

Pursuing Sustainability

Key Sustainability Issues (Materiality)

To continue creating these “two types of value” in the future, Sojitz has determined 6 Key Sustainability Issues (Materiality) to focus on in our business over the medium- to long-term. Based on these issues, we are striving to integrate solutions to global environmental and social problems with our corporate activities and build systems for such integration.

Respect the human rights of people involved in our businesses

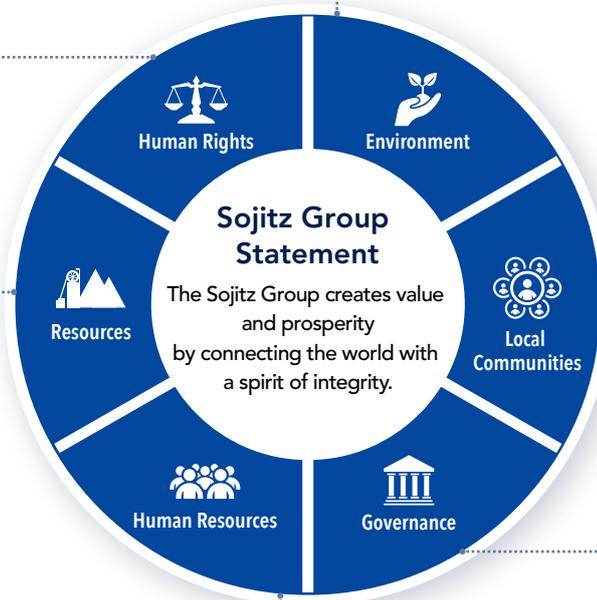
Sojitz respects the human rights of people involved in its businesses. This applies not only to Sojitz employees, but also to everyone affected by Sojitz’s businesses throughout its supply chains. Should there be any instances of child labor or forced labor, we will rectify them.

Contribute to the global environment through our businesses

Sojitz strives to preserve the environment and create businesses that are both highly competitive and environmentally friendly by pursuing environmental sustainability in its businesses. We work to minimize our environmental burden with initiatives that include preventing climate change, reducing CO₂ emissions, and preserving biodiversity.

Develop and grow together with local communities

Sojitz promotes businesses that grow together with local communities. We work to reduce environmental and social burdens on local communities through our businesses. Through ongoing communication with local communities, we strive to achieve business sustainability, address local problems, and support children’s education.



Develop, supply and use sustainable resources*

Sojitz pursues the development, supply, and use of sustainable resources. We strive to conserve resources, propose suitable energy mixes, and provide a stable supply of resources.

* Includes energy, mineral, food, water, forest, marine, and other resources

Promote opportunities for diverse human resources and workplace diversity

The greatest business asset is a diverse workforce. We strive to build a positive work environment, to establish systems for hiring, evaluating and training employees, and to promote diversity in the workplace through active involvement of human resources with diverse values.

Emphasize effectiveness and transparency

Sojitz strives for corporate governance and transparency by strategically linking Group activities, including compliance and efforts to achieve medium- to long-term business sustainability.

The Sojitz Group strives to attain sustainable growth for both the Group and society, based on the Sojitz Group Statement and in cooperation with our stakeholders, by optimizing “two types of value” through our business. Sojitz believes that maximizing shared value for both the Group and society is key to creating the value and prosperity highlighted in our Group’s corporate statement.

Formulation of Long-Term Vision for 2050

In April 2018, we established our long-term vision: “Sustainability Challenge.” In order to achieve this vision, we will strive to expand our low-carbon businesses over the next 10 years and broaden our initiatives to ensure human rights are always respected. The MTP 2020 is a preparatory phase for us to achieve the Sustainability Challenge; our management will lead us in understanding and assessing the CO₂ emissions from our business activities, and we will accelerate the creation of businesses that contribute to the achievement of a low-carbon society.

* See the Sojitz website for information on the key initiatives that Sojitz is undertaking as part of its Sustainability Challenge. <https://www.sojitz.com/en/csr/priority/challenge.php>



External Awards and Commendations

There is an ongoing rise in ESG investments, which consider non-financial information such as environmental, social, and governance factors, and encourage sustained corporate growth (sustainability) from a long-term perspective. The following examples represent the major external ESG awards and commendations we have received.



Sojitz was selected as an FY2018 constituent of the Dow Jones Sustainability Indices (DJSI) World and Asia Pacific listings, which are internationally recognized, Socially Responsible Investment-focused global stock price indices.



Sojitz was selected as a constituent of the FTSE4 Good Index Series and FTSE Blossom Japan Index provided by FTSE Russell for two consecutive years.



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Sojitz was selected as a constituent of the MSCI Japan Empowering Women Index (WIN) for three consecutive years.



Sojitz was selected for the “Silver Class” award, one rank higher than last year, and the “Industry Mover” award for the second year running in RobecoSAM’s corporate sustainability ratings.



In 2018, Sojitz was recognized with a management level “B” from CDP in relation to climate change.



Sojitz has been selected as a Nadeshiko Brand company for three consecutive years in recognition of its efforts to empower women in the workplace.

Working to Promote Integrated Sustainability for Both Sojitz and Society

Systems to Promote and Implement Sustainability

To promote management that incorporates a sustainability perspective, we established the Sustainability Committee, headed by the CEO. This committee decides sustainability-related policies and targets for the whole Company, constructs and maintains systems to implement them, and monitors the progress and status of each policy. The policies and issues discussed by the Sustainability Committee are also submitted or reported to the Management Committee and the Board of Directors, based on specified criteria. The Board of Directors supervises this process, and gives directives as necessary.

In the year ended March 2019, the committee met five times, and held discussions on matters such as environmental issues, including climate change; policies and risk management systems to address social issues, including human rights; and policies for social contribution activities. They also monitored our progress towards our targets. In addition, COOs of each business division and members of the Sustainability Committee had the opportunity to discuss the medium and long-term risks and opportunities presented by external trends and environmental and social

issues for the sustained growth of Sojitz's business divisions. These discussions helped to ensure that the business strategies of each division are in alignment with company-wide sustainability practices.



The Process of Establishing Key Sustainability Issues and Determining Our Long-Term Vision Leading up to 2050



* For details on the U.N. Global Compact and the SDGs, see our website <https://www.sojitz.com/en/csr/group/effort/>

Stakeholder Dialogue

As environmental and social issues continue to become more acute on a global scale, we make a point of holding regular dialogues between management and our external stakeholders to enable us to reflect our stakeholders' opinions and their expectations for us in our Group's initiatives. In the year ended March 2019, we invited experts in the environmental, social, and governance-related fields to exchange opinions on climate change and human rights, which are the themes of Sojitz Group's Sustainability Challenge.

Through these dialogues, we have received a variety of opinions and points to note that will help improve our sustainable company management and company value, including the necessity of understanding continuous social trends and ensuring the objectivity of our sustainability, and, based on this, the importance of commitment and disclosure from top management.



Stakeholder Dialogue (February 2019)

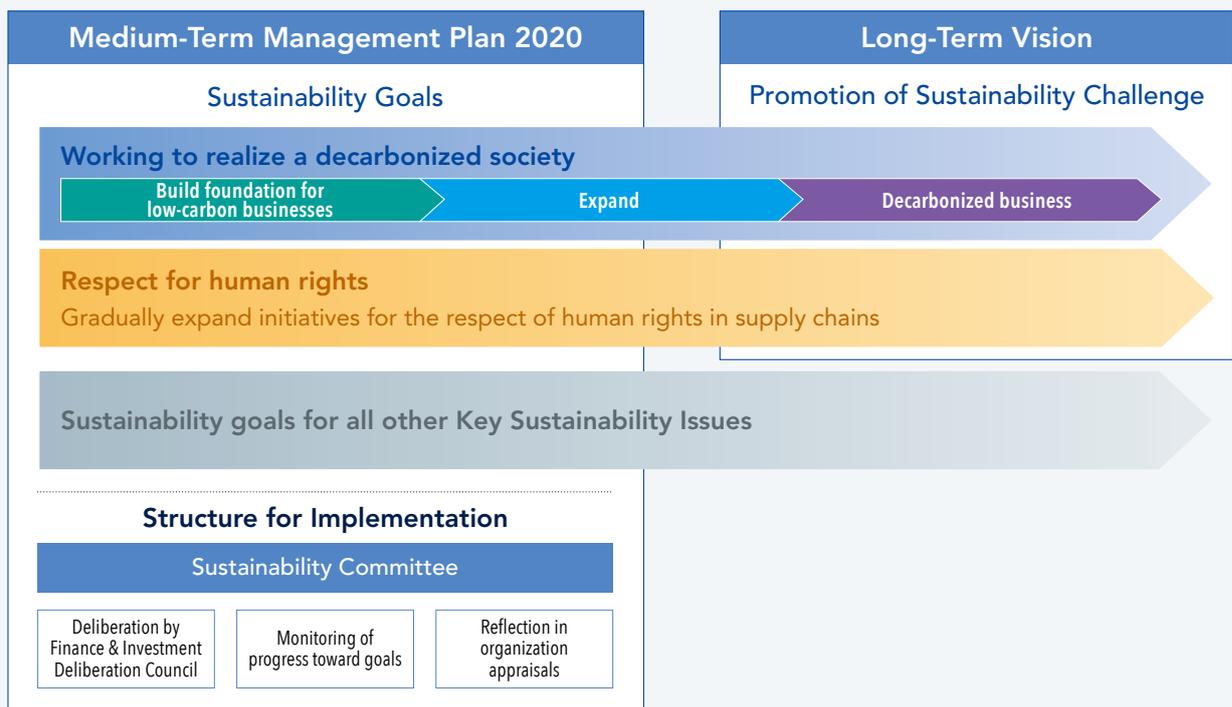
The experts who participated in our dialogues

Masako Konishi
WWF Japan
Saul Takahashi
(Former) Business & Human Rights Resource Centre
Akitsugu Era
BlackRock Japan Co., Ltd.

Promote the Integration of these Goals with Business Activities

Long-Term Vision (2050)

Reflecting the measures for resolving each Key Sustainability Issue in the Group's strategy



Working to achieve the Sustainability Challenge (Initiatives in the Year Ended March 2019)

Environment

Initiatives for Low Carbon and Decarbonization



Our Group is “working to achieve a decarbonized society through our business activities” as set out in the “Sustainability Challenge”, and we are promoting initiatives that link business to measures against climate change, such as our renewable energy business. These initiatives are based on the requirements of the Paris Agreement adopted in the United Nations Framework Convention on Climate Change (COP21) in 2015. In August 2018, we declared our endorsement of the final recommendations of the TCFD*1 and are striving to

cooperate with a wide range of stakeholders, proactively disclose information, and improve our transparency.



*1 The TCFD recommends disclosure in relation to risks and opportunities linked to climate change in terms of four themes: governance, strategy, risk management, and metrics and targets.

Status of Initiatives According to the TCFD Framework

Governance

We scrutinize climate-related risks and opportunities and discuss their influence on our business strategies based on promotion and implementation systems centered on the Sustainability Committee (Committee Head: CEO).
The details of these proceedings are regularly reported to the Management Committee and the Board of Directors, and the latter supervise and give direction when necessary.

Risk Management

We assess and identify the CO₂ emissions risk of each of our Group-operated businesses by using external investigations by third parties which cover the greenhouse gas emissions statistics by industry, alternative technology trends, and policy and regulatory trends.
In addition to the deliberation process for investments and loans that involves managing individual business risks, we also hold regular meetings between our business divisions and management to discuss and assess the effect of climate-related risks and opportunities on our businesses.

Strategy

Based on external investigations and internal analysis, we are working on sequential scenario analysis of the business fields believed to present the greatest risks and opportunities to our Group’s business activities, management strategy, and financial planning. The scenario analysis is then analysed to determine financial impact. *2

Scenario analysis of coal interests business and power generation business

	Coal interests business	Power generation business
Method	Demand and price forecasting is conducted based on a number of assumed scenarios by 2040, including the 2°C scenario, followed by analyzing the value of Sojitz’s assets	Analyzing the cost influence of Sojitz’s assets accompanying an anticipated increase in environmental taxes conducted based on a number of assumed scenarios by 2040, including the 2°C scenario
Financial Impact	<ul style="list-style-type: none"> - Our thermal and coking coal businesses have a certain cost competitiveness - Even in the scenario that might influence asset value, the effect on Sojitz businesses is limited 	<ul style="list-style-type: none"> - We have confirmed the cost resilience of our assets - We have made predictions to enable us to respond to conditions, even if those conditions change in the future, so the effect on Sojitz businesses is limited

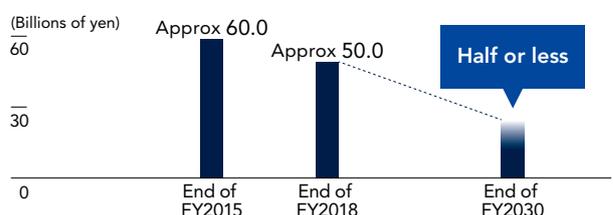
*2 Please see the Sojitz website for our scenario analysis <https://www.sojitz.com/en/csr/environment/tcfd/>

Metrics and Targets

Formulating policies for initiatives related to the coal equity business and the coal-fired power generation business (May 2019)

- Reducing the assets of our thermal coal equity to half or less by 2030
- In principle, not acquiring new thermal coal equity
- Not undertaking new initiatives in the coal-fired power generation business (we have no current projects)

Change in Thermal Coal Interests Assets



Initiatives Respecting Human Rights, Including Our Supply Chains



In developing a wide range of companies across the globe, the Sojitz Group supports the United Nations Declaration of Human Rights and the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work, and is promoting initiatives that respect human rights in regard to business, in accordance with the UN Guiding Principles on Business and Human Rights.

Risk Assessment and Approach to Prioritization

In the year ended March 2019, we organized prioritization within our risk assessments to promote the reduction of environmental and social (human rights) risks in a more systematic manner.

- We have analyzed business fields that typically present high risks based on case studies of environmental and human rights risks that have occurred around the world since 2000; information on these cases come from the Business & Human Rights Resource Centre, a British NGO. Based on this analysis, we adjusted our approach to prioritization for both Group companies and suppliers.
- In terms of our Group companies, all of our businesses will be subject to risk assessment and improvements regardless of country, but we will especially prioritize businesses we predict will have a major impact on the environment and society (human rights).
- We will prioritize and focus on suppliers starting with high-risk fields of business, regardless of transaction amounts or revenue. As environmental and social risks exist

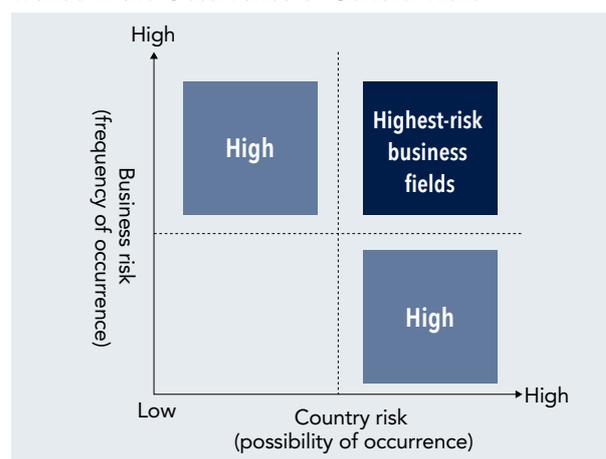
Entire Implementation Process



Note: Please see the Sojitz website for more details on the Sojitz Group Human Rights Policy, Environmental Policy, and CSR Action Guidelines for Supply Chains
<https://www.sojitz.com/en/csr/group/management/>

in upstream supply chains, we will continue our leading wood procurement initiatives alongside this focus on suppliers in high-risk fields.

Trends in the Occurrence of General Risks



Promoting Sustainable, Responsible Procurement



Sojitz Group established the Sojitz Group Wood Procurement Policy, and, together with various suppliers, we are striving to achieve sustainable wood procurement that is both environmentally-conscious and respects human rights. In the year ended March 2019, the results of a survey showed that 0% of our wood was lacking traceability (Level D), meaning that we reached our target for FY 2020 ahead of time. *1

In addition to wood, we are working to gain certification for a variety of products that require further consideration when it comes to sustainable procurement. *2

*1 For more details about our wood procurement initiatives, please see the Sojitz website:
<https://www.sojitz.com/en/csr/supply/lumber/>

*2 Certifications newly obtained in FY2018

- (1) RSPO certification (Sojitz Corporation)
 This certification comes from the Roundtable on Sustainable Palm Oil, an international organization. Sojitz has succeeded in obtaining segregation—providing certified palm oil shipped from multiple certified plantations to manufacturers without mixing it with uncertified oil—and obtaining a mass balance between controlling the quantity of oil used in the distribution process and the certified oil production locations (certified plantations).
 

2-0443-14-100-00
- (2) MSC Chain of Custody (Dalian Global Food Corp. in China)
 This supply chain certification from the Marine Stewardship Council, an international NPO, is granted to companies that can process and distribute marine products (with MSC certification) obtained through sustainable marine industry without mixing them with uncertified marine products.
- (3) SCSA certification (Sojitz Tuna Farm Takashima Co., Ltd.)
 The Seedlings Council for Sustainable Aquaculture, a Japanese NPO, grants this certification to producers and cultivators of sustainable seedlings who use artificial seeds as seedlings for aquaculture.

Working to Maximize Employee Capabilities

Basic Approach on Human Resource Strategy

At the Sojitz group, the value we create as a company is directly tied to our greatest asset—our people. The Sojitz Group will create new value and businesses amidst diverse people, cultures, and values, and advance our activities by developing Sojitz people who can create “two types of value,”—value for Sojitz and value for society. Under Medium-Term Management Plan 2020 (hereinafter “MTP 2020”), Sojitz is pursuing sustainable growth through maintaining current earnings foundations, strengthening business functions and continuing to invest with an eye to further growth.

Maximizing the potential of our human resources through a consistent and sound human resource strategy is essential to achieving sustained growth, while strengthening governance and managing risks. Particularly, we aim to develop people who can respond to the rapidly changing business environment with a sense of speed, create something from scratch using their creativity and innovation, boldly take on challenges in new domains and industries, and persevere until successful with resolute determination.

Challenges in Sojitz’s Human Resource management initiatives and HR strategy in the MTP 2020

One major challenge we are facing for our human resource management is that we have not reached our targeted number of employees in their late 30s to early 40s, i.e., candidates eligible to take a leading role and become the next generation of managers. Therefore we must accelerate efforts to develop employee who will be responsible for sustained growth and expanding our earnings for our next medium-term plan. Specifically, we are reviewing the ways in which we have worked in the past, in hopes of raising efficiency and productivity to create additional time that can be reallocated to new business creation, and to improve individual and organizational capabilities by stimulating inter-organizational communication so we can accumulate, share, and use our expertise throughout our organizations.

The human resource strategy under our MTP 2020 focuses on three main areas: diversity management, work style reforms and the development of future leaders. We will improve the quality and productivity of work by promoting diversity to ensure that all employees respect and leverage their individuality and work with enthusiasm. Reforming how we work will also support the physical and mental health of each and every one of our employees. Furthermore, for the development of future leaders, we will cultivate talented individuals who can support business management by providing platforms for taking on new challenges. We will strive to achieve sustainable growth by connecting these efforts to maximizing employee potential and creating innovation.

