

## Corporate Governance Report

CORPORATE GOVERNANCE

Sojitz Corporation.

**Last Update:** October 31, 2024

Sojitz Corporation

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

The corporate governance of Sojitz Corporation (the “Company”) is described below.

## I. Basic Views on Corporate Governance, Capital Structure, Corporate Attributes, and Other Key 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 these, based on our belief that the enhancement of our corporate governance is an important issue of management, we have striven 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. Based on this concept, since June 2020, Sojitz has had an independent Director serve as Chair of the Board of Directors and appointed a majority of the Nomination Committee and the Remuneration Committee as independent Directors. Furthermore, in June 2023, Sojitz appointed a majority of the Board of Directors as independent Directors. Through these changes, Sojitz has been committed to ensuring management transparency and strengthening its corporate governance system.

In addition, upon approval at the 21st Ordinary General Shareholders’ Meeting held on June 18, 2024, Sojitz transitioned from a Company with Audit and Supervisory Board to a Company with Audit and Supervisory Committee. This transition will appoint Audit and Supervisory Committee Members, who are responsible for auditing the execution of duties of Directors, as members of the Board of Directors to strengthen the supervisory function of the Board of Directors. It will also aim to promote the delegation of authority from the Board of Directors to Executive Directors and Executive Officers to accelerate decision-making.

Under this structure, we will enhance the quality and speed of our management decisions and improve the corporate value of the Group in a constantly changing business environment.

### 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 each Principle of the Corporate Governance Code New

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. [Last updated on June 18, 2024]  
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	20% or more but less than 30%
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### Status of Major Shareholders

Name or Company Name	Number of Shares Owned	Percentage (%)
The Master Trust Bank of Japan, Ltd.	38,218,900	17.46
Custody Bank of Japan, Ltd.	16,023,020	7.32
JPMorgan Securities Co., Ltd.	5,638,372	2.58
JAPAN SECURITIES FINANCE CO., LTD.	3,985,330	1.82
THE BANK OF NEW YORK MELLON 140044	3,272,654	1.50
The Nomura Trust and Banking Co., Ltd.	3,121,900	1.43
STATE STREET BANK AND TRUST COMPANY 505103	2,919,473	1.33
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	2,760,282	1.26
STATE STREET BANK WEST CLIENT – TREATY 505234	2,619,420	1.20
GOLDMAN SACHS INTERNATIONAL	2,573,278	1.18

Name of Controlling Shareholder, if applicable (excluding Parent Companies)	_____
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Name of Parent Company, if applicable	_____
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### Supplementary Explanation

- Above is the status of major shareholders as of March 31, 2024.
- Of the above number of shares held, the number of shares related to trust business is as follows.
 

The Master Trust Bank of Japan	37,751,000 shares
Custody Bank of Japan, Ltd.	15,939,000 shares
The Nomura Trust and Banking Co., Ltd.	3,121,000 shares
- As of the end of March 2024, the number of shares held by each shareholder is no longer aggregated with the trust account, etc.
- The shares outstanding are calculated excluding the number of shares of treasury stock.

## 3. Corporate Attributes

Listed Stock Exchange and Market Segment	Prime Market
Fiscal Year-End	March
Business Sector	Wholesale Trade
Number of Employees (Consolidated) as of the End of the Previous Fiscal Year	1,000 or more
Net Sales (Consolidated) for the Previous Fiscal Year	¥1 trillion or more
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	300 or more

## 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 a Material Impact on Corporate Governance

As a general trading company, Sojitz Group is engaged in a wide range of business on a global scale. Sojitz seeks to maximize two types of value through its business activities—“value for Sojitz” and “value for society”—in order to “create value and prosperity” as set forth in the Sojitz Group Statement.

Sojitz holds stake in listed companies SAKURA internet Inc., ROYAL HOLDINGS Co., Ltd., and Fuji Nihon Seito Corporation through the equity method. By leveraging enhanced synergy made possible through utilization of shared management resources, Sojitz aims to achieve mutual improvement of corporate value together with these companies. The role of each company within Sojitz Group’s corporate strategy is as follows.

① SAKURA internet Inc.

SAKURA internet offers cloud computing and IoT services through its domestically operated data centers. In 2023, SAKURA internet became the only Japanese domestic provider to receive government certification (contingent on technical requirements) of its cloud service. By combining SAKURA internet’s cloud infrastructure with Sojitz’s market-building capabilities, the partnership will be able to provide services to a broader range of customers. Sojitz aims to improve the corporate value of both companies by

fostering value creation through a “Digital in All” approach that includes both the digital transformation (DX) of Sojitz’s existing businesses as well as the launch of new business initiatives.

② Fuji Nihon Seito Corporation

Fuji Nihon Seito Corporation is engaged in the manufacture and sale of refined sugar and other sugar-related products and aims to enrich the lives and diets of consumers through its business. Sojitz maintains a stable trading relationship with Fuji Nihon Seito Corporation in the sale of unrefined sugar. Sojitz acts a distributor for Fuji Nihon Seito Corporation’s unrefined sugar business, making the company a key partner for Sojitz’s food products business. Sojitz aims to integrate Fuji Nihon Seito Corporation’s food product manufacturing technology and food science expertise with Sojitz’s business networks and knowledge base in order to improve the corporate value of both companies.

③ ROYAL HOLDINGS Co., Ltd.

ROYAL HOLDINGS possesses a strong business foundation and operates five business segments: the restaurant business, contract food service business, in-flight catering business, hotel business, and food manufacturing business. Sojitz is involved in the food distribution business primarily in Vietnam and other ASEAN countries. Through this partnership, Sojitz aims integrate its business network and expertise with ROYAL HOLDINGS’ existing customer base and business model in order raise the corporate value of both companies.

For the aforementioned three companies, systems have been established to ensure independent management decisions and business activities at each company. These efforts include appointing multiple Independent Directors (for SAKURA internet Inc. and ROYAL HOLDINGS Co., Ltd., Independent Directors make up one third of the Board of Directors). Under these systems, Sojitz dispatches Directors to each of these companies as part efforts to leverage Sojitz’s wide-ranging networks and broad knowledge base as a general trading company to achieve mutual improvement of corporate value for Sojitz and its partner companies.

Furthermore, steps are taken at each company to prevent business activities that would conflict with the overall interests of shareholders. For example, each company has established internal rules and procedures to ensure that transactions with major shareholders, especially transactions of high importance, are properly reviewed for the appropriateness of their conditions.

Through these initiatives, Sojitz aims to maintain the independence of management at both Sojitz and the aforementioned three partner companies while pursuing business synergy, mutual business expansion, and the improvement of corporate value.

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

### 1. Organizational Composition and Operation

Corporate Governance System	Company with Supervisory Committee
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#### Directors

Number of Directors Stipulated in Articles of Incorporation	12
Directors' Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	Outside Director
Number of Directors	11
Election of Outside Directors	Elected
Number of Outside Directors	6
Number of Independent Directors	6

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

Name	Attributes	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Tsuyoshi Kameoka	From another company								△			
Naoko Saiki	Other								△			
Ungyong Shu	From another company											
Kazuhiro Yamamoto	From another company								△			
Haruko Kokue	From another company								△			
Satoko Suzuki	CPA											

\*Categories for “Relationship with the Company”.

(Use “○” 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; and “▲” when a close relative of the director fell under the category in the past.)

a. Person who executes business for the Company or its subsidiary

b. Person who executes business for a non-executive director of the Company's parent company

- c. Person who executes business for a fellow subsidiary
- d. Person/entity for which the Company is a major client or a person who executes business for said person/entity
- e. Major client of the Company or a person who executes business for said client
- f. Consultant, accounting expert, or legal expert who receives large amounts of cash or other assets from the Company in addition to remuneration as a director/company auditor
- g. Major shareholder of the Company (in cases where the shareholder is a corporation, a person who executes business for the corporation)
- h. Person who executes business for a client of the Company (excluding persons categorized as any of d, e, or f above) (applies to director him/herself only)
- i. Person who executes business for another company that holds cross-directorships/cross-auditorships with the Company (applies to director him/herself only)
- j. Person who executes business for an entity receiving donations from the Company (applies to director him/herself only)
- k. Other

Outside Directors' Relationship with the Company (2)

Name	Membership of Supervisory Committee	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons for Appointment
Tsuyoshi Kameoka		○	<p>Transactions between Idemitsu Kosan Co., Ltd., at which Mr. Tsuyoshi Kameoka served as Representative Director, Vice Chairman and Executive Officer until June 2020, and Sojitz in the most recent fiscal year were less than 1% of consolidated sales revenue of said company and less than 1% of consolidated revenue of Sojitz.</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 amount defined in Sojitz's Independence Standards for Independent Directors. 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 Independent Director.</p> <p>Based on the above, we believe that Mr. Kameoka satisfies the independence requirements of Sojitz's Independence Standards for Independent Directors, and we are confident in his ability to remain independent.</p>	<p>Mr. 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. Since 2023, he has exercised appropriate supervision over management from an independent and objective standpoint and played an appropriate role as an Independent Director of Sojitz. Sojitz has therefore appointed him as an Independent Director candidate with the expectation that he will contribute to strengthening Sojitz's corporate governance and raising its corporate value.</p>
Naoko Saiki		○	<p>Ms. Naoko 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 amount defined in Sojitz's Independence Standards for Independent Directors. 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 Independent Director.</p> <p>Based on the above, we believe</p>	<p>Ms. Naoko 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.</p>

			that Ms. Saiki satisfies the independence requirements of Sojitz's Independence Standards for Independent Directors, and we are confident in her ability to remain independent.	including international affairs, the environment and society, and human resource development. In addition, as Chairperson of the Nomination Committee, she has led discussions on a succession plan and contributed to the creation of a system that contributes to the development and strengthening of management personnel. Sojitz has appointed her as an Independent Director candidate in the expectation that she will continue to exercise appropriate supervisory function in relation to management from an independent and objective standpoint by leveraging her extensive experience and contribute to Sojitz's sustainable growth and enhancement of corporate value.
Ungyong Shu		○	-----	Mr. Ungyong Shu has held important positions at J.P. Morgan Securities and Merrill Lynch Japan Securities Limited and has extensive knowledge of M&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 contributed to the vitality of discussions at the Board of Directors meetings by providing accurate recommendations, taking advantage of his experience and expertise. In addition, as the Chairperson of the Remuneration Committee, he has led discussions to formulate an executive remuneration system that will encourage the realization of Sojitz's vision. Sojitz has appointed him as an Independent Director candidate in the expectation that he will continue to 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 Sojitz.
Kazuhiro Yamamoto	○	○	Transactions with Teijin Limited, at which Mr. Kazuhiro Yamamoto served as Director until June 2020, were less than 1% of revenue in Sojitz's consolidated financial statements and less than 1% of consolidated revenue of Teijin Limited for the most recent fiscal year. Based on the above, we believe that Mr. Yamamoto satisfies the independence requirements of Sojitz's Independence Standards	After joining Teijin Limited, Mr. Kazuhiro Yamamoto served in a number of key positions, including General Manager of the Pharmaceutical and Medical Care Business Management Department and General Manager of the Corporate Strategy Office, and President and CEO as well as CFO of Infocom Corporation, a listed subsidiary of Teijin. He has deep insight in the fields of management, information and

			for Independent Directors, and we are confident in his ability to remain independent.	telecommunications, and home healthcare, as well as knowledge of finance and accounting cultivated through his experience. Sojitz has appointed him as a candidate for Director who is Audit and Supervisory Committee Member with the expectation that he will exercise appropriate auditing and supervision from an independent and objective standpoint and contribute to raising Sojitz's corporate governance and value as he has fulfilled an appropriate role as Independent Audit and Supervisory Board Member of Sojitz since 2021.
Haruko Kokue	○	○	<p>Transactions with Mitsui Chemicals Inc., at which Ms. Haruko Kokue served as Counselor until March 2021, were less than 1% of revenue in Sojitz's consolidated financial statements and less than 1% of consolidated sales 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 amount defined in Sojitz's Independence Standards for Independent Directors. 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 Independent Director who is Audit and Supervisory Committee Member.</p> <p>Based on the above, we determine that the individual meets the requirements for independence as outlined in our "Standards for Independence of Independent Directors," and their independence is ensured.</p>	Ms. Haruko Kokue has extensive experience in supply chain management, public relations, investor relations, and international business management since joining Mitsui Chemicals, Inc. She also has deep insight into dialogues with various stakeholders and supply chain. Sojitz has appointed her as a candidate for Director who is Audit and Supervisory Committee Member with the expectation that she will exercise appropriate auditing and supervision from an independent and objective standpoint and contribute to raising Sojitz's corporate governance and value as she has been serving appropriately as Independent Director of Sojitz since 2022.
Satoko Suzuki	○	○	-----	After serving as an auditor at Deloitte Touche Tohmatsu, Ms. Satoko Suzuki opened a certified public accountant firm and has been engaged in auditing services for many years. Currently, she also serves as a supervisory director of a REIT investment corporation and as an Independent director who is audit and supervisory committee member of a major general chemical company. Sojitz has appointed her as a candidate for Director who is Audit and Supervisory Committee Member with the expectation that she will exercise appropriate auditing and



				supervision from an independent and objective standpoint and contribute to raising Sojitz's corporate governance and value as she possesses insight on finance and accounting, as well as outstanding expertise in auditing services cultivated through her extensive experience.
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## Supervisory Committee

### Composition of Supervisory Committee and Attributes of the Chairperson

	All Committee Members	Full-time Members	Inside Directors	Outside Directors	Committee Chair
Supervisory Committee	4	1	1	3	Inside Director

Appointment of Directors and/or Staff to Support the Supervisory Committee	Appointed
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### Matters Concerning Independence of Said Directors and/or Staff from Executive Officers/Reasons for Adopting Current System

Two Senior Auditors are assigned to ensure the effectiveness of audits by the Audit and Supervisory Committee.

Senior Auditors are persons who are familiar with the Group's business and operations and have knowledge of finance and accounting, risk management, and other relevant areas. Senior Auditors support the duties of the Audit and Supervisory Committee from the same perspective as Audit and Supervisory Committee Members. In addition, the Internal Control Administration Department assigns several dedicated staff members to provide support to the Audit and Supervisory Committee and Senior Auditors.

The Senior Auditor performs their duties under the direction of the Audit and Supervisory Committee. Senior Auditors' personnel evaluation and transfers are subject to consultation with the Audit and Supervisory Committee in order to ensure their independence from Executive Directors.

### Cooperation among the Supervisory Committee, Accounting Auditors and Internal Audit Department

In order to mutually ensure the completeness and efficiency of audits, the Audit and Supervisory Committee, Accounting Auditors, and Internal Audit Department engage in information sharing to enhance the effectiveness of audits.

#### (Cooperation between Audit and Supervisory Committee and Accounting Auditor)

Audit and Supervisory Committee 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

#### (Cooperation between Audit and Supervisory Committee and Internal Audit Department)

The Internal Audit Department's annual audit plan is determined by the resolution of the Audit and Supervisory Committee. The Internal Audit Department reports regularly to the Audit and Supervisory Committee on the status of the internal audit. In addition, the Audit and Supervisory Committee may ask the Internal Audit Department to make reports and conduct investigations and may give specific instructions to the Internal Audit Department as necessary.

#### (Three-way audit meetings)

The Audit and Supervisory Committee, the Internal Audit Department and the Accounting Auditor meet regularly to share the status of their respective audits and exchange opinions to promote cooperation among them.

For more details information, please refer to II. 2. [Matters Concerning Functions of Business Execution, Auditing and Supervision, Nomination, and Remuneration Decisions (Overview of Current Corporate Governance System)].

### Voluntary Established Committee(s)

Voluntary Establishment of Committee(s) equivalent to Nomination Committee or Remuneration Committee	Established
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#### Status of Voluntarily Established Committee(s), Attributes of Members Constituting the Committee and the Committee Chairperson

	Committee's Name	All Members	Full-time Members	Inside Directors	Outside Directors	Outside Experts	Other	Chairperson
Voluntarily Established Committee Equivalent to Nomination Committee	Nomination Committee	4	0	1	3	0	0	Outside Director
Voluntarily Established Committee Equivalent to Remuneration Committee	Remuneration Committee	4	0	1	3	0	0	Outside Director

#### Supplementary Explanation

Sojitz has established the following advisory bodies to the Board of Directors.

- Nomination Committee (3 Independent Directors, 1 Inside Director)

(Roles) Discusses and proposes the standards and methods for selecting Director and Executive Officer candidates and considers candidate proposals.

(Members) Naoko Saiki (Chair/Independent Director), Ungyong Shu (Independent Director), Tsuyoshi Kameoka (Independent Director), and Kosuke Uemura (Representative Director and President)

- Remuneration Committee (3 Independent Directors, 1 Inside Director)

(Roles) Discusses and proposes remuneration levels for Directors and Executive Officers and various systems related to evaluation and remuneration.

(Members) Ungyong Shu (Chairperson/ Independent Director), Naoko Saiki (Independent Director), Tsuyoshi Kameoka (Independent Director), and Masayoshi Fujimoto (Representative Director and Chairman)

### Matters Concerning Independent Directors

Number of Independent Directors	6
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#### Other Matters Concerning Independent Directors

Sojitz appoints Independent Directors from those with a wide range of knowledge, deep insight, excellent character, mental and physical health conditions, and abundant experience in industries and administrative fields, such as those who have management experience in business corporations and government agencies, and who have objective and specialist viewpoints toward world affairs, social and economic trends, and corporate management. Sojitz also ensures the diversity of the candidates' gender, age and internationality from the perspective of reflecting the viewpoints of a variety of stakeholders in the supervision of business activities.



