

# Integrated Report Briefing

November 28, 2023

**Sojitz Corporation**

- This document contains forward-looking statements based on information available to the company at the time of disclosure and certain assumptions that management believes to be reasonable.
- Sojitz makes no assurances as to the actual results and/or other outcomes, which may differ substantially from those expressed or implied by such forward-looking statements due to various factors including the timing at which the changes in economic conditions in key markets, both in and outside of Japan, and exchange rate movements.
- The company will provide timely disclosure of any material changes, events, or other relevant issues. The Company has no responsibility for any possible damages arising from the use of information on this material, nor does the Company have any obligation to update these statements



**Makoto Shibuya**  
Managing Executive Officer  
CFO



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

- Explanation of Companywide initiatives and their results toward realizing Sojitz's vision for 2030 of becoming a general trading company that constantly cultivates new businesses and human capital through Integrated Report 2023
- Fostering of understanding regarding Sojitz's intention to continue current initiatives under next medium-term management plan to create the Sojitz growth story

- 1 . Concept of Integrated Report 2023
- 2 . Question & Answer
- 3 . Outline of Medium-Term Management Plan 2026
- 4 . Question & Answer

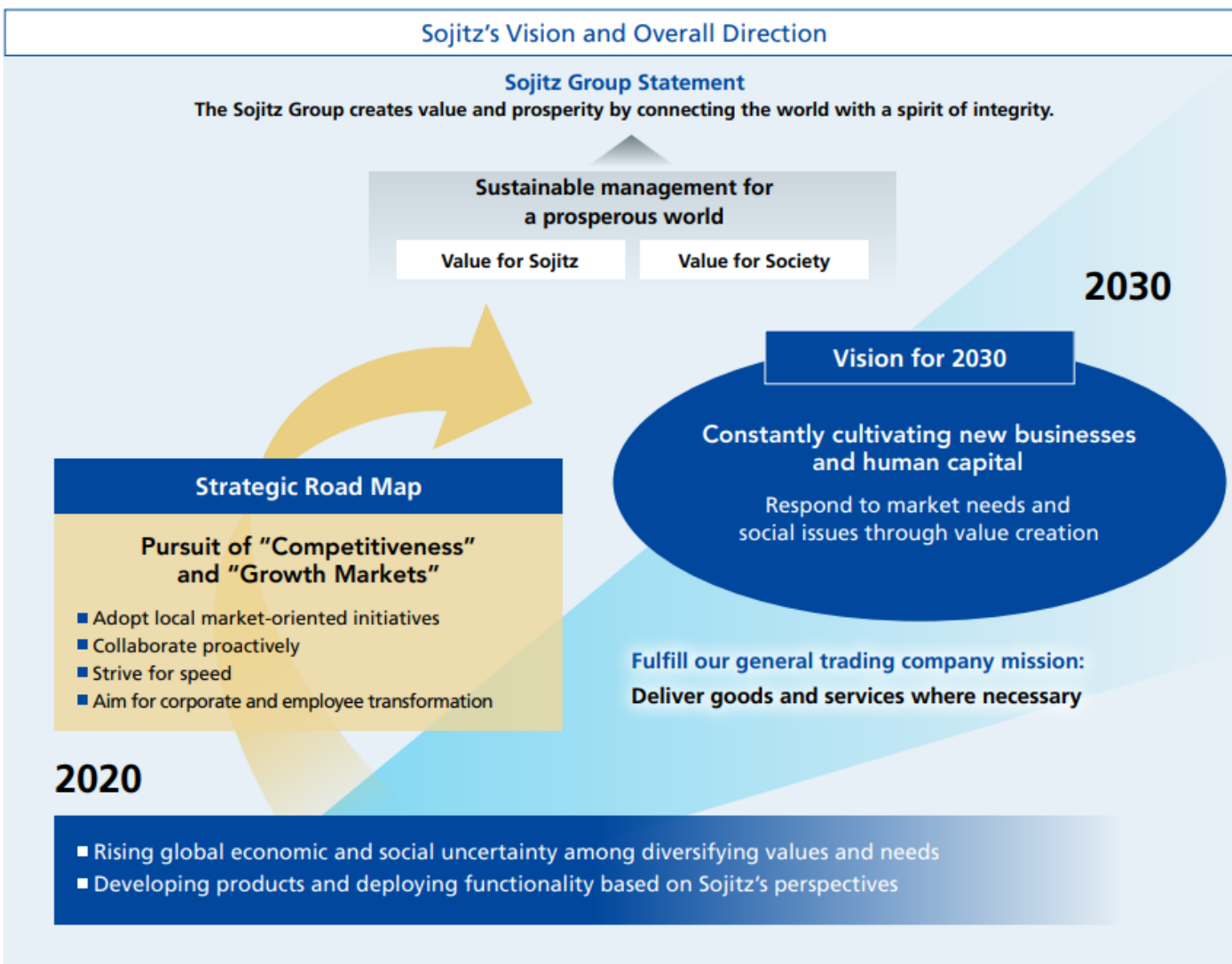
# **1 . Concept of Integrated Report 2023**

2 . Question & Answer

3 . Outline of Medium-Term Management Plan 2026

4 . Question & Answer

# Formulation of Medium-Term Management Plan 2023 made by backcasting approach from vision for 2030



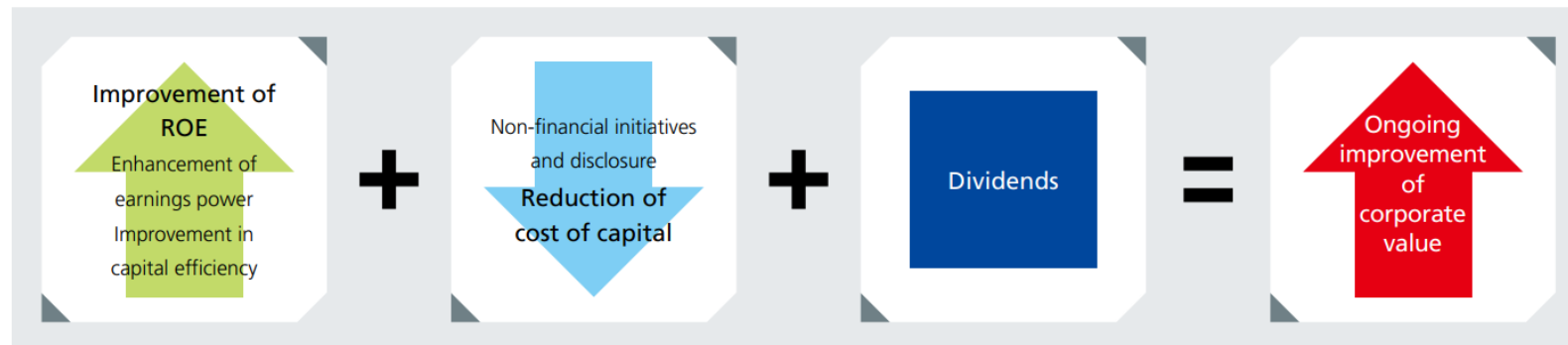
- Formulation of Medium-Term Management Plan 2023 based on mission of a general trading company—to deliver goods and services where necessary—and backcasting approach from vision for 2030 of becoming a general trading company that constantly cultivates new businesses and human capital
- Overview of Sojitz's history from management restructuring until today and of Medium-Term Management Plan 2023 at timing, midway through the plan, of publication of *Integrated Report 2023*

