

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

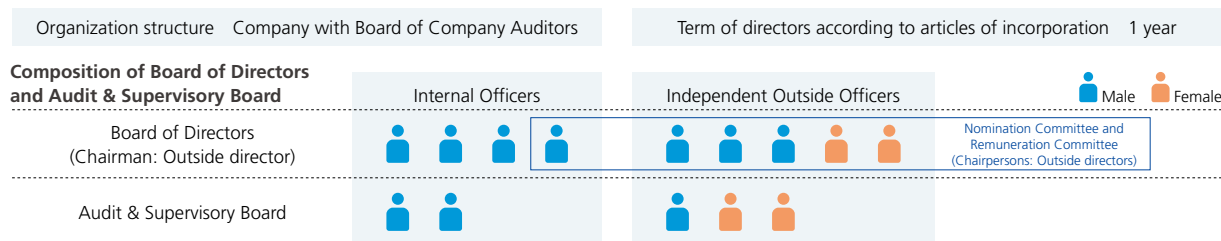
responsibilities and ensuring a smooth and swift execution of business through the separation of managerial decision-making from operational execution.

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.

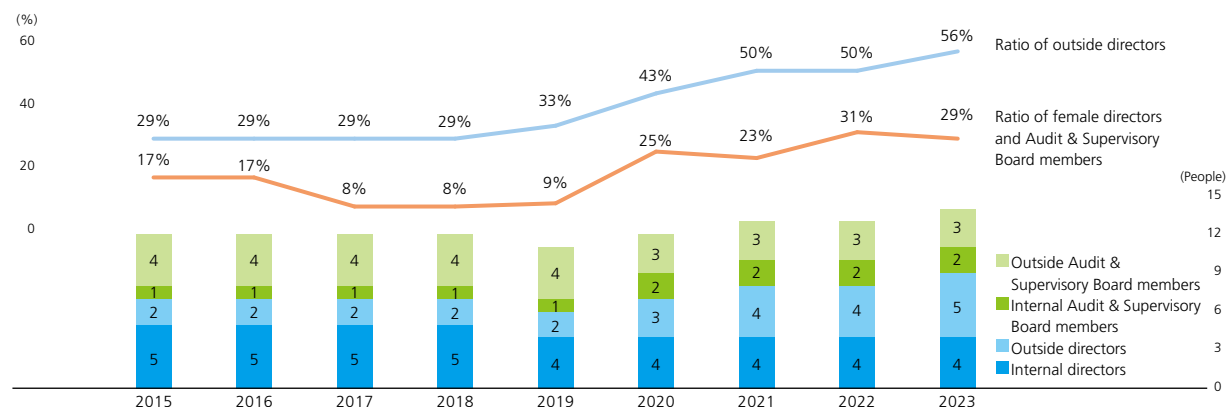
Improvement of Corporate Value over the Medium to Long Term

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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

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



Norio Otsuka
Outside Director
Chairman of the Board
of Directors

Haruko Kokue
Outside Director

Tsuyoshi Kameoka
Outside Director

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

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

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

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

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

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



Kokue at a career discussion forum for women

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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



