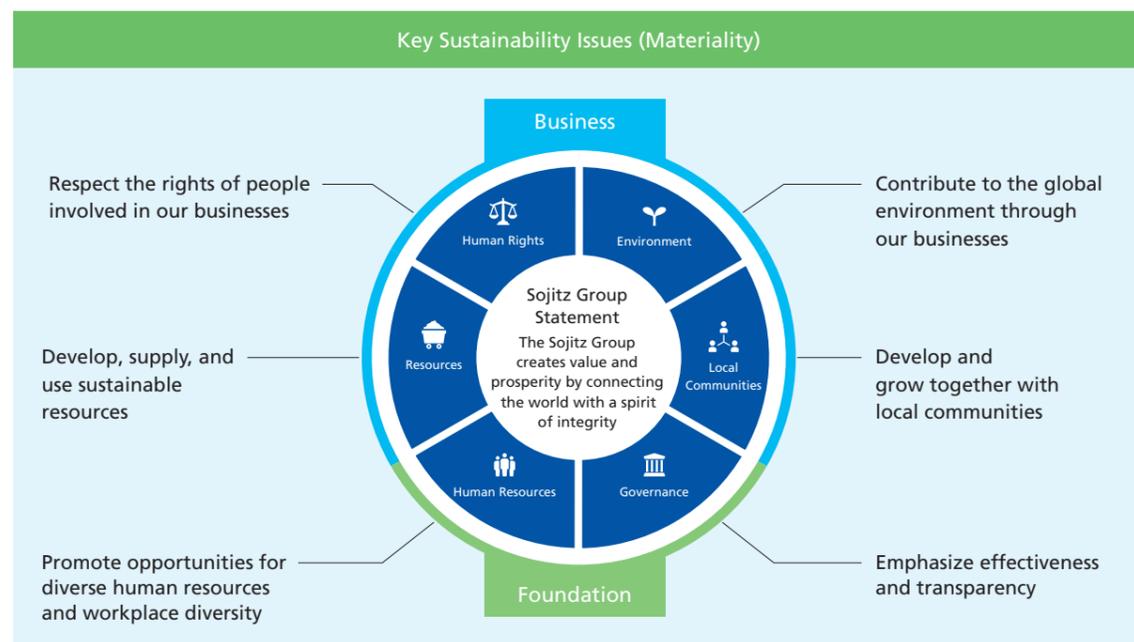


Pursuit of Sustainable Value Creation

For Sojitz, the pursuit of sustainability involves working toward sustainable growth for both society and Sojitz by partnering with stakeholders based on the Sojitz Group Statement to maximize two types of value—value for Sojitz and value for society—through its business.

To guide its efforts to maximize its two types of value, in 2016 Sojitz defined 6 Key Sustainability Issues (Materiality) to focus on in its business over the medium- to long-term. Referencing the United Nations Sustainable Development Goals (SDGs), the Paris Agreement, and other international standards that indicate external expectations, Sojitz identified universal issues that need to be tackled if the Company is to achieve sustainable growth together with society. This process led the Company to define the 6 Key Sustainability Issues of human rights, the environment, resources, local communities, human resources, and governance. [For more information, please see “How We Set Key Sustainability Issues (Materiality) and Reflect Them in Our Strategies” on our corporate website: <https://www.sojitz.com/en/csr/priority/>.]



Identification of More Granular Themes



The Sustainability Challenge, Sojitz’s long-term vision for 2050, takes a more granular approach toward defining issues among universal issues. This vision calls on us to help achieve a decarbonized society through our business activities and to respond to human rights issues, including those within our supply chains. These two tasks have been an area of particular focus for Sojitz as of late and have formed the foundation for setting the growth strategies of Medium-Term Management Plan 2023.