- Increase ROE and equity spreads, reduce capital costs through enhancing disclosure of non-financial initiatives, and implement appropriate dividend policies to improve corporate value
- Based on above, “Sojitz’s Value Creation Process” is presented on Integrated Report

P21

## 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.





## 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.

## INTRODUCTION 00

## DIRECTION 08

- 08 CEO Message
- 16 Growth Strategies for Becoming a General Trading Company That Constantly Cultivates New Businesses and Human Capital

## VALUE CREATION STORY 23

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

## VALUE CREATION STRATEGY 39

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

## STRATEGY BY DIVISION 95

- 100 Division Business Reports
  - 100 Automotive Division
  - 102 Aerospace & Transportation Project Division
  - 104 Infrastructure & Healthcare Division
  - 106 Metals, Mineral Resources & Recycling Division
  - 108 Chemicals Division
  - 110 Consumer Industry & Agriculture Business Division
  - 112 Retail & Consumer Service Division
  - 114 Major Subsidiaries and Affiliates

## DATA 116

- 116 11-Year Financial Summary
- 118 Non-Financial Data / Country Risk Exposure (Consolidated)
- 120 Organization Chart / Principal Operating Bases
- 122 Corporate Data / Investor Information
- 123 Investor Relations Activities

### 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 areas of growth markets to be approached through market-oriented initiatives.

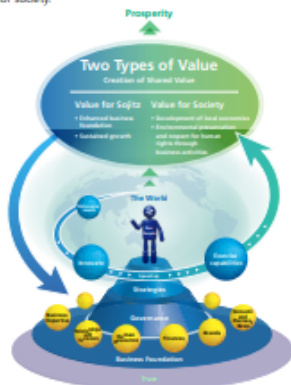


### Scope of Reporting

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.)

### 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.)



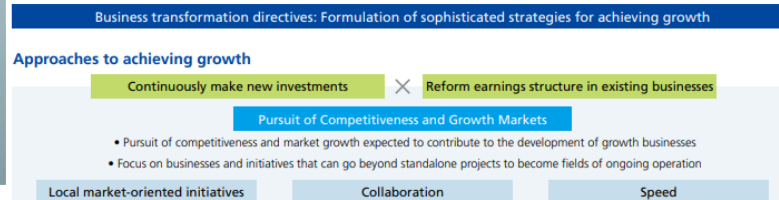
**Note on Forward-Looking Statements**  
Data and forward-looking statements contained in this integrated report are based on information available to management as of the date of publication as well as judgments deemed to be rational. Accordingly, such information is subject to known and unknown risks, 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.



P8

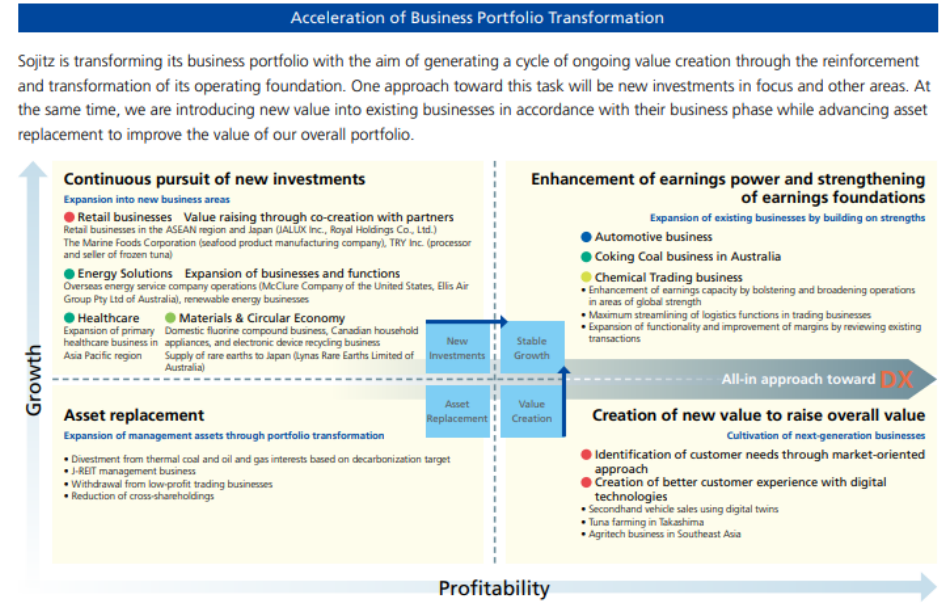
## P8-22 Record-Breaking Earnings Functioning as a Springboard for Future Growth

- Development of operations in both upstream and downstream areas and broadening and building upon businesses to accelerate progress toward new growth
- Finding of new ways through distinctively Sojitz ingenuity
  - Hands-on management
  - Portfolio transformation
  - Interpersonal networks
- Shift in approach toward human resources, the most important asset of general trading companies

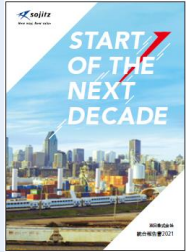


P18

P19



## 2021

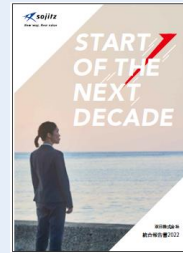


### Healthcare Business Value Creation Cycle Originating from Turkish Hospital Project

- Involvement in projects made possible by network of partners built throughout Sojitz's history
- Creation of two types of value—value for Sojitz and value for society
- Examples of frontline human resource pipeline



## 2022



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

- Framing of operating environment changes as opportunities to evolve business expertise and address energy-related issues and needs
- Connection with double materiality concept of ITO Review 3.0 (ITO Review SX Edition)

## 2023



### Pursuit of “New way, New value” in Vietnam

- Focus on history and future of Sojitz's value creation initiatives in Vietnam based on market-oriented perspective and frontline employees supporting initiatives
- Explanation of efforts of diverse individuals to broaden and build upon operations illustrating human resources as fundamental element of value creation at Sojitz



**VALUE CREATION STORY**



**Sojitz's Network in Vietnam**

**Sojitz Group employees stationed in Vietnam: 3,300** (As of March 31, 2023)

**Hanoi Branch, Sojitz Vietnam Company Ltd.**  
 \*Asian Vietnam Logistics Co., Ltd.  
 \*Mitsui Electronics Vietnam Company Limited

**Vietnam Japan Wood Chip Co., Ltd.**  
 Vietnam Japan Wood Chip Co., Ltd. Corporation  
 Vietnam Japan Chip Corporation Ltd. (Vung Ang)  
 Vietnam Japan Chip Corporation (Da Nang)  
 Quy Nhon Plantation Forest Company of Vietnam Ltd.

**Sojitz Vietnam Company Ltd.**  
 \*Japan Vietnam Fertilizer Company  
 \*The Long Binh Industrial Zone Development LLC  
 \*Long Dai Investment Co., Ltd.  
 \*Asian Beef Foods Co., Ltd.  
 \*Mitsui Vietnam Co., Ltd.  
 \*D&I Energy Co., Ltd. (DIOGEC 30%)

**Sojitz Vietnam Company Ltd.**  
 \*Hosono Steel Manufacturing Service Trading Corporation  
 \*MITSUBISHI TRADING COMPANY (VIETNAM) CO., LTD.  
 \*Mitsui L&F Vietnam Japan (L&F) Stock Company  
 \*Mitsui L&F Vietnam Japan (L&F) AN LLC  
 \*Koyote Sojitz Feed Company Ltd.  
 \*MF Vietnam Ltd.