## Incentives

Implementation Status of Measures related to Incentives Granted to Directors

Introduction of Performance-linked Remuneration Scheme

### Supplementary Explanation for Applicable Items

At the 21st Ordinary General Shareholders' Meeting, which was held on June 18, 2024, the continuation and partial amendments of the performance-linked share remuneration system for Directors and Executive Officers (excluding Independent Directors, Directors who are Audit and Supervisory Committee Members, and individuals not residing in Japan; hereinafter referred to as "Directors, etc.") were approved. This decision was made with the goal of providing a highly transparent and objective executive remuneration system that is strongly linked to corporate performance and that serves to heighten the commitment of Directors, etc. to contributing to improvements in performance and corporate value over the medium to long term.

This system is designed to evaluate the contributions of Directors, etc. to medium- to long-term performance based on their aggregate term of service. These evaluations are used to determine total numbers of shares to be delivered to applicable Directors, etc., delivered after their resignation.

Please refer to our Annual Financial Report (for the year ended March 31, 2024) for the details.

(<https://www.sojitz.com/en/ir/reports/vsecurity/>)

Persons Eligible for Stock Options

### Supplementary Explanation for Applicable Items

## Director Remuneration

Status of Disclosure of Individual Director's Remuneration

Disclosure for Selected Directors

### Supplementary Explanation for Applicable Items

Total amount of remuneration by officer classification, total amount of remuneration by type of remuneration and number of company officers subject to payment

Rank/Number of persons to be paid/Basic remuneration : Monetary (\*1,2) /Performance-linked remuneration : Monetary (short-term) (\*1) , Share (medium-to long-term) (\*1,3,4) /Total

- Directors (Total)/10 persons/Basic remuneration : 317/Performance-linked remuneration : 127•275/Total : 720
- Executive Directors/5 persons/Basic remuneration : 254/Performance-linked remuneration : 127•275/Total : 657
- Independent Directors/5 persons/Basic remuneration : 63/Performance-linked remuneration : —/Total : 63
- Audit and Supervisory Board Members (Total)/5 persons/Basic remuneration : 106/Performance-linked remuneration : —/Total : 106
- Audit and Supervisory Board Members (full time)/2 persons/Basic remuneration : 73/Performance-linked remuneration : —/Total : 73
- Independent Audit and Supervisory Board Members/3 persons/Basic remuneration : 32/Performance-linked remuneration : —/Total : 32

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

\*2. As of the end of FY2023, there were 9 Directors and 5 Audit and Supervisory Board Members. The total amount of remuneration of Directors and Audit and Supervisory Board Members includes that for 1 Director who retired due to expiration of his term of office at the conclusion of the Ordinary General Shareholders' Meeting held on June 20, 2023 and for 1 Director who retired due to resignation on March 31, 2024.

\*3. As the Board of Directors confirmed that the amounts of remuneration for individual Directors for FY2023, 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 determination policy described in below (Executive Remuneration Policy for FY2023), the details of such remuneration were judged to be in line with the policy.

\*4. 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 FY2023 associated with the share delivery points regarding the BIP Trust, including the persons who are scheduled to retire in FY2023.

The names, ranks, and remuneration amounts for the Directors who received a total of ¥100 million or more in remuneration in FY2023 are disclosed in the Annual Financial Report.

Annual Financial Report (for the year ended March 31, 2024) (<https://www.sojitz.com/en/ir/reports/vsecurity/>)

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

### ■ Methods for determining executive remuneration

As for remuneration for Directors (excluding Audit and Supervisory Committee Members), the Executive Remuneration Policy, rank-based standard amounts for basic remuneration (fixed remuneration), and calculation methods of performance-linked remuneration (short-term) and performance-linked remuneration (medium- to long-term) (including the targets for each of the evaluation indicators) are decided based on resolutions made by the Board of Directors after deliberations at the Remuneration Committee. Based on these decisions, amounts of remuneration paid to individual Directors are calculated and determined. Amounts of remuneration paid to individual Audit and Supervisory Committee Members are determined through discussion among Directors who are Audit and Supervisory Committee Members.

The Remuneration Committee is an advisory body to the Board of Directors tasked with deliberation and proposals related to levels of remuneration for Directors (excluding Directors who are Audit and Supervisory Committee Members) and Executive Officers and evaluation and remuneration systems. The committee is membered by a majority of Independent Directors and is chaired by an Independent Director.

### ■ Remuneration system for Director (excluding Audit and Supervisory Committee Members) and Executive Officers

#### < Executive Remuneration Policy >

Based on the assumption of transitioning from a company with Audit and Supervisory Board to a company with Audit and Supervisory Committee effective on June 18, 2024, the partial amendment of the Executive Remuneration Policy (Company policy for determining amounts of remuneration paid to individual Directors, etc.) was approved at the Board of Directors meeting held on March 22, 2024 as a policy for the remuneration system of Directors (excluding Directors who are Audit and Supervisory Committee Members) and Executive Officers. The policy was amended after obtaining reports from the Remuneration Committee.

The details of the amended Executive Remuneration Policy are as follows.

#### ● Basic view

Sojitz's basic view on remuneration for Directors (excluding Directors who are Audit and Supervisory Committee Members; the same applies hereinafter) and Executive Officers (hereinafter collectively referred to as the "Officers") is based on the following two considerations.

- Remuneration shall offer incentives to pursue ongoing growth and medium- to long-term increases in corporate value in order to facilitate the creation and provision of two types of value—value for Sojitz and value for society.
- Remuneration systems shall be structured to drive us toward our vision for 2030 of "Becoming a general trading company that constantly cultivates businesses and human capital."

#### ● Basic policies

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

#### ● Breakdown of remuneration

##### ◆ Level of remuneration

In line with the basic policies, the level of remuneration shall stay attractive and commensurate with the 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 conducted by third parties on executive remuneration at listed corporations in Japan, 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 the 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 our corporate statement 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

[Officers (excluding Independent Directors)]

The proportion of basic remuneration among total compensation will be lowered to between approximately 40% and 64%, based on job responsibilities, and the proportion of performance-linked remuneration will be raised.

Basic remuneration: 40~64%, Performance-linked remuneration (short-term): 20~22%, Performance-linked remuneration (medium to long-term) 16~40%

[Independent Directors (excluding Directors who are Audit and Supervisory Committee Members)]

Remuneration consists wholly of basic remuneration, while special allowance shall be paid separately to the Chairperson 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): After the retirement (\*)
- (\*) 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. The beneficiary requirements shall be determined as necessary to achieve the purpose of the share remuneration system.

● Determination method of performance-linked remuneration

Determined based on factors such as the degree of accomplishment 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 wrongdoing by an Officer is confirmed by the Board of Directors, Sojitz may restrict the payment of performance-linked remuneration or request the refund of the remuneration the Officer has received.

● Governance over remuneration

The 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 Independent Director, with the majority of committee members being Independent Directors. The amount of remuneration for Directors who are Audit and Supervisory Committee Members shall be determined through discussion among the Directors who are Audit and Supervisory Committee Members.

The FY2024 remuneration system for Directors was established based on the aforementioned policies. Further details regarding this system, including an overview and calculation methods, are disclosed in the Annual Financial Report.

Annual Financial Report (for the year ended March 31, 2024) : (<https://www.sojitz.com/en/ir/reports/vsecurity/>)

■ Remuneration system of Directors who are Audit and Supervisory Committee Members

Performance-linked remuneration is not paid to Audit and Supervisory Committee Members out of consideration for their role in auditing Directors' execution of their duties. As a result, Audit and Supervisory Committee Members only receive basic remuneration (monetary). The amount of such remuneration is determined through discussion among the Directors who are Audit and Supervisory Committee Members.

## Support System for Outside Directors

- The Board Meeting Operation Office has been established as an organization which is comprised of six full-time staff (as of June 18, 2024), who support the Directors by reporting to, providing information to, and communicating with Directors in a timely and appropriate manner.
- Materials from Management Committee meetings and Finance & Investment Deliberation Council meetings, shareholder newsletters, reports by securities analysts, and internal newsletters are shared with Independent Directors, who are also given opportunities to participate in Finance & Investment Deliberation Council meetings as observers.
- Information sharing meetings between Executive Directors and Independent Directors (held monthly in principle), off-site meetings among all Directors, Independent Directors meetings, meetings and opinion exchanges between Independent Directors and a Non-Executive Director who is a full-time Audit and Supervisory Committee Member (twice a year each), and visits to business offices by Independent Directors are held to promote communication and mutual understanding among Executive Directors, Non- Executive Directors and Independent Directors and to facilitate constructive discussions at the Board of Directors meetings.

## Status of Persons who have Retired as Representative Director and President, etc.

Information on Persons Holding Advisory Positions (*Sodanyaku, Komon*, etc.) after Retiring as Representative Director and President, etc.

Name	Job title/ position	Responsibilities	Terms and Conditions of Employment (Full/part time, with/without remuneration, 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, 2024

Number of Persons Holding Advisory Positions (*Sodanyaku, Komon*, etc.)  
After Retiring as Representative Director and President, etc.

1

### Other Related Matters

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 Concerning Functions of Business Execution, Auditing and Supervision, 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 independent Directors supervise the Executive Directors and overall system of business execution. They also provide opinions and advice on 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, age, 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 12. As of June 18, 2024, the Board of Directors consists of 11 members (7 males and 4 females: the ratio of female Directors is 36.4%), including 7 Directors (excluding Directors who are Audit and Supervisory Committee Members), 3 of whom are independent Directors, and 4 Directors who are Audit and Supervisory Committee Members, 3 of whom are independent Directors. The Board of Directors is chaired by an Independent Director, Mr. Tsuyoshi Kameoka.

#### ●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, which provides advisory services to the Board of Directors, 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 policy, business plans and important personnel based on the internal rules of the Board of Directors in addition to laws, regulations and the Articles of Incorporation. It also reviews and resolves important matters related to business execution, such as investments and loans of high quantitative importance. As for business execution other than these matters resolved by the Board of Directors, the President, the Chief Operating Officer, or the executing bodies reporting to the President & CEO; the Management Committee, the Finance & Investment Deliberation Council, the Human Resource Deliberation Council, etc. review and approve matters depending on the contents, scale, importance and risks of each matter.

#### <Main deliberations at the Board of Directors meetings held during FY2023 >

##### ◆Management Strategies, Sustainability, and Governance (52%)

Transition to a Company with Audit and Supervisory Committee, Progress on the Medium-Term Management Plan 2023 and

Formulation of the Medium-Term Management Plan 2026, Repurchase and cancellation of treasury stock, Sustainability Committee reports, Nomination and Remuneration Committees reports, Executive personnel and remuneration, Business execution reports, D&O insurance, Limited liability agreements with Independent Directors, Assessment of effectiveness of the Board of Directors, Cross-shareholdings, Shareholders' equity costs, The Board of Directors' annual plan, Matters related to the General Shareholders' Meeting, Personnel policies, DX (Digital Transformation) strategy in the Medium-Term Management Plan 2026, Information and IT Systems Security Committee reports

◆ Audit, Internal Control, Risk Management, Finance & Accounting, and Compliance (22%)

Matters related to the Audit and Supervisory Board, Internal audit reports, Internal Control Committee reports, Risk management operation policy, Matters related to financial closing, Matters related to budgets, Financial planning, financing and financial progress reports, Compliance Committee reports, Security Trade Control Committee reports, Reports on litigation and arbitration

◆ Investments & Loans (26%)

Food wholesale business in Vietnam, Automobile business in Panama, LNG business in Australia, etc.

\* The figures in parentheses indicate the percentage of deliberation time spent for each agenda to the total deliberation time of the Board of Directors meetings held during FY2023.

● **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. With respect to the method of analysis and the results of the FY2023 assessment, as well as the action plan for the fiscal year 2024 based on these results, please refer to the Supplementary Principles 4-11 ③ of "Sojitz's Approach to Corporate Governance Code Principles" of at the end of this report.

● **Policies on Appointment and Standards for Independence of Outside Officers**

We place importance on the independence of Directors. We have formulated our own Independence Standards for Directors in addition to the provisions of the Companies Act, and standards for independence of Directors set by financial instruments exchange, and confirm that all our Directors 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.

● **Training Policy for Directors**

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

● **Policy for Determining Remuneration of Directors**

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

(B) **Audit and Supervisory Committee**

Sojitz transitioned to a Company with Audit and Supervisory Committee upon approval at the 21st Ordinary General Shareholders' Meeting held on June 18, 2024. The Audit and Supervisory Committee audits the execution of duties of Directors from the perspective of legality and appropriateness to fulfill its supervisory and auditing functions over operations of business, by attending important meetings related to the execution of business, interviewing Executive Directors, reviewing documents related to important decisions, and using other methods.

● **Composition of the Audit and Supervisory Committee**

The Audit and Supervisory Committee consists of 4 members (2 males, 2 females), including 1 full-time Inside Director and 3 independent Directors. To ensure the effectiveness of audits by the Audit and Supervisory Committee, we appoint 1 Inside Director who is familiar with the Group's business as a full-time Audit and Supervisory Committee Member and Chair of the Audit and Supervisory Committee.

In addition, 3 members of the Audit and Supervisory Committee have considerable knowledge of finance and accounting as follows.

- Mr. Yoshiki Manabe, a full-time Inside Director, has served as COO, been responsible for accounting and finance, and held other important positions at Sojitz. He has considerable knowledge of finance and accounting.
- Mr. Kazuhiro Yamamoto, an Independent Director, has been responsible for finance, accounting, and business planning and held important positions including CFO at Teijin Limited. He has considerable knowledge of finance and accounting.
- Ms. Satoko Suzuki, an Independent Director, opened a certified public accountant office after serving as a certified public accountant at an audit firm, and has been engaged in auditing services for many years. She has outstanding expertise in finance and accounting.

● **Audit system**

Please refer to [Audit system Framework] at the end of this report.

<Senior Auditor> (\*1 of [Audit system Framework] at the end of this report)

- Two Senior Auditors are assigned to ensure the effectiveness of audits by the Audit and Supervisory Committee.
- Senior Auditors are persons who are familiar with the Group's business and operations and have knowledge of finance and accounting, risk management, and other relevant areas. They complement and support the duties of the Audit and Supervisory Committee from the same perspective as Audit and Supervisory Committee Members.
- The Senior Auditor performs their duties under the direction of the Audit and Supervisory Committee.



- Senior Auditors' personnel evaluation and transfers are subject to consultation with the Audit and Supervisory Committee to ensure the independence of audits.

<Establishment of a reporting line from the Internal Audit Department to the Audit and Supervisory Committee> (\*2 of [Audit system Framework] at the end of this report)

- The Audit and Supervisory Committee receives regular reports on the audit status from the Internal Audit Department.
- The Audit and Supervisory Committee may ask the Internal Audit Department to make reports and conduct investigations and may give specific instructions to the Internal Audit Department as necessary.

<Establishment of a reporting line from the Internal Control Committee to the Audit and Supervisory Committee> (\*3 of [Audit system Framework] at the end of this report)

- The Internal Control Committee, which is an executing body under the management of the President, oversees the implementation and enforcement of the internal control system and conducts periodic monitoring. While cooperating with other committees, the Internal Control Committee identifies issues and considers countermeasures related to the internal systems and frameworks, points out these issues to the relevant departments, and makes improvements.
- The Audit and Supervisory Committee receives regular reports from the Internal Control Committee on the establishment and operation status of the internal control system in business execution.

<Others>

The Audit and Supervisory Committee, the Internal Audit Department and the Accounting Auditor meet regularly to share the status of their respective audits and exchange opinions to promote cooperation among them.

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

See II. 1. [Voluntary Established Committee(s)] above for more information.

**2) Business executing bodies**

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

**(A) Management Committee**

The Committee consists of Executive Directors, Chief Operation Officers (COOs) of the 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 FY2023, with a total of 12 members (10 males and 2 females). In FY2023, the Committee mainly focused on reviewing the progress of business investment, personnel policies, etc., outlined in the Medium-Term Management Plan 2023, strategies and policies for business and human resources in the Medium-Term Management Plan 2026. Additionally, the meeting addressed reports on the macro environment, foreign exchange and country risks, and other important sales and corporate projects.

In FY2024, the Committee consists of a total of 13 members (10 males and 3 females).

**(B) Finance & Investment Deliberation Council**

The Council consists of Executive Directors and corporate department supervisors. It discusses and resolves important investment and loan proposals from a Group-wide viewpoint. The Council meetings are held twice a month in principle, and a total of 20 meetings were held in FY2023.

**(C) Human Resource Deliberation Council**

The Council consists of Executive Directors and corporate department supervisors. It discusses and resolves important issues pertaining to human resources from a Group-wide viewpoint. The Council meetings are held twice a month in principle, and a total of 21 meetings (2 of which were held in writing) were held in FY2023.

**(D) Internal committees**

In order to enhance corporate value, we have established the following internal committees (as of June 18, 2024) that act as executing bodies under the direct supervision of the President to advance management initiatives that need to be handled across the organization. Each internal committee regularly reports on its discussions to the Board of Directors and the Management Committee. The frequency and number of meetings of each committee held in FY2023 were as follows.

