

Special Discussion

Creation of Distinctly Sojitz Value

The following is a discussion between Makoto Shibuya, COO of the Corporate Planning Department and the Corporate Sustainability Office and an individual who was involved in the formulation of Medium-Term Management Plan 2023, and Yumie Endo, Executive Officer of the Investor Relations Office, a position that puts her on the forefront of communication with investors. In this discussion, these two individuals offer insight into the process of formulating the medium-term management plan.



Vision for the Future of Sojitz as Basis for Medium-Term Management Plan 2023

Shibuya: ■ There are two major characteristics of Medium-Term Management Plan 2023. The first is how it is positioned as our first step forward in the next decade. As implied by this focus, the plan was defined based on our vision for Sojitz in 2030, from which a backcasting approach was used to determine what we should do over the next three years. Prior medium-term management plans adopted more of a forecasting approach, which means that the backcasting approach of Medium-Term Management Plan 2023 is a significant change.

The second major characteristic is that we were able to solicit a wide range of opinions from the initial stages of formulating the plan. We began formulating Medium-Term Management Plan 2023 right when the COVID-19 pandemic started to thoroughly transform our operating environment. The inability of management to go on business trips enabled us to devote more time to discussing the plan. We also arranged for free discussion in which mid-level employees, who will be core members of the Company 10 years from now, were able to take part through open application. An aggregate total of around 60 employees joined us in these discussions. As a result, I feel that this plan more closely represents the perspectives of frontline staff.

Endo: ■ The fact that Medium-Term Management Plan 2023 was forged out of discussion of our long-term vision for Sojitz is also an important factor from an investor relations perspective. This focus makes it easier to discuss our strategies for accomplishing our long-term vision with those shareholders who support the Company from a long-term perspective and thus facilitates an increased understanding of Sojitz. Previous medium-term management plans forced us to limit our discussions to initiatives over the next three years. With Medium-Term Management Plan 2023, however, we were able to present a 10-year narrative for the future of Sojitz. This is incredibly meaningful both for the Company and for

investors who look to maintain their holdings over the long term.

Enhanced Stakeholder Engagement Made Possible by Transparent Medium-Term Management Plan

Endo: ■ Investors have expressed their positive reception of the target of achieving a PBR of 1.0 times or above as well as of the high degree of transparency that Medium-Term Management Plan 2023 offers. Specific reasons cited for this transparency included how the plan presents an overarching picture of the amounts and timing of returns from investments and then drills down from there to look at the actual frameworks through which these returns will be pursued over the next three years. In other words, the plan offers an incredibly clear look at what exactly Sojitz is trying to accomplish.

Shibuya: ■ At the same time that a medium-term management plan is a set of targets for a given period and a road map toward these targets, it is also a tool for engagement that allows for these targets and map to be communicated to stakeholders. A plan only becomes praiseworthy after it has been successfully completed, and the success of the plan is contingent on the actions of personnel. Based on this recognition, we arranged briefings on Medium-Term Management Plan 2023 to serve as a venue for engagement with employees. Some 800 employees, including those overseas, participated in these briefings.

In this plan, we use the words "collaboration" and "sharing." Sojitz develops its business in a wide range of fields, and our ability to share information and collaborate between divisions and businesses is a significant strength. For this reason, we realized that further removing the barriers between organizations would better enable us to exercise our true strength as a general trading company. Under Medium-Term Management Plan 2023, we will identify needs from a local market-oriented initiatives and practice collaboration and sharing with a sense of speed. This approach will be taken to heart as we pursue improvements in corporate value through a united, Companywide effort.



VALUE CREATION STORY

This section explains how the operating foundation of Sojitz is utilized to create two types of value—value for Sojitz and value for society.

- 26 Sojitz's Value Creation Process
- 28 Business Foundation
- 30 Examples of Value Creation

Healthcare Business Value Creation Cycle Originating from Turkish Hospital Project