**Sojitz Vietnam Company Ltd.**  
 \*Mitsui Vietnam Limited  
 \*Hue My 3 ROT Paper Co., Ltd.  
 \*Sojitz Quality Control Co., Ltd.  
 \*Sakohi Paper Corporation

**BYNAN Holdings JSC**

**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.



P23

## New way, New value in Vietnam

### I. Consumer Goods Value Chain

- Broadening and building upon businesses
- Investment in advance of future trends

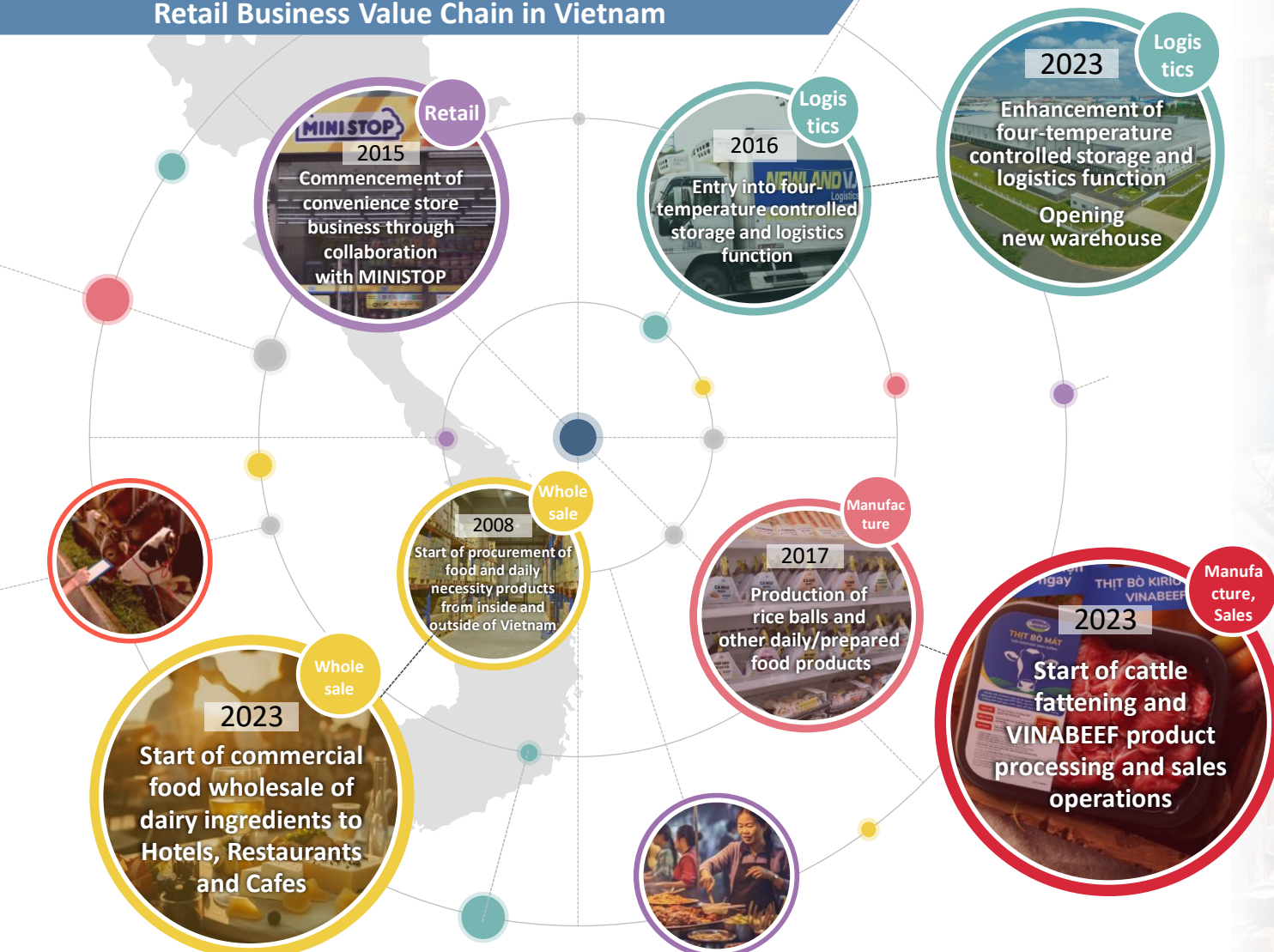
### II. Cattle Fattening, Processing, and Sales Business

- Cross-group project shaped by ideas unbound by conventions
- Project team with members of diverse backgrounds

### III. Paper Making Business

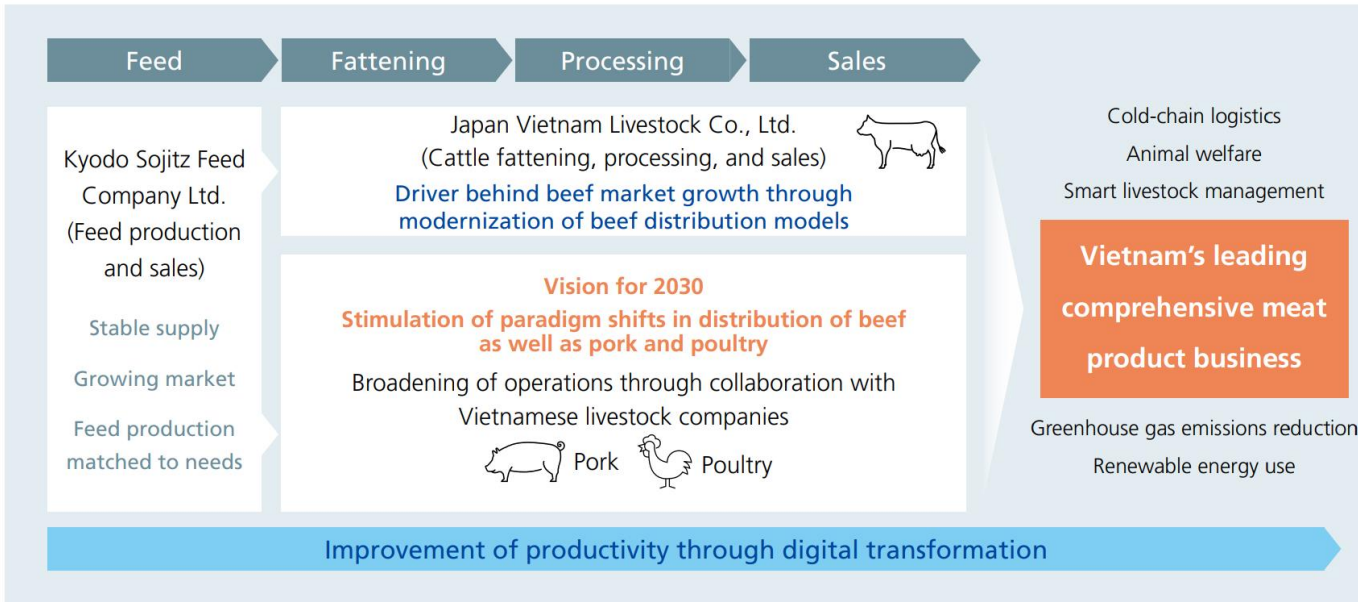
- Value creation through unique hands-on management approach as a general trading company
- Vivid descriptions of quest to overcome adverse conditions

