

Last Update: December 22, 2023

**Sojitz Corporation.**

Masayoshi Fujimoto

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Securities Code: 2768

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

The corporate governance of Sojitz Corporation is described below.

### **I. Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information**

#### **1. Basic Views**

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 the “2030 Vision of Sojitz—a general trading company that constantly cultivates new businesses and human capital.”

In order to materialize this, based on our belief that the enhancement of our corporate governance is an important issue of management, we have built the following corporate governance structure in our effort 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.

##### **1) Management and Business Execution System**

We employ an executive officer system for the purpose of, clarifying authority and responsibilities, and ensuring a smooth and swift execution of business through the separation of managerial decision-making from business execution.

The Board of Directors is the highest decision-making body reviewing and resolving fundamental policies and most important cases concerning the management of the Group. The Board of Directors also supervises business execution through proposals of important matters and regular reports from the executing body.

As the executing body, we have established the Management Committee, chaired by the President, who is also the Chief Executive Officer. The Committee is responsible for the review and approval of the Group’s important managerial and executive agendas, from a group-wide and medium-to-long-term viewpoint. In addition, we have established the Finance & Investment Deliberation Council for the review and approval of investments and loans, the Human Resource Deliberation Council for the review and approval of major human resource matters, and internal committees to handle issues to be addressed from cross-organizational perspectives, as executing bodies all directly reporting to the President & CEO.

The term of Directors and Executive Officers is set to one year, in order to respond swiftly and appropriately to rapid changes in the business environment and clarify their responsibilities to management.

## 2) Monitoring and Supervisory Functions for Management

We appoint multiple Outside Directors for the purpose of receiving appropriate advice and proposals on management of the Group from an outside, objective standpoint and to reinforce the supervisory function of the Board of Directors. In addition, we ensure appropriateness and transparency with regard to the Board's resolutions, appointment of Directors, and remuneration by having Outside Directors serve as the Chairman of the Board of Directors and the chairpersons of its advisory bodies, the Nomination Committee and the Remuneration Committee.

We are a company with an Audit & Supervisory Board, which independently monitors and audits the operations of the Group.

### [Reasons for Non-compliance with the Principles of the Corporate Governance Code]

This report is written based on the revised Corporate Governance Code from June 2021.

Sojitz implements all principles in accordance with those established in the Corporate Governance Code.

### [Disclosure Based on the Principles of the Corporate Governance Code]

All of the General Principles, Principles, and Supplementary Principles (83 in total), including items to be disclosed in line with all principles of the Corporate Governance Code, are listed at the end of this report as "Sojitz's Approach to Corporate Governance Code Principles."

#### ■ Ensuring management with a focus on capital costs and stock price

Please refer to Principle 3-1 and Principle 5-2 included in the section entitled "Sojitz's Approach to Corporate Governance Code Principles" found at the end of the Corporate Governance Report.

#### ■ Implementation status of shareholder dialogues

Please refer to "2. IR Activities" in Section III of the Corporate Governance Report along with Principle 5-1 and Supplementary Principle 5-1①② included in the section entitled "Sojitz's Approach to Corporate Governance Code Principles" found at the end of the Corporate Governance Report.

## 2. Capital Structure

Foreign Shareholding Ratio	More than 30%
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### [Status of Major Shareholders]

Name / Company Name	Number of Shares Owned	Percentage (%)
The Master Trust Bank of Japan, Ltd.	34,546,799	14.91
ICHIGO TRUST PTE. LTD.	20,726,900	8.94
Custody Bank of Japan, Ltd.	14,883,500	6.42
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	4,638,786	2.00
STATE STREET BANK WEST CLIENT – TREATY 505234	4,342,620	1.87
JAPAN SECURITIES FINANCE CO., LTD.	3,997,330	1.72
STATE STREET BANK AND TRUST COMPANY 505103	3,727,172	1.61
THE BANK OF NEW YORK MELLON 140044	3,363,494	1.45
JPMorgan Securities Co., Ltd.	2,619,098	1.13
SSBTC CLIENT OMNIBUS ACCOUNT	2,472,861	1.07

Controlling Shareholder (except for Parent Company)	—
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Parent Company	None
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Supplementary Explanation
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1. The number of shares held in trust accounts among the above number of shares held is as follows.	
The Master Trust Bank of Japan, Ltd.	32,996,000 shares
Custody Bank of Japan, Ltd.	13,848,000 shares
2. The shares outstanding are calculated excluding the number of shares of treasury stock.	

### 3. Corporate Attributes

Listed Stock Market and Market Section	Tokyo, Prime Market
Fiscal Year-End	March
Type of Business	Wholesale Trade
Number of Employees (consolidated) as of the End of the Previous Fiscal Year	More than 1000 persons
Sales (consolidated) as of the End of the Previous Fiscal Year	More than ¥1 trillion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	290

### 4. Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder

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### 5. Other Special Circumstances which may have Material Impact on Corporate Governance

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## II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management

### 1. Organizational Composition and Operation

Organization Form	Company with an Audit & Supervisory Board
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#### [Directors]

Maximum Number of Directors Stipulated in Articles of Incorporation	10 persons
Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	Outside Director
Number of Directors	9 persons
Appointment of Outside Directors	Appointed
Number of Outside Directors	5 persons
Number of Independent Directors	5 persons

#### Outside Directors' Relationship with the Company (1)

Name	Attribute	Relationship with the Company*										
		A	b	c	d	e	f	g	h	i	j	k
Norio Otsuka	From another company								△			
Naoko Saiki	Other								△			
Ungyong Shu	From another company											
Haruko Kokue	From another company								△			
Tsuyoshi Kameoka	From another company								△			

\* Categories for "Relationship with the Company"

\* "○" when the director presently falls or has recently fallen under the category;

"△" when the director fell under the category in the past

\* "●" when a close relative of the director presently falls or has recently fallen under the category;

"▲" when a close relative of the director fell under the category in the past

a. Executive of the Company or its subsidiaries

b. Non-executive director or executive of a parent company of the Company

c. Executive of a fellow subsidiary company of the Company

d. A party whose major client or supplier is the Company or an executive thereof

e. Major client or supplier of the listed company or an executive thereof

f. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a director/*kansayaku*

g. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)

h. Executive of a client or supplier company of the Company (which does not correspond to any of d, e, or f) (the director himself/herself only)

i. Executive of a company, between which and the Company outside directors/*kansayaku* are mutually

- appointed (the director himself/herself only)
- j. Executive of a company or organization that receives a donation from the Company (the director himself/herself only)
- k. Others

Outside Directors' Relationship with the Company (2)			
Name	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons of Appointment
Norio Otsuka	○	<p>The transaction amount with NSK Ltd., where Mr. Otsuka served as Director, President and Chief Executive Officer until June 2015, accounts for approximately 1.3% consolidated net sales of NSK Ltd. and less than 1% of Sojitz's consolidated annual revenue of the most recent fiscal year.</p> <p>Based on the above, we believe that Mr. Otsuka satisfies the independence requirements of Sojitz's "Standards Concerning the Appointment and Independence of Candidates for Outside Directors and Outside Audit &amp; Supervisory Board Members," and we are confident in his ability to remain independent.</p>	<p>&lt;Reasons for appointment&gt;</p> <p>Mr. Otsuka served as Director, President and Chief Executive Officer, and Chairperson of NSK Ltd., and has abundant experience and deep insight regarding management developed through promoting worldwide growth strategies and strengthening corporate governance. Since 2018, Mr. Otsuka has played an appropriate role as Outside Director of Sojitz by supervising business execution as well as providing sound advice from a practical perspective, incorporating business management know-how from other industries. He has been exercising his leadership as the Chairman of the Board of Directors since 2020, and Sojitz has chosen him as Outside Director candidate with the expectation that he will further strengthen the supervisory function of the Board of Directors.</p> <p>&lt;Independence&gt;</p> <p>We have determined that there is no risk of conflict of interest with general shareholders, and thus designated him as an independent officer who meets the "Listed Company Management Guidelines" as well as Sojitz's "Standards Concerning the Appointment and Independence of Candidates for Outside Directors and Outside Audit &amp; Supervisory Board Members," and has no special interest in the Company.</p>

Naoko Saiki	○	<p>Ms. Saiki served in an advisor role to the Company between May 2019 and February 2020 for which she received remuneration; however, the remuneration amount was below the standards of independence amount as defined in Sojitz’s Standards Concerning the Appointment and Independence of Candidates for Outside Directors and Outside Audit &amp; Supervisory Board Members. Furthermore, the remuneration was paid as compensation for advice she provided to Sojitz drawing from her experience and knowledge, which does not impact Ms. Saiki’s independence as an Outside Director.</p> <p>Based on the above, we believe that Ms. Saiki satisfies the independence requirements of Sojitz’s “Standards Concerning the Appointment and Independence of Candidates for Outside Directors and Outside Audit &amp; Supervisory Board Members,” and we are confident in her ability to remain independent.</p>	<p>&lt;Reasons for appointment&gt; Ms. Saiki has had a career at the Ministry of Foreign Affairs in positions such as 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. Based on her experience and insight from working at the forefront of diplomacy, she has provided pertinent advice to the Board of Directors of Sojitz from a wide range of perspectives, including international affairs, the environment and society, and human resource development. In addition, as Chairperson of the Nomination Committee, she has contributed to the creation of a system that contributes to the development and strengthening of management personnel. Sojitz has chosen her as Outside Director candidate with the expectation that she will continue to exercise an appropriate supervisory function in relation to management from an independent and objective standpoint, , by leveraging her extensive experience and will contribute to Sojitz’s sustainable growth and enhancement of corporate value.</p> <p>&lt;Independence&gt; We have determined that there is no risk of conflict of interest with general shareholders, and thus designated her as an independent officer who meets the “Listed Company Management Guidelines” as well as Sojitz’s “Standards Concerning the Appointment and Independence of Candidates for Outside Directors and Outside Audit &amp; Supervisory Board Members,” and has no special interest in the Company.</p>
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Ungyong Shu	○	_____	<p>&lt;Reasons for appointment&gt;  Mr. Shu has held important positions at J.P. Morgan Securities and Merrill Lynch Japan Securities Limited and has extensive knowledge of M&amp;A strategies and financial and capital policies, as well as extensive experience as a corporate manager at financial institutions and personal connections. As Sojitz implements strategic business investments for sustainable growth, he has provided accurate recommendations to the Board of Directors and contributed to active discussions, taking advantage of his experience and expertise. As the Chairperson of the Remuneration Committee, he is leading discussions to formulate an executive remuneration system that will encourage the realization of Sojitz's vision. Sojitz has chosen him as Outside Director candidate in the expectation that he will be able to exercise appropriate supervision over management from an independent and objective standpoint, and contribute to the further development and enhancement of the corporate value of the Company.</p> <p>&lt;Independence&gt;  We have determined that there is no risk of conflict of interest with general shareholders, and thus designated him as an independent officer who meets the "Listed Company Management Guidelines" as well as Sojitz's "Standards Concerning the Appointment and Independence of Candidates for Outside Directors and Outside Audit &amp; Supervisory Board Members," and has no special interest in the Company.</p>
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Haruko Kokue	○	<p>Transactions with Mitsui Chemicals Inc., at which she served as Counselor until March 2021, were less than 1% of revenue in Sojitz’s consolidated financial statements and less than 1% of consolidated annual revenue of Mitsui Chemicals Inc. for the most recent fiscal year.</p> <p>Ms. Kokue served in an advisor role to the Company between May 2021 and January 2022 for which she received remuneration; however, the remuneration amount was below the standards of independence amount as defined in Sojitz’s Standards Concerning the Appointment and Independence of Candidates for Outside Directors and Outside Audit &amp; Supervisory Board Members. Furthermore, the remuneration was paid as compensation for advice she provided to Sojitz drawing from her experience and knowledge, which does not impact Ms. Kokue’s independence as an Outside Director.</p> <p>Based on the above, we believe that Ms. Kokue satisfies the independence requirements of Sojitz’s “Standards Concerning the Appointment and Independence of Candidates for Outside Directors and Outside Audit &amp; Supervisory Board Members,” and we are confident in her ability to remain independent.</p>	<p>&lt;Reason for appointment&gt; Ms. Kokue has extensive experience in supply chain management, public relations, investor relations, and international business management in Mitsui Chemicals Inc. Sojitz has chosen her as an Outside Director for Sojitz’s Board of Directors with the expectation that she will appropriately supervise management amidst diversifying risk and provide appropriate advice from an independent standpoint and objective perspective taking advantage of her dialogue with various stakeholders and high level of insight into supply chains, and contribute to raising Sojitz’s corporate governance and corporate value.</p> <p>&lt;Independence&gt; We have determined that there is no risk of conflict of interest with general shareholders, and thus designated her as an independent officer who meets the “Listed Company Management Guidelines” as well as Sojitz’s “Standards Concerning the Appointment and Independence of Candidates for Outside Directors and Outside Audit &amp; Supervisory Board Members,” and has no special interest in the Company.</p>
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Tsuyoshi Kameoka	○	<p>Transaction with Idemitsu Kosan Co., Ltd. at which he served as Representative Director, Vice Chairman and Executive Officer, until June 2020, were less than 1% of consolidated annual revenue of said company.</p> <p>Mr. Kameoka served in an advisor role to the Company between September 2022 and March 2023 for which he received remuneration; however, the remuneration amount was below the standards of independence amount as defined in Sojitz's Standards Concerning the Appointment and Independence of Candidates for Outside Directors and Outside Audit &amp; Supervisory Board Members. Furthermore, the remuneration was paid as compensation for advice he provided to Sojitz drawing from his experience and knowledge, which does not impact Mr. Kameoka's independence as an Outside Director.</p> <p>Based on the above, we believe that Mr. Kameoka satisfies the independence requirements of Sojitz's "Standards Concerning the Appointment and Independence of Candidates for Outside Directors and Outside Audit &amp; Supervisory Board Members," and we are confident in her ability to remain independent."</p>	<p>&lt;Reason for appointment&gt;</p> <p>Tsuyoshi Kameoka has served as President &amp; 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. Sojitz has chosen him as an Outside Director candidate with the expectation that he will be able to exercise appropriate supervision over management from an independent and objective standpoint, taking advantage of his experience and expertise, and will contribute to strengthening Sojitz's corporate governance and raising its corporate value.</p> <p>&lt;Independence&gt;</p> <p>We have determined that there is no risk of conflict of interest with general shareholders, and thus designated her as an independent officer who meets the "Listed Company Management Guidelines" as well as Sojitz's "Standards Concerning the Appointment and Independence of Candidates for Outside Directors and Outside Audit &amp; Supervisory Board Members," and has no special interest in the Company.</p>
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Voluntary Establishment of Committee(s) Corresponding to Nomination Committee or Remuneration Committee	Established
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Committee's Name, Composition, and Attributes of Chairperson
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	Committee Corresponding to Nomination Committee	Committee Corresponding to Remuneration Committee
Committee's Name	Nomination Committee	Remuneration Committee
All Committee Members	6	6
Full-time Members	0	0
Inside Directors	1	1
Outside Directors	5	5
Outside Experts	0	0
Other	0	0
Chairperson	Outside Director	Outside Director

Supplementary Explanation
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We have established the following advisory bodies to the Board of Directors.

- Nomination Committee (six Directors including five Outside Directors)  
(Role) The Committee discusses and proposes the standards and methods for selecting Director and Executive Officer candidates and considers candidate proposals.  
(Members) Naoko Saiki (Chair/Outside Director), Norio Otsuka (Outside Director), Ungyong Shu (Outside Director), Haruko Kokue (Outside Director), Tsuyoshi Kameoka (Outside Director), Masayoshi Fujimoto (President & CEO)
- Remuneration Committee (six Directors including five Outside Directors)  
(Role) The Committee discusses and proposes remuneration levels for Directors and Executive Officers and various systems related to evaluation and remuneration.  
(Members) Ungyong Shu (Chair/Outside Director), Norio Otsuka (Outside Director), Naoko Saiki (Outside Director), Haruko Kokue (Outside Director), Tsuyoshi Kameoka (Outside Director), Masayoshi Fujimoto (President & CEO)

**[Kansayaku]**

Establishment of <i>Kansayaku</i> Board	Established
Maximum Number of <i>Kansayaku</i> Stipulated in Articles of Incorporation	5 persons
Number of <i>Kansayaku</i>	5 persons

Cooperation among <i>Kansayaku</i> , Accounting Auditors and Internal Audit Departments
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Audit & Supervisory Board Members, the Accounting Auditor and the Audit Department boost the effectiveness of their respective audits by exchanging information to ensure their efforts are complementary and efficient.

## 1) Audits by Audit & Supervisory Board Members

Pursuant to the Corporate Audit Standards, audit plans, and task assignments established by the Audit & Supervisory Board, Audit & Supervisory Board Members oversee and audit the operations of Sojitz Group by performing audits using the following main activities and other methods.

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 monitor the independence of the Accounting Auditor. They also receive audit plans and reports on the status of audits from the Audit Department, and submit opinion statements on audit results. We have thus established a system for ascertaining the status in a timely and appropriate fashion based on cooperation with the Accounting Auditor and Audit Department.

In FY2022, Audit & Supervisory Board Members conducted audits while having sufficient communication with domestic and overseas consolidated subsidiaries. In addition to the continued implementation of remote audits using the web conference system, on-site audits were carried out for overseas consolidated subsidiaries in some countries and regions where COVID-19 related restrictions have been relaxed.

### Main Activities of Audit & Supervisory Board Members

- Attendance at the Board of Directors meetings
- Attendance at important meetings (Management Committee, Finance & Investment Deliberation Council, Internal Control Committee, Compliance Committee, Sustainability Committee, Security Trade Control Committee, Quality Management Committee, Information and IT Systems Security Committee, Internal Audit Committee)
- Meetings with Executive Directors
- Meetings with Outside Directors
- Meetings with executive management officers, business division COOs, corporate department COOs, Presidents and CEOs of overseas operations
- On-site audit of domestic and overseas group companies (including remote audits)
- Meetings with full-time auditors of group companies
- Held 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 opinion
- Review of important documents relevant to major business decisions

As of June 20, 2023, we have five Audit & Supervisory Board Members, including three Outside Audit & Supervisory Board Members, and all of the three have substantial knowledge of finance and accounting as described below.

- Mr. Masaaki Kushibiki has been responsible for accounting, tax, and risk management at Sojitz Corporation, and he also held important positions such as Executive Officer in charge of risk management and Managing Executive Officer in charge of human resources, general affairs and operation.
- Mr. Kazuhiro Yamamoto has held a number of important positions such as CFO at Teijin Limited, where he was responsible for finance, accounting, and business planning.
- Ms. Junko Kamei brings years of experience and expertise from her time as a certified public accountant at auditing firms. She also possesses financial and accounting knowledge from her work at a securities company.

## 2) Accounting Audits

We have appointed the independent auditing firm KPMG AZSA LLC to conduct accounting audits in accordance with the Companies Act, as well as audits of financial statements, quarterly reviews and internal control audits in accordance with the Financial Instruments and Exchange Act. Their executive officers and assistant staff involved in audits for Sojitz in the fiscal year ended March 31, 2023, and

auditor tenure are as follows.

(Designated Limited Liability Partners, Engagement Partners)

Hiroaki Sugiura, Ryohei Tomita, Tsugunobu Hikishikibayashi

(Assistant staff working for our accounting audit)

21 CPAs and 33 assistant CPAs Auditor tenure: 20 years

### 3) Internal Audits

Based on an audit plan adopted by the Board of Directors and under the jurisdiction of the Internal Audit Committee established as a subordinate body of the Board of Directors, the Internal Audit Department, comprised of 25 people (as of June 20, 2023), conducts audits covering the business divisions, corporate departments, and consolidated subsidiaries as below.

- During the audit, the Department investigates whether organizational governance, risk management and internal control are functioning appropriately and makes proposals for effective improvements to prevent loss and resolve issue.
- After the audit is completed, the Department submits an audit report to the Internal Audit Committee and the Audit & Supervisory Board Members after exchanging opinions at an audit review meeting for the audited organizations and the concerned parties (COOs of the divisions/departments with primary responsibility for the audited organizations, GMs in charge of each corporate department, and Audit & Supervisory Board Members). In addition, the Department holds an audit report meeting to provide an explanation to the Internal Audit Committee every month.
- To address the problems identified in the audits, the Internal Audit Department receives reports about improvements by the audited organizations for the three- and six-month periods after the audits, and conducts a follow-up audit to check their progress.

In addition, the following are initiatives taken by Sojitz to ensure the effectiveness of internal audits.

- The Internal Audit Department reports audit policies directly not only to the President and Representative Director, but also to the Board of Directors and the Audit & Supervisory Board.
- The Internal Audit Department reports audit results directly not only to the President and Representative Director, but also to the Board of Directors and the Audit & Supervisory Board once a quarter in principle.
- Deliberations and assessments of the Internal Audit Department's organizational performance, as well as individual evaluations of the General Manager of the Internal Audit Department, are conducted by the Internal Audit Committee, ensuring the independence of the Internal Audit Department.

In addition, Sojitz and its consolidated subsidiaries have introduced a Self-Assessment System to help identify frontline operation problems at each organization in the early stages, improve operational efficiency, prevent losses, and raise awareness on risk management.

Appointment of Outside <i>Kansayaku</i>	Appointed
Number of Outside <i>Kansayaku</i>	3 persons
Number of Independent <i>Kansayaku</i>	3 persons

Outside *Kansayaku*'s Relationship with the Company (1)

Name	Attribute	Relationship with the Company*												
		a	b	c	d	e	f	g	h	i	j	k	l	m
Michiko Nagasawa	Lawyer													
Kazuhiro Yamamoto	From another company										△			
Junko Kamei	Certified public accountant										△			

\* Categories for "Relationship with the Company"

\* "○" when the director presently falls or has recently fallen under the category;

"△" when the director fell under the category in the past

\* "●" when a close relative of the director presently falls or has recently fallen under the category;

"▲" when a close relative of the director fell under the category in the past

a. Executive of the Company or its subsidiary

b. Non-executive director or accounting advisor of the Company or its subsidiaries

c. Non-executive director or executive of a parent company of the Company

d. *Kansayaku* of a parent company of the Company

e. Executive of a fellow subsidiary company of the Company

f. A party whose major client or supplier is the Company or an executive thereof

g. Major client or supplier of the Company or an executive thereof

h. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a *kansayaku*

i. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)

j. Executive of a client or supplier company of the Company (which does not correspond to any of f, g, or h) (the *kansayaku* himself/herself only)

k. Executive of a company, between which and the Company outside directors/*kansayaku* are mutually appointed (the *kansayaku* himself/herself only)

l. Executive of a company or organization that receives a donation from the Company (the *kansayaku* himself/herself only)

m. Others

Outside *Kansayaku*'s Relationship with the Company (2)

Name	Designation as Independent <i>Kansayaku</i>	Supplementary Explanation of the Relationship	Reasons of Appointment
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<p>Michiko Nagasawa</p>	<p>○</p>	<p>_____</p>	<p>&lt;Reason for appointment&gt;  As an attorney, Ms. Nagasawa has a wealth of advanced and specialized knowledge in the field of corporate law. In addition to holding key positions in the legal field, she also has experience serving as an outside director for other firms. Based on her supervisory capabilities and high level of insight on management matters, Sojitz has concluded that she remains qualified to supervise Company management from an independent and objective viewpoint and give appropriate advice within and outside the Board of Directors as an Outside Audit &amp; Supervisory Board Member. Ms. Nagasawa will therefore continue her appointment as an Outside Audit &amp; Supervisory Board member.</p> <p>&lt;Independent&gt;  We have determined that there is no risk of conflict of interest with general shareholders and thus designated her as an independent officer who meets the independence standards of the “Listed Company Management Guidelines” as well as Sojitz’s “Standards Concerning the Appointment and Independence of Candidates for Outside Directors and Outside Audit &amp; Supervisory Board Members,” and has no special interest in the Company.</p>
<p>Kazuhiro Yamamoto</p>	<p>○</p>	<p>The transaction amount with Teijin Limited., where Mr. Yamamoto served as CEO until June 2020, and with the Teijin Group, accounts for less than 1% of Teijin Limited’s revenue and less than 1% of sales in the Company’s consolidated annual revenue for the most recent fiscal year.</p> <p>Based on the above, we believe that Mr. Yamamoto satisfies the independence requirements of Sojitz’s “Standards Concerning the Appointment and Independence of Candidates for Outside Directors and Outside Audit &amp; Supervisory Board Members,” and we are confident in his ability to remain independent.</p>	<p>&lt;Reason for appointment&gt;  After joining Teijin Limited, Mr. Yamamoto held a number of important positions, including General Manager of the Pharmaceutical and Medical Care Business Management Department, as well as President &amp; Representative Director, CEO and CFO of Infocom Corporation, a listed subsidiary of Teijin Limited. Through these experiences, he gained a knowledge of finance and accounting as well as a high level of insight in fields including management, information and telecommunications, and home healthcare. Sojitz therefore believes that he is capable of supervising Company management from a neutral and objective perspective. Furthermore, Sojitz has concluded that he is qualified for his position due to his ability to fulfill monitoring and supervising functions over Sojitz businesses in the healthcare and digital transformation fields, areas in which Sojitz is now focusing its efforts. Mr. Yamamoto will therefore continue his appointment as an Outside Audit and Supervisory Board member.</p>

			<p>&lt;Independent&gt;  We have determined that there is no risk of conflict of interest with general shareholders and thus designated him as an independent officer who meets the independence standards of the “Listed Company Management Guidelines” as well as Sojitz’s “Standards Concerning the Appointment and Independence of Candidates for Outside Directors and Outside Audit &amp; Supervisory Board Members,” and has no special interest in the Company.</p>
Junko Kamei	○	<p>Transactions with Ernst &amp; Young ShinNihon LLC, at which she served as partner until June 2021, were less than 1% of consolidated annual revenue of Ernst &amp; Young ShinNihon LLC for the most recent fiscal year. Furthermore, the average value of all transactions between Sojitz and Ernst &amp; Young ShinNihon LLC over the past three fiscal years is below the maximum transaction amount as defined in Sojitz’s Standards Concerning the Appointment and Independence of Candidates for Outside Directors and Outside Audit &amp; Supervisory Board Members.</p> <p>Based on the above, we believe that Ms. Kamei satisfies the independence requirements of Sojitz’s “Standards Concerning the Appointment and Independence of Candidates for Outside Director and Outside Audit &amp; Supervisory Board Members,” and we are confident in his ability to remain independent.</p>	<p>&lt;Reason for appointment&gt;  As a certified accountant, Junko Kamei brings years of audit experience and expertise from her time at what is now Ernst &amp; Young ShinNihon LLC. Additionally, she has worked for a securities company and possesses financial and accounting knowledge from this background. Sojitz has concluded that she will appropriately fulfill her duties as an Audit &amp; Supervisory Board member and supervise management, incorporating an external perspective. Ms. Kamei will therefore continue her appointment as an Outside Audit &amp; Supervisory Board member.</p> <p>&lt;Independence&gt;  We have determined that there is no risk of conflict of interest with general shareholders and thus designated her as an independent officer who meets the independence standards of the “Listed Company Management Guidelines” as well as Sojitz’s “Standards Concerning the Appointment and Independence of Candidates for Outside Directors and Outside Audit &amp; Supervisory Board Members,” and has no special interest in the Company.</p>

**[Independent Directors/*Kansayaku*]**

Number of Independent Directors/ <i>Kansayaku</i>	8 persons
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Matters relating to Independent Directors/ *Kansayaku*

We appoint Outside Directors from those with a wide range of knowledge and deep insight and abundant experience in industries and administrative fields, targeting those who have management experience in business corporations and government agencies and others who have objective and specialist viewpoints toward world affairs, social and economic trends and corporate management. In appointing Outside Audit & Supervisory Board Members, in addition to the above, we also ensure the diversity of the candidates' background from the perspective of reflecting the viewpoints of a variety of stakeholders in audit of business activities.

We place importance on the independence of outside officers. We have formulated our own Independence Standards for Outside Directors and Outside Audit & Supervisory Board Members (please refer to [Sojitz's Approach to Corporate Governance Code principles] Principle 4.9 at the end of this report) in addition to the provisions of the Companies Act, and standards for independence of officers set by financial instruments exchange and confirm that all our outside officers meet these standards and that their independence is maintained.

**[Incentives]**

Incentive Policies for Directors	Performance-linked Remuneration
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Supplementary Explanation

We have introduced a performance-linked remuneration system to function as a highly transparent and objective system, tightly bound to company performance. This policy aims to foster a mindset in Directors and other Executive Officers to help to improve company performance in the mid- to long-term and expand corporate value. See [Director Remuneration] below for more information.

Recipients of Stock Options	—
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Supplementary Explanation

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## [Director Remuneration]

Disclosure of Individual Directors' Remuneration	Remuneration for only some individual directors, disclosed separately.
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### Supplementary Explanation

The following are the three Directors to receive a total of 100 million or more in remuneration and other financial benefits for the year ended March 31, 2023. (Totals in millions JPY.)