	Roles	Frequency of meetings (Number of meetings held in FY2023)
Internal Control Committee	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.	Once a quarter in principle (4 meetings)



Compliance Committee	The Compliance Committee examines and formulates fundamental policies and measures to ensure compliance.	Once a quarter in principle (4 meetings)
Sustainability Committee	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 FY2023, the Committee mainly discussed and reviewed CO <sub>2</sub> emissions reduction and contribution to reduction, the measurement of CO <sub>2</sub> emissions in the supply chain (Scope 3), risk assessment of high-risk business areas related to the environment and human rights, and efforts to respect human rights, as well as external trends related to biodiversity and other sustainability issues.	Once a quarter in principle (4 meetings)
Security Trade Control Committee	The Security Trade Control Committee expedites responses to changing security trade control issues associated with the Sojitz Group and establishes appropriate trade control systems.	In addition to the annual meeting, convened as needed (2 meetings)
Quality Management Committee	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.	Once a quarter in principle (5 meetings)
DX Promotion Committee	The DX Promotion Committee monitors the overall picture of DX promotion aimed at improving corporate value, 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 FY2023, 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.	Once a month in principle (11 meetings)
Information and IT Systems Security Committee	Information and IT Systems 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 improve corporate value, while grasping the focus and importance of risks that arise in business where digital data and IT are utilized in conjunction with the accelerated promotion of DX.	Once a quarter in principle (4 meetings)

Furthermore, we have established the Business Continuity Management Working Group and the Disclosure Working Group, which discuss and review the practices and initiatives for specific themes from cross-organizational perspectives. 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

With the approval of the 21st Ordinary General Shareholders' Meeting held on June 18, 2024, the Company has transitioned to a Company with Audit and Supervisory Committee. Therefore, information on corporate audits, accounting audits and internal audits for FY2023 shows the status before such transition, i.e., the status of corporate audits, accounting audits and internal audits as a Company with Audit and Supervisory Board.

#### (A) Organization and Personnel

Before the transition, the Company, as a Company with Audit and Supervisory Board, had 5 Audit and Supervisory Board Members, including three Independent Audit and Supervisory Board Members, 3 of whom had considerable knowledge of finance and accounting

#### (B) Activities of Audit and Supervisory Board Members and Audit and Supervisory Board

##### ● Activities of Audit and Supervisory Board Members

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

Audit and 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 Internal Audit Department, and submit opinion statements on audit results. The Audit and Supervisory Board has thus established a system for ascertaining the status in a timely and appropriate fashion, based on cooperation with the Accounting Auditor and the Internal Audit Department.

Audit and Supervisory Board Members conducted audits while having sufficient communication with domestic and overseas consolidated subsidiaries through on-site audits and remote audits using the web conference system.

Audit and Supervisory Board Members concentrated on the following matters during FY2023.

- (1) Status of group governance  
Monitor and audit the business execution of Sojitz and domestic and overseas Sojitz Group companies to ensure that it is conducted in a responsible manner, with constant awareness of social responsibility and based on fair and appropriate judgment.
- (2) Status of group compliance  
Promote Group-wide awareness of compliance and ensure strict adherence to laws, regulations, and internal rules to prevent the occurrence of corporate scandals and other events that may cause significant damage to Sojitz.
- (3) Internal Control System  
Monitor the implementation and operation of the Internal Control System and verify its effectiveness in cooperation with the Accounting Auditor, departments in charge of internal audits and internal controls, as well as auditors of group companies. Furthermore, monitor the status of the system for ensuring the reliability of financial reporting as stipulated in the Financial Instruments and Exchange Act and verify it in the same manner as above, as a component of the Internal Control System in the broad sense of the term.
- (4) Asset and business management follow-up system  
In order to maintain and ensure the profitability of the entire Group's business and the quality of its assets in the midst of changing internal and external environments, verify the process of asset evaluation and business follow-up, including investments and loans, to monitor and audit whether appropriate decisions are made in a timely manner.
- (5) Cooperation with the Internal Audit Department and the Internal Control Administration Department  
Enhance communication with the Internal Audit Department and the Internal Control Administration Department to enhance the quality of audits.

< Main Activities of Audit and Supervisory Board Members >

- Attendance at the Board of Directors meetings 【16 times a year】
- Attendance at important meetings (Management Committee, Finance & Investment Deliberation Council, Internal Control Committee, etc.) 【at appropriate times】
- Meetings with Executive Directors 【twice a year】
- Meetings with Independent Directors 【twice a year】
- Meetings with executive management officers, COOs of business and function divisions, Presidents and CEOs of overseas operations 【twice a year】
- On-site audits of domestic and overseas group companies (including remote audits) 【47 companies a year】
- Meetings with full-time auditors of group companies 【twice a year】
- Attendance at pre-audit briefings and audit review meetings of the Internal Audit Department and submission of written opinion 【71 times a year】
- Review of important documents relevant to major business decisions 【Once a quarter】
- Attendance at reporting meetings on audit plans and audits and interviews with the Accounting Auditor 【Once a quarter】
  - Explanation on the overview of audit plans and quarterly review plans : conducted in July
  - Reports on the overview of progress in quarterly reviews : Once a quarter
  - Reports on the overview of the results of quarterly reviews : Once a quarter
  - Reports on the overview of the results of audits under the Companies Act and the Financial Instruments and Exchange Act : conducted in May and June
  - Reports on the overview of the results of internal control audits : conducted in June
  - Three-way audit meetings (Information sharing among the Accounting Auditor, the Internal Audit Department, and full-time Audit and Supervisory Board Members) : Once a quarter
  - Information and opinion exchange : 5 a year

\* The above activities are assigned among the auditors. (Full-time auditors are responsible for all of the above.)

● **Activities of Audit and Supervisory Board Member and Audit and Supervisory Board**

As a general rule, the Audit and Supervisory Board meets once a month, as well as on an as-needed basis on an ad hoc basis. During FY2023, the Audit and Supervisory Board met 19 times, each meeting lasting approximately 2 hours and 30 minutes.

**(C) Internal audits**

The Company has established the Internal Audit Department as an organization independent of other business execution departments. The Internal Audit Department (comprising 35 people as of June 18, 2024) conducts internal audits covering the business divisions, corporate departments, and consolidated subsidiaries to verify that the various management activities and operational controls of the Sojitz Group are being properly executed in compliance with laws, regulations,

and internal rules. The status of internal audits conducted by the Internal Audit Department is as follows:

- The Department develops an annual audit plan with an annual operating policy, priority items, and annual schedule, among other things, and conducts internal audits in accordance with the plan.
- During the audit, the Department investigates whether organizational governance, risk management, and internal controls are functioning appropriately and makes proposals for effective improvements to prevent loss and resolve issues.
- After the audit is completed, the Department convenes an audit review meeting for the audited organization to present the audit results, exchange opinions on problem areas, and discuss improvement measures. Attendees include the president of the audited organization, COOs responsible for corporate departments, and full-time Audit and Supervisory Committee Members. After the audit review meeting, an internal audit report is prepared and submitted to the audit report meeting (comprising Representative Directors, full-time Audit and Supervisory Committee Members, and other persons deemed necessary by the president).
- 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.
- The General Manager of the Internal Audit Department reports the results of internal audits to the Management Committee, the Board of Directors, and the Audit and Supervisory Committee on a regular basis.

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

- The Internal Audit Department's annual audit plan is determined by the resolution of the Audit and Supervisory Committee.
- The Internal Audit Department reports the results of internal audits not only to the president, but also to the Board of Directors and the Audit and Supervisory Committee on a regular basis.
- The General Manager of the Internal Audit Department, full-time Audit and Supervisory Committee Members, and their assistants hold regular meetings to share findings and challenges, among other things, in their respective audit activities in a timely manner and exchange their opinions.
- The Internal Audit Department, Audit and Supervisory Committee, and the Accounting Auditor convene quarterly to share their respective audit results.
- 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, require consultation with the Audit and Supervisory Committee, ensuring the independence of the internal audits.

#### **(D) Accounting audits**

Sojitz has appointed the independent auditing firm KPMG AZSA LLC to conduct accounting audits in accordance with the Companies Act as well as to perform audits of financial statements, quarterly reviews, and internal control audits in accordance with the Financial Instruments and Exchange Act. The names of the certified public accountants executing audits, the number of assistants involved, and the period successively involved in the audit of FY2023 are as follows.

(The certified public accountants executing audits) Hiroaki Sugiura, Rhohei Tomita, Tsugunobu Hikishikibayashi

(The number of assistants involved executing audit) 18 certified public accountants, 51 others

(The period successively involved in the audit) 21 years

#### **4) Outline of the contents of the limited liability agreement**

Sojitz has a limited liability agreement with Non-Executive Directors (Ms. Naoko Saiki, Mr. Shu Ungyong, Mr. Tsuyoshi Kameoka, Mr. Kazuhiro Yamamoto, Ms. Haruko Kokue, Ms. Satoko Suzuki, and Mr. Yoshiki Manabe) limiting their liabilities to the higher of ¥10 million or the minimum liability amount stipulated in Article 425, Paragraph 1 of the Companies Act of Japan.

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

#### **1) Management and operation execution system**

We employ an executive officer system for the purpose of clarifying authority and responsibilities and ensuring smooth and swift execution of business through the separation of management supervision and decision-making from operational execution. The Board of Directors is the highest decision-making body for reviewing and resolving fundamental basic policies and the most important matters concerning the management of the Group. The Board of Directors also supervises operational execution through proposals of important matters and regular reports from the executive function.

The executive function comprises the Management Committee, chaired by the President, who is also the Chief Operating Officer. The Management Committee is responsible for the review and approval of 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 important 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. All of these bodies report directly to the President.

The term of Directors (excluding Directors who are Audit and Supervisory Committee Members) and Executive Officers is set at one year in order to facilitate swift and appropriate responses to rapid changes in the operating environment and clarify responsibilities related to management.

#### **2) Monitoring and supervisory functions for management**

To enhance the Board of Directors' oversight of business operations and to ensure the receipt of objective and diverse counsel, the majority of the Board of Directors is comprised of Independent Directors, and the Chair of the Board of Directors is an Independent Director.

Sojitz is a Company with Audit and Supervisory Committee, with Audit and Supervisory Committee Members, who are responsible for auditing the execution of duties of Directors, becoming members of the Board of Directors. This will enable us to reflect audit results in discussions at the Board of Directors meetings, seeking to further strengthen the supervisory function

of the Board of Directors.

Furthermore, the majority of the members of the Nomination Committee and the Remuneration Committee, which provide advisory services to the Board of Directors, are Independent Directors, and the Chairs of these committees are Independent Directors, ensuring the appropriateness and transparency of the appointment and remuneration of Directors.

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

#### 1. Measures to Vitalize General Meeting of Shareholders and Facilitate Exercise of Voting Rights

	Supplementary Explanation
Early Posting of Notice of the General Meeting of Shareholders	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 of the General Meeting of Shareholders on a Non-Peak Day	We avoid dates which other companies are likely to choose for their meetings.
Electronic Exercise of Voting Rights	We have made it possible for shareholders to vote over the Internet.
Participation in a Platform for the Electronic Exercise of Voting Rights and Other Initiatives to Enhance Environment for Institutional Investors to Exercise Voting Rights	We have adopted the use of Electronic Voting Platform for Foreign and Institutional Investors operated by ICJ, Inc..
Provision of Notice (or Summary of Notice) of the General Meeting of Shareholders 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	<p>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.</p> <p>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.</p>

#### 2. Status of IR-related Activities

	Supplementary Explanation	Explanation by a representative director or a representative executive officer
Formulation and Publication of Disclosure Policies	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 held 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 and issuing shareholder newsletters.</p>	Held
Regular Investor Briefings held for Analysts and Institutional Investors	<p>Sojitz holds dialogues with stakeholders through individual meetings as well as regular briefings on financial results and individual businesses. In addition to these efforts, Sojitz held a briefing on Integrated Report 2023 and a small meeting with Independent Directors in FY2023.</p> <p>For further details on these events, please refer to the Sojitz website. <a href="https://www.sojitz.com/en/ir/meetings/">https://www.sojitz.com/en/ir/meetings/</a></p>	Held

Regular Investor Briefings held 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, Australia, etc., as well as through participation in conferences hosted by securities companies.	Held
Online Disclosure of IR Information	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 Placement of a 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 Explanation
Establishment of Internal Rules Stipulating Respect for 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 Preservation Activities and CSR Activities, etc.	<p>Sojitz seeks to continue creating “two types of value”—“value for Sojitz” and “value for society”—in the future. Sojitz has determined six Materiality (Key Sustainability Issues) 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.</p> <p>&lt;Materiality (Key Sustainability Issues)&gt;</p> <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> <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</p>



	<p>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.</p> <p><a href="https://www.sojitz.com/en/csr/environment/">https://www.sojitz.com/en/csr/environment/</a></p>
<p>Formulation of Policies, etc. on Provision of Information to Stakeholders</p>	<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>
<p>Other</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> <p>For further details on our approach to sustainability, please refer to the Sojitz website.</p> <p><a href="https://www.sojitz.com/en/sustainability/">https://www.sojitz.com/en/sustainability/</a></p>



## IV. Matters Concerning the Internal Control System

### 1. Basic Views on Internal Control System and Status of Development

Sojitz has been working on implementing and maintaining our internal control systems on a Group-wide basis. 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 the Regulations for Enforcement of the Companies Act of Japan. Our Board of Directors resolved at a meeting held on June 18, 2024, to adopt a “Basic Policy for the Development of a System to Ensure Properness of Group Business” as follows.

#### 1) Basic Concept

##### 1. System to Ensure that the Execution of Duties by the Directors and Employees of Sojitz and its Subsidiaries Complies with Laws, Regulations and its Articles of Incorporation

- Sojitz will establish procedures to ensure thorough compliance in the “Sojitz Group Compliance Program,” and will enact a “Sojitz Group Code of Conduct and Ethics” to ensure that the Sojitz Group’s officers and employees comply with laws, regulations, articles of incorporation and internal rules.
- Sojitz, in an effort to ensure the Sojitz Group’s compliance with relevant laws and regulations, will promote the development of a compliance system centered around the Compliance Committee, and will clarify the division of duties for each department within Sojitz and the management personnel who are responsible at Sojitz’s group companies.
- Sojitz will not have any relations with antisocial forces including in transactions, and will adopt a resolute stance that includes legal actions against unjust demands, and further, will endeavor to ensure that this same posture is thoroughly undertaken in the Sojitz Group,
- Sojitz will establish internal rules on procedures and the like for the preparation of financial statements that conform with laws, regulations and accounting standards, to ensure the appropriateness of the Sojitz Group’s consolidated financial reports.
- Sojitz will establish the Internal Audit Department as a body that is independent from the other business executing divisions. The Internal Audit Department will conduct internal audits to verify that the Sojitz Group is appropriately carrying out business activities as well as business management and like matters in compliance with laws, regulations and internal rules.

##### 2. System for the Retention and Control of Information Related to the Execution of Duties by Sojitz’s Directors

- Sojitz will establish retention periods and the division that is responsible for retention, and will control important documents, including the minutes of the Board of Directors and circulated decision documents, related to the execution of duties by Sojitz’s Directors in accordance with the Board of Directors Rules and the internal rules related to the control of documents and information.

##### 3. Rules and Other Systems for the Management of the Risks of Loss at Sojitz and its Subsidiaries

- Sojitz will identify and classify the various internal and external risks tied to losses at the Sojitz Group and will establish internal rules and response procedures as well as responsible divisions for these risks, in an effort to prevent losses at the Sojitz Group and to minimize the losses that are incurred. In addition, it will continually confirm and improve the effectiveness thereof, and will promptly address any new risks faced by the Sojitz Group with changes in the business environment.
- Sojitz will establish internal rules on policies and programs to address natural disasters, terrorism, wars, crime, riots, infectious diseases and other unforeseen events caused by external factors, in order to manage risk.
- Sojitz will engage in the appropriate management of risk by introducing rules and requiring the establishment of the necessary risk management systems, in proportion to content and scale of business at the Sojitz’s group companies.

##### 4. System to Ensure the Efficient Execution of Duties by the Directors of Sojitz and its Subsidiaries

- Sojitz will clarify the division of roles for its Directors and Executive Officers, and will establish internal rules and the like regarding the division of duties, chain of command, authority and decision-making procedures for the various divisions within the company.
- Sojitz will set out those important matters that are to be resolved by the Board of Directors in the “Board of Directors Rules,” will delegate decisions on other important matters to the Executive Directors, and will establish a Management Committee, other councils and committees, and other business execution bodies. In addition, it will set out those matters that are reported by Executive Directors to the Board of Directors, and create a system for effective monitoring by the Board of Directors.
- Sojitz will establish a division to supervise the management and operating systems at Sojitz’s group companies, and will ensure the efficiency of Sojitz Group’s management to promote group management.
- The Sojitz Group’s management policies determined by Sojitz’s Board of Directors, Management Committee and the like will be promptly disseminated within the Sojitz Group, and will be made known to the Sojitz Group’s officers and employees both verbally and in writing.
- Sojitz will establish management plans on a consolidated basis, and will share management goals and indicators within a group.

##### 5. System to Ensure the Properness of Business within the Corporate Group Consisting of Sojitz and its Subsidiaries

- Sojitz, in its “Basic Code of Group Management” and other internal rules related to group management, will be sure to set out the lead management in charge of Sojitz’s group companies, will seek prior consultation with its group companies regarding important matters, and will impose a duty that reports that include annual business reports and business activity reports be provided to Sojitz on a regular basis.
- Sojitz’s Internal Audit Department will conduct internal audits of its group companies to verify the appropriateness of business.