## Growth Market to be Approached through Market-Oriented Retail Business Value Chain in Vietnam



- Investigation of markets and preemptively respond to trends
- Taking a big picture perspective to broaden and build upon our operations and thereby achieve further growth

# Value Creation Story -Examples of Value Creation- The beef integration business advanced through co-creation with the Vinamilk Group



## 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

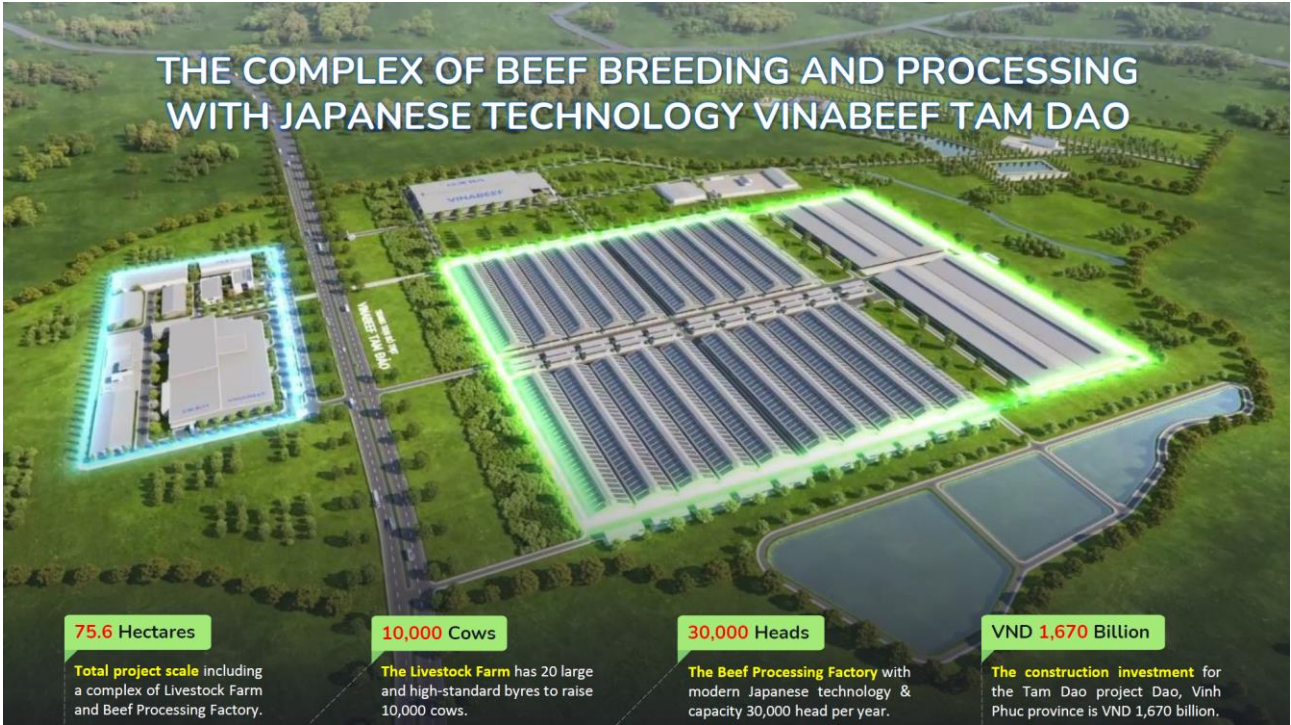


Beef product using cows that can no longer be milked procured from the Vinamilk Group, launched in July 2023

Current situation (as of November 2023)



Model of completed complex



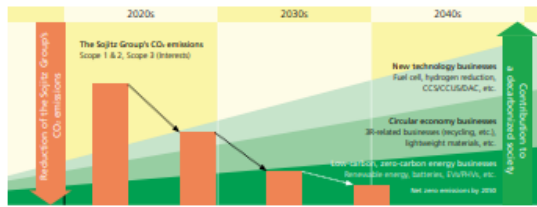
## VALUE CREATION STRATEGY

Sustainability

### Sustainability Challenge—Decarbonization

#### Policies and Initiatives for Realizing a Decarbonized Society

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



#### Mitigation of Risks

##### ◆ Reduction of Scope 1 and Scope 2 Emissions

Sojitz views reducing its own CO<sub>2</sub> emissions, as represented by Scope 1 and Scope 2, as an obligation toward achieving a decarbonized society. For this reason, we have set the target of reducing total Scope 1 and Scope 2 emissions by 60% of the level from the year ended March 31, 2020, by 2030. As part of accomplishing this target, we aim to achieve net zero Scope 2 emissions. New businesses undertaken thereafter will be oriented toward achieving overall net zero emissions by 2050. In the year ended March 31, 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 CO<sub>2</sub> emissions across the supply chain, as represented by Scope 3, in addition to our own emissions. Areas of the supply chain responsible for large quantities of Scope 3 emissions have been designated as risks in light of their potential to become a source of significant pressure for reducing CO<sub>2</sub> emissions in the future.

#### Approach Toward Opportunities

##### ◆ Positioning of Scope 4 Emissions as an Opportunity

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



## P52-53

# Policies and Initiatives for Realizing a Decarbonized Society

- Analyzing of CO<sub>2</sub> emission
- Qualitative analysis of the risks and opportunities, performed from the power generation sector, which has been judged to entail particularly high emissions
- In FY2023, new disclosure of coking coal emissions



## 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"> <li>Reduction of CO<sub>2</sub> emissions from businesses (Scope 1 and Scope 2)</li> <li>Elimination of thermal coal interests by 2030</li> </ul>
Growth of circular businesses				Opportunities	<ul style="list-style-type: none"> <li>Consolidation and enhancement of resources to advance energy and other environmental businesses</li> <li>Development and expansion of businesses for recovering resources from urban mines</li> </ul>
Need for low-CO <sub>2</sub> -emissions gas-fired thermal power to support energy supply during transition period				Response to risks	<ul style="list-style-type: none"> <li>Selection of assets based on need for transition period</li> </ul>
				Opportunities	<ul style="list-style-type: none"> <li>Promotion of high-efficiency gas-fired thermal power generation, energy conservation, and clean hydrogen businesses</li> <li>Supply of LNG, natural gas, and carbon-neutral fuels</li> </ul>
				Response to risks	<ul style="list-style-type: none"> <li>Elimination of coking coal interests by 2050</li> </ul>
				Opportunities	<ul style="list-style-type: none"> <li>Exploration of hydrogen-related businesses</li> </ul>
				Response to risks	<ul style="list-style-type: none"> <li>Elimination of coking coal interests by 2050</li> </ul>
				Opportunities	<ul style="list-style-type: none"> <li>Exploration of hydrogen-related businesses</li> </ul>
Use of carbon capture and storage; carbon capture, utilization and storage; and direct air capture to address remaining CO <sub>2</sub>				Opportunities	<ul style="list-style-type: none"> <li>Monitoring of trends in technological progress and adoption of technologies in public and private sectors                             <ul style="list-style-type: none"> <li>Development of carbon capture and storage, and carbon capture, utilization and storage businesses</li> <li>Practical application of direct air capture</li> </ul> </li> </ul>

P54

## Policies and Initiatives for Realizing a Decarbonized Society

- Making Sojitz's Decarbonization Road Map, organizing the risk and opportunities it is projected to face based on its outlook for social trends and the required technologies for various future period

## 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	<b>Scope 1 and Scope 2</b> 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
	<b>Scope 3</b> 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 <sub>2</sub> 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 <sub>2</sub> 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 CO<sub>2</sub> 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.