Rank	Name	Basic Remuneration	Performance-Linked Remuneration		Total
		Monetary	Monetary (short-term)	Shares (medium-to-long term)	
President & CEO	Masayoshi Fujimoto	86	51	30	168
Executive Vice President	Seiichi Tanaka	66	26	11	104
Executive Vice President	Ryutaro Hirai	66	35	17	118

Note: \*1 Figures are rounded down to the nearest million yen.

\*2 The performance-linked remuneration (medium- to long-term) is a share remuneration system based on the Board Incentive Plan (BIP) Trust. The total amount of the aforementioned share remuneration represents the amount reported as expenses for fiscal 2022 associated with the share delivery points regarding the BIP.

Policy on Determining Remuneration Amounts and Calculation Methods
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Established
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### Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

#### ■ Executive Remuneration Policy

Sojitz's basic policy on remuneration for Directors is to create a system that is closely linked to Sojitz's business performance which will ensure transparency and objectivity with the aim of encouraging contributions to improve Sojitz's performance and corporate value over the medium- to- long term. In accordance with Sojitz's basic policy on remuneration, the Executive Remuneration Policy (company policy for determining details of remuneration, etc. for individual Directors) was introduced for resolution at the Board of Directors meeting held in April 2021 in order to make a policy for the remuneration of Directors and Executive Officers that is consistent with Sojitz's corporate statement, value creation model, vision for 2030, and Medium-term Management Plan 2023 which launched in April 2021.

#### < Basic view >

Sojitz's basic view on remuneration for Directors and Executive Officers (the "Officers") consists of the following two dimensions.

- It shall be a system that serves as an incentive to powerfully drive sustainable growth and increase its corporate value over the medium-to-long term, with a view to creating and providing the two types of

value upheld by Sojitz, namely value for Sojitz and value for society.

- It shall be a system that solidly promotes the vision of “a general trading company that constantly cultivates new businesses and human capital” to be materialized in 2030.

< Basic policy >

- A system linked not only to short-term performance, but to performance as well as growth in corporate value over the medium-to-long term.
- A system linked to the new value Sojitz creates and provides in the digital society and in its pursuit of ESG management.
- A system linked to shareholder value of Sojitz.
- A system that provides a sufficient level of remuneration to secure and retain globally competitive personnel.
- A system in which remuneration is determined through a process with high degree of transparency and objectivity.

< Breakdown of remuneration >

- Level of remuneration  
In line with the basic policy, the level of remuneration shall stay attractive commensurate with job responsibilities of each of the Officers. The level of remuneration shall be determined in consideration of factors such as other general trading companies, surveys on executive remuneration at listed corporations both in Japan and abroad that are conducted by third parties, along with the level of employee salary. The level of Sojitz’s executive remuneration shall be subject to review as appropriate depending on the changes in external business environment.
- Structure of remuneration  
Sojitz’s remuneration consists primarily of basic remuneration and performance-linked remuneration. Medium-to-long term performance-linked remuneration applies a “pay for mission” approach, which takes into consideration factors such as the fulfillment of corporate philosophy and the creation and provision of the two types of value.
  - Basic remuneration (fixed remuneration): Monetary remuneration determined by the individual’s rank, commensurate with job responsibilities
  - Performance-linked remuneration (short-term): Monetary remuneration linked to corporate performance in a single year as well as the progress made with the Medium-Term Management Plan
  - Performance-linked remuneration (medium-to-long term): Share remuneration linked to the achievement of the Medium-Term Management Plan and the increase in corporate value (in terms of ESG and share price) \*
- Remuneration mix  
**【Directors and Executive Officers (excluding Outside Directors)】**  
Basic remuneration 54%~66%  
Performance-linked remuneration (short-term) 21%~26%  
Performance-linked remuneration (medium-to-long term) 13%~20%  
**【Outside Directors】**  
Remuneration consists wholly of basic remuneration, while special allowance shall be paid separately to the Chairman of the Board of Directors, and the chairs of the Nomination Committee and the Remuneration Committee.
- Timing of the payment of remuneration
  - Basic remuneration: Paid monthly
  - Performance-linked remuneration (short-term): Paid once a year at a certain time
  - Performance-linked remuneration (medium-to-long term): Shares will be delivered after the retirement\*

\*Note: For share remuneration, after retirement of Directors, based on the confirmation that they meet the beneficiary requirements, they shall receive delivery of the number of Sojitz shares equivalent to the accumulated share delivery points calculated at the rate of one Sojitz share per share delivery

point (0.2 Sojitz share per share delivery point after the share consolidation on October 1, 2021). The beneficiary requirements shall be determined as necessary to achieve the purpose of the share remuneration.

< Determination method of performance-linked remuneration >

Determined based on factors such as the level of achievement of targets, progress made with the Medium-Term Management Plan and individual contribution to corporate performance.

< Forfeiture of remuneration (claw back clause, malus clause)>

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

< Governance over remuneration >

Amount of remuneration of each of the Officers shall be determined by the Board of Directors, after deliberations at the Remuneration Committee chaired by an Outside Director, with the majority of committee members being Outside Directors.

■ FY2023 Remuneration System for Directors

In accordance with the Executive Remuneration Policy, an outline of the remuneration system for Directors in FY2023 is as follows.

● Types of Remuneration

Remuneration for Directors (excluding Outside Directors) consists of basic remuneration (fixed remuneration), performance-linked remuneration (short-term), and performance-linked remuneration (medium- to long-term). Remuneration for Outside Directors consists solely of basic remuneration (fixed remuneration). However, in the event that an Outside Director assumes the position of Chairman of the Board of Directors, Chair of the Nomination Committee, or Chair of the Remuneration Committee, they will be paid a predetermined special allowance every month in addition to their basic remuneration (fixed remuneration).

● Basic Remuneration

Basic remuneration (fixed remuneration) is monetary remuneration of an amount determined by the individual's rank, commensurate with job responsibilities. As an annual wage plan, basic remuneration is paid out annually with one-twelfth of the total amount paid monthly.

● Short-Term Performance-Linked Remuneration

Short-term performance-linked remuneration is monetary remuneration linked to corporate performance in a single year as well as the progress made with the Medium-term Management Plan. It is paid to Directors in certain predetermined positions and payment is based on:

- (1) the standard amount of remuneration according to job rank (remuneration amount if 100% of all evaluation criteria is achieved), (2) consolidated net profit and progress of consolidated net profit in the period (degree of progress for consolidated net profit during Medium-term Management Plan in FY2021–2023), ROE, core operating cash flow, and progress of core operating cash flow (degree of progress for core operating cash flow during Medium-term Management Plan in FY2021–2023), and (3) an amount determined based on achievement of each evaluation criteria. The degree of achievement of targets for each evaluation criteria shall be calculated by comparing the target amounts for each evaluation criteria with the actual results. The target for each evaluation criteria shall be determined by resolution of the Board of Directors after deliberation by the Remuneration Committee in April or May of each year, which is the beginning of the fiscal year. The specific calculation method for performance-linked remuneration (short-term) shall be as described below and shall be paid in July following the end of the fiscal year.

The targets and results for each evaluation indicator to be used in the calculation of performance-linked compensation (short-term) for FY2022 are as follows (evaluation criteria, target, evaluation weighting factor, and result):

	<b>Target</b>	<b>Evaluation weight</b>	<b>FY2022 Result</b>
Consolidated net profit (*1) (level of achievement of single-year targets)	¥85.0 billion	35%	¥111.2 billion
Consolidated net profit (*1) (progress made toward cumulative targets of Medium-term Management Plan)	¥138.0 billion	35%	¥193.5 billion
ROE	11.4%	20%	14.2%
Core operating cash (level of achievement of single-year targets)	¥113.0 billion	5%	¥145.2 billion
Core operating cash flow (progress made toward cumulative targets of Medium-term Management Plan)	¥184.0 billion	5%	¥273.9 billion

The targets to be used in the calculation of performance-linked compensation (short-term) for FY2023 are as follows (evaluation criteria, target, and evaluation weighting factor):

<b>Evaluation criteria</b>	<b>Target</b>	<b>Evaluation weighting factor</b>
Consolidated net profit for the year (*1) (level of achievement of single-year targets)	¥95.0 billion	35%
Consolidated net profit (*1) (progress made toward cumulative targets of Medium-term Management Plan)	¥138.0 billion	35%
ROE	11.1%	20%
Core operating cash flow for the year (level of achievement of single-year targets)	¥115.0 billion	5%
Core operating cash flow (progress made toward cumulative targets of Medium-term Management Plan (¥240.0 billion))	¥184.0 billion	5%

- **Medium- to Long-Term Performance-Linked Remuneration**

Performance-linked remuneration (medium- to long-term) is share-based remuneration linked to the achievement of targets under Medium-term Management Plan and improvement in corporate value (ESG evaluation and share price). It is paid to Directors in certain predetermined positions and is based on: (1) Basic points which are granted each year and which are calculated based on the basic remuneration amount and basic share value for each position, (2) “Share Delivery Points” calculated by multiplying the number of basic points accumulated after the three-year period by the performance-linked factor based on the achievement level of the evaluation criteria, and (3) company shares and cash calculated based on the accumulated “Share Delivery Points” at the time of retirement of eligible Directors, when all preconditions are satisfied.

In the calculation of Share Delivery Points, the evaluation criteria during Medium-term Management Plan in FY2021–2023 are consolidated net profit, Sojitz share growth rate (based on the ratio of Sojitz’s

Total Shareholders Return (TSR) to the TOPIX growth rate (including dividends)), and separately established ESG targets. Targets for each evaluation criteria shall be determined by resolution of the Board of Directors after deliberation by the Remuneration Committee.

The targets to be used in the calculation of performance-linked compensation (medium- to long-term) are as follows (evaluation criteria, target, and evaluation weighting factor):

<b>Evaluation criteria</b>	<b>Targets</b>	<b>Evaluation weighting factor</b>
Accumulated consolidated net profit (*1) in the three-year period	¥195.0 billion	60%
Sojitz share growth rate (*3)	110%	30%
ESG (Environmental, Social, and Governance)-related criteria (*4)	ESG-related targets	10%

(\*1) Refers to the 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) Evaluated based on the relative comparison between TSR of Sojitz and TOPIX (including dividends).

(\*4) Level of achievement for ESG targets is evaluated by the Remuneration Committee.

- **Composition of Remuneration**

Sojitz has created a remuneration system that aims to further enhance the connection between remuneration and business performance, and includes a system of evaluation criteria that more fully reflects the efforts and progress made toward improving corporate value in the medium-to-long term. Sojitz has set the ratio of basic remuneration to a range of 54%–66% depending on individual job responsibilities, the ratio of short-term performance-linked remuneration to a range of 21–26%, and the ratio of long-term performance-linked remuneration to a range of 13–20%.

Please refer to the Sojitz website for details on our remuneration policy.

[https://www.sojitz.com/en/csr/sojitz\\_esg/g/governance.php#a03](https://www.sojitz.com/en/csr/sojitz_esg/g/governance.php#a03)

- **Reduction, Non-Payment, and Request for Return of Remuneration**

In the following cases, the Company may reduce or withhold payment of the unpaid portion of basic remuneration (fixed remuneration), performance-linked remuneration (short-term), and performance-linked remuneration (medium- to long-term) for Directors, and may demand the return of all or part of the portion that has been paid.

- (1) In the event of a resolution of the Board of Directors to make adjustments to financial statements due to serious accounting errors or fraud
- (2) In the event that the Company suffers major damages due to intentional or accidental gross negligence of professional duties (including but not limited to violations of laws, regulations, Articles of Incorporation, or internal rules, or violations of the Directors' Duty of Care and Duty of Loyalty in the execution of duties)

- (3) If the Director resigns from office for personal reasons against the Company's wishes (excluding cases of resignation for unavoidable reasons such as injury or illness)
- (4) When a Director is dismissed from the Board of Directors for justifiable reasons
- (5) In case of employment at another company in the same industry without the Company's permission

■ Remuneration in FY2022

The total amount of remuneration by classification, the total amount of remuneration by remuneration type, and the number of officers receiving the remuneration are as follows. (Million JPY)

Classification	Number of persons to be paid	Basic remuneration	Performance-linked remuneration		Total
		Monetary (*1 and *2)	Monetary (short-term)	Shares (medium-to long-term) (*3)	
Directors (Total)	10	319	138	71	529
Directors (Internal)	5	265	138	71	475
Outside Directors	5	54	-	-	54
Audit & Supervisory Board Members (Total)	6	106	-	-	106
Audit & Supervisory Board Members (Internal)	2	73	-	-	73
Outside Audit & Supervisory Board Members	4	32	-	-	32

(Notes)

- The performance-linked remuneration (medium- to long-term) is a share remuneration system based on the Board Incentive Plan (BIP) Trust. The total amount of the aforementioned share remuneration represents the amount reported as expenses for FY2022 associated with the share delivery points regarding the BIP Trust, including the persons who are scheduled to retire in FY2022.
- As of the end of FY2022, there were eight Directors and five Audit & Supervisory Board Members. The total amount of remuneration of Directors and Audit & Supervisory Board Members includes that for two Directors who retired due to expiration of their terms of office and for one Audit & Supervisory Board Member who retired due to resignation at the conclusion of the Ordinary General Shareholders' Meeting held on June 17, 2022.
- Directors for FY2022, including the target of each evaluation indicator, based on the Executive Remuneration Policy, basic remuneration (fixed remuneration) by rank, the calculation method for performance-linked remuneration (short-term), and the calculation method for performance-linked remuneration (medium- to long-term), were consistent with the aforementioned determination policy and judged that the details of such remuneration were in line with the policy.
- Figures are rounded down to the nearest million yen.

**[Support System for Outside Directors and/or Audit & Supervisory Board]**

The Board Meeting Operation Office was established, as an organization comprised of four full-time staff (as of June 20, 2023) who support the Directors. In order to enable the Board of Directors to appropriately exercise its supervision functions of the management, there is a system for reporting, providing information and communicating to Directors timely and appropriately, focused on the Board Meeting Operation Office. The necessary information and materials are provided in advance to ensure sufficient deliberation at the Board of Directors. The Audit & Supervisory Board Members' Office is the dedicated body to support Audit & Supervisory Board Members, comprised of four full-time staff (as of June 20, 2023). It provides information, reporting and communicating for in-house and Outside Directors timely and appropriately.

**[Retired presidents/CEOs holding advisory positions (*sodanyaku*, *komon*, etc.)]**

**Information on retired presidents/CEOs holding advisory positions (*sodanyaku*, *komon*, etc.)**

Name	Job title/ position	Responsibilities	Employment terms (Full/part time, with/without compensation, etc.)	Date when former role as President/ CEO ended	Term
Yutaka Kase	Senior Corporate Advisor	External activities	Part-time, with compensation	March 31, 2012	June 30, 2023

Number of retired presidents/CEOs holding advisory positions ( <i>sodanyaku</i> , <i>komon</i> , etc.)	1
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Others
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Our Corporate Advisor system may appoint former executives (\*1) in full-time or part-time positions following their resignation, regardless of whether they served as President & CEO in the past. These Corporate Advisors are entrusted with supporting Sojitz's executive networking, and they do not contribute to the company's management or business execution. On principle, their contract lasts one year, during which they are also paid compensation.

In light of the status of Sojitz's responsibilities in the business world and with consideration for the demand placed on our company to appoint employees from other companies to Sojitz Outside Director positions, we believe that support from former executives is essential to Sojitz's business activities, and we have decided to maintain the Corporate Advisor system and provide them with treatment commensurate with these activities.

We do not have any system for employing *sodanyaku*.

(\*1) "Executives" here refers to full-time Directors, Executive Officers, and full-time Audit & Supervisory Board Members.

**2. Matters on Functions of Business Execution, Auditing, Oversight, Nomination and Remuneration Decisions (Overview of Current Corporate Governance System)**

1) Company Institutions

(A) Board of Directors

As the highest decision-making body, the Board of Directors reviews and resolves fundamental policies and most important cases concerning the Group's management, and also supervises business execution through proposals of important matters and regular reports from the executing body. The Outside Directors supervise the Executive Directors and overall system of business execution. They also provide opinions and advice on the corporate governance.

- **Policy for Appointing Directors and Composition of the Board of Directors**  
In appointing candidates for Directors, we take into consideration the diversity such as gender, international experience or other characteristics, and appoint multiple candidates who possess abundant experience, specialized knowledge and advanced expertise from both inside and outside Sojitz, to ensure decision-making and management supervision appropriate to a general trading company involved in a wide range of businesses. Sojitz's Articles of Incorporation stipulate that the number of members of the Board of Directors shall be no more than ten. As of June 20, 2023, we have nine Directors (seven male and two female), consisting of four in-house Directors who have abundant business experience at Sojitz and five Outside Directors who have objective specialist viewpoints and diverse knowledge.
  - **Procedure for Appointing Directors**  
In line with the policy above, the Board of Directors deliberates on the experience and quality as an officer with respect to each Director candidate based on the results of discussion at the Nomination Committee and resolves the candidate proposal for submission to the General Shareholders' Meeting for approval.
  - **Matters Deliberated by the Board of Directors**  
The Board of Directors reviews and resolves fundamental matters concerning management among the Group, involving management philosophy, business plans and important personnel, organizational and system related matters based on the internal rules of the Board of Directors in addition to laws, regulation and the Articles of Incorporation. It also reviews and resolves the important matters related business execution such as important investments and loans. As for business execution other than these matters resolved by the Board of Directors, the President, the Chief Executive Officer, or the executing bodies reporting to the President & CEO; the Management Committee, the Finance & Investment Deliberation Council and the Human Resource Deliberation Council etc. review and approve matters depending on the contents, scale, importance and risks of each matter.
  - **Support System for Directors**  
The Board Meeting Operation Office was established as an organization comprised of four full-time staff (as of June 20, 2023) who support the Directors by reporting to, providing information to, and communicating with in-house and Outside Directors in a timely and appropriate manner. The Board of Directors is provided with necessary information and materials in advance to ensure sufficient deliberation at the Board of Directors.
  - **Analysis/assessment of effectiveness of the Board of Directors**  
Each year, we analyze and assess the effectiveness of the Board of Directors as a whole in order to improve its functions. For more details information about assessment please refer to [Sojitz's Approach to Corporate Governance Code principles] Principle 4.11.3 at the end of this report.
- (B) **Audit & Supervisory Board**  
Audit & Supervisory Board Members are independent from the Board of Directors, and audit the Directors' execution of their duties based on laws and regulations, the Articles of Incorporation, internal rules, and the Corporate Audit Standards established by the Audit & Supervisory Board. Audit & Supervisory Board Members attend major meetings related to the execution of business in addition to the meetings of the Board of Directors. Audit & Supervisory Board Members also monitor and audit operations of business through means such as interviewing Directors and reviewing important documents related to approval.
- **Composition of the Audit & Supervisory Board**  
The Audit & Supervisory Board consists of five members (three males, two females), including two full-time Audit & Supervisory Board Members with abundant practical and management experience within Sojitz and its invested companies and three Outside Audit & Supervisory Board Members with objective perspectives and diverse expertise based on specialist knowledge (As of June 20, 2023).
  - **Support System for Audit & Supervisory Board Members**  
The Audit & Supervisory Board Members' Office is the dedicated body to support the Audit & Supervisory Board Members, comprised of four full-time staff as of June 20, 2023. It provides



information, reporting and communicating for Directors timely and appropriately.

(C) Advisory Bodies to the Board of Directors (Nomination Committee, Remuneration Committee)

See II. 1. [Directors] [Committee's Name, Composition, and Attributes of Chairperson] above for more information.

(D) Policies on Appointment and Standards for Independence of Outside Officers

We place importance on the independence of outside officers. We have formulated our own Independence Standards for Outside Directors and Outside Audit & Supervisory Board Members in addition to the provisions of the Companies Act, and standards for independence of officers set by financial instruments exchange, and confirm that all our outside officers meet these standards. Please refer to [Sojitz's Approach to Corporate Governance Code principles] Principle 4.9 at the end of this report for the details of the Independence Standards.

(E) Training Policy for Directors and Audit & Supervisory Board Members

Please refer to [Sojitz's Approach to Corporate Governance Code principles] Principle 4.14.2 at the end of this report for the details.

(F) Policy for Determining Remuneration of Directors and Audit & Supervisory Board Members

Please refer to II. 1. [Director Remuneration] of this report for details.

2) Business Executing Bodies

We have established the following executing bodies that directly report to the President, who is the Chief Executive Officer.

(A) Management Committee

The Committee consists of Executive Directors and Chief Operation Officers (COOs) of business divisions and corporate department supervisors. It reviews and approves management policies, management strategies and management administrative matters among the Group from Group-wide and medium-to-long-term viewpoints. The Committee meetings are held twice a month in principle and as needed.

A total of 27 meetings were held in FY2022, with a total of 11 members (nine males and two females). In FY2022, the Committee mainly discussed and reviewed the progress of the Medium-term Management Plan, efforts to realize growth in the second half of the Plan (including initiatives to strengthen the ability to create value through business investment, etc.), human resource policies (establishing a new type of management, spreading a culture of a thoroughly person-to-person approach, organizing concepts related to human resource development, etc.) for over the next medium to long term, and other important business and corporate projects.

(B) Finance & Investment Deliberation Council

The Council is comprised of Executive Directors and the heads of corporate departments, etc. It discusses and resolves important investment and loan proposals from Group-wide viewpoints. The Council meetings are held twice a month in principle, and a total of 23 meetings were held in FY2022.

(C) Human Resource Deliberation Council

The Council is comprised of Executive Directors and the heads of corporate departments, etc., and discusses and resolves important issues pertaining to human resources from Group-wide viewpoints. The Council meetings are held twice a month in principle, and a total of 19 meetings (3 of which were held in writing) were held in FY2022.

(D) Internal Committees

In order to enhance corporate value, we have established the following internal committees that act as executing bodies under the direct supervision of the President & CEO to advance management initiatives that need to be handled across the organization. Each internal committee regularly reports on its activities to the Board of Directors and the Management Committee. The frequency and number of meetings of each committee held in FY2022 were as follows.

- Internal Control Committee (Frequency: Once a quarter in principle. FY2022 total: 5 meetings)  
The Internal Control Committee formulates policies to maintain and improve our internal control system based on the Companies Act and the Financial Instruments and Exchange Act, and monitors this internal control system and its enforcement among the Group.
- Compliance Committee (Frequency: Once a quarter in principle. FY2022 total: 4 meetings)  
The Compliance Committee examines and formulates fundamental policies and measures to ensure compliance.
- Sustainability Committee (Frequency: Once a quarter in principle. FY2022 total: 4 meetings)  
Based on the Sustainability Challenge, the Sustainability Committee examines and formulates various policies and measures, focusing on the realization of a decarbonized society and respect for human rights in the supply chain. In FY2022, the Committee mainly discussed and reviewed the measurement and scope of measurement of CO<sub>2</sub> emissions in the supply chain (Scope 3), high-risk business areas and risk assessment related to environment and human rights, and efforts to respect human rights in specific business areas, as well as the disclosure of sustainability information.
- Security Trade Control Committee (Frequency: Convened as needed in addition to annual meeting. FY2022 total: 2 meetings)  
The Security Trade Control Committee swiftly responds to changes in aspects of Security Trade Control that pertain to Sojitz Group, and establish appropriate trade control systems.
- Quality Management Committee (Frequency: Once a quarter in principle. FY2022 total: 7 meetings)  
The Quality Management Committee builds and maintains a company-wide quality control system and studies and formulates measures to develop business (B to C business) from a market-oriented perspective and to increase corporate value.
- DX Promotion Committee (Frequency: Once a quarter in principle. FY2022 total: 11 meetings)  
The DX Promotion Committee monitors the overall picture of DX promotion and shares the progress and status of efforts, and verifies their effects, with the goal of realizing increased corporate value through business transformation and enhanced competitiveness, while pursuing reforms in business models, human resources, and operational processes by utilizing digitalization.  
In FY2022 the Committee discussed and shared examples of the use of data and implementation of technology in the businesses being worked on in each of the business divisions, as well as the development of digital human resources.
- Information and IT System Security Committee (Frequency: Once a quarter in principle. FY2022 total: 4 meetings)  
The Information and IT System Security Committee promotes task setting, the formulation of action plans, and the implementation of countermeasures relating to the security of company-wide information assets and IT systems to increase corporate value, while grasping the locus and importance of risks that arise in business where digital data and IT are utilized in conjunction with the accelerated promotion of DX.

In addition, we have established the Disclosure Working Group and Business Continuity Management Working Group which will review the practices and initiatives for specific themes from a cross-organizational perspective. We will continue to make necessary reviews and upgrade our corporate structure to build a system that contributes to increasing our corporate value.

### 3) Corporate Audits, Accounting Audits and Internal Audits

Audit & Supervisory Board Members, the Accounting Auditor and the Audit Department boost the effectiveness of their respective audits by exchanging information to ensure their efforts are complementary and efficient.

Please refer to II.1. [Audit & Supervisory Board Members] "Collaborations among Audit & Supervisory Board Members, Accounting Auditor, and audit division" of this report for the details.

#### 4) Overview of Limited Liability Agreements

We have concluded limited liability agreements with both the Outside Directors (Norio Otsuka, Naoko Saiki, Ungyong Shu, Haruko Kokue, and Tsuyoshi Kameoka) and Audit & Supervisory Board Members (Masaaki Kushibiki, Takehiro Honda, Michiko Nagasawa, Kazuhiro Yamamoto, and Junko Kamei) which set the limitation of liability at either JPY 10 million or at the “Minimum Liability Amount” defined in the Companies Act, Article 425 (1)—whichever higher.

### 3. Reasons for Adoption of Current Corporate Governance System

We have adopted the current governance structure based on the following concept.

#### 1) Management and Business Execution System

We employ an executive officer system for the purpose of, clarifying authority and responsibilities, and ensuring a smooth and swift execution of business through the separation of managerial decision-making from business execution. The Board of Directors is the highest decision-making body reviewing and resolving fundamental policies and most important cases concerning the management of the Group. The Board of Directors also supervises business execution through proposals of important matters and regular reports from the executing body. As the executing body, we have established the Management Committee, chaired by the President, who is also the Chief Executive Officer. The Committee is responsible for the review and approval of the Group’s important managerial and executive agendas, from a group-wide and medium-to-long-term viewpoint. In addition, we have established the Finance & Investment Deliberation Council for the review and approval of investments and loans, the Human Resource Deliberation Council for the review and approval of major human resource matters, and internal committees to handle issues to be addressed from cross-organizational perspectives, as executing bodies all directly reporting to the President & CEO.

The term of Directors and Executive Officers is one year, in order to respond swiftly and appropriately to rapid changes in the business environment and clarify their responsibilities to management.

#### 2) Monitoring and Supervisory Functions for Management

We appoint multiple Outside Directors for the purpose of receiving appropriate advice and proposals on management of the Group from an outside, objective standpoint and to reinforce the supervisory function of the Board of Directors. In addition, we ensure appropriateness and transparency with regard to the Board’s resolutions, appointment of Directors, and remuneration by having Outside Directors serve as the Chairman of the Board of Directors and chairpersons of its advisory bodies, the Nomination Committee and the Remuneration Committee. We are a company with an Audit & Supervisory Board, that independently monitors and audits the operations of the Group.

