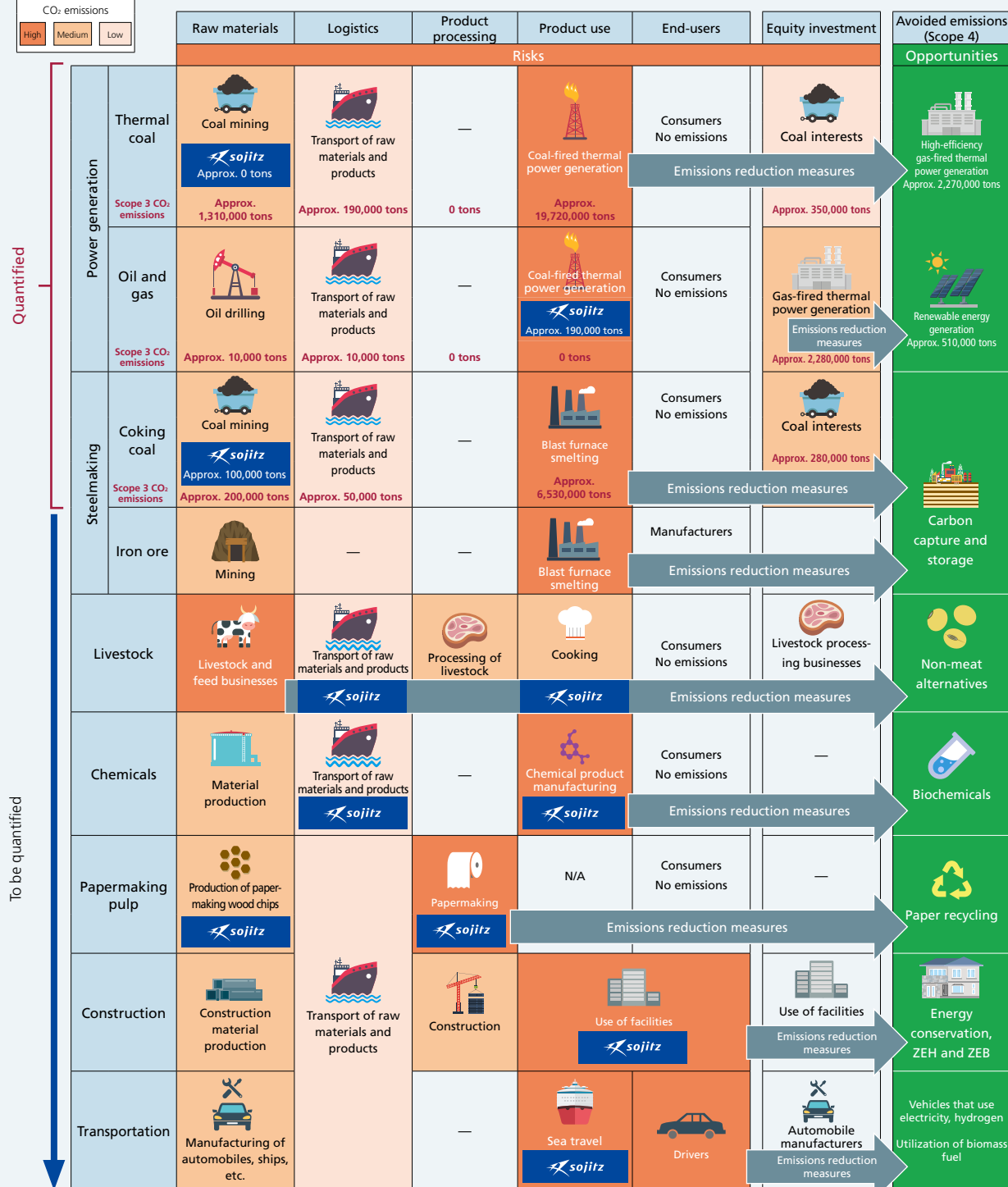
sojitz
t-CO₂

CO₂ emissions

High Medium Low

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.



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	<ul style="list-style-type: none"> Reduction of CO₂ emissions from businesses (Scope 1 and Scope 2) Elimination of thermal coal interests by 2030
Growth of circular businesses				Opportunities	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> Selection of assets based on need for transition period
				Opportunities	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> Elimination of coking coal interests by 2050
Emergence of hydrogen reduction steelmaking using low-cost hydrogen				Opportunities	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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	<p>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.</p> <p>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.</p>	<p>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.</p> <p>Major Successes in FY2022</p> <ul style="list-style-type: none"> ◇ Commencement of operation at a biomass power plant in Hokkaido ◇ Start of sales of household electricity storage systems in Japan
Power generation businesses	<p>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.</p> <p>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.</p>	

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.

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	Scope 1 and Scope 2 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
	Scope 3 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.

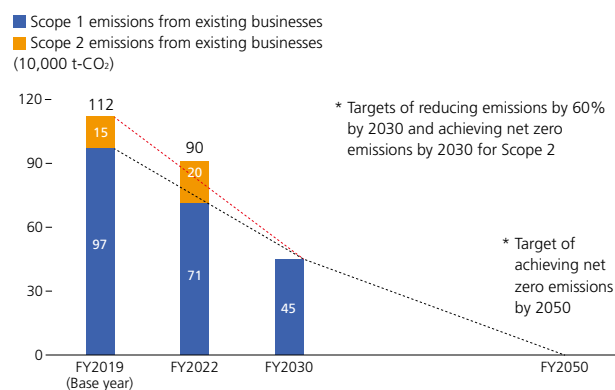
◆ Reduction of Scope 1 and Scope 2 Emissions

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

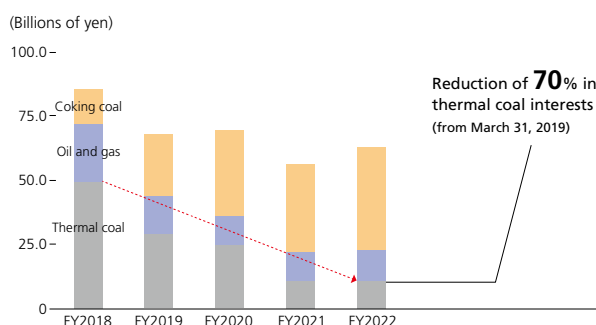
Progress Toward Targets* (Existing businesses only)

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.



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.

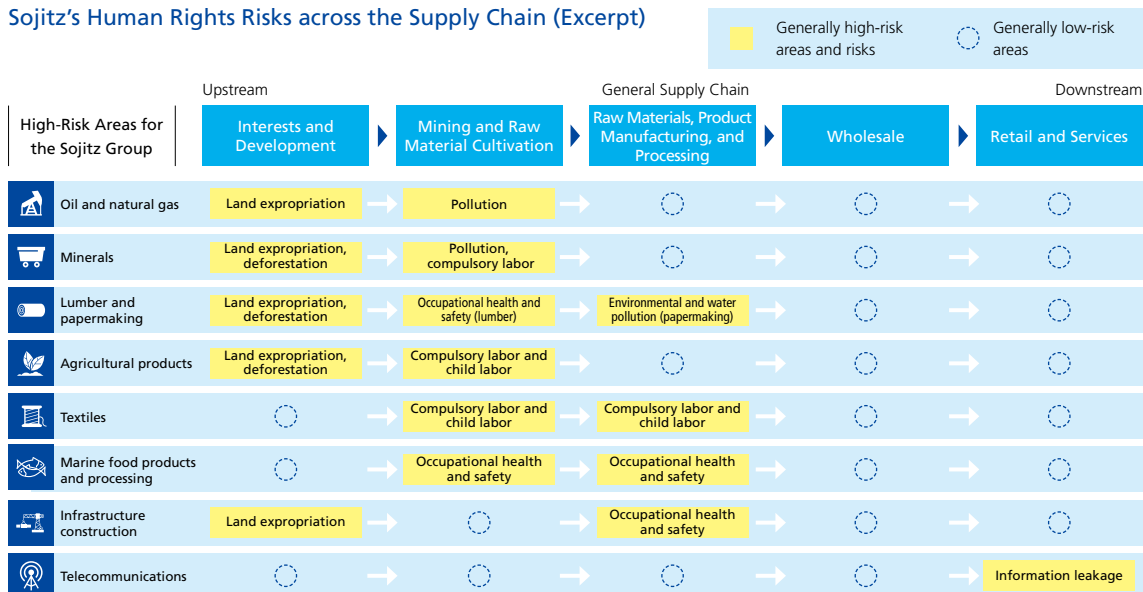
Ensuring respect for human rights across the supply chain requires the awareness and understanding of frontline employees. Based on this recognition, we request that Group companies submit documentation to confirm that they are effectively promoting understanding regarding human rights and raising awareness 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.

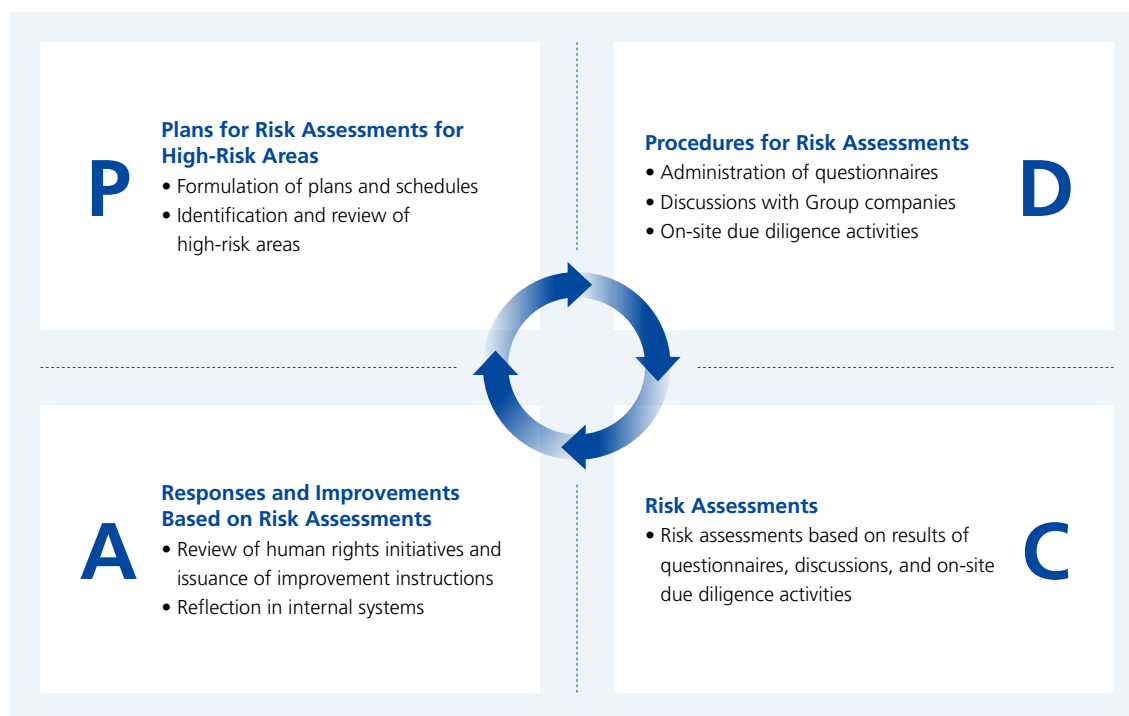
Sojitz's Human Rights Risks across the Supply Chain (Excerpt)



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

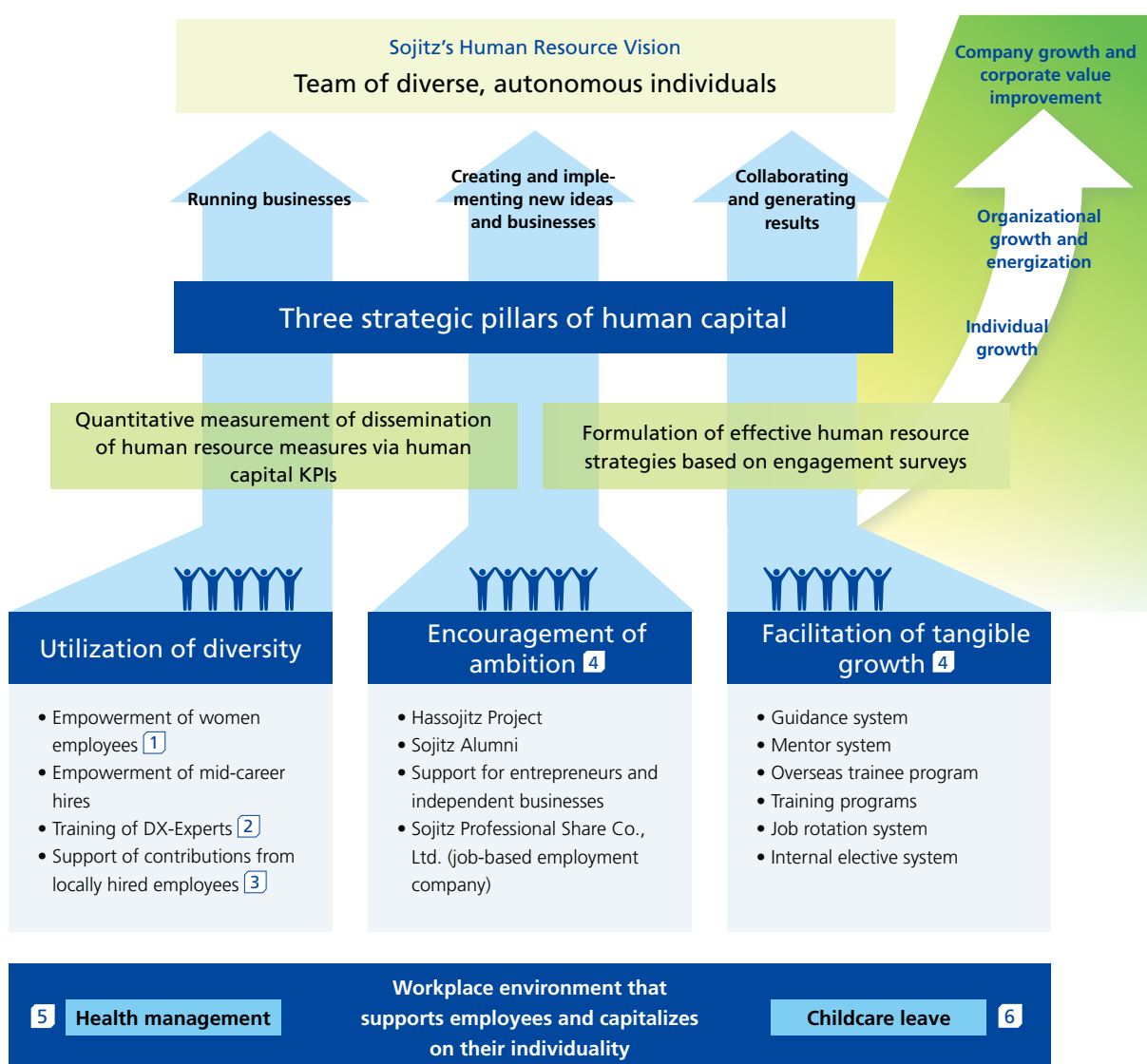
Sojitz's Unique Approach Toward Human Capital Management

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.

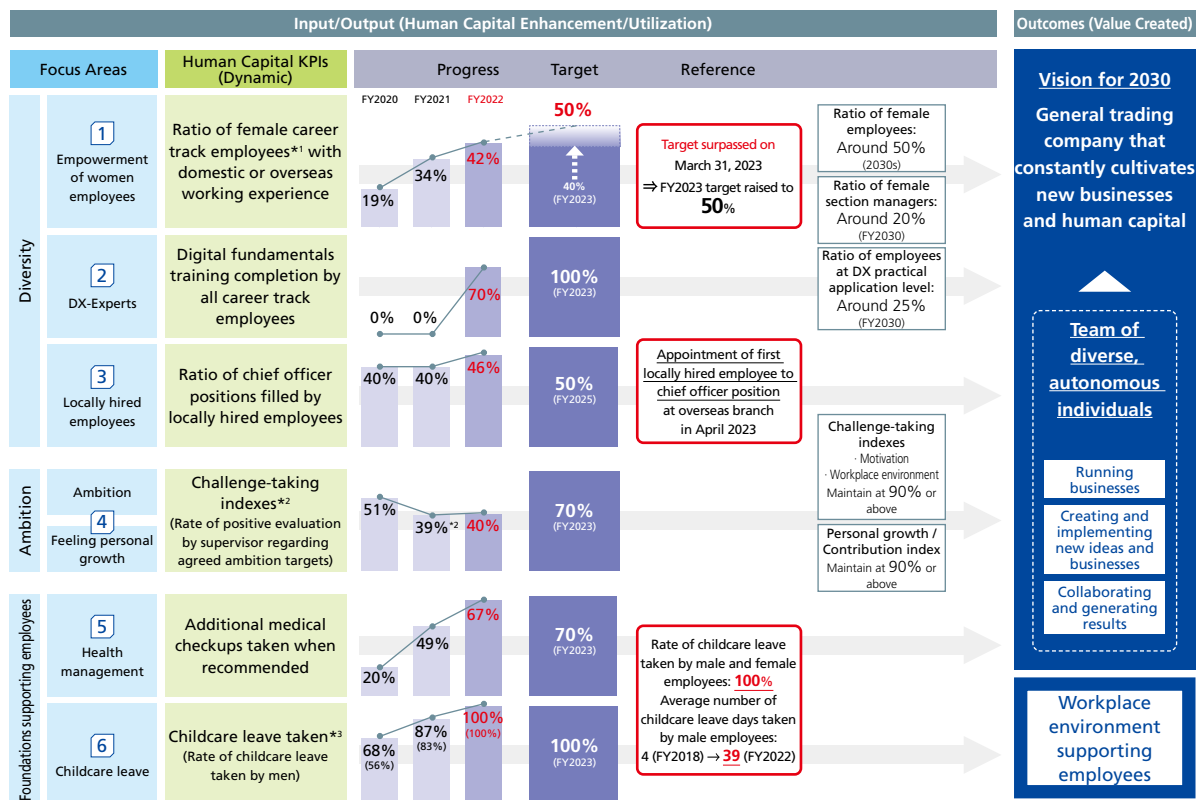
General Trading Company That Constantly Cultivates New Businesses and Human Capital

Responding to market needs and social issues through value creation



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

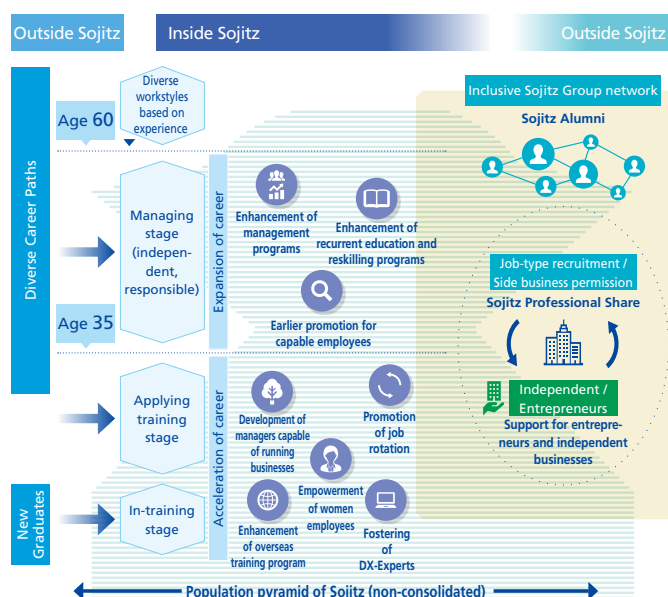
*3 Ratio of employees who took childcare leave based on the Child Care and Family Care Leave Act in addition to our childcare leave system at Sojitz (non-consolidated)

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.