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

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

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

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

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

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



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

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

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

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

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



Naoko Saiki
Outside Director
Chairperson, Nomination Committee

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

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

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

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

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

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

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



Ungyong Shu
Outside Director
Chairperson, Remuneration Committee

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

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

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

Analysis and Assessment of the Effectiveness of the Board of Directors

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

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

Assessment Method

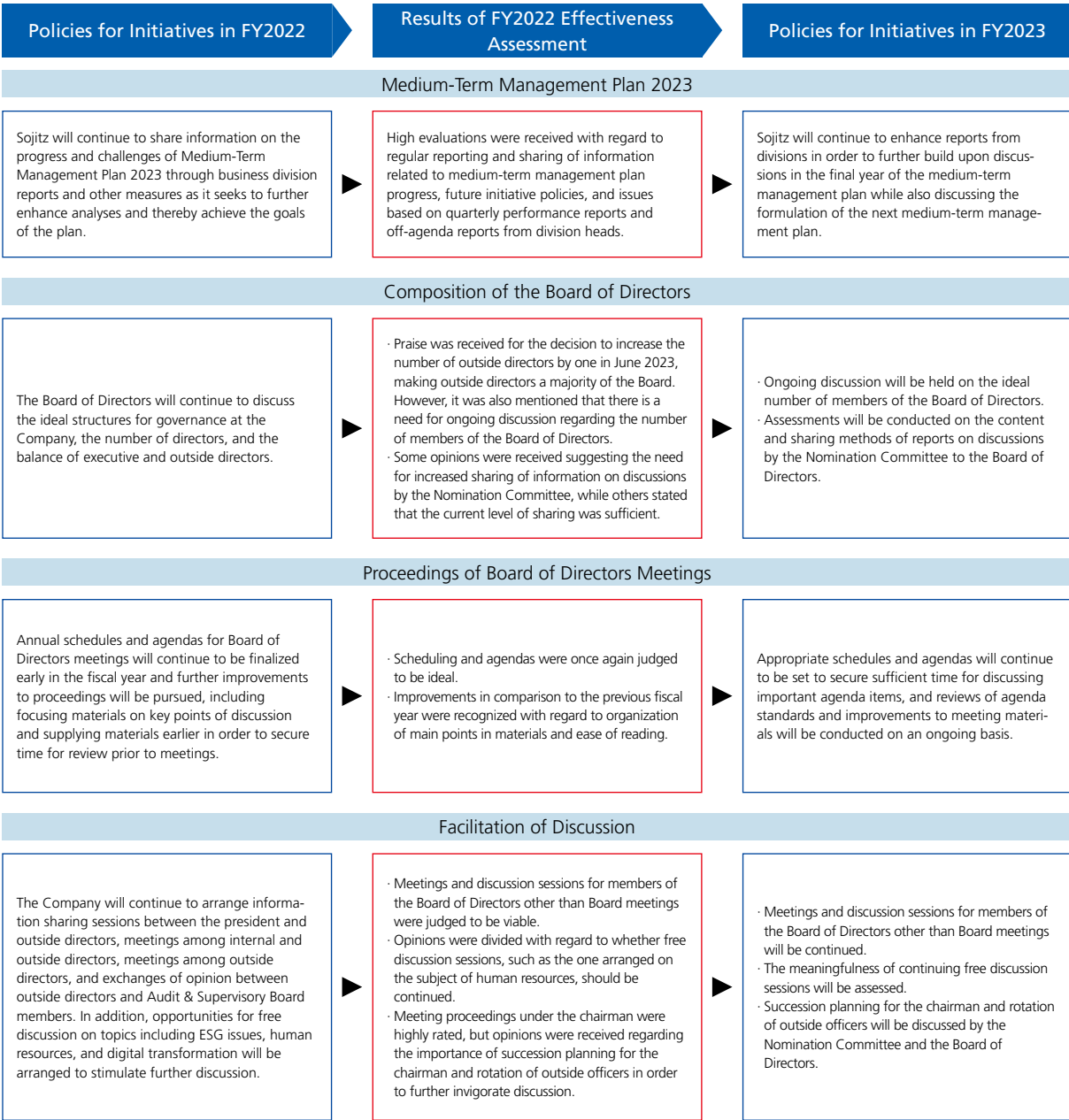
The assessment method and whether or not an assessment by a third-party organization was necessary was discussed by the Board of Directors, and it was decided that a self-assessment would be conducted using the following process.

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

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

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

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



Director and Audit & Supervisory Board Member Skill Matrix

Implementing the Company's management strategies requires the Board of Directors and the Audit & Supervisory Board to be able to support swift and bold executive decision-making and to provide effective oversight and conduct audits of operational execution.

Accordingly, it is important for these bodies to have members with insight regarding global trends, economics, and various cultures as well as global perspectives that allow for discussions founded on acceptance toward diversity.

In addition, members of these bodies should have experience and insight regarding the formulation and

implementation of management strategies and measures and pertaining to mergers, acquisitions, investments, loans, and financial markets for creating opportunities for ongoing growth. Business management experience for raising business value is also imperative.