### III. Implementation of Measures for Shareholders and Other Stakeholders

#### 1. Measures to Vitalize the General Shareholder Meetings and Smooth Exercise of Voting Rights

	Supplementary Explanations
Early Notification of General Shareholder Meeting	The Notice of the Ordinary General Shareholders' Meeting and reference materials are sent out roughly three weeks prior to the date of the meeting.
Scheduling AGMs Avoiding the Peak Day	We avoid dates which other companies are likely to choose for their meetings.
Allowing Electronic Exercise of Voting Rights	We have made it possible for shareholders to vote over the Internet.
Participation in Electronic Voting Platform	We have adopted the use of Electronic Voting Platform for Foreign and Institutional Investors operated by ICJ, Inc..
Providing Convocation Notice in English	We prepare an English version of documents, including the Notice of the General Shareholders' Meeting, which is posted to the Sojitz website four weeks prior to the date of the meeting.
Other	<ul style="list-style-type: none"> <li>• The Notice of the General Shareholders' Meeting and reference materials are posted on our website in both English and Japanese roughly four weeks prior to the date of the meeting, and these materials are also compatible for viewing on smartphones and tablets.</li> <li>• We offer the shareholders the opportunity to submit questions and opinions in advance of the shareholders' meeting and some of the most important matters to shareholders will be addressed at the shareholders' meeting. Sojitz provides video clips on business briefings prior to the meeting, and the event is live streamed as a virtual event and archived footage is provided.</li> </ul>

#### 2. IR Activities

	Supplementary Explanations
Preparation and Publication of Disclosure Policy	The "Information Disclosure Policy" is published on the corporate website. <a href="https://www.sojitz.com/en/ir/management/policy/">https://www.sojitz.com/en/ir/management/policy/</a>
Regular Investor Briefings for Individual Investors	<p>Information meetings for individual investors were held on a regular basis, and archived footage of these videos was provided.</p> <p>In addition, Sojitz strives to maintain and strengthen information disclosure for individual shareholders by holding shareholder briefings for individual shareholders several times a year in multiple cities to provide opportunities for direct dialogue with the Sojitz management, issuing shareholder newsletters, and posting videos on the Sojitz website featuring the President &amp; CEO's visit to Sojitz's operating companies.</p>
Regular Investor Briefings for Analysts and Institutional Investors	In addition to holding regular briefings on financial results and individual businesses, as well as dialogues through individual interviews, Sojitz IR Day was held in FY2022 with a program of business strategy, DX strategy, and a panel discussion by Outside Directors.
Regular Investor Briefings for Overseas Investors	Direct dialogue with overseas investors was conducted through individual meetings (in person and online) with investors in North America, Europe, Hong Kong, Singapore, etc., as well as through

	participation in conferences hosted by securities companies.
Posting of IR Materials on Website	We post integrated reports, securities reports, seminar materials, the Shareholders Magazine, and video and audio recordings of briefings and Q&As on the corporate website in order to expand information provided. Investor Relations on Sojitz website: <a href="https://www.sojitz.com/en/ir/">https://www.sojitz.com/en/ir/</a>
Establishment of Department and/or Manager in Charge of IR	Investor Relations Office (IR Office)
Other	The company’s basic policy on communication with shareholders is published on the Sojitz website. <a href="https://www.sojitz.com/en/ir/stkholder/dialog/">https://www.sojitz.com/en/ir/stkholder/dialog/</a>

### 3. Status of Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanations
Stipulation of Internal Rules for Respecting the Position of Stakeholders	As expressed in the Sojitz Group Statement, Sojitz strives through its corporate activities to meet the diverse needs and expectations of our stakeholders throughout the world with integrity and to provide new value continuously. By doing so, Sojitz works to maximize two types of value: “value for Sojitz,” including enhancement of the Sojitz Group’s business foundation and sustained growth; and “value for society,” such as development of national and local economies, environmental preservation and respect for human rights. To implement the Sojitz Group Statement and build stronger relationships of trust with stakeholders, Sojitz has established the guiding principles and standards such as “Sojitz Group CSR Action Guidelines for Supply Chains” and the “Sojitz Group Code of Conduct and Ethics,” which all Group officers and employees are expected to honor, and formulated “Sojitz Group Environmental Policy” and “Sojitz Group Human Rights Policy” as sustainability policies in accordance with international norms such as the Ten Principles of the UN Global Compact, the Paris Agreement, and SDGs (Sustainable Development Goals). Sojitz ensures they are made known and thoroughly complied with by each Group company as well as their officers and employees.
Implementation of Environmental Activities, CSR Activities etc.	Sojitz seeks to continue creating “two types of value”—“value for Sojitz” and “value for society”—in the future. Sojitz has determined six Key Sustainability Issues (Materiality) to focus on in its business over the medium- to long-term. Based on these key issues, we are striving to integrate our corporate activities with solutions to global environmental and social problems and to build systems for such integration. <Key Sustainability Issues (Materiality)> <ul style="list-style-type: none"> <li>• Human Rights: Respect the human rights of people involved in our businesses</li> <li>• Environment: Contribute to the global environment through our businesses</li> <li>• Resources: Develop, supply and use sustainable resources</li> <li>• Local Communities: Develop and grow together with local communities</li> <li>• Human Resources: Promote opportunities for diverse human resources and workplace diversity</li> </ul>

	<ul style="list-style-type: none"> <li>• Governance: Emphasize effectiveness and transparency</li> </ul> <p>In light of global initiatives such as the Paris Agreement and the Sustainable Development Goals (SDGs), Sojitz aims to implement a concrete strategy to address universal issues in anticipation of the mid-to long-term as the company sees the “realization of a decarbonized society” and “respect for human rights within supply chains” as part of its responsibility to society. We have accordingly announced our own “Sustainability Challenge”, Sojitz’s long-term sustainability vision for 2050 as follows. In order to achieve this vision, Sojitz will expand its businesses aimed at achieving a low-carbon and recycling-based society, as well as strengthen its infrastructure-based businesses and services that will be essential during the transition period. At the same time, Sojitz will also develop its initiatives to consistently respect human rights.</p> <p>&lt; Sustainability Challenge: Sojitz’s Long-Term Sustainability Vision for 2050 &gt;</p> <p>“We aim to create sustainable growth for both Sojitz and society by working to help achieve a decarbonized society through our business activities, and by responding to human rights issues, including those within our supply chains.”</p> <p>Medium-term Management Plan 2023 stipulates the broadening of ongoing human rights initiatives along with the reinforcement of businesses that pave the way for a decarbonized, recycling-based society and the infrastructure-related businesses and services that will be imperative to the transition towards such a society.</p> <p>Please refer to Supplementary Principles 2-3① and 3-1③ of “Sojitz’s Approach to Corporate Governance Code Principles” at the end of this report or visit the Sojitz website for more details.  <a href="https://www.sojitz.com/en/csr/environment/">https://www.sojitz.com/en/csr/environment/</a></p>
Development of Policies on Information Provision to Stakeholders	<p>Our basic policy is to communicate information fairly and equally to all shareholders. Information regarding the Medium-term Management Plan and financial results is publicized via TDnet or our website immediately after resolution by the Board of Directors.</p>
Other	<p>Sojitz Group’s vision for 2030 is to be a general trading company that continues to create business and develop capable people. In Medium-term Management Plan 2023, we will implement “Diversity as a Competitive Advantage,” as one of the three pillars of our human resources strategy, aiming to turn diversity among employees into a competitive advantage and develop an organization consisting of diverse, autonomous individuals.</p> <p>We will begin by further advancing the initiatives for empowering female employees in the workplace and promoting all forms of diversity. Sojitz will also continue to utilize telework and other flexible workstyles in order to create a workplace environment that is conducive to diverse working styles.</p>

	<p>In addition, Sojitz will expand company-wide frameworks that encourage employees to take on new challenges, such as the Hassojitz Project, a new business competition launched in 2019 to foster employees with “business management capabilities”, “innovative and entrepreneurial thinking”, and “an ability to form partnerships and see projects through to completion”. We will also increase opportunities for employees to experience personal growth through company initiatives such as sending young employees on overseas assignments and long-term trainee programs. Sojitz will continue to help employees realize their desired career paths in an effort to link individual growth to the growth of organizations and by extension the Company, thereby driving the creation of new business.</p> <p>Please refer to Supplementary Principle 2-4① of “Sojitz’s Approach to Corporate Governance Code Principles” at the end of this report for details on our initiatives and progress toward the promotion of women, non-Japanese employees, and mid-career recruits to management-level positions.</p>
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## IV. Matters Related to the Internal Control System

### 1. Basic Concept and Status of Implementation and Operation of Internal Control System

#### 1. Basic concept

Sojitz has been working on implementing and maintaining our internal control systems in terms of rules, organization and systems. The “Basic Policy Regarding the Establishment of Systems for Ensuring Appropriate Execution of Sojitz Group Business Operations” was resolved by the Board of Directors on April 24, 2015, based on the Companies Act and Ordinance for the Enforcement of the Companies Act of Japan.

#### 1) Retention and Management of Information relating to the Execution of the Company Directors’ Duties

- With respect to important documents relating to the execution of duties by Directors of the Company, such as the minutes of Board of Directors meetings and approval documents, a retention period that is equal to the period required by the relevant law or regulation shall be prescribed in accordance with the Board of Directors rules and the internal rules for document retention and information management. The department in charge of such retention shall also be designated, and documents shall be made available for view as necessary.

#### 2) System to Ensure Compliance by Company Directors and Employees with Laws and Regulations and the Articles of Incorporation in Execution of Duties

- The Sojitz Group Compliance Code of Conduct and Ethics and the manual for its implementation shall be established, as well as the Sojitz Group Compliance Program to ensure that Directors and employees comply with laws and regulations, the Articles of Incorporation, and internal rules.
- In order to fully achieve understanding of and compliance with amendments of laws and regulations relating to the Group’s operations, the reinforcement and improvement of the legal compliance system centering on the Compliance Committee shall be promoted. Also, the separation of duties by departments and the supervisors in charge of Group companies shall be clarified.
- Sojitz shall ensure that the Group does not enter into any business or other relationship with anti- social forces, and shall resolutely reject any improper request, taking legal measures if necessary.

#### 3) Rules and Other Systems regarding Management of Loss Risks of the Company and its Subsidiaries

- In order to prevent, or when impossible to prevent, to minimize economic losses of the Group, various potential risks for economic losses both inside and outside the Company including credit risks, business investment risks, market risks and disaster risks shall be analyzed and categorized. The Company shall establish internal rules or manuals, and assign a department for managing the risks in each category.
- The effectiveness of internal rules and handling procedures shall be periodically reviewed and improved. Furthermore, in the event that a new type of risk emerges in the Group due to changes in the business environment, a person and/or department to be responsible shall be promptly appointed, and appropriate internal rules with regard to the new risk shall be prescribed.

#### 4) System to Ensure Efficiency in Execution of Duties by Directors of the Company and its Subsidiaries

- The responsible fields or departments of each Director and Executive Officer of the Company and the responsibility of each of its departments shall be made clear, as well as chains of command, scopes of authority and decision-making rules.



- In the Board of Directors rules, important matters requiring resolutions of the Board of Directors shall be clearly prescribed and the Management Committee and other committees to deliberate and decide other important matters shall be convened. Also, matters to be reported to the Board of Directors shall be set forth in the Board of Directors rules.
- A department to oversee the management structure of the Group and ensure the sound management of Group companies shall be established.
- Top management policy of the Group shall be promptly announced to all Directors and employees of the Group companies through the Management Committee, Corporate Planning Department or the supervisor in charge, and through other oral and written methods.
- Group management shall be promoted by preparing a management plan on a consolidated basis and by sharing management objectives and management indices within the Group.

5) System for Reporting the Execution of Duties by Directors of Subsidiaries to the Company and Other Systems for Proper Business Operations in the Company and its Subsidiaries

- The supervisors in charge who manage the Group companies as prescribed in the Basic Code of Group Management shall be designated. The supervisors in charge must request prior consultation with the Group companies regarding important matters, and must report to the Company regularly on the business report, operating activity reports, and other reports.
- The Company shall review and develop the business processes of each Group company in light of internal controls relating to consolidated financial reporting.
- The Audit Department of the Company shall conduct internal audits on the Group companies, and ensure the proper conduct of their business operations.

6) Employees Assisting Audit & Supervisory Board Members of the Company and Their Independence from Directors, and System to Ensure Efficiency of Instructions to These Employees from the Audit & Supervisory Board Members of the Company

- The Audit & Supervisory Board Members Office shall be established to assist Audit & Supervisory Board Members and assign the necessary employees.
- These employees shall work under the direction of the Audit & Supervisory Board Members of the Company, and their performance evaluations and personnel changes shall require the consent of the Audit & Supervisory Board Members of the Company.

7) Reports to Audit & Supervisory Board Members

- The Board of Directors rules shall include a rule that requires any Director of the Company to immediately report to Audit & Supervisory Board Members of the Company when he/she learns of a fact that may cause significant damage to the Company.
- The department in charge of the internal reporting system of the Group shall report regularly to Audit & Supervisory Board Members of the Company on the status of the internal report from Directors and employees of the Group through the Compliance Committee or other body.
- The Audit Department of the Company shall provide Audit & Supervisory Board Members of the Company with a copy of the internal audit report upon completion of each internal audit.
- The Audit & Supervisory Board of the Company shall be entitled to request a report from the Accounting Auditor, a Director or other relevant person, as it deems necessary.

8) System for Ensuring That a Person Who Reports to Audit & Supervisory Board Members of the Company Will Not Receive Disadvantageous Treatment as a Result

- A Director or employee of the Group shall not be treated disadvantageously because he/she makes a report through the internal reporting system or other methods (including reports to Audit & Supervisory Board Members of the Company and others).

9) Other Arrangements to Ensure Efficient Auditing by the Audit & Supervisory Board Members of the Company

- Expenses deemed necessary shall be paid by the Company, keeping in mind the efficiency and appropriateness of audits by Audit & Supervisory Board Members.
- One or more of the Audit & Supervisory Board Members of the Company shall attend every meeting of the Board of Directors of the Company and express opinions as necessary. They may also attend the Management Committee and other important meetings of the Company, directly observing the discussions and reporting on important matters.
- Representative Directors shall regularly meet with Audit & Supervisory Board Members and exchange opinions on key issues, as well as on the conditions of, and important issues relating to, audits by Audit & Supervisory Board Member.

## 2. Status of Implementation and Operation

### • Overall Internal Control System

The Internal Control Committee, whose duties are overseen by the President & CEO, consolidates and monitors the status of implementation and operation of the Internal Control System, and leads maintenance and improvement of our internal control systems.

(Overview of Operational Status)

The Internal Control Committee oversees the implementation and enforcement of the overall internal control system, as well as conducts periodic monitoring. The Committee also identifies issues and considers countermeasures related to the internal systems and frameworks, points out these issues to the relevant departments, and makes improvements. In addition, the Committee monitors progress on assessments of internal controls with regards to financial reporting, based on the Financial Instruments and Exchange Act, thereby striving to ensure the reliability of financial reporting. Each committee (Compliance Committee, Sustainability Committee, Security Trade Control Committee, Quality Management Committee, DX Promotion Committee, and Information and IT System Security Committee.) and subcommittee (Disclosure Working Group and Business Continuity Management Working Group) discusses specific initiatives for their area of expertise.

The Internal Control Committee met five times during the fiscal year ending March 31, 2023, and reported the details of these meetings to the Board of Directors.

With a view to further disseminating and sharing important information including those concerning the establishment and revision of rules and guidelines of the Sojitz Group and precaution, Sojitz regularly distributes the Internal Control Bulletin, a summary of key information, to all Group companies in Japan and overseas.

### • Compliance

Sojitz has established a “Sojitz Group Compliance Program,” which sets out procedures for achieving thorough compliance, and have also formulated a “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), leads the establishment of systems for promoting compliance with laws and regulations and corporate ethics at Group companies and overseas bases, such as appointing compliance supervisors and forming compliance committees.

To help prevent or quickly detect compliance violations, Sojitz has a hotline (internal reporting system) that provides access to the CCO and outside legal counsel; a consultation desk where the Compliance Committee Secretariat members can be contacted; and the multi-lingual Sojitz Ethics Hotline, which is available 24 hours a day, 365 days a year. These systems are made known to all Sojitz Group officers and employees. Also, to accept external compliance-related inquiries, Sojitz has created a form on its website

that can accept submissions of compliance-related concerns from outside the company.

To prevent corruption, Sojitz has also established the “Sojitz Group Anti-Corruption Policy” and the “Guidelines for Sojitz Group Anti-Corruption Policy,” and has introduced corresponding rules at overseas Group companies and operating bases.

In addition, Sojitz was the first Japanese company to implement ISO37001 certification, an international standard for anti-bribery management systems. In order to internally leverage the know-how that was cultivated in the process of acquiring and maintaining the certification, the Company is considering the inception of a new structure.

Furthermore, Sojitz formulated the “Sojitz Group Policy on Sanctions and Export Controls,” in an effort to develop a safeguard structure against the risks associated with the violations of sanctions and export controls in Japan and overseas.

With regard to paid leave and medical checkup for employees, Sojitz has encouraged them to actively take paid leave and receive checkup, by improving work efficiency and fostering such workplace culture. Sojitz strived to thoroughly monitor the progress in order to ensure the fulfillment of legal obligations.

In addition, in expanding the business around the world, the Group has established the “Sojitz Group Tax Policy” regarding observance of tax compliance, optimization of tax costs, and relationships with tax authorities, and strived to fulfill its tax obligations in a timely and appropriate manner.

Aside from legal compliance, Sojitz has continued educational activities useful for business practice to ensure legal compliance and maintain a good working environment free of any kind of harassment, such as providing educational opportunities including e-learning.

(Overview of Operational Status)

Based on the action plan formulated by the Compliance Committee, Sojitz provides counsel on how to prevent compliance issues from reoccurring, as well as providing assistance and guidance to Group companies on how to practice said Code of Conduct.

Specific activities related to compliance in the fiscal year ending March 31, 2023, included the following:

- Meetings between the CCO and Chief Operation Officers of business divisions and presidents of Group companies
- Regular liaison meetings among the compliance officers of Group companies
- Regular liaison meetings among the compliance officers of overseas offices
- Trainings, seminars and briefings on important issues concerning the prevention of harassment and corruption
- Various training programs for newly hired employees, employees hired as mid-career professionals, employees on overseas assignments, and others
- Warning letters issued to eradicate harassment and prevent scandals caused by the consumption of alcohol
- Individual support for Sojitz’s domestic operating companies through a risk-based approach to enhance the compliance system (cooperation in investigations, tailored trainings, etc.)
- Revision of the “Sojitz Group Code of Conduct and Ethics” (revised on April 1, 2022, Group company documents currently under revision).

The Compliance Committee met four times (once each quarter) during the fiscal year ended March 31, 2023.

With regard to security trade control, based on the action plans formulated by the Security Trade Control Committee, the committee secretariat is engaged in activities for preventing violations of sanctions and export controls while providing support and guidance to the Group companies.

The specific activities in FY2022 are as follows.

- Various training programs for newly hired employees, employees hired as mid-career professionals, employees on overseas assignments, and others
- Support for the revision and formulation of local security trade control-related regulations at overseas operating sites
- Held two meetings of the Security Trade Control Committee
- Support for responding to measures in concert with strengthened sanctions due to changes in the security situation (including deterioration of U.S.-China relations and military coup d'état in Myanmar, Russian invasion of Ukraine, etc.)

- **Risk Management**

Sojitz has designated categories of business activity risk based on the “Basic Rule of Corporate Risk Management,” have assigned the officers responsible for each risk and have formulated the “Risk Management Policy and Plan” in order to take measure for various risks among a general trading company. By implementing a PDCA cycle for formulating, executing, monitoring and summarizing the Risk Management Policy and Plan, Sojitz strives to secure its sustainability and further improve risk management system.

(Overview of Operational Status)

Sojitz identifies risks in the entire Company and conducts periodic review on major risks through evaluations of the degree of materiality. The Group has currently identified twelve major risks (market risk, credit risk, business investment risk, country risk, funding risk, environmental and social (human rights) risk, compliance risk, legal risk, system and information security risk, disaster risk, risk related to sharing company information via the corporate website and social media accounts, and quality-related risk) and, in line with characteristics of those risks, has established the “Risk Management Policy and Plan.”

The “Risk Management Policy and Plan” is resolved is resolved by the Board of Directors, and the Internal Control Committee deliberates whether it is operating properly, issuing a report to the Board of Directors quarterly. Additionally, in the event that it becomes necessary to make everyone at Sojitz aware of measures to counter changes in the business environment, or if new risks require new responses, such situations are dealt with upon making the necessary reports to the management on the issues and the status of responses.

The twelve risk categories are further subdivided to track risks in a meticulous and comprehensive manner. The responsible corporate department (in charge of risks) and risk manager (COO) are designated for each risk to evaluate its materiality and to apply a PDCA cycle.

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

Whenever a new risk is detected during the period, the Company verifies risk countermeasures by ascertaining the company-wide system to address risk and its responses based on the three lines of defense.

To address quality management risks amid the expansion and diversification of our business fields, in the year ended March 31, 2022, Sojitz set up the Quality Management Committee and formulated the Sojitz Group Quality Management Policy as a basic policy for the Group’s quality management, in an effort to strengthen its response to quality-related risks.

Sojitz continues to conduct ongoing education programs through a variety of risk management training, in order to firmly establish a risk management mindset among Sojitz Group officers and employees.

In April 2022, to respond to the diversified risks and expansion of the supply chain, Sojitz reorganized risk management organizations related to trading businesses and established the Supply Chain Risk Management Department. The department works to strengthen resilience by understanding individual risks along the supply chain, quickly assessing the degree of impact and responding flexibly to any sudden risk occurrence. In the fiscal year ended March 31, 2023, the Department prepared each scenario for geopolitical risks, natural disaster risks, quality risks, environmental and human rights risks to confirm the countermeasures to the risk occurrence through a dialogue with business divisions and corporate departments and discussion in the Management Committee.

- **Management of Group Companies**

Each Group company has a management system based on the management system for Group companies' business operations defined in the "Basic Rules of Group Management" and the "Group Management Administration Regulations." The status of each system is monitored on a periodic basis.

In addition, Directors monitor business management of Group companies through the business division or corporate department staff who supervise these companies, or else the Directors, Audit & Supervisory Board Members, and others dispatched to Sojitz Group companies.

(Overview of Operational Status)

Through the Directors and the Audit & Supervisory Board Members dispatched to each Group company, Sojitz manages and supervises Group companies, ensuring that they have established an appropriate management foundation and corporate governance and that these are working correctly. Sojitz also receives regular reports, including annual business reports and monthly operating activity reports. As for the most important matters at Group companies, execution of the most important business requires advance consultation with Sojitz to ensure appropriate management.

Additionally, in order to promote Group management, Sojitz has the business divisions or corporate department staff supervising Sojitz Group company explain Sojitz Group's management philosophy, as well as make efforts to publicize our management philosophy and policies during training sessions for Group companies' officers and employees.

Based on an audit plan adopted by the Board of Directors and under the supervision of the Internal Audit Committee, the Internal Audit Department of the Company conducts audits to investigate whether organizational governance, risk management, and internal controls are functioning appropriately in the Group companies. The Internal Audit Department also makes proposals for effective improvements to prevent losses and solve issues.

As part of the Group's efforts to further enhance the corporate governance of Group companies, in order to improve the effectiveness of the Board of Directors at each Group company, the "Guidance for management of the Board of Directors" has been formulated, and the operating status of the Board of Directors at each company has been monitored and reported regularly to the Management Committee and the Board of Directors at Sojitz.

In addition, we hold training seminars for new Directors and Audit & Supervisory Board Members on a yearly basis.

- **Management and Storage of Information**

With respect to handling of important documents related to execution of duties such as the minutes of Board of Directors meetings, the responsible department shall appropriately manage such documents according to the retention period required by law based on guidelines including the internal rules for document retention, and shall make such documents available for viewing as necessary. As for the information related to business execution, a system is in place to monitor the status of operation by establishing rules that define the classification and confidentiality of information. In addition, the Information and IT System Security Committee, chaired by the Chief Information Security Officer (CISO), is regularly held to strengthen the information security system.

(Overview of Operational Status)

With respect to information related to business execution, Sojitz regularly reviews the classification, management method, and retention period of information as stipulated in the internal regulations, and make efforts to ensure proper management. In addition, Sojitz Group has formulated guidelines on specific methods for the management and operation of information that requires particularly strict control, which is defined as “information requiring specific management,” and has investigated the status of holding such information and provided instructions for improvement as necessary. Furthermore, the Group has continuously endeavored to bolster security measures across the board. Sojitz constantly reinforces its security measures by rolling out security measures previously taken mainly at the head office to the whole Group such as by introducing software to early detect cyberattacks that are becoming increasingly sophisticated and to minimize their impact, conducting security risk assessments, and providing guidance for improvement.

- **Arrangements to Ensure Effective Auditing by the Audit & Supervisory Board Members**

In terms of the system of reporting to Audit & Supervisory Board Members, Sojitz has adopted a system in which, in addition to the reports by the Directors, reports timely required matters for audit such as reporting on Group-wide matters by committees (Internal Control Committee, Compliance Committee, etc.) and the Internal Audit Department, business reports from the consolidated subsidiaries. Additionally, relevant rules provide that persons who report to the Audit & Supervisory Board Members will not receive disadvantageous treatment on account of having made the report.

For accounting audits, Audit & Supervisory Board Members receive explanations on the audit plan and regular reports on the audit status from the Accounting Auditor, share information with each other, and establish a system enabling efficient audits. Additionally, Audit & Supervisory Board members monitor and verify whether the Accounting Auditor maintains its independence and constantly evaluate the status of quality management of audits.

(Overview of Operational Status)

Audit & Supervisory Board Members receive reports in a timely fashion and set interviews regularly as well as exchange of opinions conducted between the Audit & Supervisory Board Members and Directors, as well as between the Audit & Supervisory Board Members and Accounting Auditors.

Furthermore, for the fiscal year ended March 31, 2023, Sojitz conducted on-site audits of overseas consolidated subsidiaries in some countries and regions where COVID-19-related regulations had been eased, and continued to conduct audits through remote auditing by utilizing a web conferencing system and communicating sufficiently with domestic and overseas consolidated subsidiaries.

## 2. Basic Views on Eliminating Anti-Social Forces

We shall ensure that the Sojitz Group does not enter into any business or other relationship with antisocial forces, and shall resolutely reject any improper request with legal measures if necessary.

With respect to measures against antisocial forces, we have clearly stipulated the elimination of relationships with antisocial forces in the Sojitz Group Code of Conduct and Ethics and Manual for Handling Antisocial Forces, to ensure full awareness and thorough implementation by all directors and employees of the Group. In addition, we have set up contact and consultation desks in the Legal Department.

## V. Other

### 1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not Adopted
Supplementary Explanation	
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### 2. Other Matters Concerning to Corporate Governance System

We disclose information based on the following “Information Disclosure Policy”.

#### (1) Basic Rules of Information Disclosure

The following are basic rules for the proper disclosure of company information to shareholders, investors, and other stakeholders.

- Observe laws and regulations related to information disclosure  
Observe regulations of the Tokyo Stock Exchange, the Financial Instruments and Exchange Act, the Companies Act, and any related laws and regulations.
- Transparency  
Disclose information based on actual facts, regardless of the content.
- Timeliness  
Disclose any information which should be disclosed in a timely fashion.
- Fairness  
Disclose information fairly to all stakeholders.
- Consistency  
Keep disclosed information consistent.
- Confidentiality  
Ensure that no information is leaked to third parties (including other Sojitz officers and employees) prior to official disclosure by the Company.

#### (2) Information Subject to Disclosure

This Policy applies to the following types of disclosure, governing information which is to be made public or assumed to be made public.

##### (Critical information)

- Disclosure requested by the Tokyo Stock Exchange  
Information which the Tokyo Stock Exchange requests us to disclose in a timely manner, including 1) material facts related to corporate decisions and occurrences, etc. or 2) corporate governance reports, notices filed to the TSE regarding appointment of executives, etc.
- Disclosure based on the Financial Instruments and Exchange Act  
Security reports, Quarterly Reports, Internal Control Reports, Extraordinary Reports, etc.
- Disclosure based on the Companies Act

Business reports, Financial Statements /Consolidated Financial Statements and supplementary schedules, etc.

(Other information to be disclosed)

- Disclosure of other information

Materials regarding Consolidated Financial Results, Integrated Reports, Shareholders' Magazine, News Releases, materials posted to the Sojitz website, other materials disclose voluntarily.

(3) Information Disclosure Framework

The following framework has been established for the disclosure of information.

a) Timely disclosure of information to the Tokyo Stock Exchange

1) Framework for timely disclosure of information

- The Sojitz Corporation Public Relations Dept. ("Information Disclosure Unit") shall be responsible for the timely disclosure of information. This entails not only acting as point of contact for the Tokyo Stock Exchange, but overseeing all work to disclose information according to regulations providing for such timely disclosure ("Timely Disclosure Rules"). Additionally, the General Manager of the Public Relations Dept. ("General Manager of the Information Disclosure Unit") shall be the "person responsible for handling of information"-i.e., the person in charge of actual disclosure.
- The Information Disclosure Unit shall do its best to make sure that the importance of timely disclosure is well understood throughout the Company. Each organization shall report and consult with the Information Disclosure Unit regarding any material fact related to corporate decisions or occurrences which they believe might have a significant impact on investors' decision making. Also, the Information Disclosure Unit shall collect any relevant information included in internal reports or internal approvals about material information from each corporate department in charge of that information.
- The Information Disclosure Unit is also responsible for obtaining internal approval for material information from Sojitz subsidiaries (such as information regarding corporate decisions, occurrences of material fact, and financial results) and reporting this as specified by the Company. Additionally, any internal, Sojitz Group material information or potentially material company information shall be collected by the Information Disclosure Unit without delay or omission from subsidiaries' supervising departments, based on internal reports issued by the subsidiary to their supervising department and related standards of approval.

2) Decision for timely disclosure

The Information Disclosure Unit shall consider whether to disclose information collected internally after consulting Timely Disclosure Rules set by the Tokyo Stock Exchange. Following this, the General Manager of the Information Disclosure Unit shall have the final decision about whether to disclose information.

3) Procedure for timely disclosure of information

Material facts regarding corporate decisions and financial results shall be disclosed without delay after the General Manager of the Information Disclosure Unit assesses the need for timely disclosure, and as necessary, the Company's highest decision-making body (the Board of Directors, etc.) gives their final judgment. Material facts regarding events and occurrences shall be disclosed without delay after the General Manager of the Information Disclosure Unit assesses the need for timely disclosure, and as necessary, the decision is discussed by the top management. The Information Disclosure Unit shall be responsible for the actual disclosure of information.



#### 4) How to conduct timely disclosure of information

Items to be disclosed according to Timely Disclosure Rules shall be posted to the Company website as soon as possible, following their disclosure on TDnet (the Tokyo Stock Exchange's "Timely Disclosure Network"). For items which do not require disclosure according to Timely Disclosure Rules and for which disclosure is thus voluntary, Sojitz should take care to disclose this information in a manner similar to that used for timely disclosure of information for stakeholders.

