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## Medium-Term Management Plan 2020

~Commitment to Growth~

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May 1, 2018

Sojitz Corporation

I. Review of Medium-Term Management Plan 2017  
~Challenge for Growth~

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## Medium-Term Management Plan 2017 Results

### Financial Targets

Profit for the year:  
¥ 60.0 billion  
or more

ROA: 2% or above  
ROE: 8% or above

3-year total for  
investments and  
loans:  
¥300.0 billion

Net DER:  
1.5 times or lower

Shareholder returns:  
Consolidated  
payout ratio of  
approx. 25%

### Results

Unachieved

Despite still fell short of final year target of ¥60.0 billion or higher, increased from ¥33.1 billion to ¥56.8 billion

Achieved

ROA (1.5%→2.5%)  
ROE (6.5%→10.0%)

Achieved

• Conducted investments and loans of ¥315.0 billion  
• Expanded foundations for generating stable earnings

Achieved

• Controlled in positive 3-year free cash flow  
• Net DER: 1.03 times

Achieved

• Target a consolidated payout ratio of 25%  
• Increased dividends from ¥6 per share to ¥11 per share



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- On this slide, we will review the financial targets of Medium-Term Management Plan 2017. Under this plan, we targeted profit for the year attributable to owners of the Company of ¥60.0 billion or higher; return on assets, or ROA, of 2.0% or above; return on equity, or ROE, of 8.0% or above; a three-year total for investments and loans of ¥300.0 billion; a net debt equity ratio of 1.5 times or lower; a consolidated payout ratio of approximately 25%; and a positive three-year free cash flow.

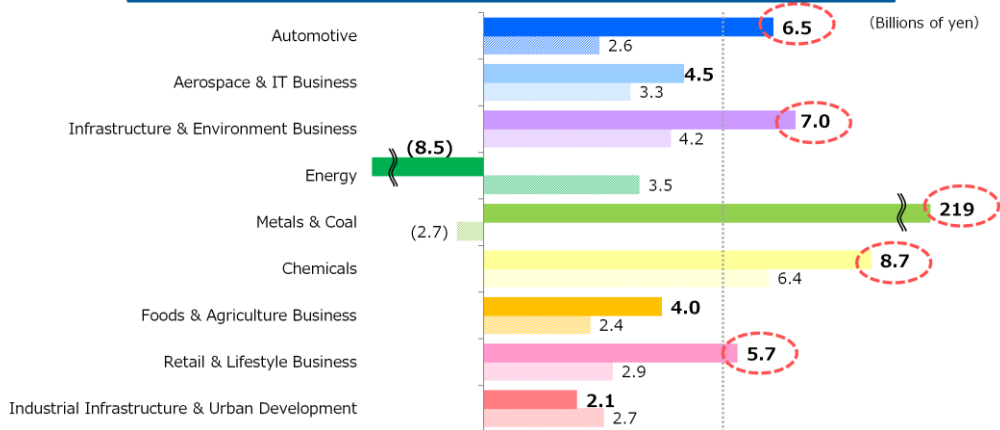
Although we failed to achieve the target for profit for the year of ¥60.0 billion or higher, the actual figure of ¥56.8 billion indicates growth that could be seen as essentially representing the accomplishment of this target.

- ROA reached 2.5% while ROE climbed to 10%.
- Over the three-year period of the previous medium-term management plan, new investments and loans amounted to ¥315.0 billion as we conducted investments and loans with a sense of speed based on a policy of emphasizing asset quality in order to accumulate quality assets capable of generating returns.
- Even as we conducted investments and loans that exceeded the budgeted level of ¥300.0 billion, we still managed to maintain a positive three-year free cash flow while also achieving a net debt equity ratio of 1.03 times, lower than the level of 1.5 times targeted.
- We view these accomplishments as indicating our success in expanding foundations for generating stable earnings while practicing financial discipline.