In formulating its response toward these issues, Sojitz sought to develop an understanding of the risks and opportunities it faced through engagement with stakeholders. Based on this understanding, we established policies related to decarbonization, human rights, and other matters, and reflected these policies in Medium-Term Management Plan 2023 to guide concrete action. In addition, we disclose information on these activities as appropriate in order to gain new input from stakeholders. This approach constitutes our sustainability management promotion cycle.

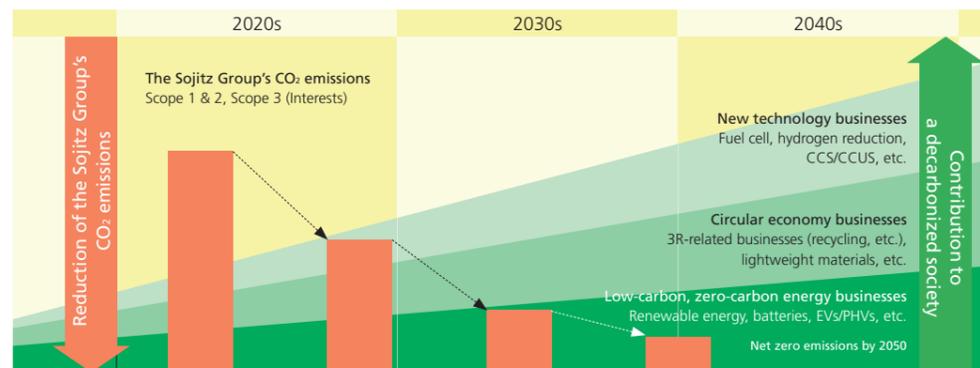


Sustainability Challenge—Decarbonization

Policies and Initiatives for Realizing a Decarbonized Society



The Sojitz Group recognizes that CO₂ emissions constitute a risk, and we are accelerating reduction efforts in order to become a company that is better suited to a decarbonized society. Meanwhile, we view the process of transitioning to this society as an opportunity, based on which we are developing new businesses in a wide range of fields.



Mitigation of Risks

◆ Reduction of Scope 1 and Scope 2 Emissions

Sojitz views reducing its own CO₂ emissions, as represented by Scope 1 and Scope 2, as an obligation toward achieving a decarbonized society. For this reason, we have set the target of reducing total Scope 1 and Scope 2 emissions by 60% of the level from the year ended March 31, 2020, by 2030. As part of accomplishing this target, we aim to achieve net zero Scope 2 emissions. New businesses undertaken thereafter will be oriented toward achieving overall net zero emissions by 2050. In the year ended March 31, 2022, we confirmed the response measures in place together with Group companies that are major sources of emissions and commenced a partial introduction of renewable energy.

◆ Measurement and Identification of Scope 3 Emissions

If we are to realize a decarbonized society, it will be important for us to address CO₂ emissions across the supply chain, as represented by Scope 3, in addition to our own emissions. Areas of the supply chain responsible for large quantities of Scope 3 emissions have been designated as risks in light of their potential to become a source of significant pressure for reducing CO₂ emissions in the future.

Approach Toward Opportunities

◆ Positioning of Scope 4 Emissions as an Opportunity

Although Scope 3 emissions represent a risk for Sojitz, the potential to create new businesses that contribute to reductions of emissions across the supply chain is viewed as an opportunity. We are approaching this opportunity through initiatives for achieving growth. Going forward, we plan to accelerate such initiatives for reducing CO₂ emissions based on the concept of Scope 4.

Analysis of Scope 3 and Scope 4 Emissions Across the Supply Chain

Sojitz performs qualitative analysis of the risks and opportunities it faces based on a matrix that uses industries with generally high CO₂ emissions on the vertical axis and the stages of each supply chain on the horizontal axis. In addition, quantitative assessments are performed with regard to the power generation sector, which has been judged to entail particularly high emissions.

Risks (Scope 3): Areas with representative risks (Scope 3 emissions) are displayed in orange, with darker shades indicating greater CO₂ emissions. These areas are generally believed to face the risks of pressure to reduce CO₂ emissions or threats of replacement.