Value Creation Process

Vision 2030 **Constantly cultivating new businesses and human capital**



Sojitz Group Statement

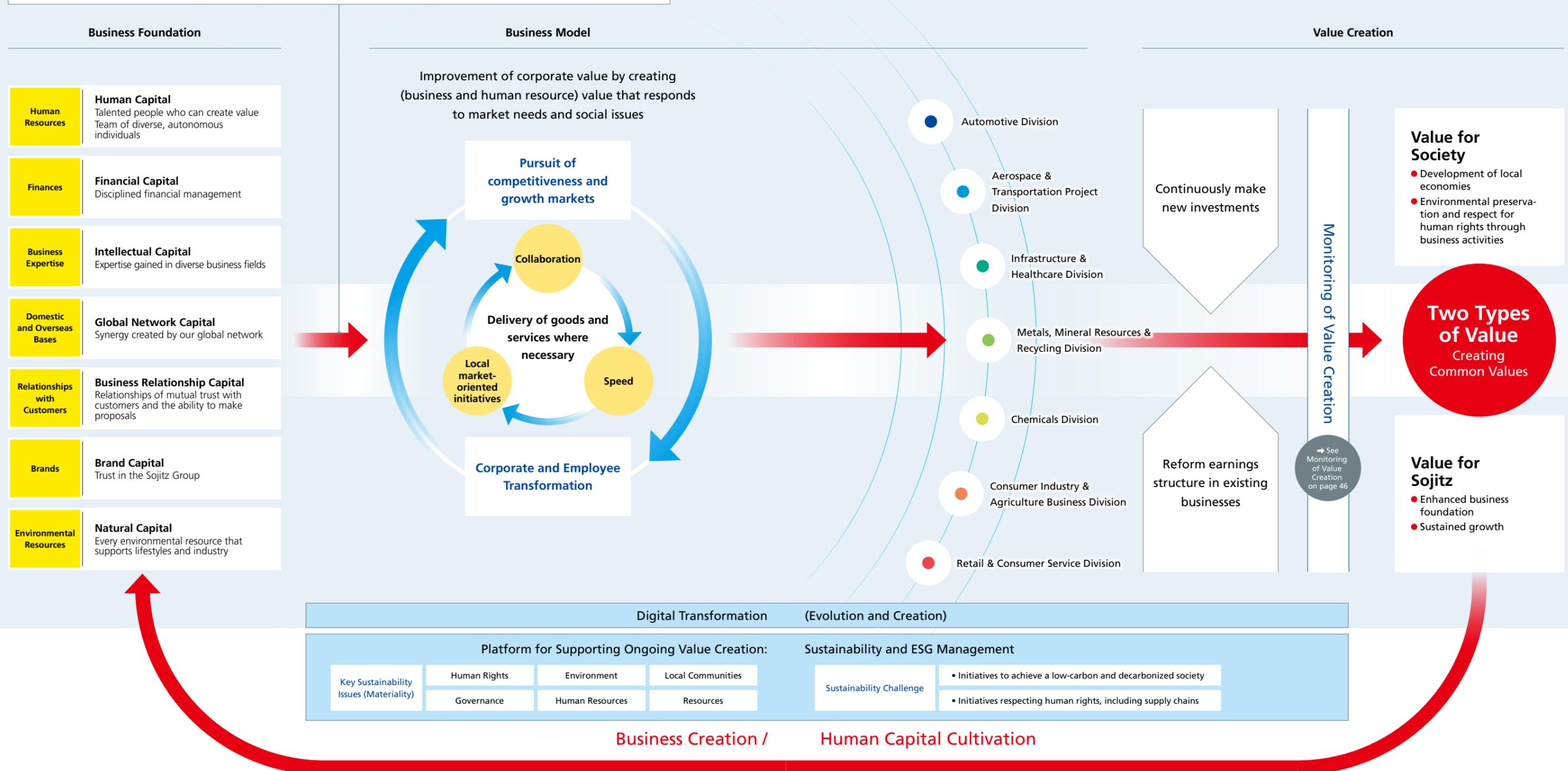
The Sojitz Group creates value and prosperity by connecting the world with a spirit of integrity.

Sojitz Group Slogan

New way, New value

Market Needs and Social Issues Based on Megatrends (Opportunities and Risks)

Diversification of Values and Needs Amid Market Volatility and Rapid Digitization		
• Economic repercussions of global COVID-19 pandemic	• Global uncertainty	• Rising ESG awareness
	• Accelerated digitization	• Diversification of values and needs



Business Foundation

Among the most important elements of Sojitz's business foundation—the wellspring of value creation it has fostered thus far—are its finances, human resources, domestic and overseas bases, relationships with customers, brands, business expertise, and environmental resources. By effectively and efficiently combining these elements, we are maximizing two types of value—value for Sojitz and value for society—through our business activities. The maximization of this value in turn serves to further cement our business foundation and thereby supports the creation of even greater value. Going forward, Sojitz will strengthen the business foundation that functions as its wellspring of value creation while building upon this cycle to achieve ongoing improvements in corporate value.



Finances

Financial Capital

Disciplined financial management

Investments in future growth are conducted based on Sojitz's approach toward disciplined financial management. Our basic policy is to secure a positive core cash flow over a predetermined period in order to ensure the stability of our financial base. For example, aggregate core cash flow amounted to a positive ¥56.0 billion over the three-year period of Medium-Term Management Plan 2020. The new management indicator of cash return on invested capital (CROIC)* was introduced under Medium-Term Management Plan 2023 for the purpose of measuring and evaluating value creation in order to facilitate more sophisticated financial management.

<p>■ Total assets</p> <p>Approx. ¥2.3 trillion <small>(March 31, 2021)</small></p>	<p>■ Profit for the year</p> <p>¥27.0 billion <small>(FY2020)</small></p>
<p>■ Total equity</p> <p>Approx. ¥620.0 billion <small>(March 31, 2021)</small></p>	<p>■ Core cash flow</p> <p>Positive ¥56.0 billion <small>(Three-year period of Medium-Term Management Plan 2020)</small></p>

* CROIC = Core operating cash flow ÷ Invested capital

Human Resources

Human Capital

Talented people who can create value

At the Sojitz Group, nearly 20,000 employees are working diligently to create value around the world. The current volatile operating environment is making the development of a diverse employee base more important than ever. This recognition has prompted Sojitz to focus on ramping up local hiring overseas and on empowering female employees. As a result, the number of female managers has doubled over the past five years.