## Medium-Term Management Plan 2017 ~Business Clusters Generating ¥5.0bn, ¥10.0bn in Revenue~

Increased number of clusters of revenue-generating businesses creating segment profit for the year\* of ¥5.0 from 1 division to 5 divisions in 3 years

(FY2017 results: ■ FY2014 results: ▨ )



(\*) Profit for the year attributable to owners of the Company



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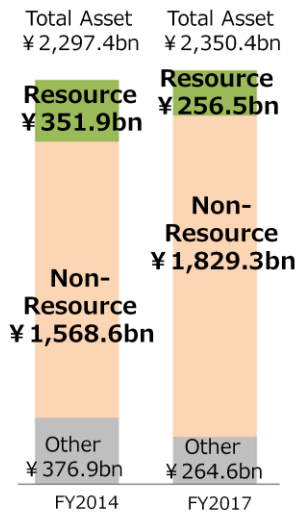
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- Turning to earnings by division, the only division that posted profit for the year of more than ¥5.0 billion in the final year of Medium-Term Management Plan 2014 was the Chemicals Division. In the final year of Medium-Term Management Plan 2017, five divisions had reached this level.
- This accomplishment was largely a result of earnings growth in businesses in which Sojitz is traditionally strong. Looking ahead, we stand committed to further expanding earnings foundations.

As the investments conducted under Medium-Term Management Plan 2017 are developed into clusters of revenue-generating businesses, the number of divisions with profit for the year in excess of ¥5.0 billion will increase, and we will seek to grow one division to the scale that enables it to achieve profit for the year of more than ¥10.0 billion. This matter will be discussed in more detail a little later on.

## Changes in Business Portfolio / ROA by segment

Increased non-resource assets by approx. ¥260.0 billion through prioritization of investments in infrastructure and other stable-earnings generating businesses, and reviewing resource businesses also led to ROA improved in seven divisions



ROA	FY2014	FY2017
Automotive	1.9	4.0%
Aerospace & IT Business	1.9	2.5%
Infrastructure & Environment Business	2.7	3.1%
Energy	2.1	- %
Metals & Coal	-	5.4%
Chemicals	2.2	2.9%
Foods & Agriculture Business	1.5	3.1%
Retail & Lifestyle Business	0.9	1.5%
Industrial Infrastructure & Urban Development	3.9	3.0%



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- This slide shows how our business portfolio has changed in comparison to the time of Medium-Term Management Plan 2014. The bars of this graph are divided by resource and non-resource assets. Over the period of Medium-Term Management Plan 2017, we conducted more than ¥300.0 billion in investments and loans centered on non-resource sectors. As for resource assets, we revised our portfolio while replacing assets.
- When we say “resource assets,” we refer to upstream interests and the assets of LNG Japan Corporation in the former Energy Division and Metals & Coal Division. The assets of Metal One Corporation are not included among resource assets.
- Each division developed their business portfolio based on their respective themes. As a result, ROA improved in all divisions, except the Energy Division and the Industrial Infrastructure & Urban Development Division, and consolidated ROA reached 2.5%, higher than the target of 2% put forth by Medium-Term Management Plan 2017.
- Sojitz continues working to improve its asset portfolios and profit margins.

II. Medium-Term Management Plan 2020  
~Commitment to Growth~

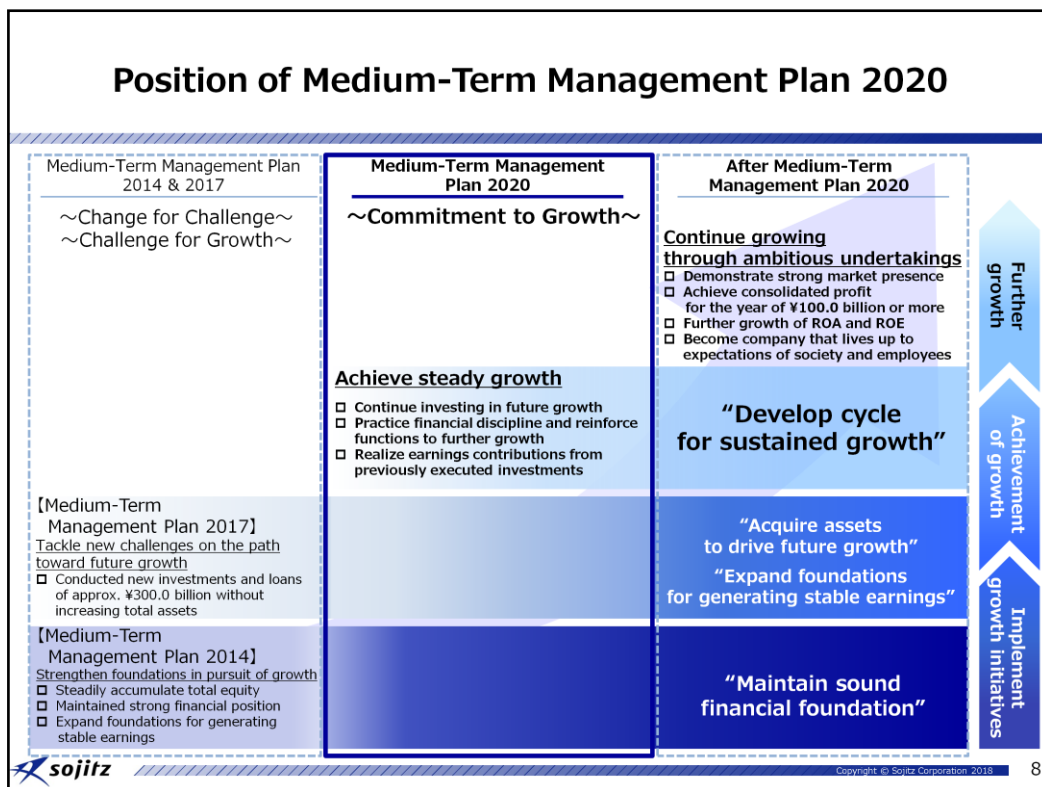
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## Operating Environment