Noted 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

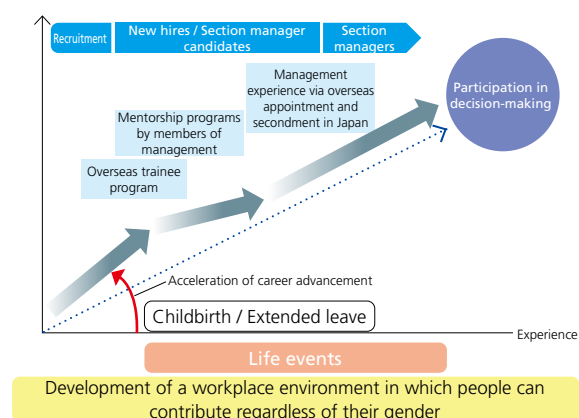
Empowerment of Women Employees

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 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

Human Capital KPIs		Ratios of women employees among:			Medium-Term Management Plan 2023 Targets (FY2023)	FY2030 Targets	2030s
		FY2020	FY2021	FY2022			
Pipelines	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

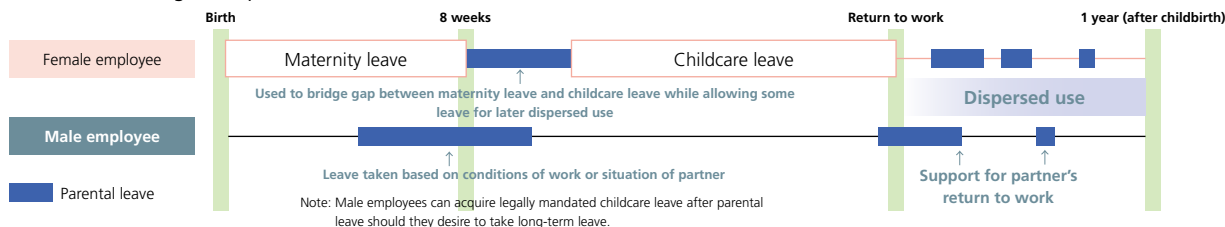
(Rira Tamori joined Sojitz as a mid-career recruit in 2008.)

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.

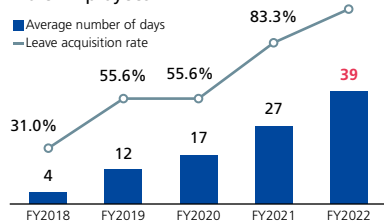
Parental Leave Usage Examples



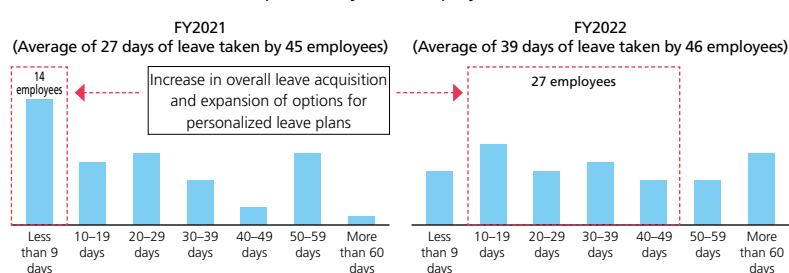
Encouragement of Participation in Child-Rearing by Male Employees

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.

Childcare Leave Acquisition by Male Employees



Trends in Childcare Leave Acquisition by Male Employees



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.

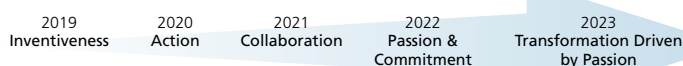
In the year ended March 31, 2023, the fifth year of this project, the various business ideas proposed have begun to produce results. For example, the wireless charging system for commercial electric vehicles that was presented with an award from the president in the first year of the project has become 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.

360-Degree Surveys

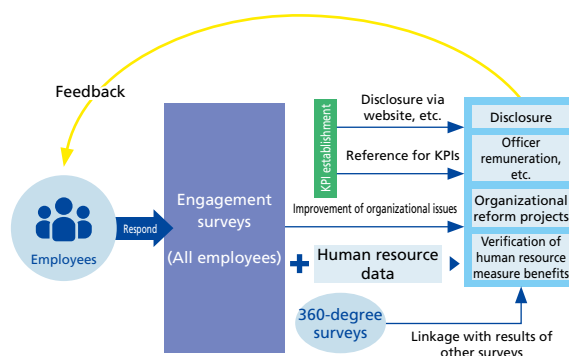
Sojitz conducts 360-degree surveys to provide management with input from a variety of angles, including input from superiors, coworkers, and subordinates. These surveys are designed to help members of management make new discoveries about their everyday actions to help them change their approach as necessary 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.

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.

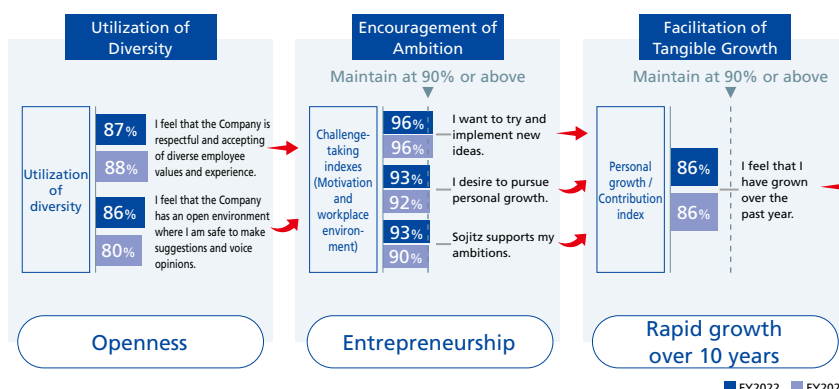
Data-Driven Organizational Reforms



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.

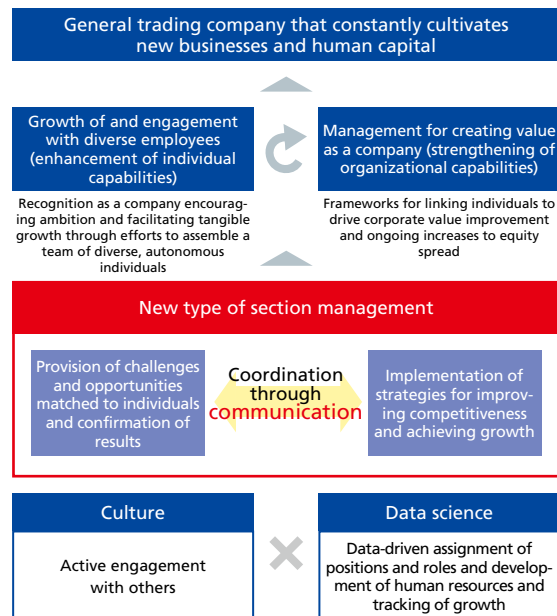
We currently find ourselves in an era of uncertainty and constant change. In this era, it is important that we move away from the prior approach of searching for the right path to instead identify and define issues and enhance our ability to address said issues. We have implemented a number of human 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.



DX銘柄2023
Digital Transformation

Digital Transformation Case Study

Smart Fishery Project at Sojitz Tuna Farm Takashima

Video Reference



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

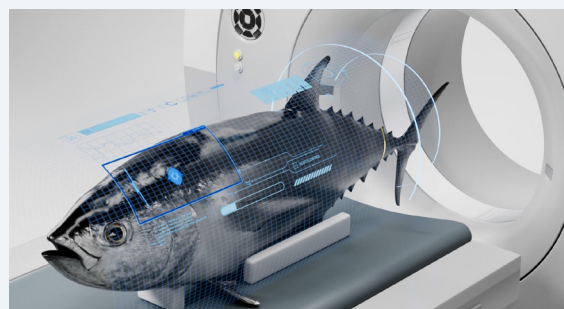
Sojitz Tuna Farm Takashima is a bluefin tuna farming company established in 2008. Its farming site, located in the sea off of Takashima Island in Matsuura City, Nagasaki Prefecture, houses some 40,000 bluefin tuna at any given time. In the past, the amounts of feed and the ways this feed was administered 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

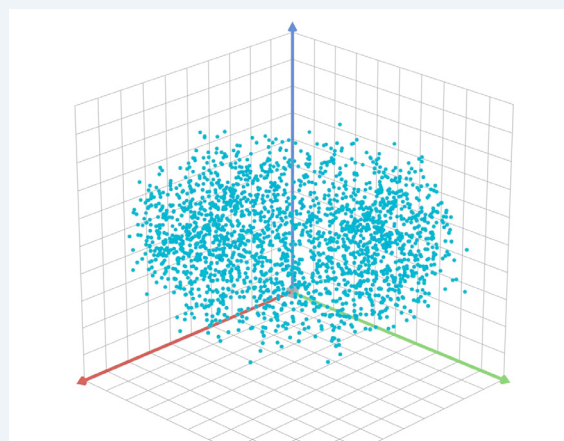
number of tuna in the aquaculture cages with the initially targeted level of 95% accuracy.

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)



Conventional Bluefin Tuna Farming

- Inability to count tuna at desired timing (limit to counting tuna only a few times a year when moving between aquaculture cages)
- Feed costs representing more than half of total costs

Need to accurately track number of tuna

Digital Twin Approach

Accurate tracking of tuna numbers made possible by producing virtual aquaculture cages

- Reduction of waste through calculation of efficient feed amounts
- Ability to identify ideal shipment timing

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.

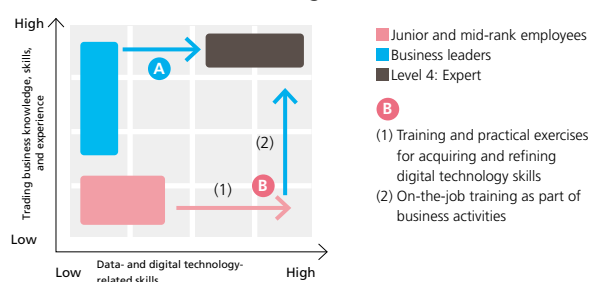
The expert-level data analysis course is designed to foster individuals capable of utilizing big data through coding to propose and implement solutions to business issues through machine learning and other technologies. Participants are thereby empowered to play a central role in promoting data-driven 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

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*

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

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 for Accelerating Value Creation

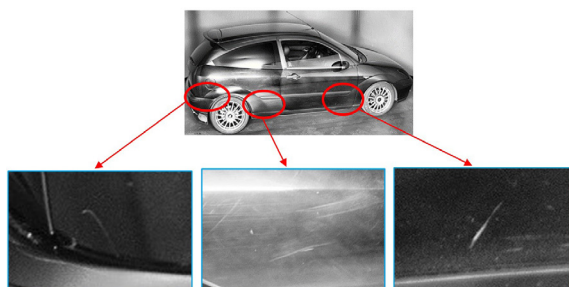
Digital Transformation Case Studies

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

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

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

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

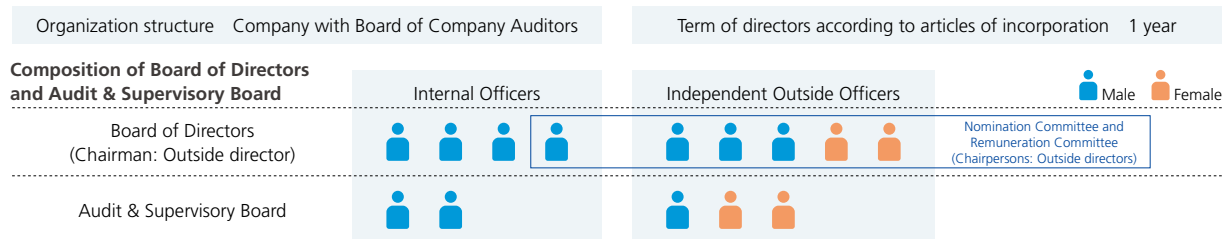
responsibilities and ensuring a smooth and swift execution of business through the separation of managerial decision-making from operational execution.

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.

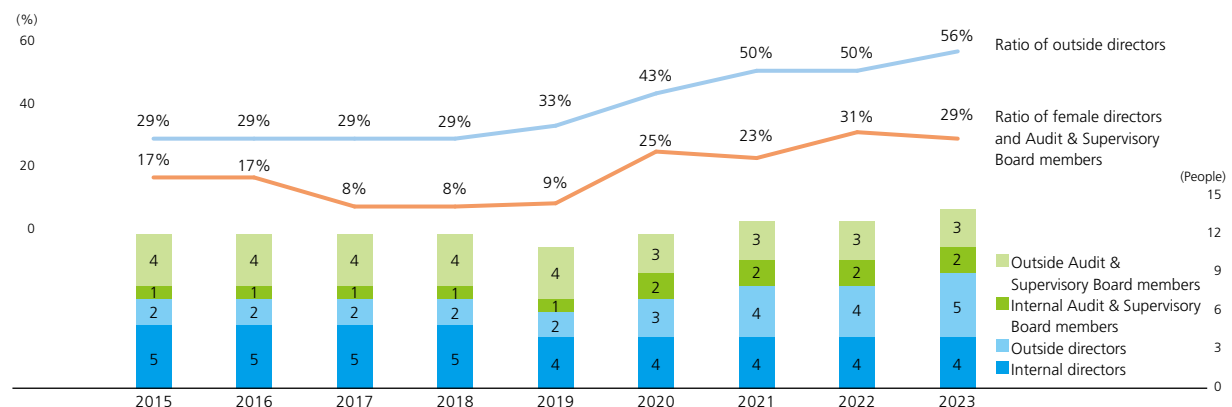
Improvement of Corporate Value over the Medium to Long Term

- 1 Highly sound, transparent, and effective management structure P80
- 2 Board of Directors P81
- 3 Auditing system P85
- 4 Remuneration systems for improving corporate value P86
- 5 Reduction of cross-shareholdings P87

Overview of Corporate Governance System



Evolution of Corporate Governance Systems



2004 Establishment of Nomination Committee and Remuneration Committee

2015 Start of evaluations of Board of Directors' effectiveness

2018 Introduction of performance-linked share remuneration

2020 Appointment of outside directors to represent majority of memberships on Nomination Committee and Remuneration Committee
Appointment of outside director to position of chairman of the Board of Directors

2021 Implementation of remuneration systems with strong link to improvements in medium- to long-term corporate value

2023 Appointment of outside directors to represent a majority of Board of Directors

Corporate Governance Supporting Value Creation Strategy
Roundtable Discussion Between Outside Directors

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?

Corporate Governance Supporting Value Creation Strategy
Roundtable Discussion Between Outside Directors

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.

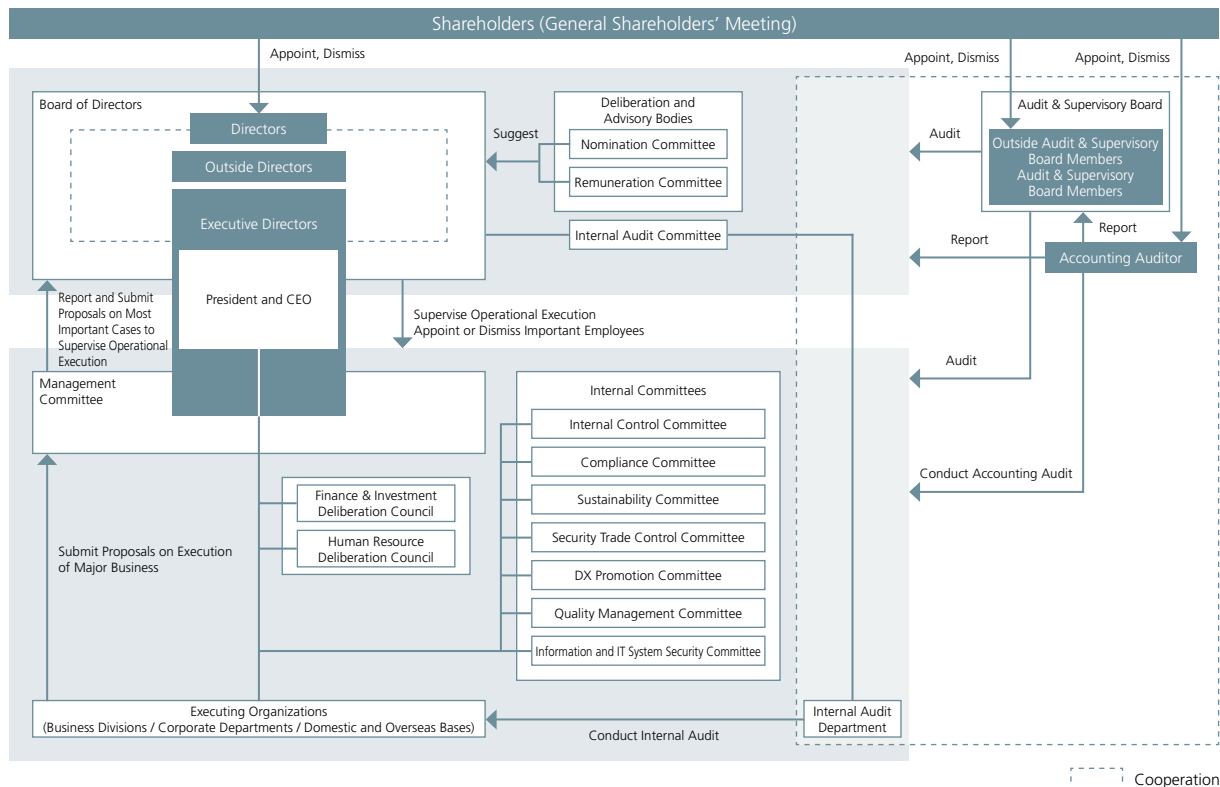
I am committed to supporting Sojitz in developing an atmosphere and workplace environment in which lofty targets are set, the reality of the Company is assessed objectively, and an uncompromising approach is taken toward change. This is how I seek to contribute to the improvement of Sojitz's corporate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

Corporate Governance Supporting Value Creation Strategy

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
		Systems and digital transformation	Reports from Information and IT System Security Committee and progress reports on digital transformation initiatives
	Auditing, internal control, risk management, finance and accounting, and compliance (34%)	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.