<p>■ Number of employees (non-consolidated)</p> <p>2,551 <small>(March 31, 2021)</small></p>	<p>■ Percentage of people with overseas experience</p> <p>Approx. 40% of all employees <small>(80% of these before they were 40 years old)</small></p>
<p>■ Number of Group employees (consolidated)</p> <p>19,463 <small>(March 31, 2021)</small></p>	<p>■ Number of locally hired employees in management positions</p> <p>32 <small>(1,200 locally hired employees as of April 1, 2021)</small></p>
<p>■ Female recruitment ratio for new graduates in career track positions</p> <p>Approx. 30% <small>(March 31, 2021)</small></p>	<p>■ Number of female managers</p> <p>27 → 54 <small>(Achieved target of doubling number from March 31, 2016, by March 31, 2021)</small></p>

Domestic and Overseas Bases

Social and Relationship Capital

Synergy created by our global network

Sojitz possesses a wide-reaching global network. We are pursuing coordination between bases and Group companies in order to address the various issues faced by customers.

<p>■ Number of bases</p> <p>Bases in Japan: 5 Bases overseas: 77</p>	<p>■ Group companies</p> <p>Companies in Japan: 123 Companies overseas: 304 <small>(As of June 30, 2021)</small></p>
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Relationships with Customers

Social and Relationship Capital

Relationships of mutual trust with customers and the ability to make proposals

Brands

Social and Relationship Capital

Visibility that demonstrates the Company's unique strengths

Business Expertise

Intellectual Capital

Practical abilities on the front lines

Environmental Resources

Natural Capital

Every environmental resource that supports lifestyles and industry

Healthcare Business Value Creation Cycle Originating from Turkish Hospital Project

The Basaksehir Çam & Sakura City Hospital, which boasts the largest number of hospital beds of any hospital in Turkey, opened its doors in May 2020. This hospital came into existence through a joint hospital operation project between Rönesans Holding, a major Turkish construction company, and Sojitz. The expertise Sojitz gained through this project is being used to accelerate its initiatives in the healthcare field. On the following pages, Shohei Goda and Masaki Ishiguro, two individuals whose dedicated efforts were integral to the opening of the Basaksehir Çam & Sakura City Hospital, explain the obstacles encountered on the path toward opening the hospital and how these obstacles were overcome. Following this, Masakazu Hashimoto and Kiyoaki Tsuda, leaders of Sojitz's Infrastructure & Healthcare Division, discuss how we are creating two types of value—value for Sojitz and value for society—through the hospital project. We hope that these discussions will grant a better picture of Sojitz's value creation activities viewed through the lens of this project.



Accounts from Individuals Who Were Integral to the Opening of the Basaksehir Çam & Sakura City Hospital

Shohei Goda
Section Manager
Business Development Section 1
Healthcare Department



Masaki Ishiguro
Section Manager
Business Development Section 3
Healthcare Department

Goda ■ It was in April 2015 when a section responsible for new business development was set up within the Plant Project Department. You, Mr. Ishiguro, and I were among the initial members selected to staff this section, and I was

appointed to the position of section manager. As we sought out projects with the potential to become new businesses, one of the candidates we found was the hospital operation project in Turkey.

Ishiguro ■ Seeking to address its lack of hospital beds, Turkey had formulated a plan to construct public hospitals with a total of 40,000 beds through a public-private partnership (PPP) scheme. One of these would become the Basaksehir Çam & Sakura City Hospital. Among the companies looking to get involved in this project was the major Turkish construction company Rönesans Holding. Sojitz had an existing relationship with this company as we had also partnered with them in chemical plant construction projects in countries like Russia and Turkmenistan.

Goda ■ I traveled alone to Turkey in July 2015 to meet with the hospital project team to see if there was a way we could get involved in the project together with Rönesans Holding. I made several trips between Turkey and Japan after that as part of an ongoing negotiation process during which we proceeded to clarify the role Sojitz would play in the project. Eventually, in September of that year, we were able to reach a basic agreement to begin examining the possibility of joint investment in the project. Following the agreement, I found myself spending more than one-third of each year in Turkey, taking part, together with one other member from Sojitz, in the ongoing discussions with Rönesans Holding together with other members of the project team.

Ishiguro ■ The Basaksehir Çam & Sakura City Hospital project utilized a design, build, finance, and maintain (DBFM) scheme in which we were set to undertake the design, construction, operation, and provision of peripheral medical services related to the project. It had therefore been estimated that the project would involve a total project cost as high as approximately ¥200.0 billion. Sojitz planned to secure financing for approximately ¥30.0 billion of this amount, and I was thus given the responsibility of arranging financing in Japan. At that time, there had been no past cases of a Japanese company involved in an overseas hospital PPP project. On top of this, the project was taking place in Turkey, a country presenting significant geopolitical risks. I therefore ended up struggling from an inability to find financial institutions willing to fund the project.

Goda ■ Both of us had experience in constructing large-scale facilities, specifically plants, and Sojitz had an extensive track record in PPP projects, namely independent power producer projects. However, the hospital project required more than just building a structure; we had to create a sanitary environment in which medical services could be provided with peace of mind. It would not be an exaggeration to say that the project was a completely new undertaking for Sojitz. I therefore cannot blame any of the

financial institutions that cast a doubting eye on this project.

Ishiguro ■ You are absolutely right. It was for this reason that we needed to receive more extensive financing guarantees from government financial institutions like Japan Bank for International Cooperation (JBIC) and Nippon Export and Investment Insurance (NEXI). A detailed list of terms and conditions were prepared in this regard, but it would seem that the greatest source of concern for JBIC and NEXI was whether Sojitz, with its lack of hospital experience, would actually be able to operate such a facility.