##### b) Disclosure other than "timely disclosure"

###### 1) Framework

Different departments should be selected to be the department in charge of information not subject to "timely disclosure," with these departments disclosing information upon receiving approval from the person in charge of the department to which the disclosure is relevant.

###### 2) Establishment and oversight of disclosure protocol

Responsible departments should not only draft the disclosure text and confirm any changes to laws and regulations prior to the disclosure; they should also put together disclosure instructions ("Instructions") which clearly explain the process for drafting documents and obtaining internal approval for each piece of information to be disclosed. They should also revise these Instructions regularly.

The Disclosure Working Group will confirm the scope of company information disclosure each year, check the appropriateness and accuracy of disclosure procedures contained in the Instructions, and report their findings to the Internal Control Committee.

##### c) Establishment of internal rules for disclosure of information

We will make every effort to ensure that all employees handle company information appropriately, establishing not only "Regulations for Disclosure of Information" and "Regulations for External PR" concerning information disclosure related work and procedures carried out by each organization as stated in this policy, but also "Regulations to Prevent Insider Trading" and the "Sojitz Group Code of Conduct and Ethics."

#### (4) Miscellaneous

##### a) Response to market rumors

We will, as a general rule, refrain from responding to any questions regarding market rumors or speculative media reports published on company information. If ignoring said information is deemed to potentially have a large impact on the Company, however, we will respond as appropriate, such as by disclosing certain information voluntarily or disclosing information by press release.

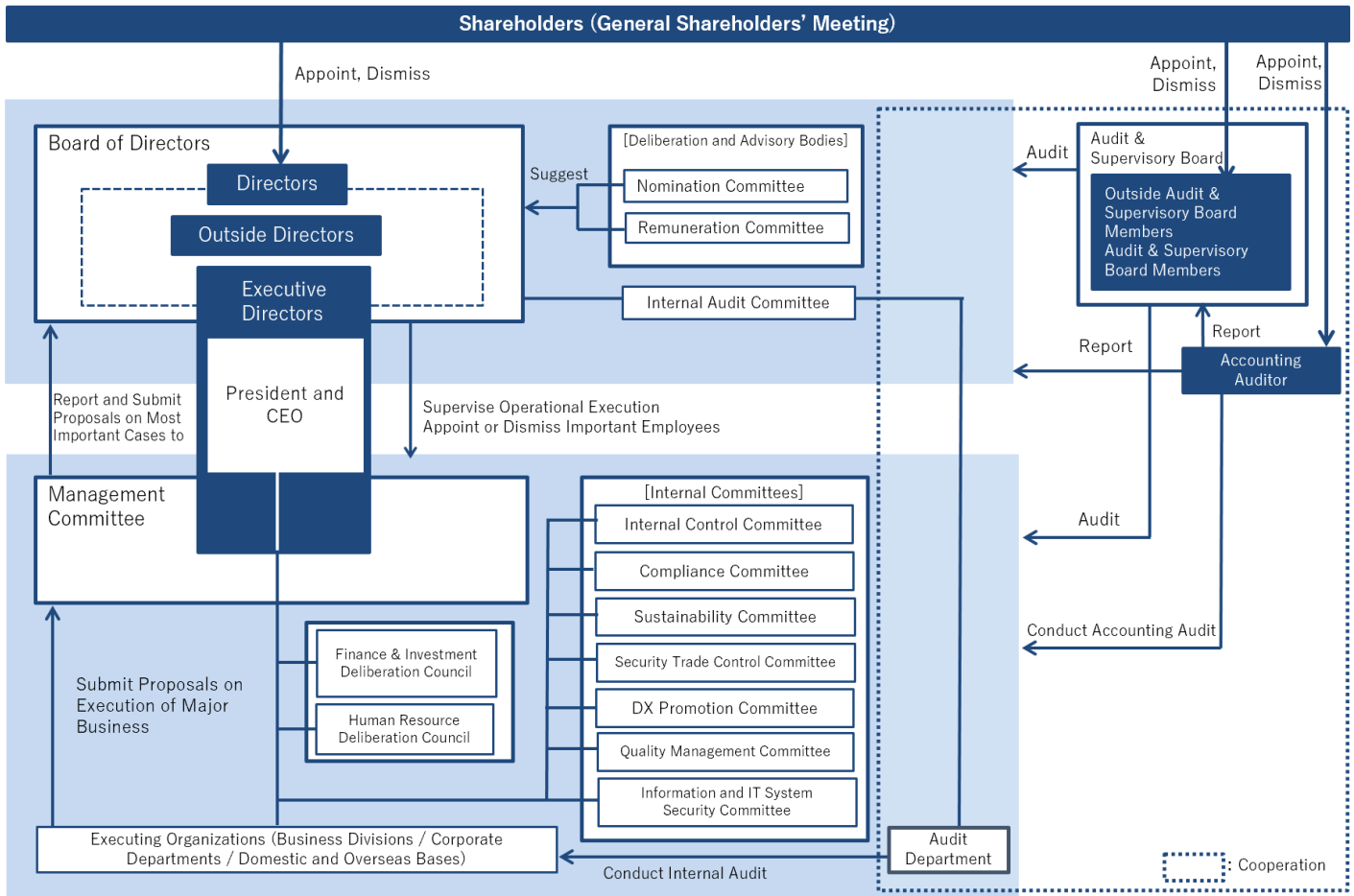
##### b) Quiet periods

We will enter a "quiet period" three weeks prior to announcing the financial results and refrain from responding to comments or questions regarding the closing in order to prevent closing-related information from leaking and ensure fairness in information disclosure. However, material information requiring timely disclosure under the Timely Disclosure Rules, such as revisions to earnings forecast and dividends projections, will not be subject to such restriction during the quiet period.

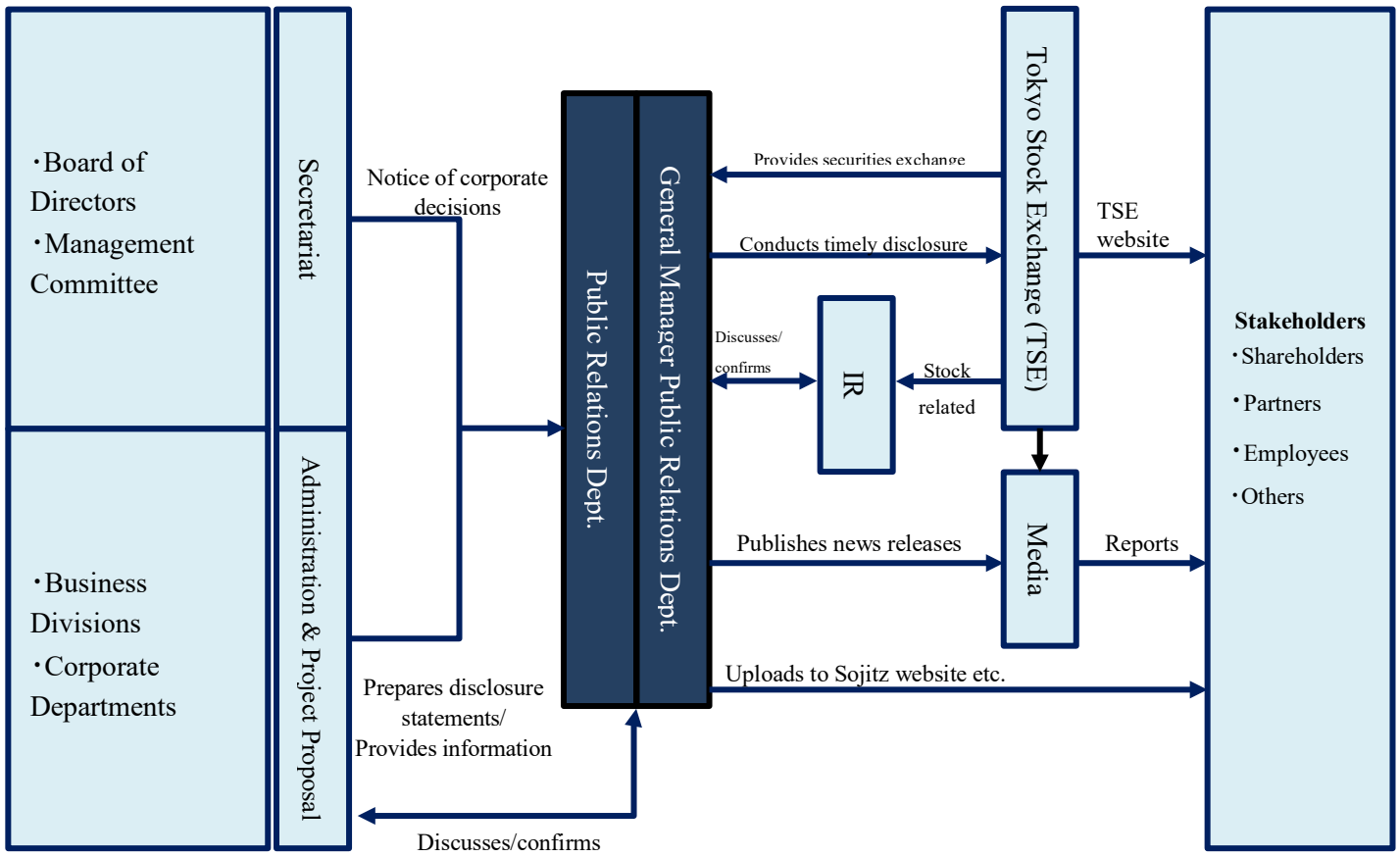
##### c) Prohibition against selective disclosure

"Selective disclosure" refers to disclosing non-public information to specific persons or groups prior to wide release. Sojitz prohibits selective disclosure, except in cases where the privacy of the information is ensured through specific non-disclosure agreements or the like.

**[Corporate Governance Framework]**



[Timely Disclosure Framework]



## Sojitz's Approach to Corporate Governance Code Principles

### Section 1: Securing the Rights and Equal Treatment of Shareholders

#### 【General Principle 1】

Companies should take appropriate measures to fully secure shareholder rights and develop an environment in which shareholders can exercise their rights appropriately and effectively.

In addition, companies should secure effective equal treatment of shareholders.

Given their particular sensitivities, adequate consideration should be given to the issues and concerns of minority shareholders and foreign shareholders for the effective exercise of shareholder rights and effective equal treatment of shareholders.

- (1) The Company's core policy is to engage in constructive dialogue with shareholders in order to achieve sustainable growth and increase corporate value over the medium to long term. Pursuant to this policy, all shareholders are assured rights of substance that can be exercised accordingly.
- (2) We are mindful of fair disclosure rules, and our core policy is to share information with all shareholders fairly and equally. We also endeavor to make disclosures in English. Please refer to the Sojitz website for details on our basic policy and initiatives regarding communication with shareholders.  
<https://www.sojitz.com/en/ir/stkholder/dialog/>

#### 【Principle 1-1.】

Companies should take appropriate measures to fully secure shareholder rights, including voting rights at the general shareholder meeting.

- (1) The Company takes the measures required by law and also other suitable measures to secure rights of substance for all shareholders in accordance with the Companies Act.
- (2) The Company makes arrangements so that voting rights at the general shareholder meeting can be exercised in a variety of ways such as by attending the meeting in person, in writing, and via the Internet. The Company explains in detail how to exercise voting rights by sending convening notices for general shareholder meetings and through other means.

【Supplementary Principles 1-1①】

When the board recognizes that a considerable number of votes have been cast against a proposal by the company and the proposal was approved, it should analyze the reasons behind opposing votes and why many shareholders opposed, and should consider the need for shareholder dialogue and other measures.

In order to properly incorporate the opinions of shareholders into the management of the Company, we annually analyze the results of votes for and against resolutions from the general shareholders meeting, discuss them with the Board of Directors, and consider necessary measures to be taken, including measures with respect to proposals with a considerable number of negative votes.

【Supplementary Principles 1-1②】

When proposing to shareholders that certain powers of the general shareholder meeting be delegated to the board, companies should consider whether the board is adequately constituted to fulfill its corporate governance roles and responsibilities. If a company determines that the board is indeed adequately constituted, then it should recognize that such delegation may be desirable from the perspectives of agile decision making and expertise in business judgment.

- (1) The Articles of Incorporation provide that the Board of Directors, which consists of individual directors with specialized knowledge, can make resolutions with respect to certain matters that can be heard in the general shareholders meeting such as interim dividends, share buybacks, and limited liability agreements in order to secure the agility of management decisions.
- (2) The Board of Directors is structured in a manner that is thoroughly capable of carrying out its duties and obligations, and it is composed of four executive directors that are familiar with areas such as business management, finances/accounting, risk management, and M&A investments, loans, and financial markets and five Outside Directors who each have a wealth of experience and expert knowledge and are able to provide appropriate advice and proposals from an outside and objective standpoint. In addition, the Audit and Supervisory Board, which monitors and oversees the Board of Directors, includes three Outside Audit & Supervisory Board Members (for a total of five members).
- (3) We strive to provide thorough explanations of the concepts at work in the capital policy, including with respect to interim dividends, by stating them in the medium-term management plan and the financial results briefing materials.

【Supplementary Principles 1-1③】

Given the importance of shareholder rights, companies should ensure that the exercise of shareholder rights is not impeded. In particular, adequate consideration should be given to the special rights that are recognized for minority shareholders with respect to companies and their officers, including the right to seek an injunction against illegal activities or the right to file a shareholder lawsuit, since the exercise of these rights tend to be prone to issues and concerns.

The Company takes care to give proper consideration to the procedures for minority shareholders so that they may exercise their rights without interference, including by stipulations in the internal rules regarding the management of stock.

【Principle 1-2.】

Companies should recognize that general shareholder meetings are an opportunity for constructive dialogue with shareholders, and should therefore take appropriate measures to ensure the exercise of shareholder rights at such meetings.

The Company gives proper consideration to constructive dialogue with shareholders and provides sufficient information for that purpose. To that end, the Company avoids setting general shareholder meetings on the same day every year (concentration days), sends out convening notices for general shareholder meetings earlier, and announces them on the website. We are improving the facilities available through conveniences such as providing the ability to exercise voting rights via the Internet and participate in the Electronic Voting Platform, and through live streaming general shareholders' meetings.

【Supplementary Principles 1-2①】

Companies should provide accurate information to shareholders as necessary in order to facilitate appropriate decision-making at general shareholder meetings.

- (1) The Company endeavors to enhance the content of convening notices and provide easy-to-understand information by using diagrams and photographs so that shareholders can make appropriate decisions at the general shareholder meetings.
- (2) Sojitz produces videos reporting on the Company's business activities and publishes them to the Sojitz website in advance in an effort to provide shareholders with information at the earliest stage possible and to promote understanding of Sojitz's activities.
- (3) In addition to the convening notices, the Company provides accurate information that helps

shareholders to make appropriate decisions by posting information such as securities reports (abbreviated English version), financial statements, integrated reports, and news releases for the past several years on our website in both Japanese and English.

【Supplementary Principles 1-2②】

While ensuring the accuracy of content, companies should strive to send convening notices for general shareholder meetings early enough to give shareholders sufficient time to consider the agenda. During the period between the board approval of convening the general shareholder meeting and sending the convening notice, information included in the convening notice should be disclosed by electronic means such as through TDnet or on the company's website.

- (1) The Company endeavors to send convening notices for general shareholder meetings roughly three weeks before the date of the general shareholder meeting to give shareholders sufficient time to consider the agenda while bearing in mind that sufficient time must be secured for an audit by a third-party accounting auditor.
- (2) In addition, the same information is also disclosed on TD-net and our website in English about four weeks before the date of the general shareholders meeting.

【Supplementary Principles 1-2③】

The determination of the date of the general shareholder meeting and any associated dates should be made in consideration of facilitating sufficient constructive dialogue with shareholders and ensuring the accuracy of information necessary for such dialogue.

- (1) The Company recognizes that the general shareholders meeting is an important place for dialogue with shareholders and has set a schedule that avoids setting general shareholder meetings on the same day every year (concentration days) so that more shareholders can participate.
- (2) In addition, in order to give shareholders sufficient time to consider the general shareholder meeting agenda, the Company sends out convening notices early and discloses them on the website. (For details, refer to Supplementary Principle 1-2②.)

【Supplementary Principles 1-2④.】

Bearing in mind the number of institutional and foreign shareholders, companies should take steps for the creation of an infrastructure allowing electronic voting, including the use of the Electronic Voting Platform, and the provision of English translations of the convening notices of general shareholder meeting. In particular, companies listed on the Prime Market should make the Electronic Voting Platform available, at least to institutional investors.

- (1) In consideration of the exercise of voting rights by institutional investors and overseas investors, the Company has also provided for the ability to exercise voting rights via the Internet and through the use of the Electronic Voting Platform.
- (2) In addition, the Company has taken the number of overseas investors into account by publishing both English and Japanese translations of convening notices at the same time.

【Supplementary Principles 1-2⑤】

In order to prepare for cases where institutional investors who hold shares in street name express an interest in advance of the general shareholder meeting in attending the general shareholder meeting or exercising voting rights, companies should work with the trust bank (*shintaku ginko*) and/or custodial institutions to consider such possibility.

- (1) The Company has also provided for the ability to exercise voting rights through the use of the Electronic Voting Platform so that institutional investors whose shares are held in the name of trust banks can exercise their voting rights themselves.
- (2) In addition, the Company will try to accommodate a request from an institutional investor that cannot use the Electronic Voting Platform by contacting the trust bank, etc. that is the nominee and that can use the Electronic Voting Platform to respond appropriately.

【Principle 1-3.】

Because capital policy may have a significant effect on shareholder returns, companies should explain their basic strategy with respect to their capital policy.

- (1) The capital policy is stated in the medium-term management plan and is disclosed on our website and the TSE (TD-net).



- (2) In our three-year plan entitled “Medium-term Management Plan 2023 ~Start of the Next Decade~,” (hereinafter referred to as “Medium-term Management Plan 2023”) which started in April 2021, we set forth the basic financial policy, including the profit plan and the capital policy, along with the profit target, and quantitative targets such as Return on Equity (ROE), Return on Assets (ROA), and Net Debt to Equity Ratio (Net DER).

Please refer to the Sojitz website for details on Medium-term Management Plan 2023.

<https://www.sojitz.com/jp/corporate/strategy/plan/pdf/2023e.pdf>

【Principle 1-4.】

When companies hold shares of other listed companies as cross-shareholdings, they should disclose their policy with respect to doing so, including their policies regarding the reduction of cross-shareholdings. In addition, the board should annually assess whether or not to hold each individual cross-shareholding, specifically examining whether the purpose is appropriate and whether the benefits and risks from each holding cover the company’s cost of capital. The results of this assessment should be disclosed.

Companies should establish and disclose specific standards with respect to the voting rights as to their cross- shareholdings, and vote in accordance with the standards.

(1) Policies for Reducing Cross-Shareholdings (Listed Shares) Under Medium-term Management Plan 2023

Under Medium-term Management Plan 2023, Sojitz decided to proceed further with reducing listed shares held as part of our shareholding policy. We intend to achieve a 50% reduction by the end of March 2024 based on the value of listed shares held on a consolidated basis as of December 31, 2020.

(2) Policies for Shareholdings

Each year, we conduct a quantitative assessment of listed shares held in each company as part of our shareholding policy to ensure that dividends or related profit earned from those shares exceeds the 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 shares. We retain those that are deemed to be worthwhile, seeking ways to achieve a greater impact and benefit from those shares. Meanwhile, for those shares which are deemed to lack significant value, we set a deadline to improve their value, or, if there is no indication these shares will improve, we examine the possibility of divestiture. The Board of Directors and the Management Committee conducts this assessment for each lot of shares held in each company.

(3) The results of the FY2022 assessment can be found below.

- Regarding the listed shares that we continue to hold as cross-shareholdings, for the sum

total shares held as part of our shareholding policy, we confirmed that the profit achieved through possession of the shares exceeds the equity cost to the Company.

- We assessed shares held in each company individually, looking for whether profit achieved through possession of the shares exceeded the equity cost to the Company, as well as whether holding the shares helped improve corporate value for the Company.
- For shares that we deemed to now be lacking in significant value, we set deadlines over which we will aim to improve their value, or else consider their sale.

#### (4) Exercising Voting Rights

Based on the significance of holding shares in listed companies, we exercise our voting rights based on whether they contribute to sustainable growth and improved corporate value over the medium-to-long term for both the Company and the investment target. We also have a system of monitoring the status of the exercise of voting rights.

##### 【Supplementary Principles 1-4①】

When cross shareholders (i.e., shareholders who hold a company's shares for the purpose of cross- shareholding) indicate their intention to sell their shares, companies should not hinder the sale of the cross- held shares by, for instance, implying a possible reduction of business transactions.

When cross shareholders indicate an intention to sell stock, the Company does not hinder the sale of the stock by, for example, suggesting a reduction of existing transactions.

##### 【Supplementary Principles 1-4②】

Companies should not engage in transactions with cross- shareholders which may harm the interests of the companies or the common interests of their shareholders by, for instance, continuing the transactions without carefully examining the underlying economic rationale.

Regardless of whether or not the shareholder is a cross shareholder, the Company thoroughly verifies the economic rationale of transactions and does not conduct transactions that may harm the common interests of the Company and the shareholders.

##### 【Principle 1-5.】

Anti-takeover measures must not have any objective associated with entrenchment of the management or the board. With respect to the adoption or implementation of anti-takeover measures, the board and *kansayaku* should carefully examine their necessity and rationale in light of their fiduciary responsibility to shareholders, ensure appropriate procedures, and provide sufficient explanation to shareholders.

The Company does not plan to introduce antitakeover measures.

【Supplementary Principle 1-5①】

In case of a tender offer, companies should clearly explain the position of the board, including any counteroffers, and should not take measures that would frustrate shareholder rights to sell their shares in response to the tender offer.

In the event that a tender offer is made for the shares of the Company, an opinion of the Board of Directors of the Company will be prepared in accordance with Article 27-10 of the Financial Instruments and Exchange Act, and the Company will promptly disclose the report to our shareholders in order to provide information that will help them to decide whether to respond to the offer.

【Principle 1-6.】

With respect to a company's capital policy that results in the change of control or in significant dilution, including share offerings and management buyouts, the board and *kansayaku* should, in order not to unfairly harm the existing shareholders' interests, carefully examine the necessity and rationale from the perspective of their fiduciary responsibility to shareholders, should ensure appropriate procedures, and provide sufficient explanation to shareholders.

When adopting a capital policy that causes a change in control or a significant dilution, the Board of Directors will thoroughly consider the necessity and rationale therefor and ensure that appropriate procedures are followed in light of relevant laws and regulations. In addition, we will fully explain the background and purpose for such a capital policy so that the shareholders can understand.

【Principle 1-7.】

When a company engages in transactions with its directors or major shareholders (i.e., related party transactions), in order to ensure that such transactions do not harm the interests of the company or the common interests of its shareholders and prevent any concerns with respect to such harm, the board should establish appropriate procedures beforehand in proportion to the importance and characteristics of the transaction. In addition to their use by the board in approving and monitoring such transactions these procedures should be disclosed.

We specify in our Board of Directors Rules that significant transactions between the Company and its major shareholders (shareholders owning at least 10% of the Company's outstanding shares) must be included as resolution items for the Board of Directors. Additionally, the following transactions must be approved by and reported to the Board of Directors: competitive or self-dealing transactions by a Director, and transactions involving any conflict of interest between a Director and the Company.

## Section 2: Appropriate Cooperation with Stakeholders Other Than Shareholders

### 【General Principle 2】

Companies should fully recognize that their sustainable growth and the creation of mid- to long-term corporate value are brought about as a result of the provision of resources and contributions made by a range of stakeholders, including employees, customers, business partners, creditors and local communities. As such, companies should endeavor to appropriately cooperate with these stakeholders.

The board and the management should exercise their leadership in establishing a corporate culture where the rights and positions of stakeholders are respected and sound business ethics are ensured.

- (1) In order to maximize the “two values (value that Sojitz gains and value that society earns)” through our business activities, we strive to diligently cooperate with our stakeholders.
- (2) Sojitz aims to create and enhance its corporate value by pursuing competitiveness and growth and by proposing solutions that meet market needs and address societal problems. To achieve this, Sojitz is focusing on efforts that exercise the full potential of its employees and networks, such as initiatives for co-creation and sharing with stakeholders inside and outside the Company. (Please refer to Supplementary Principle 3-1③ for more details.)
- (3) Our President's message based on the above is regularly sent to all executives and employees of the Sojitz Group to foster a corporate culture and atmosphere that respects the rights and positions of various stakeholders and sound business ethics.

### 【Principle 2-1.】

Guided by their position concerning social responsibility, companies should undertake their businesses in order to create value for all stakeholders while increasing corporate value over the mid- to long-term. To this end, companies should draft and maintain business principles that will become the basis for such activities.

Based on the articles of the Sojitz Group Statement and the Sojitz Group Slogan, Sojitz Group is committed to materializing and maximizing two types of value: “value for Sojitz,” which contributes to the fortification of our business foundation and to ongoing growth, and “value for society” which contributes to economic development on regional and national scales and to human rights and environmental awareness.

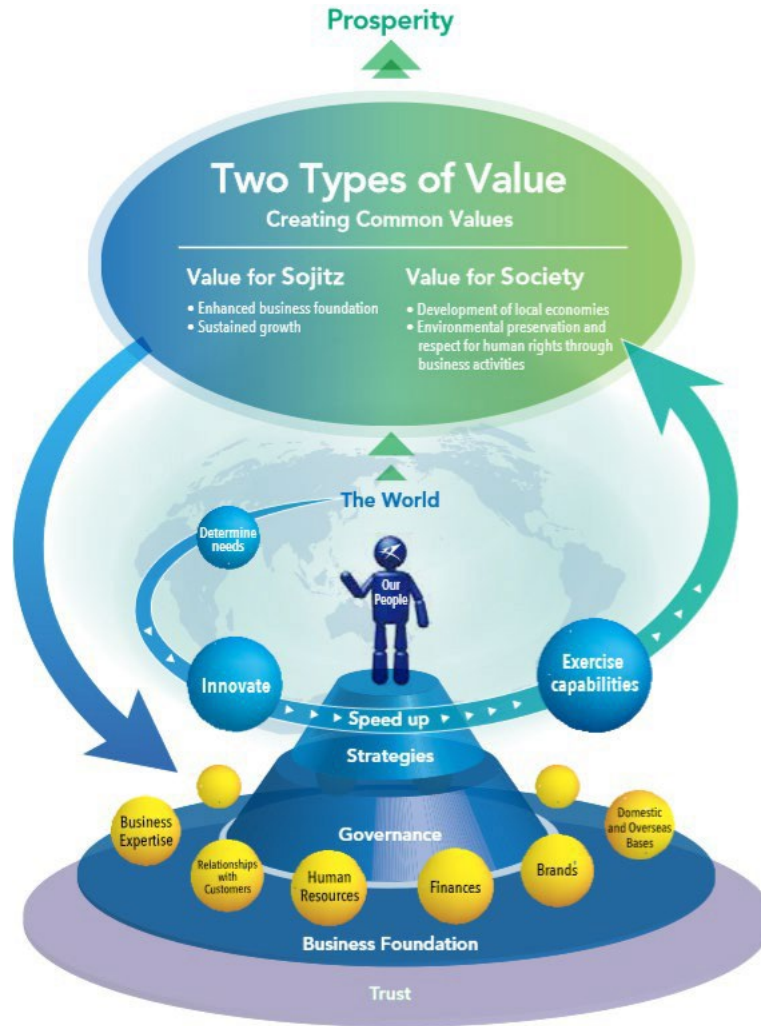
(Sojitz Group Statement)

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

(Sojitz Group Slogan)

***New way, New value***

(Sojitz's Value Creation Model)



【Principle 2-2.】

Companies should draft and implement a code of conduct for employees in order to express their values with respect to appropriate cooperation with and serving the interests of stakeholders and carrying out sound and ethical business activities. The board should be responsible for drafting and revising the code of conduct, and should ensure its compliance broadly across the organization, including the front line of domestic and global operations.

- (1) In addition to the Sojitz Group Statement, the Company has established the Sojitz Guiding Principles for creating value for all stakeholders by aligning strong, capable individuals. These principles and action guidelines have been formulated and revised by the Board of Directors and are made known to all executives and employees of the Sojitz Group through postings on our intranet.

<Sojitz Guiding Principles>

The Sojitz Group aims to create value for our stakeholders by aligning our strong, capable individuals under the following 5 principles:

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

- (2) In addition to the above, the Company has established the “Sojitz Group Code of Conduct and Ethics”, the “Sojitz Group Environmental Policy”, and other codes of conduct, which we disseminate to all executives and employees of the Sojitz Group, asking them to put them into practice.

(Please refer to Supplementary Principle 2-3① for more details on Sojitz policies.)

【Supplementary Principle 2-2①】

The board should review regularly (or where appropriate) whether or not the code of conduct is being widely implemented. The review should focus on the substantive assessment of whether the company’s corporate culture truly embraces the intent and spirit of the code of conduct, and not solely on the form of implementation and compliance.