##### 6. System to Ensure the Effective Implementation of Audits by Sojitz’s Audit and Supervisory Committee

###### (1) System to Assist in the Duties of the Audit and Supervisory Committee

- Sojitz will assign persons who are well-versed in Sojitz Group’s business and operations, and who have knowledge of finances, accounting and risk management to serve as employees to assist in the duties of the Audit and Supervisory Committee. These employees will carry out their duties in accordance with the directions of the Audit and Supervisory Committee, and their evaluations and transfers will be made through discussions with the Audit and Supervisory Committee.

**(2) System for Reporting to the Audit and Supervisory Committee**

- Sojitz's Directors and executive officers must immediately provide reports to the Audit and Supervisory Committee when discovering facts which may cause significant damages to Sojitz.
- The division in charge of Sojitz Group's whistleblower system will provide regular reports to the Audit and Supervisory Committee, via the Compliance Committee or the like, regarding the status of whistleblower reports from the group's officers and employees.
- Sojitz's Internal Audit Department will provide regular reports regarding internal audits to the Audit and Supervisory Committee.
- The Audit and Supervisory Committee will be entitled to seek reports from Accounting Auditors, Sojitz's Directors and others as needed.
- Sojitz will not engage in detrimental treatment toward officers and employees of the Sojitz Group who submit reports via the whistleblower system or the like (including reports to the Audit and Supervisory Committee or the like), by reason of their provision of these reports.

**(3) Other Systems to Ensure the Effective Implementation of Audits by Sojitz's Audit and Supervisory Committee**

- Sojitz will allocate the expenses required for the Audit and Supervisory Committee to carry out its duties.
- A system will be established wherein the Audit and Supervisory Committee Members selected by the Audit and Supervisory Committee will be entitled to attend meetings of Sojitz's Management Committee and other important meetings to gain a direct recognition of the status of deliberations and reports on important matters.
- Sojitz's Representative Directors will regularly hold meetings with the Audit and Supervisory Committee to exchange opinions regarding the issues that should be addressed by the company, the state of audit environment improvements at the Audit and Supervisory Committee, important audit related issues, and like matters.

**2) Status of implementation and operation (FY2023)****● Overall internal control system**

The Internal Control Committee, which is an executing body under the management of the President, 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 and conducts periodic monitoring. Through these activities, 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 working to ensure the reliability of financial reporting.

The Internal Control Committee met 4 times during the fiscal year ended March 31, 2024, and reported the details of these meetings to the Board of Directors.

Each committee under the management of the President (Compliance Committee, Sustainability Committee, Security Trade Control Committee, DX Promotion Committee, Quality Management Committee, and Information and IT Systems Security Committee) and each working group (Disclosure Working Group and Business Continuity Management Working Group) discuss specific initiatives for their area of expertise.

**● Compliance**

Sojitz has established a Sojitz Group Compliance Program, which sets out procedures for achieving thorough compliance, and has 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 Group officers and employees. In addition, a point of contact concerning the compliance of Sojitz has been established on the website of Sojitz, to collect any reports from outside of 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 Group companies.

Sojitz formulated the Sojitz Group Basic 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.

In addition, in expanding the business around the world, Sojitz 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.

Sojitz has developed and implemented educational programs 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 continues to provide 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 ended March 31, 2024 included the following:

- Four meetings of the Compliance Committee held

- Meetings of the CCO with Chief Operation Officers and Presidents of Group companies
- Regular liaison meetings among the compliance staff of Group companies
- Regular liaison meetings with the compliance staff of overseas operating sites
- Training programs, 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
- Alert letters for scandals caused by consumption of alcohol and regarding price pass-through
- Individual support for Sojitz's domestic operating companies through a risk-based approach to enhance the compliance system (cooperation in investigations, tailored training programs, etc.)
- Distribution of e-learning/videos on the Sojitz Group Code of Conduct and Ethics, the prevention of corruption, and the prevention of harassment to Group employees worldwide

With regard to security trade control in particular, 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 Group companies.

Specific activities carried out in the fiscal year ended March 31, 2024 included the following:

- Two meetings of the Security Trade Control Committee held
- 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
- Support for responding to measures in concert with strengthened sanctions and others, due to changes in the security situation (including U.S.-China relations, situation in Myanmar, and Russia-Ukraine situation)

#### ● **Risk management**

Sojitz has established the Basic Rules of Corporate Risk Management and designated categories of business activity risk to deal with the various risks to which Sojitz is exposed in the course of its business operations. Sojitz has assigned officers responsible for each kind of risk categorized. Through a PDCA cycle of formulating, executing, monitoring and reviewing the Risk Management Policy and Plan, Sojitz strives to further improve the risk management system on an ongoing basis.

In accordance with the Medium-Term Management Plan 2023, Sojitz is enhancing its risk management capabilities in the first and second lines of the three-line defense (first line: business divisions, second line: corporate departments, and third line: internal audits), which is the fundamental concept of internal control.

(Overview of operational status)

The Group conducts a materiality assessment after exhaustively identifying and reviewing Group-wide risks based on the internal and external business environment. The Group has currently identified 12 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).

In the formulation of the Risk Management Policy and Plan for each fiscal year, these risks are further subdivided, and detailed responses are taken according to the characteristics of each risk.

The Risk Management Policy and Plan is resolved by the Board of Directors, and the status of its implementation is monitored by the Internal Control Committee and reported to the Management Committee and the Board of Directors on a quarterly basis. In addition, when changes in the business environment necessitate the strengthening of risk recognition and initiatives within the Group, or the need to address new areas of risk, these are reported to the management and addressed as appropriate.

In accordance with the Medium-Term Management Plan 2023, Sojitz has formulated the Sojitz Group Quality Management Policy as a basic policy for the Group's quality management, in a steady effort to strengthen its response to quality-related risks.

In addition to traditional risk management in trading businesses, the Group is also quantifying and monitoring risks by assuming scenarios related to major risks, such as disasters and environmental risks, in order to understand risks along the supply chain and strengthen our ability to respond and resilience when risks occur.

We are also working to raise awareness of the importance of risk response among Group employees by establishing or changing Group rules and guidelines, distributing the Internal Control Bulletin that summarize key information such as precautions, and conducting self-inspections to check risk points for each organization.

In addition, we conduct constant education and enlightenment activities through various risk management training programs to improve the risk sensitivity of Group officers and employees.

#### ● **Management of Group companies**

Each Group company has a management system under the supervision of the chief manager 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 and Supervisory Board Members, and others dispatched to Group companies.

(Overview of operational status)

Sojitz receives regular reports from Group companies, including annual business reports and monthly operating activity reports. Through the Directors and the Audit and 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. As for the most important matters concerning the management of individual 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 makes efforts to disseminate the Group's management philosophy

and policies through the establishment of individual company regulations based on the Group's management policies and through 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, training programs for newly appointed Directors and Audit and Supervisory Board Members at Group companies are provided 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 the information. In addition, the Information and IT Systems 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 methods, and retention period of information as stipulated in the internal regulations, and makes efforts to ensure proper management. In addition, the 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 endeavored to bolster security governance across the board. Sojitz constantly reinforces its security measures by rolling out them 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.

The Information and IT Systems Security Committee met 4 times during the fiscal year ended March 31, 2024.

● **Arrangements to ensure effective auditing by the Audit and Supervisory Board Members**

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

For accounting audits, Audit and 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 and 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 and Supervisory Board Members receive reports in a timely fashion and set interviews regularly in addition to exchange of opinions conducted between the Audit and Supervisory Board Members and Directors as well as the Audit and Supervisory Board Members and the Accounting Auditor.

Additionally, Sojitz has initiated three-way audit meetings among the Audit and Supervisory Board Members, the Accounting Auditor, and the Internal Audit Department on a regular basis, commencing with the fiscal year ended March 31, 2024. This further enhances cooperation with the Accounting Auditor and the Internal Audit Department.

Furthermore, audits of domestic and overseas consolidated subsidiaries are conducted through on-site inspections and remote audits using a web conferencing system to ensure sufficient communication.

For more details on the operational status of our policy on "6. System to Ensure the Effective Implementation of Audits by Sojitz's Audit and Supervisory Committee", please refer to II. "1. Organizational Composition and Operation" (Audit and Supervisory Committee) as well as "2. Matters Concerning Functions of Business Execution, Auditing and Supervision, Nomination, and Remuneration Decisions (Overview of Current Corporate Governance System), 1) Company Institutions, (B) Audit and Supervisory Committee.

## 2. Basic Views on Measures for Eliminating Anti-Social Forces and Status of Development

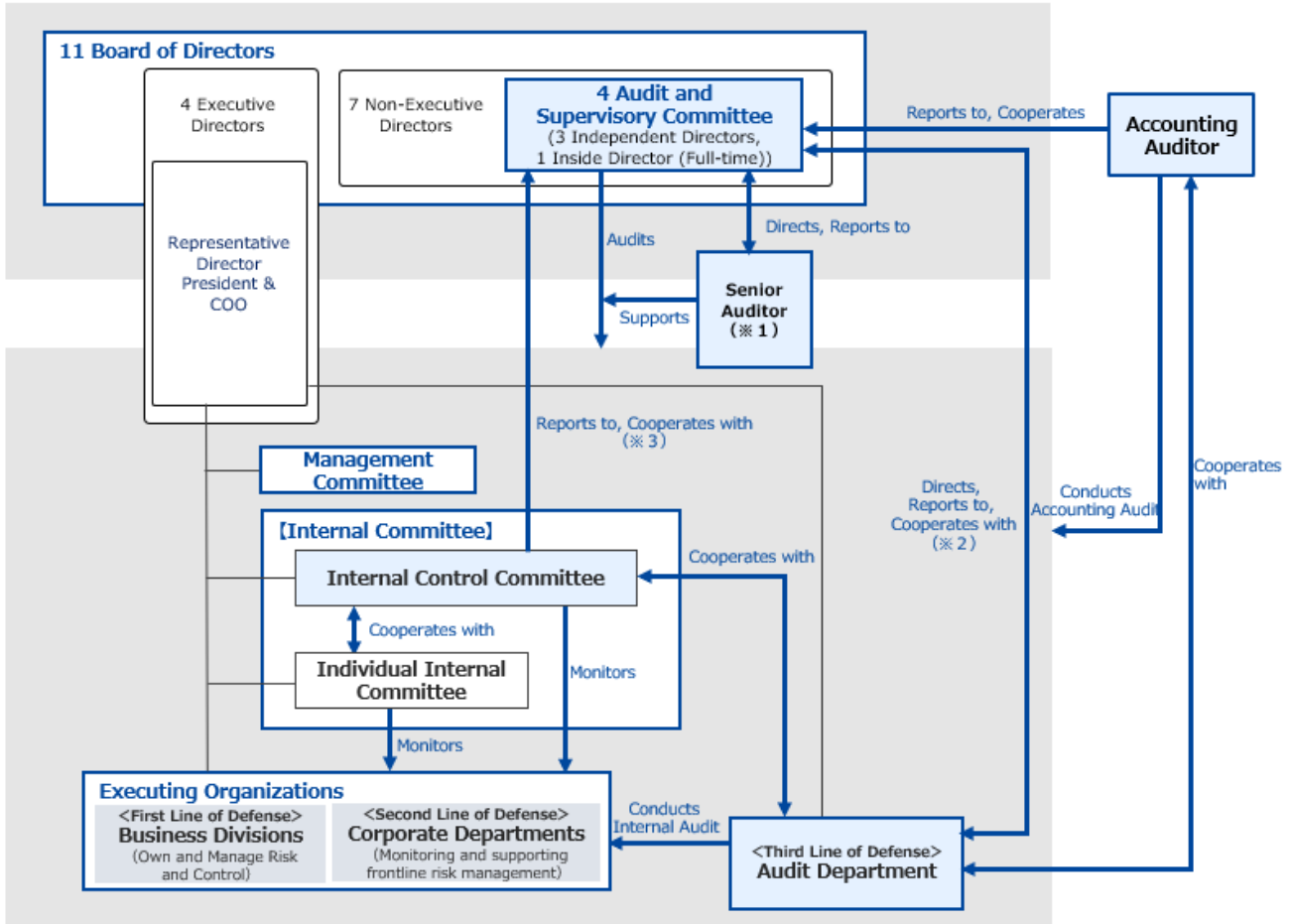
We shall ensure that the Sojitz Group does not enter into any business or other relationship with antisocial forces, and shall resolutely reject any improper request with legal measures if necessary.

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.



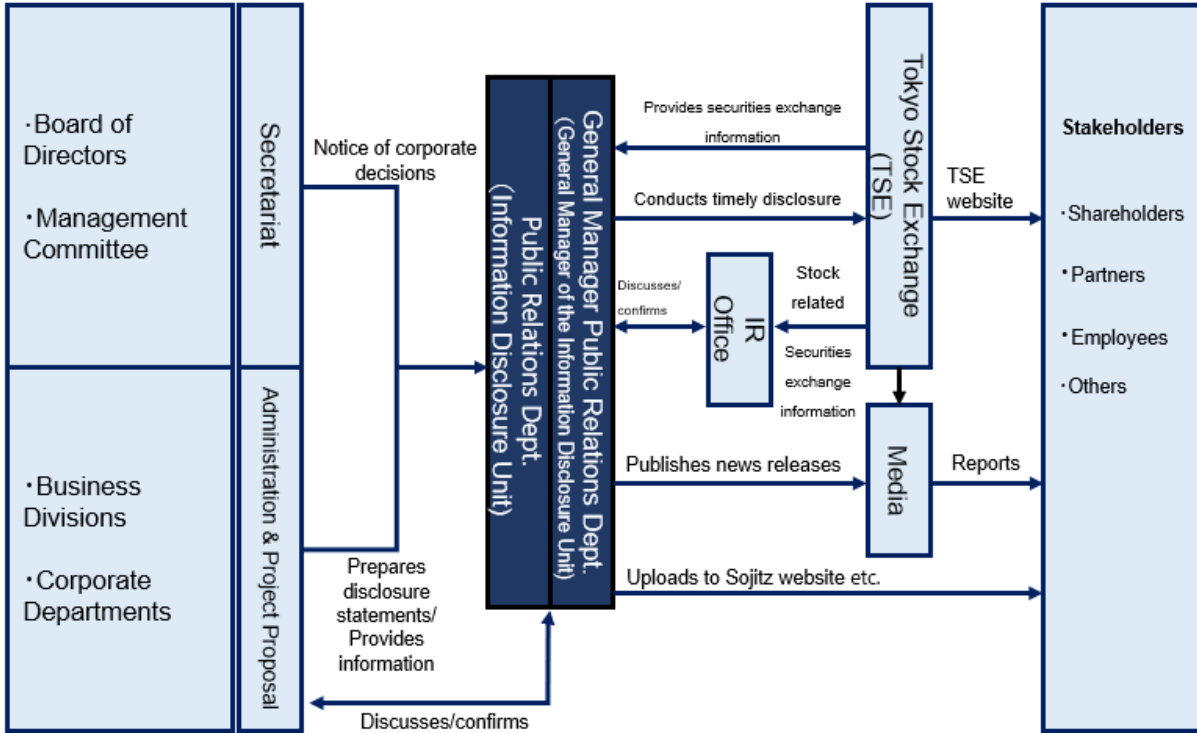


**[Audit system]**





**[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 surplus dividends, share buybacks, and limited liability agreements.
- (2) The Board of Directors is structured in a manner that is thoroughly capable of carrying out its duties and obligations. It is composed of a total of 11 members, including 5 Inside Directors that are well versed in areas such as business management, finances/accounting, legal/risk management, business investments/M&A investments, and digital fields, as well as 6 Independent 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 Committee, which audits and oversees the Board of Directors, includes a total of four members (one Full-time Inside Director and three Independent Audit and Supervisory Committee Members.)
- (3) We strive to provide thorough explanations of the concepts at work in the capital policy, including with respect to surplus 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 2026 ~Set for Next Stage~” (hereinafter referred to as “Medium-term Management Plan 2026”) 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 2026.

[https://s3-ap-northeast-1.amazonaws.com/sojitz-doc/pdf/en/corporate/strategy/plan/chukei2026e\\_240501.pdf](https://s3-ap-northeast-1.amazonaws.com/sojitz-doc/pdf/en/corporate/strategy/plan/chukei2026e_240501.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 and Results

Under Medium-term Management Plan 2023, Sojitz decided to proceed further with reducing listed shares held as part of our shareholding policy. We intended to achieve a 50% reduction by the end of March 2024 based on the value of listed shares held (JPY 89.6 billion) on a consolidated basis as of December 31, 2020. Under this policy, we met our initial reduction target for listed shares with total sales of JPY 76.6 billion.

(2) Policies for Shareholdings Under Medium-term Management Plan 2026

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 FY2023 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.