Opportunity	Risk
<ul style="list-style-type: none"><li>■ Developed countries : Strong consumption fueled by employment, etc.</li></ul> <p>Emerging countries : Ongoing growth in infrastructure investment and consumer spending</p> <p>These opportunities above are anticipated to drive growth going forward</p> <ul style="list-style-type: none"><li>■ Increase in ESG-minded investors, spreading awareness for UN SDGs, adoption of Paris Agreement, and other movements encouraging resolution of social issues through corporate activities</li><li>■ Creation and innovation of new technologies (AI, IoT, etc.) and business models, emergence of alternatives for existing business models, and stimulation of new demand</li></ul>	<ul style="list-style-type: none"><li>■ America : Issues in the United States with trade</li><li>■ China : Impacts on world economy stemming from China's economic policies</li><li>■ Japan : Impacts of consumption tax hike and dissipation of special demand after Tokyo Olympics</li><li>■ Forecast-exceeding interest rate hikes in developed countries</li><li>■ Yen appreciation and other foreign exchange trends and stock price fluctuations</li><li>■ Impacts of geopolitical risks, etc.</li></ul>

Recognize opportunities and risks presented by uncertainty while assuming growth in global economy

- Looking at the operating environment, conditions were generally favorable in both developed countries and emerging countries in 2017 with stock prices rising in various countries and exchange rates proving relatively stable with low volatility. In 2018, we anticipate stable conditions driven by firm consumer spending.
- The increase in ESG-minded investors, spreading awareness for the United Nations Sustainable Development Goals, and other movements are stimulating a call for companies to take action toward the resolution of social issues, such as those pertaining to the environment and human rights. At the same time, we are seeing new trends such as the Fourth Industrial Revolution, which is being driven by the spread of artificial intelligence, or AI, the Internet of Things, or IoT, and other new technologies.
- Meanwhile, the global economy is currently plagued with causes for uncertainty. These causes include trade issues in the United States, the potential impacts on the global economy of China's economic policies, concern for the dissipation of Japan's special demand trend after the 2020 Tokyo Olympics and Paralympics, interest rate hikes in developed countries, and geopolitical risks. Accordingly, we recognized the need to incorporate effective risk management and financial discipline provisions into the next medium-term management plan based on such factors, even though the plan itself was to assume smooth economic growth.



- Medium-Term Management Plan 2020, the three-year plan that began with the year ending March 31, 2019, was formulated based on the aforementioned operating environment conditions.
- The subtitle of Medium-Term Management Plan 2020 is “Commitment to Growth,” indicating that the plan is focused on achieving steady growth.
- Moreover, this subtitle embodies our commitment to linking the initiatives conducted to date to steady growth and to pursuing rapid progress in the future.
- As has been stated previously, we emphasize consistency in the policies of our medium-term management plans. Accordingly, Medium-Term Management Plan 2020 will entail working toward steady growth by generating profits from the initiatives conducted under Medium-Term Management Plan 2017 while continuing disciplined growth investments. At the same time, we will enhance Sojitz’s functions to tie these initiatives to sustained growth.
- Moreover, Medium-Term Management Plan 2020 is positioned as a plan for laying the foundations that will enable us to generate profit for the year of ¥100.0 billion after the plan’s conclusion.