Human Resource Strategy in the Medium-Term Management Plan 2020

Challenges in human resource management

Management Challenges

Future Leaders to Manage Tokyo HQ and Group Companies

- Initiatives regarding our corporate governance code
- Securing talent who can continue to provide new value for the world
- Developing future leaders regardless of age, gender, and nationality
- Covering for the shortage of next manager candidates (in their late 30s to early 40s)

Appropriate treatment and advancement of employees who can create value and generate profits with an eye to a yearly net profit of 100 billion yen

- Appropriate treatment and further improvement of the capabilities of those in management positions
- Fostering employees who can generate ideas

Improving the mental and physical health of employees, controlling the risk of loss of talent

- Promoting the Sojitz Group health management policy/Earning certifications and commendations

Challenges on the front lines

Organizational relationships

- Improvement initiatives based on employee engagement surveys
- Increase communication to connect each organization
- On-site/off-site exchange meetings

Promoting business optimization

- Improving efficiency of meetings
- Introduction of IT tools and methods such as paperless meeting systems
- Raising organizational efficiency to avoid overlapping tasks within the company

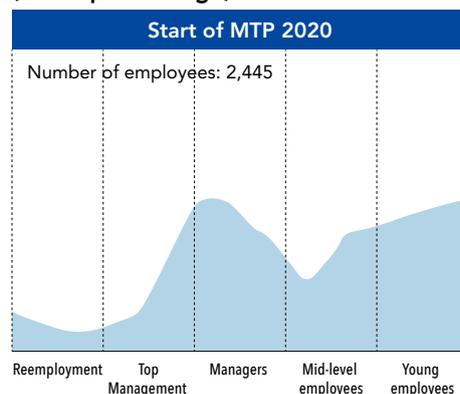
Continuing our culture of taking on challenges

- Reviewing our evaluation system to stimulate challenge
- Reviewing our evaluation system to remand success

Improving the career path for Administrative

- Improving and broadening the career opportunities for Administrative employees
- Introducing a career system enabling talented and motivated employees to progress

Human Resources Composition Simulation (Conceptual Image)



The three pillars of the human resource strategy in the Medium-Term Management Plan 2020



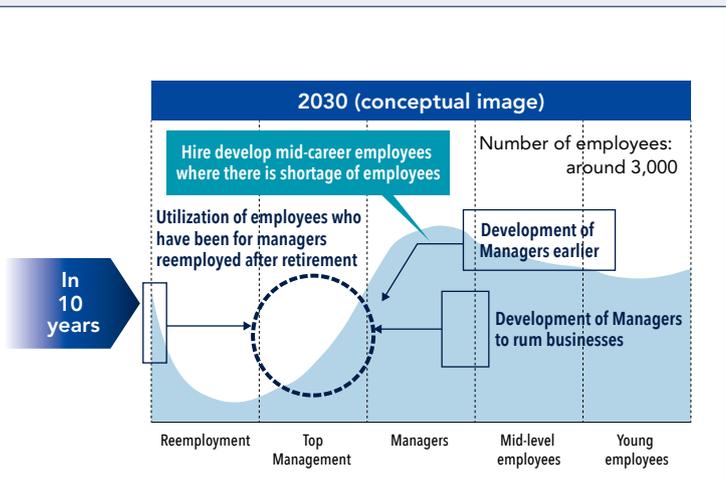
Progress in the year ended March 2019

- Human Resource Systems**
 - Partially revised the job grade system (introduction of deputy section manager and region-specific roles)
 - Evaluated, assessed, and rewarded highly performing employees in a manner suitable for each role (revised and changed of goal-based evaluations, performance-linked remunerations and bonuses, enhanced employee commendation system, and others)
 - Revised the human resources policy for elder employees (introduction of career planning to engender further excellence, introduced reforms for salary conditions for reemployment after retirement, introduced assessment systems)
 - Strengthened human resources infrastructure to ensure that the right people are in the right places (introduced a talent management system)
- Human Resource Development**
 - Improved training for department heads, selective training, reviewed job rotation to develop managers
 - Introduced systems to increase self-awareness amongst managers in order to improve performance (introduced 360° surveys)
- Hiring, Recruitment**
 - Recruited talent capable of pursuing value creation (new graduates and mid-careers with experience to meet Sojitz way)
 - Promoted diversity (increased recruitment of female potential managers, global recruitment, continued to recruit people with disabilities)
- Workplace Environment**
 - Implemented improvement plans based on employee surveys
 - Carried out company-wide trials with the aim of fully introducing teleworking
 - Revised leave system (introduced new leave for family care) and joined the IkuBoss initiative (support for managers who encourage a good work-life balance)
 - Initiatives to protect the health of employees and their families (Commitment to "Sojitz Healthy Value" Group health policy, establishment of the Health Support Office, establishment of a health counseling service and a harassment counseling service, compensation for cancer screening costs and state-of-the-art treatment for cancer and other diseases, introduction of a health management system)
 - Office floor reorganization project to facilitate new workstyles

Creation of innovation

Achievement of sustainable growth and New way, New value

Improvement in productivity





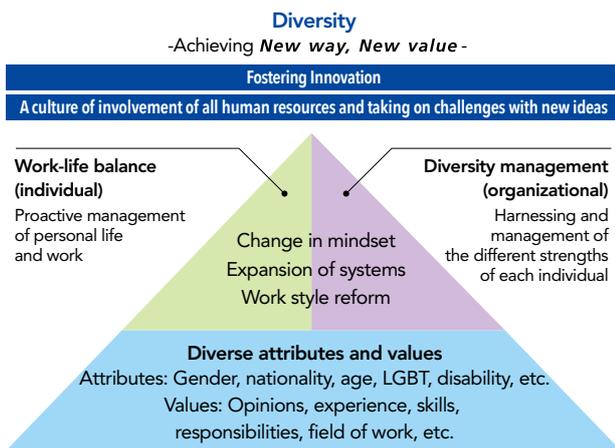
With all our employees excelling with their individual strengths, we will achieve “New way, New value” through engaging with new ideas and challenges.



Aiming to strengthen our earnings capacity and create an environment where diverse human resources can perform to the best of their capabilities while maintaining a healthy mind and body.

Approach to diversity management

Sojitz Group employees are the source of our value creation, and our diversity management efforts seek to capitalize on our diverse individuality. With respect for diversity as our foundation, we are fostering a culture and creating structures for diversity promotion based on the twin pillars of work-life management, allowing employees to independently enrich their personal and work lives; and diversity management, which allows us to harness the diverse strengths of individuals.



Promoting diversity management

In terms of promoting women’s success in the workplace, we have set the goals of (1) keeping the percentage of new female college graduates hired for career-track positions at 30% (achieved) and (2) increasing the number of female managers from 27 in March 2016 to 54 by March 2021. We strive to disseminate messages from the Management, give career training, and offer diversity training for managers, in addition to hosting seminars and private consultations for working parents and employees who have returned to work after childcare leave, implementing policies that create a flexible environment to support women in balancing both work and childcare, and increase in the number of male employees who take childcare leave.

These initiatives have been recognized, and we have been selected as a Nadeshiko Brand company for the third year running, and as a constituent of the MSCI Japan Empowering Women Index “WIN” for the third year running. In October 2018 we also became the first General Trading Company to join the IkuBoss Corporate Alliance, run by the non-profit organization Fathering Japan, so we can support the diverse working styles of young employees by raising awareness among Managers. We are implementing the IkuBoss Declaration and striving to disseminate it throughout the Company.

Improving productivity

In order to reduce long working hours and increase productivity, we are formulating meeting rules (clarifying meeting aims and agendas, implementing a 40-minute internal meeting rule), implementing an improvement project in all our departments utilizing an employee survey, and making use of IT tools. With these initiatives, we aim to streamline our business through daily improvements. We are also promoting the introduction of systems that provide people with flexible choices of working times and places, without being constrained by our previous way of working. We strive to create an environment in which people can independently chose their workstyles, enabling them to work according the specific characteristics of where they work—such the conditions in the field or to accommodate a wide range of clients—through our super flex system with no fixed core hours and the company-wide teleworking trial, for instance.

Maintaining and promoting employee health

The physical and mental health of our employees and their families is important to maintaining high levels of motivation for work. Aiming to maintain and promote health across the Group, we are continuing to implement policies in accordance with “Sojitz Healthy Value,” the Sojitz Group charter to protect and improve employee health throughout the Company. In the year ended March 2019, we achieved 100% of our employees having health checks to encourage the prevention and early detection of disease, and were recognized as a Certified Health & Productivity Management Organization (White 500), a commendation for companies that practice excellent health management. From now on, we will continue to enhance systems that offer support from both a physical and mental health perspective.

COLUMN

Introducing a Health Management system that supports employee health

Each employee will be able to check the results of their health and stress checks on their personal pages whenever they wish, and the Company will offer support both their physical and mental health.



Main page of a Health Management system



Development of Future Leaders

We are taking on the challenge of business growth by having young and energetic employees gain experience in our operating companies.

Actions to improve business management capabilities

To expand our business, which is made up of over 400 Group companies around the world, we face the challenge of developing future leaders who can manage the operating companies in which we have invested and steadily accumulate earnings. To this end, we provide opportunities for highly motivated and competent employees, regardless of age, to gain early experience in business management and decision-making in difficult situations, giving experience managing Group companies from when they are in their 30s. We offer selective training in our head office for employees who have demonstrated repeated growth in various business areas. This will accelerate the development of future leaders of our Group.

Business leaders and Corporate leaders to manage Group companies

To enable continuous and stable business management, we are training our successors through cooperation with corporate departments and those on the business front lines. We identify candidates according to the needs of each business environment, and are stationing staff across all divisions as required. In so doing, we strive to increase the skills of operating company management staff and advance diversification across the whole company.

Regarding core corporate employees, in addition to giving them more opportunities to handle Group company business by relocating them to operating companies. We are also increasing opportunities for them to build experience as part-time directors or Audit & Supervisory Board members at operating companies in Japan and overseas. Once they return to the head office from the operating companies, we make use of their experiences in Tokyo HQ. In this way, we have constructed a continuous cycle that leads to the development of corporate staff.

CASE STUDY

Human Resource Development in the Automotive Division



Challenges in a new field

Mariko Ishii
Director & CAO
Sojitz Fuso Philippines

As the Chief Administrative Officer (CAO), my job is to take charge of all administrative tasks. There are a lot of duties that I rarely had to deal with when I was working at Tokyo HQ. There were many things I had to start learning such as the details of local laws, but I was able to build up a new company together with the Filipino staff, and I enjoy managing the company every day. While creating the kind of culture where everyone is able to try new things and spreading the joy of challenging yourself throughout the company, I endeavour to nurture employees who believe in and follow the Sojitz Group Statement, and I dream of the day when I can send employees from this company to Tokyo HQ.



A group photo with local staff during a visit by President Fujimoto (Mariko Ishii is the 7th from the left in the back row)

Transferring young employees to operating companies



Starting up an operating company is a major project

Hitomi Yamaguchi
Business Development Section No. 2
Medical Infrastructure Dept.
Machinery & Medical Infrastructure Division

In my third year after joining the company, I took charge of the development of the hospital PPP project in Turkey. This large-scale project with a total cost of around 200 billion yen was full of tense moments. In the summer of 2017, once the contract was signed without any issues, I was posted to Turkey to set up the operating company and manage the finances. There I worked in tandem with our local partners to develop the scheme that would form the foundation of business operations. I was the only young Japanese employee there, so there were a lot of difficulties caused by differences in our ways of thinking, but in the end, it was a priceless experience that made me aware of what it was like to manage a company first-hand. Right now, I am using that experience to work on the development of a new project.



Inspecting the hospital facility in Turkey

Message from the Chairman

We will pursue the kind of corporate governance expected of Sojitz Group in its current growth phase.

Takashi Hara
Chairman of the Board



I assumed the post of Chairman of the Board in June this year. Using my seven years of experience as Representative Director, Vice Chairman, I will work to reinforce governance as Chairman—a role which no longer has the power of a Representative Director to enable us to clearly separate business execution from governance.

Right now, Sojitz is at the stage where we are taking on new challenges aimed at sustained growth and actively working to expand our businesses. We see these changing times as an opportunity for growth, and in order to steadily expand, it is crucial that we have a system in which fast management decisions can be made while simultaneously identifying and addressing mid- to long-term risks. Under such a system, we strike a balance between business execution and oversight.

In recognition of this need, the company established the Internal Audit Committee under the Board of Directors last year, to lead the Internal Audit Department. This organizational structure ensures that Internal Audit Department can voice opinions in a manner that is independent from business execution. As the Chairman of the Internal Audit Committee, my duties go beyond evaluating audit results. If there are findings that a certain business must address, instead of providing instruction only to the specific organization in question, I issue instructions to all organizations as necessary, to prevent any reoccurrences of the issue. I also make a point of visiting our overseas affiliates, operating companies, and other Group companies to educate staff. Incidentally, based on my experiences in the

course of many years as a public relations officer at a financial institution, I focus on ensuring that I myself am attuned to changes in the values of society in order to prevent the organization's internal ethics from going against social conventions. Additionally, when I visit Group companies, I make an effort to meet employees face-to-face so I can check their morale. These are just some of the ways we are continuing to strengthen our supervisory functions, including those for overseas Group companies.

We will also continue to strengthen the functions of the Board Meeting Operation Office established in April 2019 as part of our continued efforts to increase the productivity and transparency of the Board of Directors. The Board Meeting Operation Office discusses matters with our outside directors before Board of Directors meetings, and we are working on ways to provide our outside directors with more specific information through greater opportunities to observe company functions, in addition to these discussions. In this way, we hope to encourage our outside directors to actively contribute opinions at the Board of Directors meetings.

To strengthen governance, we need every single employee that carries out our various policies to have high morale. I believe my mission is to get all employees to fully understand that strengthening governance to gain disciplined, highly-transparent organizational management and a refreshing human resources policy is the cornerstone to achieving the "two types of value" that Sojitz strives to realize. To make that possible, I will do my best to leverage my years of experience and tackle this new challenge.

What role should outside directors fulfill right now to increase corporate value?

We asked two outside directors for their views.



Norio Otsuka

Outside Director

Main post held concurrently
Advisor, NSK Ltd.

[Brief career history on ► P. 50](#)

Kayoko Naito

Outside Director

Main post held concurrently
Counsel, Oh-Ebashi LPC & Partners
Supervisory Officer, Tokyo Infra
Energy Toshihojin

[Brief career history on ► P. 50](#)

Naomi Yamazaki

Facilitator

Representative Executive Director,
ESG Network of Shareholders & Companies
Representative Executive Director/
Administration Manager,
Institutional Investors Collective
Engagement Forum

Increasing the effectiveness of the Board of Directors

Yamazaki: It's been four years since Japan's corporate governance code was enacted. These days, it is not enough to simply meet the formal requirements for governance. We are in an age where outside directors in particular are evaluated on their effectiveness in increasing corporate value; in other words, how they monitor and provide management oversight on behalf of shareholder interests. Ms. Naito and Mr. Otsuka, you were both appointed as outside directors last year. Looking back over the past year, what are your impressions of Sojitz's governance?

Naito: The first thing I noticed is that many people at Sojitz recognize the importance of governance. The Board of Directors actively discusses issues from the perspective of both profitability and risk, possibly because of the management crisis that they had to overcome in the past.

Otsuka: Yes, I agree. I was also impressed by the disciplined management of board meetings.

Yamazaki: Did you ever raise a dissenting opinion in any of the various decision-making sessions?

Naito: A general trading company does business in a wide variety of areas. Therefore, when I take part in the Board of Directors meetings, I always ask myself: "Have we overlooked anything?" I also make a point of asking questions to clarify anything that was unclear. We received explanations in advance, and these helped my understanding. Fortunately, I never saw any major problems with the decisions being made.

Otsuka: Audit & Supervisory Board members at Sojitz have a very firm grasp of their role. They are aware of what new directors like us do not know, and they explain circumstances to us in advance. So as far as internal controls go, I think this is an excellent organization.

Yamazaki: It is extremely important for outside directors to receive sufficient information about the company. When and how does this take place specifically?

Naito: Sojitz has an Internal Audit Committee that operates independently from the organizations in charge



of business execution. This committee reports its activities to us at the Board of Directors' meetings, where we then have the opportunity to share our opinions. We are also encouraged to observe councils that specialize in different issues such as the Finance & Investment Deliberation Council and the Sustainability Committee.

Otsuka: Although I could understand the business of a general trading company on a conceptual level given my manufacturing background, in practical terms, I did not know the process of who made decisions or how they were made at a general trading company. It is therefore extremely helpful for me to be informed of the actual situation on the ground when deliberating issues at committee meetings.

Naito: I've been in many situations where deliberations continued without the problem at hand being resolved, or where the issues had to be sent back to the proposing department.

Otsuka: The briefings before the Board of Directors meetings are very helpful. Since we understand the background of the issues, we are able to take part actively in meetings instead of listening passively.

Yamazaki: I believe that these measures put in place to increase the effectiveness of the Board of Directors should be applauded.

Visiting business sites to detect potential issues

Yamazaki: On the other hand, do you have any concerns in fulfilling your duties, or are there any issues you feel could be improved upon?

Otsuka: Sojitz has full-time Audit & Supervisory Board members who visit sites in Japan and abroad, but I think it would be helpful if outside directors had more opportunities to visit business sites as well. A lot of informal conversation takes place at business sites. Even a casual conversation can reveal things about the workplace's level of motivation or tension, and I think we could use that information when making management decisions.

Naito: Yes, I agree. I'm especially interested in learning how women's performance is contributing to growth.

Yamazaki: Sojitz is making great strides with diversity management, so if we can take part in the daily communication between employees, including conversations with women and foreign workers, we might be able to catch a glimpse of the potential of future business or possible conflicts. Furthermore, any opinions from outside directors that are based on actual observations help shareholders and investors to learn more about employee motivation, the actual state of



affairs, and the level of trust Sojitz has earned from society, which is valuable input for them as well.

Evaluating the new executive remuneration system

Yamazaki: What do you think of the new executive officer remuneration system that was introduced this year? Remuneration is a big governance issue for Japanese companies, not just Sojitz, and there a lot of questions about whether remuneration should be determined by set rules without the consensus of executives, and whether it will be a suitable incentive to improve financial results.

Naito: We did create the remuneration system with certain rules in mind. Since FY2018 was the first fiscal year after the system was introduced, we focused mainly on ensuring that it was running as planned. However, since we received a number of questions and opinions, such as “How are contributions to sustainability evaluated?”, we are already working together with the Secretariat to discuss ways to improve the system.

Otsuka: We want to take the initiative to change anything that needs to be changed. But since we need to work in tandem with management policies, any major changes will most likely happen in the course of the next medium-term management plan. Moreover, performance-based remuneration affects not only executive officers, but must also be balanced against the Group’s global remuneration structure and its human resources system, so we need to move cautiously in such matters.

Yamazaki: I hope you will be able to adopt the necessary changes to improve effectiveness even further.

Striking a balance between risks and growth opportunities in decision-making

Yamazaki: Lastly, I would like to ask you about Sojitz’s policies going forward. Sojitz has made a series of moves aimed at sustainable growth, such as investing ¥315.0 billion over 3 years under the previous

medium-term management plan. Shareholders and investors are very interested in learning how outside directors will participate in such growth strategies.

Otsuka: There is a trend towards hands-on management in the manufacturing industry, so I hope to use my management experience in quality control and other scenarios to contribute as much as possible.

Additionally, there are businesses from which we will not see return within the next few years. I will try to determine whether these are businesses that are properly monitored and run with a responsible management structure despite being businesses that carry risk. Furthermore, as the head of the Nomination Committee, I hope to work with the committee members to think about our vision for the Board of Directors and give them encouraging advice.

Naito: I want to support the company in realizing its “two types of value” while focusing on both the opportunities and risks that accompany its growth strategy, taking a broad look at both laws and “soft laws”—that is, international standards and generally accepted ideas such as the SDGs—and helping the company remain what regular members of the international community would consider a healthy company. Furthermore, since decisions will differ depending on whether we are taking a short, medium, or long-term perspective, I want the company to make well-balanced decisions without focusing solely on immediate profits and make irresponsible choices and delegate responsibility to others down the line.

Yamazaki: When we think about the society of the future and supply chains, it is extremely difficult to conclude what kind of governance a general trading company will need to both take risks in a wide range of business areas and search for growth opportunities. Despite this, it is clear that Sojitz is putting measures in place to create the kind of culture and structure that allows outside directors, as a third-party, to share their opinions. In a time when people want to know more about how companies are strengthening governance and whether those efforts are effective, I look forward to your future involvement as outside directors who are aware of these issues.