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

		Global	Business management	Corporate planning	Legal	Risk management	Mergers, acquisitions, investments, loans, and financial markets	Finance and accounting	Human resources	Internal control	Environment and society
Masayoshi Fujimoto	Representative Director, President & CEO	●	●	●							●
Ryutaro Hirai	Representative Director	●	●	●					●		
Yoshiki Manabe	Representative Director	●				●	●	●		●	
Masaaki Bito	Director	●		●							●
Norio Otsuka	Outside Director Chairman of the Board of Directors	●	●	●				●			
Naoko Saiki	Outside Director	●			●				●		●
Ungyong Shu	Outside Director	●	●			●	●				
Haruko Kokue	Outside Director	●		●							●
Tsuyoshi Kameoka	Outside Director	●	●	●							
Masaaki Kushibiki	Audit & Supervisory Board Member	●				●		●	●		
Takehiro Honda	Audit & Supervisory Board Member	●	●	●					●		
Michiko Nagasawa	Audit & Supervisory Board Member	●			●					●	
Kazuhiro Yamamoto	Audit & Supervisory Board Member	●	●	●				●			
Junko Kamei	Audit & Supervisory Board Member	●						●		●	

The skills, career backgrounds, and expertise required for the Board of Directors and the Audit & Supervisory Board will be reviewed in response to changes in the operating environment and management policies.

Areas to which individuals should pay particular attention when supervising management are marked with "●"; this is not an exhaustive list of all the skills, career background, and expertise possessed by each individual.

Digital transformation, including the creation and transformation of business models using digital technology, is also an important element and is complemented by having an executive officer with digital transformation skills, a relevant career background, and digital expertise serve as chief digital officer (CDO).

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

Corporate Governance Supporting Value Creation Strategy

Corporate Governance

Systems and Activities for Supporting Outside Directors

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

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

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



Outside Director Naoko Saiki at a career discussion forum for women

TOPICS

Visits to Business Sites by Outside Directors

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

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



Outside directors touring Gregory Crinum coal mine in Australia



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

Advisory Bodies to the Board of Directors

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

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

3 Auditing system

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

Audits by Audit & Supervisory Board Members

Pursuant to the Corporate Audit Standards established by the Audit & Supervisory Board, Audit & Supervisory Board members oversee and audit the operations of the Company by performing audits through activities including those indicated below.

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

Accounting Audits

Independent auditing firm KPMG AZSA LLC performs accounting audits of Sojitz in accordance with the Companies Act as well as audits of financial statements, quarterly reviews, and internal control audits in accordance with the Financial Instruments and Exchange Act.

Internal Audits

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

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

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

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

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

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

Role Expected of Audit & Supervisory Board Members by Shareholders

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

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

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



Masaaki Kushibiki

Audit & Supervisory Board Member (Full-time)

4 Remuneration systems for improving corporate value

Policies for Remuneration of Directors and Executive Officers

- Sojitz's basic policy for the remuneration of directors and executive officers is based on the following two considerations.
- Remuneration shall offer incentives to pursue ongoing growth and medium- to long-term increases in corporate value in order to facilitate the creation and provision of two types of value—value for Sojitz and value for society.
 - Remuneration systems shall be structured to drive us toward our vision for 2030 of becoming a general trading company that constantly cultivates new businesses and human capital.

Basic Policies

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

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

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

Type of remuneration			Outline	Performance-linked indicators (KPIs)	Evaluation weight	Variation in remuneration	Timing of payment	Target	Results
Basic remuneration	Fixed	Cash (54–66%)	Determined by the individual's rank, commensurate with job responsibilities	—	—	—	Monthly	—	—
Performance-linked remuneration	Variable	Short-term Cash (21–26%)	Linked to corporate performance in a single year as well as the progress made with the medium-term management plan	Consolidated net profit* ¹ (level of achievement of single-year targets)	35%	0–150%* ²	Once a year, at a certain time	¥85.0 billion	(FY2022) ¥111.2 billion
				Consolidated net profit* ¹ (progress made toward cumulative targets of the medium-term management plan)	35%			¥138.0 billion	(FY2021–2022 aggregate) ¥193.5 billion
				ROE	20%			11.4%	(FY2022) 14.2%
				Core operating cash flow (level of achievement of single-year targets)	5%			¥113.0 billion	(FY2022) ¥145.2 billion
				Core operating cash flow (progress made toward cumulative targets of the medium-term management plan)	5%			¥184.0 billion	(FY2021–2022 aggregate) ¥273.9 billion
		Medium- to long-term Shares (13–20%)	Linked to the achievement of the medium-term management plan and the increase in corporate value (in terms of ESG and share price)	Accumulated consolidated net profit in the three-year period* ¹	60%	60–200%	Shares allotted after retirement	¥195.0 billion	—
				Sojitz share growth rate* ³	30%			110%	
				ESG (environmental, social, and governance)-related criteria* ⁴	10%			See below	

*1 Refers to profit for the year attributable to owners of the Company

*2 If actual results for each criterion fall below 40% of the targets, no remuneration shall be paid for such criterion.