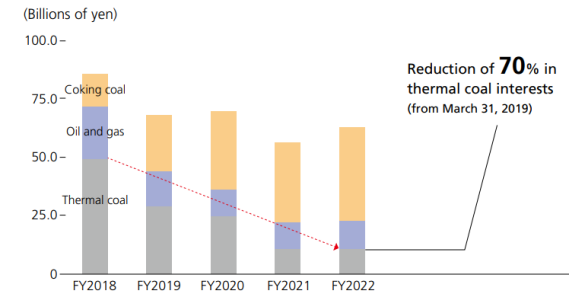
## P55

### Policies and Initiatives for Realizing a Decarbonized Society

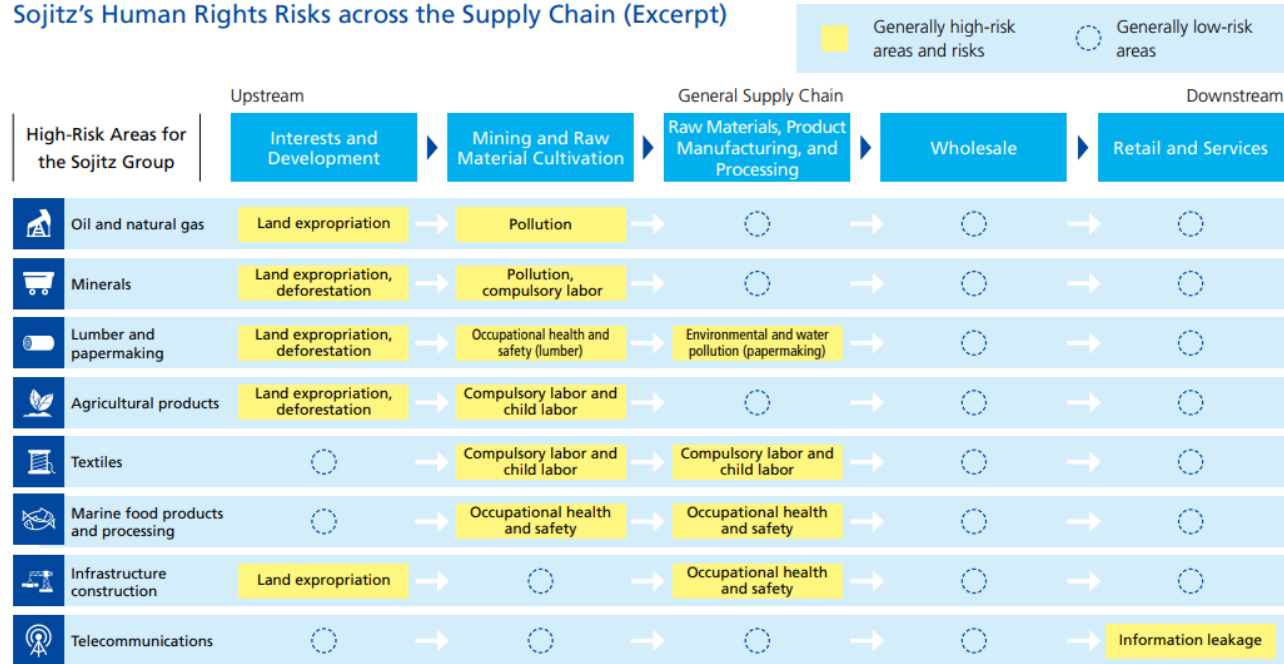
- Decarbonization policies including metrics and targets as a commitment and its progress
- Target of reducing thermal coal interests to half or less by 2025 accomplished ahead of schedule

#### ◆ 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.



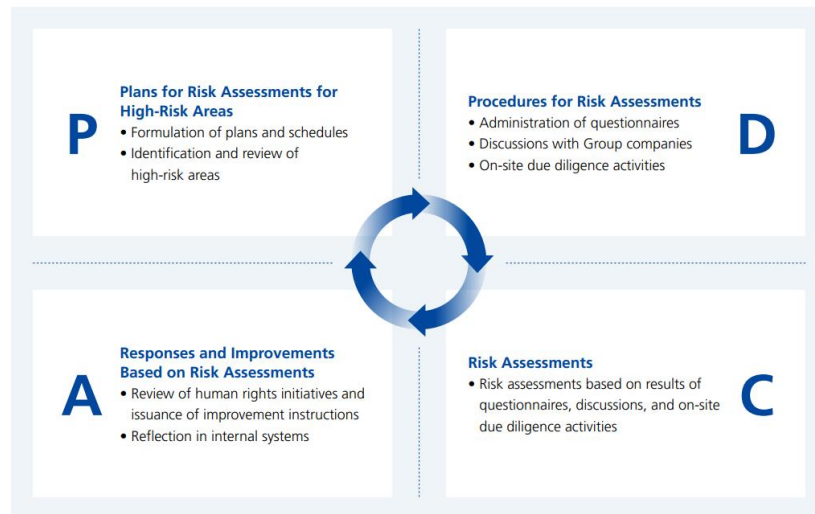
## Sojitz's Human Rights Risks across the Supply Chain (Excerpt)