Directors/Audit & Supervisory Board Members (As of July 1, 2019)

Directors



Takashi Hara

Chairman of the Board

April 1975 Joined The Sanwa Bank Ltd.
 May 1999 General Manager, Public Relations Department
 January 2002 Executive Officer, UFJ Bank Ltd.
 March 2003 Executive Officer, Head of Kyoto Branch Office
 May 2005 Managing Executive Officer
 January 2006 Managing Executive Officer, The Bank of Tokyo-Mitsubishi UFJ Ltd.
 June 2008 Managing Director
 May 2009 Senior Managing Director
 May 2010 Deputy President
 June 2012 Representative Director, Vice Chairman, Sojitz Corporation
 April 2018 Representative Director, Vice Chairman, Executive Management of Kansai Office
 June 2019 Director, Chairman of the Board



Masayoshi Fujimoto

Representative Director, President & CEO

April 1981 Joined Nissho Iwai Corporation
 April 2005 General Manager of Automotive Dept. 3, Sojitz Corporation
 December 2008 MMC Automotriz S.A. Director President
 August 2012 Sojitz Corporation of America, Regional General Manager, Machinery Division, Americas
 October 2014 Corporate Officer, Senior General Manager, Corporate Planning, Sojitz Corporation
 April 2015 Executive Officer
 October 2015 Managing Executive Officer
 April 2016 Senior Managing Executive Officer
 June 2017 Representative Director, President & CEO



Seiichi Tanaka

Representative Director, Executive Vice President, CFO

April 1984 Joined Nissho Iwai Corporation
 April 2011 General Manager, Finance Dept, Sojitz Corporation
 April 2014 Executive Officer
 April 2016 Managing Executive Officer, CFO
 June 2017 Representative Director, Senior Managing Executive Officer, CFO
 Executive Management of General Accounting, IT Planning, Structured Finance
 April 2018 Representative Director, Senior Managing Executive Officer, CFO
 Executive Management of General Accounting, IT Planning, M&A Management Office, Controller Office
 April 2019 Representative Director, Executive Vice President, CFO
 Executive Management of General Accounting, Finance, Structured Finance, Investor Relations, M&A Management Office, Controller Office Oversight



Shigeru Nishihara

Representative Director, Senior Managing Executive Officer, CCO

April 1986 Joined Nissho Iwai Corporation
 June 2006 General Manager, Coal Department, Sojitz Corporation
 October 2010 General Manager, Corporate Planning Department
 April 2011 Executive Officer
 April 2014 Managing Executive Officer
 April 2015 Managing Executive Officer, CIO
 Executive Management of Corporate Planning, Investor Relations
 April 2016 Senior Managing Executive Officer
 Executive Management of Metals & Coal, Foods & Agriculture Business, Lifestyle Commodities & Materials, Retail
 April 2017 Senior Managing Executive Officer
 Executive Management of Energy, Metals & Coal, Foods & Agriculture Business, Retail & Lifestyle Business, Industrial Infrastructure & Urban Development
 April 2018 Senior Managing Executive Officer, CCO
 June 2018 Representative Director, Senior Managing Executive Officer, CCO
 April 2019 Representative Director, Senior Managing Executive Officer, COO, Corporate Planning Department, Corporate Sustainability Office, CCO



Kayoko Naito^{1,2}

Director

April 1985 Federation of Bar Associations
 September 1989 Davis Polk & Wardwell LLP (New York)
 January 1991 Mitsui, Yasuda, Wani & Maeda
 September 2004 Partner, Oh-Ebashi LPC & Partners
 September 2014 Lecturer, Ritsumeikan University School of Law (current)
 June 2016 Member of The Japan-Mekong Business Cooperation Committee, Japan Chamber of Commerce and Industry (JCCI) (current)
 October 2017 Supervisory Officer, Tokyo Infra Energy Toshihojin (current)
 June 2018 Director, Sojitz Corporation
 January 2019 Counsel, Oh-Ebashi LPC & Partners (current)



Norio Otsuka^{1,2}

Director

April 1973 Joined NSK Ltd.
 December 1999 Deputy Head of Corporate Strategy Division HQ
 April 2000 Vice President, Head of Corporate Strategy Division HQ
 June 2002 Director, Senior Vice President, Head of Corporate Strategy Division HQ
 June 2004 Director, Executive Vice President, Head of Corporate Strategy Division HQ
 June 2007 Director, Senior Executive Vice President, Head of Corporate Strategy Division HQ
 June 2009 Director, President and Chief Executive Officer
 June 2015 Director, Chairperson of the Board of Directors
 June 2016 President, The Japan Bearing Industry Association
 March 2017 Outside Director, Showa Shell Sekiyu K. K.
 June 2017 Honorary Chairman, NSK Ltd.
 June 2018 Director, Sojitz Corporation
 June 2018 Advisor, NSK Ltd. (current)
 April 2019 Outside Director, Idemitsu Kosan Co., Ltd. (current)
 June 2019 Outside Director, Taisei Corporation (current)

Audit & Supervisory Board Members



Junichi Hamatsuka

Audit & Supervisory Board Member (Full-time)

- April 1977 Joined Nissho Iwai Corporation
- October 2005 Executive Officer, General Manager, Corporate Accounting Dept., Sojitz Corporation
- April 2007 Executive Officer CFO & CAO for the Americas
- April 2010 Executive Officer, CIO
- April 2012 Managing Executive Officer
- April 2015 Managing Executive Officer Executive Vice President for Asia & Oceania
- April 2016 Advisor
- June 2016 Audit & Supervisory Board Member (Full-time)



Takayuki Ishige^{2,3}

Audit & Supervisory Board Member (Full-time)

- April 1978 Joined Kao Soap Co., Ltd.
- January 2003 Senior Manager, International, Global Internal Audit, Kao Corporation
- September 2006 Vice President, Global Internal Audit
- June 2011 Audit & Supervisory Board Member
- June 2016 Audit & Supervisory Board Member (Full-time), Sojitz Corporation



Mikinao Kitada³

Audit & Supervisory Board Member

- April 1976 Public Prosecutor at the Tokyo District Public Prosecutors Office
- April 2002 Director-General for Inspection of Minister's Secretariat, the Ministry of Foreign Affairs
- January 2009 Director-General of the Public Security Intelligence Agency
- January 2012 Superintending Prosecutor of the Osaka High Public Prosecutors Office
- March 2014 Registered as Attorney-at-law (Special Counsel, Mori Hamada & Matsumoto) (current)
- June 2014 Director, Sharp Corporation Audit & Supervisory Board Member, Oji Holdings Corporation (current)
- August 2014 Audit & Supervisory Board Member, ASKUL Corporation (current)
- June 2015 Director, Yokogawa Bridge Holdings Corporation (current)
- June 2016 Audit & Supervisory Board Member, Sojitz Corporation



Kazunori Yagi^{2,3}

Audit & Supervisory Board Member

- April 1972 Joined Yokogawa Electric Works Ltd.
- October 1999 Vice President (Officer) and General Manager of Finance & Business Planning, Yokogawa Electric Corporation
- June 2001 Director, Senior Vice President and General Manager of Finance & Business Planning
- July 2002 Director, Executive Vice President and General Manager of Finance & Business Planning
- July 2005 Director, Executive Vice President and General Manager of Administration Headquarters
- June 2011 Advisor Audit & Supervisory Board Member, Yokogawa Bridge Holdings Corporation (current)
- June 2012 Director, JSR Corporation
- June 2013 Audit & Supervisory Board Member, TDK Corporation
- March 2014 Director, OYO Corporation
- June 2017 Audit & Supervisory Board Member, Sojitz Corporation
- June 2018 Director, TDK Corporation (current)



Hyo Kambayashi^{2,3}

Audit & Supervisory Board Member

- November 1976 Joined Arthur Andersen & Co.
- July 1991 Partner, Andersen Worldwide
- July 1993 Senior Partner, Asahi & Co.
- September 2001 A Member of the Board of Andersen Worldwide Organization
- January 2003 President & CEO, Protiviti Japan Co., Ltd.
- April 2004 Visiting Lecturer, Tama Graduate School of Business
- May 2005 Representative Director, Robert Half Japan
- April 2010 Visiting Lecturer, Aoyama Gakuin University Professional Graduate Schools
- January 2011 President & CEO, Protiviti LLC
- January 2016 Chairman & Senior Managing Director, Protiviti LLC (current)
- October 2016 Chairman, Japan Internal Control Research Association (current)
- June 2017 Audit & Supervisory Board Member, Sojitz Corporation
- June 2018 Director, Murata Manufacturing Co., Ltd. (current)

Notes: 1. Ms. Kayoko Naito and Mr. Norio Otsuka satisfy the requirements to be Outside Directors as stipulated in the Companies Act of Japan.

2. Ms. Kayoko Naito, Mr. Norio Otsuka, Mr. Takayuki Ishige, Mr. Kazunori Yagi and Mr. Hyo Kambayashi satisfy the requirements to be Independent Officers as stipulated in the Securities Listing Regulations.

3. Mr. Takayuki Ishige, Mr. Mikinao Kitada, Mr. Kazunori Yagi and Mr. Hyo Kambayashi satisfy the requirements to be Outside Audit & Supervisory Board Members as stipulated in the Companies Act of Japan.

Executive Officers (As of July 1, 2019)



Tsutomu Tanaka
Senior Managing Executive Officer

Executive Management of Business Group (Chemicals, Foods & Agriculture Business, Retail & Lifestyle Business, Industrial Infrastructure & Urban Development)



Ryutaro Hirai
Senior Managing Executive Officer

Executive Management of Business Group (Automotive, Aerospace & Transportation Project, Machinery & Medical Infrastructure, Energy & Social Infrastructure, Metals & Mineral Resources) East Asia



Masao Goto
Managing Executive Officer

General Manager, Kansai Office



Yasushi Nishimura
Managing Executive Officer

President & CEO for China
Chairman & President, Sojitz (China) Co., Ltd.
General Manager, Qingdao Branch and Chongqing Office
Chairman, Sojitz (Shanghai) Co., Ltd., Sojitz (Dalian) Co., Ltd., Sojitz (Guangzhou) Co., Ltd., and Sojitz (Hong Kong) Ltd.



Masaaki Kushibiki
Managing Executive Officer

COO, Human Resources Department, General Affairs & IT Operation Department



Koichi Yamaguchi
Managing Executive Officer

COO, Aerospace & Transportation Project Division



Koji Izutani
Managing Executive Officer

President & CEO for the Americas
President, Sojitz Corporation of America and Sojitz Canada Corporation



Shigeya Kusano
Managing Executive Officer

President & CEO for Asia & Oceania
Managing Director, Sojitz Asia Pte. Ltd.
General Manager, Singapore Branch



Yoshihiro Tamura
Executive Officer

Director/CEO & President, Thai Central Chemical Public Company Limited



Satoru Takahama
Executive Officer

President & CEO for Europe, Russia & NIS Managing Director, Sojitz Europe plc



Takafumi Ogasawara
Executive Officer

COO, Risk Management Planning Department, Risk Management Department



Masakazu Hashimoto
Executive Officer

COO, Energy & Social Infrastructure Division



Naoki Yokoyama
Executive Officer

COO, Retail & Lifestyle Business Division



Toshifumi Murata
Executive Officer

Vice President for the Americas (South America) Chairman, Sojitz do Brasil S.A.



Ken Kuribayashi
Executive Officer

COO, Global Business Support & Promotion Department



Kyosuke Sasaki
Executive Officer

COO, Chemicals Division



Yoshito Suzuki
Executive Officer

COO, Business Innovation Office



Masaaki Bito
Executive Officer

COO, Metals & Mineral Resources Division



Hiroto Murai
Executive Officer

COO, Automotive Division



Ikuo Koinuma
Executive Officer

COO, Machinery & Medical Infrastructure Division



Masanori Kawakami
Executive Officer

COO, Internal Control Administration Department, ERP Transition Office



Yoshiki Manabe
Executive Officer

COO, General Accounting Department, Finance Department, Structured Finance Department, Investor Relations Office



Tatsuya Morita
Executive Officer

COO, Legal Department, Public Relations Department General Manager, Legal Department

Improving Effectiveness and Transparency

Basic Concept

Sojitz 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.")

In order to materialize this, based on its belief that the enhancement of its corporate governance is an important issue of management, Sojitz has built the following corporate governance structure in its effort to establish a highly sound, transparent and effective management structure, while also working toward the fulfillment of its management responsibilities and accountability to its shareholders and other stakeholders.

Board of Directors

1) Management and Business Execution System

Sojitz employs an executive officer system for the purpose of clarifying authority and responsibilities, and ensuring the smooth and swift execution of business through the separation of managerial decision-making from business execution. The Board of Directors is the highest decision-making body reviewing and resolving fundamental policies and most important cases concerning the management of the Group. The Board of Directors also supervises business execution through proposals of important matters and regular reports from the executing body. As the executing body, we have established the Management Committee, chaired by

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

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

2) Monitoring and Supervisory Functions for Management

Sojitz appoints multiple Outside Directors for the purpose of receiving appropriate advice and proposals on management of the Group from an outside, objective standpoint and to reinforce the supervisory function of the Board of Directors. In addition, we ensure appropriateness and transparency with regard to the appointment of Directors and remuneration by having Outside Directors serve as the chair of the Nomination Committee and the Remuneration Committee, both advisory bodies to the Board of Directors. We have also appointed a Director who does not hold representative power as the

Efforts to Bolster the Governance Framework

	Strengthening Management Transparency and Supervision Functions	Measures to Address Company-wide Management Issues
June 2004	- 1 Outside Director	
April 2005	- Nomination Committee, Remuneration Committee	
June 2005	- 3 Outside Audit & Supervisory Board Members	
March 2006		- CSR Promotion Committee
April 2007		- CSR Committee
June 2009	- 2 Outside Directors	
June 2013	- 4 Outside Audit & Supervisory Board Members	
April 2018	- Internal Audit Committee	- Sustainability Committee (formerly the CSR Committee)
June 2018	- Introduction of performance-linked share remuneration for corporate officers	
April 2019	- Establishment of the Board Meeting Operation Office	- Establishment of the Security Trade Control Committee
June 2019	- Appointment of a Director who does not hold representative power as the Chairman of the Board of Directors Meeting - Change in the ratio of Outside Directors to 1:3 or more	

Main Topics for the year ended March 31, 2019 and Following

- Change in the ratio of Outside Directors to 1:3 or more

Since there are now a total of six company directors, the ratio of Outside Directors to inside directors is now 1:3 or more.

- Implementation of performance-linked share remuneration

To increase willingness to increase corporate value and commitment to improving the company's medium and long-term results, we allotted the first share delivery points based on the newly-introduced performance-linked share remuneration system in June 19, 2018.

→P.59 About performance-linked share remuneration

- Appointment of a Director who does not hold representative power as the Chairman of the Board of Directors Meeting

To further improve the effectiveness of the Board of Directors' independent and objective supervision over management, we appointed a company director with no right of representation as the chairman of the Board of Directors, creating a structure dedicated to overseeing business execution.

- Establishment of the Board Meeting Operation Office

On April 1, 2019, we established the Board Meeting Operation Office to strengthen the duties of executive offices and assist the Board of Directors to operate effectively with the ultimate aim of increasing the effectiveness of our corporate governance.

Chairman of the Board of Directors Meeting, created a management structure which focuses on overseeing business execution, and are working to improve the effectiveness of the Board of Directors in terms of their ability to provide independent and objective business oversight.

Sojitz is a company with an Audit & Supervisory Board, which independently oversees and audits the operations of the Group.

Audit Structure

Audit & Supervisory Board members, accounting auditors and the Audit Department boost the effectiveness of their respective audits by exchanging information to ensure their efforts are complementary and efficient. The Audit Department is well-versed in the company's business and performs internal audits based on the structure mentioned below, resulting in the creation of a highly effective audit structure in combination with audits conducted by the Audit & Supervisory Board members and accounting auditors.

Audits by Audit & Supervisory Board Members

Pursuant to the Corporate Audit Standards established by the Audit & Supervisory Board, Audit & Supervisory Board members attend meetings of the Board of Directors and other important meetings such as those of the Management Committee and the Finance & Investment Deliberation Council. Audit & Supervisory Board members oversee and

audit the operations of the Group based on audit plans and task assignments and perform audits using means such as interviewing directors and other members of senior management regarding business execution, reviewing important documents relevant to major business decisions and checking business reports and other information from subsidiaries.

In addition, Sojitz has established the Audit & Supervisory Board Members' Office as an auxiliary body to its audit structure. Its staff of full-time employees assists Audit & Supervisory Board members and is independent from the directors to ensure effective performance of duties.

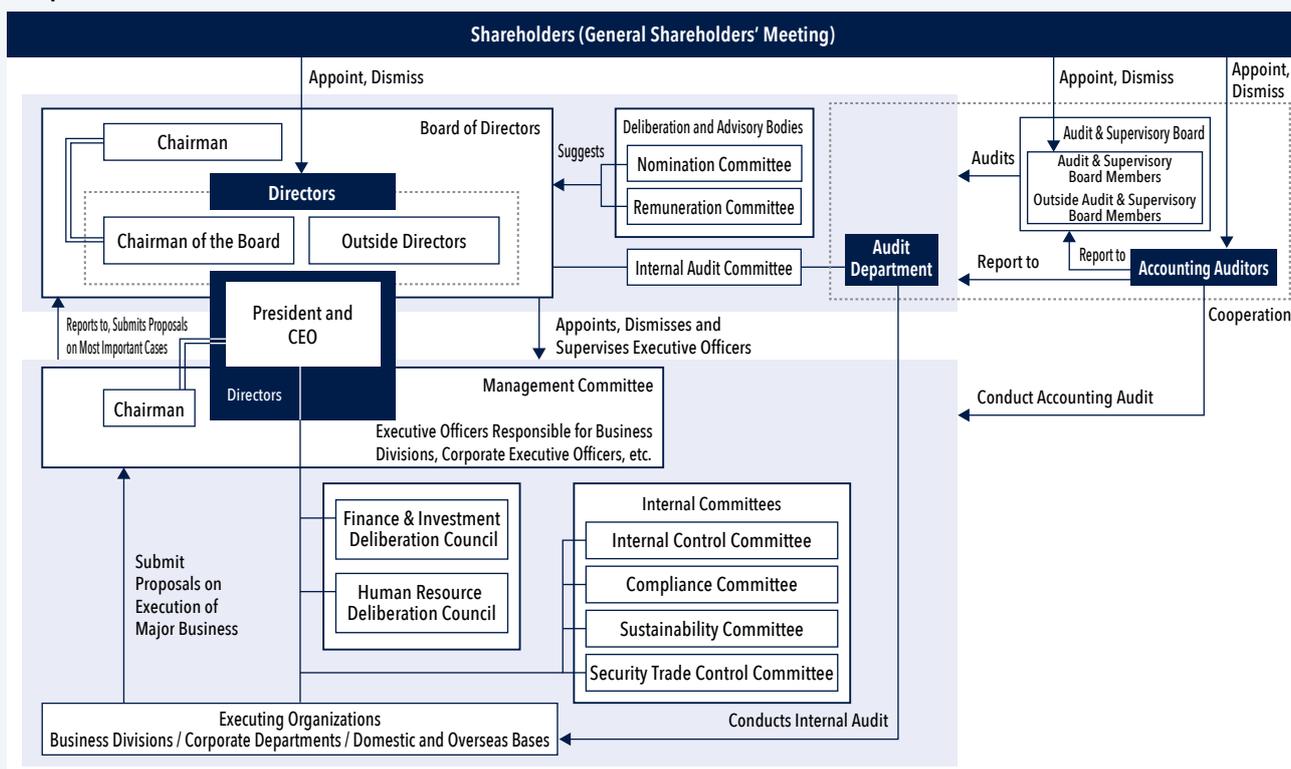
Accounting Audits

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

Internal Audits

Internal audits are based on audit plans resolved by the Board of Directors, and mainly cover the business group, corporate departments, and consolidated subsidiaries including major overseas affiliates, commanded by Internal Audit Committee.

Corporate Governance Framework (As of end of June 2019)



Structure and Nomination Policy of the Board of Directors

A general trading company deals in a widespread and varied range of businesses. For such a company to make correct decisions and oversee its management correctly, they will need to consider diversity, including gender and nationality, when selecting company directors, and select several people with a wealth of experience, great knowledge and advanced expertise from both within and outside the company.

The Nomination Procedure for Company Directors

In line with the above nomination policy, the Board of Directors deliberates on the experience and quality as an officer with respect to each director candidate based on the results of discussion at the Nomination Committee and resolves the candidate proposal for submission to the General Shareholder's meeting for approval.

Committees That Advise the Board of Directors (Nomination Committee, Remuneration Committee)

Sojitz has established the Nomination Committee and Remuneration Committee as consultative bodies to the Board of Directors, to ensure appropriate and transparent selection and compensation of directors.

- Nomination Committee

Proposing and deliberating standards and methods for appointing director candidates and company executive candidates, and deliberating the appointment of candidates.

- Remuneration Committee

Proposing and deliberating remuneration standards of directors and executives, and various systems pertaining to the evaluation and remuneration.

Overview of the Board of Directors (Since the General Shareholders' Meeting of June 20, 2019)

Name	Position	Affiliation Appointed Members	Attendance in the year ended March 31, 2019 (Times attended/times held)			
			Board of Directors	Audit & Supervisory Board	Nomination Committee	Remuneration Committee
Takashi Hara	Chairman of the Board	Nomination Remuneration	100% (18/18)		100% (4/4)	100% (3/3)
Masayoshi Fujimoto	Representative Director, President & CEO	Nomination Remuneration <small>(since the General Shareholders' Meeting of June 20, 2019)</small>	100% (18/18)		100% (4/4)	-
Seiichi Tanaka	Representative Director, Executive Vice President, CFO		100% (18/18)			
Shigeru Nishihara ¹	Representative Director, Senior Managing Executive Officer Head of Corporate Planning Dept. and Corporate Sustainability Office and CCO		100% (14/14)			
Kayoko Naito ^{1,2}	Director (part-time)	Nomination Remuneration (chairman) Outside Independent	100% (14/14)		100% (4/4)	100% (3/3)
Norio Otsuka ^{1,2}	Director (part-time)	Nomination (chairman) Remuneration Outside Independent	100% (14/14)		100% (4/4)	100% (3/3)
Junichi Hamatsuka	Audit & Supervisory Board Member		100% (18/18)	100% (19/19)		
Takayuki Ishige ²	Audit & Supervisory Board Member	Outside Independent	100% (18/18)	100% (19/19)		
Mikinao Kitada ²	Audit & Supervisory Board Member (part-time)	Outside	100% (18/18)	100% (19/19)		
Kazunori Yagi ²	Audit & Supervisory Board Member (part-time)	Outside Independent	100% (18/18)	100% (19/19)		
Hyo Kambayashi ²	Audit & Supervisory Board Member (part-time)	Outside Independent	100% (18/18)	100% (19/19)		

Note: 1. Information for Shigeru Nishihara, Kayoko Naito and Norio Otsuka represents their statuses after they were appointed as directors on June 19, 2018.

2. They were selected as independent officers because they meet Sojitz's standards for independence and have no special interest relationships with the company.

Although we have not filed a report to the Tokyo Stock Exchange submitting Mikinao Kitada as an independent director, he meets Sojitz's standards for independence and we have determined that he is sufficiently independent. Sojitz's standards for independence can be found on our website and in the Corporate Governance Report.