*3 Evaluation shall be made based on a relative comparison between total shareholder return (TSR) of Sojitz and TOPIX (including dividends).

*4 Level of achievement of the ESG target is evaluated by the Remuneration Committee.

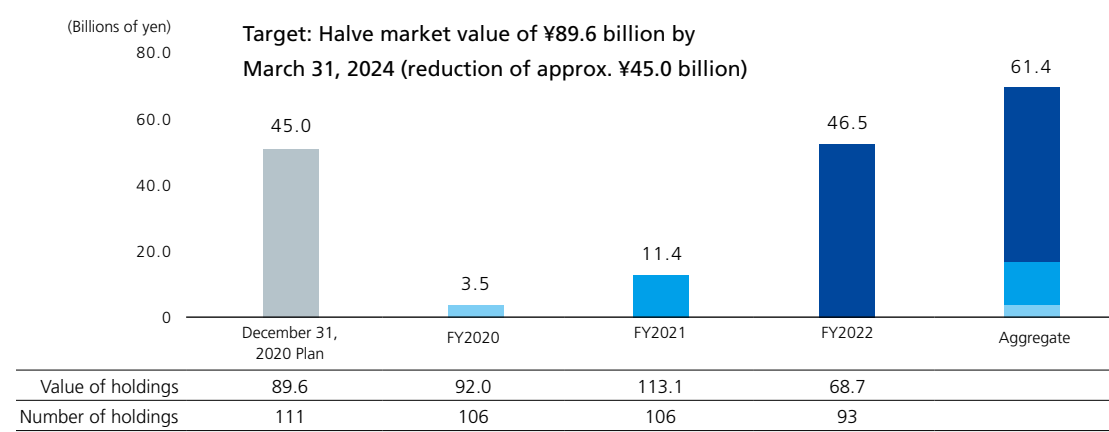
ESG areas	Evaluation indicators	Evaluation standards
Decarbonization	1. Reduction in direct energy use by the Company 2. Reduction in thermal coal, coking coal, and oil field interests	Amount for reduction from March 31, 2021
Social issues	Initiatives for addressing social issues based on two types of value 1. Initiatives for contributing to a recycling-oriented society 2. Essential infrastructure development and related service provision 3. Regional economy invigoration initiatives in Japan	Status of Companywide and division initiatives described on the left
Corporate governance	1. Companywide initiatives by division 2. Index evaluations, etc.	1. Improvements in and reinforcement of corporate governance through reports to the Compliance Committee and the Internal Control Committee 2. Evaluations from third-party institutions
Human capital	1. Empowerment of female employees 2. Childcare leave acquisition 3. Improvement in major employee awareness survey items	1. Increases in ratios and numbers of female career track employees with overseas experience 2. Improvement of childcare leave acquisition rates 3. Degree of improvement in items of employee awareness survey instituted in March 2021

5 Reduction of cross-shareholdings

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

Under Medium-Term Management Plan 2023, Sojitz will seek to reduce its holdings of listed shares with the goal of achieving a 50% reduction in the consolidated amount of holdings of listed shares from the ¥89.6 billion on December 31, 2020, by March 31, 2024, which will entail a reduction of approximately ¥45.0 billion. Taking action based on concrete sales plans that lay out sales timings, a total of ¥61.4 billion worth of holdings of listed shares had been sold as of March 31, 2023.

Sale of Listed Shares (Consolidated basis)



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

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

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

Policies for Shareholdings

Each year, we conduct a quantitative assessment of each lot of listed shares held as cross-shareholdings to ensure that dividends or related profits earned from those shares exceed the shares' equity cost (weighted average cost of capital). We also conduct a qualitative assessment, looking at whether the shares help improve our corporate value. Based on these assessments, we examine the value of retaining these holdings. We retain those holdings that are deemed to be worthwhile, seeking ways to achieve greater benefits and profits from those shares. Meanwhile, for those shares which are deemed to lack significant value, we will set a deadline to improve their value or, if there is no indication these shares will improve, we will examine the possibility of divestiture. The Board of Directors and the Management Committee conduct such assessments for each lot of shares held as cross-shareholdings. The results of the assessment in the year ended March 31, 2023, are as follows.