Opportunities (Scope 4*1): The rightmost column displays alternatives that represent new business opportunities for Sojitz, and we will further increase our Scope 4 (avoided) emissions through these businesses moving forward.

		Risks						Opportunities	
		Supply Chain							
		Upstream				Downstream			
		Raw materials	Logistics	Product processing	Product use	End-users	Equity investment	Avoided emissions (Scope 4)	
		CO ₂ emissions: High, Medium, Low							
Quantified	Power generation	Thermal coal	Coal mining	Transport of raw materials and products	—	Coal-fired thermal power generation	Consumers No emissions	Coal interests	High-efficiency gas-fired thermal power generation Reduction of approx. 860,000 tons
		Scope 3 CO ₂ emissions	Approx. 2,100,000 tons	Approx. 260,000 tons	0 tons	Approx. 31,300,000 tons	—	Approx. 290,000 tons	—
To be quantified	Oil and gas	Oil drilling	Transport of raw materials and products	—	Oil-fired thermal power generation	Consumers No emissions	Gas-fired thermal power generation	Renewable energy generation*2 Reduction of approx. 260,000 tons	
		Scope 3 CO ₂ emissions	Approx. 10,000 tons	Approx. 10,000 tons	0 tons	Approx. 180,000 tons	—	Approx. 2,020,000 tons	—
To be quantified	Steelmaking	Coking coal	Coal mining	—	Blast furnace smelting	Consumers No emissions	Coal interests	Carbon capture and storage	
		Iron ore	Mining	—	—	Manufacturers	—	—	
To be quantified	Livestock	Livestock and feed businesses	Transport of raw materials and products	Processing of livestock	Cooking	Consumers No emissions	Livestock processing businesses	Non-meat alternatives	
		—	—	—	—	—	—	—	
To be quantified	Chemicals	Material production	Transport of raw materials and products	—	Chemical product manufacturing	Consumers No emissions	—	Biochemicals	
		—	—	—	—	—	—	—	
To be quantified	Papermaking pulp	Production of paper-making woodchips	—	Papermaking	N/A	Consumers No emissions	—	Paper recycling	
		—	—	—	—	—	—	—	
To be quantified	Construction	Construction material production	Transport of raw materials and products	Construction	Use of facilities	Consumers No emissions	Use of facilities	Net zero energy houses and buildings	
		—	—	—	—	—	—	—	
To be quantified	Transportation	Manufacturing of automobiles, ships, etc.	—	—	Sea travel	Automobile manufacturers	Automobile manufacturers	Vehicles that use electricity, hydrogen	
		—	—	—	—	—	—	Utilization of biomass fuel	

Note: The above chart is based on a simplified version of the 15 Scope 3 categories defined by the GHG Protocol. For more details on specific categories, please refer to https://www.sojitz.com/en/csr/sojitz_esg/e/data.php.
 *1 Scope 4 emissions = (Average global power generation efficiency by 2030 based on Net Zero Emissions by 2050 Scenario [global warming of 1.5°C above pre-industrial levels] of International Energy Agency [545 g/kWh] – Sojitz's power generation CO₂ emissions coefficient) × Power generation volume
 *2 Renewable energy generation refers to generation of solar power.

Sustainability Challenge—Decarbonization

Climate Change-Related Disclosure Based on TCFD Recommendations



In August 2018, Sojitz declared its endorsement of the final recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). Utilizing the recommended framework, Sojitz practices wide-ranging collaboration with stakeholders while improving transparency through proactive disclosure pertaining to its climate change-related risks and opportunities.