Goda ■ To address these concerns, we proposed concrete measures to ensure that we could undertake these operation tasks. One of these measures was on-site training at a hospital. We explained the plan: together with three other Sojitz employees, I would be stationed at a hospital in Hokkaido for nearly six months, where we would learn the inner workings of hospitals. I think this high level of commitment to the hospital project was what won them over. The training took place in 2018, after financing had been finalized, and this experience has proved indispensable to the operation side of the project.

Ishiguro ■ Another strong push came in the form of a decision by management. Specifically, it was declared that the healthcare field teams of each division would be integrated to form the Medical Infrastructure Office. This move indicated Sojitz's intent to focus on the healthcare field at the Companywide level, sending a clear message to JBIC and NEXI that management was serious about this project. Through the combination of the bold efforts of the frontline team and this strong support from management, we were able to secure a larger financing guarantee.



Basaksehir Çam & Sakura City Hospital
For more information on the Basaksehir Çam & Sakura City Hospital, please refer to the following website:
<https://www.sojitz.com/en/special/projects/detail/post-6.php>

Examples of Value Creation

Goda ■ However, things did not go smoothly for long. In June 2016, there was a bombing attack on the Atatürk Airport in Istanbul, Turkey, which was followed by a failed coup d'état attempt in the next month. If I remember correctly, this was right around the time when financial institutions began raising their hands to become financiers and the necessary financing was within sight. I seriously thought that the project was doomed. We did, in fact, see a delay of about six months, but we were luckily able to hold a signing ceremony in July 2017. The feeling of accomplishment this brought was all the greater given the numerous challenges we had overcome.

Ishiguro ■ Prior to the signing ceremony, we had carefully examined all facets of the project, and made decisions right down to the smallest detail. We were therefore at the point when all we had to do was to put our plan into action. After that, the construction of the building moved ahead smoothly while you, Mr. Goda, underwent the aforementioned on-site hospital training and made other preparations for the operation side of the project. It looked like we were on track to open the hospital in October 2020 as planned.

Goda ■ We ran into other new bumps along the way, such as the 2018 Turkish lira crash, but given the length of the project, a few bumps are to be expected. What is important is to look ahead to find these bumps in the road so that you can navigate around them.

Ishiguro ■ Let me reiterate, the hospital project was a completely new undertaking for Sojitz as well as the first instance of a Japanese company taking part in an overseas hospital PPP project. It was also massive in scale. Accordingly, no one could have foreseen all of the challenges we would face when we were still just standing at the starting line in 2015. Nevertheless, we moved forward, eventually assembling a united development team of more than 40 members comprising sales and function staff from Sojitz. Moreover, we employed the services of external experts so that their insight could be used to identify potential issues and to formulate and test hypotheses on how to address these issues. I think it was this process that enabled us to navigate any new challenges that we found placed before us.

Goda ■ The COVID-19 pandemic, which dealt a devastating blow to the entire world, struck right when we had finally reached the year of the hospital's opening. The Turkish government asked us to open the hospital as quickly as possible so that it could start treating COVID-19 patients. However, project finance schemes make sudden amendments to plans difficult.

Ishiguro ■ As part of the aforementioned process of formulating and testing hypotheses, we had considered the steps that would be taken should the hospital need to be opened significantly earlier than initially planned. Normally, this would never have been an issue, so some thought that planning for this contingency was a waste of time—but in the end, it paid off. We succeeded in a partial opening in April 2020, and we were later able to fully open the hospital roughly half a year earlier than planned.

Goda ■ The last-minute drive to open the hospital early fueled the shared commitment of both the Japanese and Turkish team members to help the Turkish population. Today, when a hospital cannot find room for a COVID-19 patient, it will refer them to the Basaksehir Çam & Sakura City Hospital. This hospital has thus come to function as the last bulwark preventing the collapse of Turkey's healthcare system. One cannot help but feel just how meaningful this project was to the people of Turkey.

Ishiguro ■ The project also had significant social meaning in how it helped build a strong relationship between Japan and Turkey. At the opening ceremony for the Basaksehir Çam & Sakura City Hospital, Turkish President Recep Tayyip Erdoğan gave an address, after which then Japanese Prime Minister Shinzo Abe offered words of congratulations via the internet. This event, I feel, was a symbolic moment.

Goda ■ The name of the Basaksehir Çam & Sakura City Hospital includes the words "Çam" and "Sakura." Çam is the Turkish word for pine trees, a symbol of Turkey, while sakura is a Japanese word that refers to cherry trees, a symbol of Japan. This name is itself representative of how the hospital is a symbol of the friendly relationship between Turkey and Japan. On the premises of the hospital, one will find both pine trees and cherry trees. In addition, the courtyard features a Japanese garden as a symbol of appreciation and respect for Japan.

Ishiguro ■ This favorable relationship is seen not only between the countries involved, but also between the companies involved. Rönesans Holding and Sojitz maintain a strong relationship both respecting each other as partners and as equals. We have similarly strong relationships with JBIC, NEXI, and our other financiers. It was only through a united effort by all team members that we were able to successfully open the Basaksehir Çam & Sakura City Hospital.

Goda ■ Lastly, I would like to talk about how, in addition to the aforementioned value for society, this project also created value for Sojitz. To begin with, the earnings

generated by the project will not stop with the opening of the hospital. Even after the opening, I remained in Turkey for about six months to help get the operations of the hospital on track and to prep the person who would be my successor. In the past, Sojitz's businesses have largely been concentrated in upstream areas, such as coal and other energy resources. We also have experience investing in downstream areas like retail, but we have had very little involvement in other areas. The healthcare field was a previously unexplored area for Sojitz. We were able to gain significant headway in this field through this project, an accomplishment that creates significant value for Sojitz.