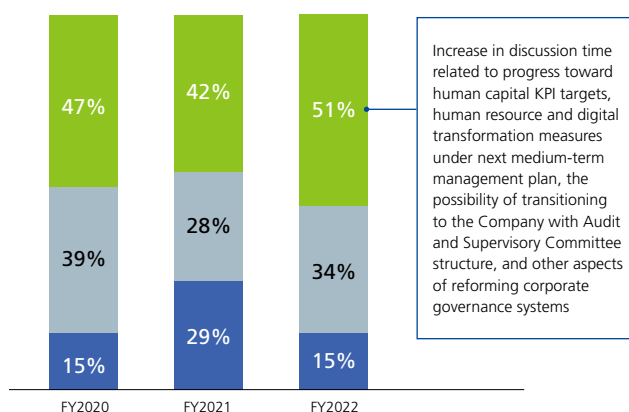
Annual Planning for Board of Directors

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.

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

- Management strategies, sustainability, and governance
- Auditing, internal control, risk management, government finance, economics, and compliance
- Investments, loans, and portfolio revision



Corporate Governance Supporting Value Creation Strategy
Corporate Governance

Analysis and Assessment of the Effectiveness of the Board of Directors

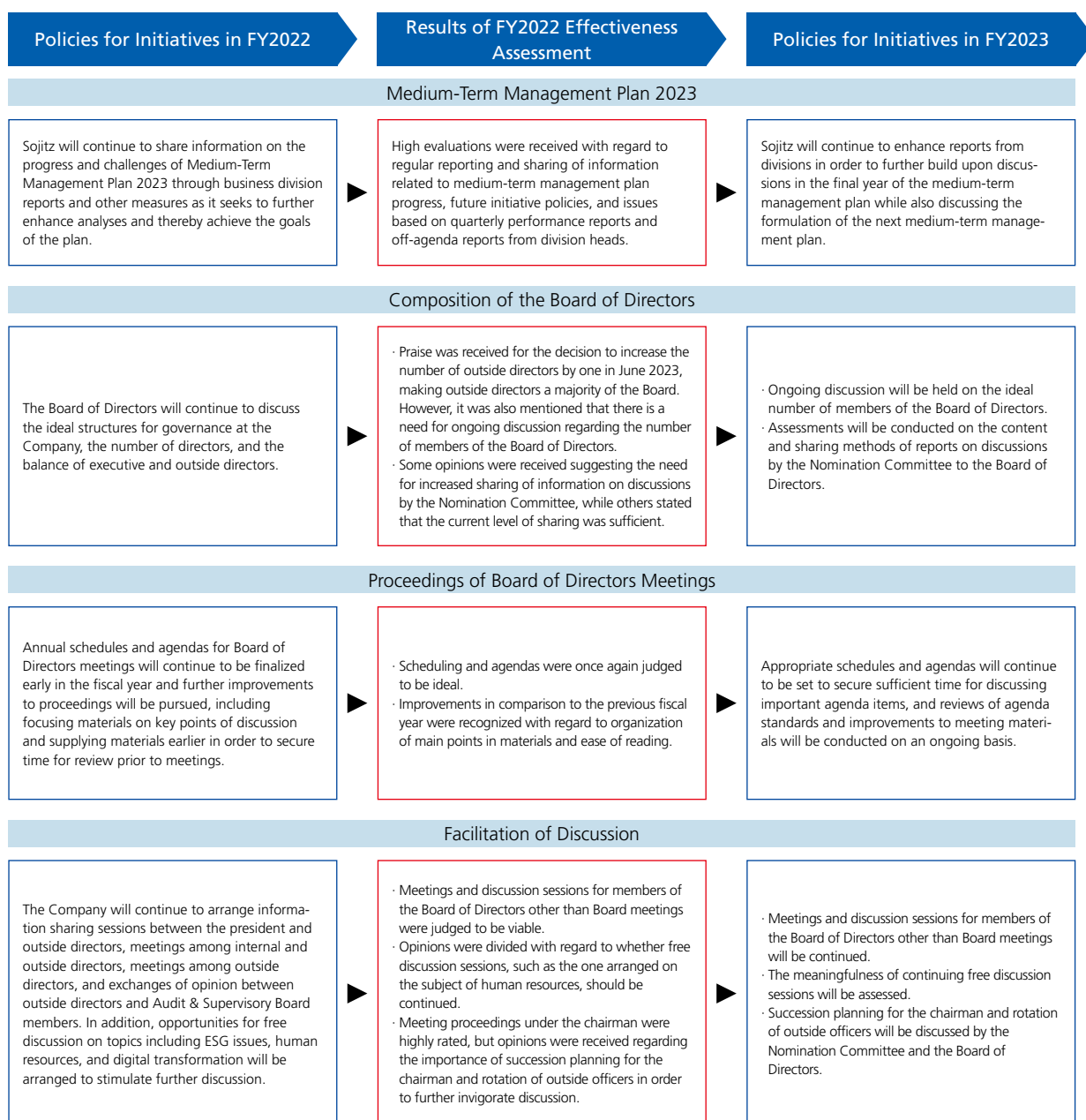
The Company conducts annual analyses and assessments of the effectiveness of the Board of Directors in order to improve its functionality.

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 Outside Independent	●	●	●				●			
Naoko Saiki	Outside Director Outside Independent	●			●				●		●
Ungyong Shu	Outside Director Outside Independent	●	●			●	●				
Haruko Kokue	Outside Director Outside Independent	●		●							●
Tsuyoshi Kameoka	Outside Director Outside Independent	●	●	●							
Masaaki Kushibiki	Audit & Supervisory Board Member	●				●		●	●		
Takehiro Honda	Audit & Supervisory Board Member	●	●	●					●		
Michiko Nagasawa	Audit & Supervisory Board Member Outside Independent	●			●					●	
Kazuhiro Yamamoto	Audit & Supervisory Board Member Outside Independent	●	●	●				●			
Junko Kamei	Audit & Supervisory Board Member Outside Independent	●						●		●	

· 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)	<ul style="list-style-type: none"> · 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 	<ul style="list-style-type: none"> · 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.



**Masaaki
Kushibiki**

Audit & Supervisory
Board Member
(Full-time)

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.

Corporate Governance Supporting Value Creation Strategy
Corporate Governance

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.

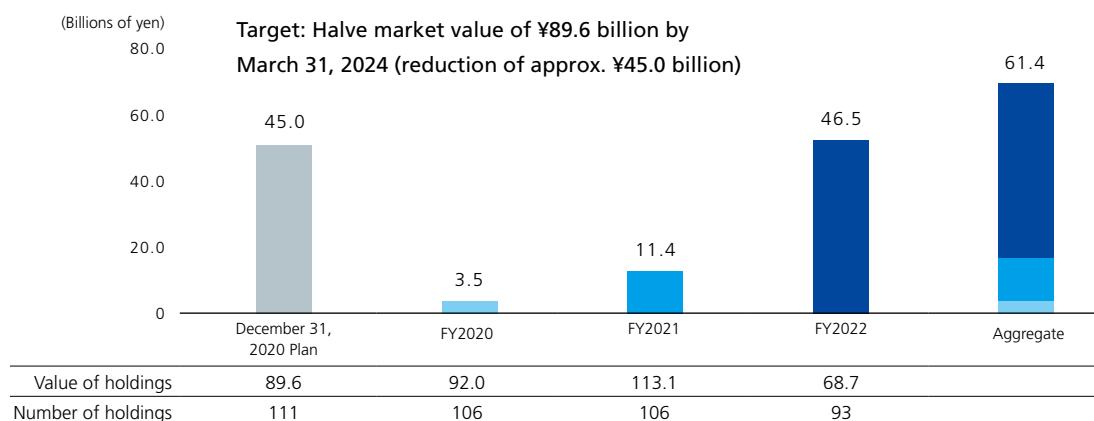
ESG areas	Evaluation indicators	Evaluation standards
Decarbonization	1. Reduction in direct energy use by the Company 2. Reduction in thermal coal, coking coal, and oil field interests	Amount for reduction from March 31, 2021
Social issues	Initiatives for addressing social issues based on two types of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

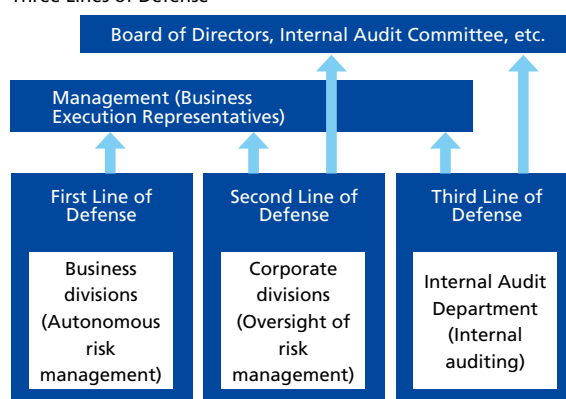
P40 Performance Highlights (Financial / Non-Financial)

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.

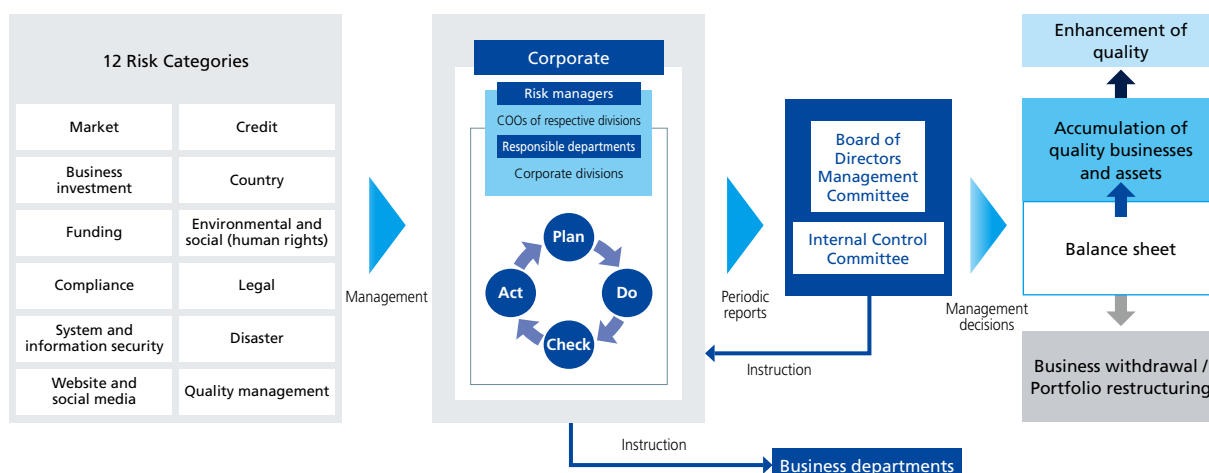
To this end, training and e-learning programs are implemented to heighten the risk management capabilities of the business division managers responsible for frontline management. In addition, each organization is expected to conduct self-assessment of their specific risk factors. We thereby seek to raise 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. <p>📄 P90 Security Trade Control</p> <ul style="list-style-type: none"> ● 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>

Corporate Governance Supporting Value Creation Strategy
Risk Management

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:

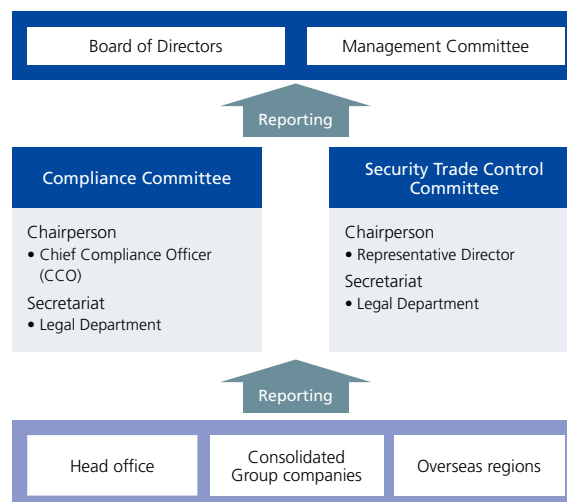
- Implementation of e-learning programs detailing revision instituted on April 1, 2022, to the Sojitz Group Code of Conduct and Ethics
- Discussions and exchanges of ideas between the CCO and presidents of Group companies
- Regular liaison meetings among the compliance team of Group companies
- E-learning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

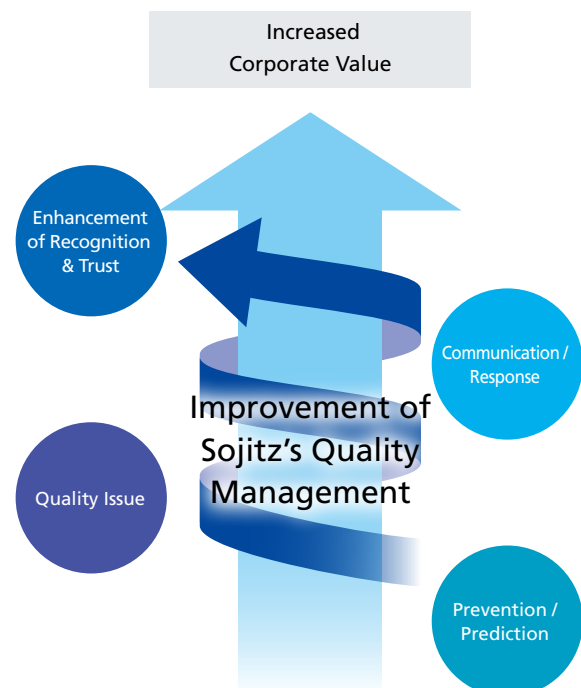
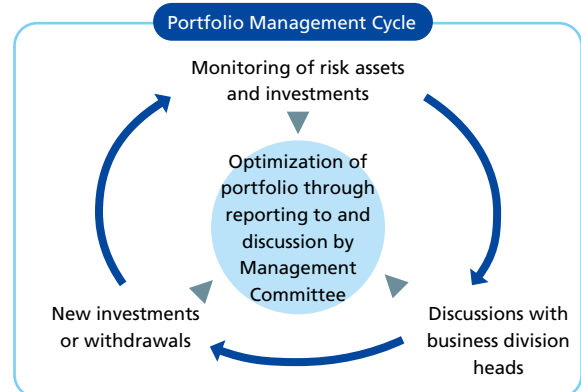
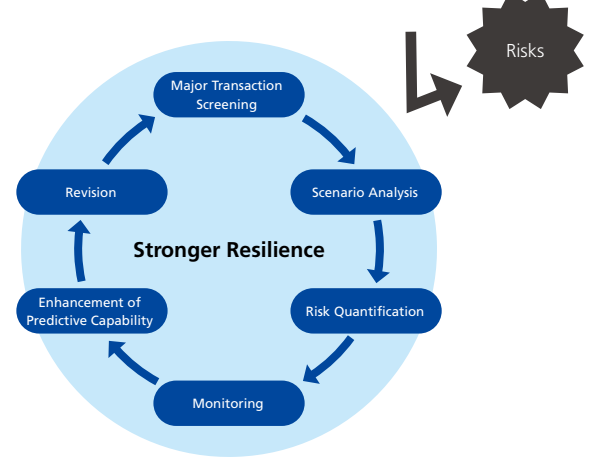
Asset management based on risks and returns is imperative to the ongoing creation of value. In the year ended March 31, 2023, Sojitz introduced a new portfolio management cycle process to achieve this type of asset management. Through this process, risk assets are regularly assessed on a by-business 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



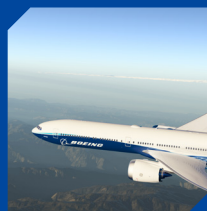
Takefumi Nishikawa
Executive Officer
COO, Infrastructure & Healthcare Division



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.



STRATEGY BY DIVISION

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

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110	Consumer Industry & Agriculture Business Division
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At a Glance

If Sojitz is to continue achieving growth and creating value, it will be crucial for the Company to conduct ongoing new investments and advance the reformation of earnings structures in existing businesses in an increasingly uncertain operating environment.

In this section, each business division will report on its future vision and the medium- to long-term growth strategies it will implement in pursuit of this vision as well as its current strengths and earnings sources. Information will also be provided on the initiatives to be implemented in order to use the strengths of the respective divisions to bolster their earnings power.

Divisions



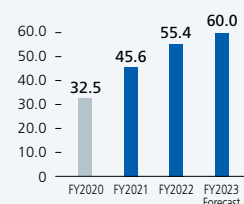
Automotive Division

Major Businesses

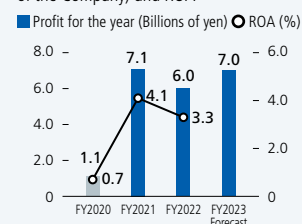
- Distributorships
- Dealerships

- Auto-financing
- Service (quality inspection services, etc.)