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

Exercise of Voting Rights

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

Risk Management

Basic Policies of Risk Management

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

In accordance with its Basic Code of Corporate Risk Management, the Sojitz Group defines and categorizes risks, and manages them according to the nature of each risk. The Group currently has 12 defined risk categories: 1) market risks, 2) credit risks, 3) business investment risks, 4) country risks, 5) funding risks, 6) environmental and social (human rights) risks, 7) compliance risks, 8) legal risks, 9) system and information security risks, 10) disaster risks, 11) risks related to sharing company information via the corporate website and social media accounts, and 12) quality management risks. These risks are subdivided, and the responsible department (corporate division) and risk manager (COO of the respective division) are defined for each of the subdivided risk types in order to ensure the comprehensiveness of management. The materiality of each risk is then assessed and the risk is managed through the implementation of a PDCA (plan–do–check–act) cycle.

In implementing the PDCA cycle, risk managers first establish risk management policies and plans. The progress of these plans is monitored on a quarterly basis by the Internal Control Committee, which will discuss potential improvement measures or issue instructions to the relevant divisions when necessary. Quarterly reports on the results of these monitoring activities are submitted to the Management Committee and the Board of Directors.

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

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

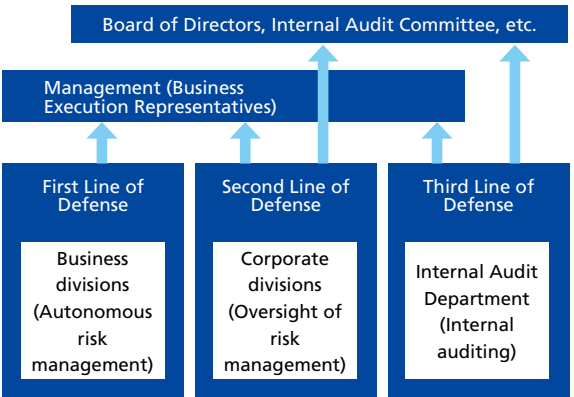
 **P40 Performance Highlights (Financial / Non-Financial)**

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

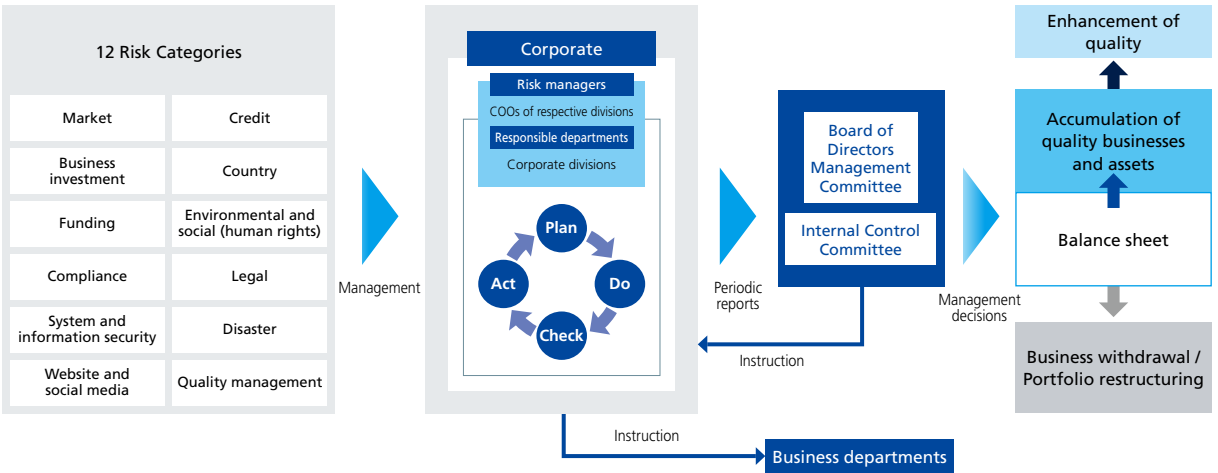
To this end, training and e-learning programs are implemented to heighten the risk management capabilities of the business division managers responsible for frontline management. In addition, each organization is expected to conduct self-assessment of their specific risk factors. We thereby seek to raise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