Ishiguro ■ That's true. It was our success in this project that led to our involvement in a similar hospital operation project in Australia. We are also participating in the primary care business in the Asia Pacific region (see page 38) while expanding our healthcare field operations in other ways. Perhaps the form of value for Sojitz that I have felt most keenly is how the project contributed to the growth of our people. Following the signing ceremony for the Basaksehir Çam & Sakura City Hospital project, when we were poised to begin full-fledged preparation for operation, our team was joined by many younger members aged in their 20s and early 30s. I encouraged these

individuals to take a central role in the project, anticipating that they would have a part to play in post-opening operation of the project. Their participation wound up exceeding my expectations, and even after I left the project, the hospital has continued to function without issue. Some of these younger members have been at the heart of the Australian hospital operation project as well.

Goda ■ What you are talking about is this power of projects to spur the growth of people. Shortly after joining Sojitz, I was assigned to a chemical plant construction project in Nigeria. This was near the end of the project, but the skills I learned performing debt collection and other processes in this country formed the foundations for my approach toward work thereafter. In other words, I grew through a project created by those more experienced than me. When I look back at the signing ceremony for the Basaksehir Çam & Sakura City Hospital project, I feel pride in how I too was able to create a project that will help the next generation of employees grow. I am therefore committed to continue creating projects in order to ensure that the traditions Sojitz has fostered over the course of its long history can continue to be passed on to future generations.

VOICE Comment from Partner

Cutting-Edge General Hospital Created through Partnerships Spanning More Than a Decade

The Basaksehir Çam & Sakura City Hospital was a project made possible by combining the construction and healthcare field experience of Rönesans Holding with the robust international megaproject coordination and financing experience of JBIC, NEXI, and Sojitz, with which Rönesans has partnerships spanning more than a decade. The hospital is equipped with the latest healthcare facilities as well as more than 2,000 seismic absorption structures, making it the world's largest seismic resilient building. As such, the hospital is able to continue to provide healthcare services safely and securely even in the event of a major earthquake. This characteristic has garnered a lot of attention

from observers. I believe that Sojitz and Rönesans are charged with an important mission going forward: creating value for industry and for the world by responding to social and market needs through infrastructure businesses in an ongoing partnership based on teamwork and entrepreneurship. By fulfilling this mission, I am confident that we can partake in more projects that are the first and best in their class.



Kamil Yanikomeroglu
Chairman, Rönesans Sağlık Yatırım A.Ş.



Masakazu Hashimoto
Managing Executive Officer, COO
Infrastructure & Healthcare Division



Kiyooki Tsuda
General Manager
Healthcare Department
Infrastructure & Healthcare Division

Tsuda ■ The Basaksehir Çam & Sakura City Hospital project was the first time a Japanese company engaged in an overseas hospital PPP project. Moreover, for Sojitz, this was the first project in Turkey of such a large scale, and we had no prior experience in hospital operation either. We were truly sailing in uncharted waters. Nevertheless, we were able to successfully bring the project into harbor, and now the Basaksehir Çam & Sakura City Hospital has become a facility that is indispensable to the people of Turkey.

Hashimoto ■ I think there are three factors we have to thank for our success in this project. The first is our strong, trust-based partnership with Rönesans Holding. Even before the project was in motion, then-Chairman Erman Ilıcak had referred Sojitz as a strong and reliable partner, and it was he who informed us of Turkey's plan to build public hospitals. Without this information, this project may not have even come onto our radar.

Tsuda ■ Rönesans Holding is a major Turkish construction company established by Erman Ilıcak in Russia in 1993. It continued to grow smoothly thereafter, and by the time Rönesans Holding started working with Sojitz, it had already become a global mid-tier company. We had taken part in five joint projects with Rönesans Holding since 2009, including chemical plant construction projects in Russia and Turkmenistan, and the total project costs associated with these projects surpassed ¥400.0 billion. Building its plant construction track record was incredibly important for Rönesans Holding as it sought to graduate from mid-tier to top-tier. It was able to achieve rapid growth through its dealings with Sojitz, joining the ranks of the top 30 general construction companies in the world in 2015. Through this process, strong bonds of trust were forged between Rönesans Holding and Sojitz.

Hashimoto ■ The second factor to which we owe our success in this project is the fact that healthcare was a field that matched the needs of the time. It was at around this time that the Japanese government put forth its "Abenomics" economic policy, which comprised Three Arrows. One of these arrows was growth strategies for stimulating private-sector investment. A major target of this arrow was the exportation of infrastructure, and healthcare was one of the themes put forth in this regard. Japan boasts heavy ion and other unparalleled healthcare technologies as well as numerous world-renowned medical device manufacturers. This position lent itself to a drive to export Japan's high-quality healthcare technologies and services to other countries. This background was one of the reasons we were able to gain the support of government financial institutions like JBIC and NEXI, without which we could not have arranged financing for this project.