Gross Profit (Billions of yen)



Profit for the Year (Attributable to Owners of the Company) and ROA

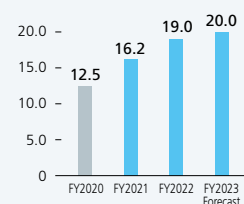


Aerospace & Transportation Project Division

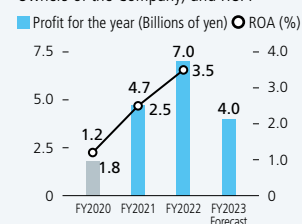
- Aircraft sales agencies (commercial aircraft, defense systems)
- Aircraft leasing
- Part-out of retired and aging aircraft
- Business jet services

- Airport management
- Transportation infrastructure, North American railways
- Marine vessels

Gross Profit (Billions of yen)



Profit/Loss for the Year (Attributable to Owners of the Company) and ROA

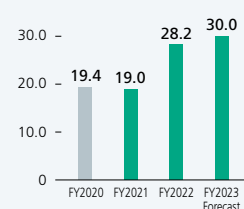


Infrastructure & Healthcare Division

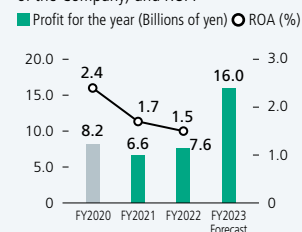
- Renewable energy businesses
- Thermal power generation businesses
- Gas-related business
- ICT infrastructure businesses

- Urban infrastructure and industrial park businesses
- Healthcare
- Energy saving services

Gross Profit (Billions of yen)



Profit for the Year (Attributable to Owners of the Company) and ROA

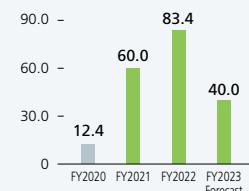




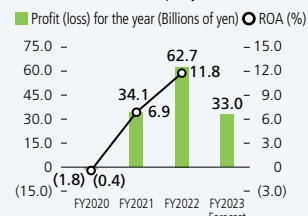
Metals, Mineral Resources & Recycling Division

- Mineral resources
- Steel products
- Circular economy

Gross Profit
(Billions of yen)



Profit (Loss) for the Year (Attributable to Owners of the Company) and ROA

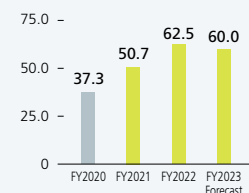


Chemicals Division

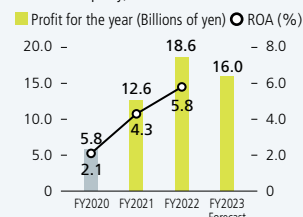
- Chemical products
- Methanol
- Rare earths
- Plastic resins

- Environment and life science
- Recycling

Gross Profit
(Billions of yen)



Profit for the Year (Attributable to Owners of the Company) and ROA

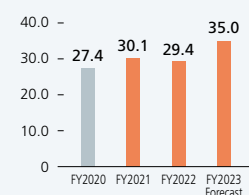


Consumer Industry & Agriculture Business Division

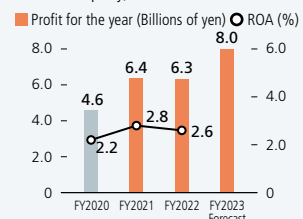
- Fertilizer
- Food, feed, and livestock
- Forest products
- Papermaking

- Decarbonization (biomass, carbon credits)
- Agriculture and local economic development

Gross Profit
(Billions of yen)



Profit for the Year (Attributable to Owners of the Company) and ROA

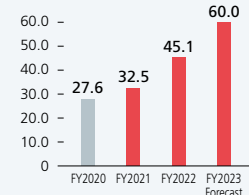


Retail & Consumer Service Division

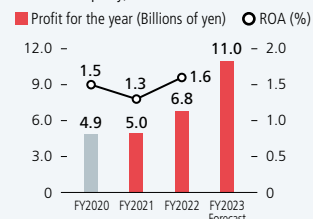
- Food and consumer goods distribution (production, wholesale, distribution, retail)
- Marine food products (procurement, farming, processing, wholesale, retail)

- Brands and consumer products
- Shopping center management
- Domestic real estate

Gross Profit
(Billions of yen)

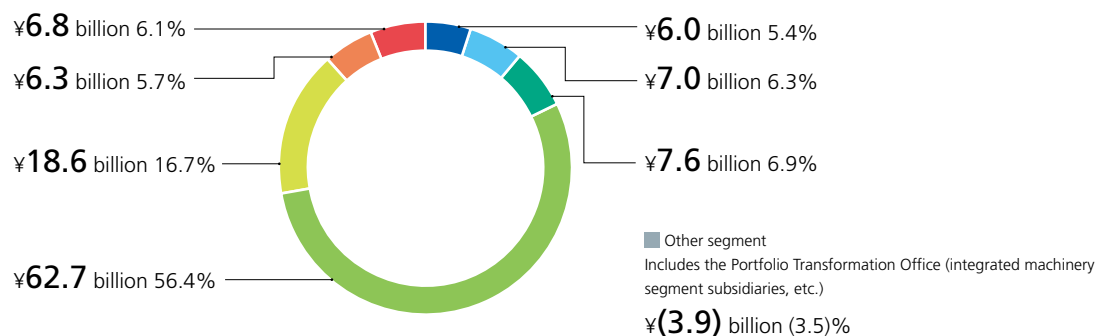


Profit for the Year (Attributable to Owners of the Company) and ROA



At a Glance

Profit for the Year (Attributable to Owners of the Company) by Division (FY2022)



Distribution by Division*1 (FY2022)



Performance by Division (FY2022)

Division	Profit or Loss			Financial Position		Financial Indicator	Employees		CROIC	
	Gross profit	Share of profit (loss) of investments accounted for using the equity method	Profit for the year (attributable to owners of the Company)	Total assets	Non-current assets	ROA	Number of employees (non-consolidated)	Number of employees (consolidated)	FY2022 (%)	Value creation guideline figures*4 (%)
Automotive Division	55.4	1.5	6.0	182.7	88.0	3.3%	102	5,154	8.9	7.0
Aerospace & Transportation Project Division	19.0	0.4	7.0	201.4	59.0	3.5%	134	1,180	4.8	5.0
Infrastructure & Healthcare Division	28.2	0.5	7.6	516.5	366.1	1.5%	217	1,610	2.0	3.0
Metals, Mineral Resources & Recycling Division	83.4	22.7	62.7	531.9	333.3	11.8%	195	807	20.3	5.0
Chemicals Division	62.5	0.0	18.6	322.2	70.7	5.8%	218	1,617	12.4	7.5
Consumer Industry & Agriculture Business Division	29.4	1.0	6.3	238.9	63.8	2.6%	135	3,751	8.1	6.0
Retail & Consumer Service Division	45.1	0.9	6.8	419.9	119.4	1.6%	123	4,038	1.9	5.0
Total*2	337.6	27.3	111.2	2,660.8	1,216.3	4.2%	2,523*3	20,669	—	—

*2 The total includes the Other segment and adjustments.


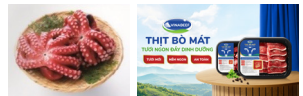

*3 The figure includes employees of Sojitz Corporation seconded to subsidiaries, etc.

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

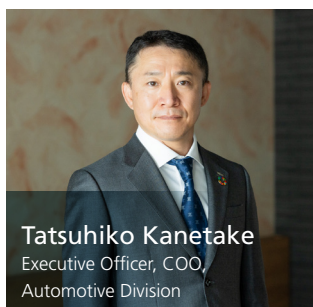
Major Developments under Medium-Term Management Plan 2023

	FY2021	FY2022–
Automotive Division	<ul style="list-style-type: none"> Expansion of automobile dealership businesses on U.S. West Coast Capital and business alliance with German automobile auto-photographing and auto-scanning system developer Twinner GmbH 	<ul style="list-style-type: none"> Investment in Norwegian multi-brand electric vehicle distributor Acquisition of Australia's largest independent second-hand vehicle distributor
Aerospace & Transportation Project Division	<ul style="list-style-type: none"> Commencement of chartering of aircraft registered with the Cayman Islands 	<ul style="list-style-type: none"> Acquisition of all shares of business jet maintenance company Receipt of order for construction of rail maintenance depot for high-speed rail project in India
Infrastructure & Healthcare Division	<ul style="list-style-type: none"> Entry into electricity retail business in Spain Participation in energy saving service business in the United States Advancement into downstream gas businesses in Nigeria 	<ul style="list-style-type: none"> Participation in one of Japan's largest biomass power generation projects in Hokkaido Entry into energy saving service business in Australia Acquisition of partial stake in gas field in Australia
Metals, Mineral Resources & Recycling Division	<ul style="list-style-type: none"> Start of provision of green hydrogen produced in Australia to Pacific Island countries 	<ul style="list-style-type: none"> Signing of regional land cooperation agreement with Koura and Kitakyushu City to establish a stable domestic supply for fluorinated products Participation in Canada's largest recycler of household appliances and electronic devices Establishment of new company for realizing practical implementation of direct air capture technology utilizing nano-separation membranes by late 2020s
Chemicals Division	<ul style="list-style-type: none"> Investment in Green Earth Institute Co., Ltd., a company specialized in manufacturing technology for producing biomass-derived chemicals Participation in the development of biorefinery technology for biomass-derived monoethylene glycol 	<ul style="list-style-type: none"> Additional investment in Lynas Rare Earths Limited of Australia to secure stable supply of rare earths for Japan Investment in Hycamite TCD Technologies Oy of Finland, a developer of turquoise hydrogen production technology
Consumer Industry & Agriculture Business Division	<ul style="list-style-type: none"> Entry into the fast-growing tree sapling production business Establishment of sales company for beef products together with the Vinamilk Group, Vietnam's largest dairy manufacturer 	<ul style="list-style-type: none"> Establishment of domestic agricultural company Establishment of R&D platform for promoting onion production in Tohoku region
Retail & Consumer Service Division	<ul style="list-style-type: none"> Entry into distribution business for consumer goods and foods in India Acquisition of all shares of seafood product processing company The Marine foods Corporation Establishment of joint venture with Goldman Sachs for the purpose of raising the value of rental residential properties 	<ul style="list-style-type: none"> Acquisition of full ownership of TRY Inc., a major processor and seller of frozen tuna Expansion of four-temperature controlled logistics in Vietnam

Growth Strategy Investments and Focus Areas under Medium-Term Management Plan 2023 (FY2021–2022)

Total investment	Approx. ¥240.0 billion → Acceleration of growth investment (upward revision of Medium-Term Management Plan 2023 target from initial ¥330.0 billion to ¥500.0 billion)		
Major investments by focus area	Infrastructure & Healthcare	¥104.0 billion	<ul style="list-style-type: none"> Energy saving service business in the United States Domestic and overseas renewable energy businesses Advancement into downstream gas businesses in Nigeria, etc. 
	Growth Markets to Be Approached through Market-Oriented Initiatives	¥86.0 billion	<ul style="list-style-type: none"> Seafood product processing business Beef product sales business in Vietnam, etc. 
	Materials & Circular Economy	¥10.0 billion	<ul style="list-style-type: none"> Household appliance and electronic device recycling business in Canada Rare earths business in Australia, etc. 
	Other	¥40.0 billion	Non-financial investments, etc.

Automotive Division



The Automotive Division has faced tragic circumstances and crises threatening to cause the deterioration of our business due to various operating environment changes and external pressures. Nevertheless, we have continued to rise to the challenge and overcome such adversity. Sometimes through painful structural reforms, we have continued to transform the division to become a more resilient organization. At the same time, we have engaged in a constant process of trial and error through actual fieldwork, thereby accumulating the knowledge that has served to increase our success rate in new businesses. These undertakings have strengthened our organization by driving the growth of our people and fostering a common sensibility among our team. The Automotive Division has earned praise for its fundamental characteristics, namely, its ability to quickly generate earnings by growing operations in areas

where we boast expertise, a success story that has been shown to be reproducible.

Our growth strategies are founded on the keywords of “functions,” “distinctiveness,” and “transformation.” By strengthening our functions in relation to sales, financial services, and digital technologies, we look to develop distinctive businesses that set us apart from our competitors. At the same time, we will continue to transform our operations. I firmly believe that our successes thus far are a product of the teamwork we exercise in our daily endeavors, including the numerous verification tests in which we have taken part. We are now at the phase of boldly allocating resources to our ventures in our efforts to achieve massive results. As we move forward with these ventures, I will encourage independence, as opposed to being chained to existing frameworks or systems, in order to guarantee our achieving the ends we envision.

I promise to make the right decisions, to have fun doing so, and to continue to act with virtue.

Strengths

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

Operating Environment

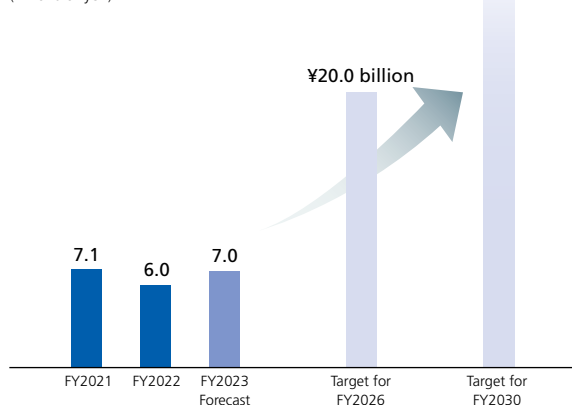
Opportunities	<ul style="list-style-type: none"> • Increase in demand for automobiles due to economic development in emerging countries and diversification of needs in developed countries • Paradigm shift in the automotive industry and changes to the existing industry structure • Rising need for quality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

Progression Toward Next Stage

- Ongoing structural reforms in existing businesses
- Development of new businesses

Profit for the year

(Billions of yen)

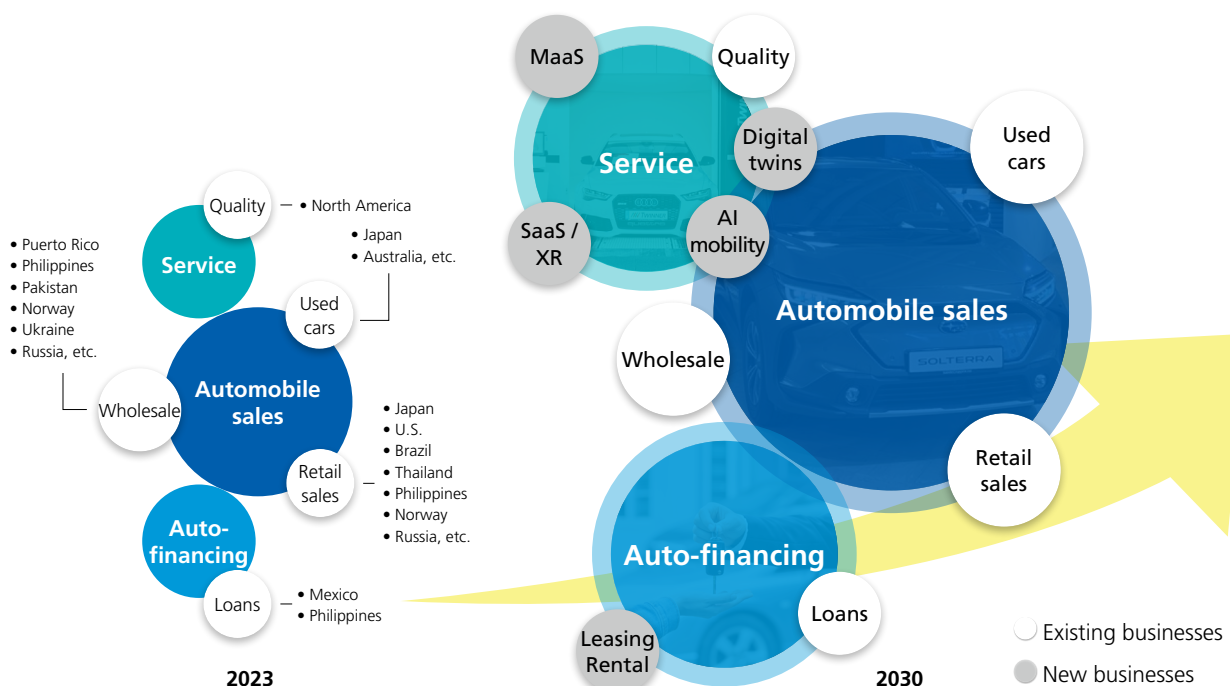


The Automotive Division will seek to further strengthen its core automobile sales business, which will include bolstering competitive lineups of products in demand in promising markets. At the same time, we will enhance sales functions by expanding retail venues that grant us direct access to consumers while also heightening sales of used cars and after-sales services and constructing new sales systems that utilize digital technologies. In these manners, the Automotive Division will increase its business value in pursuit of ongoing growth.

Other initiatives include transforming used car distribution using digital technologies, strengthening financing operations that stimulate demand, and developing new service businesses that provide solutions for addressing social issues which are constantly emerging as the times change.

Business Approach Leading Up to 2030

The Automotive Division will seek to expand the scope of its automobile sales business in promising markets while utilizing digital technologies to improve the value of its operations. In addition, we will aggressively develop new service businesses that cater to the changing times in order to contribute to a prosperous mobility society.



Measures for Advancing Growth Strategies

Automobile wholesale in emerging countries is a mainstay business of the Automotive Division. In this business, drastic structural reforms have been instituted to develop a business structure that is resilient to the impacts of market downturns while still being able to capitalize on the benefits of upturns. Now, we are enhancing locally based sales and marketing capabilities and expanding directly operated retail functions to reinforce our supply chain. In addition, the scope and scale of this business is being expanded through the creation and acquisition of new businesses that sell competitive brands which are in demand in promising growth markets. Increased business value is also being pursued through market share growth and improvements to customer service. One facet of these efforts was our investment in a multi-brand electric vehicle distributor business in Norway.

Meanwhile, a strategy of dominating regional markets is being deployed in retail businesses, which function as the foundation for the Automotive Division's sales capabilities by granting direct access to consumers. In the authorized dealership business, synergies are being pursued between the growing business domain of this business and existing dealerships through the expansion of our network by establishing new locations in unoccupied areas as well as through the acquisition of franchise rights. We are also taking steps to develop a business model that is not dependent on sales of new

vehicles, which are highly susceptible to the impacts of market fluctuations. Examples of such steps include increasing sales of used cars and after-sales services and constructing new sales systems that utilize digital technologies to build a stable earnings foundation.

In the used car sales business, digital tools and data will be used to transform distribution practices in order to provide services and create new transaction venues that contribute to higher levels of convenience for both buyers and sellers of used cars. For example, Sojitz has acquired a used car wholesale and retail business in Australia. By taking advantage of the distribution functions that link business operators through auctions (business-to-business distribution) and enhancing retail sales to consumers (business-to-consumer) and purchases of vehicles from consumers (consumer-to-business), the Automotive Division will optimize the distribution of used cars.

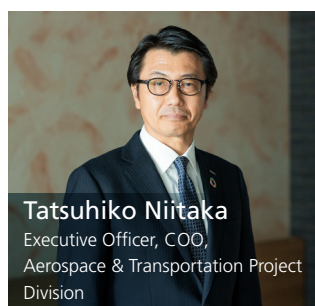


Dutton One location (used car sales business in Australia)



Dealer showroom (electric vehicle sales business in Norway)

Aerospace & Transportation Project Division



The Aerospace & Transportation Project Division is involved in three major forms of transportation: air transportation using aircraft, land transportation on railroads, and maritime transportation via ships. We also take part in businesses in peripheral areas necessary to the operation of such transportation methods, including various aircraft life cycle support services; airport operation; railroad engineering, procurement, and construction (EPC) projects; and railcar maintenance, repair, and overhaul (MRO) operations. The functions of this division include those provided by our historic sales representative business as well as the multifaceted functions we exercise in the areas of asset ownership and management and investment in operating companies.

With this broad business scope and diverse functions, the Aerospace & Transportation Project Division has a business portfolio that is resilient to the impacts of operating environment changes and market fluctuations in the aerospace, railway, and marine vessel fields while also allowing for synergies between our different functions in these areas.

With eyes to the period of the next medium-term management plan and to the year 2030 that lies beyond, we will continue to build our ideal business portfolio. At the same time, the Aerospace & Transportation Project Division will seek to respond to market needs related to next-generation air mobility, hydrogen-fueled aircraft, and maritime vessels that use new eco-friendly fuel sources by utilizing the skills of our staff of individuals who are highly knowledgeable in these specialized fields.