- (1) The status of implementation of the Code of Conduct, including guidelines and policies related to compliance and the environment, is reviewed by the Board of Directors, which regularly receives reports from related internal committees.

- (2) Regarding the five Guiding Principles, we have prepared a structure whereby each organization and each individual sets action goals in line with the Guiding Principles and reviews them at the end of the term.

【Principle 2-3.】

Companies should take appropriate measures to address sustainability issues, including social and environmental matters.

We take appropriate measures to address sustainability issues such as social and environmental matters.

(For details, refer to Supplementary Principle 2-3①.)

【Supplementary Principle 2-3①】

The board should recognize that dealing with sustainability issues, such as taking care of climate change and other global environmental issues, respect of human rights, fair and appropriate treatment of the workforce including caring for their health and working environment, fair and reasonable transactions with suppliers, and crisis management for natural disasters, are important management issues that can lead to earning opportunities as well as risk mitigation, and should further consider addressing these matters positively and proactively in terms of increasing corporate value over the mid-to long-term.

- (1) Sojitz Group conducts business activities based on its corporate statement of creating two types of value with stakeholders. One type is “value for Sojitz,” which includes the expansion of Sojitz Group’s business foundation and the realization of sustainable growth. The other is “value for society,” which includes economic development at the national and regional level and the protection of human rights and the environment. By maximizing these areas of shared value, Sojitz aims to realize sustainable growth for both Sojitz Group and society.
- (2) In order to maximize these two types of value, we set the six material sustainability issues (materiality) as the themes to support the sustainable growth of Sojitz Group in the medium- to long-term and to practice them through our corporate activities. We have also announced our long-term sustainability vision for 2050, the “Sustainability Challenge” (detailed below), in order to address issues that are particularly pertinent for general trading companies, such as climate change and protecting human rights within supply chains. We are striving to mitigate risk while seeking out earnings opportunities in order to realize this vision.

<Sustainability Material Issues>

- Human rights: Respect the human rights of people involved in our business
- Environment: Contribute to the global environment through our business
- Resources: Develop, supply and use sustainable resources
- Community: Development and growth together with local communities
- Human resources: Promote opportunities for diverse human resources and workplace diversity
- Governance: Emphasize effectiveness and transparency

<Sustainability Challenge: Sojitz's Long-Term Vision for 2050>

"We will strive to create sustainable growth for both Sojitz and society by working to help achieve a decarbonized society through our business activities, and responding to human rights, including those within our supply chains."

In light of global initiatives such as the Paris Agreement and the Sustainable Development Goals (SDGs), we believe that realizing a decarbonized society and respecting human rights within supply chains is our responsibility as a company. In order to continue to "create value and prosperity" as set forth in the Sojitz Group corporate statement, we have established this long-term vision.

Medium-term Management Plan 2023 also stipulates the broadening of ongoing human rights initiatives along with the reinforcement of business aimed at realizing a decarbonized, recycling-based society and the infrastructure-related businesses and services that will be imperative to the transition towards such a society.

In addition, we have established the following guiding sustainability-related principles and standards to be followed by all Sojitz Group members, which are also in line with international standards such as the ten principles of the United Nations Global Compact, the United Nations Guiding Principles on Business and Human Rights, and the OECD Guidelines for Multinational Enterprises. We aim to promote understanding of these policies among all members of Sojitz Group.

- Sojitz Group CSR Action Guidelines for Supply Chains:  
<https://www.sojitz.com/en/csr/supply/>
- Sojitz Group Code of Conduct and Ethics:  
[https://www.sojitz.com/en/corporate/governance/compliance/pdf/compliance\\_e.pdf](https://www.sojitz.com/en/corporate/governance/compliance/pdf/compliance_e.pdf)
- Sojitz Group Environmental Policy:  
<https://www.sojitz.com/en/csr/environment/policy/>
- Sojitz Group Human Rights Policy:  
<https://www.sojitz.com/en/csr/humanrights/>

(3) The Sustainability Committee, which is chaired by our President and CEO, holds discussions and reviews policies, goals, and measures regarding issues related to sustainability. In



addition, the committee makes regular reports to the Board of Directors twice a fiscal year on sustainability policies and the progress of sustainability efforts. The Board reflects the opinions and advice received through these reports in company initiatives. Additionally, The Board of Directors monitors how we respond to environmental and social risks such as climate change and human rights issues, which the company categorizes as key risks. The Sustainability Committee reports every quarter on these risks to the Board of Directors .

(4) At Sojitz Group, we consider our employees to be our greatest asset. We thus feel it is our responsibility to create a safe, comfortable, and rewarding work environment that contributes to the mental and physical well-being of our staff and of their families. In March 2018, we established the Sojitz Healthy Value charter to guide efforts to protect and improve employee health. This move was based on our belief that when highly motivated employees are able to realize their full potential, Sojitz will be able to enhance its capabilities as an organization. Another consideration was our commitment to creating value and prosperity. Sojitz positions health management as a key management issue, and Sojitz was selected as a “White 500” company for the fourth time under the 2023 Certified Health & Productivity Management Outstanding Organizations Recognition Program organized by Japan’s Ministry of Economy, Trade and Industry (METI) and Nippon Kenko Kaigi in recognition of its multiple health initiatives conducted with active involvement from senior management, for the level of implementation of its health initiatives, and particularly the verified benefits and improvements made by the company.

[Our Commitment to “Sojitz Healthy Value”]

- We believe that the physical and mental health of employees and a sound working environment are the keys to creating "value and prosperity," as set forth in our corporate statement.
- Sojitz Group supports the individual efforts employees and their families make towards maintaining and improving their health, striving for a work environment in which each and every employee is able to fully exercise their abilities.

■ Sojitz Recognized as “White 500” Company for Fourth Year:

<https://www.sojitz.com/jp/news/2023/03/topics-20230328.php>

(5) To promote and protect the health of employees, the president, as the head of occupational health and safety for the company, has created the following system through discussion and collaboration with the HR Dept., Corporate Sustainability Dept., the Sojitz Health Insurance Society, and the Sojitz Labor Union. The DEI Management Section (established as part of the Corporate Sustainability Dept.) plans and operates various measures to promote health and diversity management. In cooperation with the Human Resources Dept., it works to promote health and improve productivity in the Sojitz Group.

(6) Please refer to the Sojitz website for more information regarding our sustainability efforts.

- Sustainability overview:
  - <https://www.sojitz.com/en/csr/>
  - [https://www.sojitz.com/en/csr/sojitz\\_esg/](https://www.sojitz.com/en/csr/sojitz_esg/)

- Climate change initiatives:
  - [https://www.sojitz.com/en/csr/sojitz\\_esg/e/climate.php](https://www.sojitz.com/en/csr/sojitz_esg/e/climate.php)
- Human rights initiatives:
  - [https://www.sojitz.com/en/csr/sojitz\\_esg/s/human\\_rights.php](https://www.sojitz.com/en/csr/sojitz_esg/s/human_rights.php)
- Employee health and workplace management:
  - [https://www.sojitz.com/en/csr/sojitz\\_esg/s/health.php](https://www.sojitz.com/en/csr/sojitz_esg/s/health.php)
  - [https://www.sojitz.com/en/csr/sojitz\\_esg/s/practice.php](https://www.sojitz.com/en/csr/sojitz_esg/s/practice.php)
- Fair and compliant trading:
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  - <https://www.sojitz.com/en/corporate/governance/risk/policy/>
- Crisis management:
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- Information security:
  - [https://www.sojitz.com/en/csr/sojitz\\_esg/g/risk.php#a07](https://www.sojitz.com/en/csr/sojitz_esg/g/risk.php#a07)

【Principle 2-4.】

Companies should recognize that the existence of diverse perspectives and values reflecting a variety of experiences, skills and characteristics is a strength that supports their sustainable growth. As such, companies should promote diversity of personnel, including the active participation of women.

Under Medium-term Management Plan 2023, we have implemented various human resource initiatives under the theme of “Diversity as a Competitive Advantage,” aiming to turn diversity among employees into a competitive advantage and to develop an organization consisting of diverse, autonomous individuals.

We have further advanced the initiatives for empowering female employees and otherwise promoting all forms of diversity. We will also continue to promote telework and other forms of flexible working styles in order to create a workplace environment that is conducive to diverse workstyles.

In addition, the Company will expand company-wide frameworks that encourage employees to take on new challenges, such as the Hassojitz Project, a project for creating new business launched in 2019 to foster employees with 1) business management capabilities, 2) innovative and entrepreneurial thinking, and 3) an ability to form partnerships and see projects through to completion. We will also increase opportunities for employees to experience personal growth through company initiatives such as sending young employees on overseas assignments and long-term trainee programs. The Company will continue to help employees realize their desired career paths in an effort to link individual growth to the growth of organizations and by extension the Company, thereby driving the creation of new business.

【Supplementary Principle 2-4①】

Companies should present their policies and voluntary and measurable goals for ensuring diversity in the promotion to core human resources, such as the promotion of women, foreign nationals and midcareer hires to middle managerial positions, as well as disclosing their status. In addition, in light of the importance of human resource strategies for increasing corporate value over the mid-to long-term, companies should present its policies for human resource development and internal environment development to ensure diversity, as well as the status of their implementation.

(1) Ensuring Diversity

Sojitz seeks to leverage the diversity of its human resources to respond to the rapidly changing market environment and become an organization that can always create new business with great speed. In order to do so, Sojitz has continued to actively hire and promote a diverse workforce, that includes women, foreign nationals, and mid-career hires with diverse work experience. We have also been promoting initiatives that include creating a work environment which makes full use of the unique qualities and abilities of each employee, as well as educating middle managers on diversity.

In Medium-term Management Plan 2023, in addition to the initiatives undertaken so far, we have encouraged employees to diverse career paths and workstyles and implemented human resource measures that utilize the diversity of our employees to create new business and to improve decision-making in our organizations.

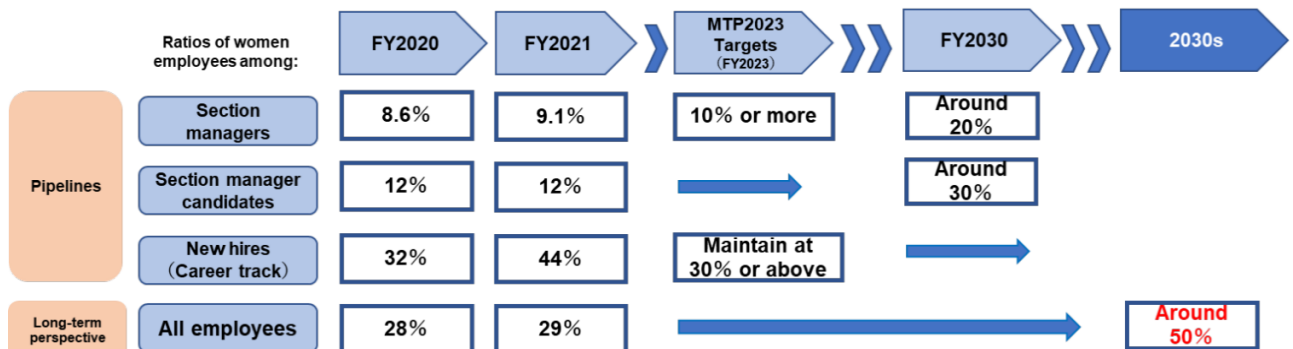
- Promotion of Women to Management-Level Positions

Sojitz has established a dedicated diversity management organization that works together with the Human Resources Department to advance various diversity promotion initiatives. Moreover, the empowerment of female employees has been defined as a top priority for human resource strategies given its importance in linking diversity to competitiveness in the form of innovation. We have increased the ratio of female section managers to 10% or more, a target originally set for FY2023, which we have realized ahead of schedule in FY2022. (Female section managers 12% as of March 31, 2023.) . Additionally, the Company has also appointed two women to Executive Officer positions(including one managing executive officer.)

We aim to raise the ratio of female employees to approximately 50% during the 2030s, and in the medium- to long-term, we will develop an environment in which women can naturally excel. Sojitz is bolstering its human resource pipelines among all age groups while helping employees gain experience. We are also taking steps to eliminate gender gaps in work experience and help women continue working even while undergoing life events. These efforts are aimed at increasing the representation of women in management decision-making. Moreover, the ratio of female career track employees with working experience at domestic or overseas Group companies has been defined as a KPI for these efforts, and we have also set targets for indicators such as the ratio of female section

managers. Based on these initiatives, Sojitz has been named a Nadeshiko Brand company for the seventh consecutive year, a designation that recognizes listed enterprises for their exceptional work to promote the success of women in the workplace.

### Targets and Goals for Promoting the Success of Women in the Workplace



- Female new graduate recruitment ratio of 30% or more for career track positions maintained since the year ended March 31, 2019 (ratio of women among new career track employees joining in April 2023 of 34%)
- Target for ratio of female section managers of 10% or more set for the year ending March 31, 2024, achieved a year ahead of schedule in the year ended March 31, 2023, with a ratio of 12%
- Target for ratio of female career track employees with domestic or overseas working experience of 40% set for the year ending March 31, 2024, achieved a year ahead of schedule in the year ended March 31, 2023, with a ratio of 42% on March 31, 2023. (Upward revision of KPI to 50% for the year ending March 31, 2024)
- (Reference) Women represent two of nine directors and two of five Audit & Supervisory Board members (ratio of female officers of 29% on June 20, 2023)
- (Reference) Two female executive officers (as of June 20, 2023) appointed through internal promotion and external recruitment of individuals with applicable experience and specialized expertise (includes one managing executive officer)

Sojitz endeavors to ensure that employees are able to balance their work with child-rearing, regardless of their gender. We recognize the importance of fostering a workplace environment that encourages organization-wide understanding and support of employees raising children in enabling women to continue their careers even while undergoing life events. For this reason, we have set a target of 100% for the human resource KPI of child leave taken for the year ending March 31, 2024. It is our hope for Sojitz to be a company and to offer workplaces and organizations in which everyone is able to contribute, regardless of their gender. For this reason, we are committed to pursuing increases in work efficiency and team management capabilities. We are also helping employees balance their work with child-rearing through support for early returns to work and the promotion of flexible workstyles.

- Rate of 100% for childcare leave taken achieved in the year ended March 31, 2023
- Measures implemented for empowering female employees
  - Training on supporting employees raising children provided to all division/section managers, confirmation of endorsement of Sojitz Commitment to IkuBoss
  - Career discussion forums led by female directors
  - Small meetings between employees and female executive officers
  - Mentorship programs for mid-ranked female employees, etc.

(Reference)

- Sojitz Selected as “Nadeshiko Brand” for Seventh Consecutive Year (March 2023) <https://www.sojitz.com/jp/news/docs/230322e.pdf>
- Action Plan for Promoting Women in the Workplace (FY2021–FY2023) [https://www.sojitz.com/en/csr/employee/pdf/kodo2021\\_en.pdf](https://www.sojitz.com/en/csr/employee/pdf/kodo2021_en.pdf)
- Promotion and Engagement of Non-Japanese Employees to Management-Level Positions  
Sojitz is increasing the number of chief officer executive positions filled by non-Japanese employees with the goal of better entrenching its operations, centered on overseas operating companies, into local networks in order to expand its business domain and co-create new businesses. In the year ended March 31, 2022, the ratio of overseas C-level executive positions filled by locally hired employees was 40%, and we look to raise this ratio above 50% by the year ending March 31, 2026. Sojitz continues its efforts to recruit employees with multinational backgrounds each year regardless of nationality. Moreover, we aim to bolster information sharing in overseas regions in order to facilitate market-oriented initiatives, seize new business opportunities, and promote co-creation and sharing. To this end, the Company has established an advisory board membered by the locally hired leaders of overseas operating companies and appointed locally hired directors. At a meeting of the advisory board held in the United States, Sojitz Corporation’s President joined in a lively debated about the growth strategies to be implemented going forward with the chief officers of operating companied in the America. Through such exchanges, Sojitz aims to promote co-creation and sharing and thereby drive the creation of new value.
  - Ratio of overseas chief officer executive positions filled by locally hired employees of 46% as of March 31, 2023
  - Sojitz employs close to 80 foreign nationals, 10 of whom are in managerial roles (as of March 31, 2023)

- Promotion of Mid-Career Recruits to Management-Level Positions

Sojitz is devoting efforts to the recruitment of mid-career individuals in order to bolster the diversity of its staff, in relation to women, non-Japanese, and other individuals, and to secure people with management, digital transformation, and other specialized expertise. We intend to maintain our target of having mid-career recruits represent 30% of new hires in any given year.

In order to increase the number of female candidates for future managerial positions, Sojitz has established a policy to ensure that women make up roughly half of all mid-career recruits and is continuing to promote mid-career recruits to section manager positions.

-21% of management positions and 35% of executive officer positions filled by mid-career recruits (as of March 31, 2023)

-Mid-career recruits accounting for 31% of new hires in the year ended March 31, 2023

- Company has appointed a female executive officer and CDO in December 2021\*

\*Appointed to position of managing executive officer, CDO, and CIO on April 1, 2023

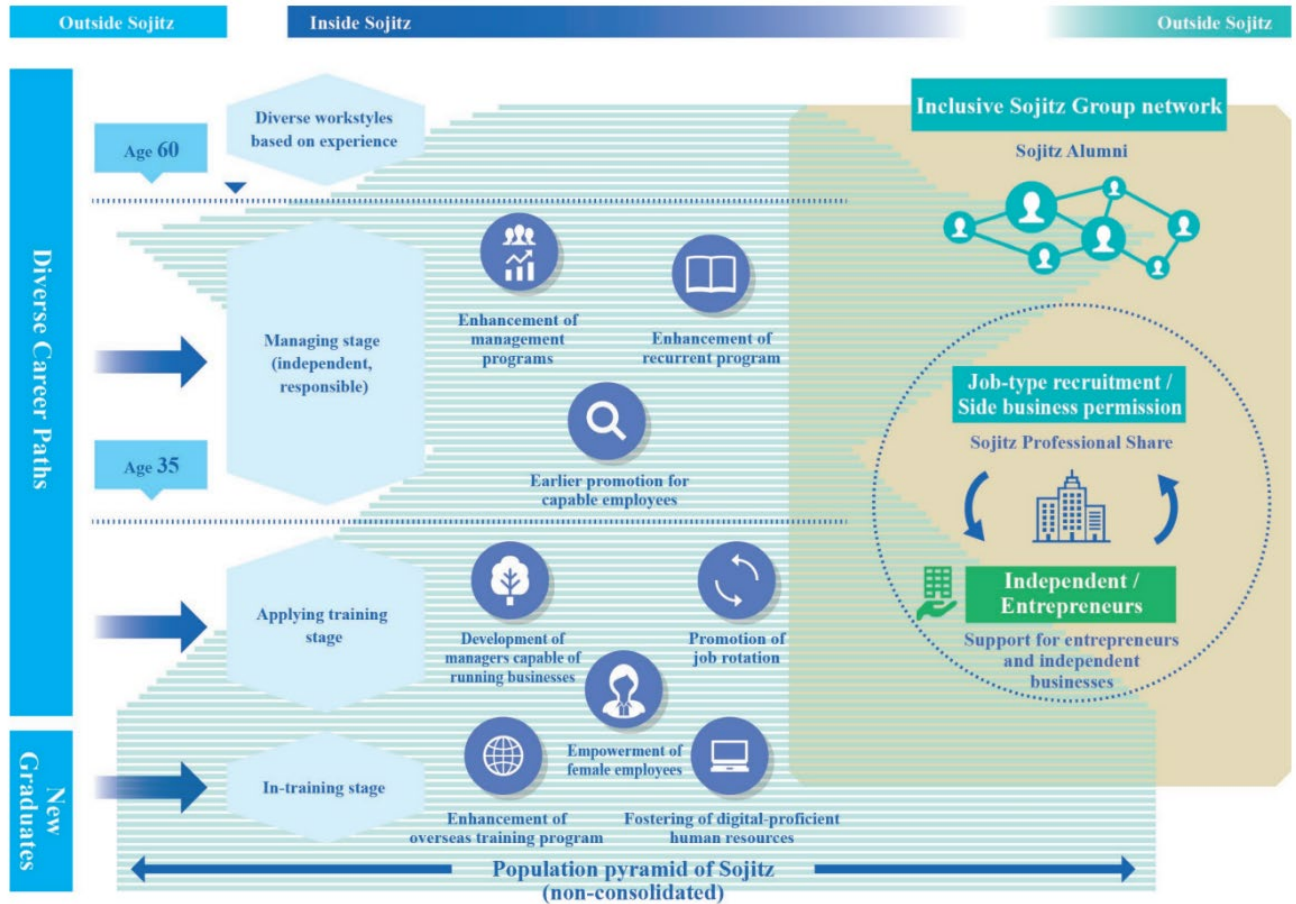
- Other initiatives for ensuring diversity

Sojitz maintains a diverse workforce that includes junior employees, DX employees, and employees nearing retirement age. Sojitz promotes human resource measures that leverage this diversity in organizational decision-making and new business development in order to ensure sustainable value creation.

(2) Human Resource Development Policies and Internal Working Environment Policies to Ensure Diversity

Sojitz is actively utilizing diverse human resources with differing insights and experience, regardless of their age, gender, or nationality. We seek to develop independence and autonomy in our employees through training and other strategies for different generations on diverse career stages and create a cycle in which our employees can take on new challenges and feel their personal growth and contribution in order to create a team of diverse and autonomous individuals.

[Sojitz Human Resource Development Framework]



In addition to those listed in the previous (1) Ensuring Diversity section, the following is a list of Sojitz’s main initiatives for developing human resources with diversity and autonomy.

- **Job Rotation System and Internal Recruitment System**  
Sojitz implements systems to promote the professional growth of employees and broaden their career paths. These include the job rotation system, which ensures that employees gain experience in two or more differing roles (including secondment and overseas assignment) and gain a wide range of skills and expertise before being considered for a managerial position, and the internal elective system, which offers employees the opportunity to carve out a career path on their own terms. Sojitz has also established a job rotation monitoring system that includes surveys and follow-up interviews conducted after an employee is transferred to a new position. In FY2020, Sojitz reduced the number of years of experience required for promotions in order to enable junior employees to advance within the company at an earlier stage in their career.
- **Overseas Trainee Program**  
Sojitz operates over 400 Group companies in a diverse range of business fields and therefore recognizes human resource development to be a key issue in terms of management of these various companies.  
Sojitz has in place training systems for cultivating management staff, including an

overseas trainee program, a system for dispatching employees to MBA programs, and self-learning language acquisition programs. One particularly unique program is a trainee program that allows employees to gain experience at organizations with missions that differ from that of their own. For example, an employee from a corporate department gaining experience working in the business department of an operating company, or a Chemicals Division employee that works in trading then handling the PMI for an operating company supervised by the Aerospace & Transportation Project Division. The program thus provides an opportunity to grow by broadening one's perspective through new experience and by expanding their base of knowledge and inter-personal connections. In FY2022, employees (31% women) were dispatched to 26 countries via the overseas training program. Sojitz aims to develop employees who can play an active role on the global stage by gaining work experience outside Japan at an early stage in their career.

- Digital-proficient Employee Development

Sojitz defines "digital-proficient employees" as those employees who are capable of utilizing internal and external data and digital technologies to transform business models and processes. Sojitz has set KPIs and is focusing on training and development of this group.

Please refer to Supplementary Principle 3-1③ for details on digital transformation initiatives.)

In addition to the aforementioned systems and programs, Sojitz implements the following initiatives for empowering employees to take on new challenges:

- Job-based Company

In March 2021, Sojitz established a new job-based employment company, Sojitz Professional Share Corporation, as a career platform that supports diverse career and life plans for employees who are age 35 or older. In the coming era, it will be important to abandon prior conventions such as seniority based on length of service and lifetime employment to ensure that employees with diverse values and career ambitions can maintain high levels of motivation. The company will offer support which will enable each employee to choose a new career path without limitations based on retirement age, business hours, or location, and allow them to establish start-ups or take on side businesses. Employees belonging to this new company have already been subcontracted to work on projects received from outside companies and have begun leveraging their past experiences to add new value and reach their full potential. There have been instances of members of Sojitz Professional Share working as part-time university professors or supporting businesses as consultants to rural small and medium-sized enterprise while still performing their duties for Sojitz, demonstrating how this company is providing a venue through which individuals can use their accumulated insight to contribute to a wider range of areas.

- Support System for Entrepreneurs and Independent Businesses



We have introduced a support system for entrepreneurs and independent businesses that provides Sojitz’s resources—including funding, informational resources, and networks—to promote these business ventures. Through this system, we aim to support the entrepreneurial endeavors of employees. Moreover, this system helps to facilitate the commercialization, independent growth, and establishment of businesses based on ideas proposed via the Hassojitz Project. As a general trading company that constantly cultivates new businesses and human capital, we aim to support the career path of employees seeking to engage in entrepreneurship or develop independent businesses while recruiting and cultivating human resources with an entrepreneurial spirit and fostering a corporate culture conducive to these activities. (For further details on the Hassojitz Project, please see Supplementary Principles 3-1③. )

- Sojitz Alumni

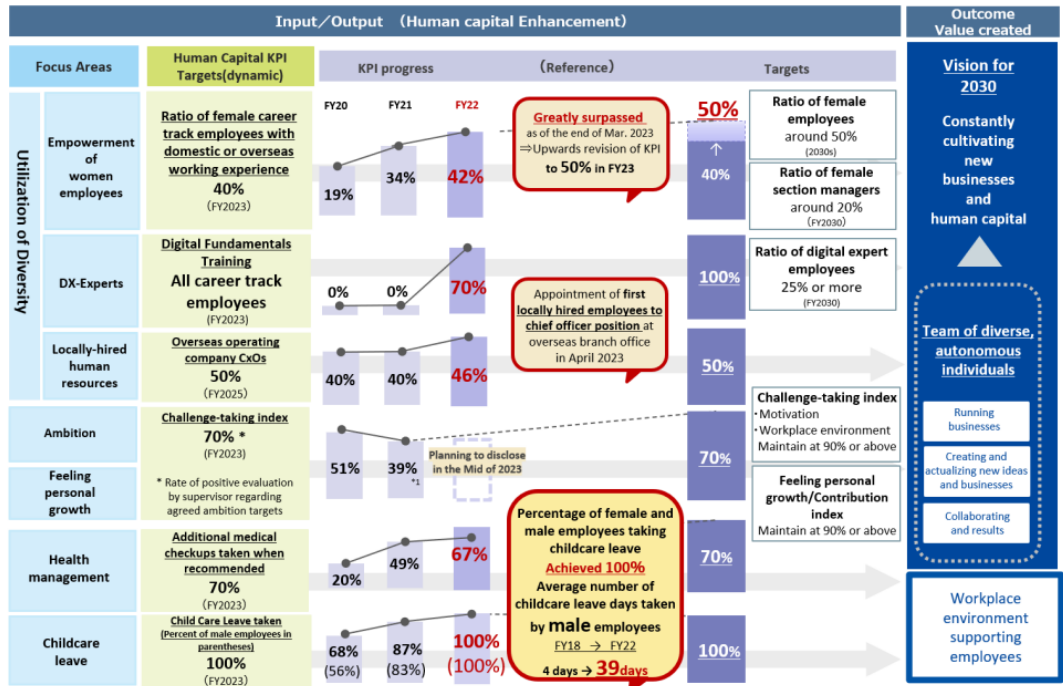
We will leverage this platform to promote expansion of our business fields by cultivating the human networks that exist between current Sojitz staff and former Sojitz employees who continue to engage in business and social activities even after their retirement. Through the formation of an inclusive Sojitz Group network, we will create greater opportunities for business and open innovation that expand beyond the company’s current business areas.

In 2022, we celebrated the one-year anniversary of the establishment of Sojitz Alumni. This platform continues to provide opportunities for exchanges between members, both current and past employees of Sojitz, through regular events. In addition, Sojitz Alumni members act as judges for the Hassojitz Project and otherwise utilize their external insight and networks to contribute to the creation of new businesses.

### (3) Human Resource KPIs

Sojitz has established human resource KPIs in order to visualize and quantitatively grasp how human resources are being developed and leveraged to increase corporate value. These human resource KPIs are flexible and dynamic and can be revised in response to changes in the external environment or based on the progress of policy implementation. Sojitz’s human resource KPIs have been established in line with the value creation process detailed in the International Integrated Reporting Council’s integrated report framework.