Tsuda ■ Sojitz actually had experience in dealing in medical devices through its participation in Japan's official development assistance projects, and we had also taken part in the distribution of pharmaceuticals. It was not as though everyone at Sojitz was completely without healthcare field experience. In addition, when the decision was made to establish the Medical Infrastructure Department as the project took form, I returned to Japan from Thailand to oversee this division as its general manager. The staff for this new division was assembled by gathering such people with healthcare field experience from across the Company.

Hashimoto ■ The third factor that contributed to our success in the project was what you just touched on, Mr. Tsuda: Sojitz quickly assembled a Companywide support system. The establishment of the Medical Infrastructure Department was one part of this system. The geopolitical risks associated with Turkey were something at the front of everyone's mind at the time. There were also significant economic risks pertaining to factors such as foreign exchange and infrastructure. Conversely, Sojitz had its strong bonds of trust with Rönesans Holding, the backing of the Japanese government, and the outlook that this project had promising prospects for becoming a stable earnings base. There was thus a need to make decisions based on a comprehensive assessment of various positive and negative factors. Even given this situation, the Company had installed a concrete support system that would allow for swift decision-making and bold organization-wide action. In other words, the fact that we strove for speed, as espoused in the new medium-term management plan, was a major factor behind our success. The

speed of decision-making when the entire Company, from management all the way down to the front lines, is united is truly breathtaking.

Tsuda ■ That is true. If I were to add to the list of success factors, I would include our human resources and the business expertise they possessed. I mentioned earlier that these were uncharted waters for Sojitz. We did, however, have a breadth of experience and robust organizational capabilities in relation to infrastructure along with the extremely talented human resources that underpinned these capabilities. In the Basaksehir Çam & Sakura City Hospital project, we were thus able to take advantage of existing Sojitz expertise, such as the fund procurement capabilities that guided us in negotiations with government financial institutions when trying to arrange project financing and the project management capabilities needed to complete the project within the allocated time frame.

Hashimoto ■ If we take the size of the project out of the equation, it could be said that a characteristic of Sojitz is its extensive experience in tackling new challenges like this project. Recent examples of our tackling new challenges can be seen in the Jawa 1 Gas-to-Power project in Indonesia, the communications infrastructure project in Myanmar, and the freight railway project in India. As demonstrated by these projects, we boldly march forward when faced with something that is a first. I hope people outside of the Company will come to recognize that boldly tackling new challenges is a part of Sojitz's essence.

Tsuda ■ I would now like to move on to discuss the business opportunities that have risen out of the Basaksehir Çam & Sakura City Hospital project. One such business opportunity would be our participation in a hospital operation project in Australia. This project was a clear example of our applying the experience gained in Turkey to another country. Our partners in the Australian project had high praise for our success in the Turkish project. We also had little issue finding financiers in Japan, and the project is thus moving forward smoothly.

Hashimoto ■ Rather than simply jumping into a new field head first, I prefer to take the approach of branching out based on prior experience. One method of this branching out would be to apply existing insight and expertise to new fields. The Turkish hospital project, for example, was indeed a new field, healthcare, but as you mentioned Mr. Tsuda, we were able to apply existing expertise to this new field, specifically the project finance insight we had gained through independent power producer projects. Another

Examples of Value Creation

method of branching out is to broaden the scope of operations within a new field that has already been entered. The Australian hospital project is an example of our branching out within the healthcare field to undertake a project in a different country. Expanding from upstream areas to midstream and eventually downstream areas is another form of this type of branching out. One way this takes place is by branching out from power generation to distribution and eventually to power retail and energy conservation operations. Digital transformation as well as artificial intelligence, Internet of Things, and other new technologies could also be used for this type of branching out.

Tsuda ■ Applying this idea of branching out to the healthcare field, there are different tiers of care, namely primary care, secondary care, and tertiary care. The Turkish hospital project provides a venue that will largely be used for tertiary care, which mainly involves patients with serious conditions. Within the healthcare field, we branched out from the tertiary care area to the primary care area with our primary care business in the Asia Pacific region. We are currently seeing a shift in the way people choose healthcare, from focusing on hospitals to focusing on individuals. This trend means that gaining a foothold in the area of primary care platforms, which function as the gateway to the healthcare ecosystem, is an incredibly meaningful step for the future growth of Sojitz's business.