Strengths

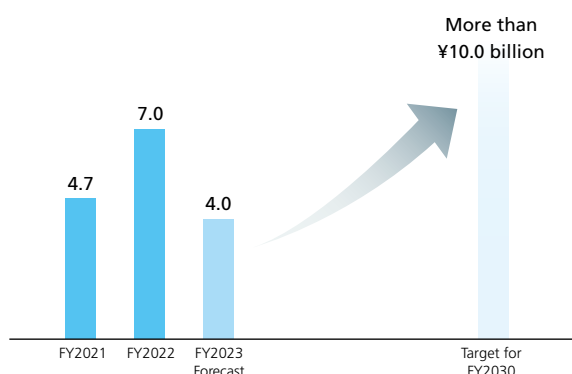
- Experience in the aircraft sales business with more than 900 aircraft sold, accounting for the top market share in Japan**
- Two railway operating foundations in North American market (MRO, railcar leasing)**
- One-stop solutions encompassing everything from shipbuilding and marine transport to machinery and equipment**
- Over 50 years of business experience in the aerospace, transportation, and marine vessel fields
- Ability to collect and analyze information related to the aerospace industry, enabling us to develop an understanding of the needs and issues of aircraft manufacturers, airlines, leasing companies, parts-related companies, airport facilities companies, and others
- Ability to supply and propose integrated transportation infrastructure solutions
- Ability to pursue synergy with other divisions in airport management business projects
- Comprehensive capabilities in the marine vessel field, leveraging a wealth of knowledge and a robust overseas network

Operating Environment

Opportunities	<ul style="list-style-type: none"> ● Recovery in global aircraft demand and inbound demand following alleviation of restrictions imposed around the world in response to the COVID-19 pandemic ● Rising demand for transportation, airport, and harbor infrastructure in emerging countries ● Demand for upgrading to aircraft and marine vessels using alternative fuel sources in response to environmental regulations ● Growth in next-generation air mobility market driven by technological progress
Risks	<ul style="list-style-type: none"> ● Financial and economic stagnation and event risks such as natural disasters ● Varied impacts on individual businesses from changes in U.S.–China relations, the war in Ukraine, and other international trends and changes in regulations by country ● Fluctuations in shipping market conditions due to trends in maritime transportation and demand for space on ships ● Rising procurement costs in association with business investments and asset ownership businesses following changes in U.S. financial industry and interest rate hikes

Progression Toward Next Stage

Profit for the year
(Billions of yen)



The Aerospace & Transportation Project Division is leveraging Sojitz's strengths in existing businesses while enhancing its functions in its business jet service operations and supplying new functions and services related to security in its defense system business.

Stricter environmental regulations are being implemented in a variety of industries as part of the move toward decarbonization. This trend is expected to lead the transportation industry to a great turning point in which companies seek to transition to fuels that are better for the environment. This will likely involve the adoption of hydrogen-fueled aircraft, ethanol-fueled ships, and next-generation air mobility options. The Aerospace & Transportation Project Division seeks to accommodate the market needs created by these trends through involvement in businesses related to the transition to such new aircraft and maritime vessels. In this undertaking, we will leverage the networks and insight we have fostered over the years.

The division will also advance ship recycling and aircraft composite recycling initiatives from the perspective of contributing to the realization of a circular economy.

Overview of Major Businesses



Measures for Advancing Growth Strategies

New Functions and Services

The Aerospace & Transportation Project Division expanded its functions related to business jet services through the July 2022 acquisitions of Japcon Inc., which possesses domestic operating licenses and aircraft maintenance and staff training functions, and its wholly owned subsidiary Okayama Air Service Co., Ltd. The newly acquired functions will be used to generate synergies with Sojitz's prior international business jet service operations as we seek to supply operation services for the next-generation air mobility market, which is expected to see growth in demand going forward.

In defense systems businesses, Sojitz will respond to the growing security needs by bolstering earnings from the provision of non-distribution defense-related subcontracting and other services. These earnings are expected to complement the sales representative fees that are this business' traditional source of income.

The Aerospace & Transportation Project Division is also branching out from its prior aircraft and ship ownership businesses to build asset management functions for developing low-capital businesses that manage assets acquired with the capital of other entities.

Environmental and Circular Economy Businesses

The growing attention toward decarbonization and recycling is placing increased importance on tracking trends in the aviation and maritime industries and assessing new technologies. To address these tasks, the Aerospace & Transportation Project Division is capitalizing on the networks and experience acquired over Sojitz's years of operation in these industries to engage in market-oriented initiatives together with industry partners and to dispatch personnel to associates.

At the same time, we are helping reduce environmental impacts through aircraft and ship scrap recycling businesses that use new technologies as well as through businesses related to alternative fuel sources.



Japcon Group aircraft hangar

Infrastructure & Healthcare Division



Based on the social issues and market needs that change with the times, the Infrastructure & Healthcare Division has identified essential infrastructure businesses as growth fields to be targeted in Japan and overseas. Specific themes for our essential infrastructure business initiatives include decarbonization, energy transitions, healthcare, and urban and telecommunications infrastructure. Three growth strategies have been defined for this division: 1) Develop, implement, and monetize businesses with a sense of scale that leverages our strengths; 2) Strengthen the profitability of and create value in existing businesses; and 3) Expand into new business areas and continue working on areas in which we foresee growth and future potential. In accordance with these growth strategies, the Infrastructure & Healthcare Division will seek to grow its business through investments in promising businesses

and ongoing improvements to business value. We are expanding our scope beyond the previous focus of independent power producer (IPP) and public-private partnership (PPP) projects, which promise stable, long-term earnings, to turn attention toward business investment projects where we expect to be able to make progress by taking advantage of market growth, support of government policies in countries of operation, and Sojitz's functions. We thereby aim to develop and create stronger and larger businesses. At the same time, the Infrastructure & Healthcare Division is moving ahead with the cultivation of personnel with a propensity for business creation and management through actual involvement in business development and management.

Strengths

Business Development & Structuring Capability	Promising Partners	Expansion Capability
Culture of new business development and robust investment track record	Collaboration with promising partners for bolstering competitiveness	Integration of ideas and functions to expand business domain

Operating Environment

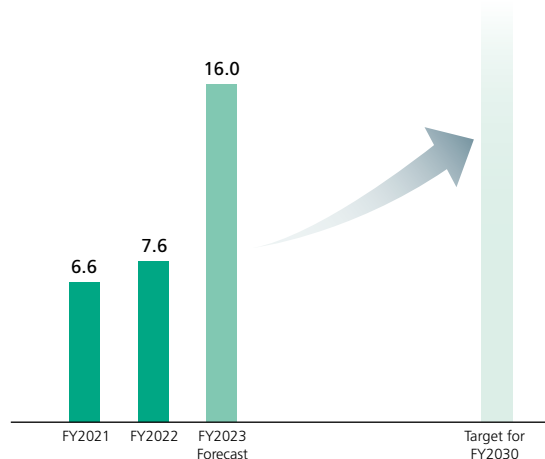
Opportunities	<ul style="list-style-type: none"> Growing demand for essential infrastructure owing to robust economic and population growth in emerging countries Transitions and paradigm shifts driven by revisions to government policies and regulations in response to climate change in countries around the world Expanding opportunities to provide complex solutions to meet diversifying needs and an increasingly decentralized society
Risks	<ul style="list-style-type: none"> Country risks associated with sluggish economic growth in emerging countries and changes in political and economic conditions Changes in the balance of supply and demand due to intensifying competition, and diminished business competitiveness due to new technologies, etc. Changes to supply chains and business structures due to conflicts and other geopolitical risks

Post-Medium-Term Management Plan 2023 Goal

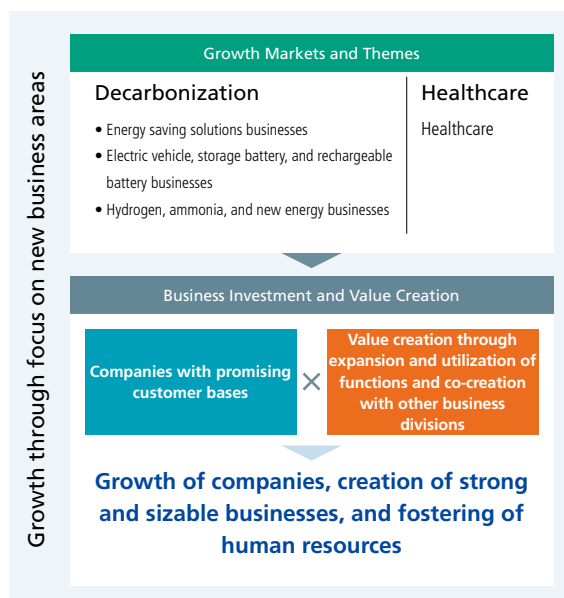
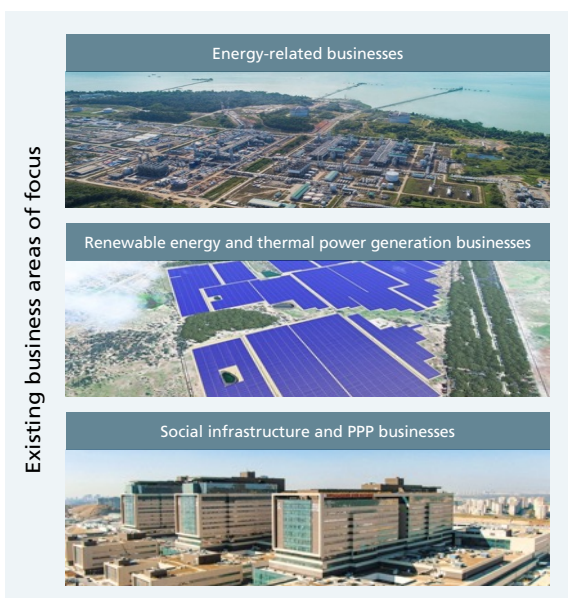
Profit for the year

(Billions of yen)

¥20.0 billion



Progression Toward Next Stage



Initiative 1: Business Investment and Value Creation in Energy Saving Market

The global trend toward decarbonization has sparked rapid growth in markets for energy saving solutions and decentralized power sources in developed and other countries around the world. In these markets, the Infrastructure & Healthcare Division seeks to support the growth of companies possessing decarbonization-related technologies and viable customer contact points while also improving the value of these companies by utilizing the functions and ideas Sojitz has developed through its past experience with infrastructure business models.

Specific Measures


In December 2021, Sojitz invested in McClure Company, an energy saving service company based in the United States, and converted this company into a consolidated subsidiary.

The business of an energy saving service entails the proposal and implementation of energy-efficient engineering and services at customer buildings. The U.S. market for these services is highly promising with a scale 20 times larger than the market in Japan and strong government policy support. McClure boasts a robust customer base and superior technical expertise, which it uses to serve public facilities and other customers in the U.S. states of Pennsylvania and Maryland.

We also invested in and consolidated Ellis Air Group Pty Ltd, an air conditioning and mechanical services company

providing energy-efficient design and construction services in addition to conducting operations in Australia, in May 2023. This company similarly boasts technological excellence, and it has fostered a substantial customer base of building owners and general contractors in the Australian states of Victoria and Queensland, which both feature high levels of demand for energy saving services.

Sojitz will lend its functions for developing renewable energy generation and supply service businesses to these companies to create their value through integrated energy saving service initiatives.

U.S. Energy Saving Service Company	
	<p>Name: McClure Company</p> <p>Business activities: Air conditioning design, construction, and maintenance and energy saving services</p>
Customer Base	Municipal government agencies, schools, and hospitals in the U.S. states of Pennsylvania and Maryland
Value Creation Measures	Deployment of renewable energy generation and supply services and electric vehicle and storage battery services and expansion into other states

Australian Air Conditioning and Mechanical Services Company	
	<p>Name: Ellis Air Group Pty Ltd</p> <p>Business activities: Air conditioning design, construction, and maintenance and energy saving services</p>
Customer Base	Building owners and general contractors in the Australian states of Victoria and Queensland
Value Creation Measures	Provision of renewable energy generation and supply services, expansion into other states, augmentation of energy as a service business, and development of heat pump business

Initiative 2: Business Investment and Value Creation in Healthcare Market

The healthcare field faces a number of social issues, such as increases in healthcare spending and shortages in healthcare institutions as a result of economic development, population growth and aging, and longer healthy lifespans. To address these social issues, the Infrastructure & Healthcare Division is advancing into the public healthcare service field in Southeast Asia to expand its business in growing markets.

Specific Measures



In the public healthcare sector, we are engaging in clinic chain, primary care, and specialist secondary care businesses.

Going forward, the Infrastructure & Healthcare Division intends to advance integrated initiatives targeting peripheral fields, use data and digital technologies to improve service quality and reduce costs, and take other steps to create new demand and businesses that contribute to preventive medicine. In these ways, we will seek to heighten business value and create strong and sizable businesses.

Private Healthcare Businesses	
Customer Base	Development of private clinic chains that provide service to individuals and companies, etc.
Value Creation Measures	Development of ecosystems (healthcare, services, insurance, prescription medication delivery, etc.), utilization of data and digital technologies, and expansion of customer base through M&A activities, etc.

Metals, Mineral Resources & Recycling Division



With an eye to the changing social needs arising amid increasingly rapid global warming and the accelerated trend toward decarbonization, the Metals, Mineral Resources & Recycling Division is transitioning to a more sustainable business model while ramping up its initiatives in the recycling field in preparation for the emergence of a circular economy. Specific initiatives include the development of projects based on the three focus fields defined in Medium-Term Management Plan 2023. In the circular economy field, the first focus field, we are cultivating substantive business in North America through our investment in an electronic equipment recycling business and the acceleration of related initiatives. In the second focus field, our efforts to create new businesses that respond to social needs related to decarbonization, rechargeable batteries, and new materials have included the establishment of Carbon Xtract Corporation to conduct research, development, and mass production related to Direct Air Capture ("DAC") technologies for directly capturing CO₂ emissions from the atmosphere. We will also strive to develop and achieve monetization of our manufacturing business for the hydrogen fluoride that is an essential material for semiconductors, our business supplying raw materials used in rechargeable battery production, and our rechargeable battery reuse and recycling business. Our third focus field is the stable supply of unique resources. In this field, we are moving ahead with the acquisition of cost-competitive upstream interests. For example, the division has carried out initiatives including asset replacement of thermal coal interests and will continue to build a portfolio of high-quality upstream assets.

By utilizing digital technologies, the Metals, Mineral Resources & Recycling Division will strive to improve the quality, cost competitiveness, and efficiency of its mineral resource, steel product, and other existing business fields to strengthen its frameworks for producing stable earnings.

Strengths

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

* An additive used in the production of high-tensile and stainless steel for its ability to contribute to increased strength while reducing weight in materials for automotive applications

Operating Environment

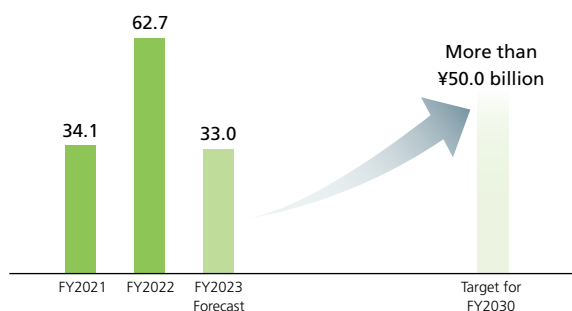
Opportunities	<ul style="list-style-type: none"> Growth in demand for mineral resources, steel, and industrial materials centered on emerging countries Demand for new products arising from strengthened and revised environmental regulations Increased demand for new technologies and materials that contribute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

Progression Toward Next Stage

Investment to transform portfolio and achieve stable earnings capacity of more than ¥50.0 billion by fiscal 2030

Profit for the year

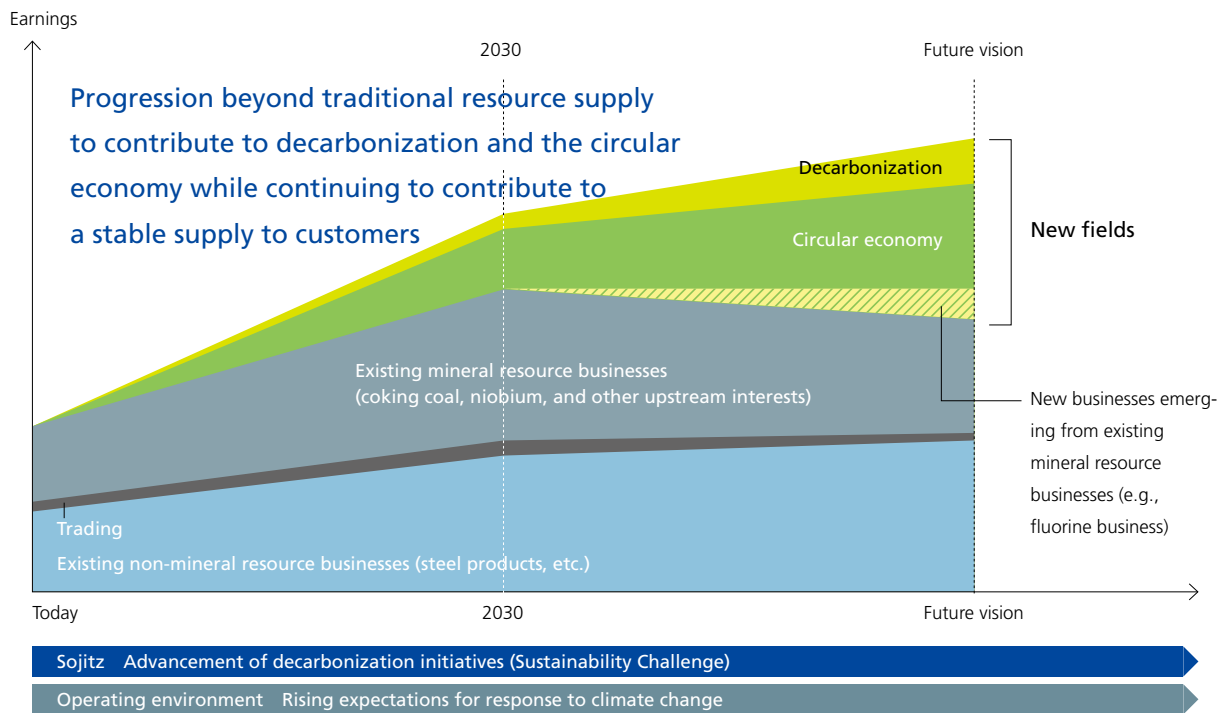
(Billions of yen)



The Metals, Mineral Resources & Recycling Division is developing frameworks for reliably supplying customers with raw materials in response to social needs related to the circular economy, decarbonization, and geopolitical risks. Through the sustainable supply of resources via recycling and decarbonization functions, Sojitz aims to maximize two types of value—value for Sojitz and value for society.

- Development of procurement frameworks for reliably supplying resources (acquisition of upstream interests and expansion of businesses based on social needs)
- Strengthening of metal recycling businesses (generation and expansion of earnings from circular economy businesses)
- Transformation of businesses with emphasis on decarbonization and digital technologies
- Enhancement of earnings capacity and cash recovery capabilities in existing businesses

Overview of Major Businesses



Measures for Advancing Growth Strategies

The Metals, Mineral Resources & Recycling Division is concentrating its resources on initiatives for achieving a competitive edge while securing the reliable supply of resources that will be required in a decarbonized society with a circular economy. Such initiatives include the development of foundations for a circular business model for metals, the strengthening of competitiveness of existing upstream interests, and the creation of circular business models for the growing battery field.