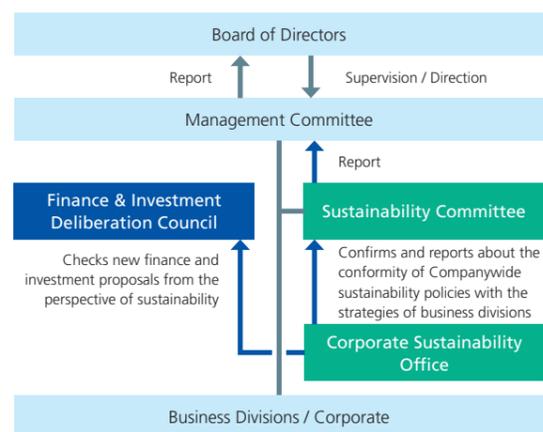
Governance

- ◆ Establishment of the Sustainability Committee, which is chaired by the president
- ◆ Referral and reporting of the policies and issues discussed by the Sustainability Committee to the Management Committee and the Board of Directors
- ◆ The Board of Directors oversees this process and gives directives as necessary

Risk Management

- ◆ Assessment and identification of business-specific CO₂ emissions risks
- ◆ Discussion of business-specific risks by the Finance & Investment Deliberation Council
- ◆ Sharing of information with business divisions via the Management Committee
- ◆ Discussion and confirmation of the impacts of climate-related risks and opportunities on businesses via stakeholder dialogues

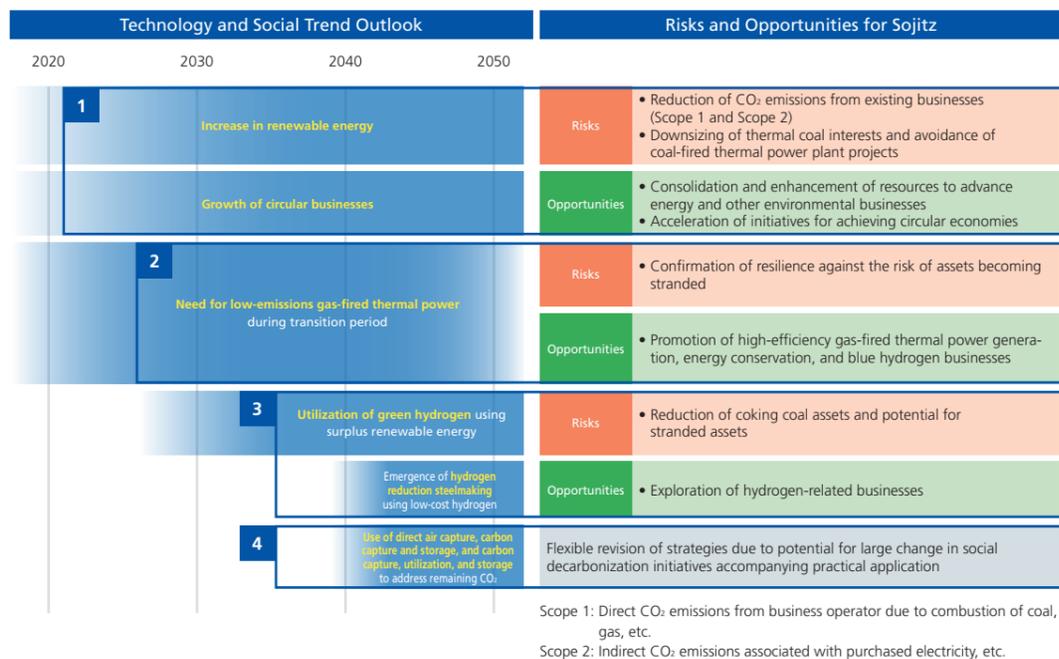
Sustainability Promotion System



Strategy

◆ Sojitz's Decarbonization Road Map

In Medium-Term Management Plan 2023, Sojitz defines its focus on the materials and circular economy field and on essential infrastructure businesses, such as renewable energy and businesses related to the transition to a decarbonized society. One of the guides shaping our strategies in these areas is the decarbonization road map detailed below. In this road map, Sojitz has organized the risks and opportunities it is projected to face based on its outlook for social trends and the required technologies for various future periods. This road map is regularly reviewed and amended as necessary.



