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

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

**Diversity Management**
All employees with diverse backgrounds can excel

**Work Style Reforms**
Improving individual and organizational productivity and supporting physical and mental health of employees

**Development of Future Leaders**
Cultivate talented individuals to take a leading role for sustained growth

**Progress in the year ended March 2019**

- 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)
- 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)
- 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)
- 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

**Human Resource Systems**

**Human Resource Development**

**Hiring, Recruitment**

**Workplace Environment**

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**2030 (conceptual image)**

- Number of employees: Around 3,000
- Development of Managers earlier
- Development of Managers to run businesses

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**Creation of innovation**

**Achievement of sustainable growth and New way, New value**

**Improvement in productivity**

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Sojitz Corporation Integrated Report 2019 43
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.

Diversity management

A culture of involvement of all human resources and taking on challenges with new ideas

<table>
<thead>
<tr>
<th>Diversity (organizational)</th>
<th>Work-life balance (individual)</th>
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</thead>
<tbody>
<tr>
<td>Harnessing and management of the different strengths of each individual</td>
<td>Proactive management of personal life and work</td>
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Diverse attributes and values
- Attributes: Gender, nationality, age, LGBT, disability, etc.
- Values: Opinions, experience, skills, responsibilities, field of work, etc.

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.
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.

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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

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