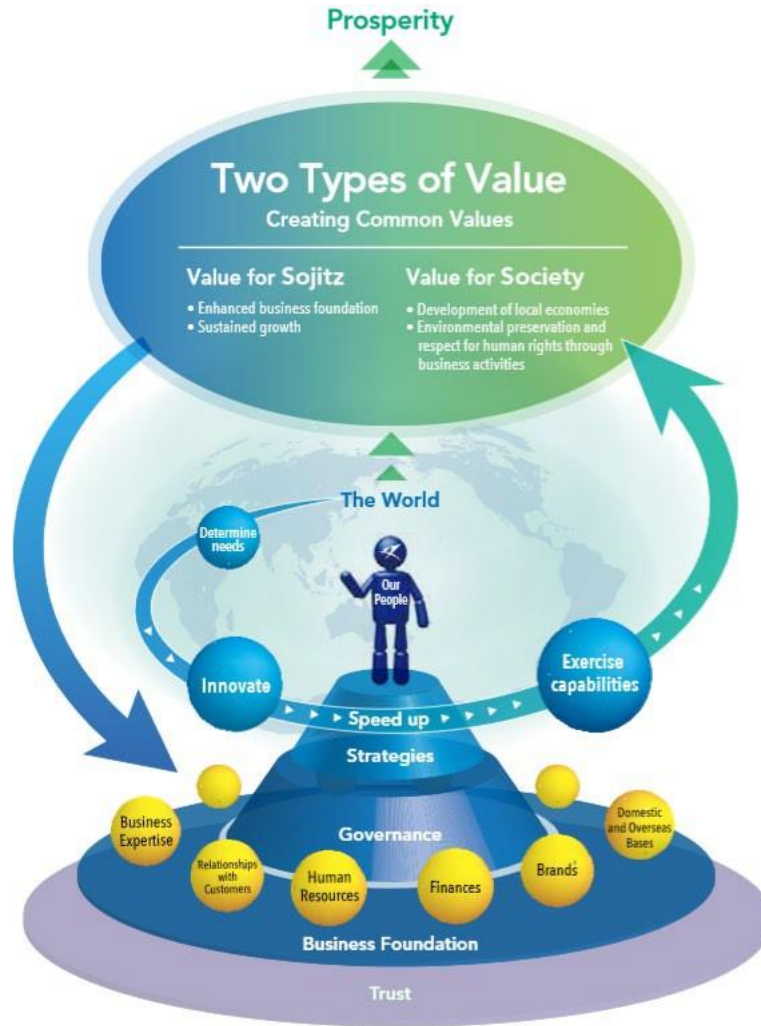
(Sojitz Group Statement)

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”, 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, which



serve as the basic code of conduct for all Sojitz employees, and these goals are reviewed 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 materiality (key sustainability issues) 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.

<Materiality (Key Sustainability 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.

Under Medium-term Management Plan 2026, Sojitz aims to reduce CO2 emissions in its businesses while simultaneously expanding businesses that contribute to the realization of a decarbonized society. Additionally, Sojitz will further deepen its efforts to ensure respect for human rights in expanding business areas and human rights (DD) risk assessments while advancing biodiversity and circular economies, among other initiatives to address social problems.

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/sustainability/policy/supply\\_chains/](https://www.sojitz.com/en/sustainability/policy/supply_chains/)
- Sojitz Group Code of Conduct and Ethics:  
[https://www.sojitz.com/en/sustainability/sojitz\\_esg/g/compliance/](https://www.sojitz.com/en/sustainability/sojitz_esg/g/compliance/)
- Sojitz Group Environmental Policy:  
<https://www.sojitz.com/en/sustainability/policy/environment/>

- Sojitz Group Human Rights Policy:  
<https://www.sojitz.com/en/sustainability/policy/humanrights/>

(3) The Sustainability Committee, which is chaired by our President, 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 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 makes regular reports on these risks to the Board of Directors .

(4) At the 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. Guided by this charter, we are implementing various physical health, mental health, and women's health measures to help prevent illnesses and promote health. Sojitz has been selected as a Health & Productivity Stock in 2024 as an enterprise that has made strategic efforts to address employee health from a management perspective. (Sojitz was selected in 2021 which makes this Sojitz's second time being selected.) Sojitz was also certified under the 2024 Certified Health & Productivity Management Outstanding Organizations Recognition Program as a "White 500" company for two consecutive years and five times in total.

[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 Fifth Year:  
<https://www.sojitz.com/en/news/article/topics-20240311.html>

- (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:
    - [https://www.sojitz.com/en/csr/sojitz\\_esg/g/compliance.php](https://www.sojitz.com/en/csr/sojitz_esg/g/compliance.php)
    - [https://www.sojitz.com/en/sustainability/sojitz\\_esg/s/responsibility/](https://www.sojitz.com/en/sustainability/sojitz_esg/s/responsibility/)
  - Crisis management:
    - [https://www.sojitz.com/en/csr/sojitz\\_esg/s/health.php](https://www.sojitz.com/en/csr/sojitz_esg/s/health.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)

【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.

- (1) In accordance with the theme of transforming diversity into competitiveness, Sojitz utilizes diversity to respond to volatile market environment and generate the organizational capabilities that underpin the swift generation of value.
- (2) In addition to the promotion of women in the workplace and other ongoing initiatives to advance diversity, we are strengthening our efforts to create a work environment that facilitates employees' diverse work styles through the implementation of telework and other flexible working styles.

- (3) In addition, as part of Sojitz Group's HR Strategy, the Company has announced the following three goals: 1) Build diverse teams of employees who independently take on new challenges and achieve growth, 2) Strengthen section managers' ability to maximize the full potential of each individual, and 3) Anticipate a volatile environment and flexibly allocate human resources. Sojitz has also promoted opportunities for cross-organizational collaboration including the Hassojitz Project, a project for creating new business launched in 2019. 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

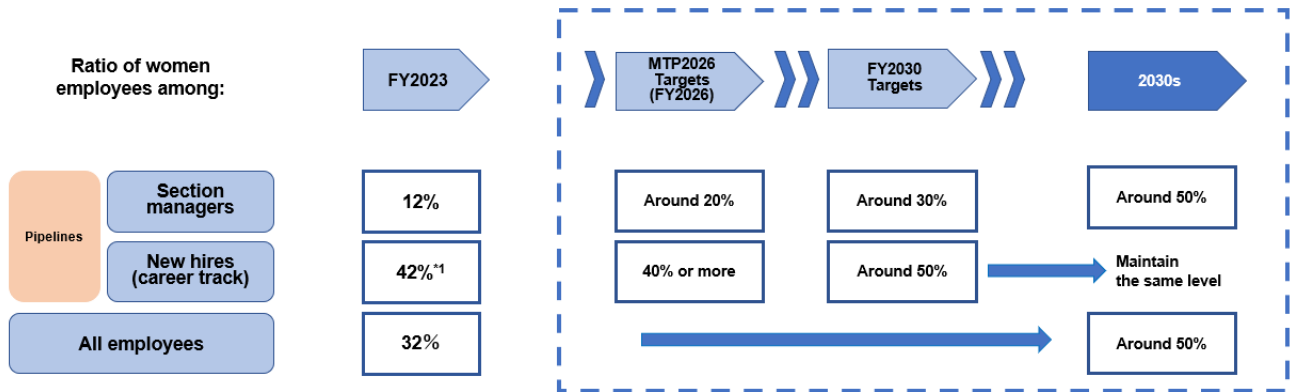
Sojitz seeks to leverage the diversity of its human resources to respond to the rapidly changing market environment and become an organization that can always create new business with great speed. In order to do so, Sojitz has continued to actively hire and promote a diverse workforce, that includes 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 and other employee development programs.

- 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, and in order to create an equitable workplace in which talent allocation is based on an individual's capabilities for a role as opposed to gender-based preconceptions.

We aim to raise the ratio of female employees to approximately 50% during the 2030s, and Sojitz has also set the target of raising the ratio of female section managers to 50% during the same period. 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. Based on these initiatives, Sojitz has been named a Nadeshiko Brand company for the seventh consecutive year in 2023 (first named in March 2017), a designation that recognizes listed enterprises for their exceptional work to promote the success of women in the workplace.



\* Joined Sojitz on April 1, 2024

### 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 2024 of 42%)
- Target for ratio of female section managers of 10% or more set for the year ending March 31, 2024; Sojitz achieved a ratio of 12% as of March 31, 2024
- Target for ratio of female career track employees with domestic or overseas working experience of 50% set for the year ending March 31, 2024; Sojitz achieved a ratio of 48% as of March 31, 2024
- (Reference) Women represent four of 11 directors (ratio of 36.4% as of June 18, 2024)
- (Reference) Three female executive officers (as of June 18, 2024) appointed through internal promotion and external recruitment of individuals with applicable experience and specialized expertise (includes one senior managing executive officer on the Board of Directors)

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% (including male employees) for the human resource KPI of child leave taken for the year ending March 31, 2024. To help employees build their career, we are committed to enhancing work efficiency and team management capabilities, providing support for early returns to work, and promoting flexible workstyles so employees can balance their work with childcare.



(Reference)

- Sojitz Selected as “Nadeshiko Brand” for Seventh Consecutive Year (March 2023) <https://www.sojitz.com/en/news/article/20230322.html>
- Action Plan for Promoting Women in the Workplace (FY2024–FY2026) [https://www.sojitz.com/pdf/en/sustainability/sojitz\\_esg/s/diversity/kodo2024\\_en.pdf](https://www.sojitz.com/pdf/en/sustainability/sojitz_esg/s/diversity/kodo2024_en.pdf)
- Promotion and Engagement of Locally-hired Employees to Management-Level Positions  
Sojitz is increasing the number of chief officer (CxO) positions filled by locally-hired executives 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. The ratio of overseas CxO positions filled by locally hired employees was 40% in the year ended March 31, 2022 and this ratio increased to 45% as of March 31, 2024. Sojitz aimed to raise this localization ratio to 50% or more by the year ending March 31, 2026, but has since revised its target upward to 60% under Medium-term Management Plan 2026 as part of its efforts to further the Company’s localization efforts.  
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.
  - Of the 140 chief officer executive positions, the ratio of overseas chief officer executive positions filled by locally hired employees was 45% as of March 31, 2024
  - Sojitz employs close to 83 foreign nationals, 15 of whom are in managerial roles (as of March 31, 2024)

- 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.

-24% of management positions and 39% of executive officer positions filled by mid-career recruits (as of March 31, 2024)

-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 senior managing executive officer, CDO, CIO, and COO of the Digital Department on April 1, 2024

- 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.

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. Employees take part in regular interviews so that they can share their career plans with the Company. Moreover, a system to track the motivation level is implemented such as interviewing roughly six months after the assignment about the performance and adaptability related to the new position. In FY2020 we reviewed the requirements to receive certain promotions as part of our efforts to accelerate the speed at which qualified and motivated young employees will be promoted. In FY2020, Sojitz reduced

the number of years of experience required for promotions in order to enable junior employees to gain fast-track experience and 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 & Infrastructure 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 FY2023, employees (40% women) were dispatched to 24 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 employees continuing to work at Sojitz while providing part-time support as management consultants to small and medium-sized enterprises or starting their own businesses to leverage their experiences at Sojitz outside the company.

- 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 2023, we celebrated the two-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.

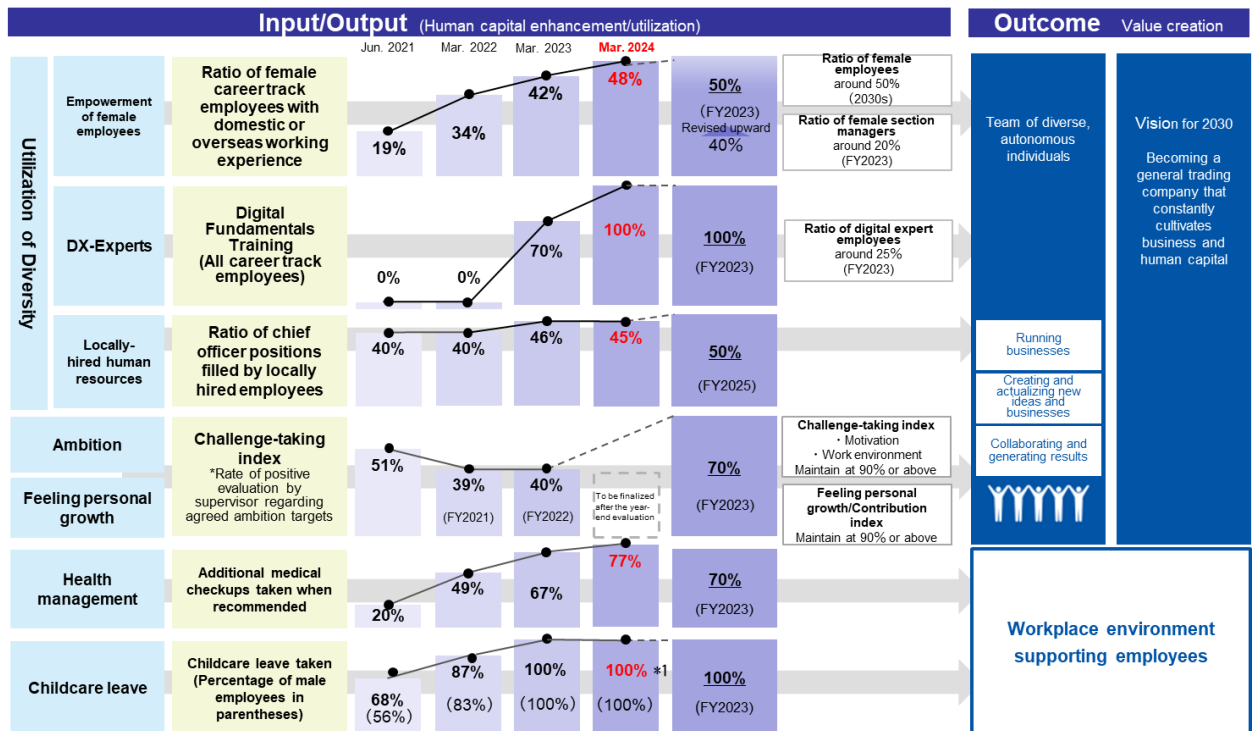
### (3) Human Resource KPIs

#### i) Human Resource KPIs under Medium-term Management Plan 2023

In June 2021, Sojitz established the following human capital key performance indicators (KPIs) for use in quantitative measurement of the effectiveness and degree of dissemination of human resource measures as a part of its human capital management strategy. Sojitz has set dynamic KPIs in order to facilitate flexible review based on the external environment and the status of penetration of human resources initiatives, and the Management Committee and the Board of Directors confirm progress and verify human

resources initiatives every six months.

< Dynamic Human Capital KPIs and FY2023 Performance >



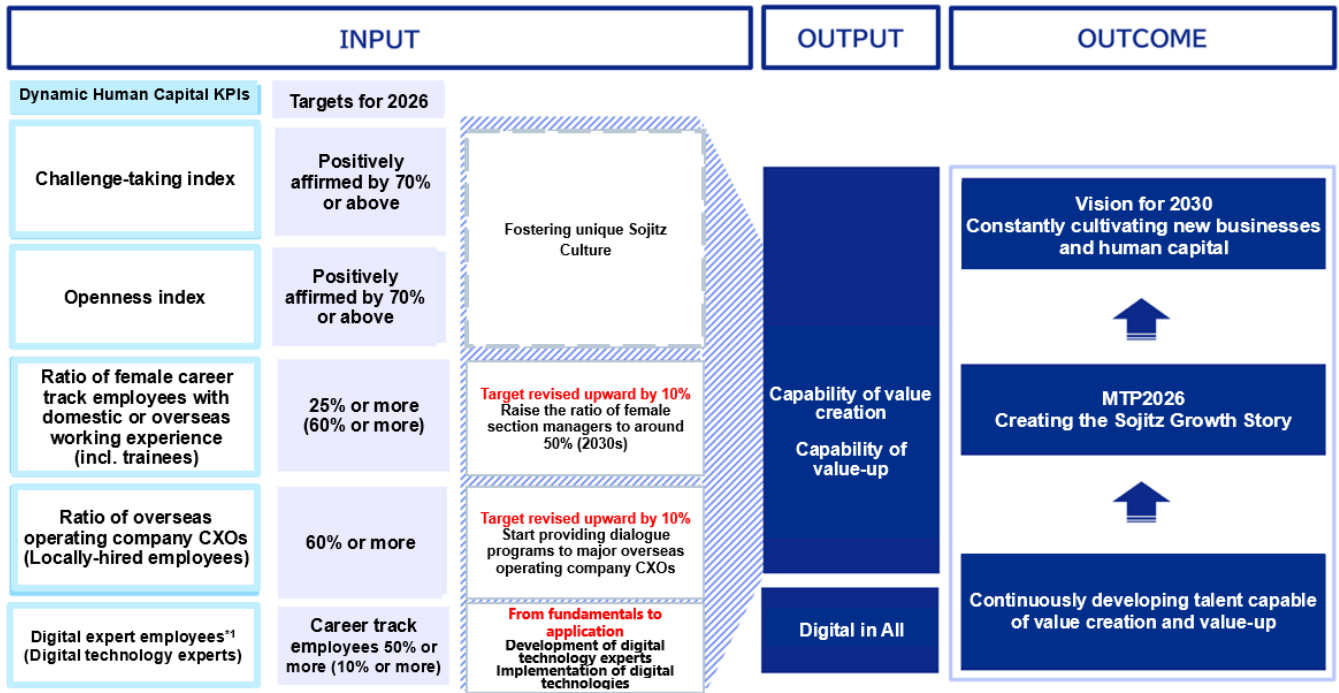
\*1 Figures are in actual basis. The ratio of childcare leave taken by the employees whose children were born during FY2023 includes those planning to take a leave in FY2024. The ratio of childcare leave taken on a statutory basis under the *Child Care and Family Care Leave Act* was 97% (96%), and the employees who took the leave includes the number of employees whose children were born in FY2022 but took the childcare leave for the first time during FY2023, while FY2024 figures exclude those planning to take leave in FY2024.