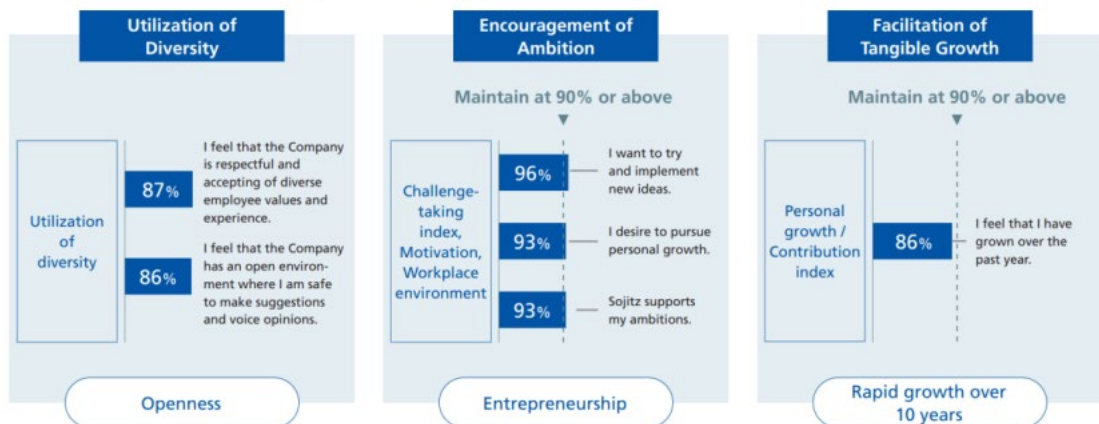
### Dynamic Human Resource KPIs and FY2022 Performance



\*Targets used in annual evaluation processes set on a voluntary basis in FY2020 (prior to establishment of human capital KPIs) but required of all career track employees from FY2021.

Employee engagement surveys are a viable tool for guiding management with an emphasis on human capital in a manner that is distinctively Sojitz. Questions related to our corporate culture have revealed truths about the essence of Sojitz’s culture of supporting the ambitions of diverse employees. The results of these surveys have been reflected in human capital KPIs and officer compensation to promote management emphasizing human capital.

### Results of Employee Engagement Survey Instituted in August 2022



(Reference)

- Sojitz human resources information : <https://www.sojitz.com/en/csr/employee/>
- Human resources special site : <https://www.sojitz.com/jinzai/jp/>

- Human resource KPIs: [https://www.sojitz.com/en/csr/sojitz\\_esg/s/human.php](https://www.sojitz.com/en/csr/sojitz_esg/s/human.php)

【Principle 2-5.】

Companies should establish an appropriate framework for whistleblowing such that employees can report illegal or inappropriate behavior, disclosures, or any other serious concerns without fear of suffering from disadvantageous treatment. Also, the framework should allow for an objective assessment and appropriate response to the reported issues, and the board should be responsible for both establishing this framework, and ensuring and monitoring its enforcement.

- (1) We have set up various consultation portals such as "hotlines" that all executives and employees of the Sojitz Group can use including a whistleblowing system (hotline), a Chief Compliance Officer hotline, an attorney hotline with an external law firm as a consultation portal, and a multilingual Sojitz Ethics Hotline that can be used 24 hours a day and 365 days a year.
- (2) The Board of Directors regularly receives reports on the number and content of calls to these hotlines and oversees the operational status.

【Supplementary Principle 2-5①】

As a part of establishing a framework for whistleblowing, companies should establish a point of contact that is independent of the management (for example, a panel consisting of outside directors and outside *kansayaku*). In addition, rules should be established to secure the confidentiality of the information provider and prohibit any disadvantageous treatment.

- (1) As part of establishing a framework for whistleblowing, the Company has established an attorney hotline with an external law firm as a consultation portal in addition to the internal reporting resources.
- (2) In addition, the "Sojitz Group Code of Conduct and Ethics" stipulates how the system is to be operated and stipulates that informants and those cooperating with investigations be kept confidential and that disadvantageous treatment is prohibited.

【Principle 2-6.】

Because the management of corporate pension funds impacts stable asset formation for employees and companies' own financial standing, companies should take and disclose measures to improve human resources and operational practices, such as the recruitment or assignment of qualified persons, in order to increase the investment management expertise of corporate pension funds (including stewardship activities such as monitoring the asset managers of corporate pension funds), thus making sure that corporate pension funds perform their roles as asset owners. Companies should ensure that conflicts of interest which could arise between pension fund beneficiaries and companies are appropriately managed.

The Company's retirement benefit plan is a defined contribution pension plan, and there is no management of corporate pension reserves that can be impacted by the Company's financial situation.

The monthly performance record of each fund and other reports are provided on the defined contribution pension support site as part of the continuing education related to the defined contribution pension plan, and the Company holds in-house seminars regarding the defined contribution pension plan.

### **Section 3: Ensuring Appropriate Information Disclosure and Transparency**

#### **【General Principle 3】**

Companies should appropriately make information disclosure in compliance with the relevant laws and regulations, but should also strive to actively provide information beyond that required by law. This includes both financial information, such as financial standing and operating results, and non-financial information, such as business strategies and business issues, risk and governance.

The board should recognize that disclosed information will serve as the basis for constructive dialogue with shareholders, and therefore ensure that such information, particularly non-financial information, is accurate, clear and useful.

- (1) The Company's core policy is to engage in constructive dialogue with shareholders in order to achieve sustainable growth and increase corporate value over the medium to long term while providing appropriate information in a timely manner. We strive to provide easy-to-understand explanations continuously.
- (2) In addition to the information required to be disclosed by various laws and regulations such as the Companies Act and the Financial Instruments and Exchange Act, we also proactively disclose information that is considered important to stakeholders (including non-financial information) through our website, integrated reports, and others.
- (3) Regarding information disclosure, we are working to improve the content and communication methods so that it is accurate, easy to understand, and highly useful for users.

【Principle 3-1.】

In addition to making information disclosure in compliance with relevant laws and regulations, companies should disclose and proactively provide the information listed below (along with the disclosures specified by the principles of the Code) in order to enhance transparency and fairness in decision-making and ensure effective corporate governance:

- ( i ) Company objectives (e.g., business principles), business strategies and business plans;
- ( ii ) Basic views and guidelines on corporate governance based on each of the principles of the Code;
- ( iii ) Board policies and procedures in determining the remuneration of the senior management and directors;
- ( iv ) Board policies and procedures in the appointment/dismissal of the senior management and the nomination of directors and *kansayaku* candidates; and
- ( v ) Explanations with respect to the individual appointments /dismissals and nominations based on (iv).

(i) Business principles, business strategies, and business plans

<Corporate Statement>

Having the Sojitz Group Statement, “The Sojitz Group creates value and prosperity by connecting the world with a spirit of integrity,” the Sojitz Group engages in everyday business activities striving to increase corporate value by satisfying needs and expectations and earning the trust of stakeholders through implementation of the Sojitz Group slogan, “New way, New value.”

<Management strategy and management plan>

In April 2021, Sojitz launched its new Medium-term Management Plan 2023 –Start of the Next Decade–, defining its vision for 2030 as becoming a general trading company that constantly cultivates new businesses and human capital. We believe that our mission as a general trading company is to deliver goods and services where there is a need, and we will pursue competitive advantages and growth by promoting a market-oriented approach, realizing co-creation and sharing methodologies both inside and outside of Sojitz, and striving for speed in order to realize sustainable growth.

[Management Indicator Targets]

Increased shareholder value (three-year avg.)		Growth and financial discipline	
<b>ROE</b>	<b>10% or above</b>	<b>Investments</b>	<b>¥330.0 billion</b> (including ¥30.0 billion of non-financial investment)
<b>Profit for the year</b>	<b>Approx. ¥65.0 billion</b>	<b>Core cash flow*2</b>	<b>Positive</b> over MTP2020 through MTP2023 cumulative total
<b>Core operating cash flow*1</b>	<b>Approx. ¥80.0 billion</b>	<b>Net DER</b>	<b>Approx. 1.0 times</b>
<b>Consolidated payout ratio</b>	<b>Approx. 30%</b> Lower limit for dividends set	<b>ROA</b>	<b>3% or above</b> (final year of MTP2023)
<b>PBR 1.0 times or above</b>			

\*1 Core operating cash flow = Cash flow after deducting changes in working capital from operating cash flow calculated for accounting purposes

\*2 Core cash flow = Core operating cash flow + Investing cash flow (including asset replacement) – Dividends paid – Purchase of treasury stock

A ROE target of 10% or more has been set for this management indicator based on the Company's shareholders' equity costs of approximately 8%. Cash return on invested capital (CROIC), which represents the core operating cash flow generated from invested capital, has been adopted as an internal management indicator to guide efforts for accomplishing this target, and segment CROIC targets have been set to function as value creation guideline figures.

In order to create shareholder value, Sojitz is pursuing growth under Medium-term Management Plan 2023 through new, high-profit investment of substantive scale backed by strategies in the following focus areas together with drastic profit structure reforms in existing businesses. Medium-term Management Plan 2023 calls for the steady improvement of corporate value through the execution of investment in growth fields and new fields, to be identified based on megatrends, totaling ¥330.0 billion over the three-year period of the Plan (¥30.0 billion of which is to be directed toward non-financial investments in human resources and organizational reforms). These investments shall be conducted while practicing continued discipline in cash flow management.

**Based on growing fields to be identified according to megatrends,  
resource(human/capital) is concentrated into three focus areas**

**Infrastructure & Healthcare**  
Current steady growth

#Growth in emerging countries  
#Environmental issues  
#population growth, population aging  
Essential Infrastructure & Healthcare

**Growth market**  
× Market-oriented initiative  
Capture growth from a growing market

#Growth in emerging countries  
#Environmental and food shortage issues  
#Digitization  
Retail business in ASEAN  
and Indian market  
Fertilizer (Including agriculture)

**Materials & Circular economy**  
Reformation of conventional business model

#Environmental issues  
#Resource recycling  
#Technology including digitals  
Recycle and new material

In addition to paying stable dividends to shareholders on an ongoing basis, Sojitz is also committed to enhancing shareholder value by accumulating and effectively utilizing retained earnings. This endeavor has been positioned as a basic policy. In accordance with this basic policy, the Company is targeting a consolidated payout ratio of around 30% under Medium-term Management Plan 2023.

Lower limit for dividends is set as representing market price-based DOE of 4% until PBR reaches 1.0 time and book value-based DOE of 4% after PBR reaches 1.0 time.

In other words, we are committed to paying effective dividend yield of 4% while PBR is below 1.0 time, and will pay dividends equivalent to half of our capital cost of approximately 8%, which we calculate when PBR reaches 1.0 time.

■ Please refer to the Sojitz website for details regarding Medium-term Management Plan 2023.

<https://www.sojitz.com/en/corporate/strategy/plan/pdf/2023e.pdf>

(ii) Basic views and guidelines on corporate governance based on each of the principles of the Corporate Governance Code

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 the “2030 Vision of Sojitz— a general trading company that constantly cultivates new businesses and human capital”.

In order to bring this about, based on our belief that the enhancement of our corporate governance is an important issue of management, we have built the following corporate governance structure in an effort 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.

#### 1. Management and Business Execution System

We employ an executive officer system for the purpose of clarifying authority and responsibilities and ensuring the smooth and swift execution of business through the separation of managerial decision-making from business execution.

The Board of Directors, chaired by the Chairman of the Board, is the highest decision-making body reviewing and resolving fundamental policies and most important cases concerning the management of the Sojitz Group. The Board of Directors also supervises business execution through proposals of important matters and regular reports from the executing body.

As the executing body, we have established the Management Committee, chaired by the President, who is also the Chief Executive Officer. The Committee is responsible for the review and approval of the Sojitz Group's important managerial and executive agendas, from a group-wide and medium-to-long-term viewpoint. In addition, we have established the Finance and Investment Deliberation Council for the review and approval of investments and loans, the Human Resource Deliberation Council for the review and approval of major human resource matters, and internal committees to handle issues to be addressed from cross-organizational perspectives as executing bodies all directly reporting to the President and CEO.

The term of Directors and Executive Officers is set at one year in order to respond swiftly and appropriately to rapid changes in the business environment and clarify their responsibilities to management.

#### 2. Monitoring and Supervisory Functions for Management

We appoint multiple Outside Directors for the purpose of receiving appropriate advice and proposals on the management of the Sojitz Group from an outside and objective standpoint and to reinforce the supervisory function of the Board of Directors. In addition, we ensure appropriateness and transparency with regard to the Board's resolutions, the appointment of Directors, and remuneration by having independent Outside Directors serve as the Chairman of the Board of Directors and the chairpersons of its advisory bodies, the Nomination Committee and Remuneration Committee.

We are a company with an Audit and Supervisory Board, which independently monitor and audits the operations of Sojitz Group.

- (iii) Board policies and procedures in determining the remuneration of the senior management and directors

We have set up the Remuneration Committee as an advisory body to the Board of Directors in order to ensure the transparency and fairness of decision-making by the Company regarding the remuneration of Directors and Executive Officers. The Remuneration Committee, which is chaired by an independent Outside Director, discusses the remuneration level for Directors and Executive Officers and the various systems related to evaluation and remuneration and makes proposals to the Board of Directors. The remuneration of Directors and Executive Officers is set within the limits determined by the resolutions of the ordinary general shareholders meeting of the Company. The remuneration of Directors is decided by the Board of Directors based on the opinions of the Remuneration Committee, which is chaired by an independent Outside Director. Please refer to Supplementary Principle 4-2① for details on the structure and procedures for determining each Director's individual remuneration.

- (iv) Board policies and procedures in the appointment and dismissal of senior management and the nomination of directors and Audit & Supervisory Board Member candidates

We have set up the Nomination Committee as an advisory body to the Board of Directors in order to ensure the transparency and fairness of decision-making by the Company regarding the selection of senior management (Senior Executive Officers) and Director candidates. The Nomination Committee, which is chaired by an Independent Outside Director, discusses and proposes criteria and methods for selecting the candidates, in addition to candidate proposals, and reports the results to the Board of Directors. This discussion by the Nomination Committee serves to further raise objectivity and strengthen the effectiveness of the selection process.

<Policy for appointing and dismissing the CEO and other senior management>

The Board of Directors deliberates on the experience and quality of each senior management candidate based on the results of discussion in the Nomination Committee and determines their appointment. The term of appointment for senior management is one year, and they may be dismissed during this period if they are deemed to meet the criteria for dismissal described in company regulations.

<Appointing Directors>

In appointing candidates for Directors, we take diversity of gender, international experience, and other characteristics into consideration, and appoint multiple candidates who possess abundant experience, specialized knowledge and advanced expertise from both inside and outside of Sojitz to ensure decision-making and management oversight appropriate to a general trading company involved in a wide range of businesses. The Board of Directors deliberates on the experience and quality of each Director candidate as an officer based on

the results of the discussion in the Nomination Committee and submits the candidate proposal to the general shareholders meeting for approval.

<Appointing Audit & Supervisory Board Members>

With the consent of the Audit and Supervisory Board, the Board of Directors deliberates on the experience and quality of each candidate as an Audit & Supervisory Board Member based on their knowledge, capability, and experiences for conducting audits of the Directors' execution of their duties in an appropriate and fair manner and submits the candidate proposal to the general shareholders meeting for approval.

- (v) Explanations with respect to the individual appointments/dismissal and nominations in the appointment/dismissal of the senior management and the nomination of directors and Audit & Supervisory Board Member candidates

When the appointment or dismissal of senior management is resolved by the Board of Directors, we immediately disclose the decision in a press release. Furthermore, we disclose the reasons for the appointment of each of the candidates for the Board of Directors and Audit & Supervisory Board Members in the reference documents of the "Notice of the General Shareholders Meeting." For further details, please refer to page 11 through page 17 of the Reference Documents of the Notice of the 20th Ordinary General Shareholders' Meeting published on our website.

[https://www.sojitz.com/jp/ir/stkholder/general/upload/2023\\_01e.pdf](https://www.sojitz.com/jp/ir/stkholder/general/upload/2023_01e.pdf)

【Supplementary Principles 3-1①】

These disclosures, including disclosures in compliance with relevant laws and regulations, should add value for investors, and the board should ensure that information is not boiler-plate or lacking in detail.

When disclosing information, the Company makes every effort to improve the understanding of the Company by providing accurate and prompt information as well as the specific descriptions to add high value to users.

【Supplementary Principles 3-1②】

Bearing in mind the number of foreign shareholders, companies should, to the extent reasonable, take steps for providing English language disclosures.

In particular, companies listed on the Prime Market should disclose and provide necessary information in their disclosure documents in English.

Based on the number of foreign investors, we disclose information in English on our website such as convening notices for general shareholders' meetings, securities reports (abbreviated English version), financial statements, integrated reports, news releases, and

other IR-related materials.

【Supplementary Principles 3-1③】

Companies should appropriately disclose their initiatives on sustainability when disclosing their management strategies. They should also provide information on investments in human capital and intellectual in an understandable and specific manner, while being conscious of consistency with their own management strategies and issues.

In particular, companies listed on the Prime Market should collect and analyze the necessary data on the impact of climate change-related risks and earning opportunities on their business activities and profits, and enhance the quality and quantity of disclosure based on the TCFD recommendations, which are an internationally well-established disclosure

(1) Sustainability Initiatives

We strive to cooperate with a wide range of stakeholders, proactively disclose information, and improve our transparency. Please refer to Supplementary Principle 2-3① and the Sojitz website for details on our approach to sustainability and our policies and initiatives.

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

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

(2) Investment in Human Capital and Intellectual Property

As Sojitz is not an R&D company, its intangible assets are its ability for business creation and business model formation through its human resources and networks. The Company implements initiatives listed below in order to strengthen these intangible assets and pursue sustainable growth of our corporate value. In Medium-term Management 2023, we allocated ¥30 billion in funding for non-financial investment in human resources and organizational reforms (HR development, DX, etc.).

- Initiatives for leveraging human resources and networks
- Initiatives for new business creation
- Digital transformation initiatives

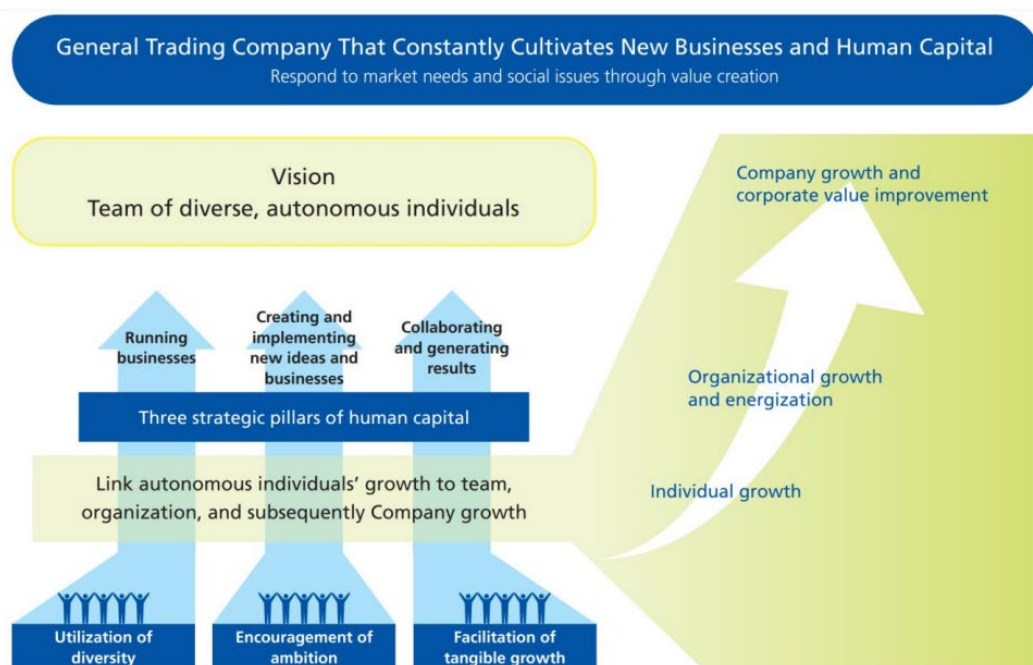
(i) Initiatives for leveraging human resources and networks

In Medium-Term Management Plan 2023, we set out our vision for 2030 as a general trading company that constantly cultivates new businesses and human capital, and our mission is to deliver goods and services to places where necessary. We seek to increase corporate value by continuing to create business and develop human resources capable of responding to market needs and social issues. To realize this vision, we must implement initiatives for leveraging human resources and networks, such as taking a market-oriented approach and realizing co-creation and sharing methodologies internally and externally. This approach will allow us to propose solutions that respond to market needs and social issues and pursue competitiveness and growth. We are also working to reform the organizations and human resources

that will serve as the foundation for the success of these initiatives.

<Organization and human resource reform initiatives>

Sojitz Group continues to cultivate and mobilize human resources capable of creating two types of value: value for society and value for Sojitz. We believe that a team of diverse, autonomous individuals is a driver of value creation for companies. Based on this belief, we are rolling out various measures to support the three human resource strategies of utilization of diversity, encouragement of ambition, and facilitation of tangible growth while also establishing an environment that enable employees to adopt diverse workstyles. This is the approach we are taking toward reforming organizations while fostering employees capable of running businesses, creating and actualizing new ideas and business, and collaborating and producing results.



\*Please refer to Supplementary Principles 2-4① for details on our organizational and human resource reform initiatives.

(ii) Initiatives for new business creation

We believe that in order to become a company that constantly cultivates new businesses and human capital, we must cultivate a company culture that encourages employees to have an entrepreneurial spirit and actively take on challenges in new business fields. Sojitz implements the following initiatives in order to achieve this goal:

- Investment in innovation

Sojitz is establishing an investment framework to facilitate partnerships with start-ups as a means of creating innovative business with a global reach. This initiative aims to equip the Company with functions for reforming business models, ensuring

growth, and increasing competitiveness of existing businesses through digital transformation and new technologies.

- Hassojitz Project

The Hassojitz Project is a new business creation contest launched in 2019 with the aim of fostering employees' abilities to plan for the future and to practice strategic thinking by providing an opportunity to envision Sojitz's future growth. The Hassojitz Project has already led to success in creating new businesses as teams who participated in the project in the year ended March 31, 2021, have since gone on to found companies to give form to their e-sports and fast-growing tree sapling ambitions. In the year ending March 31, 2023, the fourth year of the Hassojitz Project, we set the theme of passion and commitment, based on which we arranged a number of events to accelerate the creation of new businesses founded on fresh ideas. These events included pitch meetings and discussion forums with experts and Sojitz alumni. Starting in FY2021, Sojitz has dispatched employees to an incubation program provided by Phoenixi Co Ltd., which helps to develop social entrepreneurs and generate business solutions to address social issues. Through cross-industry exchanges, employees are able to refine their business ideas as well as accelerate co-creation of innovative ideas in order to foster employees with an entrepreneurial spirit who can autonomously pursue business creation. ¥

- Support system for entrepreneurs and independent businesses
- Sojitz Alumni

(Please refer to Supplementary Principle 2-4① for details on Sojitz Alumni and the support system for entrepreneurs and independent businesses.)

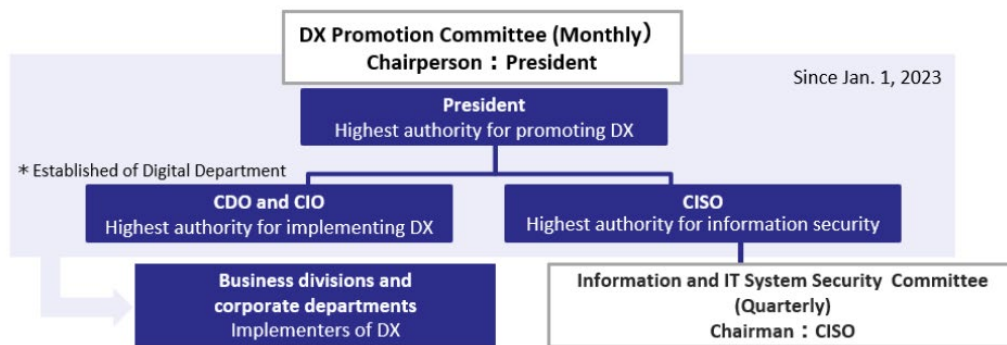
(iii) Digital transformation initiatives

- Reinforcement of Governance Systems

To further Sojitz's evolution toward becoming a general trading company that constantly cultivates new businesses and human capital, the president is leading a movement to make digital technologies a common skill in which all employees are proficient and to utilize these technologies to drive business portfolio reforms. Moreover, we look to promote digital transformation and foster DX-Experts. In this manner, we will pursue higher business value.

One facet of these efforts is the acceleration of data usage and technology implementation in existing businesses for increasing value and creating new value. The president himself chairs the DX Promotion Committee, and, in this capacity, he actively discusses how to apply digital technologies to our businesses together with the heads of business divisions and corporate departments as part of a framework for swift decision-making. In addition, effective April 1, 2023, the CDO Office, the General Affairs & IT Operation Department, and the ERP Transition Office were reorganized to form Digital Department 1 and Digital Department 2. This reorganization has served to consolidate our digital technology-related functions and personnel, granting greater flexibility in positioning human resources and poising us to achieve higher levels of speed and

quality in digital transformation of businesses, the fostering of DX-Experts, reinvention of enterprise resource management systems, and the maintenance and innovation of other IT systems. In addition, a CISO has been appointed as the highest authority for information security. This individual oversees efforts to strengthen information security through the acceleration of digital transformation and data utilization in order to promote the digitalization of both new and existing businesses. Sojitz was selected as a DX Stocks 2023 in recognition of its systems to implement DX initiatives and its adoption of digital technologies into business in line with management and business strategies.



Please refer to the Sojitz website for details on systems and initiatives relating to digital transformation and information security.

- Digital transformation: [https://www.sojitz.com/en/csr/sojitz\\_esg/g/dx.php](https://www.sojitz.com/en/csr/sojitz_esg/g/dx.php)
- Information security: [https://www.sojitz.com/en/csr/sojitz\\_esg/g/risk.php#a07](https://www.sojitz.com/en/csr/sojitz_esg/g/risk.php#a07)
- Selected as Digital Transformation Stocks (DX Stocks) 2023:  
<https://www.sojitz.com/en/news/2023/05/20230531.php>

- Development and Expansion of DX-Experts

We will be utilizing digital transformation to further our evolution in terms of business models and processes and in order to fuel value creation. Sojitz refers to human resources capable of utilizing internal and external data and digital technologies to transform business models and processes as DX-Experts, and we are dedicating efforts to cultivating such human resources. We have formulated systematic programs for developing DX-Experts with the aim of enabling many employees to make full use of data and digital technology in their work. Skill levels are classified into entry, basic, and practical application levels. The practical application level is further classified into experienced, expert, and thought leader levels. In addition to the content for the basic level, which emphasizes both offense (DX) and defense (information security), we launched training programs for the practical application level in summer 2022.

Furthermore, we began cultivating in-house certified developers of low-code tools in 2022 with the goal of endowing employees with the ability to create the apps they need (citizen development) for their respective business activities in order to accelerate

improvements to operational efficiency.

- National IT Passport certification acquired by 92% of career track employees and 63% of administrative workers through entry level program (as of March 31, 2023)
- Completion of basic level program by 1,380 (70%) of employees (as of March 31, 2023)
- Completion of experienced level program by 159 (53%) of employees (as of March 31, 2023)
- Completion of expert level program by 13 (33%) of employees (as of March 31, 2023)
- Acquisition of internal developer certification by 100 employees (as of March 31, 2023)

\*Figures exclude employees working overseas.

Skill Level		Expected Role / Position	Target
Practical Application	Level 5: Thought Leader	Guidance and oversight of experts and leadership in transforming organizations and businesses with data and digital technologies	Small number of employees
	Level 4: Expert	Resolution of issues, creation of businesses, and improvement of value as leaders in the use of data and digital technologies	40 employees Progress:33%
	Level 3: Experienced	Support for analyzing data and developing applications under the guidance of experts	300 employees Progress:53%
Level 2: Basic		Examination of application of IT to business activities using basic knowledge (IT literacy, digital marketing, data science, information security)	All career track employees Progress:70%
Level 1 : Entry		Action based on the entry-level knowledge required of all employees that deal with IT (acquisition of national IT Passport certification)	All employees Progress:86%
Practical Application-Level Skill Areas	Data Analysis	Resolution of issues through data analysis	
	Business Design	Improvement of value of existing businesses and creation of new businesses through use of digital technologies	

\*Progress as of March 31, 2023



(3) Influence of Climate Change-related Risk and Earnings Opportunities on Sojitz Business and Profit

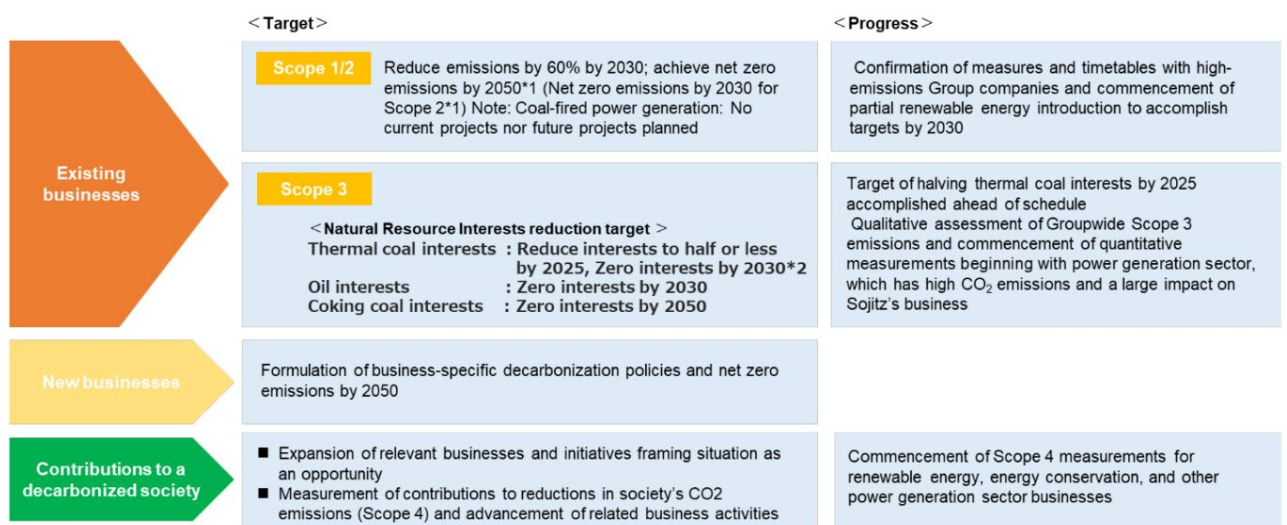
We have established and announced mid- to long-term decarbonization policies and targets in order to fulfill our commitment for realizing a decarbonized society as announced in our long-term sustainability vision for 2050, the “Sustainability Challenge.”