Strategy

◆ Scenario Analyses and Financial Impact

Based on external investigations and internal analysis, we are conducting scenario analyses of the financial impacts of coal interest and power generation businesses, fields believed to present the greatest risks and opportunities to the Group's business activities, management strategies, and financial planning. In addition, water is an area that will require assessment in relation to the physical risks that may emerge if we are unable to limit climate change and global warming becomes more extreme.

Transition risks	Risks	Opportunities
Coal interest businesses	<p>Analysis Method: We analyze the value of Sojitz's assets based on demand and price projections using a number of scenarios projecting trends leading up to 2050, including the Net Zero Emissions by 2050 Scenario.</p> <p>Financial Impact Thermal coal interests will not have an impact on Sojitz's business as the Company is currently working to completely eliminate thermal coal interests by 2030. Moreover, we aim to eliminate coking coal interests by 2050 while accounting for trends in the development of alternative technologies, and the impacts of such asset degradation will be limited.</p>	All scenarios analyzed by the Group estimate increases in supply and demand for renewable energy. Moreover, the Sojitz Group views the transition to a decarbonized society as a business opportunity. We are thus working to capitalize on this opportunity through renewable energy and other decarbonization businesses as well as through businesses that support the transition, such as high-efficiency gas-fired thermal power generation and energy service company businesses.
Power generation businesses	<p>Analysis Method: We analyze the impact of carbon prices, demand fluctuations, and the cost competitiveness of Sojitz's assets in a number of scenarios projecting trends leading up to 2050.</p> <p>Financial Impact The power plants that will be affected by carbon prices and demand fluctuations are limited in number, and we do not believe that those plants which will be affected will be impacted financially as a result of the effects of asset degradation.</p>	<p>Major Successes in FY2021</p> <ul style="list-style-type: none"> ◆ Commencement of construction of large-scale solar power generation facility in Australia ◆ Entry into energy service company business in the United States
Physical risks	<p>Sojitz tracks overall water risks through wide-ranging assessments of Group companies that are heavy users of fresh water. We also identify assets that are vulnerable to flood risks and measure the potential financial impacts (exposure). For more information, please refer to Sojitz's corporate website. https://www.sojitz.com/en/csr/environment/tcfdf/</p>	

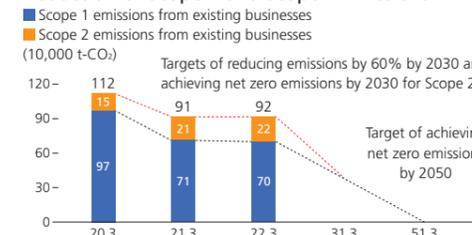
Metrics and Targets

Sojitz's decarbonization policies based on the Company's decarbonization road map and the aforementioned risk and opportunity assessments, as well as the progress of initiatives based on these policies and the financial impacts, are as follows.

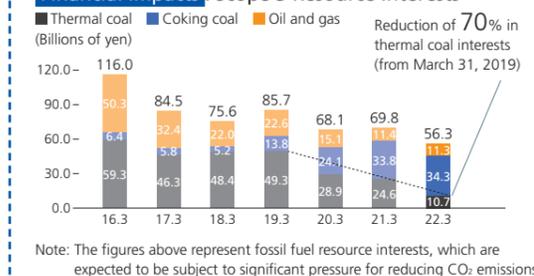


*1 The year ended March 31, 2020, serves as the base year, with non-consolidated and consolidated subsidiaries included in the scope. Initiatives include certificate and other CO₂ emissions reduction activities. Internal carbon pricing schemes are being considered to facilitate the acceleration of initiatives.
*2 The year ended March 31, 2019, serves as the base year, and targets are based on the book value of interest assets.

Reduction of Scope 1 and Scope 2 Emissions



Financial Impacts: Scope 3 Resource Interests



Sustainability Challenge—Human Rights

Supply Chain Human Rights Initiatives



As a general trading company, Sojitz is involved in a diverse range of industries. Accordingly, we are actively tracking and mitigating environmental and human rights risks to ensure respect for human rights across our supply chain. In this regard, the Sojitz Group promotes its initiatives in accordance with the UN Guiding Principles on Business and Human Rights while referencing the International Bill of Human Rights and the OECD Guidelines for Multinational Enterprises.