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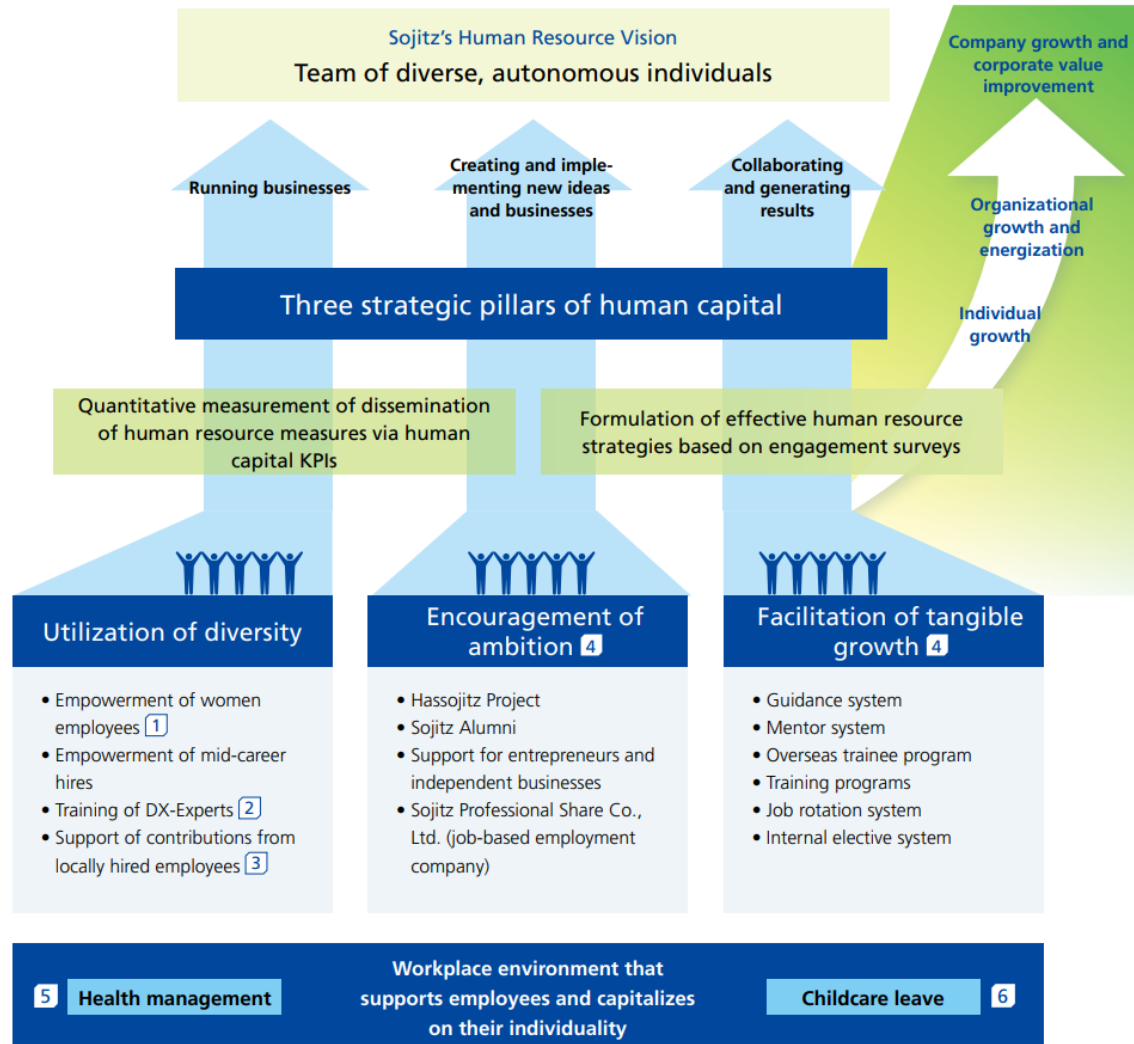
## Supply Chain Human Rights Initiatives

- Selection of high-risk business areas based on case studies of past environmental and human rights risks provided by UK NGO
- Analyzing and confirming areas of the supply chain in which human rights risks are generally most likely to appear
- Analyzing the previous five years of risk data from these data bases, and simultaneously reviewing our high-risk business areas based on the advice of external specialists and the Sojitz Group's business environment and circumstances



General Trading Company That Constantly Cultivates New Businesses and Human Capital

Responding to market needs and social issues through value creation



P58

## Human Resource Strategies Tied to Management and Business Strategies

- Definition of a team of diverse, autonomous individuals as vision for human resources necessary for accomplishing vision for 2030 of becoming a general trading company that constantly cultivates new businesses and human capital
- Presentation of three pillars of human resource strategies—utilization of diversity, encouragement of ambition, and facilitation of tangible growth—and related initiatives for empowering female employees, training DX-experts, etc.

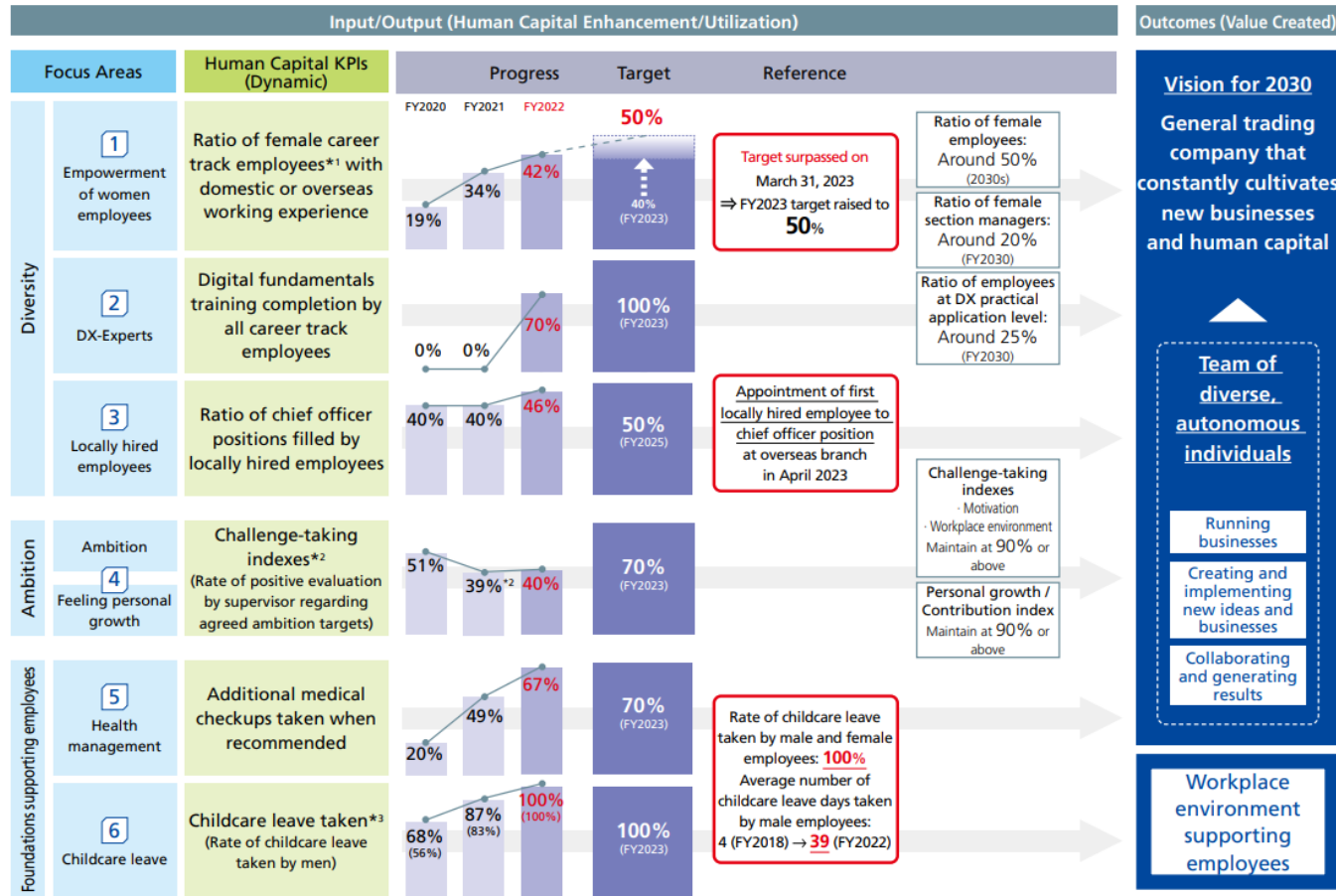
## Human Capital KPIs for Creating Value

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.