In developing the foundations for a circular business model for metals, we are organically combining recycling functions such as collection, sorting, and shredding in our metal resource recycling businesses in North America and Japan with a focus on digitalization to create a uniquely Sojitz business foundation built firmly on operational efficiency.

Meanwhile, we will leverage the mine operation-related data and internal resources accumulated through the operation of our existing coking coal business in Australia to promote the digitalization of mine operation. Through this digitalization, we will seek to develop a new business model that improves operational efficiency and thereby reduces costs while also allowing for swift and flexible management decisions to be made in response to market fluctuations.

In the growing battery field, the division will create a circular business model through initiatives that span the entire value chain in areas such as procurement of critical mineral resources, the manufacture and supply of components, and the sale of finished batteries.



Ferroniobium



Lithium-ion battery using niobium for anode materials

The Metals, Mineral Resources & Recycling Division has also held upstream niobium interests through Brazil's Companhia Brasileira de Metalurgia e Mineração since 2011. Together with this company and Toshiba Corporation, Sojitz is accelerating joint development and commercialization of next-generation lithium-ion batteries that use niobium for anode materials.

Chemicals Division



The structure of the chemical industry is undergoing a massive transformation amid the rising social demand for a transition to a decarbonized society. In response to this trend, the Chemicals Division is shifting away from petroleum-derived products to resources produced through organic synthesis and to more eco-friendly products. Our policy under the current medium-term management plan is to concentrate our resources on the environmental and life science fields as we tackle new challenges that go beyond the traditional boundaries of the chemical industry.

As the world abandons its prior focus on economic rationality to decouple security from the economy and become more segmented, the fundamental value of trading businesses—delivering what people need, where they need it, when they need it—is being reevaluated. These trends are expected to become even more pronounced as we move toward 2030. Accordingly, it will be important for us to foster employees who can build the networks and connections needed to respond to changes in the global supply chain in order to accomplish Sojitz's vision for 2030 of becoming a general trading company that constantly cultivates new businesses and human capital.

Strengths

Customer base of over 5,000 companies

Wide variety of products and materials

Ability to make proposals in response to the changing business environment

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

* Fraction produced as a co-product of naphtha cracking that is used as a raw material for synthetic rubber and plastic resins

Operating Environment

Opportunities

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

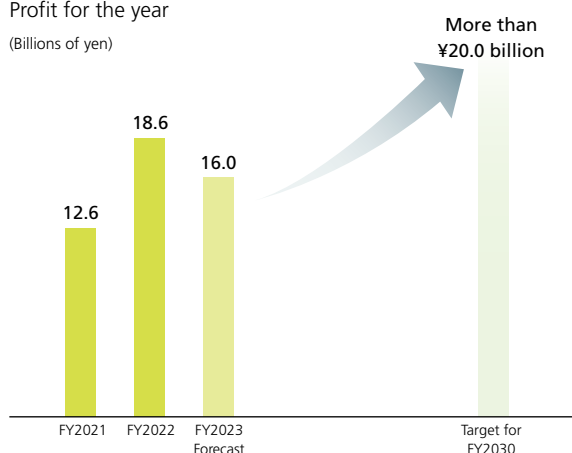
Risks

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

Progression Toward Next Stage

- Expansion of existing trading businesses and enhancement of operations in fields of expertise
- Acceleration of new initiatives for achieving decarbonization and creating a circular economy

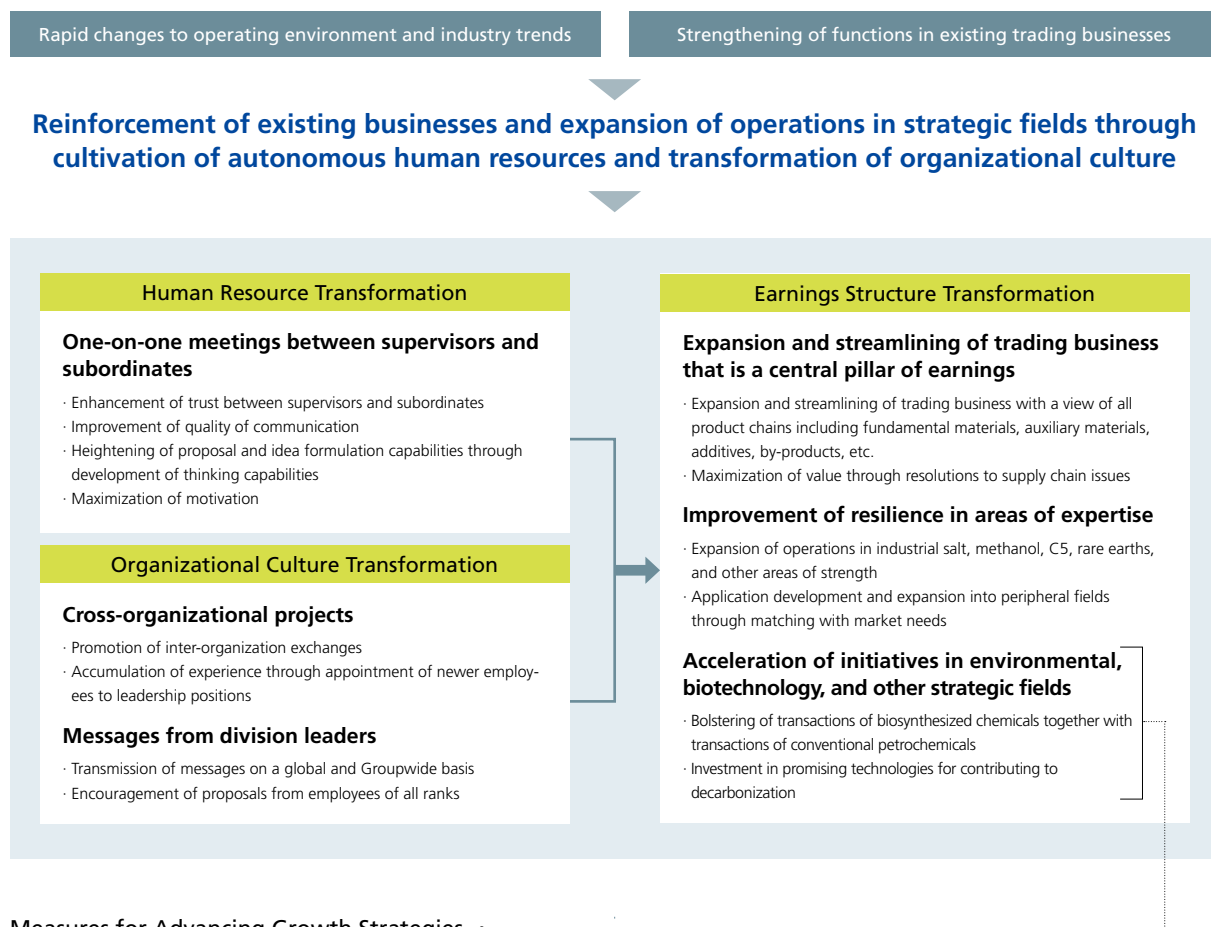
Profit for the year
(Billions of yen)



To contribute to decarbonization, the Chemicals Division is moving away from traditional petroleum-derived materials and toward materials derived from biomass and organic synthesis processes. The division is also transitioning toward an earnings structure that is more suited to the overarching trend of decarbonization. Taking a broad definition of chemicals, we will expand our business into fields that contribute to social value, such as the environmental and life science fields.

In the trading businesses that are the central pillar of earnings for the Chemicals Division, the structure of the chemical industry, which was previously centered around petrochemicals, is transforming, which in turn is changing the supply chain. We position these changes in the supply chain as an opportunity to further strengthen our trading businesses.

Earnings Structure Transformation Initiatives

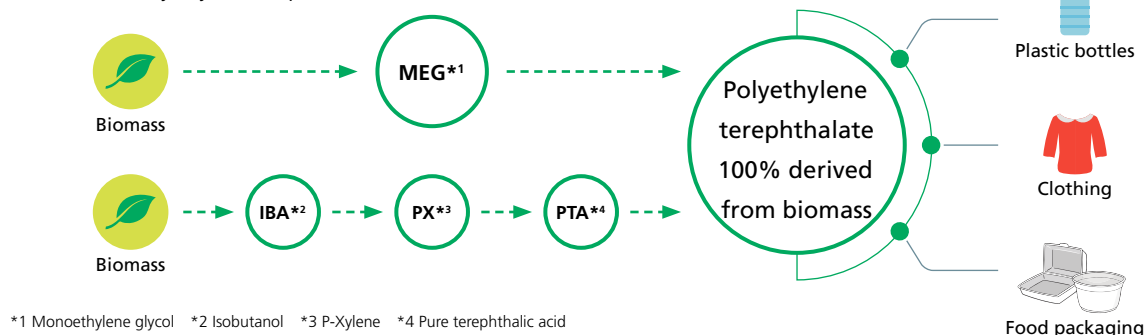


Measures for Advancing Growth Strategies

The Chemicals Division is rapidly advancing initiatives to generate earnings from healthcare, biotechnology, and other growth fields. In the healthcare field, M&A activities are being conducted to build frameworks for incorporating growth in the large markets of Europe and the United States. Examples of these M&A activities include investments in material manufacturers in the field of foods with function claims offering products boasting benefits for combating lifestyle diseases and dementia as well as investments in manufacturers of hemanalysis systems and research reagents. Through these investments, we plan to develop new businesses that take advantage of testing data. In the biotechnology field,

meanwhile, we are taking part in businesses that replace conventional petroleum-derived materials with biotic processes. For example, we are bolstering our supply of biomass-based chemicals through participation in a biomass-derived monoethylene glycol (MEG) production business together with Brazil's Braskem S.A. In addition, investments are being made in start-up companies with promising technologies in order to accelerate our acquisition of revolutionary new products and thereby secure earnings over the medium to long term.

Production of Polyethylene Terephthalate 100% Derived from Biomass



Consumer Industry & Agriculture Business Division



Factors such as the COVID-19 pandemic and Russia's invasion of Ukraine have severed supply chains while causing the materialization of risks of increases in energy and grain prices. This situation has prompted countries around the world to place increased emphasis on economic security, particularly with regard to food and energy. Major turning points, times when social values undergo great change, such as this always give rise to new business needs. I aim to transform these changes into opportunities and take an aggressive stance toward creating new businesses.

Centered on agriculture, forest products, and livestock, the Consumer Industry & Agriculture Business Division develops essential businesses that help support people's lifestyles. Existing business investment and trading operations in the fields of fertilizer, food products, and livestock feed are allowing us to grow earnings while creating new value by leveraging our strong competitive edge. The primary focus of these operations is the growing Southeast Asian market.

Based on our vision for 2030, the Consumer Industry & Agriculture Business Division has been positioning the diversification of lifestyles in Southeast Asia as an opportunity. For example, in Vietnam we are focusing on the development of livestock and meat processing businesses that contribute to safe and reliable food supplies to stimulate a paradigm shift in meat distribution. We are also responding to the trends toward sustainability and decarbonization by accelerating business investments related to biomass for developing reliable renewable energy production and supply systems using fuel from primary industries.

Strengths

- | | | |
|--|--|---|
| Strong business foundation in Southeast Asia | Top-class share for compound chemical fertilizer in Southeast Asia | Network for procuring diverse woody biomass resources |
|--|--|---|
- Development of a wide range of businesses mainly in Southeast Asia, such as fertilizer production, feed production, grain port operation, flour milling, bakery products, confectioneries, building materials, afforestation, wood chips, papermaking, and biomass fuel procurement
 - Establishment of a top-level market share in the production and sale of compound chemical fertilizer in Southeast Asia
 - Participation in one of the largest biomass power plant projects in Japan, utilizing a stable woody biomass resource procurement network and development of a new biomass fuel source using fast-growing trees

Operating Environment

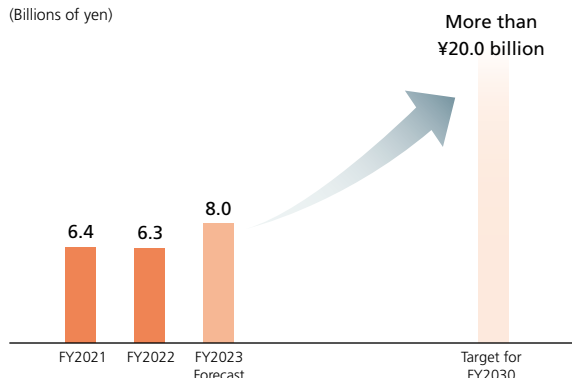
Opportunities	<ul style="list-style-type: none"> Diversification of lifestyles in Southeast Asia Increase in demand for foodstuffs and essential consumer goods due to population growth and economic development in Southeast Asia Growing need for the safety, security, and sustainability of food Greater emphasis placed on sustainable procurement of woody biomass resources amid growing environmental awareness
Risks	<ul style="list-style-type: none"> Price fluctuations due to an imbalance between supply and demand caused by climate change and changes in government policies Pressure on business revenue due to sudden fluctuations in exchange rates

Progression Toward Next Stage

Growth in agriculture, forest products, livestock, and other business fields closely connected to people's lifestyles and acceleration of development of sustainable biomass-related business models

Profit for the year

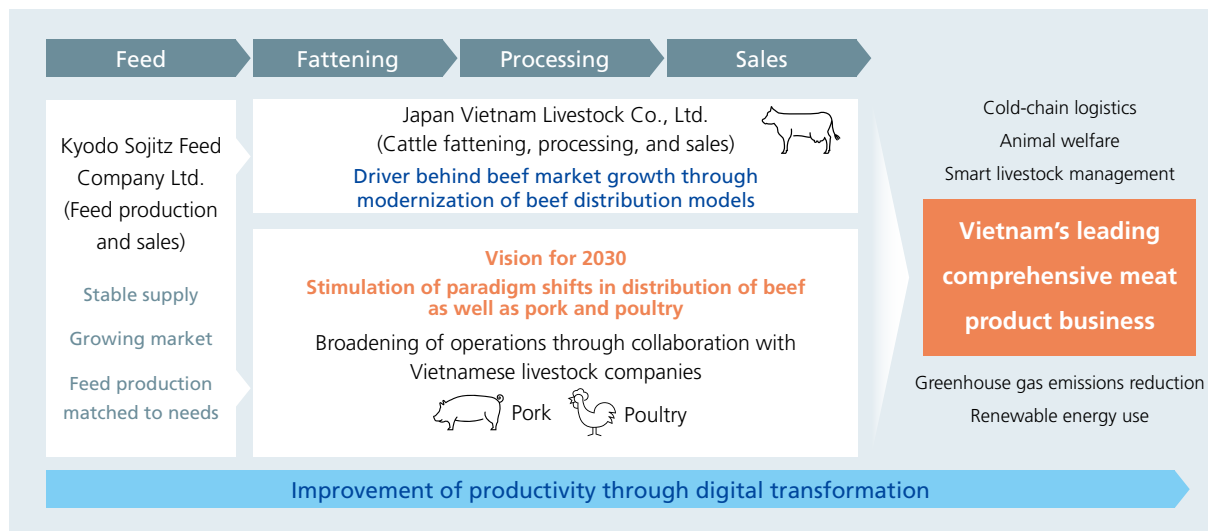
(Billions of yen)



Positioning the diversification of lifestyles in Southeast Asian and other emerging countries as an opportunity, the Consumer Industry & Agriculture Business Division is endeavoring to create new value in existing businesses and to develop new businesses from the perspectives of the global trends toward sustainability, local production and consumption, and decarbonization. For example, our robust fertilizer business foundations in Southeast Asia are being used to build agricultural platforms that drive ongoing improvements in the lifestyles of agricultural workers. Meanwhile, Japan Vietnam Livestock Co., Ltd., has been established in Vietnam to facilitate our entry into the cattle fattening, processing, and sales businesses, through which we aim to stimulate a paradigm shift in the distribution of meat products. The Consumer Industry & Agriculture Business Division is also devoting efforts to a number of other initiatives with significant social meaning, such as biomass power generation using renewable woody biomass resources and local economic development through the use of idle and unused land in Japan for agricultural purposes.

Overview of Major Businesses

Quest to become Vietnam's leading comprehensive meat product business, providing the reliable supply of safe and secure meat products centered on the beef integration business advanced through co-creation with the Vinamilk Group



Measures for Advancing Growth Strategies

In Vietnam, Sojitz has partnered with the Vinamilk Group, a major Vietnamese dairy product manufacturing conglomerate, to develop a cattle fattening, processing, and sales business. It is standard practice in Vietnam for meat to be distributed at ambient temperature. However, the recent diversification of distribution and retail models has resulted in a rise in demand for sanitary chilled meat. The average annual consumption of beef per person in Vietnam is around half of that in Japan, but demand for meat is expected to grow in conjunction with population growth and rising income levels going forward.

Through this cattle fattening, processing, and sales business, we plan to introduce the types of processing equipment and sanitation and quality control procedures used in Japan in order to heighten productivity and develop frameworks for the safe supply of high-quality chilled meat. A stable supply of the feed that is essential to fattening livestock will be provided to the Vinamilk Group by taking advantage of the reliability and competitive edge of Kyodo Sojitz Feed Company Ltd., which was established in 2011. With a focus on exhaustive quality control and product proposals matched to consumer needs, we will sell high-quality chilled meat to emerging modern distribution venues in Vietnam, such as supermarkets, as well as to hotels, restaurants, and cafes. By developing a recognized made-in-Vietnam beef brand and broadening out into pork and poultry, we aim to develop a leading comprehensive meat product business in Vietnam.

The Consumer Industry & Agriculture Business Division thereby intends to grow the meat product business into a second pillar of earnings alongside its fertilizer business.

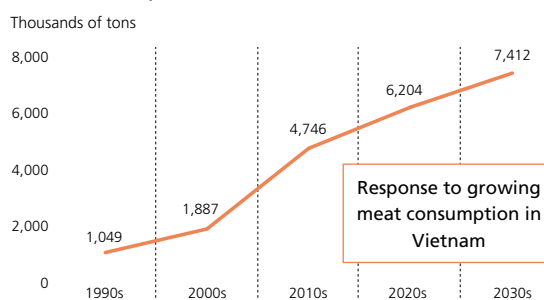


Beef product using cows that can no longer be milked procured from the Vinamilk Group, launched in July 2023

Meat Product Business Initiatives

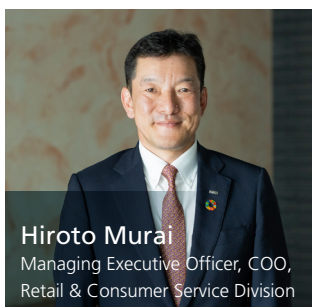
- March 2021 Establishment of Japan Vietnam Livestock Co., Ltd., as joint venture with Vietnam Livestock Corporation JSC
- March 2023 Groundbreaking ceremony for cattle fattening and beef processing complexes
- June 2024 Scheduled start of operation at beef processing complexes

Meat Consumption Volume in Vietnam



Source: Organisation for Economic Co-operation and Development

Retail & Consumer Service Division



The Retail & Consumer Service Division, with its multiple contact points with consumers, is committed to developing its businesses based on the customer's perspective. This commitment guides us in advancing a diverse range of businesses aimed at enriching and bringing convenience to people's lives. Our focus going forward will be responding to trends such as the diversification of consumer tastes and needs and the pursuit of more enriched and convenient lives in emerging countries as well as the changes to industry structures seen in developed countries as a result of rising health consciousness and increased interest in the United Nations Sustainable Development Goals (SDGs). We will go about this by expanding services businesses founded on market needs in order to build a quality asset portfolio oriented toward steady growth.