Process Described in UN Guiding Principles on Business and Human Rights



Establishment and Sharing of Policies

The Sojitz Group CSR Action Guidelines for Supply Chains have been established based on the Ten Principles of the United Nations Global Compact. We share these guidelines with our suppliers and Group companies and ask for their understanding and compliance with all policies.



◆ Frontline Employee Awareness Raising

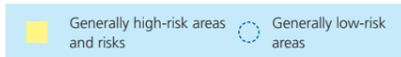
Ensuring respect for human rights across the supply chain requires the awareness of frontline employees. Based on this recognition, we request that Group companies submit documentation to confirm that they are effectively promoting understanding regarding human rights and raising awareness among frontline employees. In addition, the Corporate Sustainability Office practices direct communication with representatives from Group companies in order to verify the extent to which policies and initiatives have been communicated throughout the company in question, confirm the status of on-site measures, and gather feedback to promote greater levels of awareness.

Risk Assessments

◆ Identification of High-Risk Areas for the Sojitz Group

The Business & Human Rights Resource Centre, an NGO based in the United Kingdom, maintains a database with examples of environmental and human rights risks. This database is used to identify areas of Sojitz Group businesses in which risks are particularly high and to analyze and confirm the areas of the supply chain in which environmental and human rights risks are generally most likely to appear.

Sojitz's Environmental and Human Rights Risks Across the Supply Chain



High-Risk Areas for the Sojitz Group	Upstream		General Supply Chain		Downstream	
	Interests and Forestry Development	Mining Interests and Raw Material Cultivation	Raw Materials, Product Manufacturing, and Processing	Wholesale	Retail and Services	
Oil and natural gas	Land expropriation	Pollution				
Minerals	Land expropriation, deforestation	Pollution				
Lumber	Deforestation	Labor problems				
Sugar	Land expropriation, deforestation	Labor problems				
Textiles		Labor issues, water pollution	Labor issues, water pollution			Excess waste
Chemicals			Atmospheric and water pollution			
Food						Labor issues
Telecommunications						Information leakage

◆ Risk Assessment PDCA Cycle

Under the supervision of external consultants, we inspect our internal initiatives and confirm new issues to ensure that the actions taken throughout the Sojitz Group to address risks are sufficient. In addition, direct communication is practiced with Group companies to spread awareness and promotion of initiatives targeting our wide-ranging supply chains.



◆ Formulation of Individual Policies

To complement the Sojitz Group CSR Action Guidelines for Supply Chains, Sojitz has formulated policies related to high-risk areas where social standards are being developed, particularly lumber, minerals, and palm oil. Area-specific guidelines were referenced to organize our policies in regard to these areas, and action is being taken based on the established policies.

Improvements and Remedy Measures and Disclosure of Results

Risk assessments of high-risk areas performed in the year ended March 31, 2022, found no issues with the measures taken at Sojitz Group companies or across the Group's supply chains. Ongoing improvements through a PDCA (plan-do-check-act) cycle as well as timely and appropriate disclosure will be pursued in relation to these areas while incorporating input from external specialists.

For more information on major initiatives in the year ended March 31, 2022, please refer to Sojitz's corporate website. https://www.sojitz.com/en/csr/sojitz_esg/human_rights.php

TOPICS

Sojitz ESG BOOK

Information on Sojitz's initiatives based on specific social issues, including those not related to climate change or human rights, can be found in the Sojitz ESG BOOK section of the Company's corporate website. Committed to transforming the resolution of social issues through its business into corporate strength, Sojitz will bolster its operating foundation in order to maximize two types of value—value for Sojitz and value for society.

Environment

Social

Governance

https://www.sojitz.com/en/csr/sojitz_esg/