## Medium-Term Management Plan 2020 Financial Targets

Profit growth of  
approx. 10%  
from the previous year

Profit for the year:  
¥75.0 billion  
or more

ROA:  
3% or above

ROE:  
10% or above

Positive core cash flow  
over medium-term  
management plan period

NET DER:  
1.5 times or lower

Medium-Term Management Plan 2020 puts forth six financial targets.

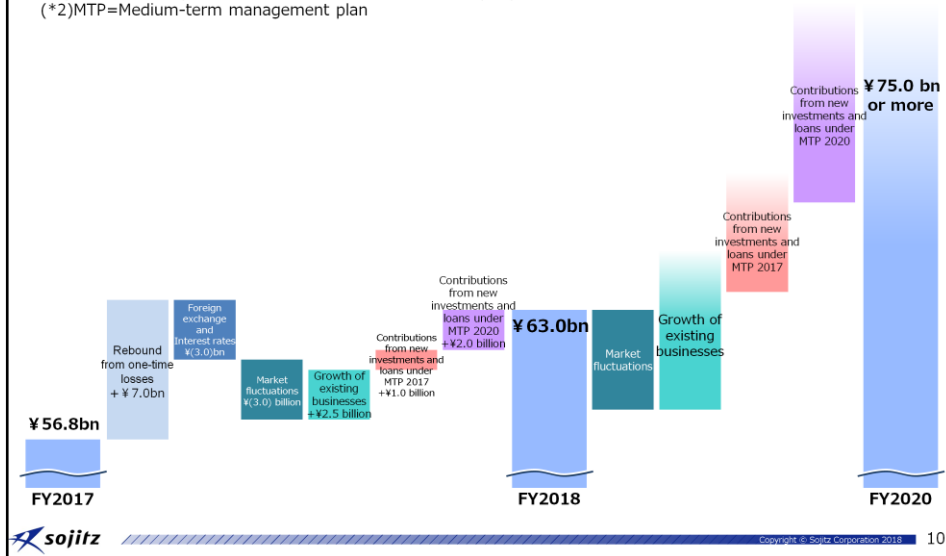
- Profit growth of approximately 10% from the previous year
- Profit for the year of ¥75.0 billion or more in the plan's final year
- ROA of 3% or above
- ROE of 10% or above
- A positive core cash flow over the three-year period of the medium-term management plan
- A net debt equity ratio of 1.5 times or lower

To elaborate,

- The target of profit growth of approximately 10% from the previous year will be pursued by utilizing the earnings contributions from new investments and loans conducted under Medium-Term Management Plan 2017 and from existing assets as well as the earnings generated through initiatives to take place under Medium-Term Management Plan 2020 and to be backed by our experience.
- As for ROA, having achieved the target of 2% put forth in Medium-Term Management Plan 2017, we will continue to boost profitability by accumulating quality assets, replacing assets, and increasing asset value to elevate ROA to 3% or above.
- We nearly achieved the target of 10% for ROE under Medium-Term Management Plan 2017 with a figure of 9.99%. We stand committed to maintaining ROE of 10% or above over the period of Medium-Term Management Plan 2020 while also expanding total equity.

## Earnings Growth Leading Up to Final Year of Medium-Term Management Plan

(\*1) Profit for the year attributable to owners of the Company  
 (\*2)MTP=Medium-term management plan