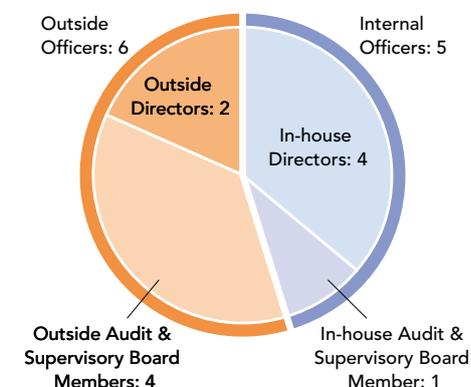
Simplified Corporate Governance System Chart (As at the end of June 2019)

Organizational layout	A company with an Audit & Supervisory Board
The number of Directors	6 ¹ (of which 2 are outside directors)
Chairman of the Board Meeting	Chairman of the Board
The number of Audit & Supervisory Board Members	5 ² (of which 4 are outside Audit & Supervisory Board members)
Term of office of directors according to articles of incorporation	1 year
Adoption of executive officer system	Present
Optional advisory committees of the Board of Directors	Nominating Committee and Remuneration Committee established
Accounting Auditors	KPMG AZSA LLC
Corporate Governance Report ³	https://www.sojitz.com/en/corporate/governance/governance/

- Note:1. As per the articles of incorporation, the number of directors is 10 or fewer.
 2. As per the articles of incorporation, the number of Audit & Supervisory Board members is 5 or fewer.
 3. Please see our corporate website or the "Corporate Governance Report" for details about the state of our compliance with the Corporate Governance Code.



Composition of Directors and Audit & Supervisory Board Members



Reason for Selection as an Executive

Takashi Hara is a highly experienced and accomplished manager, having served as the deputy president of The Bank of Tokyo-Mitsubishi UFJ Ltd. (now MUFG Bank, Ltd.) among other prestigious positions. Since his appointment as a representative director for Sojitz in 2012, he has worked tirelessly to strengthen our governance systems in order to improve the soundness, effectiveness and transparency of our management structure. Since 2018 he has served as the chairman of the Internal Audit Committee. He was elected as a director based on his suitability due to these experiences and achievements.

Masayoshi Fujimoto was appointed as the representative director, president & CEO of Sojitz in 2017, after serving in other important offices such as the president of one of our companies overseas, the regional general manager of the machinery division in the U.S. and the executive officer in charge of corporate planning. At present he is working hard to improve corporate value and promote initiatives that lead to continuous growth as part of MTP 2020, which has set achieving steady growth and making rapid leaps into the future as its goals. As a result of his achievement, he was elected because it was determined that it would be best to have his leadership as we strive to fulfill the goals of MTP 2020.

After serving Sojitz in financial affairs for many years, in 2016 Seiichi Tanaka was appointed as CFO, the position of highest responsibility for finances. At the same time, he also assumed the position of chairman of the Finance & Investment Deliberation Council. He has devoted himself wholly to building the solid financial structure that Sojitz will use as a foothold to achieve even greater growth. The decision was therefore taken to retain him as a director in light of his professional achievements, rich experience and expert knowledge.

Shigeru Nishihara has held a succession of important offices as the executive in charge of a wide variety of business groups and corporate organizations. He is currently the Senior Managing Executive Officer COO, Corporate Planning Department, Corporate Sustainability Office, working hard to ensure the growth of the company. He was appointed because these experiences coupled with his extensive knowledge make him fully capable of carrying out his duties to raise the corporate value of Sojitz.

Although Kayoko Naito has no experience of direct involvement in company management apart from her appointment as one of Sojitz's outside directors in 2018, as a lawyer she brings with her a significant amount of advanced and specialized knowledge in the fields of corporate law and international law. Her rich experience, track record and insight allow her to offer precise and valuable advice to the Board of Directors from an independent and objective viewpoint separate from the management ranks that carry out the business. Her advice has contributed significantly to the enhancement of Sojitz's corporate governance, and thus the decision was made to appoint her as an outside director.

As part of a long and storied career, Norio Otsuka served as the director, president and Chief Executive Officer of NSK Ltd., as well as the chairperson of the Board of Directors. His record of pursuing global growth strategies and reinforcing corporate governance have given him a wealth of experience and a high level of knowledge about management. As an outside director, he has fulfilled his duties appropriately by supervising the execution of business and making pertinent recommendations from a pragmatic viewpoint. Thus, the decision was made to retain him as an outside director.

Junichi Hamatsuka has been heavily involved in finance, accounting and risk management at Sojitz and has also held key posts such as CFO for the Americas. He is a member of board due to his considerable knowledge of finance and accounting that make him suitable for the position.

Takayuki Ishige supervises the Company's management and gives appropriate advice within and outside the Board of Directors, from an independent standpoint and objective viewpoint as an Outside Audit & Supervisory Board Member, based on his wealth of knowledge in the areas of finance and accounting, experience in being responsible for duties including management audits, as well as serving as an Audit & Supervisory Board Member at Kao Corporation, and thus has been considered competent and appointed.

Mikinao Kitada has been considered competent and appointed as he supervises the Company's management and gives appropriate advice within and outside the Board of Directors, from an independent and objective viewpoint as an Outside Audit & Supervisory Board Member, based on his experience in the judicial field holding important posts as a public prosecutor and as an attorney, as well as serving as an Outside Director and Outside Audit & Supervisory Board Member at various companies.

Kazunori Yagi has been considered competent and appointed as he supervises the Company's management and gives appropriate advice within and outside the Board of Directors, from an independent standpoint and objective viewpoint as an Outside Audit & Supervisory Board Member, based on his experience holding important positions at a Yokogawa Electric Corporation, including roles in accounting, finance, and corporate planning and as a Director. He has also served as an Outside Director at several other companies, and has abundant experience in corporate management, as well as expertise in auditing as a member of the Certified Public Accountants and Auditing Oversight Board.

Hyo Kambayashi supervises the Company's management and give appropriate advice within and outside the Board of Directors, from an independent and objective viewpoint as Outside Audit & Supervisory Board Member, based on his experience holding important positions in audit firms as a certified public accountant, experience and insight as the management of a risk consulting company, along with highly specialized expertise in the area of internal control, and thus has been appointed.

Assessment of the Effectiveness of the Board of Directors

Analysis and Assessment of the 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 the functions of the Board of Directors. The results of the analysis and assessment for the year ended March 31, 2019, and the tasks ahead are as follows.

Analysis & Assessment Method	A written survey and an individual interview were conducted for all Directors and Audit & Supervisory Board Members. The results of this survey were then assessed by a third party (an outside consultant). The analysis and assessment outcome based on the results of the third-party assessment and individual interviews was reported to the Board of Directors for a discussion on tasks to be addressed.
Survey Items	Roles and responsibilities of the Board of Directors, Composition of the Board of Directors, Management of the Board of Directors, Decision-making process of the Board of Directors, Supervision by the Board of Directors, Support system for the Board of Directors, Nomination Committee and Remuneration Committee, which are advisory bodies to the Board of Directors, Items concerning outside Directors, and Suggestions for improving effectiveness, etc.
Outline of Assessment Results	The aggregated survey results showed that the overall average score exceeded the standard, and the third-party assessment was favorable as detailed below. It is therefore confirmed that the Board of Directors is functioning appropriately and effectively as described below.
Excerpts from Third-Party Assessment Observations	<ul style="list-style-type: none"> - From such findings as active discussions led by Outside Officers, appropriate restraints, an excellent description of bills on the agenda, appropriate composition of the Board of Directors and high competence of the secretariat, it can be concluded that the effectiveness of Sojitz's Board of Directors is fairly high. - Comments in consideration of the number of Outside Directors exceeding 1:3 of the Directors were often heard not only from Outside Officers but even from In-house Executive Officers. Discussions on governance took place at the meetings of the Board of Directors, showing such a topic is shared among all Board members. This indicates the Board members' high dedication to enhancing the governance of the Board. - It was found that support systems were needed to promote the understanding of items on the agenda and opportunities for communication among Outside Officers.
Tasks ahead to further increase the effectiveness of the Board	Based on the results of the above analysis and assessment, Sojitz will continue working to improve the effectiveness of the Board of Directors, such as by conducting regular monitoring of the progress of the Medium-term Management Plan and the operational status of the Nomination Committee; strengthening the alliance between in-house and Outside Directors/Audit & Supervisory Board Members; providing explanations on the strategies of the business divisions and the points of discussion by the Finance & Investment Deliberation Council regarding investment and loan projects; and promoting Outside Directors' visits to the sites of Sojitz Group business operations.

Remuneration of Directors and Audit & Supervisory Board Members

Remuneration of Directors and Audit & Supervisory Board Members is set within the limits determined by resolutions of the Ordinary General Shareholders' Meeting. Remuneration of Directors is comprehensively determined by taking into account business results and non-financial aspects of performance. Remuneration of Audit & Supervisory Board Members is, in principle, deliberated and decided by the Audit & Supervisory Board.

Remuneration of Directors and Audit & Supervisory Board Members (Year ended March 31, 2019)

(Millions of yen)

	Number of persons to be paid	Basic remuneration		Performance-linked remuneration		Total
		Cash ^{1,2}	Shares ³	Cash ¹	Shares ³	
Directors (Total)	10	342	26	79	39	488
Directors (Internal)	6	318	26	79	39	464
Outside Directors	4	24	-	-	-	24
Audit & Supervisory Board Members (Total)	5	106	-	-	-	106
Audit & Supervisory Board Members (Internal)	1	37	-	-	-	37
Outside Audit & Supervisory Board Members	4	68	-	-	-	68

(Note) Figures are rounded down to the nearest million yen.

- Note: 1. Directors' maximum remuneration: Resolved at the Ordinary General Shareholders' Meeting held on June 27, 2007
Internal Directors: ¥550 million per year (excluding salary as employee)
Outside Directors: ¥50 million per year
2. Audit & Supervisory Board members' maximum remuneration: Resolved at the Ordinary General Shareholders' Meeting held on June 27, 2007
¥150 million per year
3. Performance-linked Share Remuneration for Directors: Resolved at the Ordinary General Shareholders' Meeting on June 19, 2018
Persons eligible for Delivery of Sojitz shares:
- Directors (excluding Outside Directors and non-residents in Japan)
- Executive Officers (excluding nonresidents in Japan)
Upper limit of cash contributed by Sojitz: ¥700 million in total for three fiscal years
Upper limit of the number of Sojitz shares subject to Delivery to Directors: 3 million points (equivalent to 3 million shares) for three fiscal years
The total amount of the aforementioned share remuneration represents the amount reported as expenses for FY2018 associated with the share delivery points regarding the System (Board Incentive Plan (BIP) Trust). Basic remuneration (Share) refers to the "fixed portion" with no link to business performance within the remuneration to be paid under the System.

A breakdown of the names, executive categories and remuneration amounts for executives who received over ¥100 million in remuneration in the year ended March 31, 2019 is as follows.

(Millions of yen)

Name	Executive category	Basic remuneration		Performance-linked remuneration		Total
		Cash	Shares	Cash	Shares	
Yoji Sato	Director	69	5	17	8	101
Masayoshi Fujimoto	Director	82	6	20	10	120

(Note) Figures are rounded down to the nearest million yen.

Structure of Director Remuneration Except Outside Directors

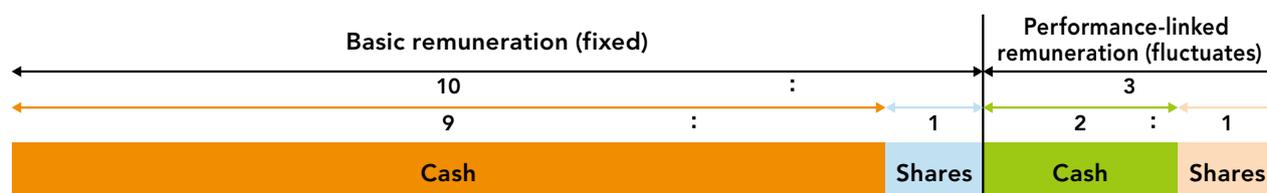
Remuneration for directors is made up of two parts: a fixed portion and a performance-linked portion. The fixed portion consists of basic remuneration (cash) and basic remuneration (shares) and is not linked to business performance while the performance-linked portion is made up of performance-linked remuneration (cash) and performance-linked remuneration (shares) which is connected to business performance. Basic remuneration is made up of a cash

amount commensurate with the rank of the director as well as the allowance of a set number of share delivery points. Performance-linked remuneration consists of an amount of cash and the allowance of share delivery points based on the consolidated net profit for each fiscal year in the time period in question. For share remuneration, after the director resigns from their office, their total number of shares will be fixed at a rate of 1 share delivery point = 1 Sojitz share.

Image of Remuneration Structure

Performance-linked remuneration shall amount to approximately 30% of the basic remuneration for each fiscal year where the consolidated net profit reaches the targeted consolidated net profit for the year. Basic remuneration is set

at a general ratio of 9:1 cash to shares, while performance-linked remuneration will generally have a 2:1 ratio of cash to shares.



Contents of basic remuneration (cash)	A fixed amount determined by the director's rank.
Calculation method for basic remuneration (shares)	Fixed share delivery points = Basic share remuneration by rank ÷ Monthly average closing price of Sojitz shares at the Tokyo Stock Exchange in July 2018 (Basic share remuneration by rank = A fixed amount determined based on the director's rank)
Calculation method for performance-linked remuneration (cash)	Individual amount of performance-linked cash remuneration = (consolidated net profit attributable to the parent company in each fiscal year × α ¹ × aggregate sum of rank-based points for all directors eligible) ÷ 539 × (rank-based points ² for each director ÷ aggregate sum of rank-based points for all directors) (any fraction less than ¥1,000 shall be rounded down)
Calculation method for performance-linked remuneration (shares)	Performance-linked share delivery points = (consolidated net profit attributable to the parent company in each fiscal year × α ¹ × aggregate sum of rank-based points for all directors eligible) ÷ 539 × (rank-based points ² for each director ÷ aggregate sum of rank-based points for all directors) ÷ monthly average closing price of Sojitz shares at the Tokyo Stock Exchange in July 2018

Note: 1. The value of coefficients α and β shall be adjusted according to the targeted consolidated net profit for the year in each fiscal year, and shall be set and disclosed along with said targeted consolidated net profit for the year after being resolved by the Board of Directors. For fiscal 2019, the value of α shall be set at 0.068 and the value of β shall be set at 0.136

2. Each director's rank-based points.

Rank		Rank-based points
Director	Chairman of the Board	86
	Vice Chairman	73
	President & CEO	100
	Executive Vice President	73
	Senior Managing Executive Officer	67

The upper limit of the individual performance-linked cash remuneration for each director is as follows.
Chairman of the Board: ¥37 million
Vice Chairman: ¥31 million
President & CEO: ¥43 million
Executive Vice President: ¥31 million
Senior Managing Executive Officer: ¥28 million

Additionally, the upper limit of the individual performance-linked share delivery points allotted to each director is as follows.
Chairman of the Board: 54,000 points
Vice Chairman: 46,000 points
President & CEO: 63,000 points
Executive Vice President: 46,000 points
Senior Managing Executive Officer: 42,000 points

Remuneration for Outside Directors

Since outside directors operate from an independent viewpoint, their remuneration does not include performance-linked remuneration and is limited to basic remuneration (cash) only, as determined by the decision of the Board of Directors after deliberation by the Remuneration Committee.

Remuneration for Audit & Supervisory Board members

Based on their role as the supervisors of directors, the Audit & Supervisory Board members do not receive performance-linked remuneration and only receive basic remuneration (cash). As a general principle, this is discussed and determined by the Audit & Supervisory Board.

Holdings of Listed Shares

Policies for Shareholdings

Each year, we conduct a quantitative assessment of listed shares held in each company as part of our shareholding policy to ensure that dividends or related profit earned from those shares exceeds the weighted average cost of capital (WACC). 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 greater impact and benefit from those shares. Meanwhile, for those shares which are deemed to now 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.

Exercising of Voting Rights

Based on the significance of holding shares of listed companies, we exercise our voting rights based on whether or not 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 exercise of voting rights.

Internal Controls

Sojitz endeavors to implement internal control systems in accordance with the Basic Policy Regarding the Establishment of Systems for Ensuring Appropriate Execution of Sojitz Group Business Operations, which the Board of Directors adopted on April 24, 2015. For overall internal control systems, the Internal Control Committee, which is chaired by the President & CEO, leads maintenance and improvement by periodic monitoring implementation and enforcement, identifying issues, considering countermeasures, instructing the responsible departments about the countermeasures and improvements related to internal control systems and frameworks throughout the Company, and implementing these countermeasures and improvements in cooperation with the relevant committees and organizations. Specific measures in each area are handled by the relevant committees (Compliance Committee, Sustainability Committee, etc.) and subcommittees (Disclosure Subcommittee, Information Security Subcommittee, etc.) in addition to the risk management framework.

In addition, pursuant to the internal controls reporting system set out in the Financial Instruments and Exchange Act, Sojitz has instituted a Basic Policy to Ensure Appropriate Financial Reporting, and the Internal Control Committee monitors the progress of assessments of internal controls over financial reporting to improve the reliability of financial reporting. The Internal Control Committee met five times in the year ended March 31, 2019, and reported the details of its meetings to the Board of Directors.

Items of the Basic Policy Regarding the Establishment of Systems for Ensuring Appropriate Execution of Sojitz Group Business Operations

1	Retention and management of information relating to the execution of Directors' duties of the Company
2	System to ensure compliance by Directors and employees of the Company and its subsidiaries with laws and regulations and the articles of incorporation in execution of duties
3	Rules and other systems regarding management of loss risks of the Company and its subsidiaries
4	System to ensure efficiency in execution of Directors' duties of the Company and its subsidiaries
5	Reporting system to the Company relating to the execution of subsidiaries Directors' duties and other systems for proper business operations in the Company and its subsidiaries
6	Employees assisting Audit & Supervisory Board Members of the Company and their independence from Directors, and system to ensure efficiency of instructions to the employees from the Audit & Supervisory Board Members of the Company
7	Reports to Audit & Supervisory Board Members of the Company in the Company and its subsidiaries
8	System for ensuring that person who reported to Audit & Supervisory Board Members of the Company will not receive disadvantageous treatments for the reason of the reporting
9	Other arrangements to ensure efficient auditing by the Audit & Supervisory Board Members of the Company

HOW WE GET THERE

Compliance

Basic Compliance Policy

The Sojitz Group has established the Sojitz Group Compliance Program, which sets out procedures for achieving thorough compliance, and has also formulated the Sojitz Group Code of Conduct and Ethics, which provides common criteria for conduct that applies to Group officers and employees globally.

The Compliance Committee, chaired by the Chief Compliance Officer (CCO), is at the core of the Group-wide compliance system to ensure adherence to laws, regulations and corporate ethics, which includes measures such as appointing compliance supervisors and forming compliance committees at Group companies and overseas operating sites. Moreover, to help prevent or quickly detect violations of compliance regulations, Sojitz has a hotline (internal reporting system) that provides access to the CCO and outside legal counsel; a consultation desk where committee secretariat members can be contacted; and the multi-lingual Sojitz Ethics Hotline, which is available 24 hours a day, 365 days a year. All Sojitz Group employees are informed about these systems. In addition, to prevent corruption, Sojitz has established the Sojitz Group Anti-Corruption Policy and the Sojitz Group Anti-Corruption Guidelines, and is also introducing corresponding regulations at overseas Group companies and bases. Furthermore, subject to the Child Care and Family Care Leave Act and the Equal Employment Opportunity Law, business owners are obligated to prevent sexual harassment and harassment pertaining to pregnancy, childbirth, childcare and nursing care leave, and other such

matters. Sojitz has continued with its activities in establishing systems as well as holding trainings, etc., in order to maintain positive workplaces that are free from all such harassments. We also endeavor to protect personal information. In addition to abiding by Japan's Act on the Protection of Personal Information, we were also quick to comply with the EU General Data Protection Regulation (GDPR) that was issued in May 2018.

Moreover, based on the action plan formulated by the Compliance Committee, Sojitz provides counsel on measures for preventing recurrence of compliance issues as well as assistance and guidance to Group companies on implementing the code. Specific activities in the year ended March 31, 2019 included the following:

- Discussions and exchange of ideas between CCO and presidents of Group companies
- Regular liaison meetings among the compliance officers of Group companies
- E-learning programs on the Sojitz Group Code of Conduct and Ethics for executives and staff
- E-learning program on EU General Data Protection Regulation (GDPR) for officers and employees
- Seminars and briefings on preventing harassment and corruption
- Training programs for new employees, newly-hired mid-career professionals, employees on overseas assignments, and others

The Compliance Committee met a total of four times, once in each quarter, in the year ended March 31, 2019.

Security Trade Control

To maintain international peace and security, the Sojitz Group is adamantly opposed to acts of terrorism and the development of conventional weapons and weapons of mass destruction, and we have taken all the necessary measures to oppose any threats to world security. Furthermore, to respond to the rising destabilization of world affairs in recent times, increasing geopolitical risks and the influence of these uncertainties on the Group's environment, we spun off the Security Trade Control Subcommittee, which was under the jurisdiction of the Compliance Committee, and renamed it the Security Trade Control Committee in order to strengthen our initiatives. Along with this move, we also formulated the new Sojitz Group Basic Policy on Sanctions and Export Controls to serve as the Group's basic policy on the preservation of international peace and security and to comply with and prevent violations of export transaction regulations and legal sanctions in all countries. Through this policy, the Sojitz Group will strive to protect world peace while complying with all laws and regulations.