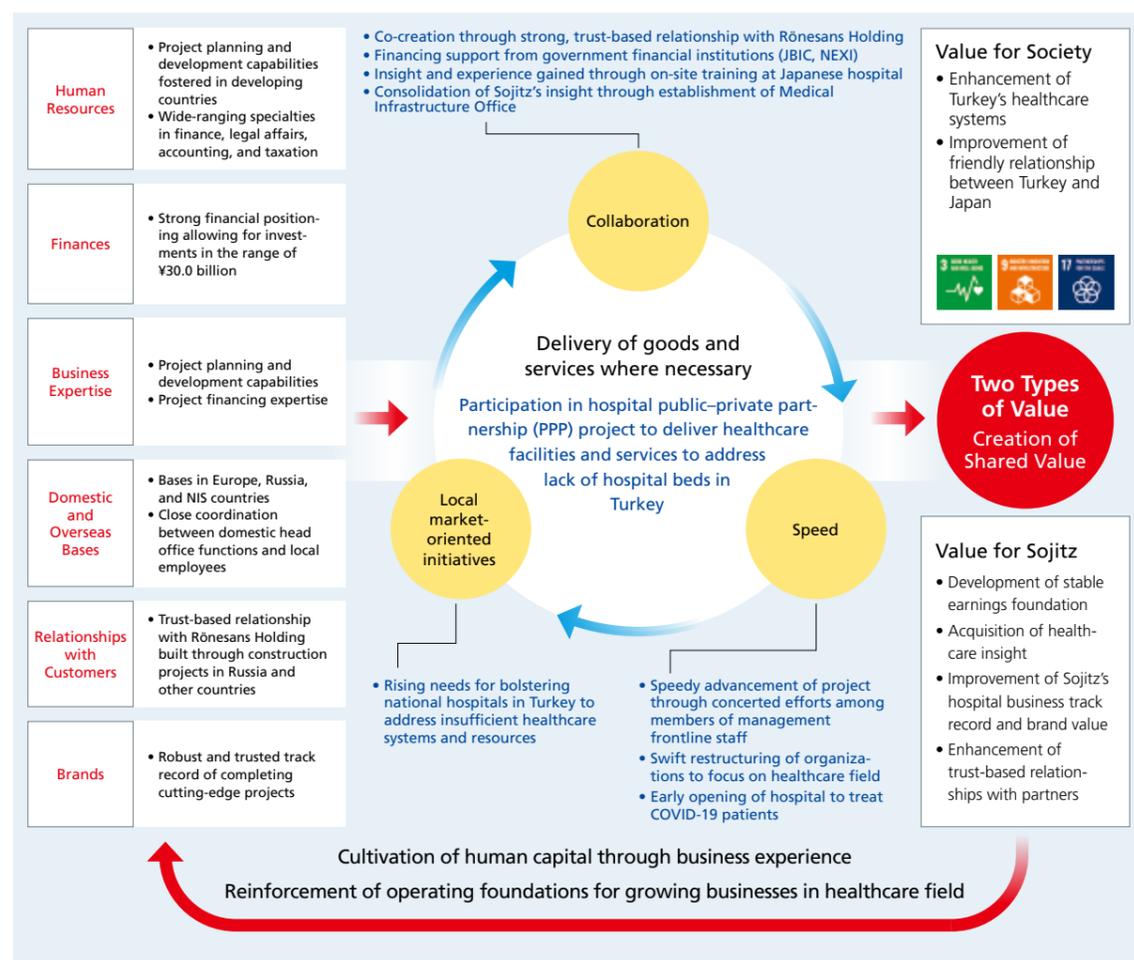
Hashimoto ■ I absolutely agree. Sojitz has adopted a Companywide policy of focusing on platform businesses. These businesses cater to a number of market needs, and identifying these needs has the potential to lead to new investments for reinforcing platforms. As this process is similar to the process of reinforcing a physical platform with bolts, we call such investments “bolt-on investments.” As an example of this type of investment, we might find ourselves investing in the digital transformation field to address telehealth needs.

the division. We have already seen examples of these methodologies being applied. By continuously branching out and developing this widening range of operations in an integrated manner, I plan to constantly create businesses with a unique presence.

Tsuda ■ Our ability to continue creating such businesses hinges on our human resources. I also touched on the importance of human resources when talking about the factors behind our success in the Basaksehir Çam & Sakura City Hospital project. The fact that we were able to participate in the Australian hospital operation project is due in part to younger employees who had gained hospital expertise through the Turkish hospital project. In this manner, projects grow people, who then create additional projects that grow more people. This is the mechanism behind the ongoing growth and value creation process of general trading companies. This mechanism comes into play because, in the end, a general trading company's only real assets are its human capital.

Hashimoto ■ This is why it is important to jump into the operation side of businesses to gain experience on the front lines. One way we did this in the Turkish hospital project was by having employees undergo on-site training at a hospital. Frontline experience helps people grow into the type of employee that is proficient in frontline operations and can seek solutions to any problems they may encounter. Frontline involvement can also help us recruit such individuals. It is human resources like these that enable us to develop new businesses. In this manner, the front lines of operations are the wellspring for the value created by general trading companies. It could therefore be said that the human resources cultivated through projects are more valuable to a company than the profits generated. If we can create an ecosystem in which people grow and make our organization stronger, and in which synergies are born between people and the organization, profits are sure to follow. I therefore see it as my personal mission to spur the growth of our human resources. By fulfilling this mission, I hope to shape the future of the Infrastructure & Healthcare Division and to speed Sojitz toward its vision for 2030.

Value Creation Process of Turkish Hospital Project



Tsuda ■ It is just as you say, our entry into the primary care business gives us the potential to conduct a variety of other bolt-on investments. Through these investments, I hope to contribute to the creation of a society in which patients can receive appropriately priced healthcare services with peace of mind anytime, anywhere. This is especially important in Southeast Asia, where populations are aging rapidly and where changes in lifestyles have caused a sharp rise in chronic illnesses. Meanwhile, the COVID-19 pandemic has placed increased importance on the role of primary care, which people look to for PCR tests and vaccines. In responding to the expectations this entails, the digital transformation and new technologies that you, Mr. Hashimoto, brought up will be key.