P59

## Human Capital KPIs for Creating Value

- Quantitative monitoring of understanding and entrenchment of human resource measures based on human capital KPIs defined in 2021 and construction of frameworks for fostering employees



\*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)

## Utilization of Diversity

### Empowerment of Women Employees

Having established a dedicated organization for promoting diversity management, Sojitz is advancing efforts from a medium- to long-term perspective to develop a workplace environment in which contributions by female employees are commonplace. Moreover, we are bolstering our human resource pipelines among all age groups while helping employees gain experience and encouraging them to pursue career development with the aim of increasing the representation of women in management decision-making. These efforts have led to steady improvements in human capital KPIs related to the empowerment of women employees. In addition, the Company has appointed two female executive officers,\* one an individual recruited from outside of the organization for her specialized insight and experience and the other an equally talented individual promoted from within.

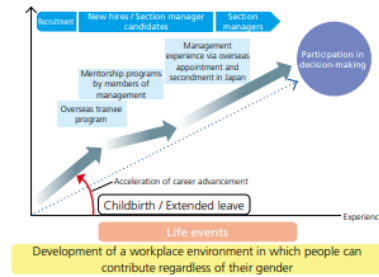
However, there are still a number of issues Sojitz must overcome with regard to its pipeline for human resources who can contribute to management decision-making. For example, the ratio of female career track employees with domestic or overseas working experience is lower than that of male employees.

### 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

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.



### Women's Empowerment Targets and Progress

Human Capital KPIs	Ratios of women employees among:	FY2020	FY2021	FY2022	Medium-Term Management Plan 2023 Targets (FY2026)	FY2030 Targets	2030s
Pipelines	Section managers	8.6%	9.1%	12%	10% or more	Approx. 20%	
	Section manager candidates	12%	12%	14%		Approx. 30%	
Long-term Perspective	New hires (career track)	32%	44%	34%*	Maintain at 30% or above		
	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.



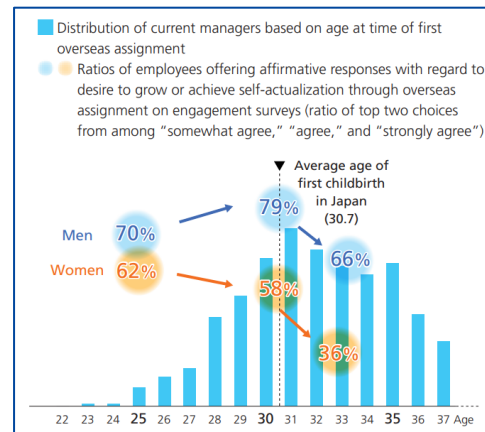
**Rira Tamori**  
Retail Business Department 2  
Retail & Consumer Service Division  
(Rira Tamori joined Sojitz as a mid-career recruit in 2008.)

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.

## P60

### Empowerment of Women Employees –Utilization of Diversity

- Establishing a human resource KPI of “50% of female career-track employees with domestic or overseas working experience”
- Based on the results of the employee engagement survey conducted on a regular basis, it is confirmed that relatively high percentage of female career-track employees want to work overseas in their 20s and have high motivation to grow (see below)
- Acceleration of Career Advancement considering of their life event
- Recognizing of still a lot of issues Sojitz must overcome with regards to its pipeline for human resources to management decision-making



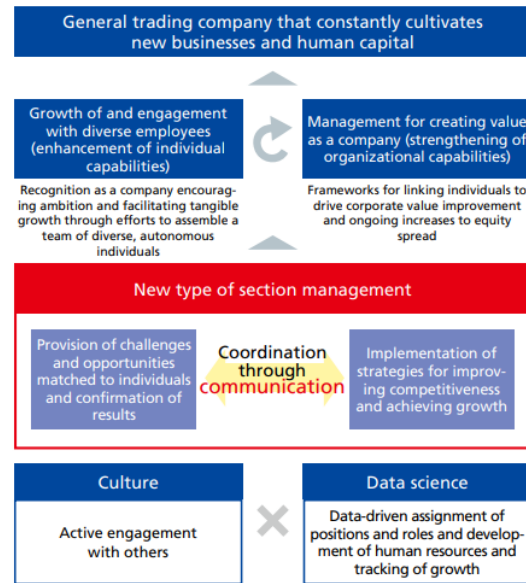
Note: Integrated Report 2022

## 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.

## P65

## New Human Resource System under the Next Medium-Term Management Plan

- Need to assemble a team of diverse, autonomous individuals to achieve ongoing equity spread increases and corporate value improvement
- Formulation of new human resource systems involving data science, entrenchment of culture of active engagement among employees, action policies for guiding self-driven ambition and growth, and new roles for section managers to fully draw out potential of team members

## 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.

P66-72

## Digital Transformation for Accelerating Value Creation

- Acceleration of transformation and value creation through digital transformation via employee awareness reforms
- Training of DX-Experts and introduction and utilization of digital technologies in new and existing business to create value

### 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%)



Digital Transformation Case Study

## Smart Fishery Project at Sojitz Tuna Farm Takashima



### Digital Twin Approach for Reproducing Aquaculture Cages in a Digital Space

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

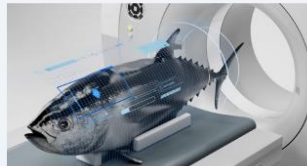
#### Digital Transformation Achieved through Co-Creation

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

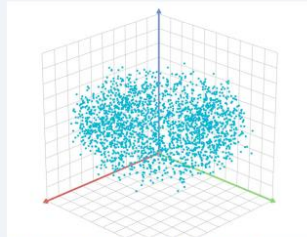
Applying the insight gained through basic research advanced together with JAMSTEC to create a virtual aquaculture cage requires massive quantities of tuna swimming image data to be analyzed, analog inputs to be converted into digital data, and this information to be reflected in the virtual aquaculture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

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

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



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



Simulation of tuna swimming in virtual aquaculture cage (screenshot)