As we accelerate efforts to build a quality asset portfolio to fuel future growth, we will also move forward with drastic reforms to our operations through means such as withdrawing from businesses suffering from diminished earnings power or viability.

The operating environment for the Retail & Consumer Service Division is changing rapidly. Understanding that change is a constant, we should remain cognizant of the fact that change presents opportunities for us to seize upon. Speed and time will be constant areas of focus when formulating action plans for accomplishing our targets. A strongly entrenched PDCA cycle will be imperative for ensuring the effective implementation of these action plans. With these goals in mind, I will act with a strong sense of personal commitment to guarantee that the division can achieve its targets.

Strengths

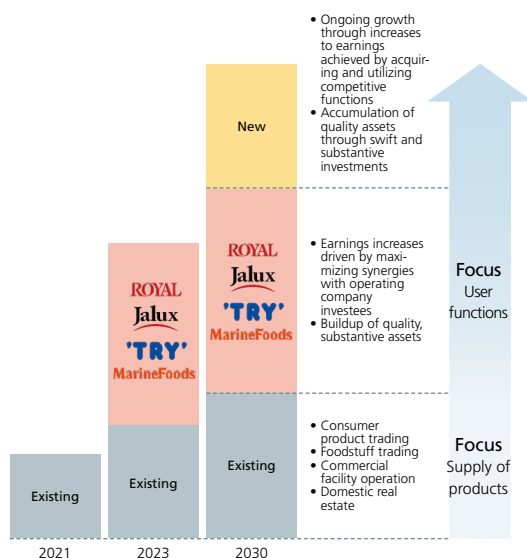


- Networks and customer bases established over many years throughout Asia
- Retail businesses developed to meet the needs of India and ASEAN countries based on their stage of development
- Expertise in management and investment for increasing value of shopping centers
- Supply base for food products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

Operating Environment

Opportunities	<ul style="list-style-type: none"> ● Increase in demand in India and the ASEAN region accompanying an expansion of the middle-income segment due to economic development in these areas ● Rising demand for Japanese technologies to improve productivity and to address the higher labor costs that stem from labor shortages ● Rising interest in Japan's food culture (including Japanese cuisine) and diversification of food ● Changes and diversification of consumer purchasing habits due to rising health consciousness and interest in the SDGs and popularization of e-commerce
Risks	<ul style="list-style-type: none"> ● Revisions to legal and regulatory systems in Asian countries ● Cost increases due to stricter food quality control in Asia ● Pressure on earnings from businesses and trading due to drastic fluctuations in foreign exchange rates and increases in raw material prices ● Increase in risks related to human rights and environmental issues due to expansion of manufacturing businesses ● Shrinkage of domestic market associated with population decline in Japan

Progression Toward Next Stage



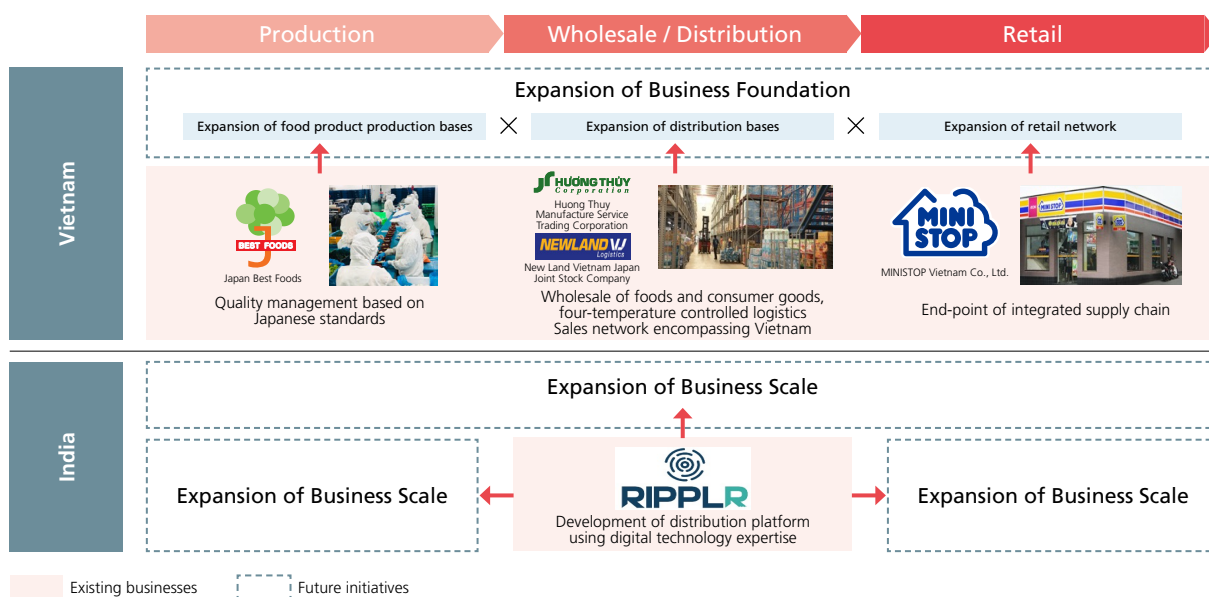
The Retail & Consumer Service Division continues to build a quality business asset portfolio by achieving and improving profitability in existing businesses, building upon collaborative relationships and conducting joint business investments with investees, executing new large-scale investments, and replacing portfolio assets.

The focus markets of this division include Japan as well as the growth markets of Vietnam and India. In these markets, we are reforming existing business models while strengthening and expanding earnings foundations through new business development. A particular area of attention is the seafood product market, which is growing amid rising health consciousness. By leveraging the strength of Sojitz's seafood product processing technologies and the superiority of its quality, we will seek to expand our seafood product business into the North American and Chinese markets.

Retail Businesses in Vietnam and India

In Vietnam, the Retail & Consumer Service Division is taking a comprehensive approach toward business development that integrates operations in the areas of processing and production of prepared food, four-temperature controlled logistics (ambient temperature, fixed temperature, chilled, and frozen), wholesale food and consumer goods, and retail. The division's distribution warehouses are being augmented and new convenience stores are being opened on an ongoing basis in order to grow these businesses. In India, the food and

consumer product wholesale insight gained in Vietnam is being utilized together with Sojitz's IT digital technology expertise to improve the quality of the services we provide and the range of areas in which we supply them through coordination with consumer product wholesaler and distributor Intelligent Retail Private Limited. The retail and manufacturing fields are also being assessed as potential targets for future expansion.



Marine Product Business

In order to better accommodate the global growth in seafood product demand, the Retail & Consumer Service Division has integrated the farming, procurement, processing, and sales functions of The Marine Foods Corporation, TRY Inc., Sojitz Tuna Farm Takashima Co., Ltd., and Dalian Global Food Corporation. Increased coordination will be practiced among these companies going forward in order to broaden and build upon their operations and thereby secure a competitive edge.

In Japan, procurement and sales capabilities will be augmented to expand and stabilize the earnings foundations of existing businesses. Overseas, meanwhile, we will leverage the strength of our seafood product processing technologies and the heights of our quality to accelerate the development of our business in the North American and Chinese markets, which are expected to see growth in demand for seafood products.



Major Subsidiaries and Affiliates (As of March 31, 2023)

Notes: 1. Equity ownership ratios are as of March 31, 2023.

2. Figures for profit (loss) for the year exclude one-time factors.



Automotive Division

Consolidated subsidiaries: **34** Equity-method affiliates: **7**

Name	Equity ownership (%)	Profit for the year (billions of yen)		Business activities
		FY2021	FY2022	
Sojitz de Puerto Rico Corporation	100%	2.1	2.2	Import and sale of automobiles
Sojitz Automotive Group, Inc.	100%	1.7	2.3	Automobile dealership
Subaru Motor LLC	65.6%	0.5	0.5	Import and sale of automobiles
Sojitz Quality, Inc.	100%	0.2	0.3	Investment in quality inspection-related services



Aerospace & Transportation Project Division

Consolidated subsidiaries: **39** Equity-method affiliates: **11**

Name	Equity ownership (%)	Profit (loss) for the year (billions of yen)		Business activities
		FY2021	FY2022	
Aircraft and marine vessel asset businesses				Aircraft sales representative, aircraft leasing, aircraft part-out, etc.
-Sojitz Aviation and Marine B.V.	100%	0.0	0.1	Aircraft part-out business and marine vessel-related business
Aviation businesses				Defense system-related, business jet services, aircraft sales representative business
-Business jet services	100%	0.9	0.9	
Transportation and airport infrastructure businesses				North American railcar (MRO/Railcar leasing), EPC businesses in railcar field in Asia
-Sojitz Transit & Railway Canada Inc.	74.9%	(0.2)	0.1	General repair and remanufacturing of railway rolling stock
-Southwest Rail Industries Inc.	100%	0.5	0.4	Railcar leasing business
Sojitz Aerospace Corporation	100%	0.8	1.3	Import, export, and sale of aerospace and defense-related equipment



Infrastructure & Healthcare Division

Consolidated subsidiaries: **56** Equity-method affiliates: **40**

Name	Equity ownership (%)	Profit for the year (billions of yen)		Business activities
		FY2021	FY2022	
Energy-related and thermal power generation businesses*				
-LNG Japan Corporation	50%	3.4	9.1	LNG projects and investment in LNG-related businesses
-Glover Gas & Power B.V.	25%	—	0.6	Gas supply and gas-related businesses
-Thermal power generation businesses	—	2.9	3.6	Projects in the United States, the Middle East, etc.
Renewable energy and decarbonization businesses*				
-Renewable energy businesses	—	1.8	3.2	Domestic and overseas renewable energy businesses
-Energy saving service businesses	—	—	1.0	Overseas energy saving service businesses
-Nexus Energia S.A.	31.4%	—	0.3	Electricity and gas retail, electricity sales agent, solar power generation businesses
Social infrastructure and public-private partnership businesses				
-Sojitz Hospital PPP Investment B.V.	100%	3.6	3.3	Investment and financing of hospital operation projects
-Nissho Electronics Corporation	100%	1.9	2.6	IT system and network service businesses
-PT. Puradelta Lestari Tbk	25%	1.4	2.7	Development and operation of comprehensive urban infrastructure including residential, industrial, and commercial infrastructure

* Figures for thermal power generation businesses, renewable energy businesses, and energy saving service businesses represent the total of profit for the year of the relevant major subsidiaries and associates.

For more information on the following listed companies, please refer to their respective websites
 SAKURA Internet Inc. (equity-method associate) <https://www.sakura.ad.jp/> (in Japanese only)
 PT. Puradelta Lestari Tbk (equity-method associate) <https://www.kota-deltamas.jp/> (in Japanese only)

Metals, Mineral Resources & Recycling Division

Consolidated subsidiaries: **22** Equity-method affiliates: **16**

Name	Equity ownership (%)	Profit for the year (billions of yen)		Business activities
		FY2021	FY2022	
Sojitz Development Pty. Ltd.	100%	27.2	44.2	Investment in coal mines
Metal One Corporation	40%	11.3	16.6	Import, export, offshore trading, and domestic sale of steel-related products
Non-ferrous metal business (Worsley Alumina Refinery in Australia)	—	1.8	0.7	Production of alumina and investment in alumina refineries

Chemicals Division

Consolidated subsidiaries: **30** Equity-method affiliates: **11**

Name	Equity ownership (%)	Profit for the year (billions of yen)		Business activities
		FY2021	FY2022	
PT. Kaltim Methanol Industri	85%	4.1	5.9	Manufacture and sale of methanol
Sojitz Pla-Net Corporation	100%	2.2	1.9	Trading and sale of plastic materials and plastic products
solvadis deutschland gmbh	100%	1.2	1.9	Trading and sale of chemical products
Non-consolidated trading businesses	—	1.0	4.7	Industrial salts, rare earths, aromatics, phenols, functional materials, etc.

Consumer Industry & Agriculture Business Division

Consolidated subsidiaries: **26** Equity-method affiliates: **11**

Name	Equity ownership (%)	Profit (loss) for the year (billions of yen)		Business activities
		FY2021	FY2022	
Fertilizer-related businesses				
-Thai Central Chemical Public Company Limited	81%	3.4	2.8	Manufacture and sale of fertilizers
-Atlas Fertilizer Corporation	100%	2.1	1.9	Manufacture and sale of fertilizers and sale of imported fertilizer products
-Japan Vietnam Fertilizer Company	75%	0.2	0.2	Manufacture and sale of fertilizers
Sojitz Building Materials Corporation	100%	2.8	1.8	Trading company specializing in sale of construction materials
Saigon Paper Corporation	96%	(0.7)	(0.3)	Papermaking business

Retail & Consumer Service Division

Consolidated subsidiaries: **28** Equity-method affiliates: **22**

Name	Equity ownership (%)	Profit (loss) for the year (billions of yen)		Business activities
		FY2021	FY2022	
Retail-related businesses	—	(0.8)	(0.2)	Manufacturing and distribution of food products and convenience store and restaurant operation
-Overseas	—	(0.2)	0.1	Operation of MINISTOP Vietnam locations, four-temperature controlled logistics, production of prepared foods, wholesale of food products and consumer goods, etc.
-Domestic	—	(0.8)	(0.3)	Royal Holdings Co., Ltd.; Sojitz Royal In-flight Catering Co., Ltd.; JALUX Inc.; etc.
Marine products-related businesses	—	0.4	1.1	The Marine Foods Corporation, TRY Inc., Dalian Global Food Corporation, and Sojitz Tuna Farm Takashima Co., Ltd.
-The Marine Foods Corporation	100%	—	0.8	An seafood manufacturing company
Domestic real estate business	—	1.8	1.9	Management of shopping centers, dedicated businesses for raising property value, etc.
Sojitz Foods Corporation	100%	3.2	1.9	Sale of meat and seafood products, sugar, saccharified products, dairy products, processed foods, and other foodstuffs
Sojitz Fashion Co., Ltd.	100%	0.6	0.7	Printing of cotton and synthetic textiles and planning, processing, and wholesale of non-patterned and dyed fabrics

For more information on the following listed companies, please refer to their respective websites.
 Fuji Nihon Seito Corporation (equity-method associate) <https://www.fnsugar.co.jp/en>
 Royal Holdings Co., Ltd. (equity-method associate) <https://www.royal-holdings.co.jp/en/>

11-Year Financial Summary

11-Year Financial Summary

For the years ended March 31, 2023 to 2013

IFRS

	2023.3	2022.3	2021.3
Operating Results:			
Revenue	2,479,840	2,100,752	1,602,485
Gross profit	337,567	271,319	188,120
Profit before tax	155,036	117,295	37,420
Profit for the year (Attributable to owners of the Company)	111,247	82,332	27,001
Core earnings* ¹	145,010	131,263	38,468
Net cash provided by operating activities	171,639	65,084	84,972
Net cash provided by (used in) investing activities	29,157	(138,819)	(35,676)
Net cash provided by (used in) financing activities	(230,367)	46,898	(40,621)
Free cash flow	200,796	(73,734)	49,295
Balance Sheet Data (As of March 31):			
Total assets	2,660,843	2,661,680	2,300,115
Total equity attributable to owners of the Company	837,713	728,012	619,111
Total equity	876,576	763,878	654,639
Interest-bearing debt* ²	883,704	1,052,725	908,334
Net interest-bearing debt* ²	629,426	770,291	610,677
Per Share Data:			
Profit for the year (Attributable to owners of the Company)	481.94	352.65	112.53
Total equity attributable to owners of the Company	3,629.34	3,153.90	2,581.58
Dividends* ³	130	106	50
Ratios:			
ROA (%)	4.2	3.3	1.2
ROE (%)* ⁴	14.2	12.2	4.5
Equity ratio (%)* ⁵	31.5	27.4	26.9
Net debt equity ratio (DER) (Times)	0.75	1.06	0.99
Consolidated payout ratio (%)* ⁶	27.0	30.1	44.4
Risk assets (Millions of yen)	490,000	450,000	390,000
Ratio of risk assets to total equity (Times)	0.6	0.6	0.6

Notes: 1. The Sojitz Group adopted IFRS in the year ended March 31, 2013, and the date of IFRS implementation was April 1, 2011.

2. Effective October 1, 2021, the Company performed a one-for-five share consolidation. Past figures for per share data have been restated to reflect this change.

*1 Core earnings = Gross profit + Selling, general and administrative expenses (before provision of allowance for doubtful accounts and write-offs) + Net interest expenses + Dividend income + Share of profit (loss) of investments accounted for using the equity method

*2 Interest-bearing debt does not include lease liabilities.

*3 The amounts represent the annual dividends per share of common stock of Sojitz Corporation.

*4 Under IFRS, ROE is return on equity attributable to owners of the Company.

*5 Equity ratio represents the total equity attributable to owners of the Company ratio.

*6 Consolidated payout ratio is calculated based on the number of shares as of March 31.