For existing Sojitz Group businesses, we will set emission reduction targets based on separate international protocols for CO2 emissions (Scope) as preparation for the coming age of a decarbonized society by increasing the company’s business resilience. We view the transition towards a decarbonized society as an opportunity, and we will strive to create new business in a wide range of business fields. Through these efforts, we aim to create “value for society” through decarbonization and to expand our earnings opportunities to create “value for Sojitz” in the process.

Under Medium-term Management Plan 2023, we are implementing various initiatives to achieve our mid- to long-term targets, as well as identifying and measuring Scope 3 and Scope 4 (avoided) emissions.

<Sojitz Group Decarbonization Policies & Progress Towards Targets>

Sojitz Group recognizes its obligation to reduce Scope 1 and Scope 2 emissions while curtailing fossil resource interest businesses. Moreover, the Group tracks all Scope 3 emissions and performs quantitative assessments of power generation and other high-CO2-emission sectors in order to maintain an understanding of the decarbonization risks faced across its value chain. Scope 4 emissions will also be measured, and the Group will accelerate initiatives for positioning the decarbonization trend as a business opportunity.



\*1 FY2019 serves as the base year, with non-consolidated and consolidated subsidiaries included in the scope. Introduction of internal carbon pricing is under consideration, which accelerates carbon offsets from certificates.

\*2 The end of FY2018 serves as the benchmark, and targets are based on the book value of

assets in coal interests.

In August 2018, we declared our endorsement of the final recommendations of the TCFD (Task Force on Climate-related Financial Disclosures), and we have been conducting more proactive and transparent disclosure based on the recommended framework while practicing engagement with stakeholders. We conduct yearly scenario analysis of the business fields believed to present the greatest climate-related risks and opportunities to our Group's business activities, management strategy, and financial planning. We disclose the results of the analysis, our goals, and our progress toward these goals.

Please refer to the Sojitz website for details on our TCFD compliance and climate change initiatives.

■ Climate: [https://www.sojitz.com/en/csr/sojitz\\_esg/e/climate.php](https://www.sojitz.com/en/csr/sojitz_esg/e/climate.php)

■ TCFD: <https://www.sojitz.com/en/csr/environment/tcf/>

【Principle 3-2.】

External auditors and companies should recognize the responsibility that external auditors owe toward shareholders and investors, and take appropriate steps to secure the proper execution of audits.

- (1) Third-party accounting auditors and the Company endeavor to ensure an effective auditing system by setting audit schedules and conducting hearings with management so that the third-party accounting auditors can carry out sufficient audits and ensure proper auditing.
- (2) The Audit & Supervisory Board Members, the Accounting Auditor, and the Audit Department interact with each other to conduct auditing from their respective perspectives while mutually exchanging information to complement each other and conduct efficient and effective auditing.

【Supplementary Principles 3-2①】

The *kansayaku* board should, at minimum, ensure the following:

- ( i ) Establish standards for the appropriate selection of external auditor candidates and proper evaluation of external auditors ;and
- ( ii ) Verify whether external auditors possess necessary independence and expertise to fulfill their responsibilities.

- (i) We have established accounting auditor evaluation criteria whereby items including quality control, independence, the auditing system, and estimated remuneration are periodically evaluated. The Audit & Supervisory Board is made aware of the content of audits conducted by third-party accounting auditors through the audit report in addition to

hearings with relevant internal departments.

- (ii) The Audit & Supervisory Board evaluates and confirms the independence of the third-party accounting auditors, including their interests in accordance with the Certified Public Accountant Law, and their expertise through appropriate interviews.

【Supplementary Principles 3-2②】

The board and the *kansayaku* board should, at minimum, ensure the following:

- ( i ) Give adequate time to ensure high quality audits;
- ( ii ) Ensure that external auditors have access, such as via interviews, to the senior management including the CEO and the CFO;
- ( iii ) Ensure adequate coordination between external auditors and each of the *kansayaku* (including attendance at the *kansayaku* board meetings), the internal audit department and outside directors; and
- ( iv ) Ensure that the company is constituted in the way that it can adequately respond to any misconduct, inadequacies or concerns identified by the external auditors.

The Board of Directors and the Audit & Supervisory Board handle each of these items for the Company as follows:

- (i) A third-party accounting auditor explains the audit plan at the beginning of the term and confirms that sufficient time for the audit has been secured.
- (ii) Interviews are held with the third-party accounting auditors and executives such as the President and CFO.
- (iii) The third-party accounting auditor reports the results of each quarterly review, the audit required by the Companies Act, and the audit required by the Financial Instruments and Exchange Act to the Audit & Supervisory Board, and cooperates with the Audit Department as necessary. Accounting audit reports are also shared with outside directors.
- (iv) If the third-party accounting auditor finds any irregularities or deficiencies in the internal controls, he or she reports them to the Board of Directors and the Audit & Supervisory Board. Based on the content of the report, the Board of Directors and related departments share information and cooperate with each other to implement appropriate measures.

## **Section 4: Responsibilities of the Board**

### **【General Principle 4】**

Given its fiduciary responsibility and accountability to shareholders, in order to promote sustainable corporate growth and the increase of corporate value over the mid- to long-term and enhance earnings power and capital efficiency, the board should appropriately fulfill its roles and responsibilities, including:

- (1) Setting the broad direction of corporate strategy
- (2) Establishing an environment where appropriate risk-taking by the senior management is supported; and
- (3) Carrying out effective oversight of directors and the management (including *shikkoyaku* and so-called *shikkoyakuin*) from an independent and objective standpoint.

Such roles and responsibilities should be equally and appropriately fulfilled regardless of the form of corporate organization — i.e., Company with *Kansayaku* Board (where a part of these roles and responsibilities are performed by *kansayaku* and the *kansayaku* board), Company with Three Committees (Nomination, Audit and Remuneration) or Company with Supervisory Committee.

- (1) The Company's Board of Directors decides on the broad direction of corporate strategy, including the formulation of its corporate philosophy and the medium-term management plan.
- (2) The Company has introduced an executive officer system in order to clarify authority and responsibility and speed up business execution by separating management decision-making and business execution.
- (3) The Board of Directors is the highest decision-making body that deliberates and makes decisions on core policies and the most important issues related to the management of the Sojitz Group. It also ensures the transparency of management by overseeing the status of business execution through the submission of important matters and regular reports from the executing body. Additionally, Outside Directors supervise the Executive Directors and overall system of business execution. They also provide opinions and advice on corporate governance.

【Principle 4-1.】

The board should view the establishment of corporate goals (business principles, etc.) and the setting of strategic direction as one major aspect of its roles and responsibilities. It should engage in constructive discussion with respect to specific business strategies and business plans, and ensure that major operational decisions are based on the company's strategic direction.

- (1) The Company strives to improve its 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 the "2030 Vision of Sojitz—a general trading company that constantly cultivates new businesses and human capital.
- (2) To achieve this, the Board of Directors actively and constructively discusses the formulation and management of the progress of the medium-term management plan. The Board of Directors also makes important business decisions based on the Sojitz Group Statement and medium-term management plan.

【Supplementary Principles 4-1①】

The board should clearly specify its own decisions as well as both the scope and content of the matters delegated to the management, and disclose a brief summary thereof.

- (1) The Board of Directors reviews and approves core policies and critical issues concerning the management of the Sojitz Group.
- (2) The Board of Directors Rules, which the Company has formulated, stipulate that the Board of Directors shall determine matters such as the management policy and plan, the selection, dismissal, and duties of senior management, the establishment, revision, and abolition of significant organizations and systems, financial statements, and significant business transactions.
- (3) For matters relating to critical business execution, monetary standards will be stipulated for the acquisition/disposal of installed equipment, leases, investments, and loans/guarantees. If these standards are exceeded, resolution by the Board of Directors shall be required.
- (4) In addition, the Board of Directors regularly receives reports on business execution by each Executive Director and reports from each internal committee, such as the Internal Control Committee, and carries out oversight functions for business execution. With respect to decisions on matters other than those designated for resolution by the Board of Directors according to the Board of Directors Rules, the scope of delegation to other executing bodies, including the President, who is also the Chief Executive Officer, the Management Committee, the Finance and Investment Deliberation Council, the Human

Resource Deliberation Council, and responsible officers, is defined according to the scale, significance, and risk of each matter in the internal approval rules and individual approval criteria tables.

【Supplementary Principles 4-1②】

Recognizing that a mid-term business plan (*chuuki keiei keikaku*) is a commitment to shareholders, the board and the senior management should do their best to achieve the plan. Should the company fail to deliver on its mid-term business plan, the reasons underlying the failure of achievement as well as the company's actions should be fully analyzed, an appropriate explanation should be given to shareholders, and analytic findings should be reflected in a plan for the ensuing years.

- (1) The Company recognizes that the realization of the medium-term management plan is one of the important commitments to shareholders.
- (2) The progress of this plan is disclosed in financial results briefing materials after verification and confirmation.
- (3) At the end of the relevant period, we analyze the difference between the plan and the actual results, explain these differences in financial results briefings, and post them on our website and in the integrated report. We conducted variance analysis following the conclusion of Medium-term Management Plan FY2020, and Medium-term Management Plan 2023 is then based on the aforementioned analysis.

【Supplementary Principles 4-1③】

Based on the company objectives (business principles, etc.) and specific business strategies, the board should proactively engage in the establishment and implementation of a succession plan for the CEO and other top executives and appropriately oversee the systematic development of succession candidates, deploying sufficient time and resources.

Through the Nomination Committee, which is an advisory body to the Board of Directors, the Company supervises the succession development plan for CEOs and the status of its implementation while promoting discussion based on the Company's management philosophy and specific management strategies. Regarding the successor development plan, we continue to address the following items as important matters:

- Review the requirements and qualities required of the CEO as appropriate;
- Develop successors to management, including the CEO; and
- Diversify opportunities to confirm the development of successors within a fixed time frame.

【Principles 4-2.】

The board should view the establishment of an environment that supports appropriate risk-taking by the senior management as a major aspect of its roles and responsibilities. It should welcome proposals from the management based on healthy entrepreneurship, fully examine such proposals from an independent and objective standpoint with the aim of securing accountability, and support timely and decisive decision-making by the senior management when approved plans are implemented.

Also, the remuneration of the management should include incentives such that it reflects mid-to long-term business results and potential risks, as well as promotes healthy entrepreneurship.

- (1) The Board of Directors Rules require that the Board of Directors deliberate on significant business transactions after they are deliberated on by executive bodies such as the Management Committee and the Finance and Investment Deliberation Council. The Board of Directors collects and analyzes information and makes rational decisions referring to the opinions of outside directors from an independent and objective standpoint. After the policy is decided by the Board of Directors, information is shared by the Executive Officers to support prompt and decisive decision-making.
- (2) We have introduced a medium- to long-term incentive shares-based compensation plan for Directors (excluding outside directors) and Executive Officers in order to improve medium- to long-term performance, increase corporate value, and raise management awareness with an emphasis on shareholders.

【Supplementary Principle 4-2①】

The board should design management remuneration systems such that they operate as a healthy incentive to generate sustainable growth, and determine actual remuneration amounts appropriately through objective and transparent procedures. The proportion of management remuneration linked to mid- to long-term results and the balance of cash and stock should be set appropriately.

- (1) The maximum amount of remuneration for all Directors is determined by a resolution at the general shareholders meeting.
- (2) The composition of remuneration for Directors of the Company (excluding outside directors) is comprised of a fixed portion that is not linked to business performance (monetary remuneration), a performance-based portion (monetary remuneration) that is linked to business performance in a single fiscal year and progress of the medium-term management plan, and a medium- to long-term performance based portion (share

remuneration ) that is linked to the success of the medium-term management plan and the increase of corporate value (in terms of ESG and share price). Shares-based compensation is paid following the retirement of the director, and we expect this to act as a strong incentive to improve business performance and increase corporate value in the medium to long term.

- (3) The remuneration system, the ratio and level of each remuneration component, and the specific remuneration amounts are determined by a resolution of the Board of Directors after deliberation by the Remuneration Committee. The Remuneration Committee is chaired by an Independent Outside Director and over half of its members are Independent Outside Directors.
- (4) In addition, internal rules stipulate that compensation may not be paid for certain reasons, and the Company may seek restitution where such compensation has been paid.

**【Supplementary Principle 4-2②】**

The board should develop a basic policy for the company's sustainability initiatives from the perspective of increasing corporate value over the mid-to long-term.

In addition, in light of the importance of investment in human capital and intellectual properties, the board should effectively supervise the allocation of management resources, including such investments, and the implementation of business portfolio strategies to ensure that they contribute to the sustainable growth of the company.

**(1) Establishing Basic Policies for Sustainability-related Initiatives**

Sojitz Group's sustainability initiatives are based on the Sojitz Group Statement and Sojitz aims to realize sustainable growth for both the Sojitz Group and society by maximizing two types of value with stakeholder: "value for Sojitz," which contributes to the fortification of our business foundation and to ongoing growth, and the "value for society," which contributes to economic development on regional and national scales and to human rights and environmental awareness.

In addition to these policies, the Board of Directors sets out fundamental strategy for sustainability-related matters such as "Key Sustainability Issues (Materiality)" as well as the "Sustainability Challenge." The Board also receives mid-quarter reports from executive bodies such as the Sustainability Committee and provides opinions and advice.

The Sustainability Committee, chaired by the CEO, is the primary organization that discusses issues related to sustainability in order to determine our policies, goals, and measures.

Please refer to Supplementary Principle 2-3① and the Sojitz website for more details on our sustainability initiatives and strategies.

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

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



Additionally, in order to raise corporate value further, the Board of Directors discusses and supervises ESG targets established under the medium-term management plan (including decarbonization, responses to social issues, promoting women in the workplace, acquisition of parental leave, the employee survey, and other human resource-related initiatives as well initiatives to strengthen governance.)

- (2) Supervision of Strategies relating to the Distribution of Assets and the Business Portfolio In accordance with the corporate statement detailed in Principle 3-1 (i), the medium-term management plan is established through discussion by the Board of Directors to ensure that strategies regarding the distribution of business assets and the business portfolio are effective. In Medium-term Management Plan 2023, we have also allocated JPY 30 billion in funding for non-financial investment in employees and organizational reforms (human resources, DX, etc.). As the Company is not a R&D company, its intangible assets are "its ability for business creation and business model formation through its human resources and networks". The Company implements initiatives in order to strengthen these intangible assets. (For further details on investment in human capital and intellectual property, please refer to Supplementary Principle 3-1③. )

The Board of Directors confirms, supervises, and holds debates on the progress of established plans through reports by Executive Directors made at the quarterly meetings of the Board of Directors and through the financial results reported each quarter.

【Principle 4-3.】

The board should view the effective oversight of the management and directors from an independent and objective standpoint as a major aspect of its roles and responsibilities. It should appropriately evaluate company performance and reflect the evaluation in its assessment of the senior management.

In addition, the board should engage in oversight activities in order to ensure timely and accurate information disclosure, and should establish appropriate internal control and risk management systems.

Also, the board should appropriately deal with any conflict of interests that may arise between the company and its related parties, including the management and controlling shareholders.

- (1) The Board of Directors has established an appropriate system as below for the highly effective oversight of the management.
- (2) The appointment and dismissal of senior management is resolved by the Board of Directors following deliberation by the Nomination Committee, which is comprised of a majority of Independent Outside Directors and chaired by an Independent Outside Director.  
(For details, refer to Supplementary Principle 4-3①.)

- (3) Information disclosure procedures, including timely disclosure, are stipulated in the "Information Disclosure Guidelines" and are disclosed to stakeholders. In addition, the Disclosure Working Group has been established to monitor the appropriateness of the content and procedures of disclosure.
- (4) We have internal controls and risk management systems in place.  
(For details, refer to Supplementary Principle 4-3④.)
- (5) We specify in our Board of Directors Rules that significant transactions between the Company and its major shareholders (shareholders owning at least 10% of the Company's outstanding shares) must be included as resolution items for the Board of Directors. Additionally, the following transactions must be approved by and reported to the Board of Directors: competitive or self-dealing transactions by a Director, and transactions involving any conflict of interest between a Director and the Company.

【Supplementary Principles 4-3①】

The board should ensure that the appointment and dismissal of the senior management are based on highly transparent and fair procedures via an appropriate evaluation of the company's business results

The Board of Directors makes decisions regarding appointments of senior management after deliberation on the performance of each candidate and his or her qualifications based on the results of the deliberation by the Nomination Committee, which serves as an advisory body. The term of senior management is one year, and, if the Board of Directors determines that a member of senior management has met a criteria for dismissal as specified in company regulations during his or her term, a resolution may be made to dismiss them.

【Supplementary Principles 4-3②】

Because the appointment/dismissal of the CEO is the most important strategic decision for a company, the board should appoint a qualified CEO through objective, timely, and transparent procedures, deploying sufficient time and resources

Through the Nomination Committee, which is an advisory body to the Board of Directors, the Company supervises the succession development plan for CEOs and the status of its implementation while promoting discussion based on the Company's management philosophy and specific management strategies. Regarding the successor development plan, we continue to address the following items as important matters:

- Review the requirements and qualities required of the CEO as appropriate;
- Develop successors to management, including the CEO; and

- Diversify opportunities to confirm the development of successors within a fixed time frame.

【Supplementary Principles 4-3③】

The board should establish objective, timely, and transparent procedures such that a CEO is dismissed when it is determined, via an appropriate evaluation of the company's business results, that the CEO is not adequately fulfilling the CEO's responsibilities.

The term of the CEO is one year, and, if the Board of Directors determines that an Executive Officer has met the criteria for dismissal as specified in the internal Executive Officer Rules, a resolution may be made to dismiss the Executive Officer even during his or her term.

【Supplementary Principles 4-3④】

The establishment of effective internal control and proactive enterprise risk management systems has the potential to support sound risk-taking. The board should appropriately establish such systems on an enterprise basis and oversee the operational status, besides

- (1) At the Company, the Compliance Committee is chaired by the Chief Compliance Officer (CCO), and the entire Sojitz Group works together to establish and monitor a system to promote compliance with laws, regulations, and corporate ethics. The Board of Directors oversees the results.
- (2) With respect to internal control, the Internal Control Committee oversees the overall development and operation of the internal control system and regularly monitors its operation, and the Board of Directors supervises the results.
- (3) Risk management is conducted pursuant to the nature of the risk in accordance with the "Basic Code of Corporate Risk Management." The Board of Directors receives reports on the status of risk management based on the "Risk Management Operating Policy/Operation Plan."
- (4) Furthermore, at the Company, the Board of Directors cooperates by having the Internal Audit Committee, which was established as a subordinate organization, control the Internal Audit Department. A system is in place that allows the Board of Directors to gather information from the Internal Audit Department via the Internal Audit Committee, which is important information for supervision of internal control and risk management systems.

【Principle 4-4.】

*Kansayaku* and the *kansayaku* board should bear in mind their fiduciary responsibilities to shareholders and make decisions from an independent and objective standpoint when executing their roles and responsibilities including the audit of the performance of directors' duties, appointment and dismissal of *kansayaku* and external auditors, and the determination of auditor remuneration.

Although so-called "defensive functions," such as business and accounting audits, are part of the roles and responsibilities expected of *kansayaku* and the *kansayaku* board, in order to fully perform their duties, it would not be appropriate for *kansayaku* and the *kansayaku* board to interpret the scope of their function too narrowly, and they should positively and proactively exercise their rights and express their views at board meetings and to the management.

- (1) The Audit & Supervisory Board consists of five members (including three Outside Audit & Supervisory Board Members). Each Audit & Supervisory Board Member fulfills the role and responsibility of auditing the performance of duties by Directors from an independent and objective standpoint based on the fiduciary responsibility to shareholders.
- (2) Each Audit & Supervisory Board Member positively and proactively exercises his or her rights and expresses appropriate opinions to the Board of Directors and the management.

【Supplementary Principle 4-4①】

Given that not less than half of the *kansayaku* board must be composed of outside *kansayaku* and that at least one full-time *kansayaku* must be appointed in accordance with the Companies Act, the *kansayaku* board should, from the perspective of fully executing its roles and responsibilities, increase its effectiveness through an organizational combination of the independence of the former and the information gathering power of the latter. In addition, *kansayaku* or the *kansayaku* board should secure cooperation with outside directors so that such directors can strengthen their capacity to collect information without having their independence jeopardized.

- (1) The Audit & Supervisory Board of the Company consists of three Outside Audit & Supervisory Board Members and two full-time Audit & Supervisory Board Members. (There are three men and two women.)
- (2) The Company appoints Outside Audit & Supervisory Board Members who possess the experience and capabilities (experienced businesspersons, attorney, and certified public accountant) to appropriately and fairly perform audit functions for management.

The Outside Audit & Supervisory Board Members possess specialized areas of expertise (business management, finance, accounting, and law, etc.) also proactively engage in Board of Directors' meetings by offering their opinions. Audit & Supervisory Board Members also attend important meetings related to business execution, such as those of the Management Committee and Finance & Investment Deliberation Council and collect information from the management to increase the effectiveness of the audit. Additionally, regular meetings are held for Outside Directors with the Audit & Supervisory Board to ensure that information can be obtained without impacting the Independence of Outside Directors. (For further details please refer to Supplementary Principle 4-8①.)

- (3) In order to make the discussions with the Board of Directors active, the Company provides the outside directors and Audit & Supervisory Board Members with prior explanations on the draft agenda of the Board of Directors meeting every time, and they exchange information, share awareness, and collaborate with each other through the exchange of opinions on the proposed agenda.

【Principle 4-5.】

With due attention to their fiduciary responsibilities to shareholders, the directors, kansayaku and the management of companies should secure the appropriate cooperation with stakeholders and act in the interest of the company and the common interests of its shareholders.

- (1) The Company is working to realize and maximize its two values: the "value that Sojitz gains," such as expansion of the business base and sustainable growth of the Sojitz Group, and the "value that society gains," such as national and regional economic development and human rights and environmental considerations.
- (2) The directors, Audit & Supervisory Board Members, and management of the Company act from their respective positions to contribute to the realization and maximization of the "two values."

【Principle 4-6.】

In order to ensure effective, independent and objective oversight of the management by the board, companies should consider utilizing directors who are neither involved in business execution nor have close ties with the management.

The Company appoints five Independent Outside Directors and they express their opinions from an independent and objective standpoint to the Board of Directors to ensure a highly effective management oversight system. As of June 2020, the Board of Directors is chaired by an Independent Outside Director.

【Principle 4-7.】

Companies should make effective use of independent directors, taking into consideration the expectations listed below with respect to their roles and responsibilities:

- ( i ) Provision of advice on business policies and business improvement based on their knowledge and experience with the aim to promote sustainable corporate growth and increase corporate value over the mid- to long-term;
- ( ii ) Monitoring of the management through important decision-making at the board including the appointment and dismissal of the senior management;
- ( iii ) Monitoring of conflicts of interest between the company and the management or controlling shareholders; and
- ( iv ) Appropriately representing the views of minority shareholders and other stakeholders in the boardroom from a standpoint independent of the management and controlling shareholders.

The Independent Outside Directors of the Company provide useful advice to enhance corporate value over the medium to long term based on their expert knowledge and abundant experience. They also appropriately carry out deliberations and oversight from an independent and objective standpoint, such as serving as committee members or chair of the Nomination Committee and the Remuneration Committee, which are advisory bodies to the Board of Directors.

【Principle 4-8.】

Independent directors should fulfill their roles and responsibilities with the aim of contributing to sustainable growth of companies and increasing corporate value over the mid- to long-term. Companies listed on the Prime Market should therefore appoint at least one-third of their directors as independent directors (two directors if listed on other markets) that sufficiently have such qualities.

Irrespective of the above, if a company listed on the Prime Market believes it needs to appoint the majority of directors (at least one-third of directors if listed on other markets) as independent directors based on a broad consideration of factors such as the industry, company size, business characteristics, organizational structure and circumstances surrounding the company, it should appoint a sufficient number of independent directors.

- (1) The Company has five independent outside directors. The current total number of directors is nine, 56% of whom are independent outside directors to create a majority. A system is in place so that the management of the Company can adopt the opinions of independent outside directors from an objective and independent standpoint.

- (2) In addition to the above, the Audit & Supervisory Board consists of two In-house Audit & Supervisory Board Members and three Outside Audit & Supervisory Board Members. Therefore, the total number of external officers is eight, and the Board of Directors is structured to further enhance its independence.
- (3) In addition, the Company will continue to review the necessary number of independent outside directors while taking a comprehensive view of factors including our industry, the Company's scale, our unique characteristics, institutional design, and the business environment.

【Supplementary Principle 4-8①】

In order to actively contribute to discussions at the board, independent directors should endeavor to exchange information and develop a shared awareness among themselves from an independent and objective standpoint. Regular meetings consisting solely of independent directors (executive sessions) would be one way of achieving this.

- (1) Meetings are held exclusively for independent Outside Directors to discuss matters to be deliberated at the Board of Directors' meetings and exchange opinions. (In FY2022, two such meetings were held for Outside Directors.)
- (2) Independent outside directors participate in joint meetings with full-time Audit & Supervisory Board Members and Outside Audit & Supervisory Board Members to exchange, share, and obtain information, such as internal company information, from an independent and objective standpoint. (In FY2022, two such meetings were held.)

【Supplementary Principle 4-8②】

Independent directors should endeavor to establish a framework for communicating with the management and for cooperating with *kansayaku* or the *kansayaku* board by, for example, appointing the lead independent director from among themselves.

- (1) In order for independent outside directors to fully fulfill their expected roles, joint meetings to exchange opinions are regularly held with the President, In-House Directors, as well as for the Audit & Supervisory Board.
- (2) In this way, we have established a system to facilitate communication and coordination through the Secretariat of the Board of Directors (the Board Meeting Operation Office), the Auditors & Supervisory Board Members' Office, and the Secretariat Department. Beginning in June 2020, the Board of Directors has been chaired by an Independent Outside Director, who leads communications and coordination with management as well as discussions with Audit & Supervisory Board Members and the Audit & Supervisory Board.

【Supplementary Principle 4-8③】

Companies that have a controlling shareholder should either appoint at least one-third of their directors (the majority of directors if listed on the Prime Market) as independent directors who are independent of the controlling shareholder or establish a special committee composed of independent persons including independent director(s) to deliberate and review material transactions or actions that conflict with the interests of the controlling shareholder and minority shareholders

As of June 20,, 2023, the Company does not have a controlling shareholder.

【Principle 4-9.】

Boards should establish and disclose independence standards aimed at securing effective independence of independent directors, taking into consideration the independence criteria set by securities exchanges. The board should endeavor to select independent director candidates who are expected to contribute to frank, active and constructive discussions at board meetings.

We define the “Standards Concerning the Appointment and Independence of Candidates for Outside Directors and Outside Audit & Supervisory Board Members.”

<Standards Concerning the Appointment of Candidates for Outside Directors and Outside Audit & Supervisory Board Members >

The Company appoints outside directors from those with a wide range of knowledge and deep insight and abundant experience in industries and administrative fields, targeting those who have management experience in business corporations and government agencies and others who have objective and specialist viewpoints toward world affairs, social and economic trends and corporate management. In appointing outside Audit & Supervisory Board Members , in addition to the above, we also ensure the diversity of the candidates’ background from the perspective of reflecting the viewpoints of a variety of stakeholders in the audit of business activities.

<Independence Standards for Outside Directors and Outside Audit & Supervisory Board Members >

The Company judges outside directors and outside Audit & Supervisory Board Members to be independent by confirming that they do not fall under any of the following categories, in addition to the independence standards prescribed by financial instruments exchanges. The Company’s Outside Directors and Audit & Supervisory Board Members (Directors; 5; Audit & Supervisory Board Members: 3) do not fall under these criteria and are therefore deemed independent.