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

Three Lines of Defense



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



Individual Risks

Category	Countermeasures
Market risks	<ul style="list-style-type: none">● The Group is enhancing its capacities for responding to market risks in light of the possibility of increases to procurement costs and the inability to secure the necessary quantities of items due to factors such as Russia's invasion of Ukraine.● For products subject to fluctuations in prices, we manage our position and losses by setting (long and short) position limits and maximum loss amounts. Should a loss approach the relevant maximum loss amount, swift action will be taken to close our position in order to prevent losses from surpassing the predetermined amounts.● For interest and foreign exchange rates, steps are taken to minimize market risks through such means as matching assets and liabilities and hedging with forward exchange contracts and interest rate swaps.● Meanwhile, steady progress is being made in selling marketable securities based on the Company's target of halving holdings of listed shares by March 31, 2024. P87 Policies for Reducing Cross-Shareholdings of Listed Shares under Medium-Term Management Plan 2023
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. P50–57 Sustainability
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. P90 Compliance <ul style="list-style-type: none">● The Security Trade Control Committee is a central proponent in the implementation of systems for security trade control initiatives. P90 Security Trade Control <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. P91 Risk Management Systems for Responding to Diversifying Risks and an Ever-Changing Operating Environment

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:

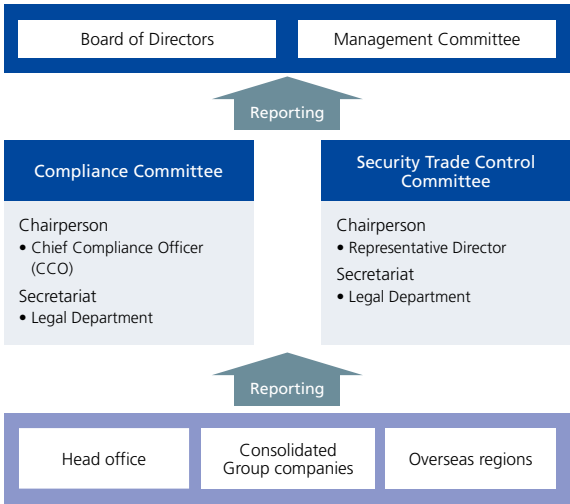
- Implementation of e-learning programs detailing revision instituted on April 1, 2022, to the Sojitz Group Code of Conduct and Ethics
- Discussions and exchanges of ideas between the CCO and presidents of Group companies
- Regular liaison meetings among the compliance team of Group companies
- E-learning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

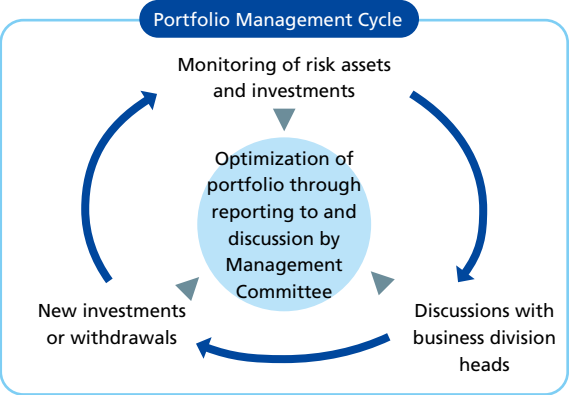
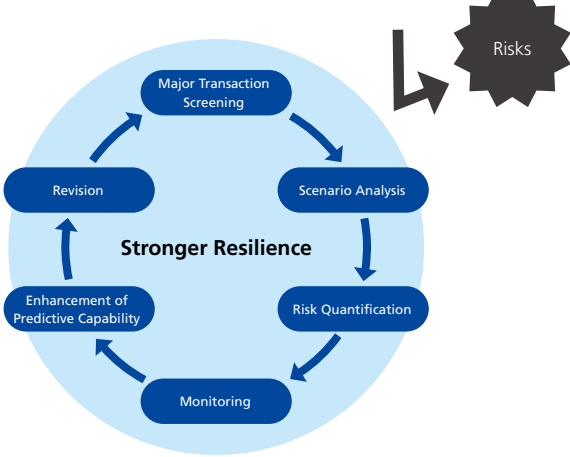
Portfolio Management Cycle

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.