Compliance Framework



HOW WE GET THERE

Risk Management

Basic Policies of Risk Management

As a general trading company, the Sojitz Group is engaged in a diverse and globally dispersed range of businesses. Due to the nature of its businesses, the Group is exposed to a variety of risks. In compliance with its Basic Code of Corporate Risk Management, the Sojitz Group defines and categorizes risks, and manages them according to the nature of each risk. For quantifiable risks such as market risks, credit risks, business investment risks and country risks, risk assets are calculated and reported to management. Non-quantifiable risks, such as legal risks, compliance risks, environmental and social (human rights) risks, funding risks, disaster and other risks and system

risks, are managed in the same manner as quantifiable risks, with the status of the risks and other issues being reported to management based on the Risk Management Policy and Plan formulated by the COOs of the divisions responsible for managing those risks.

In MTP 2020, we have added and are monitoring risks related to the use of websites or SNS and other media (such as those requiring crisis management or efforts to protect personal information) and risks related to product quality control (new quality control measures arising from diversification of the areas in which we do business).

Risk Measurement and Control

The goals of risk measurement are (1) to manage risk assets within the strength of the Company (total equity), and (2) to maximize earnings in line with the level of risk exposure. Based on that recognition, the Sojitz Group manages risks with a focus on both stability and profitability. The Sojitz Group's objective for risk control is to keep the ratio of risk assets to total equity within 1.0 time. This ratio has been 0.6 time for the past five years, well within the target value. As we pursue disciplined investment under MTP 2020, since March 2019 we have been revising our method of measurement, mainly of goodwill, to make it more suitable for growth investment. Risk assets are measured quarterly and reported to the Board of Directors and the Management Committee, and each business department receives the results of analysis of the change for application in risk management activities. The Sojitz Group plans to continue its risk control efforts to maintain the ratio within 1.0 time, even as the operating environment grows increasingly uncertain.

The external environment affecting the Sojitz Group's businesses is constantly changing, with uncertainty in global

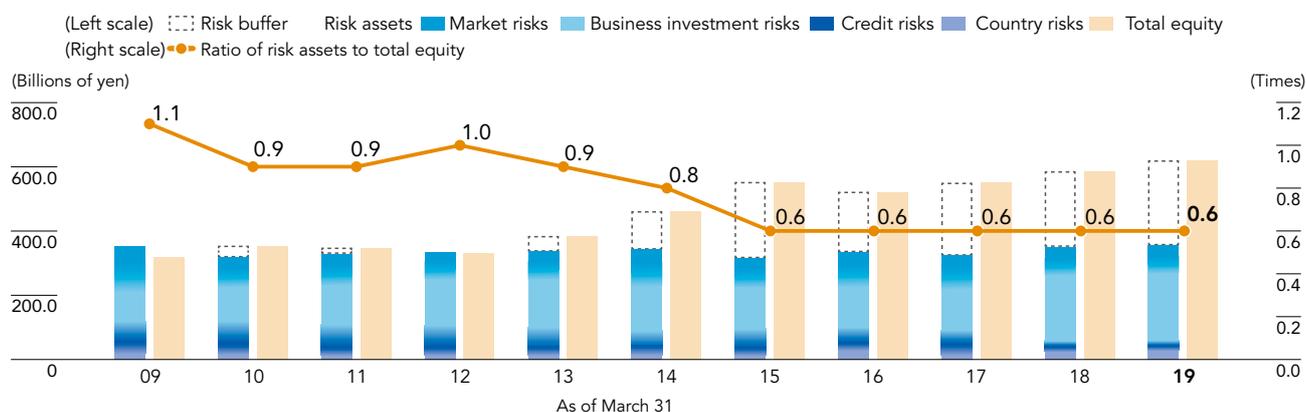
politics, geopolitical risk, macroeconomic conditions and volatility in markets all on the increase. The Sojitz Group promptly conducts appropriate risk management for this external environment. As a specific response, risk assets are calculated factoring in stress to stock price and exchange rate volatility and country credit ratings, and the ratio of risk assets to total equity is monitored to remain within 1.0 time even under stress conditions. In addition, as a countermeasure to tail risk, Sojitz analyzes the impact on its business portfolio under stress scenarios.

Implementation status of risk management training

Sojitz organizes yearly training for all its employees with the objective to foster a thorough risk management mindset.

- Participants (total number): 2,370 (as of the end of March 2019)
- Training contents: Spreading awareness about rules, case studies, measures for preventing/reducing credit/country risks or market risks, such as inventory transactions, and others

Risk Assets



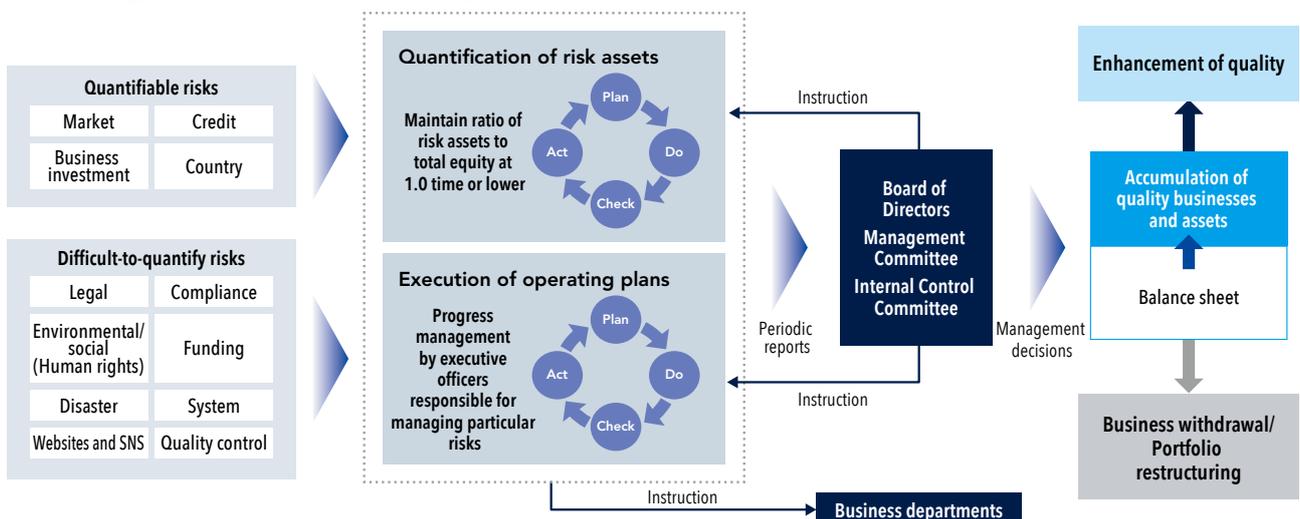
Notes: 1. Under IFRSs, total equity is equity attributable to owners of the Company.
 2. The method of measurement, mainly for goodwill, has been revised from the year ending March 2019. Figures for risk assets for the year ended March 31, 2018 have been restated to reflect this change.

Individual Risks

Category	Status of response
Quantifiable risks	
Market risks	- The Group minimizes market risks through such means as matching assets and liabilities (e.g., long and short commodity exposures) and hedging with forward exchange contracts, commodity futures/forward contracts, and interest rate swaps.
Credit risks	The Group: - Assigns credit ratings and sets limits on transaction amounts for each customer. - Implements safeguards (e.g. collateral and guarantees) as warranted by the customer's credit status. - Uses a system for assessing receivables to pick out certain customers for inquiry from among those customers with business receivables, based on certain standards; regularly ascertains credit risk; and estimates provisions for doubtful accounts for individual receivables. - For risk associated with deferred payments, loans, and credit guarantees, periodically assesses whether profitability is commensurate with risk, and takes steps to improve profitability or limit credit risk.
Business investment risks	- The Group closely examines business plans and carefully assesses feasibility when deliberating on investment projects. The Group also sets hurdle rates using internal rate of return (IRR) and selects those projects where profitability is commensurate with risk. - After investment, in order to ascertain issues at an early stage and minimize loss from withdrawal or restructuring, the Group sets conditions for withdrawal and determines whether projects meet these conditions.
Country risks	- The Group assigns country risk ratings and sets net exposure limits to avoid concentrated exposure to any single country or region. - In countries that pose substantial country risk, the Group hedges against country risk on a transaction-by-transaction basis, through such means as purchasing trade insurance.
Difficult-to-quantify risks	
Funding risks	- The Group ensures stable funding by maintaining good business relationships with financial institutions and by keeping the long-term debt ratio at a specified level. - To provide additional financial flexibility and liquidity, the Group maintains long-term commitment lines and a long-term multi-currency borrowing facility agreement with effective period provisions.
Risks related to environment/ society (human rights)	- The Group sets a long-term vision and objectives regarding Key Sustainability Issues (Materiality), covering the duration of the Medium-term Management Plan 2020. The Sustainability Committee oversees progress on these objectives, and the Finance & Investment Deliberation Council confirms environmental risks, social risks, and other risks related to sustainability when deliberating on potential finance and investment projects. - Additionally, the Group has established an Environmental Policy, Human Rights Policy, and CSR Action Guidelines for Supply Chains. It works to mitigate risk by ensuring these policies are observed throughout the Group, sharing them with suppliers, conducting risk assessments, and working to fix discovered issues. For climate-related risks, the Group pays close attention to government policies and regulatory trends worldwide, analyzing their impact on the Group's business.
Legal and compliance risks/ Litigation risks	- The Group has formulated a compliance program and has established the Sojitz Group Code of Conduct and Ethics. The Compliance Committee promotes rigorous regulatory compliance on a Group-wide basis.
Information system and information security risks	- The Group has prescribed regulations and established oversight entities, mainly the Information Security Subcommittee, pertaining to the appropriate protection and management of information assets. - The Group has implemented safeguards, such as installation of backup hardware, to protect against failure of key information systems and network infrastructure. Additionally, the Group is strengthening its safeguards against information leaks through such means as installing firewalls and taking other steps to prevent unauthorized access by outsiders, implementing antivirus measures, and utilizing encryption technologies.
Disaster risks	- The Group has prepared disaster response manuals, conducts disaster response drills, and has established an employee safety confirmation system and a business continuity plan.
Risks related to website, social networking sites and other media	- The Group monitors and has set administrative guidelines for the terms of use and protection of personal information on Sojitz Corporation and Sojitz Group companies' official websites and SNS accounts.
Risks related to product quality control	- As Sojitz Group's business investments bring more manufacturing business and other new sectors under the Group umbrella, the Group monitors the status of systems for controlling quality of manufactured products, etc.

Note: Please refer to our website to learn about the response status in regard to each risk. <https://www.sojitz.com/en/corporate/governance/risk/>

Risk Management in Internal Control Systems



HOW WE GET THERE

A Wide Range of Business Fields and Growth Strategies

At a Glance (Year ended March 31, 2019)

Business Overview	Profit or Loss		
	Gross profit	Share of profit (loss) of investments accounted for using the equity method	Profit (loss) for the year (attributable to owners of the Company)
 <p>Automotive Division Our core automotive businesses involve CBU exports, local assembly and sales, and the wholesale business. We are developing these businesses in the ASEAN region, Russia, the CIS, and other regions where we anticipate demand for automobiles. In addition to expanding our dealership business in countries such as the Americas, Japan, and Russia, we are also focusing our efforts on growing our quality assurance business and financing business in the Americas along with our automobile-related FinTech services.</p>	42.3	0.3	6.4
 <p>Aerospace & Transportation Project Division Our efforts are focused on our aerospace business, including sales representation for commercial/defense products and services, leasing, part-out, and business jets. In terms of our transport infrastructure business, we are involved in airport management and railways. We also have a marine vessels business, handling all sorts of marine vessels, including new and secondhand vessels, and related vessel machinery.</p>	15.5	1.0	4.0
 <p>Machinery & Medical Infrastructure Division In addition to handling industrial machinery and bearings, we are involved in expanding our hospital Public-Private Partnership (PPP) business and creating healthcare businesses in associated fields. We aim to create new businesses, especially a plant EPC business and environmental businesses. We will also expand into the areas of start-up investment and advanced industries.</p>	13.6	0.9	2.8
 <p>Energy & Social Infrastructure Division We are engaged in constructing a gas and LNG value chain based on an integrated business, which includes everything from LNG procurement to receiving terminals and gas-fired power plants. In the renewable energy business, we are concentrating on solar and wind power generation. We are also focused on developing sophisticated social infrastructure based on advancements in AI and the IoT.</p>	18.7	5.7	5.8
 <p>Metals & Mineral Resources Division We are focusing our efforts on trading and upstream investment in ferrous materials and metal resources such as coal, iron ore, base metals and rare metals. In addition, we are creating new business models resilient to market conditions that will provide stable earnings.</p>	37.6	17.7	30.5
 <p>Chemicals Division We are involved in the trade and investment of liquid chemicals (mainly methanol), petrochemical products such as plastics, and inorganic chemicals and industrial minerals such as industrial salt and rare earths.</p>	46.4	0.9	9.0
 <p>Foods & Agriculture Business Division We operate businesses that provide reliable and safe food, and we are expanding our agribusiness, feed business, marine products business, foodstuffs business, among others.</p>	16.4	0.2	2.3
 <p>Retail & Lifestyle Business Division We are focused on a diverse range of business that can respond to consumer needs both in Japan and overseas. These include our food distribution business, shopping center management business, brand business, consumer goods distribution business, textile business, and forest resources business.</p>	38.7	(0.1)	5.7
 <p>Industrial Infrastructure & Urban Development Division Our businesses are the development for the foundation of industry and urban life both in Japan and overseas including businesses of overseas industrial park, overseas urban infrastructure, domestic real estate, J-REIT management, and comprehensive living support.</p>	7.0	0.9	1.1
Total*1	241.0	27.8	70.4

*1 "Total" includes "other" and adjustments.

*2 Includes non-consolidated workers seconded to subsidiary companies, etc.

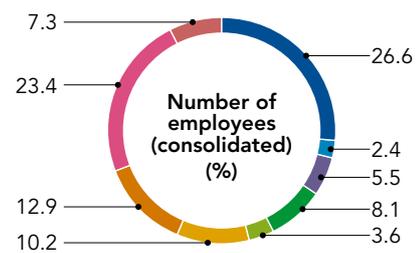
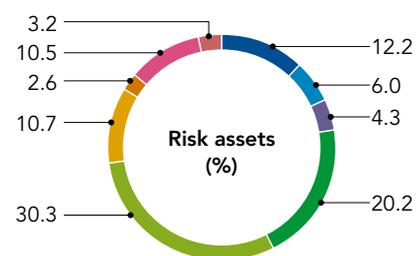
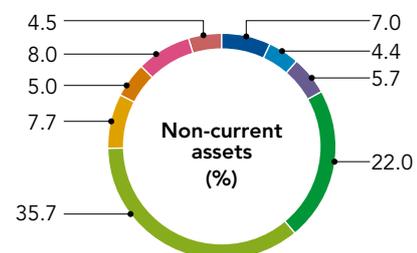
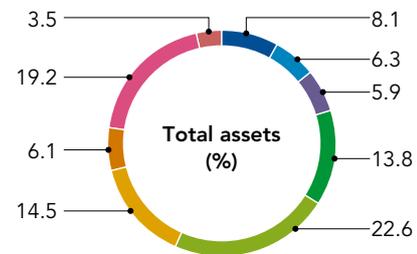
Together with around 400 consolidated subsidiaries in Japan and overseas, Sojitz is developing a wide range of businesses as a general trading company that is expanding projects in many different countries and regions around the world. We have nine divisions, organized according to function, industrial field, and product, and each of these will quickly gain an understanding of social needs and create high-quality business opportunities.

(Billions of yen)

Financial Position		Financial Indicator	Employees	
Total assets	Non-current assets	ROA	Number of employees (non-consolidated)	Number of employees (consolidated)
167.8	66.3	3.7%	94	4,444
130.2	41.8	2.7%	98	403
121.5	54.0	2.3%	87	920
284.5	210.2	2.1%	156	1,355
464.6	340.3	7.0%	171	592
298.6	73.0	3.0%	261	1,703
125.1	47.8	1.8%	109	2,152
395.7	76.7	1.4%	168	3,901
72.5	42.8	1.5%	64	1,216
2,297.1	1,029.4	3.0%	2,410*2	18,634

Share by Division*3

- Automotive Division
- Aerospace & Transportation Project Division
- Machinery & Medical Infrastructure Division
- Energy & Social Infrastructure Division
- Metals & Mineral Resources Division
- Chemicals Division
- Foods & Agriculture Business Division
- Retail & Lifestyle Business Division
- Industrial Infrastructure & Urban Development Division



*3 Above shares exclude "Other"

HOW WE GET THERE

Key Topics

 <p>Automotive Division</p>	<p>June 2018</p> <ul style="list-style-type: none"> Formed capital & business alliance with Global Mobility Service Entered the assembly, wholesale, and retail business for Hyundai vehicles in Pakistan 
 <p>Aerospace & Transportation Project Division</p>	<p>June 2018</p> <ul style="list-style-type: none"> ANA Business Jet Co., Ltd. established  <p>July 2018</p> <ul style="list-style-type: none"> Mitsubishi Estate, Kokuba-Gumi, and Sojitz to invested in Shimojishima Airport Management, a passenger terminal management company 
 <p>Machinery & Medical Infrastructure Division</p>	<p>July 2017</p> <ul style="list-style-type: none"> Joined project for operation of medical facilities in Turkey; scheduled to open in 2020 
 <p>Energy & Social Infrastructure Division</p>	<p>May 2018</p> <ul style="list-style-type: none"> Acquired stake in our second gas-fired power plant in the U.S.  <p>December 2018</p> <ul style="list-style-type: none"> Concluded financing agreement on the Jawa 1 Gas-to-Power Project in Indonesia 
 <p>Metals & Mineral Resources Division</p>	<p>May 2018</p> <ul style="list-style-type: none"> Agreed to acquire full interest in Australia's Gregory Crinum coking coal mine  <p>June 2018</p> <ul style="list-style-type: none"> Joint research and development agreement on next-generation lithium-ion battery material with Toshiba and Companhia Brasileira de Metalurgia e Mineração 
 <p>Chemicals Division</p>	<p>March 2017</p> <ul style="list-style-type: none"> Acquired major chemical distributor and marketing company in Germany  
 <p>Foods & Agriculture Business Division</p>	<p>August 2018</p> <ul style="list-style-type: none"> Sojitz tuna farm won runner-up prize at IT Japan Award 2018 (Sojitz Tuna Farm Takashima Co., Ltd.)   
 <p>Retail & Lifestyle Business Division</p>	<p>February 2018</p> <ul style="list-style-type: none"> Established Meat-One Corporation, a marketing company for livestock products 
 <p>Industrial Infrastructure & Urban Development Division</p>	<p>June 2018</p> <ul style="list-style-type: none"> Sojitz New Urban Development Corporation registered as a ZEH Developer, a business that supports net zero energy houses, by the Ministry of Economy, Trade and Industry 
<p>Other</p>	

September 2018

- GMO Cloud and Sojitz formed business alliance to promote connected car business utilizing GMO Cloud's automotive IoT solutions



November 2018

- Established import distributor for Mitsubishi Fuso-brand vehicles in the Philippines



December 2018

- Shareholders' agreement signed for participation in construction and operation of new terminal at Khabarovsk International Airport



May 2019

- MSJA-Kumamoto Consortium concluded basic agreement for the Qualified Project etc. for Kumamoto Airport Operation



August 2018

- Invested in TTCL, an engineering company listed on the Stock Exchange of Thailand



April 2019

- Joined one of Taiwan's largest offshore wind power projects



May 2019

- Joined biomass power plant project in Tomakomai, Hokkaido



June 2019

- Sojitz and Osaka Gas established natural gas supply company in Vietnam



March 2019

- Agreed to divest interest in Indonesia's BAU coal mine



March 2019

- Completed acquisition of Australia's Gregory Crinum coking coal mine



January 2018

- Sojitz Pla-Net joined packaging material manufacturing business in Vietnam



September 2018

- Formed strategic business alliance with The Pan Group, a major listed food company in Vietnam



June 2018

- Acquired Vietnam's largest manufacturer of household paper and industrial paper products



September 2018

- NIPPON REIT Investment Corporation gained a top-ranking Green Star in the GRESB (Global Real Estate Sustainability Benchmark) environmental assessment for the second year in a row



March 2019

- Concluded agreement with Kobe City and the Hyogo Economic Development Center (foundation) relating to overseas industrial parks



June 2019

- Acquired agent license for four industrial parks developed by major Thailand conglomerate



January 2019

- Acquired stake in Indian venture fund / established Sojitz Bengaluru Office
- Established corporate venture capital fund



Automotive Division

The Automotive Division will strengthen our functions and accumulate assets to support further growth, such as by expanding our dealership and quality assurance businesses in promising growth markets.