1. A major shareholder of the Company (a shareholder holding 10% or more of the total voting rights of the Company) or a member of business personnel thereof;
2. A major creditor to the Company (a creditor from whom we owed an amount exceeding 2% of the consolidated total assets of the Company in the most recent fiscal year) or a member of business personnel thereof;
3. A major business partner of the Company (a business partner whose transaction amount with the Company exceeded 2% of the Company's annual consolidated revenue in the most recent fiscal year) or a member of business personnel thereof;
4. A party whose major business partner is the Company (an entity whose transaction amount with the Company exceeded 2% of its annual consolidated revenue, etc. in the most recent fiscal year) or a member of business personnel thereof;
5. An attorney, certified public accountant, certified tax accountant, consultant or other professional who received money or other property from the Company for his/her services as an individual in an amount exceeding ¥10 million annually on average over the past three fiscal years, other than remuneration of Directors or Audit & Supervisory Board Members (if such money or property was received by an organization, such as a corporation or partnership, this item refers to a person who belongs to the organization that received money or other property from the Company in an amount exceeding ¥10 million annually on average over the past three fiscal years or in an amount of 2% of the annual total revenue or consolidated revenue, etc. of the organization, whichever the greater.);
6. A person who receives donations or grants from the Company in an amount exceeding ¥10 million annually (if such donations or grants are received by an organization, such as a corporation or partnership, this item refers to a member of business personnel of the organization);
7. A person who is an accounting auditor of the Company or a person who is engaged in audit activities of the Company as an employee of the accounting auditor;
8. A person who has fallen under any of the above items 1 to 7 in the past three years;
9. A spouse or relative within the second degree of kinship of a person falling under any of the above items 1 to 8 (limited to the person holding the position of officer or other important positions);
10. A spouse or relative within the second degree of kinship of a member of business personnel (limited to the person holding the position of officer or other important positions) of the Company or any of its consolidated subsidiaries;
11. A person whose term of office as Outside director or Outside Audit & Supervisory Board Members of the Company exceeds eight years; or
12. A person with concerns on his/her independence such as having constant and substantial conflict of interest with general shareholders as a whole in performing the duties of Outside Director or Outside Audit & Supervisory Board Member or for other reasons.

【Principle 4-10.】

In adopting the most appropriate organizational structure (as stipulated by the Companies Act) that is suitable for a company's specific characteristics, companies should employ optional approaches, as necessary, to further enhance governance functions.

The Company has selected a company with an Audit & Supervisory Board as its institutional design under the Companies Act. In addition, we have established a nomination committee and a remuneration committee as advisory bodies to further enhance our governance functions.

(For details, refer to Supplementary Principle 4-10 ①.)

【Supplementary Principle 4-10①】

If the organizational structure of a company is either Company with *Kansayaku* Board or Company with Supervisory Committee and independent directors do not compose a majority of the board, in order to strengthen the independence, objectivity and accountability of board functions on the matters of nomination (including succession plans) and remuneration of the senior management and directors, the company should seek appropriate involvement and advice from the committees, including from the perspective of gender and other diversity and skills, in the examination of such important matters as nominations and remuneration by establishing an independent nomination committee and remuneration committee under the board, to which such committees make significant contributions.

In particular, companies listed on the Prime Market should basically have the majority of the members of each committee be independent directors, and should disclose the mandates and roles of the committees, as well as the policy regarding the independence of the composition.

- (1) The current composition of the Board of Directors at the Company is five independent directors (majority) out of a total of nine directors.
- (2) With regard to the appointment and remuneration of senior management and Directors, since it is particularly necessary to strengthen independence, objectivity, and accountability, the Company has established a Nomination Committee and a Remuneration Committee chaired by an independent outside director as an advisory body to the Board of Directors and has received appropriate involvement and advice. Both the Nomination Committee and the Remuneration Committee are composed of five Independent Outside Directors and one executive director, and the majority of Independent Outside Directors increase the independence and objectivity.

- (3) The Nomination Committee is engaged in the deliberation and proposal to the Board of Directors regarding methods and criteria for the selection of candidates for director and executive officer roles as well as deliberation on specific candidate selection. Additionally, the Committee deliberates on succession planning for the President (CEO) and skill matrixes for Directors and Audit & Supervisory Board Members.
- (4) The Remuneration Committee is engaged in the deliberation and proposal to the Board of Directors regarding the establishment and revision of remuneration standards and systems for evaluation and compensation of directors and executive officers. Additionally, the Committee sets performance targets for calculating performance-linked remuneration (short-term) and deliberates on evaluation methods and progress assessments for ESG-related indicators for performance-linked remuneration (medium-to long-term).

【Principle 4-11.】

The board should be well balanced in knowledge, experience and skills in order to fulfill its roles and responsibilities, and it should be constituted in a manner to achieve both diversity, including gender, international experience, work experience and age, and appropriate size. In addition, persons with appropriate experience and skills as well as necessary knowledge on finance, accounting, and the law should be appointed as *kansayaku*. In particular, at least one person who has sufficient expertise on finance and accounting should be appointed as *kansayaku*.

The board should endeavor to improve its function by analyzing and evaluating effectiveness of the board as a whole.

- (1) The Company's Articles of Incorporation stipulate that the number of members of the Board of Directors shall be ten or less. As of June 20,, 2023, the Board of Directors consists of nine members (seven men and two women), including five independent outside directors. With regard to the selection of directors, a skill matrix is created based on the fields identified as essential to fulfilling management strategy, and the Company considers the appropriate proportion of directors based on organizational structure as well as the diversity of the Board in terms of specialization, gender, and international experience. (Refer to Supplementary Principle 4-11① for the structure of the Board of Directors.)
- (2) The Company creates a skill matrix based on the fields and expertise identified as necessary for the Audit & Supervisory Board members to effectively exercise audit functions. The Audit & Supervisory Board consists of five members (three males and two females) , including two full-time Audit & Supervisory Board Members with abundant practical and management experience within Sojitz and its invested companies and three Outside Audit & Supervisory Board Members with objective perspectives and diverse expertise based on specialist knowledge. The Company has appointed three Audit & Supervisory Board Members with appropriate experience and capabilities and necessary knowledge of finance and accounting, and one Audit & Supervisory Board

Member with sufficient expertise in legal affairs.

- (3) The effectiveness of the Board of Directors is evaluated every year by the Company to confirm that the effectiveness of the Board of Directors of the Company is ensured and to continuously improve its functions further.

(For details, refer to Supplementary Principle 4-1③.)

【Supplementary Principles 4-11①】

The board should identify the skills, etc. that it should have in light of its managing strategies, and have a view on the appropriate balance between knowledge, experience and skills of the board as a whole, and also on diversity and appropriate board size. Consistent with its view, the board should establish policies and procedures for nominating directors and disclose them along with the combination of skills, etc. that each director possesses in an appropriate form according to the business environment and business characteristics, etc., such as what is known as a “skills matrix.” When doing so, independent director(s) with management experience in other companies should be included.

- (1) In implementing our management strategy, our Board of Directors are required to support swift and decisive decision-making by the executives and to effectively supervise business execution. Therefore, Sojitz believes it is important for the Board of Directors to have knowledge of international affairs, economics, and culture, as well as a global perspective that allows for dialogue and acceptance of diversity. In addition, knowledge and experience in formulating and implementing management strategies and policies, knowledge and experience in M&A, investment and financing to create opportunities for sustainable growth, and experience in business management to increase business value are considered important. Sojitz also believes that expertise in risk management, legal affairs, finance and accounting, human resources, and internal controls are necessary to strengthen the business foundation.

In particular, Sojitz has placed emphasis on specialization related to the environment and society in order to further promote the realization of a decarbonized, circular economy and the resolution of social issues.

- (2) Decisions on Director candidates are based on a skills matrix that lists the specific fields of focus identified to be essential for each officer to effect the management strategy. At the same time, the proportion of the number of Directors is taken into account based on the Company’s organization. We give consideration to creating a balance of knowledge, experience, and ability when appointing the President and CEO and other members of the Board of Directors, choosing candidates from Executive Officers who are well-versed in topics such as business management, finance, accounting, and risk management and basing the decision on the result of deliberations by the Nomination Committee as an advisory body. For outside directors, we focus on selecting candidates with a diversity of experiences and backgrounds.

Please refer to pages 18-20 of the Notice of the 20th Ordinary General Shareholders' Meeting for details on the aforementioned skills matrix and our Board of Director appointment policies.

[https://www.sojitz.com/jp/ir/stkholder/general/upload/2023\\_01e.pdf](https://www.sojitz.com/jp/ir/stkholder/general/upload/2023_01e.pdf)

- (3) The Board of Directors is currently comprised of nine directors, including five Independent Outside Directors (three of whom are directors with management experience at other companies).

【Supplementary Principles 4-11②】

Outside directors, outside *kansayaku*, and other directors and *kansayaku* should devote sufficient time and effort required to appropriately fulfill their respective roles and responsibilities. Therefore, where directors and *kansayaku* also serve as directors, *kansayaku* or the management at other companies, such positions should be limited to a reasonable number and disclosed each year.

- (1) We limit the number of Directors and Audit & Supervisory Board Members with concurrent positions as directors, Audit & Supervisory Board Members, or members of the management, for example, at other listed companies, to a reasonable extent.
- (2) The status of important concurrent positions at other listed corporations, etc. held by Directors and Audit & Supervisory Board Members as of the 20th Ordinary General Shareholders' Meeting held June 20, 2023, is stated on pages 13-17 of the "Notice of the 20th Ordinary General Shareholders' Meeting."

[https://www.sojitz.com/jp/ir/stkholder/general/upload/2023\\_01e.pdf](https://www.sojitz.com/jp/ir/stkholder/general/upload/2023_01e.pdf)

【Supplementary Principles 4-11③】

Each year the board should analyze and evaluate its effectiveness as a whole, taking into consideration the relevant matters, including the self-evaluations of each director. A summary of the results should be disclosed.

Each year, the Company analyzes and assesses the effectiveness of the Board of Directors as a whole in order to improve its functions. The results of the FY2022 assessment, as well as the method of assessment used are as follows.

1. Assessment Methods

The Board of Directors deliberated on the assessment method, including whether or not an assessment by a third-party assessment organization was necessary, and decided to conduct a self-assessment in the following manner.

(December 2022) The Board of Directors deliberates on assessment methods, including the formulation of survey items

(January 2023)	A written survey is conducted for all Directors and Audit & Supervisory Board Members (anonymous response)
(February 2023)	An individual interview by the Secretariat of the Board of Directors is conducted for all Directors and Audit & Supervisory Board Members
(April 2023)	The Board of Directors discusses future initiatives based on analysis and assessment of the results of survey responses and individual interviews

## 2. Survey

For FY2022, dialogue with shareholders, human resource strategies, and sustainability matters were added.

### (1) Items

Roles and responsibilities of the Board of Directors: composition of the Board of Directors; management of the Board of Directors; decision-making process of the Board of Directors; supervision by the Board of Directors; support system for the Board of Directors; advisory committees; items concerning Outside Directors; dialogue with shareholders; human resource strategies; sustainability; management issues to be discusses; and suggestions for improving effectiveness, etc.

### (2) Method of survey

Each of the survey items was rated on a 4-point scale, with additional comments written in an open-ended column. For management issues to be discussed and recommendations for improving effectiveness, comments were written in an open-ended column.

## 3. Outline of Effective Assessment Results

The Board of Directors discussed the results of the survey and individual interviews and confirmed that the effectiveness of the Company's Board of Directors has been ensured.

The main matters that were assessed are as follows:

### (Medium-term Management Plan)

The quarterly performance progress reports and reports from the COOs on progress and issues, both quantitative and qualitative, are good initiatives, and in particular, the reports from the COOs were assessed as easier to understand than in FY2021.

### (Management of the Board of Directors)

The annual schedule and agenda setting were assessed as adequate, and the materials were evaluated as easier to read with improved contents compared to FY2021.

### (Dialogue with Shareholders, Human Resources, and Sustainability)

IR activities, including those for individual shareholders, were highly appreciated by shareholders, and reports on human resources and sustainability were appropriately and regularly made, all of which received generally high assessments.

#### 4. Tasks Ahead to Further Increase the Effectiveness of the Board

Based on the assessment for initiatives in FY2022, the FY2023 policy for initiatives was formulated as follows:

(Medium-term Management Plan)

Toward the final year of the Medium-term Management Plan, the Board of Directors will discuss the formulation of a new Medium-term Management Plan, while expanding and continuing division reports for more in-depth discussions.

(Composition of the Board of Directors)

The optimal number of members of the Board of Directors will continue to be discussed and reporting to the Board of Directors on discussions at the Nomination Committee meetings, including the content and method of sharing will be considered.

(Management of the Board of Directors)

The Company will continue to set appropriate schedules and agendas so that sufficient time can be allocated for important deliberation, as well as continually review agenda standards and further improve handouts.

(Stimulation of Deliberation)

The Company will continue to hold meetings to exchange opinions through various meetings outside of board meetings as well as determine the necessity for holding free discussions. Succession planning for the Chairman and the rotation of Outside Officers will be discussed by the Nomination Committee and the Board of Directors.

#### 【Principle 4-12.】

The board should endeavor to foster a climate where free, open and constructive discussions and exchanges of views take place, including the raising of concerns by outside directors.

The Board of Directors holds open and constructive discussions regardless of whether directors are In-house or Outside Directors to actively exchange opinions.

【Supplementary Principle 4-12①】

The board should ensure the following in relation to the operation of board meetings and should attempt to make deliberations active:

- ( i ) Materials for board meetings are distributed sufficiently in advance of the meeting date;
- ( ii ) In addition to board materials and as necessary, sufficient information is provided to directors by the company (where appropriate, the information should be organized and/or analyzed to promote easy understanding);
- ( iii ) The schedule of board meetings for the current year and anticipated agenda items are determined in advance;
- ( iv ) The number of agenda items and the frequency of board meetings are set appropriately; and
- ( v ) Sufficient time for deliberations.

The Company is making the following efforts to make the deliberations of the Board of Directors active.

- (i) Materials for board meetings are distributed at least 5 business days prior to the pre-briefing to ensure thorough understanding of the agenda;
- (ii) Opportunities are provided for prior explanation of agenda items at least 2 business days in advance, materials other than those for the Board of Directors are provided, and sufficient information is provided on agenda items;
- (iii) In order to secure time for discussions on important matters, the annual schedule and agenda of the Board of Directors meetings is finalized at the beginning of the fiscal year;
- (iv) The number of agenda items and the frequency of meetings are set appropriately; depending on the nature of the case, the Company makes written resolutions and reports flexibly; and
- (v) Materials that briefly summarize the main points are distributed in advance and sufficient deliberation time, including explanation meetings in advance, is ensured.

【Principle 4-13.】

In order to fulfill their roles and responsibilities, directors and *kansayaku* should proactively collect information, and as necessary, request the company to provide them with additional information.

Also, companies should establish a support structure for directors and *kansayaku*, including providing sufficient staff.

The board and the *kansayaku* board should verify whether information requested by directors and *kansayaku* is provided smoothly.

(1) We believe that it is necessary for each Director/corporate auditor to obtain sufficient



information in order for them to effectively perform the management oversight and audit function. Directors/Audit & Supervisory Board Members proactively obtain information as needed.

(For details, refer to Supplementary Principles 4-13 ①, ②, and ③.)

- (2) In addition, in order to support the acquisition of sufficient information, the Board Meeting Operation Office, which serves as the secretariat of the Board of Directors, and the Secretariat Department will play central roles for the Directors. Moreover, the Audit & Supervisory Board Members' Office, which assists Audit & Supervisory Board Members, will play a central role for the acquisition of sufficient information for the Audit & Supervisory Board Members.
- (3) Each year, the effectiveness of the Board of Directors is evaluated to confirm that the information and materials required by each director and Audit & Supervisory Board Member are provided smoothly and improvements are each time evaluations are conducted.

**【Supplementary Principles 4-13①】**

Directors, including outside directors, should request the company to provide them with additional information, where deemed necessary from the perspective of contributing to transparent, fair, timely and decisive decision-making. In addition, *kansayaku*, including outside *kansayaku*, should collect information appropriately, including the use of their statutory investigation power.

- (1) Directors receive additional information as necessary in order to deepen discussions by the Board of Directors and lead to the transparent, fair, prompt, and decisive decision-making of the Company.
- (2) Audit & Supervisory Board Members may exercise their investigative authority in accordance with laws and regulations with the advice of an attorney appointed by the Audit & Supervisory Board if they deem it necessary to more effectively perform their auditing functions.

【Supplementary Principles 4-13②】

Directors and *kansayaku* should consider consulting with external specialists at company expense, where they deem it necessary.

The Company's Directors and Audit & Supervisory Board Members have a system where they can obtain advice from outside experts such as attorneys at the expense of the Company if necessary.

【Supplementary Principles 4-13③】

Companies should ensure coordination between the internal audit department, directors and *kansayaku* by establishing a system in which the internal audit department appropriately reports directly to the board and the *kansayaku* board in order for them to fulfill their functions. In addition, companies should take measures to adequately provide necessary information to outside directors and outside *kansayaku*. One example would be the appointment of an individual who is responsible for communicating and handling requests within the company such that the requests for information about the company by outside directors and outside *kansayaku* are appropriately processed

- (1) The Board of Directors of the Company cooperates by having the Internal Audit Subcommittee, which was established as a subordinate organization, control the Internal Audit Department.
- (2) The Internal Audit Department reports audit policies directly not only to the President and Representative Director, but also to the Board of Directors and the Audit & Supervisory Board. The Internal Audit Department reports audit results directly not only to the President and Representative Director, but also to the Board of Directors and the Audit & Supervisory Board once a quarter in principle.
- (3) The Audit & Supervisory Board and the Internal Audit Department hold regular interviews to share information and exchange opinions.
- (4) In order to properly provide the necessary information to outside directors and outside Audit & Supervisory Board Members, the secretariat of the Board of Directors (the Board Meeting Operation Office), the Audit & Supervisory Board Member's Office, which assists Audit & Supervisory Board Members, play central roles.

【Principle 4-14.】

New and incumbent directors and *kansayaku* should deepen their understanding of their roles and responsibilities as a critical governance body at a company, and should endeavor to acquire and update necessary knowledge and skills. Accordingly, companies should provide and arrange training opportunities suitable to each director and *kansayaku* along with financial support for associated expenses. The board should verify whether such opportunities and support are appropriately provided.

- (1) Directors and Audit & Supervisory Board Members of the Company work to deepen their understanding of the roles and responsibilities expected of them as well as to study the necessary knowledge and update them appropriately.
- (2) The Company provides opportunities to acquire and improve the knowledge necessary for that purpose at any time, and also supports necessary expenses as needed.  
(For details on training, refer to Supplementary Principles 4-14① and ②.)
- (3) The Board of Directors confirms whether such measures are taken appropriately in the annual effectiveness evaluation of the Board of Directors.

【Supplementary Principles 4-14①】

Directors and *kansayaku*, including outside directors and outside *kansayaku*, should be given the opportunity when assuming their position to acquire necessary knowledge on the company's business, finances, organization and other matters, and fully understand the roles and responsibilities, including legal liabilities, expected of them. Incumbent directors should also be given a continuing opportunity to renew and update such knowledge as necessary.

- (1) The Company provides an opportunity for Directors and Audit & Supervisory Board Members at the time of their appointment to acquire knowledge about the medium-term management plan, internal controls, risk management structure, IR and sustainability initiatives, and holds lectures by an outside lawyer to explain their business obligations and responsibilities as Directors and Audit & Supervisory Board Members so that they may fulfill their roles and responsibilities.
- (2) After taking office, the Company regularly conducts business briefings by senior management to deepen their understanding of the business. In addition, the Company continues to provide other necessary information. Full-time Audit & Supervisory Board Members attend the Management Committee to obtain information in a timely manner.

【Supplementary Principles 4-14②】

Companies should disclose their training policy for directors and *kansayaku*.

We take the following initiatives to enable Directors and Audit & Supervisory Board Members to appropriately fulfill their roles and responsibilities.

- Please refer to the Supplementary Principle 4-14①.
- In order for Directors and Audit & Supervisory Board Members to deepen their understanding of our extensive business activities and each business division's strategy under the medium-term management plan, each of the Chief Operation Officer (COO) holds briefing sessions, and in order for them to deepen their understanding of the latest macroeconomic conditions, our research institute holds monthly briefing sessions. In addition, we provide other necessary information on an ongoing basis.
- We offer Directors and Audit & Supervisory Board Members opportunities to attend seminars, etc. held by external organizations.

## **Section 5: Dialogue with Shareholders**

### **【General Principle 5】**

In order to contribute to sustainable growth and the increase of corporate value over the mid- to long-term, companies should engage in constructive dialogue with shareholders even outside the general shareholder meeting.

During such dialogue, senior management and directors, including outside directors, should listen to the views of shareholders and pay due attention to their interests and concerns, clearly explain business policies to shareholders in an understandable manner so as to gain their support, and work for developing a balanced understanding of the positions of shareholders and other stakeholders and acting accordingly.

- (1) The Company's core policy is to engage in constructive dialogue with shareholders, including general shareholders meetings, financial results briefings, business briefings, briefings for individual investors, and meetings with institutional investors.  
(Please refer to Principle 5-1 for policy details.)
- (2) Directors (including Outside Directors) and senior management (including the President and CFO) attend explanatory meetings to the extent deemed reasonable and listen directly to the opinions of shareholders and explain the management policy of the Company on their own. The questions and opinions of shareholders are shared among management executives and considered for appropriate responses.

### **【Principle 5-1.】**

Companies should, positively and to the extent reasonable, respond to the requests from shareholders to engage in dialogue (management meetings) so as to support sustainable growth and increase corporate value over the mid- to long-term. The board should establish, approve and disclose policies concerning the measures and organizational structures aimed at promoting constructive dialogue with shareholders.

- (1) Sojitz maintains a core policy of engaging in constructive dialogue with shareholders. Sojitz continues to provide shareholders with appropriate and timely information on management policy and initiatives that is clear, logical, and easy to understand in order to achieve sustained growth and increase corporate value over the medium-to-long term. Shareholder opinions are then reported to the upper management and reflected in management decisions. To ensure fair and appropriate disclosure to its stakeholders, including shareholders and investors, in accordance with the Fair Disclosure Rule, Sojitz has established and observed a set of internal regulations including the "Regulations to Prevent Insider Trading" and the "Information Disclosure Regulations" that stipulate fundamental policies for compliance with laws and regulations, transparency, timeliness, fairness, consistency and confidentiality, and ensure strict compliance by executive officers and employees.

■Communication with Shareholders – Basic Policy: <https://www.sojitz.com/en/ir/stkholder/dialog/>

(2) Sojitz has established a system where Directors play an active role in dialogue with shareholders, with support from the Investor Relations Office as a dedicated body for this purpose. The specific initiatives undertaken in relation to the Company’s dialogue with shareholders is as follows:

Parties	Initiatives
Individual shareholders and individual investors	Briefings for individual investors are regularly held and archived videos are available. In addition, Sojitz strives to maintain and strengthen information disclosure for individual shareholders by holding shareholder briefings for individual shareholders several times a year in multiple cities to provide opportunities for direct dialogue with the Sojitz management, issuing shareholder newsletters, and posting videos on the Sojitz website featuring the President & CEO’s visit to Sojitz’s operating companies.
Analysts and Institutional investors	In addition to holding regular briefings on financial results and individual businesses, as well as dialogues through individual interviews, Sojitz IR Day was held in FY2022 with a program of business strategy, DX strategy, and a panel discussion by Outside Directors. For further details on Sojitz IR Day, please refer to the Sojitz website. <a href="https://www.sojitz.com/en/ir/meetings/irday/">https://www.sojitz.com/en/ir/meetings/irday/</a>
Overseas investors	Direct dialogue with overseas investors was conducted through individual meetings (in person or online) with investors in North America, Europe, Hong Kong, Singapore, etc., as well as through participation in conferences hosted by securities companies.

【Supplementary Principles 5-1①】

Taking the requests and interests of shareholders into consideration, to the extent reasonable, the senior management, directors, including outside directors, and *kansayaku*, should have a basic position to engage in dialogue (management meetings) with shareholders.

- (1) From the perspective of emphasizing dialogue with shareholders, management executives, such as the President and CFO and the COO of the IR Office and Directors including Outside Directors, reasonably attend financial results briefings, business briefings, and interviews with domestic and foreign investors.
- (2) We also hold regular opportunities for dialogue with Outside Directors and institutional investors. Summaries of the dialogues between Outside Directors and institutional

investors can be found on the Sojitz website.

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

【Supplementary Principles 5-1②】

At minimum, policies for promoting constructive dialogue with shareholders should include the following:

- ( i ) Appointing a member of the management or a director who is responsible for overseeing and ensuring that constructive dialogue takes place, including the matters stated in items ii) to v) below;
- ( ii ) Measures to ensure positive cooperation between internal departments such as investor relations, corporate planning, general affairs, corporate finance, accounting and legal affairs with the aim of supporting dialogue;
- ( iii ) Measures to promote opportunities for dialogue aside from individual meetings (e.g., general investor meetings and other IR activities);
- ( iv ) Measures to appropriately and effectively relay shareholder views and concerns learned through dialogue to the senior management and the board; and
- ( v ) Measures to control insider information when engaging in dialogue.

The Company operates as follows in order to promote constructive dialogue with shareholders:

- (i) We appoint senior management to provide oversight of investor relations (IR) to ensure constructive dialogue with shareholders. We have established a system in which the IR Office coordinates measures related to shareholder dialogues and provides support as a dedicated organization for investor relations. Additionally, directors will be the primary leaders of shareholder dialogues.
- (ii) In addition to the role of the IR Department, which is an internal organization that assists in dialogues to control information from related departments, the Company has established a system for coordination among departments, which is made up of representatives from each department, including the Corporate Planning Department, the Public Relations Department, and the Legal Department to promote stakeholder understanding and increase corporate value.
- (iii) The IR Department regularly holds multiple opportunities for dialogue outside of individual meetings including financial results briefings, business briefings, briefings for individual investors, briefings for individual shareholders, IR Day, and meetings with institutional investors.
- (iv) The IR Department collects questions, opinions, and concerns from shareholders obtained through briefings and interviews and reports them to senior management.
- (V) Sojitz has established and observed a set of internal regulations including the “Regulations to Prevent Insider Trading” and the “Information Disclosure Regulations” that stipulate fundamental policies for compliance with laws and regulations, transparency, timeliness, fairness, consistency and confidentiality, and ensures strict

compliance by executive officers and employees.

【Supplementary Principles 5-1③】

Companies should endeavor to identify their shareholder ownership structure as necessary, and it is desirable for shareholders to cooperate as much as possible in this process.

In order to enhance IR activities and constructive dialogue with shareholders, the Company gleans the distribution of shareholders from the shareholder register at the end of March and at the end of September each year and conducts a survey to identify actual shareholders.

【Principle 5-2.】

When establishing and disclosing business strategies and business plans, companies should articulate their earnings plans and capital policies, and present targets for profitability and capital efficiency after accurately identifying the company's cost of capital. Also, companies should provide explanations that are clear and logical to shareholders with respect to the allocation of management resources, such as reviewing their business portfolio and investments in fixed assets, R&D, and human capital, and specific measures that will be taken in order to achieve their plans and targets.

Sojitz embarked on Medium-term Management Plan 2023 starting from April 2021. Medium-term Management Plan 2023 is based on an accurate understanding of the cost of capital from which targets such as management indexes and focus areas for business fields and investments were determined.

Specifically, under Medium-term Management Plan 2023, Sojitz is working to execute new, large-scale investments based on strategies that embody the Company's three focus areas: the infrastructure and healthcare field; growth markets, which will be approached through market-oriented initiatives; and the material and circular economy field. We will thus pursue the steady improvement of corporate value through the execution of investments in growth and new fields, to be identified based on megatrends, totaling ¥330.00 billion over the three-year period of the plan (¥30.0 billion of which is to be directed toward non-financial investments in human resources and organizational reforms.) These investments shall be conducted while practicing continued discipline in cash flow management.

Sojitz executed approximately ¥250.0 billion in new investments by FY2022. At the same time, recovery of invested capital is progressing as a result of steady asset replacement. In addition, core operating cash flow has exceeded initial plans. Comprehensive cash flow allocation, including cash flow for shareholder returns, were taken into account to conduct an upward revision of the three-year Medium-term



Management Plan's target of ¥ 300.0 billion in new investments to ¥ 500.0 billion to pursue further growth through investments.

\*For further details on the targets set under Medium-term Management Plan 2023, see Principle 3-1. For further details on human capital investments, see Supplementary Principles 3-1③.

\*For further details on Medium-term Management Plan 2023, refer to the Sojitz website.

<https://www.sojitz.com/en/corporate/strategy/plan/pdf/2023e.pdf>

**【Supplementary Principles 5-2①】**

In formulating and announcing business strategies, etc., companies should clearly present the basic policy regarding the business portfolio decided by the board and the status of the review of such portfolio.

- (1) Our basic policy regarding our business portfolio is outlined in Medium-term Management Plan 2023.
- (2) Progress and any revisions in relation to Medium-term Management Plan 2023 are reported in materials such as financial results and business reports as well as the Notice of Ordinary General Shareholders' Meeting.

■ Financial Results: <https://www.sojitz.com/en/ir/financial/>

■ Business Report: <https://www.sojitz.com/en/ir/stkholder/general/>