#### 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.



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



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

P68

## Digital Transformation Case Study

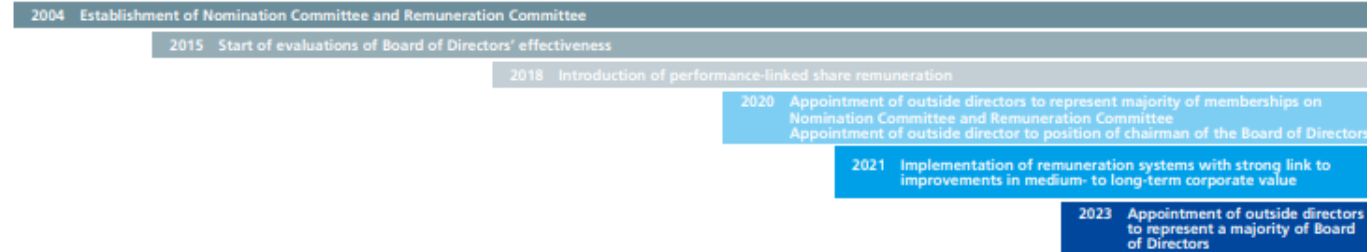
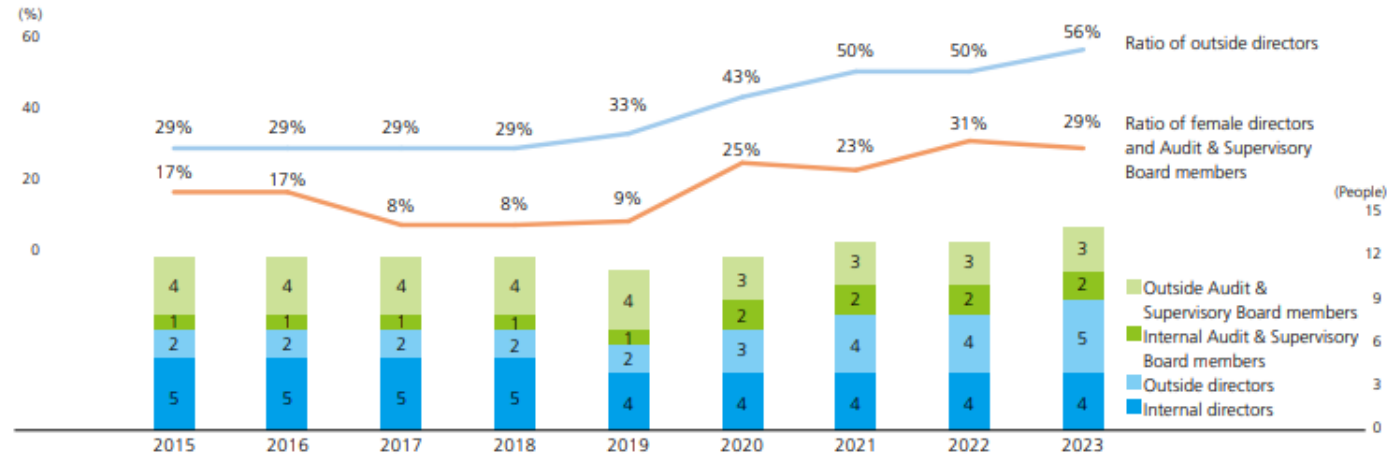
### ➤ Smart Fishery Project at Sojitz Tuna Farm Takashima

# Value Creation Strategy –Corporate Governance Supporting Value Creation Strategy

## Overview of Corporate Governance System



## Evolution of Corporate Governance Systems



P73

## Corporate Governance

- Appointment of outside directors to represent a majority of board of directors
- Appointment of outside directors to position of chairman of the Board of Directors, Chairperson of Nomination Committee and Chairperson of Remuneration Committee

1 . Concept of Integrated Report 2023

**2 . Question & Answer**

3 . Outline of Medium-Term Management Plan 2026

4 . Question & Answer

- 1 . Concept of Integrated Report 2023
- 2 . Question & Answer
- 3 . Outline of Medium-Term Management Plan 2026**
- 4 . Question & Answer

# Outline of Medium-Term Management Plan 2026

November 27, 2023

**Sojitz Corporation**

Caution regarding Forward-looking Statements and Original Language:

This document contains forward-looking statements based on information available to the company at the time of disclosure and certain assumptions that management believes to be reasonable. Sojitz makes no assurances as to the actual results and/or other outcomes, which may differ substantially from those expressed or implied by such forward-looking statements due to various factors including the timing at which the changes in economic conditions in key markets, both in and outside of Japan, and exchange rate movements. The company will provide timely disclosure of any material changes, events, or other relevant issues. The Company has no responsibility for any possible damages arising from the use of information on this material, nor does the Company have any obligation to update these statements. This document is an English language translation of the materials originally written in Japanese. In case of discrepancies, the Japanese version is authoritative and universally valid.

Sojitz Group Statement

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

Rapidly Changing Business Environment

- Rising geopolitical risks
- Accelerated progress of digitalization
- Diversification of values and needs

Value Creation through  
**Sustainability  
Management**

Sojitz Value Creation Model  
Two Type of Value

Value for  
Sojitz

Value for  
society

Vision  
2030

**“Be a company that constantly creates business and human capital”**

Create our corporate value through providing solutions to market needs and social issues.

## Creating the Sojitz Growth Story - Set for Next Stage -

MTP  
2026

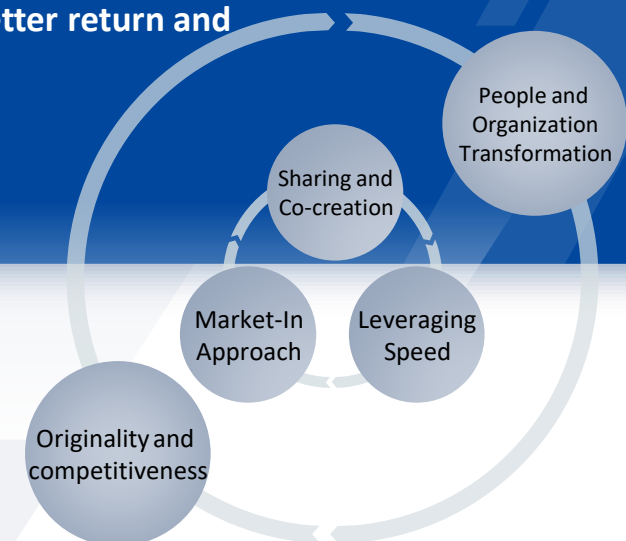
- Shaping competitive business clusters, achieving better return and values
- Build up the solid base for “Next Stage”  
(Net profit: JPY 200.0 bn / ROE: 15% or above)

MTP  
2023

Continue

Transformation of business portfolio for sustainable value creation, and challenges for “new ways and new values”

**Start of the Next Decade**



## Creating the Sojitz Growth Story

- Set for Next Stage -

- Continuing growth investments to branch out and broaden operations
- Improving quality of portfolio by forming competitive and scalable business clusters
- Proving solutions and values to meet market needs and address social issues leveraging Sojitz's unique function.

**Reinforcing  
Business Base**

**Enhancing  
Human Capital**

- Development of diverse people who proactively take on new challenges to pursue business creation
- Strengthening of middle management to create organization where individual can exercise their full potential
- Flexible mobilization of human capital and development of people with diverse skills and experiences to create new business
- Flexible allocation of human capital in response to changes in the business environment

**Digital Transformation “Digital in All”** - All-in Approach toward Digital Transformation

- Value creation by the power of digital technologies

**ESG Management**

Enhancing corporate governance systems and providing solutions to environmental and social issues

## Investment and Financial Discipline

Investment plan of :  
**JPY 500.0 bn** or above  
for growth, maintaining level of financial discipline

## Quantitative Targets

ROE **12%** or above  
Net Profit  
**JPY 120.0 bn** or above  
(3 years avg.)

## Shareholder Returns

Progressive Dividend :  
**4.5%**  
of adjusted DOE\*

\*Adjusted DOE:  
Dividend / Adjusted equity (Shareholder's equity excluding temporary factors such as foreign currency adjustment etc.) of previous fiscal year.

## Corporate Governance

Transition to a company with audit and supervisory committee to enhance the quality and speed of the management decisions and achieve sustainable growth for Sojitz group



- 1 . Concept of Integrated Report 2023
- 2 . Question & Answer
- 3 . Outline of Medium-Term Management Plan 2026
- 4 . Question & Answer**