	2020.3	2019.3	2018.3	2017.3	2016.3	2015.3	2014.3	Millions of yen 2013.3
	1,754,825	1,856,190	1,816,459	1,555,349	1,658,072	1,809,701	1,803,104	1,747,750
	220,494	240,956	232,380	200,685	180,739	197,688	198,221	187,245
	75,528	94,882	80,343	57,955	44,269	52,584	44,033	28,052
	60,821	70,419	56,842	40,760	36,526	33,075	27,250	13,448
	68,302	93,015	90,713	54,076	41,603	66,354	68,018	38,395
	40,510	96,476	98,812	857	99,939	39,109	46,997	55,124
	(35,669)	(42,200)	(86,407)	(32,179)	(33,910)	(13,792)	(24,469)	(11,652)
	(12,164)	(74,907)	(13,052)	(4,029)	(114,695)	(42,600)	(30,931)	(56,177)
	4,840	54,276	12,404	(31,321)	66,028	25,317	22,528	43,472
	2,230,285	2,297,059	2,350,351	2,138,466	2,056,670	2,297,358	2,220,236	2,150,050
	579,123	618,295	586,464	550,513	520,353	550,983	459,853	382,589
	621,898	661,607	625,124	577,970	549,716	590,656	492,959	411,298
	893,258	873,321	911,479	925,368	922,699	1,038,769	1,065,276	1,077,007
	613,173	584,711	603,449	611,007	571,628	629,556	640,256	643,323
								Yen
	244.53	281.71	227.19	162.91	145.99	132.19	108.91	53.75
	2,374.83	2,474.69	2,344.04	2,200.32	2,079.73	2,202.13	1,837.89	1,529.03
	85	85	55	40	40	30	20	15
	2.7	3.0	2.5	1.9	1.7	1.5	1.2	0.6
	10.2	11.7	10.0	7.6	6.8	6.5	6.5	3.8
	26.0	26.9	25.0	25.7	25.3	24.0	20.7	17.8
	1.06	0.95	1.03	1.11	1.10	1.14	1.39	1.68
	34.8	30.2	24.2	24.6	27.4	22.7	18.4	27.9
	380,000	360,000	350,000	320,000	330,000	320,000	350,000	340,000
	0.7	0.6	0.6	0.6	0.6	0.6	0.8	0.9

Non-Financial Data / Country Risk Exposure (Consolidated)

Non-Financial Data

Social Data

	FY2020	FY2021	FY2022
Number of employees (consolidated)	19,463	20,673	20,669
Number of employees (non-consolidated)* ¹	2,551	2,558	2,523
Male	1,835	1,823	1,754
Female	716	735	769
Number of female career track employees (Number of female managers)	287 (54)	302 (57)	335 (57)
Ratio of female managers (%)	5.4	5.9	6.1
Average years of employee service	15.4	15.4	15.4
Male	16.9	17.0	17.1
Female	11.6	11.5	11.5
Ratio of employees with disabilities (%)	2.25	2.39	2.60
Annual paid leave acquisition rate (%)	64.4	68.7	73.7
Number of employees taking childcare leave* ²	60	60	67
Male	34	45	46
Female	26	15	21
Ratio of employees returning to work after childcare leave (%)	100	94.1	96.3
Personnel turnover (%)	2.7	4.6	5.2
Number of new graduate hires	117	86	90
Male	60	47	39
Female (including administrative workers)	57	39	51
Ratio of women among new graduate hires (%)	49	45	56.7
Number of mid-career hires	30	35	40
Male	14	23	31
Female (including administrative workers)	16	12	9
Ratio of women among mid-career hires (%)	53	34	22.5
Ratio of mid-career hires among full-time employees (%)	20	29	30.8
Employee union membership rate (%)	53	54	55.0

*1 Figures include full-time contract employees.

*2 Figures refer to the number of employees who commenced childcare leave within the fiscal year.

Human Resource Development Data

	FY2020	FY2021	FY2022
Number of employees receiving training (aggregate total)* ¹	Approx. 5,200	Approx. 26,000	Approx. 56,000
Total training hours* ¹	Approx. 38,000	Approx. 39,300	Approx. 55,000
Hours of training* ^{1,2}	16	17	27
Overseas trainee program participants	5	39	55
Short term	1	10	20
Long term	4	29	35

*1 Training refers to employee training, including self-development training, conducted by the Human Resources Department as well as e-learning and ISO 14001 environmental standards and CSR training programs provided by other departments.

*2 Figures exclude directors, executive officers, and Audit & Supervisory Board members as well as employees who retired as of March 31 of the given fiscal year.

Environmental Data

	Unit	FY2020	FY2021	FY2022
Electricity consumption	MWh	263,805	266,035	295,770
CO ₂ emissions (Scope 1)* ¹	t-CO ₂	705,807	700,618	728,600
CO ₂ emissions (Scope 2)* ²	t-CO ₂	206,283	219,180	206,807
CO ₂ emissions (Scope 1 + Scope 2)	t-CO ₂	912,090	919,797	935,407
CO ₂ emissions (Scope 3)* ³	t-CO ₂	—	36,007,569	23,567,680
Waste discharged* ⁴	Tons	67,711	62,769	67,103
Water use	Millions of m ³	5.03	4.50	4.97

Scope: Sojitz Corporation and domestic and overseas consolidated subsidiaries

• For information on progress toward Scope 1 and Scope 2 emissions reduction targets, please refer to Sojitz's corporate website.
https://www.sojitz.com/en/csr/sojitz_esg/e/climate.php

*1 Scope 1: Direct emissions from the use of fuels such as city gas

*2 Scope 2: Indirect emissions from the use of purchased electricity, heat, etc.

*3 Scope 3: Emissions from supply chain for power generation sector (thermal coal, oil, and gas)

*4 Figure for the year ended March 31, 2021, has been restated to reflect changes in data (pre-restating figure: 75,395 tons).



Reference

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

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

https://www.sojitz.com/en/csr/environment/pdf/independent_e.pdf

Country Risk Exposure (Consolidated)

Exposure (As of March 31, 2023)

Billions of yen								
Country	Investments	Loans	Guarantees	Operating receivables	Cash and deposits, etc.	Other assets	Country risk	Substantial country risk
Thailand	3.0	0.0	0.4	33.1	30.4	10.1	76.9	77.0
Indonesia	16.9	0.0	0.0	22.6	5.1	5.3	50.0	56.9
Philippines	10.0	0.2	0.0	23.1	2.4	8.1	43.7	43.6
China (including Hong Kong)	13.1	0.0	0.1	35.2	3.4	4.3	56.0	55.2
China	11.8	0.0	0.1	31.1	3.0	3.4	49.3	48.9
Hong Kong	1.3	0.0	0.0	4.1	0.4	0.9	6.7	6.3
Brazil	2.4	0.3	0.3	3.3	2.0	15.5	23.8	62.8
Argentina	0.4	0.0	0.0	1.0	0.0	0.1	1.5	0.4
Russia	1.1	0.0	0.0	3.2	4.4	7.7	16.4	16.4
India	9.0	0.0	0.0	17.4	1.0	3.8	31.2	27.3
Vietnam	9.7	0.5	0.1	28.2	6.3	17.3	62.0	65.7
Turkey	0.3	0.0	0.0	5.0	0.6	0.0	5.9	15.9
Total	65.9	1.0	0.9	172.1	55.6	72.2	367.4	421.2

(Reference)

Exposure (As of March 31, 2022)

Billions of yen								
Country	Investments	Loans	Guarantees	Operating receivables	Cash and deposits, etc.	Other assets	Country risk	Substantial country risk
Thailand	3.1	0.0	0.3	29.0	30.9	9.5	72.9	72.9
Indonesia	14.4	0.0	0.0	5.5	4.4	6.2	30.5	36.5
Philippines	2.7	0.2	0.0	14.7	5.3	7.1	30.1	30.0
China (including Hong Kong)	11.6	0.0	0.0	51.8	3.0	3.3	69.6	69.0
China	10.4	0.0	0.0	44.9	1.9	2.4	59.5	58.3
Hong Kong	1.2	0.0	0.0	6.9	1.1	0.9	10.1	10.7
Brazil	5.2	0.3	0.3	2.8	1.7	20.1	30.3	65.4
Argentina	0.3	0.0	0.0	0.7	0.0	1.3	2.3	1.4
Russia	1.7	0.0	0.0	15.0	1.8	6.6	25.1	22.8
India	39.5	0.0	0.0	19.2	1.0	4.0	63.7	57.8
Vietnam	7.9	0.5	0.2	33.6	7.1	16.0	65.3	67.9
Turkey	0.0	0.0	0.0	2.6	0.3	0.0	2.9	11.1
Total	86.4	1.0	0.8	174.9	55.5	74.1	392.7	434.8

Note:

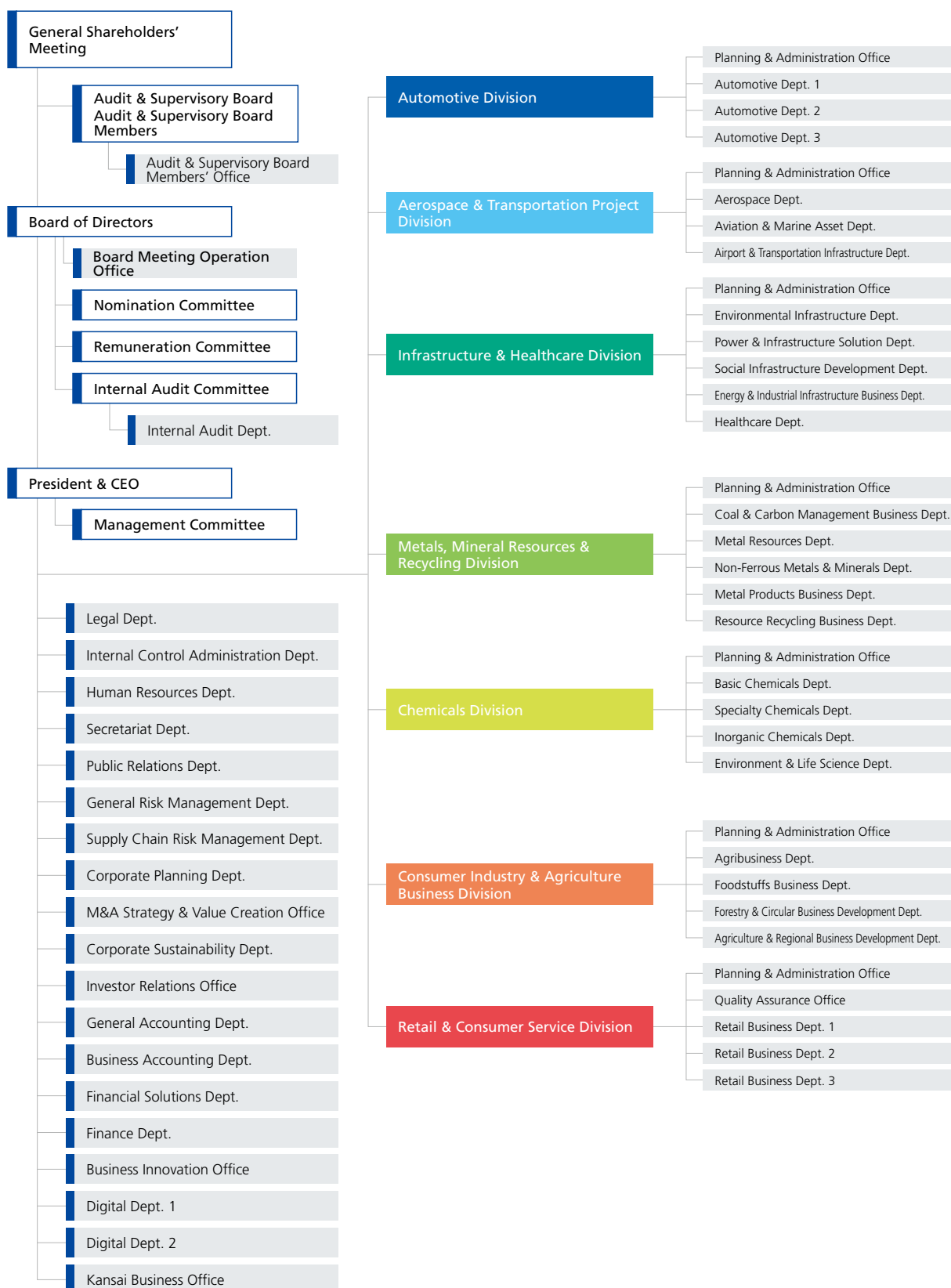
We calculate exposure for the consolidated Sojitz Group by tallying assets that are exposed to country risk. We disclose exposure for the entire Sojitz Group and for the following assets: investments, loans, guarantees, and operating receivables and inventories (grouped as "operating receivables"); cash and deposits and financial assets (grouped as "cash and deposits, etc."); and bad debts, non-current assets, etc. (grouped as "other assets").

Exposure is tallied on the following bases:

- Country risk: Exposure is calculated based on the country in which credit counterparties, etc., are present.
- Substantial country risk: Exposure is adjusted based on the substantial country of risk, regardless of counterparties' country of domicile.

Organization Chart / Principal Operating Bases

Organization Chart (As of June 30, 2023)



Principal Operating Bases (As of June 30, 2023)



■ Head office ■ Office ● Group company ● Branch ● Office

Japan	5
The Americas	15
Europe	26
Middle East & Africa	10

China	10
Asia & Oceania	24
Regions Directly Managed by the Head Office	3



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

Corporate Data / Investor Information

Corporate Data (As of June 30, 2023)

Company Name	Sojitz Corporation
Established	April 1, 2003
Capitalization	¥160,339,000,000
President & CEO	Masayoshi Fujimoto Representative Director, President & CEO
Head Office	1-1, Uchisaiwaicho 2-chome, Chiyoda-ku, Tokyo 100-8691, Japan Phone: +81-3-6871-5000

Number of Branches & Offices	Domestic: 5 (including the Head Office) Overseas: 88
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Number of Subsidiaries & Affiliates

Domestic: 131
Overseas: 312

Number of Employees

Non-consolidated: 2,613
Consolidated: 21,912

Investor Information (As of March 31, 2023)

Securities Code	2768
Shareholder Registry Administrator	Mitsubishi UFJ Trust and Banking Corporation
Inquiries	Mitsubishi UFJ Trust and Banking Corporation Securities Proxy Department 1-1, Nikko-cho, Fuchu-shi, Tokyo 183-0044, Japan
Phone	+81-120-232-711 (toll free)

Stock Listing	Tokyo Stock Exchange
Fiscal Year	From April 1 to March 31 of the following year

General Shareholders' Meeting

June

Number of Shares per Unit

100 shares

Total Number of Shares

Authorized to be Issued

500,000,000

Number of Shares Issued

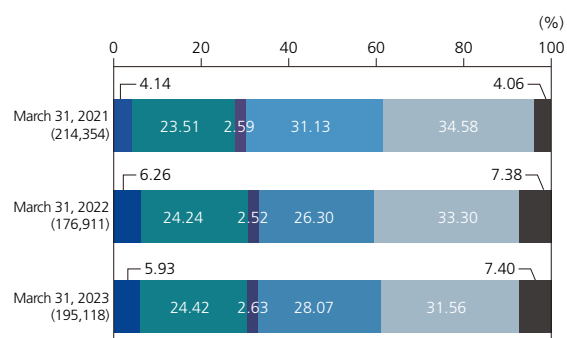
250,299,900
(including treasury stock)

Number of Shareholders

195,118

Composition of Shareholders

■ Securities companies ■ Financial institutions ■ Corporations
■ Individuals and others ■ Foreign corporations and individuals ■ Treasury stock



Note: Figures in parentheses indicate the number of shareholders.

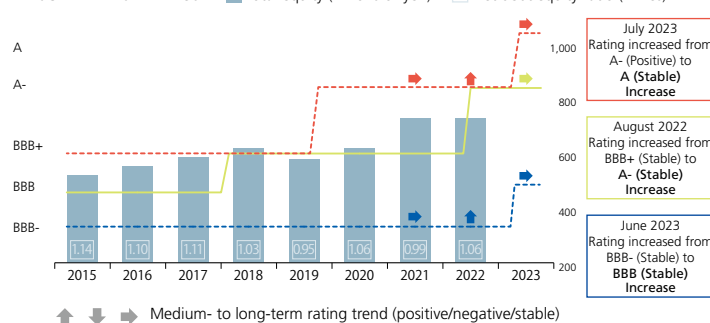
Major Shareholders

Name of Shareholders	Number of Shares Held (Thousands)	Shareholding Ratio (%)
The Master Trust Bank of Japan, Ltd.	34,546	14.91
ICHIGO TRUST PTE LTD.	20,726	8.94
Custody Bank of Japan, Ltd.	14,883	6.42
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	4,638	2.00
STATE STREET BANK WEST CLIENT - TREATY 505234	4,342	1.87
JAPAN SECURITIES FINANCE CO., LTD.	3,997	1.72
STATE STREET BANK AND TRUST COMPANY 505103	3,727	1.61
THE BANK OF NEW YORK MELLON 140044	3,363	1.45
JPMorgan Securities Japan Co., Ltd.	2,619	1.13
SSBTC CLIENT OMNIBUS ACCOUNT	2,472	1.07

Note: Our treasury stock of 18,529 thousand shares is excluded from the above list. The shareholding ratios are calculated excluding the number of shares of treasury stock.

Rating Information

--- JCR --- R&I --- S&P ■ Total equity (Billions of yen) □ Net debt equity ratio (Times)



(As of September 1, 2023)

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

Investor Relations Activities

Communication with Shareholders and Other Investors

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

Major Investor Relations (IR) Activities in FY2022

Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
Investor Relations section available on Sojitz's corporate website											
Discussions with IR representatives from peer companies and other industries											
Full-year financial results	General Shareholders' Meeting	First quarter financial results	Publication of integrated report	Winter issue of shareholders' newsletter	Third quarter financial results						
IR briefings for employees	Summer issue of shareholders' newsletter	Briefings for private investors	Second quarter financial results	Interim dividend	Briefings for private investors						
	Year-end dividend	Briefings for private shareholders (Osaka and Nagoya)	IR Day	Briefings for private shareholders (Fukuoka)	Online business briefings						

Targets	Initiatives	Specific Activities	Numbers
Analysts and institutional investors	Direct communication through briefings and individual meetings	Individual meetings	289
		Financial results briefings	4
		IR Day, business briefings	2
		Overseas IR roadshows	7 (11 cities)
		Conferences organized by securities companies	1
Private shareholders and investors	Direct explanations of business performance trends and strategies from president, CFO, and business division heads	Briefings for shareholders	3
		Briefings for private investors	2
Employees	Online briefings and Q&A sessions regarding financial results and progress toward KPI targets from CFO and officers responsible for corporate planning and IR	IR briefings for employees	3



Online IR briefing held for employees after financial results briefing for the year ended March 31, 2023, in May 2023



Outside directors at IR Day event comprising explanations of business and digital transformation strategies and panel discussions led by outside directors on subject of value creation activities

External Evaluation of Investor Relations Activities

Integrated Reports

Receipt of Grand Prize at the 1st NIKKEI Integrated Report Awards program and Award of Excellence at the 2nd program
 Selected as "Most-improved Integrated Report" by Government Pension Investment Fund



Receipt of "Most Liked!" IR Award (2020 and 2022)

Japan Investor Relations Association

Investor Relations Website

Grand Prize, Internet IR Awards
 (Seventh consecutive year)
 Award of Excellence, Sustainability Category
 (Second consecutive year)
 Daiwa Investor Relations Co. Ltd.
 Grand Prize in ranking of quality of listed companies' homepages by industry (wholesale industry)
 Nikko Investor Relations Co., Ltd.



Investor Relations Information



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

Questionnaire Regarding Integrated Report 2023



We would appreciate it if you would take the time to fill out this questionnaire regarding Integrated Report 2023 so that we can hear your opinions and feedback.
<https://forms.office.com/r/EcQrMXnbPh>

Message from IR Section



Integrated Report 2023 production team, Investor Relations Office (September 2023)

Thank you for reading *Integrated Report 2023*. This report was prepared with a focus on deepening reader understanding with regard to how everyone at Sojitz is transforming themselves by tackling new challenges based on unrestrained ideas and how Sojitz itself is advancing toward its next stage. We hope that reading this report has helped you gain a greater understanding of how Sojitz will create value over the medium to long term. We will continue to emphasize the importance of engagement with our stakeholders while maintaining our earnest stance toward necessary and appropriate information disclosure as we seek to conduct investor relations activities in a manner that contributes to the improvement of corporate value.