(Reference)

Sojitz's Social Data: [https://www.sojitz.com/en/sustainability/sojitz\\_esg/s/data/](https://www.sojitz.com/en/sustainability/sojitz_esg/s/data/)

- ii) Dynamic Human Capital KPIs under Medium-term Management Plan 2026  
As we reviewed certain human capital KPIs set under the Medium-Term Management Plan 2023, the following new indicators under the Medium-Term Management Plan 2026 will measure the impact of human resource development initiatives and the degree of dissemination.  
Specifically, we will “foster unique Sojitz Culture (challenge-taking index, openness index)” and “promote opportunities for diverse human resources (the ratio of female career track employees with domestic or overseas working experience, ratio of overseas operating company CxOs (locally hired executives), and digital expert employees” to enhance the capability of value creation and value-up. In addition, some KPIs incorporate the response ratio of regular engagement surveys (\*1) to track employee input and translate it into measures. In addition, the Company is not limited to the aforementioned dynamic KPIs

and will consider public announcement of new KPIs deemed to be effective for visualizing changes in capability of value creation.



\*1 Digital expert employees: Completion of experienced level training (\*2) and completion of expert level training (\*3)

\*2 Experienced level training: Program to learn basic data analysis (multiple regression analysis, etc.), business architect and programming

\*3 Expert level training: Program to analyze big data at frontline organization and practice problem-solving and digital transformation

Human Capital KPI	Details
Challenge-taking index Openness index	<ul style="list-style-type: none"> <li>KPIs for MTP 2026 were developed to measure what we look beyond the Human Capital KPIs set out under MTP 2023.</li> <li>The satisfactory threshold was raised to the “positive affirmation ratio” (*1) from the “affirmation ratio” (*1) set out under MTP 2023.</li> <li>Accelerate challenges taken by employees and nurturing of an open corporate culture</li> </ul>
Ratio of female career track employees with domestic or overseas working experience (including trainees)	<ul style="list-style-type: none"> <li>As Sojitz operates globally in diverse business areas, on-site experience is important to nurture candidates for middle management.</li> <li>The number of employees with domestic or overseas working experience including trainees increased during the MTP 2023. We added a new KPI of “ratio of employees with experience of working overseas or secondment” to the existing KPIs to increase the ratio of female managers gaining high-quality experiences such as undertaking and deciding on a mission for which managers are responsible.</li> </ul>



Ratio of overseas operating company CxOs (locally-hired executives)	<ul style="list-style-type: none"> <li>To achieve business strategy, market-in approach and business expansion leveraging the strength of Sojitz Group are essential. We will continue monitoring the ratio of overseas operating company CxOs (locally-hired executives) who are well-versed in each local market.</li> <li>Raise the KPI target from 50% to 60% or above</li> </ul>
Digital expert employees (Digital technology experts)	<ul style="list-style-type: none"> <li>The previous KPI was the “ratio of digital fundamentals trainings completion” and all career track employees acquired basic knowledge to apply digital technologies to business.</li> <li>The KPI under MTP 2026, is the completion of “Practical Application Basics/Expert Training” to implement digital technologies in the actual business process.</li> </ul>

\*1 Engagement Survey (Employee awareness survey) started in 2017 to correctly understand the status of Sojitz, and to achieve effective HR strategy. With the advice of external specialist, we created and introduced our own questions. The survey has six options to answer, of which, the ratio of respondents who chose Option 1: “Strongly agree” or Option 2: “Agree” is defined as the “positive affirmation ratio,” while the ratio of respondents who chose Option 1, Option 2, or Option 3: “Somewhat agree” is defined as the “affirmation ratio.” We analyze the results by organization and attribute (by age/job ranking) to take improvement activities by division/unit.

(Reference)

- Sojitz human resources information : [https://www.sojitz.com/en/sustainability/materiality/human\\_resources/](https://www.sojitz.com/en/sustainability/materiality/human_resources/)
- Human resource strategy : <https://www.sojitz.com/en/corporate/strategy/jinzai/>
- Human resource KPIs: [https://www.sojitz.com/en/sustainability/sojitz\\_esg/s/human\\_resources/](https://www.sojitz.com/en/sustainability/sojitz_esg/s/human_resources/)
- Engagement survey: <https://www.sojitz.com/en/corporate/strategy/jinzai/policy/survey/>

【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) As a listed company, Sojitz ensures the timely disclosure of important corporate information in accordance with the Tokyo Stock Exchange's securities exchange regulations. Furthermore, Sojitz ensures that supplementary materials for any statutory disclosures are provided in a timely manner.
- (4) 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>

Based on the progress and achievements of “Medium-Term Management Plan 2023,” we have set a new quantitative target under the “Next Stage” to double the current earnings level and corporate value as we commence “Medium-Term Management Plan 2026.”

The “Medium-Term Management Plan 2026 - Set for Next Stage -” is designed to strengthen the base of growth and human capital in preparation for the Next Stage. We will invest actively in our base of growth and human capital to creating the “Sojitz Growth Story,” which is the key message for reaching the Next Stage.

- Please refer to the Sojitz website for details regarding Medium-term Management Plan 2026.

<https://www.sojitz.com/pdf/en/corporate/strategy/plan/chukei2026e.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 1) managerial supervision and decision-making from 2) 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 Operating 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 (excluding Directors who are Audit and Supervisory Committee Members) 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

To enhance the Board of Directors’ oversight of business operations and to ensure the receipt of objective and diverse counsel, the majority of the Board of Directors is comprised of Independent Directors, and the Chair of the Board of Directors is an Independent Director. Sojitz is a Company with Audit and Supervisory Committee, with Audit and Supervisory Committee Members, who are responsible for auditing the execution of duties of Directors, becoming members of the Board of Directors. This

will enable us to reflect audit results in discussions at the Board of Directors meetings, seeking to further strengthen the supervisory function of the Board of Directors.

Furthermore, the majority of the members of the Nomination Committee and the Remuneration Committee, which provide advisory services to the Board of Directors, are Independent Directors, and the Chairs of these committees are Independent Directors, ensuring the appropriateness and transparency of the appointment and remuneration of Directors.

(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 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 (excluding Directors who are Audit and Supervisory Committee Members) 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 (excluding Directors who are Audit and Supervisory Committee Members) is decided by the Board of Directors based on the opinions of the Remuneration Committee, which is chaired by an Independent 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 .Director 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 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.

<Policy for appointing and dismissing the CEO, CCO 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 (excluding Directors Serving as Audit and Supervisory Committee Members)>



In appointing candidates for Directors, we take into consideration characteristics including gender, age, and international experience, 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 Directors Also Serving as Audit and Supervisory Committee Members>

Sojitz selects candidates for Directors who will also serve as Audit and Supervisory Committee Members based on their experiences, knowledge, and capabilities for conducting audits of the Directors' execution of their duties in an appropriate and fair manner. The Board of Directors deliberates on the experience and quality of each candidate based on the results of the discussion of the Nomination Committee 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 Director 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 in the reference documents of the "Notice of the General Shareholders Meeting." For further details, please refer to pages 18 through 31 of the Reference Documents of the Notice of the 21st Ordinary General Shareholders' Meeting published on our website.

[https://www.sojitz.com/pdf/en/ir/meetings/general/2024\\_01e.pdf](https://www.sojitz.com/pdf/en/ir/meetings/general/2024_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/sustainability/>

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

(2) Investment in Human Capital and Intellectual Property

In order to establish a foundation for the Next Stage (net profit of ¥200 billion, ROE of 15%, market capitalization of ¥2 trillion) set out in Medium-term Management Plan 2026, it is essential that we evolve our portfolio into competitive business clusters and ensure high profitability of our business.

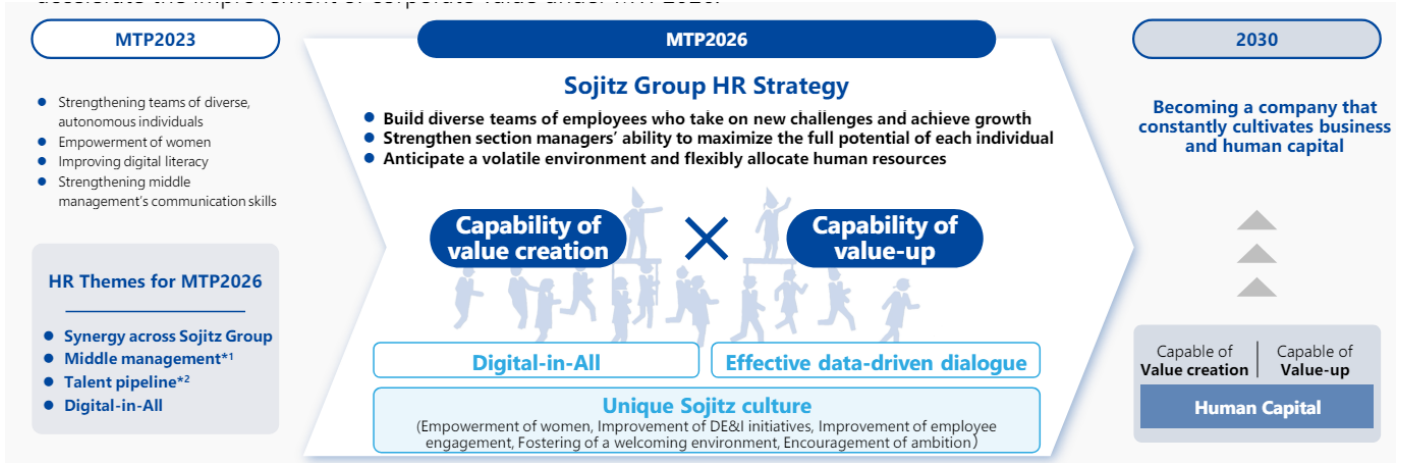
Given these circumstances, we believe that the key to achieving this next stage of growth is our human capital and each individual's capacity for business creation and value-up. As Sojitz is not an R&D company, these capabilities for business creation and value-up are our intellectual capital, and the people (organizations and human resources) that create business and add value are the source of this intellectual capital. In order to develop and strengthen these human resources, we have established the following human resource strategy policies under Medium-term Management Plan 2026, and we will continue to

proactively invest in human resources going forward (see (i) below). In addition, we will strengthen digital transformation initiatives and continue to foster a unique Sojitz culture in order to support the growth of our human resources (see (ii) below).

(i) Sojitz Group Basic Human Resource Strategy Policies

- Build diverse teams of employees who take on new challenges and achieve growth  
In accordance with the theme of transforming diversity into competitiveness, Sojitz utilizes diversity to respond to volatile market environment and generate the organizational capabilities that underpin the swift generation of value. To aim for “becoming a general trading company that constantly cultivates business and human capital,” we continue proactively hiring diverse talent regardless of gender and nationality, including mid-career hires with high expertise. We also work on various initiatives to develop a workplace environment that enables them to fully demonstrate their characteristics and skills and provide education to management-level personnel.
- Strengthen middle management to maximize the full potential of each individual  
To link the development of diverse, autonomous individuals to the growth of organization and the company and the enhancement of corporate value, we consider it imperative to strengthen the middle management serving as a hub to connect and intermediate between the management and employees, as they execute strategies and enhance engagement.
- Anticipate volatile environment and flexibly allocate human resources  
To keep addressing significant changes in the environment such as technological advancement, heightened geopolitical risk, and diverse customer needs, Sojitz will flexibly and systematically allocate, cultivate, and appoint human resources, thereby enhancing the capability of value creation and value-up to achieve our vision for 2030.

In April 2024, we reviewed policies on job grades, evaluation, and compensation, and established a new human resource system in order to enable all employees to come together with heightened motivation to take on new challenges. Moving forward, we will accelerate management emphasizing human capital in a manner that is distinctively Sojitz to realize individual growth, organizational growth and energization, and company growth and corporate value improvement.



(ii) Initiatives for Creating a Foundation for to Support the Strengthening of Human Capital

- Digital Transformation Initiatives

- Reinforcement of Systems

Sojitz positioned Medium-term Management Plan 2023 as a Digital Development Period. We implemented company-wide initiatives for digital transformation. These included interactive discussions by the DX Promotion Committee (an organization chaired by the President) as well as “summer session” overnight management retreats for members of the executive team, workshops for members of management, and other opportunities for employees at each career stage to hold intensive debate and gain a new understanding of digital transformation. In addition, by implementing the Digital Leading Project under the guidance of the CDO, we have made steady progress in accumulating digital assets that will enable us to evolve our portfolio into competitive business clusters.

Under Medium-term Management Plan 2026, we have established "Digital in All" as our motto, with the premise of incorporating digital technologies into all aspects of our business. We will take steps to enhance the value and competitiveness of our existing businesses through digital technologies, as well as facilitate the monetization of our digital businesses.

Under this digital strategy starting from April 2024, we are further strengthening our digital promotion organizations, which are under the leadership of the CDO and CIO (refer to the diagram below for the names and functions of each department). By consolidating digital functions and businesses within the Group into a "One Team" structure, we aim to combine the power of digital technology with our business foundation, cultivated as a general trading company, to create new business and transform our existing businesses.

<Organizational structure from April 2024>

One team by consolidating business and functions

<p>Earn digitally (Digital Co-Creation Department)</p>	<p>Expanding digital business revenues</p> <ul style="list-style-type: none"> <li>• Launch of digital business</li> <li>• Co-creation with partners</li> <li>• further strengthening the DX co-creation with Sojitz Tech-Innovation Co.,Ltd. (formerly Nissho Electronics), the digital business company</li> </ul>
<p>Improving Corporate Value with Digital (Digital Business Development Department)</p>	<p>Accelerate the implementation of digital technology and revenue increase of each division</p> <ul style="list-style-type: none"> <li>• Promote value enhancement of existing business with each sales division</li> <li>• Company-wide promotion of data utilization (generative AI/data analysis)</li> <li>• Develop, acquire, and utilize digital and advanced IT human resources</li> </ul>
<p>Building a Digital Infrastructure (Corporate IT Department)</p>	<p>Company-wide digitalization, development and enhancement of IT infrastructure</p> <ul style="list-style-type: none"> <li>• Building AI and Data Utilization Infrastructure</li> <li>• Development of IT infrastructure to support digitalization</li> <li>• Upgrading security measures</li> </ul>

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/corporate/strategy/dx/>

■ Information security:

[https://www.sojitz.com/en/sustainability/sojitz\\_esg/g/risk/#a07](https://www.sojitz.com/en/sustainability/sojitz_esg/g/risk/#a07)

■ Selected as Digital Transformation Stocks (DX Stocks) 2023:

<https://www.sojitz.com/en/news/article/20230531.html>

■ Selected as Noteworthy DX Companies 2024:

<https://www.sojitz.com/jp/news/article/topics-20240528.html> (Japanese)

② Development of DX Experts

Further strengthening of digital human resource development and training

By utilizing digital technology with our internal and external partners, we have developed our own training curriculum and designed skill areas and skill levels in order to train digital talent who can implement changes to business models and

work processes. We have already completed raising the literacy levels of all employees through introductory and basic courses, and we have also achieved our goal of training 300 advanced application personnel (actual results: 321, of which 60 are experts) as set out in our Medium-Term Management Plan 2023. By utilizing these digital talents, we are steadily making progress in addressing business issues, such as price optimization in mineral trading, data analysis for product sales strategies at marine products companies, and patent applications for methods of estimating the number of tuna in tuna farming businesses using digital twins. In addition, we have selected expert managers to manage digital specialist teams within the Sales Division and Corporate organization, and are building a robust structure to achieve Digital in All.

In the "Medium-Term Management Plan 2026," we will continue to update and enhance the company's overall digital literacy, while also strengthening the training curriculum for advanced personnel and expanding the number of trained individuals. In the basic application phase, we will introduce a Business Architecture Training (approximately 20 hours) to conceptualize how to integrate data and technology into business models. Moreover, we aim to train approximately 50% of all general employees (about 1,000 people), including about 10% as experts (about 200 people), and to allocate these advanced personnel across all organizations, aiming for a company-wide digital transformation centered around these talents.

- Fostering a Unique Sojitz Culture

In order to develop and empower employees with business creation and value-up capabilities, Sojitz understands that it is essential to foster a unique Sojitz culture that is welcoming and open, rooted in flexible thinking and fresh ideas, and that encourages individuals to take on new challenges.

To this end, Sojitz promotes the success of women, non-Japanese employees, and mid-career hires, and proactively creates an environment for promoting diversity. Furthermore, Sojitz has established appropriate KPIs for measuring our progress on these initiatives. (Please refer to Supplementary Principle 2-4① for details on KPIs.)

(iii) Other Initiatives for Strengthening Business Creation and Value-up Capabilities

In order to become a company that constantly cultivates new businesses and human capital, Sojitz believes that it is essential to foster a company culture in which every employee has an entrepreneurial mindset and proactively takes on new challenges in new fields and business areas. With this in mind, Sojitz implements the following core initiatives.

- 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 project 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 contemplate Sojitz's future growth. The "Wireless charging" Project, which was awarded the first President Prize, has started on-the-road performance tests in March 2023.

In addition, new businesses have rolled out such as e-sports and fast-growing tree projects proposed in FY2020 are commercialized through the establishment of a company. In FY2023, the fifth year since the program was launched, the theme was "Transformation Driven by Passion!," and discussions were held with experts and alumni to further accelerate the creation of businesses starting from the idea. In FY2021 "New employees x Hassojitz" was introduced as part of the new employee training program, to promote the understanding of our business and to increase inventiveness in the new business outside the existing boundaries. Moreover, Sojitz has accelerated the elaboration and advancement of business ideas, co-creation of value and innovation through cross-industrial by sending members to external programs and receiving advice from external lecturers. Hassojitz Project promotes the fostering of entrepreneurial spirit and human resources capable of creating businesses autonomously.