- This slide provides a roadmap of how we will grow profit for the year to the level of ¥75.0 billion or more targeted in the final year of Medium-Term Management Plan 2020.
- Our basic approach toward the financial targets of Medium-Term Management Plan 2020 will be to continue the initiatives of Medium-Term Management Plan 2017 while boosting the value of these initiatives. At the same time, we will maintain a disciplined stance as we conduct investments backed by our experience in order to heighten earnings.
- In the year ending March 31, 2019, the first year of the new medium-term management plan, we forecast that profit for the year will increase from ¥56.8 billion to ¥63.0 billion.
- This forecast of ¥63.0 billion accounts for a ¥7.0 billion increase in income to stem from the rebound from one-time losses recorded in the year ended March 31, 2018, a decrease of ¥3.0 billion due to the exchange rate sliding from ¥110 to the U.S. dollar to ¥105 to the dollar as well as higher dollar interest rates, a decrease of ¥3.0 billion from the impacts of a drop in the coal price projected to be seen leading up to the end of the fiscal year, an increase of ¥2.5 billion attributable to the growth of existing businesses, ¥1.0 billion in earnings contributions from investments and loans conducted under Medium-Term Management Plan 2017, and ¥2.0 billion in earnings contributions from investments and loans to be conducted under Medium-Term Management Plan 2020.
- Currently, around 80% of the investments and loans expected to contribute to earnings under Medium-Term Management Plan 2020 have already been approved in-house, and procedures are underway with regard to these projects. Accordingly, we believe that the figure of ¥2.0 billion forecast for earnings contributions from these projects is very feasible, and we therefore see the overall plan as being highly realistic.
- Should we achieve the figure of ¥63.0 billion for profit for the year, it will represent a new record high, surpassing the previous record of ¥62.7 billion set 10 years prior in the year ended March 31, 2008. We are therefore committed to achieving growth to ensure that we pass this milestone.
- I will now explain our roadmap toward achieving profit for the year of ¥75.0 billion or higher in the final year of the new medium-term management plan.
- First of all, our forecasts assume further declines in the price of coal.

Conversely, Sojitz's performance will benefit from the growth of existing businesses and contributions from investments and loans conducted under Medium-Term Management Plan 2017 and to be conducted under Medium-Term Management Plan 2020. By achieving earnings growth in line with the projections displayed on this slide, we expect to be able to raise profit for the year to ¥75.0 billion or higher.

## Measures for Generating Stable Earnings

### Realize earnings contributions from investments and loans

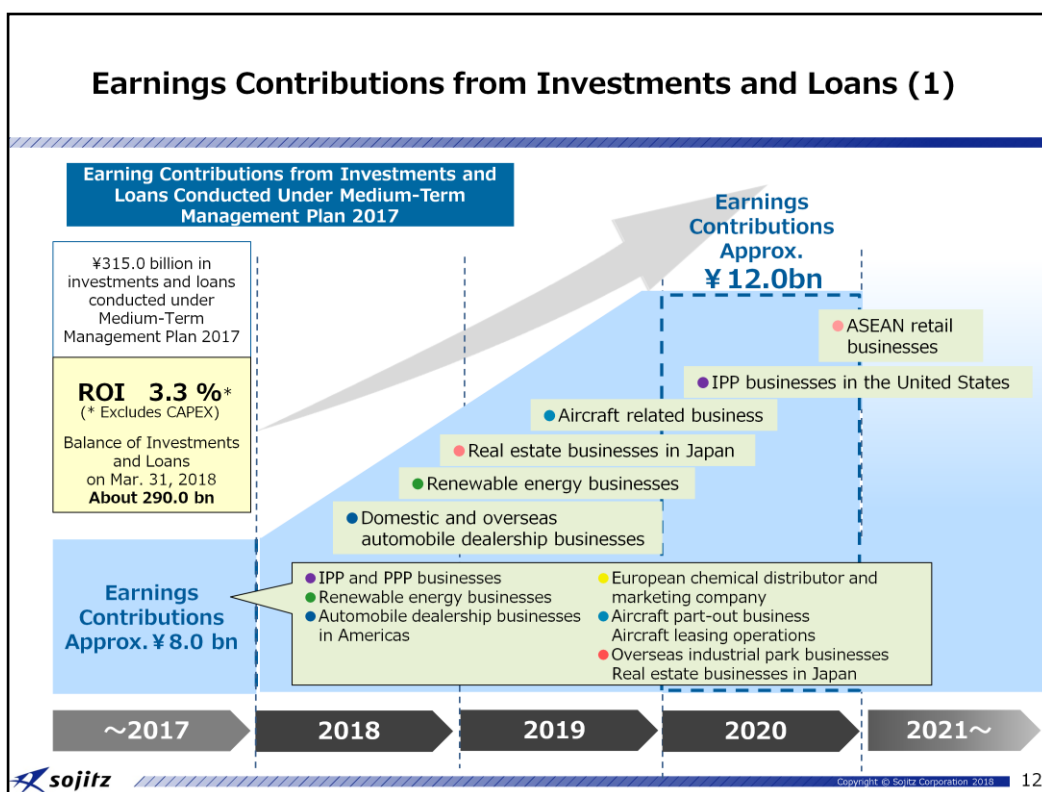
- Improve profitability of previously executed investments and loans
- Continue to conduct new investments and loans
- Improve success rates and reinforce functions
- Establish M&A Management Office to accelerate business division execution speed and build upon specialties