Hiroto Murai

Executive Officer, COO,
Automotive Division



Business Models Supporting Value Creation

Strengths

Businesses in 18 countries, 35 Group companies

Accelerating work on dealership/quality assurance businesses in addition to assembly/wholesale businesses, at 35 Group companies in 18 countries across the world

About 4,400 employees at Group companies

Leveraging roughly 4,400 diverse employees with different cultures and backgrounds, as well as the global management know-how accumulated through that process

Investment execution capability

Building a business asset portfolio focused on both MTP 2020 and beyond, from existing business areas to initiatives in preparation for the future

External Environment

Opportunities

- Long-term increase in demand for automobiles due to economic development in emerging countries
- Increase in demand for new businesses, such as quality assurance businesses, due to development, as well as production and sales becoming more borderless
- Rising need for multi-modal transport as supply chains grow more complex

Risks

- Country risk due to political, economic, or social changes in emerging countries where demand is rising
- Changes in international strategies of automobile makers
- Changes in demand trends due to diversification of needs and rapid changes in social environment, including strengthening of environmental regulations and developments in autonomous driving technology

Businesses

Businesses that strengthen and refine existing core businesses

We are developing automobile assembly and wholesale businesses in Thailand, Puerto Rico, Russia, Pakistan, and the Philippines. We are also providing high-value-added services integrated with complex logistics services in Japan and overseas, as well as trading automobile and two-wheeled vehicle parts with the Asian market, which we expect to grow in the future.

- Distributor business
- Autrans business

Businesses that establish new revenue sources

We are developing our dealership business in the U.S., Brazil, Russia, and Japan, bringing in continuous revenue from the services provided by each dealership to build an earnings foundation that is not influenced by macroeconomic conditions. Sojitz is also further enhancing the business models which generate profit from the Automotive Division's strong functions—the automobile parts trading, logistics, and assembly businesses, among others. We are planning to expand the scope of our Autrans business, and in 2017 we also joined a quality assurance business in North America.

- Dealership business
- Parts quality assurance business

Businesses in preparation for future growth

Utilizing the expertise we have cultivated through our vehicle sales business, we are developing an auto-financing business to help facilitate automobile purchases in emerging countries, as well as FinTech services that incorporate advanced technology such as AI and the IoT. Our division actively works to pioneer new business areas, with plans to expand earnings through synergy with our existing businesses.

- Auto-financing business
- FinTech services that incorporate IoT technology

Major Business Activities



Stratosphere Quality LLC (U.S.)



Import Motors, Inc. (U.S.)

Growth Strategy

We anticipate rising demand for automobiles in emerging nations within Asia and South America in particular, given the increasingly active movement of people and goods which has accompanied their economic development. Meanwhile, waves of great change are sweeping over developed countries, mainly in Europe and North America, with the introduction of ride-sharing services and technological innovations such as electric vehicles and autonomous cars.

These factors have led the Automotive Division to expect ¥30.0 billion in investment during MTP 2020. We have accumulated a wealth of dealership knowledge and experience, with us positioning the business as a stable earnings foundation for the company. We aim to further increase the value of the business by conducting new M&A of top dealerships located in the promising markets where we already do business, like the U.S. and Brazil, and expanding our maintenance services, sales of parts and pre-owned vehicles, in addition to sales of new vehicles.

We are also actively focusing on strengthening new functions. We are working not only on our auto financing business, but also our automotive parts quality assurance business, for which demand continues to increase as supply chains grow more diverse.

In addition, the division is making efforts to develop personnel capable of corporate management by having employees amass frontlines experience through management of operating companies that contribute to local communities. We are aiming to develop personnel who can create new businesses and functions in response to changes in the automobile industry, in pursuit of sustained growth.

Hyundai distributor business

Sojitz has many years of experience assembling and selling Hyundai automobiles, and our distributor management function has enjoyed high praise from Hyundai Motor Company. After our success in Puerto Rico and Thailand, we joined another distributor business in 2018. This distributor in the 200-million-strong Pakistan market includes CKD* production, setting it apart from our other distributor businesses.

* Complete Knock Down: A production method that involves importing and assembling all the parts that make up an automobile and sale in the local area.

Automotive parts quality assurance business

Together with Green Tec Corporation, the largest automotive quality assurance provider in Japan, Sojitz acquired full management rights to Stratosphere Quality LLC (Indiana), the largest quality assurance company in the U.S. We will maintain the company's stable earnings structure, harnessing its customer base of roughly 3,000 companies in North America, while striving to expand the business in the U.S. and develop into Europe and Asia.

Autrans business

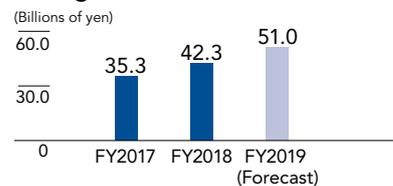
The Autrans business joins our automobile/two-wheeled vehicle supply chain management functions with a high value-added, multimodal logistics service that combines financing, just-in-time manufacturing, inspection services, VMI*, and easy assembly. We have established locations in Japan, Thailand, Indonesia, and even India, and we are expanding our services further into Asia.

* Vendor Managed Inventory: A method wherein the parts supplier owns the parts inventory on behalf of the client, replenishing the inventory based on forecasted client demand.

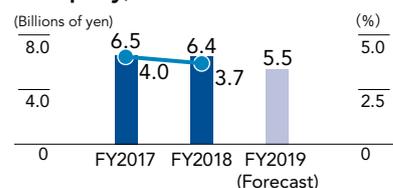
MTP 2020: Looking Back at the First Year

Although we were impacted by depreciation of the Russian ruble, we exceeded initial targets thanks to increased demand for automobiles, particularly in emerging countries, and steady earnings contributions from our automobile dealership businesses in domestic and overseas and other sources.

Change in Gross Profit



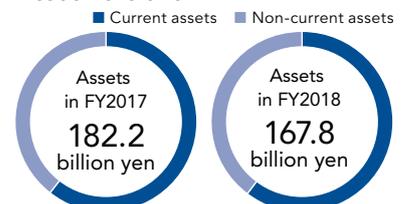
Change in Profit for the Year (Attributable to Owners of the Company) and ROA



Change in Automobile Unit Sales



Asset Portfolio





Aerospace & Transportation Project Division



We will enhance our business operations in sectors such as aircraft leasing, part-out, and business jets, while focusing on the airport and transportation infrastructure business in emerging countries where demand is growing.

Koichi Yamaguchi

Managing Executive Officer, COO
Aerospace & Transportation Project Division



Business Models Supporting Value Creation

Strengths

Experience in the aircraft sales business with more than **900 aircraft** sold, accounting for the top market share in Japan

Received contracts for the construction of approximately **1,500km** of railway track in India

One-stop solutions encompassing everything from shipbuilding and marine transport to machinery and equipment

Over 50 years of business experience in the aerospace, transportation, and marine vessel fields

Ability to collect and analyze information related to the aerospace industry, enabling us to grasp the needs and issues of aircraft manufacturers, airlines, leasing companies, parts-related companies, airport facilities companies, and others

Ability to propose integrated transportation infrastructure solutions

Ability to pursue synergy with other divisions in airport management business projects

Comprehensive capabilities in the marine vessel field, leveraging a wealth of knowledge and a network spanning 13 locations in 6 countries

External Environment

Opportunities

- Increase in global aircraft demand
- Growth of inbound demand ahead of the 2020 Tokyo Olympics and Paralympics
- Increased worldwide demand for transportation and airport infrastructure
- Rising demand for energy-efficient ships and LNG carriers

Risks

- Decreased aircraft demand due to the declining population in Japan
- Country risk in emerging markets
- Decreased transaction volume due to deterioration of the shipbuilding industry in Japan
- Increasingly strict environmental regulations

Businesses

Aerospace

Based on our excellent track record acting as distributor for passenger aircraft in Japan, our division imports, exports, and sells machinery related to the aerospace and defense industries. We will expand the value chains for our aircraft business to construct new earnings foundations.

- Sales representative business (commercial/defense)
- Business jet services
- Aircraft leasing
- Part-out of retired and aged aircraft
- Sales of aerospace-related equipment, parts and materials (Sojitz Aerospace Corporation)

Transportation Infrastructure

We are increasing our involvement in the development and management of transportation infrastructure—mainly airports and railways—and contributing to the revitalization of local areas both in Japan and overseas, particularly in emerging countries.

- EPC business in the transportation and cargo transport infrastructure fields
- Railcar maintenance, repair, and overhaul
- Airport management

Marine Vessels

In addition to importing, exporting, and selling marine vessel machinery and shipbuilding equipment, we provide a wide variety of solutions for the marine vessel and maritime shipping industries—including new vessel construction, buying and selling aged marine vessels, arranging chartered vessels, and managing operations of marine vessels.

- Marine vessel business/marine equipment sales (Sojitz Marine & Engineering Corporation)
- Ship-owning business

Major Business Activities



Business jet services



Airport management
Palau International Airport (conceptual image of completed airport)

Growth Strategy

The market is expected to expand due to both anticipated growth in worldwide demand for aircraft and transportation/airport infrastructure, as well as the approaching Tokyo Olympics and Paralympics.

The mission of our division is to create solutions incorporating our railway and marine vessel businesses that provide new value in response to the needs of the international community, while building on our trust cultivated over many years in the aviation sector, working with aircraft manufacturers, airline companies, and airport operators.

Our approach is to first expand the value chain for our aircraft business based on our excellent track record acting as distributor for passenger aircraft in Japan, to build new foundations for earning. Our part-out business, which sells second-hand parts from decommissioned and aged aircraft to airlines and aircraft maintenance companies, exemplifies this approach. As part of efforts to come up with new products and stronger services, our division is actively working to improve our business jet services, for which demand is growing worldwide. In addition, we are developing transportation infrastructure centered on airport management and working on businesses that help revitalize local communities in Japan and overseas, particularly in emerging countries. By developing secondary modes of transportation centered around airports, such as railways and vessels, as well as shopping centers, accommodations, and industrial parks in the surrounding areas, we will add value and bring new life to regional infrastructure in a way that only the Sojitz Group can.

Part-out business of retired and aged aircraft

We will expand business activities by leveraging our networks and expertise to further strengthen our earnings foundation, with the aim of scaling-up our part-out business of retired and aged aircraft. We are also deepening our relationships with our partners in Europe and the Americas, and we aim to construct and acquire more robust business platforms through M&A and investments in industry players.

Transportation infrastructure business

Our EPC initiatives, exemplified by our Indian railway project, are performing steadily, and the Canadian MRO company in which we invested in 2015 is also continuing to ensure steady earnings for our North American railway business. Our goal from now on is to strategically diversify our regional partner scheme and to stabilize our earnings.

Business jet services

We are accumulating projects targeting new and existing customers and steadily increasing the scale of our business. Through such initiatives as the Phenix Jet Group, in which we began investing in 2017, and a new venture with ANA Holdings, with which we began collaborating in 2018, we are creating high value-added services with the goal of further increasing our earnings.

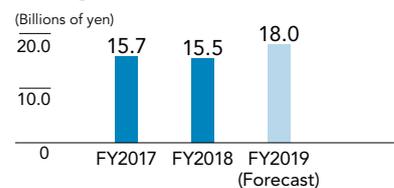
Airport management business

We are actively involved in airport management business, both overseas (Palau and Khabarovsk) and in Japan (Shimajiri, Kumamoto, and elsewhere), and we are using the experience gained from these businesses to strengthen our airport management and operation functions. We are also engaged in M&A of airport-related businesses and are working to expand distribution services as we seek to expand our earnings foundation through synergy with other Sojitz Group businesses.

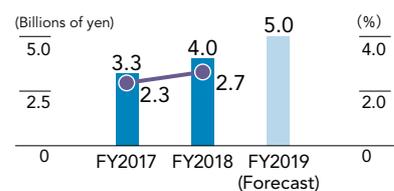
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Our aircraft-related businesses remained strong, and there was steady progress on the construction of the freight railway in India. Generally, everything progressed as planned.

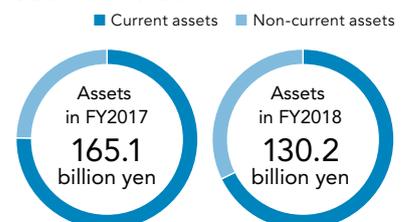
Change in Gross Profit



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



Asset Portfolio





Machinery & Medical Infrastructure Division

We are working to expand our existing businesses trading industrial machinery, bearings, and other products, as well as establish medical-related businesses and other new business models.

Ikuo Koinuma

Executive Officer, COO,
Machinery & Medical Infrastructure Division



Business Models Supporting Value Creation

Strengths

40 years' experience in the plant business

Partnerships with more than 30 companies

Conducting business in over 30 countries

Experience managing operating companies involved in bearings and industrial machinery, a dealership network, and a **supply chain infrastructure** for procuring parts and products

Relationships with globally competitive domestic and overseas materials, processing, machinery manufacturing, and EPC companies

Ability to compose and propose comprehensive business schemes, including design, full-turnkey construction, finance, management, and other aspects

Kitelli Health Campus in Turkey, **one of the world's largest single hospitals** managed by Japanese companies

External Environment

Opportunities

- Increased demand for infrastructure due to economic development and improved standards of living in emerging countries
- Heightened need for environmental countermeasures accompanying rise of global environmental regulations
- Growth of demand for semiconductors, electromaterials, and other parts made increasingly necessary by industrialized society's shift towards digitization, automation, and improved productivity
- Surge in innovation and advanced technology, increased investment opportunities in start-ups

Risks

- Country risk due to political, economic, or social changes in emerging countries, which comprise the division's main markets

Businesses

Medical infrastructure businesses

We utilize our expertise creating PPPs* and businesses in adjacent fields as we work on medical infrastructure projects. Through work on our PPP hospital management project, creating new businesses in the related healthcare field, and investing in medical platforms and new technology, we are helping to improve people's quality of life.

* Public-Private Partnership: A business that involves collaboration between the public and private sectors.

- **Hospital PPP project development**
- **Investment in new technology**
- **Medical-related services**
- **Medical platform business**

Industrial machinery and plant businesses

Our surface mounter sales business has established a sales and service network centered on China, Southeast Asia, India, and Brazil. For our plant business, we are branching out past our Russia and the NIS-centric operations, accelerating our collaboration with TTCL Public Company Ltd. in Thailand, in which we have a financial stake, and develop EPC projects in Asia. In this way, we are demonstrating our ability to develop projects linked to industrial machinery.

- **Plant projects**
- **Sales of surface mounters**

Bearing & Forefront Industry businesses

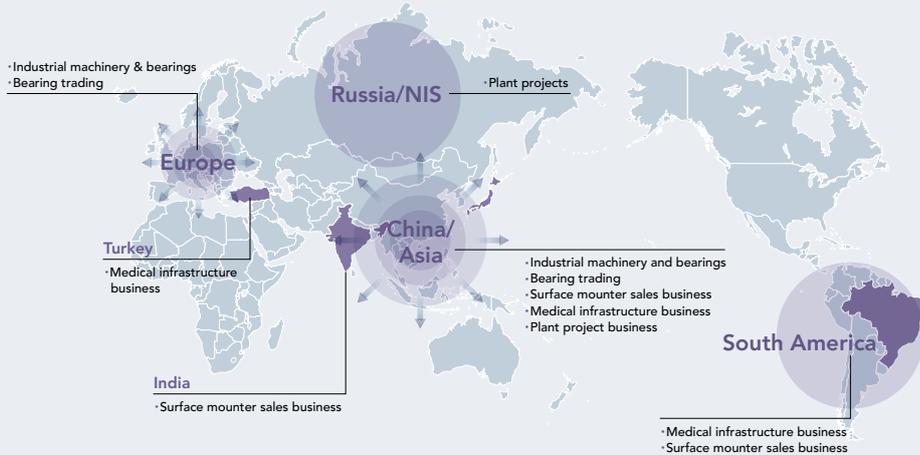
We are involved in a joint venture which manufactures finished bearings, as well as a component processing business which will produce parts used at major bearing factories worldwide. We are securing stable earnings by constructing supply chains focused on China, and in 2016 we began investing in bearing component manufacturing companies in Spain and are now entering the European market.

- **Bearing trading**

Industrial equipment sales (Sojitz Machinery Corporation)

As a general trading company specializing in industrial machinery, Sojitz Machinery sells and offers support for installation of equipment and materials across a diverse range of fields: advanced systems, heavy industry plants, chemical and environmental plants, industrial machinery, and automobile equipment. We aim to increase Sojitz Machinery's earnings by increasing the size of its undertakings, and we are focusing our efforts on expanding its business through synergy with other divisions.

Major Business Activities



Gas to gasoline plant in Turkmenistan



Bearings

Growth Strategy

The Machinery & Medical Infrastructure Division is made up of four operating organizations*: the Medical Infrastructure Department, the Bearing & Forefront Industry Department, the Industrial Machinery & Plant Project Department, and Sojitz Machinery Corporation, our machinery trading company. Our mission is to harness the diverse business functions and partner networks in Japan and overseas that we have cultivated over the long history of our plant project business, to construct infrastructure that will become the foundation for industry in countries around the world.

For our PPP hospital management project in Turkey, we will establish a revenue model that includes facility management services. It will be possible for us to take advantage of the network of diverse companies that we have created to collaborate with them on the development of medical robots tailored to local medical treatment, health, and nursing care needs. We also seek to discover new business opportunities in the future by broadening our outlook to include other businesses in the healthcare field, going beyond medical facilities.

In addition, we will broaden the scope of trading for our existing businesses, such as bearings and industrial machinery, based on an increasing need for digitization automation, and greater productivity in industrialized societies.

We believe that demand for plants will continually increase in the future, as they support the economic development of emerging countries. While we will continue our existing EPC business, we are also focusing on environmental projects which contribute sustainable development for local communities and at which Japanese companies excel, such as plastic recycling and waste treatment.

* The division was reorganized on April 1, 2019.

Medical infrastructure businesses

In 2017, we joined the project to construct and manage the Ikitelli Integrated Health Campus in Turkey. This project is one of the world's largest hospital PPP projects with Japanese corporate involvement, and acting as project manager, we aim to open the health campus in October 2020. We are collaborating with Japanese companies to accelerate the development of related medical services and establish a business model that incorporates both hospital management and hospital-adjacent businesses. We also hope to join businesses which provide medical treatment platforms and businesses utilizing new technology in the "smart healthcare" field. In this way, we will create a variety of services to meet increasing healthcare needs.

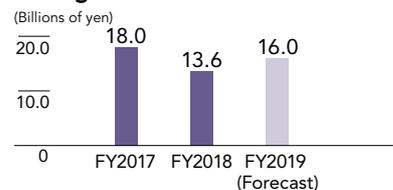
Bearing & Forefront Industry businesses

We will branch out from our material procurement/processing/product sales-based supply chains to strategically expand from the Chinese market to the European market. For every link in the supply chain, we are proposing new businesses that will stimulate growth in dealerships, supporting new product development, and expanding our bearing OEM business. In addition, we are aiming at manufacturing automobile parts that use bearing component technology, as well as investing in startups to accelerate new business creation in cutting-edge fields.

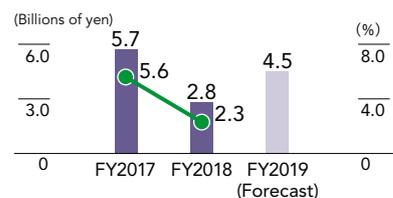
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Our industrial machinery and medical infrastructure businesses remain strong. Overall, progress was in line with the initial target.

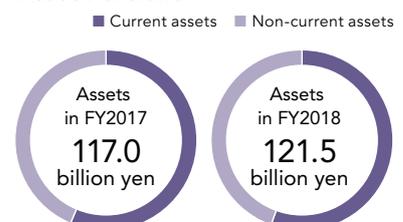
Change in Gross Profit



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



Asset Portfolio





Energy & Social Infrastructure Division



We will continue to help realize a prosperous and sustainable society by providing sophisticated infrastructure that balances economic growth with environmental impact.

Masakazu Hashimoto

Executive Officer, COO,
Energy & Social Infrastructure Division



Business Models Supporting Value Creation

Strengths

50 years of LNG business knowledge

Percentage of eco-friendly energy generation in our power generation business: Around 90%*1

A power generation business that will grow by 7.2 times over 10 years*2

*1 Percentage of power generation portfolio made up of gas-fired and renewable energy. Portfolio currently contains no coal-fired energy asset, and the company is committed to avoid their inclusion going forward.

*2 Expected power generation portfolio in FY2021 compared to FY2012

Expertise and **relationships** with blue-chip customers in the energy sector from integrated LNG business (gas field development, liquefaction, transport, and loading) conducted since the 1970s

Enhanced business aptitude and capabilities regarding Gas-to-Power projects thanks to combining our energy business and power generation business units

Operational know-how and technological expertise acquired through active participation and deep involvement from the construction phase to actual management of the business

Speedy project delivery which leverages business acumen and networks established with government organizations

External Environment

Opportunities

- Increase in energy demand owing to robust economic growth in emerging and developing countries
- Increased demand for clean energy due to heightened environmental concerns
- Expanded demand for privatization (PPP and PFI) of public services and businesses
- Revolutionary changes in business environment due to the advancement of the 5Ds*3

Risks

- Economic stagnation due to increasing protectionism
- Tighter environmental regulations around the globe (e.g. introduction of a carbon tax)
- Delays in system development on the assumption of advancing privatization
- Shortened business and product lifecycles due to advancements in IT technology

*3 Mainly refers to the 5Ds—Depopulation, Decarbonization, Decentralization, Deregulation and Digitalization

Businesses

Gas-related businesses

Our division is developing gas-fired IPP*4 businesses in the Middle East, Asia, and North America. We have used our 50 years' experience in integrated LNG business, from production to supply, to join a Gas-To-Power project in Indonesia. These projects deal with all stages of the LNG business, from optimal procurement to management of gas to LNG receiving terminals and power generation plants. We are also taking advantage of our networks of contacts in emerging countries in working on a business to supply natural gas, which is leading to less CO₂ emission.