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

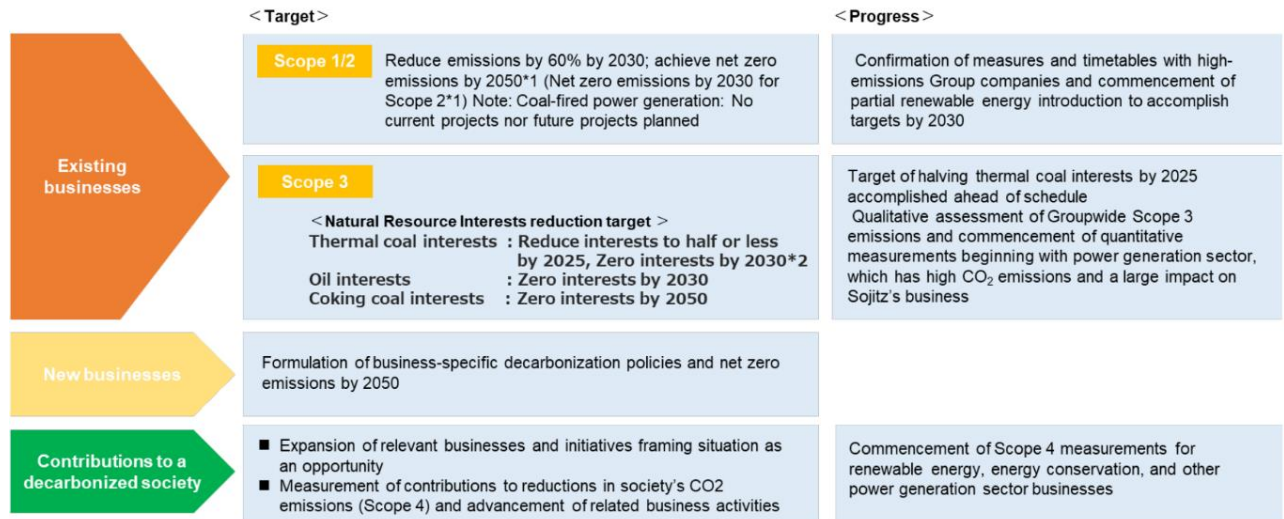
We have established and announced mid- to long-term decarbonization policies and targets in order to fulfill our commitment for realizing a decarbonized society as announced in our long-term sustainability vision for 2050, the "Sustainability Challenge."

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 2026, we are implementing various decarbonization initiatives and expanding business that contributes to decarbonization efforts in order to achieve our mid- to long-term targets, as well as identifying and measuring all Scope 3 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 in order to maintain an understanding of the decarbonization risks faced across its value chain. 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.

\*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/sustainability/sojitz\\_esg/e/climate/](https://www.sojitz.com/en/sustainability/sojitz_esg/e/climate/)

■ TCFD: <https://www.sojitz.com/en/sustainability/materiality/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 and Supervisory Committee, 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 and Supervisory Committee 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 and Supervisory Committee 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 and Supervisory Committee 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 the audit required by the Companies Act and the audit required by the Financial Instruments and Exchange Act to the Audit and Supervisory Committee, and cooperates with the Audit Department as necessary. Accounting audit reports are also shared with Independent Directors who are not Audit and Supervisory Committee Members.
  
- (iv) If the third-party accounting auditor finds any irregularities or deficiencies in the internal controls, he or she reports them to the Audit and Supervisory Committee. Based on the content of the report, the Audit and Supervisory Committee 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 oversight/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, Independent 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 abolition of significant regulations, financial statements, and significant business transactions.  
For matters relating to critical business execution, monetary standards will be stipulated for the acquisition/disposal of investments, loans and guarantees, and installed equipment. If these standards are exceeded, resolution by the Board of Directors shall be required.
- (3) In addition, the Board of Directors regularly receives status reports on the medium-term management plan, human resource strategies, and other business execution including the development and operation of internal control systems presented by Executive Directors and Executive Officers, and carries out oversight functions for business execution.
- (4) 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 Operating 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 FY2023, and Medium-term Management Plan 2026 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 president 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 president as appropriate;
- Develop successors to management, including the president; 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 Independent 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 Directors who are Audit and Supervisory Committee Members and Independent 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 (including Directors who are Audit and Supervisory Committee Members) is determined by a resolution at the general shareholders' meeting.
- (2) The composition of remuneration for Directors of the Company (excluding Directors who are Audit and Supervisory Committee Members and Independent Director) 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) For Directors (excluding Directors who are Audit and Supervisory Committee Members), 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 Director and over half of its members are Independent Directors.
- (4) In addition, internal rules stipulate that compensation for Directors (excluding Directors who are Audit and Supervisory Committee Members) may not be paid for certain reasons, and the Company may seek restitution where such compensation has been paid.
- (5) Remuneration for Directors who are Audit and Supervisory Committee Members will be paid within the total limit stipulated for compensation as resolved at the general shareholders' meeting following discussion with Directors who are Audit and Supervisory Committee Members.

【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 "Materiality (Key Sustainability Issues)" as well as the "Sustainability Challenge." The Board also receives regular reports from executive bodies such as the Sustainability Committee and provides opinions and advice.

The Sustainability Committee, chaired by the president, 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/sustainability/>

[https://www.sojitz.com/en/sustainability/sojitz\\_esg/](https://www.sojitz.com/en/sustainability/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. As the Company is not a R&D company, its intellectual property includes “capability of value creation” and “capability of value-up,” and the Company’s talent is therefore the source for generating this intellectual property. 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 regular status reports on the medium-term management plan, progress made on businesses, and financial reports.

### 【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 Directors and chaired by an Independent 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 transactions by a Director, 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 president 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 president as appropriate;
- Develop successors to management, including the president ; 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 for the CEO and other senior management 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) Sojitz operates its internal control system in accordance with its "Basic Policy regarding the Establishment of Systems for Ensuring Appropriate Execution of Sojitz Group Business Operations." (<https://www.sojitz.com/en/corporate/governance/governance/04/> )  
The Internal Control Committee operates under the supervision of the president and discusses appropriate risk management systems and monitoring for company-wide risk management in accordance with the "Risk Management Policy and Plan."
- (2) The Internal Control Committee regularly monitors risks arising from changes to the business environment both in Japan and overseas. The Committee tracks, identifies, categorizes, and defines risks for Sojitz Group that may occur under its performance of duties and confirms established systems based on individual risk characteristics and the operational status of these systems. The Committee conducts risk assessment and visualization for Sojitz Group and deliberates on risk response measures based on prioritized importance. Measures in each area are handled by the respective committees, subcommittees (Compliance Committee, Security Trade Control Committee, Information and IT Systems Security Committee, and Quality Management Committee, etc.) and working groups (Disclosure Working Group, etc.) as well as through the risk management framework. Sojitz Group's efforts to ensure and maintain thorough



compliance are led by the Compliance Committee, an organization chaired by the Chief Compliance Officer (CCO), to maintain a coordinated system for Group-wide compliance with laws, regulations, and business ethics standards. The Internal Control Committee works in coordination with other internal committees to identify Company issues related to internal structures and frameworks and to offer instruction to relative divisions in order to enhance internal control systems and risk management systems. The Board of Directors regularly receives reports from the Internal Control Committee to supervise the status of implementation and operation of internal control systems and the status of company-wide risk management.

[https://www.sojitz.com/en/sustainability/sojitz\\_esg/g/risk/](https://www.sojitz.com/en/sustainability/sojitz_esg/g/risk/)

- (3) The Internal Audit Department is established as an organization independent from other operation execution systems. The Internal Audit Department conducts internal audits and verifies that the Group's management activities and business management are in compliance with laws and internal regulations and carried out in an appropriate manner. The Board of Directors also receives regular reports on audit results from the Internal Audit Department to gather information necessary to supervise the operation 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 and Supervisory Committee consists of four members (including three Independent Audit and Supervisory Committee Members). Each Audit and Supervisory Committee 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 and Supervisory Committee Member positively and proactively exercises his or her rights and expresses appropriate opinions to the Board of Directors.

【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 and Supervisory Committee of the Company is comprised of four members and includes three Independent Audit and Supervisory Committee Members and one Full-time Audit and Supervisory Committee Member who is well versed in Sojitz Group business. (The Committee consists of two men and two women.)
- (2) The Company appoints Independent Audit and Supervisory Committee Members who possess the experience and capabilities (experienced businesspersons, persons responsible for operating companies, and certified public accountants) to appropriately and fairly perform audit functions for management. The Full-time Audit and Supervisory Committee Members also attend important meetings related to business execution, such as those of the Management Committee and Finance & Investment Deliberation Council and collect information to share the content and issues raised in these meetings with Independent Audit and Supervisory Committee Members at committee meetings. In doing so, Audit and Supervisory Committee Members are able to make contributions and actively share their opinions at Board of Directors meetings based on their specializations and background which increases the effectiveness of the audit and oversight.
- (3) Additionally, regular meetings are held just for Independent Directors and meetings attended by Audit Committee Members and Independent Directors to ensure that information can be obtained without impacting the independence of Independent Directors. (For further details please refer to Supplementary Principle 4-8①.)
- (4) In order to enable active discussions with the Board of Directors, the Company provides the Independent Directors with prior explanations on the draft agenda of the Board of Directors meetings every time. Independent Directors 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 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 a total of 11 Directors, including 7 Directors who are not engaged in the execution of business (6 Independent Directors and 1 Inside Audit and Supervisory Committee Member) 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 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.

- (1) The Independent 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.
- (2) Additionally, the Company holds regular dialogues with external experts and Directors to ensure the Board of Directors takes into account diverse stakeholder perspectives.

【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 six Independent Directors. The current total number of directors is 11, 55% of whom are Independent Directors to create a majority. A system is in place so that the management of the Company can adopt the opinions of Independent Directors from an objective and independent standpoint.
- (2) In addition, the Company will continue to review the necessary number of Independent 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 Directors to discuss matters to be deliberated at the Board of Directors' meetings and exchange opinions. (In FY2023, two such meetings were held for Independent Directors.)
- (2) Meetings are planned with Independent Directors and Audit and Supervisory Committee Members (two such meetings were held in FY2023) to exchange, share, and obtain information, such as internal company information, from an independent and objective standpoint.

【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 Directors to fully fulfill their expected roles, joint meetings to exchange opinions are regularly held with the President, Executive Directors, as well as for the Audit and Supervisory Committee Members.
- (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) and the Secretariat Department. Beginning in June 2020, the Board of Directors has been chaired by an Independent Director, who leads communications and coordination with management as well as discussions.

【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 18, 2024, 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 Independent Directors.”

<Standards Concerning the Appointment of Candidates for Independent Director>

Sojitz appoints Independent Directors from those with a wide range of knowledge, deep insight, excellent character, mental and physical health conditions, and abundant experience in industries and administrative fields, such as those who have management experience in business corporations and government agencies, and who have objective and specialist viewpoints toward world affairs, social and economic trends, and corporate management. Sojitz also ensures the diversity of the candidates’ gender, age and internationality from the perspective of reflecting the viewpoints of a variety of stakeholders in the supervision of business activities.

<Independence Standards for Independent Directors>

Sojitz judges Independent Directors to be independent by confirming that they do not fall under any of the following standards, in addition to the independence standards prescribed by financial instruments exchanges.

1. A major shareholder of Sojitz (a shareholder holding 10% or more of Sojitz’s total voting rights) or a member of business personnel thereof
2. A major creditor to Sojitz (a creditor from whom Sojitz owed an amount exceeding 2% of consolidated total assets in the most recent fiscal year) or a member of business personnel thereof
3. A major business partner of Sojitz (a business partner whose transaction amount with Sojitz exceeded 2% of Sojitz’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 Sojitz (an entity whose transaction amount with Sojitz 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 Sojitz 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 Director or Audit and Supervisory Board Member (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 Sojitz in an amount exceeding ¥10 million annually on average over the past three fiscal years or in an amount of 2% of the annual gross income or annual consolidated revenue, etc. of the organization, whichever the greater.)
6. A person who receives donations or grants from Sojitz 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 serves as Sojitz's Accounting Auditor or a person who is engaged in auditing Sojitz's activities 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 of Sojitz or any of its consolidated subsidiaries (limited to the person holding the position of officer or other important positions)
  11. A person with concerns about his/her independence, such as having constant and substantial conflict of interest with general shareholders as a whole in performing the duties of Independent Director

【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 Company with an Audit and Supervisory Committee 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 raise transparency and objectivity of Director nominations and remuneration.

(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 six independent directors (majority) out of a total of 11 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 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 Directors and one executive director, and the majority of Independent 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 and skill matrixes for Directors.
- (4) The Remuneration Committee is engaged in the deliberation and proposal to the Board of Directors (excluding Directors who are Audit and Supervisory Committee Members) 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 twelve or less. As of June 18,, 2024, the Board of Directors consists of 11 members (seven men and four women), including six Independent 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, age, and international experience. (Refer to Supplementary Principle 4-11① for the structure of the Board of Directors.)
- (2) The Audit and Supervisory Committee consists of four members (two men and two women) , including one Full-time Audit and Supervisory Committee Member well versed in Sojitz Group businesses and three Independent Audit and Supervisory Committee Members with objective perspectives and diverse expertise based on specialist knowledge. The Company has appointed three Audit and Supervisory Committee Members with appropriate experience and capabilities and necessary knowledge of finance and accounting.
- (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 is required to support swift and decisive decision-making by the executives and to appropriately 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 and digital transformation 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 is necessary to strengthen the business foundation, as well as environmental and social expertise 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 Inside Directors, and basing the decision on the result of deliberations by the Nomination Committee as an advisory body. Candidates are chosen from Executive Officers who are well-versed in topics such as corporate management, finance, accounting, legal affairs/risk management, and digital technologies. For Independent Directors, we focus on selecting candidates with a diversity of experiences and backgrounds.

Please refer to pages 29-31 of the Notice of the 21st Ordinary General Shareholders’ Meeting for details on the aforementioned skills matrix and our Board of Director appointment policies.

[https://www.sojitz.com/pdf/en/ir/meetings/general/2024\\_01e.pdf](https://www.sojitz.com/pdf/en/ir/meetings/general/2024_01e.pdf)

(3) The Board of Directors is currently comprised of 11 Directors, including six Independent

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 with concurrent positions at other listed companies, to a reasonable extent.
- (2) The status of important concurrent positions at other listed corporations, etc. held by Directors as of the 21st Ordinary General Shareholders' Meeting held June 18, 2024, is stated on pages 19-23 and pages 25-28 of the "Notice of the 21st Ordinary General Shareholders' Meeting."

[https://www.sojitz.com/pdf/en/ir/meetings/general/2024\\_01e.pdf](https://www.sojitz.com/pdf/en/ir/meetings/general/2024_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 method of analysis and the results of the FY2023 assessment, as well as the action plan for the fiscal year 2024 based on these results, are as follows.

1. Assessment Methods

At the December 2023 Board of Directors meeting, the Board of Directors discussed the merits of using an external organization or a self-evaluation in conducting the effectiveness evaluation. After careful consideration, the Board of Directors decided to conduct the self-evaluation this year as well. This is in line with the frank opinions received from Directors and Audit and Supervisory Board Members during the self-evaluation conducted in FY2022. The Board of Directors believes that exchanging opinions among the members of the Board of Directors would be more beneficial. Conversely, there were opinions that an evaluation by an external organization should be conducted once every few years. The Board of Directors therefore decided to separately discuss the evaluation method for the next fiscal year and thereafter.

Method of implementation:

The Board Meeting Operation Office collects (anonymous) questionnaires and conducts individual interviews with Directors and Audit and Supervisory Board Members. Based on the results of these interviews, the Board of Directors deliberates on issues identified and determines measures and policies for agenda setting and various measures in the next fiscal year. Questionnaire items are reviewed as necessary. The evaluation is on a 4-point scale, with a free-response column for all questions.

Questionnaire items and interview items:

The questionnaire items and interview items cover a range of topics related to the roles and responsibilities of the Board of Directors (including business portfolio), composition of the Board of Directors, the management of the Board of Directors, the decision-making process of the Board of Directors, the supervision by the Board of Directors, the support system for the Board of Directors, advisory committees, items concerning Independent Directors, dialogue with shareholders, human resource strategies, sustainability, DX, management issues to be discussed, the transition to a Company with Audit and Supervisory Committee, the evaluation of the Board Meeting Operation Office, and other relevant topics.

## 2. 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.

### (1) Evaluated items

Medium-Term Management Plan 2023:

The progress of the Medium-Term Management Plan 2023 was well analyzed, and constructive discussions were held through regular reports. The divisional reports from the COOs of the business divisions were evaluated to be better.

Independent Directors:

The Chair's management and leadership of the agenda fostered an atmosphere of active exchange of opinions, and the Independent Directors were evaluated for their independent and proactive expression of constructive opinions.

Dialogue with shareholders:

In terms of dialogue with shareholders, the proactive approach to disclosure of information to investors adopted by management was highly evaluated.

### (2) Response to and evaluation of issues identified in the FY2022 Board of Directors' effectiveness assessment

Medium-Term Management Plan 2023:

While the aforementioned issues were evaluated to a certain extent, there was a comment that the reporting on the progress of investment and loan projects approved



by the Board of Directors should be improved.

Number of Directors:

The Board of Directors believes that the total number of Directors and Audit and Supervisory Board Members should be decreased from 14 (as of the end of FY2023) to 11 Directors from June 2024. This would be beneficial from the standpoint of encouraging productive discussions.

Sharing of discussions at the Nomination Committee meetings:

Regarding the succession plan for the Chair and the rotation of Independent Directors, the guidelines based on the discussions at the Nomination Committee meetings were reported to the Board of Directors. While the nature of the discussions at the Nomination Committee meetings makes it difficult to disclose all the information, in order to contribute to transparency, the information was shared outside of the Board of Directors meetings in addition to reporting at the Board of Directors meetings.