Hashimoto ■ One of the main points we have put forth for strategies aimed at accomplishing Sojitz's vision for 2030—becoming a general trading company that constantly cultivates new businesses and human capital—is to apply co-creation and sharing methodologies. The development of platform businesses will make it easier for us to engage in co-creation with other fields. For example, should the Infrastructure & Healthcare Division become involved in an industrial park project, we can now possibly look at introducing healthcare services into the industrial park. Looking beyond the Infrastructure & Healthcare Division, I can also envision co-creation with real estate businesses. In April 2021, Sojitz undertook a restructuring through which it reorganized its previous nine business divisions into seven. As part of this restructuring, operations related to the energy, telecommunications, urban infrastructure, and healthcare fields were consolidated within the Infrastructure & Healthcare Division. The word “healthcare,” as opposed to “medical,” was used in the division name to indicate a broader scope of services and to facilitate a more accurate response to the social issues pertaining to population aging and the rising concerns for safety and security. Within this scope, I will first look forward to the acceleration of co-creation and sharing within

Examples of Value Creation

INITIATIVES FOR THE NEXT DECADE

On this page, we introduce some of the new initiatives being carried out in the healthcare field to advance Sojitz over the next decade.

Australian Hospital Operation Project

In March 2021, Sojitz announced its participation in a hospital operation project in Australia. As part of this project, an operating company was established with an equity ownership split of 70% to Plenary Group, a major Australian investment firm, and 30% to Sojitz. This operating company will be responsible for operating the New Footscray Hospital, which will be located in Melbourne, Victoria, Australia. Scheduled to open in 2025, the New Footscray Hospital will be built through a project entailing a total cost of AUD1.5 billion (approx. ¥120.0 billion), making this hospital the largest single health infrastructure investment in the state of Victoria. This hospital project takes the form of a PPP project based on a long-term contract with the Victorian Government that covers the financing, design, construction, and operation of the facility. Located in the Footscray area of Melbourne's western suburbs, the New Footscray Hospital will address the needs of the growing population in the area by ensuring there are sufficient hospital beds to accept patients from the community.



Investment in Leading Primary Care Provider in Asia Pacific Region

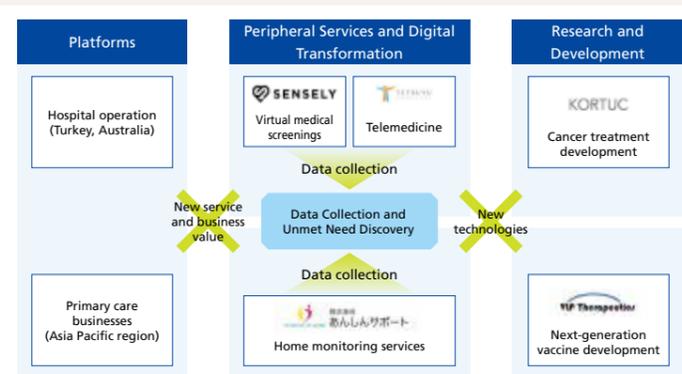
Sojitz invested in Qualitas Medical Limited, a leading provider of primary care services in the Asia Pacific region, through a third-party allocation of shares in March 2021, thereby converting this company into an equity method associate. Qualitas has a history of more than two decades in the primary care business with a network of some 300 primary care clinics, dental clinics, and medical imaging centers across Malaysia, Singapore, and Australia. Primary care demand has been growing on a global scale in recent years, and the size of the private primary care market in these three countries has grown to ¥3.5 trillion in 2020, recording an exceedingly high market growth rate of annual average 7.8% over the past five years.* Qualitas plans to accelerate strategic investments in establishing and acquiring clinics while also entering into Vietnam and other emerging markets. In addition, Qualitas will bolster its healthcare offerings through the digital transformation of healthcare services.



* Source: Frost & Sullivan (Market size includes total private general practitioner clinics and dental clinics in Malaysia and Singapore, as well as private general practitioner clinics, dental clinics, and diagnostic imaging services in Australia. The growth rate is the compound average growth rate for the five-year period from 2016 to 2020.)

Investments in Healthcare Field Innovation

Sojitz is aggressively investing in innovation. Targets of these investments include strengthening existing businesses, reforming business models, and employing new technologies to transform business models using artificial intelligence (AI), Internet of Things, and other digital transformation methodologies. In the healthcare field, these investments have been directed at telemedicine business operator Tetsuyu Healthcare Holdings Pte. Ltd. and medical screening business operator Sensely, Inc. Through collaboration with these companies, we aim to provide healthcare services that combine hospital operation (offline) and telemedicine, AI-power diagnosis technologies, and virtual medical screening services (online). We have also invested in KORTUC Inc., a company developing advanced cancer treatments, as well as a bio-venture company developing vaccines for the purpose of acquiring the functions necessary for addressing the medical and healthcare needs identified through the online collection and analysis of healthcare, patient, and health data. In addition to combining offline and online healthcare services through such investments, Sojitz looks to create a cycle for enhancing demand discovery efforts and services and for augmenting the associated functions.



VALUE CREATION STRATEGY

In this section, readers will find explanations of Companywide value creation strategies from both financial and non-financial perspectives along with information on the corporate governance systems that support these strategies.

- 40 Performance Highlights (Financial/Non-Financial)
- 42 CFO Message
- 46 Business Investment Monitoring for Accelerating Value Creation
- 50 Sustainability
- 56 Maximization of Human Resource Capabilities
- 64 Digital Transformation
- 66 Corporate Governance Supporting Value Creation Strategy
 - 66 Message from the Chairman of the Board
 - 67 Roundtable Discussion Between the Outside Directors
 - 72 Corporate Governance
 - 79 Compliance
 - 80 Risk Management
 - 82 Directors and Audit & Supervisory Board Members
 - 84 Executive Officers