*4 Independent Power Producer

- Gas-fired IPP
- LNG liquefaction (LNG Japan Corporation)
- LNG receiving terminal
- Downstream gas businesses

Renewable energy businesses

We are developing and operating solar power plants in 12 locations in Japan and 3 locations overseas. Making use of the knowledge and experience we have cultivated through our success with these plants, we have now joined on-shore wind power generation businesses in Ireland and the U.S., an off-shore wind power generation business in Taiwan, and a biomass power generation business in Japan.

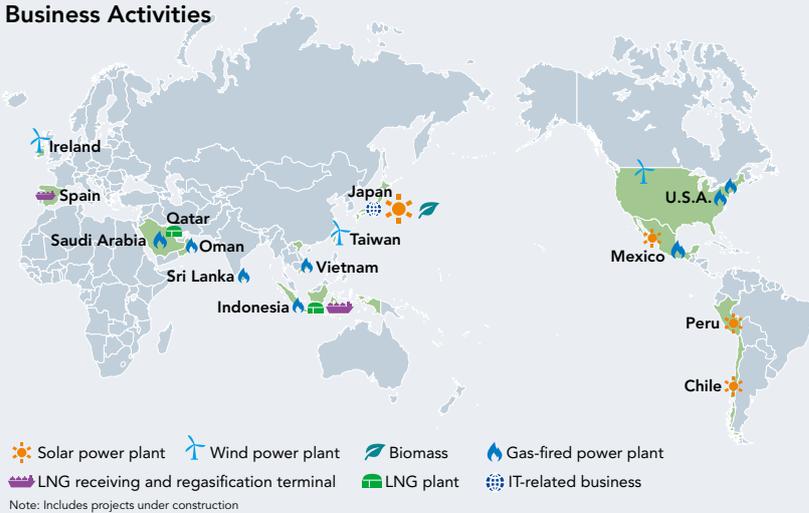
- Solar IPP
- Wind power generation
- Biomass power generation

Social infrastructure businesses

Through Nissho Electronics, we sell information communications equipment, IT infrastructure, and more. We also provide services including system construction, maintenance, operation, and monitoring. SAKURA Internet Inc.'s data center business provides highly reliable services using the company's massive IT infrastructure and techniques honed over more than 20 years in server-related businesses.

- Network construction for telecommunication carriers
- Data center (SAKURA Internet Inc.)

Major Business Activities



Mugardos LNG Terminal (Spain)



Birdsboro natural gas-fired power plant (U.S.)

Growth Strategy

The energy situation around the world is facing a major turning point due to interplay between key regional shifts in supply and demand and the movement towards decarbonization. In terms of supply, the U.S. has become a major player following the shale gas revolution; on the demand side, we believe that the tide of decarbonization will trigger a rapid spread in use of natural gas, LNG, and renewable energy, as China, India, and emerging countries in Asia take the lead in driving future growth.

Experts anticipate that Gas-To-Power will become the pillar that supports expanding energy demand in emerging countries in Asia. This has led us to position it as a core business for the division, which we hope to expand by integrating our experience in LNG businesses and gas-fired power plant PPP/PFI*5 businesses. We are also managing a cutting-edge, high-efficiency gas fired power in the U.S. which utilizes the country's abundant and inexpensive shale gas as a fuel, thereby further contributing to the realization of a low-carbon society. Meanwhile, for our renewable energy business, we will use our experience with solar power generation businesses in Japan and Germany to accelerate the development of new businesses, in order to respond to the rapid movement towards decarbonization worldwide. Going forward, we will continue to utilize our company's functions to create high-quality assets and focus on reforming business models using AI and the IoT.

Our mission is to develop sophisticated social infrastructure that promises reliability, safety, and comfort. To fulfill this mission, we will cooperate with excellent partners in Japan and overseas who share our values, contributing to industrialization in different countries around the world.

*5 Private Finance Initiative: A way of developing of public facilities using private funding

Gas-fired power generation businesses

We are focused on harnessing the knowledge we have gained from developing the Gas-To-Power project in Indonesia to develop new projects in countries that want to convert to alternative fuels, especially emerging countries in Asia. We are also engaged in developing and operating highly efficient gas-fired power plants in response to U.S. demand shifting from coal-fired electricity generation to gas-fired.

Gas-related businesses (LNG receiving terminal, downstream gas businesses)

We will install LNG receiving terminals in countries where expect robust gas demand to underpin strong electricity consumption, so called "Gas-To-Power project." Furthermore we plan to expand our business supplying natural gas to industrial end-users in Vietnam, together with our Japanese partners, and accelerate the development of new projects in other emerging countries in Asia.

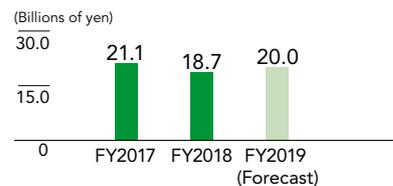
Renewable energy businesses (solar power plants, wind power plants, biomass)

We will make use of the knowledge and experience that we have acquired through our participation in solar power generation business in Japan and overseas; wind power generation business in Europe, the U.S., and Taiwan; and biomass power generation business in Japan, to accelerate our expansion into new power sources and initiatives in regions where we expect further growth.

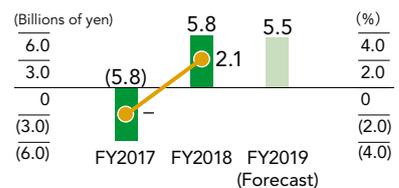
MTP 2020: Looking Back at the First Year

We surpassed our initial target due to favorable resource prices continuing and new solar power in Japan and overseas entering stable operations.

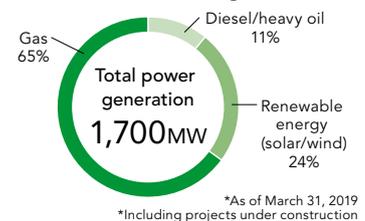
Change in Gross Profit



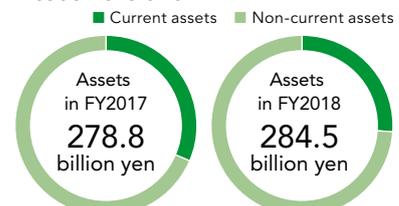
Change in Profit (Loss) for the Year (Attributable to Owners of the Company) and ROA



Electric Power Holdings



Asset Portfolio





Metals & Mineral Resources Division



We will optimize our asset portfolio to provide stable earnings resilient to market fluctuations by strengthening existing businesses and developing new ventures.

Masaaki Bito

Executive Officer, COO,
Metals & Mineral Resources Division



Business Models Supporting Value Creation

Strengths

Sole general trading company with coal mine operations know-how

Building on our accumulated expertise as owner-operator of an Australian coal mine by developing other Sojitz-owned mines and venturing into the contract mining business

One of the leading importers of rare metals to Japan

Maintaining our large market share through a combination of trading and upstream investments in various rare metals—niobium, chromium and nickel amongst others

Stable earnings from businesses such as Metal One, one of the world's largest steel-based general trading companies

Increasing our stable earnings by expanding our business in growing markets and capturing new demand

External Environment

Opportunities

- Increase in demand for mineral resources, steel, and industrial materials in emerging countries
- Demand for new products arising from strengthened and revised environmental regulations
- Increased demand for innovations and new materials which contribute to the development of a sustainable society
- Increased demand for environmentally-friendly businesses, such as recycling and by-product management

Risks

- Fluctuations in market prices and exchange rates resulting in falling revenues
- Arising geopolitical risks, such as resource nationalism and trade friction between the U.S. and China
- China's economic slowdown resulting in metal resources and products price slump
- Substitute products and strengthened regulations resulting in lower product competitiveness
- The global trend towards stringent environmental regulations, such as a carbon tax

Businesses

Upstream interests businesses

Building on our expertise in management and technical know-how as owner-operator of the Minerva Mine in Australia, we make investments in Australian and Indonesian coal mines. Our Brazilian niobium interest is the feature of our diverse rare metals portfolio, and as with our Worsley Project in Australia, we have established an integrated production system of non-ferrous metals, such as alumina, covering the entire process from mining to smelting.

- Coal (thermal coal, coking coal)
- Rare metals (niobium, chromium, nickel)
- Non-ferrous metals (copper, alumina)

Trading businesses

As the exclusive distributor of various world-leading suppliers, we have accumulated a vast client network over decades of experience in the resources industry. We offer long-term, stable supply of metal resources and industrial materials mainly to the Japanese and Asian steel industry.

- Ferrous materials (coking coal, iron ore, ferroalloys, etc.)
- Thermal coal
- Non-ferrous and precious metals
- Industrial minerals and steel production materials (electrodes, needle coke)

Midstream and downstream businesses

Through Metal One, one of the world's largest steel trading companies, we have global reach in sales, processing and distribution of steel products. Sojitz JECT supplies carbon products to the steel industry. JAMPT Corporation deals in 3D metal printing technology, which has the potential to revolutionize the manufacturing and distributing business.

- Sales, processing and distribution of steel products (Metal One)
- Trade and sales of carbon products (Sojitz JECT)
- 3D metal printing (JAMPT)
- Manufacture and sales of exfoliated vermiculite (Vermitech)

Major Business Activities



CBMM Niobium Mine (Brazil)



Products created using 3D metal printers

Growth Strategy

The main themes of MTP 2020 are establishing a stable source of earnings resistant to market volatility, and contributing to a low-carbon society, as called for by the international community. Propelling us towards these goals are our three growth strategies.

First, we will strengthen our trading business by offering new services. In order to maintain and increase our market share in Japan, as well as extending our reach into emerging markets, we aim to strengthen our relationships with clients, and cater to their diverse demands by expanding our lineup of environmentally friendly products.

Second, we will optimize our upstream interests. By reducing costs in our existing projects and replacing them with more profitable investments, we aim to build an asset portfolio that will generate profit even amidst a market downturn.

Third, we will develop new midstream and downstream businesses, venturing into new business areas in response to social demand and environmental changes.

Acquiring high-quality coking coal and developing a contract mining business

In order to achieve sustainable growth and address the growing global environmental awareness, we took steps to rebalance our coal portfolio by replacing thermal coal interests with high-quality coking coal, as with our acquisition of the Gregory Crinum coal mine in Australia. Making use of the mine's existing infrastructure, and our accumulated expertise as the sole general trading company to operate its own mine, we will venture into contract mining in surrounding mines, a new business model that will be resilient to market fluctuations.

Developing new applications for niobium

There is increasing demand for high-value-added steel products that are light and strong, driven by the advent of the electric vehicle coupled with carbon emission regulations. As the exclusive distributor to Japan of niobium, an auxiliary material indispensable to steel production, for decades Sojitz has ensured stable supply of the rare metal to Japan. In order to contribute to a greener society not just within the steelmaking industry, we are also developing new applications for niobium. In June 2018, we signed an agreement with CBMM (Companhia Brasileira de Metalurgia e Mineração) and Toshiba Infrastructure Systems & Solutions to jointly develop anode material using niobium titanium oxide, for use in lithium-ion batteries of electric vehicles.

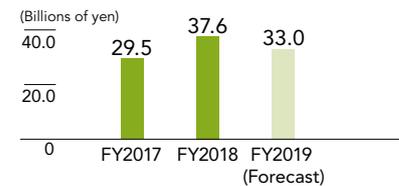
Increasing stable earnings through Metal One and other mid-downstream ventures

Our division owns a 40% stake in one of the world's largest general steel trading companies, Metal One, which we founded together with Mitsubishi Corporation. Through close collaboration and providing support, we strive to create synergy between Metal One and Sojitz in the metal products business. We have also founded JAMPT Corporation as part of our strategy to augment our stable earnings with new downstream businesses, which is more resistant to market fluctuations compared to upstream investments. Commencing operations in October 2018, JAMPT is Japan's first 3D metal printing business which covers the entire process from manufacturing metal powders to assimilating metal products. The potential of the 3D metal printing technology is driven by increasing demand for high-precision products, such as aerospace engine components and medical implants.

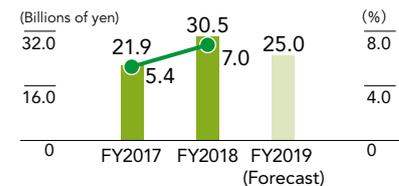
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We significantly exceeded our initial target chiefly due to higher prices of mineral resources, namely coal, and increased transaction volume.

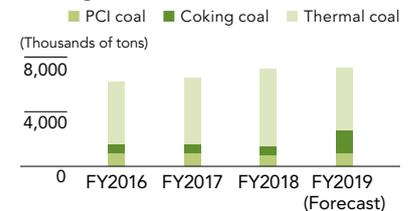
Change in Gross Profit



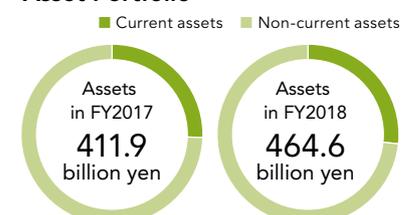
Change in Profit for the Year (Attributable to Owners of the Company) and ROA



Changes in Coal Sales Volume



Asset Portfolio





Chemicals Division



Under the basic policy of further strengthening our already successful areas of business, we will pursue steady growth for our five main business pillars as we seek the sixth pillar of our division.

Kyosuke Sasaki

Executive Officer, COO,
Chemicals Division



Business Models Supporting Value Creation

Strengths

Customer base of
over 5,000 companies

Wide variety of products and
materials

Track record of over 40 years
in handling rare earths

A wide variety of products, materials, and business proposal capabilities

An extensive customer network of over 5,000 companies around the world

Top-level business scale and name recognition among general trading companies

Operational know-how accumulated through our gas chemical manufacturing business

A plastic resin business with a global sales and procurement network

Stable price and quality along with short lead times to our Indian industrial salt business customers throughout Asia

Consistent C5 and petroleum resin business value chain spanning production to sales in the U.S.

External Environment

Opportunities

- Rising global demand for chemicals driven by economic growth in emerging countries
- Changes in the supply structure in response to social needs
- Increase in environmentally friendly materials, next-generation mobility, and composite materials to address global environmental and social issues

Risks

- Possible decrease in competitiveness and/or transaction volume of some products due to tighter safety and environmental regulations in certain countries
- Pressure on earnings due to volatile market conditions and fluctuations in foreign exchange rates
- Trade stagnation brought about by trade friction between the U.S. and China

Businesses

Methanol

We trade around 2 million tons of methanol in Asia and Europe, and will focus our efforts on creating new gas chemical businesses, including those that deal with derivative products, while continuing the stable operations of PT. Kaltim Methanol Industri (KMI).

Plastic resin

We deal with over 1 million tons of plastic resins through our global sales and procurement network centered on Sojitz Pla-Net. In addition to our mainstay automotive-related and packaging materials concerns, we are aiming to strengthen activities based on the keywords of "environment and innovation."

Industrial salt

We are responsible for handling high-quality industrial salt for the Asian market, and we have a long track record as a stable supplier to our customers. We are working to further enlarge the scope of our Indian supply sources, where we handle 4.5 million tons a year, to make it a solid and stable earnings foundation.

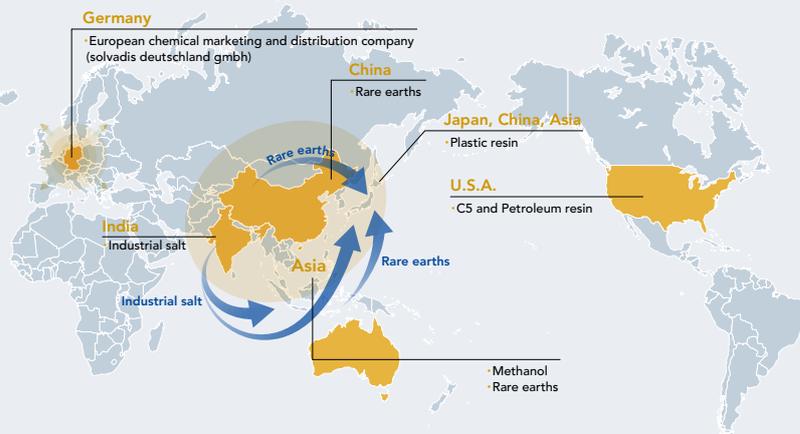
C5 and petroleum resin

In the U.S., we are working on developing businesses involved with DCPD- and poly-DCPD-based C5 resins, an important material used for parts in large trucks, heavy machinery, and construction equipment, and we aim to shore up our earnings foundation through expanding our supply network. We are expanding our global trade, including in the Asian and European markets, and seek to build a complete C5 resin value chain that leverages our customer network.

Rare earths

In addition to our many years of experience importing rare earths from China to Japan, we are the exclusive Japanese importer of Australian company Lynus Corporation Limited's rare earths. We are increasing the volume of rare earths that we handle while ensuring its quality exceeds user needs.

Major Business Activities



Methanol business (Kaltim Methanol Industri in Indonesia)



Industrial salt (India)

Growth Strategy

The supply structure of the global chemicals industry stands at a major turning point. Market needs are also continuing to change, with consumer demand expanding due to the growing number of middle-income earners in emerging countries, especially those in Asia, and the development of new products and technologies in response to environmental issues.

The Chemicals Division aims to expand global trade by quickly responding to changes in our business environment and making use of our strong business foundation and marketing capabilities. We will continue to refine the strengths of our existing businesses, make additional investments in new functions, and further expand the value chains of the businesses which form the five major pillars of our organization. Furthermore, we will raise a sixth pillar, focused on global industrial trends such as the environment, mobility, and composite materials.

European chemical marketing and distribution company (solvadis deutschland gmbh)

In 2017, we acquired solvadis deutschland gmbh, a Europe-based chemical marketing and distribution company with a long history in sulfur, sulfuric acid, and methanol. Solvadis handles as much as 1 million tons of methanol and one of its subsidiaries that provides a stable supply of necessary materials to chemical manufacturers in the Höchst Industrial Park in Germany. In 2019, as part of our efforts to enhance our distribution functions, we established facilities to solidify molten sulfur—which is used as a raw material for resins, textiles, fertilizer, and tires—at our logistics center in Belgium. Through this, we expect to be able to provide a stable supply to the region and increase our trade volume.

Plastics Business in Asia

In 2018, we constructed a packaging materials manufacturing plant in Southern Vietnam's Long An Province in partnership with a major local packaging company. The food packaging materials market in Asia is growing by 10%-15% each year thanks to advancements in cold chain technology, made to meet the requirements of a growing middle class. We seek to expand this packaging business by meeting such market needs throughout Asia. We have invested in an Indian automotive parts die manufacturing company, which is expected to utilize its sophisticated technological capabilities to support the growing number of cars and motorcycles being manufactured there. It will also contribute to the Indian vehicle industry, which requires the procurement of dies.

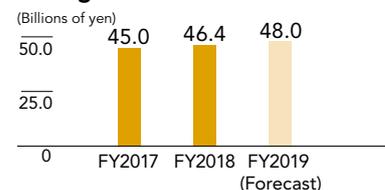
Green Polyethylene

Because sugarcane absorbs CO₂ during growth, green polyethylene is considered to emit zero net CO₂ when burned as a waste material. In 2012, Sojitz Pla-Net acquired the sales rights for this product in Asia and Oceania from Braskem S.A. in Brazil. We are striving to facilitate the spread of environmentally friendly packaging materials through collaboration with retail businesses such as major convenience stores and making proposals to major brand holders.

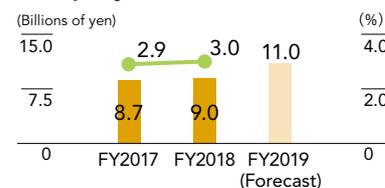
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Although our methanol business is performing favorably thanks to increased market prices, the plastic resins business and other concerns have been impacted by the economic slowdown caused by trade friction between the U.S. and China, and have demonstrated weak performance.

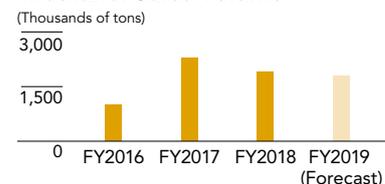
Change in Gross Profit



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

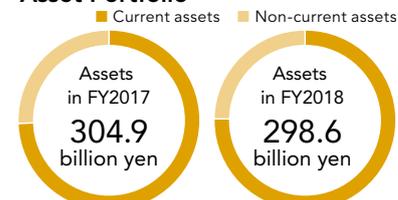


Methanol Sales Volume



* Figures from FY2017 onwards include the sales volumes of solvadis deutschland gmbh

Asset Portfolio





Foods & Agriculture Business Division

We will augment our prime assets to create a sustainable business model, contributing to higher living standards by providing reliable and safe food.