### 3. Policy for FY2024

Medium-Term Management Plan 2026:

With regard to the Medium-Term Management Plan, we will continue regular progress reports and divisional reports by divisional COOs, and deepen discussions on the long-term vision, business portfolio, DX promotion, and human resources, while utilizing opportunities other than the Board of Directors meetings. In addition to the existing reporting on the progress of investment and loan projects, the frequency and method of reporting will be reviewed and improved.

Transition to a Company with Audit and Supervisory Committee:

In line with the transition to a Company with Audit and Supervisory Committee, the board agenda was reviewed to delegate some of the authority for important business execution decisions to the Executive Directors. Following the transition, the Board of Directors will continue to review the board agenda and maintain the existing information-sharing mechanism to prevent information gaps among Independent Directors and make improvements as necessary.

#### 【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 to actively exchange opinions. In 2020, an Independent Director was appointed as the Chair of the Board of Directors. Independent Directors have also made up the majority of the Board from 2023.

【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 to obtain sufficient information in order for

them to effectively perform the management oversight and audit function. Directors 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.
- (3) The Audit and Supervisory Committee is supported by two employees well versed in Sojitz Group's businesses, finance and accounting, and risk management. The Audit and Supervisory Committee acquires the necessary information through these employees in addition to requesting reports and surveys from the Internal Audit Department, and the Committee provides concrete directives as needed.
- (4) The employees who provide support to the Audit and Supervisory Committee perform their duties in accordance with instructions given by the Committee. Evaluations and transfers of these employees must be made in consultation with the Audit and Supervisory Committee to ensure the independence and effectiveness of audits.
- (5) Each year, the effectiveness of the Board of Directors is evaluated to confirm that the information and materials required by each Director are provided smoothly and improvements are made 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 and Supervisory Committee Members may exercise their investigative authority in accordance with laws and regulations 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 have a system where they can obtain advice from outside experts such as attorneys at the expense of the Company if necessary. Additionally, the Company bears expenses required for the Audit and Supervisory Committee to perform their duties.

【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 Internal Audit Department regularly reports the results of internal audits to the Board of Directors.
- (2) The Internal Audit Department reports audit results directly to the Audit and Supervisory Committee Meeting. Additionally, the Audit and Supervisory Committee requests reports and surveys to be made by the Internal Audit Department and provides concrete directives as necessary.
- (3) Full-time Audit and Supervisory Committee Members and the General Manager of the Internal Audit Department hold regular interviews to share information and exchange opinions in a timely manner regarding insights and issues related to various audit activities.
- (4) In order to properly provide the necessary information to Independent Directors, the secretariat of the Board of Directors (the Board Meeting Operation Office), plays a central role. The Audit and Supervisory Committee is supported by multiple employees well versed in Sojitz Group's businesses, finance and accounting, and risk management. The Independent Audit and Supervisory Committee is provided with necessary information via these employees.

【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 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 new Directors 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 so that they may fulfill their roles and responsibilities.
- (2) After taking office, the Directors pay on-site visits to businesses to deepen their understanding of the business. In addition, the Company continues to provide other necessary information as required. Full-time Audit and Supervisory Committee Members attend the Management Committee among other important internal meetings 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 to appropriately fulfill their roles and responsibilities.

- Please refer to the Supplementary Principle 4-14①.
- In order for Directors 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 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 provides a wide range of opportunities for dialogue with shareholders, including general shareholders meetings, financial results briefings, business briefings, briefings for individual investors, briefings for individual shareholders, and meetings with institutional investors.  
(Please refer to Principle 5-1 for policy details.)
- (2) Senior management (including the President and the CFO) communicate with investors through individual meetings, small group meetings, and other briefings. Management leads these meetings as the main speaker, both listening directly to the opinions of shareholders and personally explaining the Company's management strategies. Shareholder questions and opinions shared at these meetings are communicated to the Investor Relations Office, the dedicated body responsible for addressing investor feedback. The Investor Relations Office shares these perspectives and opinions throughout the company as appropriate.

### **【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 and investors. Sojitz continues to provide shareholders and investors 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. Stakeholder 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 observes 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 senior management (including the President and the CFO) and Directors (including Independent 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 issuing shareholder newsletters and by holding shareholder briefings for individual shareholders several times a year in multiple cities to provide opportunities for direct dialogue with Sojitz management.
Analysts and Institutional investors	Sojitz holds dialogues with stakeholders through individual meetings as well as regular briefings on financial results and individual businesses. In addition to these efforts, Sojitz held a briefing on Integrated Report 2023 and a small meeting with Independent Directors in FY2023. For further details on these events, 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 regions including North America, Europe, Hong Kong, Singapore, and Australia, 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, senior management

(including the President and the CFO), the COO of the IR Office, and Directors (including Independent Directors), to a reasonable extent attend financial results briefings, business briefings, IR Day events, and meetings with domestic and foreign investors.

Furthermore, the investors considering Sojitz as an investment target have spread and expanded, and we aim to enhance our corporate value by deepening dialogue through briefings and interviews, after verifying their attributes, whether new or existing, domestic or foreign. Moreover, we have newly assigned representatives to engage in IR activities in the United States and are focusing on enhancing our relationship with stakeholders.

<Main topics and concerns of dialogue with shareholders and investors:>

- The progress of Medium-term Management Plan 2023 as well as Medium-term Management Plan 2026 and long-term vision
- Initiatives aimed at achieving PBR of over 1.0
- Shareholder returns policy
- Sustainability approach and initiatives
- Human resource strategies
- Selection process of the President
- Transition to a Company with Audit and Supervisory Committee
- Matters requiring resolution by the General Shareholders' Meeting
- Investors' investment policies, expectations, and requests

Dialogue results in FY2023

IR events	Sojitz attendees	Participants	Frequency
General Shareholders' Meeting	Representative Director and President CFO Inside and Independent Directors Audit and Supervisory Board Members Executive Officers	Shareholders	Once
Financial results briefings	Representative Director and President CFO Executive Officers	Analysts Institutional investors	4 times
Briefings for individual shareholders and investors	Representative Director and President CFO Executive Officers Investor Relations Office	Individual shareholders Individual investors	4 times
Small meetings	Representative Director and President CFO Independent Directors Executive Officers	Analysts Institutional investors	5 times
IR Day and business activities briefings	CFO Executive Officers	Analysts Institutional investors	Once

IR and SR meetings in Japan and abroad	Representative Director and President CFO Independent Directors Executive Officers Investor Relations Office U.S. representatives (IR specialists)	Analysts Institutional investors Shareholders	352 times
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(2) We also hold regular opportunities for dialogue with Independent Directors and institutional investors. Summaries of the dialogues between Independent 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 have established a system in which the executive officer in charge of Investor Relations provides oversight of IR matters to ensure constructive dialogue with shareholders and the IR Office coordinates measures related to shareholder dialogues and provides support as a dedicated organization for investor relations. Additionally, senior management (including the President and the CFO) and Directors (including Independent 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, IR Day events, business briefings, briefings for individual investors, briefings for individual shareholders, 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 and the relevant departments.
- (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.

**(1) Analysis of Current Situation**

During Medium-term Management Plan 2023, we dedicated our efforts to ensuring sustainable improvement of Sojitz’s corporate value. We worked to improve ROE through the enhancement of our earnings power and strove to reduce the cost of capital by increasing the transparency of our non-financial efforts and other initiatives. In addition to our stable and continuous dividend policy, we also implemented a flexible share buyback program.

As a result, we achieved an ROE of 12.2% in FY2021, 14.2% in FY2022, and 11.4% in

FY2023—successfully achieving our goal of an ROE of 10% or above in each fiscal year. Throughout the period of Medium-term Management Plan 2023, we secured capital profitability that exceeded our shareholders’ capital cost of approximately 8%. In addition, we also achieved our target of 1.0x or above.

- (2) Positioning of Medium-Term Management Plan 2026 “Set for Next Stage” Based on the progress and achievements of “Medium-Term Management Plan 2023,” we have set a new quantitative target under the “Next Stage” to double the current earnings level and corporate value as we commence “Medium-Term Management Plan 2026.”



The “Medium-Term Management Plan 2026 - Set for Next Stage -” is designed to strengthen the base of growth and human capital in preparation for the Next Stage. We will invest actively in our base of growth and human capital to creating the “Sojitz Growth Story,” which is the key message for reaching the Next Stage.

- (3) Quantitative Targets

Our Medium-term Management Plan 2026 outlines the following quantitative targets. We will invest ¥600 billion for future growth, while maintaining financial discipline, and aim to increase corporate value and shareholder value by achieving a ROE of over 12%, which is higher than the 9-10% cost of shareholders' equity that we recognize. In accordance with our cash allocation policy, which allocates approximately 30% of our core operating cash flow to shareholders, we will return profits to them.



➔ MTP2023 EPS: ¥428/share (3-year avg.) ➔➔➔ MTP2026 EPS: ¥570/share (3 years avg.)

vs. MTP2023 **Annualized rate: +10% growth**

\*Shareholder Equity is after deducting other components of equity (Foreign Currency Translation Reserve, Other valuation difference, Deferred gains, or losses on hedges) from total equity at the end of the previous fiscal year.

\*Shareholder equity DOE: Dividend / shareholder equity

#### (4) Initiatives for Enhancing Corporate Value

##### 1) Strengthening of Growth Foundation

We have redefined strategic focus areas based on past performance and progress in the three strategic focus areas defined in Medium-term Management Plan 2023 as below. Additionally, as indispensable elements across all business areas, we will strengthen "DX (Digital Transformation)" and "GX (Green Transformation)" initiatives company-wide. Furthermore, we will expand our business model, which is being established in promising growth markets like Vietnam, to other regions as well.



Regarding DX (Digital Transformation), following the digital pioneering phase of the Medium-term Management Plan 2023, we will create value through the "Digital in All" through the following three pillars:

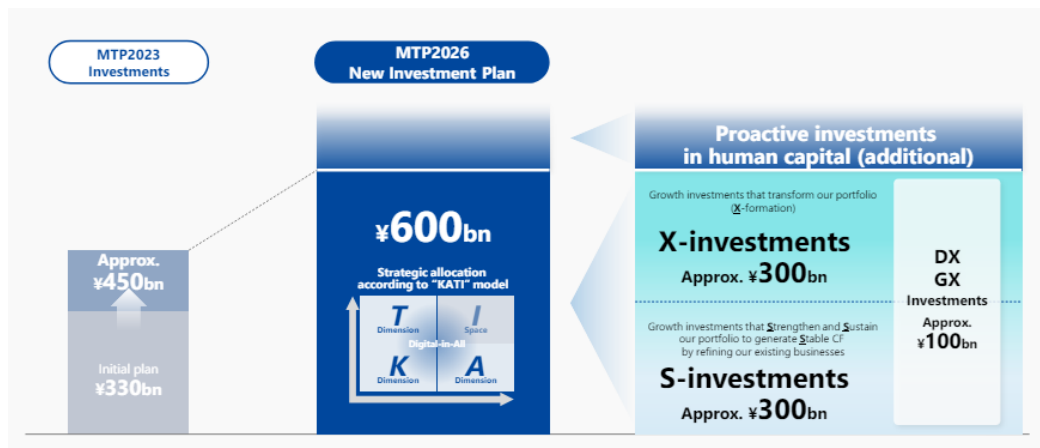
- Monetization of digital business:

- Strategic alliance and collaboration with SAKURA Internet Inc. to capture growth.
- Expanding digital business revenues by further strengthening the functions and profitability, etc. of Nissho Electronics, the digital business company of the Sojitz Group.
- Enhancing earning power, value, and competitiveness through the integration of existing businesses and digital technology
- Expansion of digital human resources and the development and establishment of a digital infrastructure for data and AI utilization

Regarding GX (Green Transformation), we will accelerate our initiatives towards our decarbonization goals under the “Sustainability Challenge,” our long-term vision for 2050. Meanwhile, in January 2024, we established a specialized division directly under management to actively allocate resources to businesses that contribute to GX, with the goal of both achieving a carbon-neutral society in a sustainable world and increasing corporate profits and corporate value.

For new investments, Sojitz plans to make growth investments and investment in human capital of more than ¥600 billion for 3 years. In growth investments to strengthen the portfolio, we will pursue a competitive advantage and uniqueness, and implement optimal resource allocation and growth strategies focused on building a “Katamari” of business clusters around existing businesses.

In terms of growth investments that will transform the portfolio, we will carry out investments on a scale of more than ¥50 billion that will ensure sufficient profitability.



## 2) Reinforcement of Human Capital

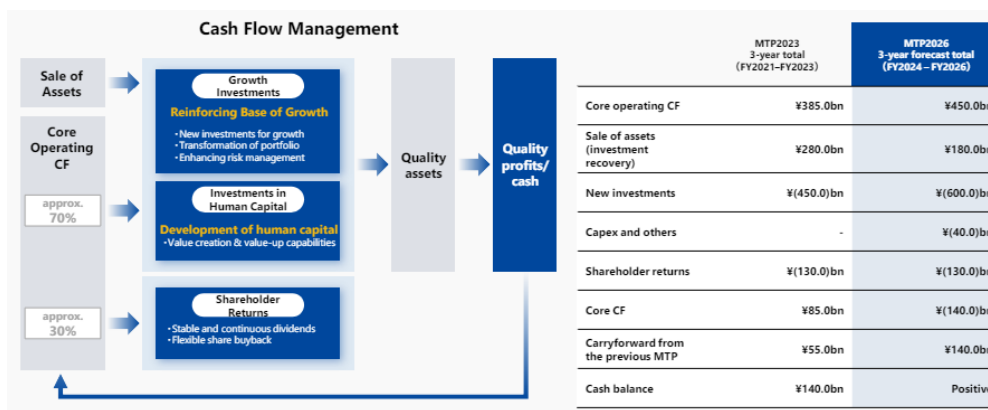
In Medium-term Management Plan 2026, aiming for Sojitz’s vision for 2030 of “Becoming a general trading company that constantly cultivates business and human capital,” Sojitz will strengthen our “capability of value creation” and “capability of value-up” to realize the Sojitz Growth Story by setting three basic human resources strategy policies: “Build diverse teams of individuals who take on



new challenges and achieve growth,” “Strengthen middle management to maximize the full potential of each individuals,” and “Anticipate volatile environment and flexibly allocate human resources.” (Please refer to Supplementary Principle 3-1③ for more details on human resource policies.)

### 3) Cash Flow Management

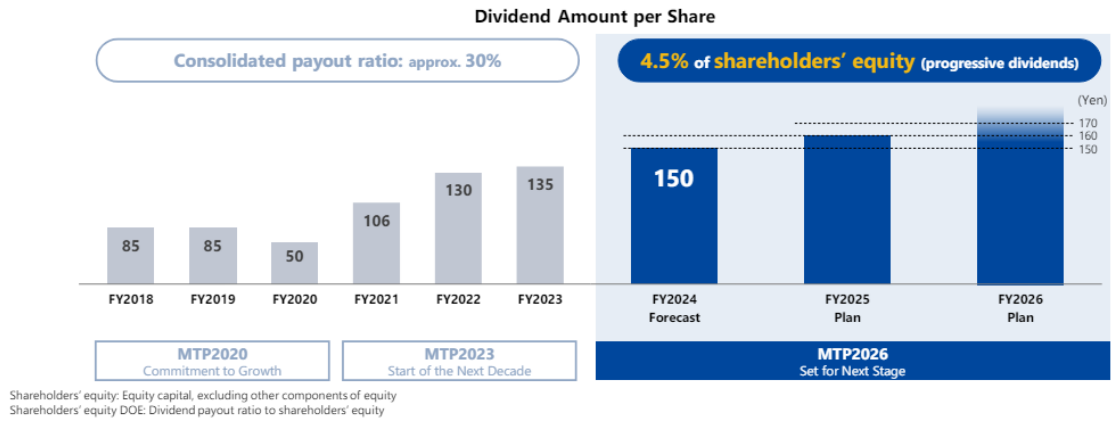
We will use core operating cash flow and asset replacement as resources to execute shareholder returns and make growth investments and investments in human capital to enable further growth. Approximately 70% of basic operating cash flow will be used towards growth investment and investment in human capital, and approximately 30% will be used to shareholder return.



### 4) Basic Policy for Distribution of Profit

Sojitz is to allocate approximately 30% of its accumulated core operating cash flow to shareholders return during the period of Medium-term Management Plan 2026.

- Dividends
  - Sojitz has set a dividend policy of 4.5% shareholder equity DOE, which minimizes the impact of fluctuations in business performance, stock prices, and exchange rates, in order to provide stable and continuous dividends.
  - This is a dividend policy that allows for a progressive increase in dividends as long as the increase in shareholders' equity due to net income exceeds the decrease in shareholders' equity due to shareholder return.
- Share Repurchase
  - Based on the cash flow management policy, Sojitz will flexibly implement share buybacks throughout the period of Medium-term Management Plan 2026.



\*For further details on the targets set under Medium-term Management Plan 2026, see Principle 3-1. For further details on human capital investments, see Supplementary Principles 3-1③.

\*For further details on Medium-term Management Plan 2026, refer to the Sojitz website.

<https://www.sojitz.com/pdf/en/corporate/strategy/plan/chukei2026e.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 2026.

<https://www.sojitz.com/pdf/en/corporate/strategy/plan/chukei2026e.pdf>

(2) Progress in relation to Medium-term Management Plan 2026 is reported in financial results and other materials. For further details on Strengthening of Growth Foundation and Cash Flow Management, see General Principle 5-2.

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