Toshiaki Miyabe
COO
Foods & Agriculture Business Division



Business Models Supporting Value Creation

Strengths

Strong business foundation in Southeast Asia

Top class in compound chemical fertilizers in three countries

Tuna value chain—from farming to processing and sales

Developing a wide range of businesses centered in Southeast Asia, such as grain port operations, flour milling, packaged breads, fertilizer production, and feed production

Establishing a top-class market share in the production and sale of compound chemical fertilizer in Thailand, the Philippines, and Vietnam

Developing a global tuna value chain based on the tuna farming business in Japan and the wholesale processing business in China

External Environment

Opportunities

- Diversification of lifestyles in Asia
- Increase in demand for foodstuffs due to population growth and economic development in Southeast Asia
- Heightened concern for the reliability and safety of food and the protection of food resources

Risks

- Price fluctuations due to an imbalance between supply and demand caused by climate change and changes in government policies
- Impact to the environment on food production
- Pressure on business revenue due to sudden fluctuations in exchange rates

Businesses

Agribusiness

We operate top-class fertilizer businesses in Thailand, the Philippines, and Vietnam. We will capitalize on our strengths—the knowledge and expertise gained in these countries to promote expansion of the business into Myanmar and other neighboring countries.

Feed business

In addition to trading raw materials for livestock feed in Japan, we are striving to expand our business in Vietnam by entering the grain port business in Vietnam and operating a feed manufacturing business.

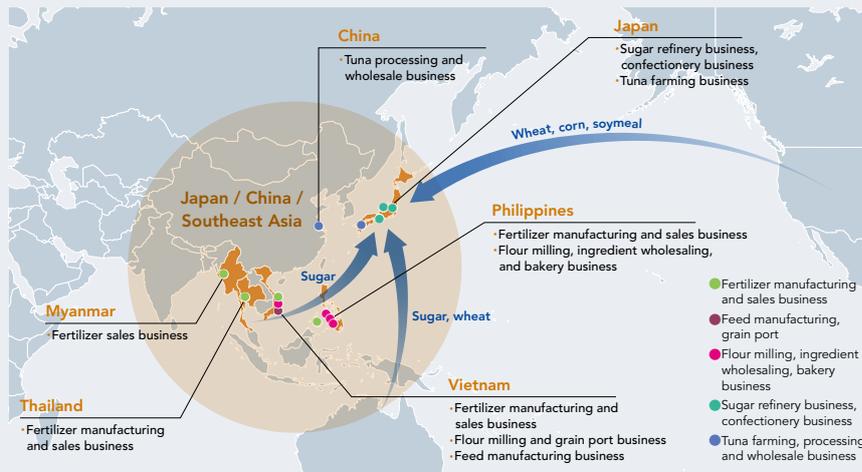
Foodstuffs business

We conduct sales of raw food materials and food products in Japan and overseas. In terms of food processing, we are involved in confectionery and sugar refinery businesses in Japan, flour milling in Vietnam and the Philippines, and a packaged bread business in the Philippines.

Marine products business

We are constructing a tuna value chain that includes tuna farming in Japan, a processing and wholesale business in China, and sales in Japan and overseas; we are also strengthening our tuna processing and wholesale business in Japan and overseas.

Major Business Activities



Atlas Fertilizer Corporation (Philippines)



Dalian Global Food Corporation (China)

Growth Strategy

Southeast Asia's rising populations and economic development has brought more diverse lifestyles and an increase in demand for foodstuffs. Our Division aims to strengthen and increase our earnings capacity through diverse businesses related to food and agriculture, allowing Sojitz to convert the rapid changes in this region into further growth.

We operate market-leading fertilizer businesses in Thailand, the Philippines, and Vietnam as part of our agribusiness operations, and are utilizing this expertise to develop businesses in Myanmar and other surrounding countries. We will also venture into other agriculture-related businesses fields.

For our foodstuffs business, we are involved in processing businesses, in areas such as milling, sugar refining, confectionery, and bread making, both in Japan and overseas. We will continue to expand our model of supplying raw materials and conducting sales of food products, moving into Southeast Asia. More specifically, in 2017, we established a flour milling company, a food ingredients wholesaling company, and a packaged bread company in the Philippines. We have also been involved in a flour milling company in Vietnam since 2007.

For our marine products business, we will strengthen our tuna value chain, which includes everything from farming to processing and sales, by further developing our processing and wholesale business in Japan and overseas. In terms of our feed business, we plan to enter the grain port business in Vietnam, where we also operate a feed manufacturing business. We intend to leverage these businesses to meet rising fertilizer demands in the future.

In addition, we are cooperating with other divisions that have Vietnam-based businesses in areas such as prepared food, wholesale food, and convenience stores. We will also partner with leading local businesses to promote global business development primarily in Vietnam and the ASEAN region.

Strengthening our fertilizer business and developing into surrounding areas

We aim to expand sales by implementing detailed promotion strategies for each region and each type of produce in Thailand, the Philippines, and Vietnam, and by increasing exports to neighboring regions. We will also venture into agriculture-related businesses by capitalizing on the long-standing initiatives of our fertilizer business, which has firmly established roots in local areas.

Expanding marine products processing and wholesale

In December 2018, we increased our investment in a tuna processing and wholesale company in China. Along with our tuna aquaculture business at Sojitz Tuna Farm Takashima, we will work to expand sales while we collaborate with leading processing wholesalers in each country where there is demand, such as Japan, China, Europe, and the U.S.

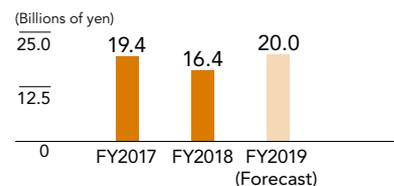
Strategic initiatives in Vietnam

In September 2018, Sojitz formed a strategic business alliance with the Pan Group, a major food and agribusiness firm in Vietnam. We are striving to accelerate our business expansion in Vietnam and overseas by combining the Pan Group's business foundation with technology from Sojitz's network of Japanese companies and customer base.

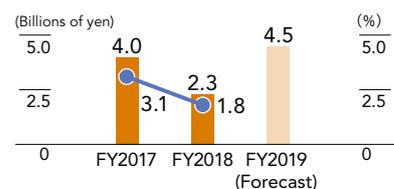
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Progress has been weak due to the rising cost of raw materials and declining sales volumes for the overseas fertilizer business.

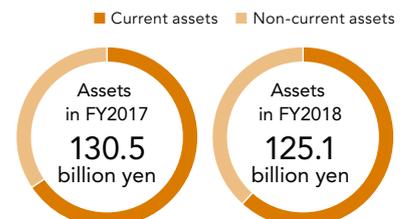
Change in Gross Profit



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



Asset Portfolio





Retail & Lifestyle Business Division

We will conduct a variety of businesses that create more prosperity and convenience in the lives of people in Japan and ASEAN countries, with an emphasis on customer-based business.

Yokoyama Naoki

Executive Officer, COO,
Retail & Lifestyle Business Division



Business Models Supporting Value Creation

Strengths

A network and customer base established over many years

Track record in management of shopping centers

Top market leader for North American beef imports and plywood in Japan

Networks and customer bases established over many years **throughout Asia**

Food and retail businesses developed to meet the needs appropriate to each ASEAN country's development

Expertise in management and investment to increase the value of shopping centers

Top-level market position for plywood in Japan

A supply base of consumer goods and industrial materials suitable for diversifying lifestyles

Top market shares in live cattle, horses, and frozen North American beef in Japan

External Environment

Opportunities

- Increase in domestic demand accompanying an expansion of the middle-income segment due to economic development in China and the ASEAN region
- Rising demand for Japanese technologies to improve productivity and to address the higher labor costs that stem from labor shortages
- Rising interest in Japan's food culture (including *washoku*), and westernization of food
- Greater emphasis placed on sustainable procurement of lumber resources amidst growing environmental awareness

Risks

- Revisions to legal and regulatory systems in Asian countries
- Cost increases due to stricter food quality control in Asia
- Pressure on earnings from business/trading due to drastic fluctuations in foreign exchange rates
- Increase in risks related to human rights and the environment issues due to expansion of manufacturing businesses

Businesses

Retail businesses in ASEAN

We are developing food retail businesses that meet the needs of each ASEAN country's stage of development. Our focus is on developing four businesses in Vietnam: processing and production of prepared food and processed meats, four-temperature controlled logistics (ambient temperature, fixed temperature, chilled, and frozen), wholesale food and consumer goods, and retail (convenience stores). We are working to improve quality of life by responding to the expectations and interests of local communities.

- Wholesale foods, processing & sales, retail, logistics business

Management of shopping centers

We are contracted to manage and invest in shopping centers to increase their value. We have established a business model in which we use our management expertise to add value to our shopping centers, and are expanding our shopping center management business in Japan and overseas.

- Investment in and management of shopping centers

Processed meat businesses

We are involved in all aspects of meat production, from livestock and fodder to meat packing. Sojitz boasts the top market share in imported livestock and frozen North American beef. We are also working to expand sales in markets in Japan and overseas, and to enhance our ability to procure raw materials through Meat-One Corporation, a marketing company whose shareholders include Japanese meat processing and logistics companies.

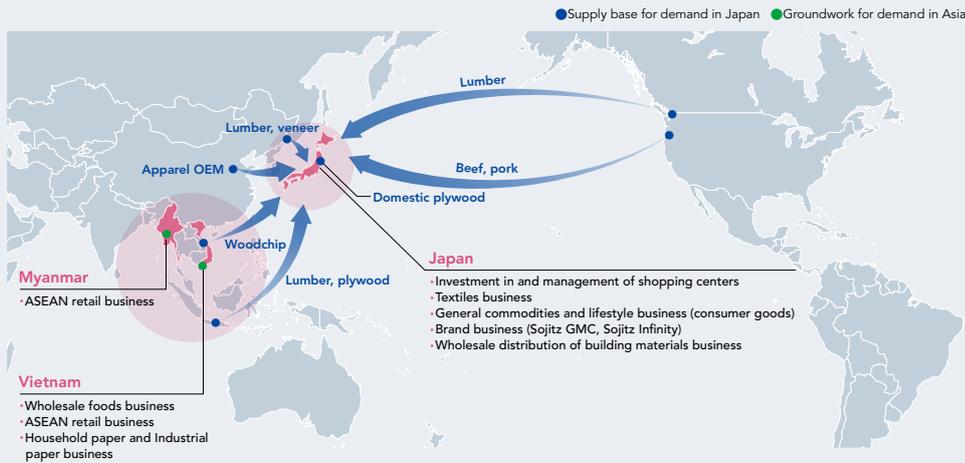
- Meat-One Project
- Import business for beef (North America, Australia), pork (North America, Europe), livestock (Australia, North America)

Forest products, textiles, general commodities

We have been involved in trading consumer goods and industrial materials for many years, and are carving out a position at the top of the industry with our plywood and textile sales business.

- Woodchip production
- Wholesale distribution of building materials
- Textiles
- Brand and consumer goods distribution

Major Business Activities



Four-temperature logistics business (Vietnam)



Management of shopping centers (Pieri MORIYAMA)

Growth Strategy

In the midst of unprecedented diversification in consumer preferences, the Retail & Lifestyle Business Division is developing a wide range of businesses that enrich everyday life and offer greater convenience, with customers at the heart of the business. The key elements of our future growth strategy include both expanding businesses, and strengthening the functions we can provide to our customers in the ASEAN region, which is experiencing continued economic growth.

For instance, we created a cold chain in response to customer demand for delicious, high-quality foods as an extension of the wholesale food business that we started in Vietnam. This cold chain business has contributed to sales growth in the local food service industry and supermarkets. In addition, alongside development of our convenience store business, we are establishing plants for daily prepared foods and processed meat products to further increase the appeal of our convenience store products. We took advantage of the expertise gained in Vietnam to enter the wholesale food business in Thailand, where we are building a one-stop system for handling all phases from wholesale distribution to food processing. In Myanmar, we are developing a similar wholesale food business as well.

In terms of shopping center management, we have established a business model based on the shift in consumer trends from the tangible (product-oriented) to the intangible (experience-oriented), which utilizes our expertise in managing facilities in Japan, and adds more value to our company and other stores. We also make use of this know-how overseas to manage Japanese restaurants and food courts.

When it comes to the traditional trading business, we have established an integrated system which covers everything from material procurement to construction costs and moves into the field of interior building materials, which is becoming increasingly high-grade in our building materials business overseas. As for our textiles business, we provide products to major SPAs (specialty store retailers for private label apparel) and have constructed a top-down integrated production system, from the spinning to the sewing process. Through these efforts, we will provide business functions that respond to the needs of our customers, and live up to the expectations and interests of society.

Household paper and Industrial paper business

In June 2018, we invested in Saigon Paper Corporation, a major paper manufacturer in Vietnam, to enter the country's household paper and Industrial paper business. We plan to address rising demand by investing in greater production capacity and efficiency. Additionally, we are expanding our sales channels by utilizing the diverse network of lifestyle businesses that we have cultivated in Vietnam.

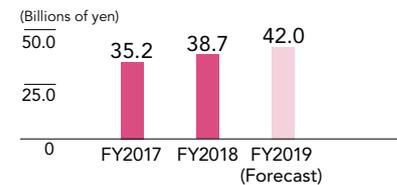
Meat-One Project

In February 2018, we established the marketing company Meat-One, together with multiple companies involved in raw meat procurement and sales, meat processing, and distribution. Meat-One combines the expertise and functions of the participating companies, allowing the companies to make use of each other's procurement, production, and sales networks to provide safe, reliable, and delicious processed meat products at competitive prices to consumers in Japan and overseas.

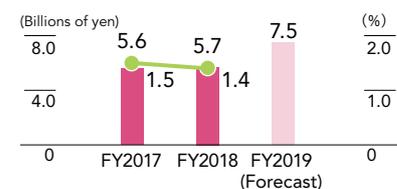
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Our key businesses, such as our consumer goods distribution business, have remained strong, and we generally performed according to plan thanks to increased meat trading and other factors.

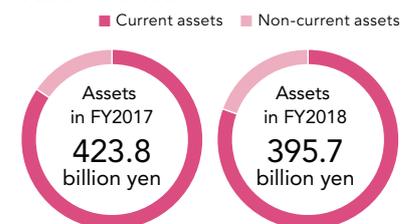
Change in Gross Profit



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



Asset Portfolio





Industrial Infrastructure & Urban Development Division

The infrastructure and services we provide form the foundation of industrial and urban development. We sort these businesses into three different portfolios: "project-based," "region-based," and "property-based," providing total service packages encompassing everything from development to operation/management.

Yu Mizuike

COO
Industrial Infrastructure & Urban Development Department



Business Models Supporting Value Creation

Strengths

Ability to build infrastructure and develop products

Ability to build infrastructure using a customer base gained over many years of experience; ability to develop market-oriented products, cultivated through our housing development business

Proprietary service with attention to detail

Contributing to the development of industrial and lifestyle foundations by using proprietary functions, expertise, and services acquired through our industrial parks and urban development business

Promoting integration in the real estate business

Providing integrated services from the customer's perspective, incorporating everything from development to asset management and administrations

External Environment

Opportunities

- Economic development in emerging countries, particularly in Asia (the ASEAN countries, India, etc.)
- Japanese property developers and foreign-owned manufacturing companies (Japanese and others) entering the Asian market
- Growing business opportunities associated with surge in demand expected from the upcoming Tokyo Olympic and Paralympic Games, as well as increased tourist and business traffic to Japan
- Demand in Japanese society for women's participation in the workforce and solutions to the daycare availability problem; demand for talent development and new job/industry creation in Asian countries

Risks

- Shrinkage of market associated with population decline in Japan
- Risks associated with revisions to laws and other regulatory systems in Asian countries; risk of fluctuations in business conditions, exchange rates, and interest rates

Businesses

Overseas industrial park businesses

We provide integrated services for the development, administration, and management of industrial parks in Asia. We offer services with an attention to detail, geared to both infrastructure and operations, such as providing stable electrical power and other utilities, infrastructure maintenance, and support for businesses establishing local subsidiaries in a new market. In so doing, we create an environment that enables tenants to focus on their businesses.

- Industrial park development, administration, and management
- Industrial park sales agency

Domestic real estate businesses

Our business model has us develop housing and other urban infrastructure, increase its value through management, and then exit from the business. Additionally, we are focusing on developing an asset management business by way of our J-REIT management business.

- Condominiums, for-rent housing
- J-REIT management business
- Offices
- Shopping centers
- Administration and management service

Overseas urban infrastructure business

We aim to enhance city functions by developing administrative, educational, commercial, residential, and other urban infrastructure. For Deltamas City in Indonesia, a comprehensive urban infrastructure development project, we are constructing an industrial park of 1,700 ha, and commercial facilities and a sustainable smart town of 1,500 ha.

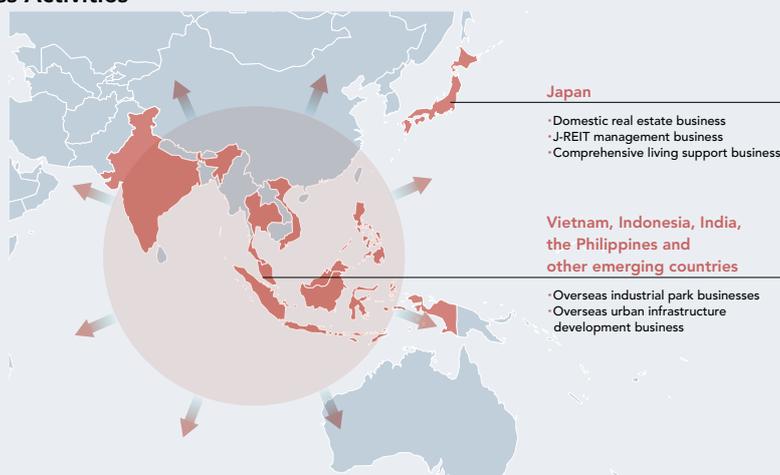
- Comprehensive urban infrastructure development business

Comprehensive living support business (daycare management business)

Expanding out from our management of offices, housing, and commercial real estate, we are working on a comprehensive life solutions service that will provide added value to the people who work and live at our properties, by launching a daycare and after-school care management business, for example.

- Daycare and after-school care

Major Business Activities



FORECAST Shinjuku Avenue



Daycare management business

Growth Strategy

The business foundation of the Industrial Infrastructure & Urban Development Division is our business asset administration and management. We have built this business up over many years developing industrial parks, housing, and other urban infrastructure. Our fundamental strategy is to build up these sources of revenue as base earnings, constructing a stable earnings foundation that can adequately supplement our earnings when development revenue dips, thereby steadily improving asset efficiency.

In Japan, we will achieve the kind of diverse asset control that our customers seek by further expanding and enhancing our development, asset management, and property management functions. Overseas—and in Asia with its growing middle class in particular—we are concentrating on smart cities and other development projects that will help us secure base earnings in the future, utilizing our urban infrastructure development and management functions honed in Japan.

We will also concentrate more on our strongly performing J-REIT management business and aim to restructure our business portfolio by strengthening our comprehensive life solutions services, including our childcare service business.

Domestic real estate businesses

We are aiming for increased growth in terms of the scale and areas in which we do business by creating reciprocal relationships and cycles between the functions of development in housing and other areas, asset management, and building services related to facility administration and management and residents' lifestyles.

Overseas industrial park businesses

We make use of our knowledge of industrial park development, sales, and management businesses in Asia and other regions to develop industrial parks in emerging countries, which are attractive locations for production and consumer sales. Our industrial parks allow foreign companies trying to capture demand created by the expanding middle class in these countries to focus on their businesses. In doing so, we participate in a foundation establishment for the advancement of these countries' manufacturing industries.

J-REIT management business

We are increasing the total amount of assets under the management of Nippon REIT Investment Corporation (NRT), our integrated, listed REIT, and improving the quality of its portfolio to expand our stable earnings foundation. Through Sojitz REIT Advisors K.K., which is responsible for management of the assets, we are carefully identifying properties and increasing their value via our proprietary engineering technology. In the year ended March 2019, five years after NRT was listed, the company's assets under management totaled around ¥250.0 billion, and we are aiming for ¥300.0 billion in the medium term.

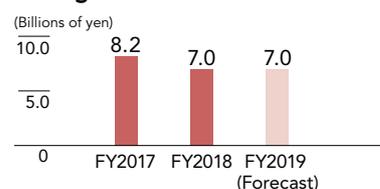
Overseas urban infrastructure business

Our development projects contribute to the growth of burgeoning economies by helping to solve their city-building issues, partnering with appropriate companies. In Deltamas City in Indonesia, we are driving the creation of a city for 250,000 people, making use of the strengths of Japanese companies to equip the city with schools for Japanese people overseas, large shopping malls, and smart housing.

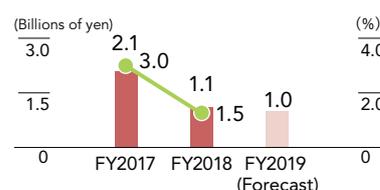
MTP 2020: Looking Back at the First Year

Although sales of industrial parks overseas have moved forward favorably, progress in Japan has been weak due to declining domestic real estate sales.

Change in Gross Profit



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



Asset Portfolio