### Withdraw from unprofitable and low-margin businesses and continue revising portfolio

- Examine and otherwise address businesses with low efficiency (in terms of assets, funds, or earnings)
- Thoroughly monitor unprofitable and low-margin businesses and implement improvement measures

- With this slide, I will explain our measures for generating stable earnings.
- The main focus of our measures will be to realize earnings contributions from investments and loans. Accordingly, we will seek to guarantee that the ¥315.0 billion worth of investments and loans conducted under Medium-Term Management Plan 2017 are able produce the anticipated earnings. We will also strive to raise the success rates of new investments and loans and accelerate the pace at which earnings contributions are realized. These efforts will be aimed at driving further growth.
- Next, we will withdraw from unprofitable and low-margin businesses and continue revising our business portfolio.
- The initiatives we have been previously engaged in will be continued under Medium-Term Management Plan 2020. In the year ended March 31, 2018, total losses from unprofitable and low-margin businesses were ¥8.0 billion less than in the final year of Medium-Term Management Plan 2014.
- We will also revise our business portfolio to address low-margin transactions that lack profitability or capital efficiency. We thereby aim to boost profitability while creating funds for use in asset replacement.
- To summarize, we will heighten profitability and efficiency by steadily generating profits from investments and loans and thoroughly revising our portfolio to address low-margin transactions.

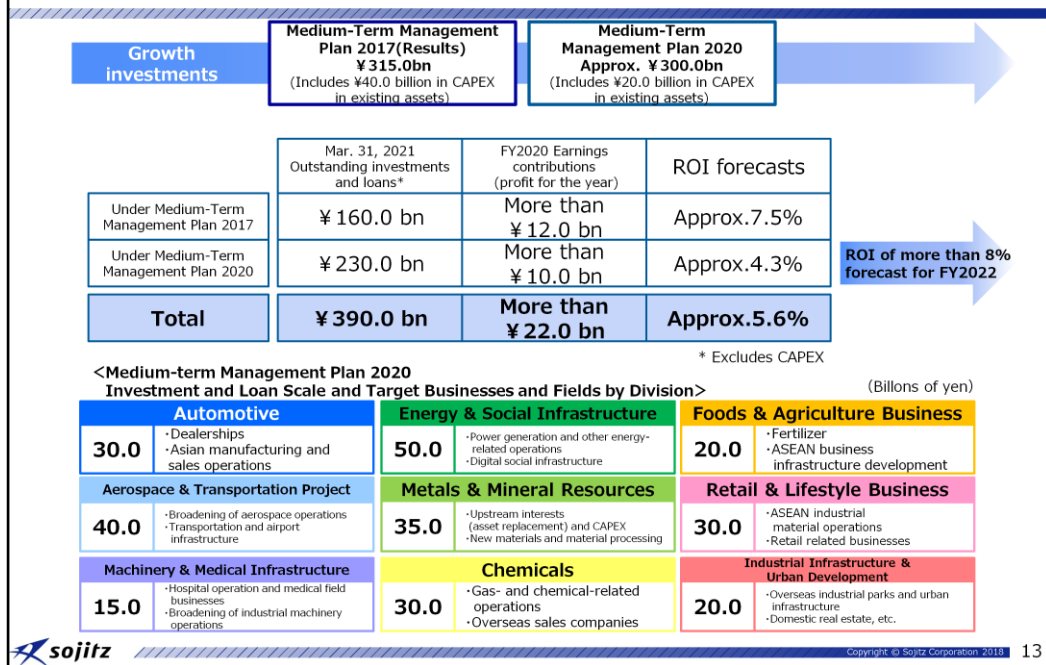
## Earnings Contributions from Investments and Loans (1)



- This slide shows the investments and loans conducted under Medium-Term Management Plan 2017 and the timetable for their earnings contributions.
- Investments and loans conducted under Medium-Term Management Plan 2017 were previously anticipated to contribute ¥5.0 billion to earnings in the final year of the plan. However, the amount of these contributions was actually higher than anticipated at ¥8.0 billion.
- Furthermore, we project that earnings contributions from these investments and loans will to come to around ¥12.0 billion in the final year of Medium-Term Management Plan 2020.  
We have provided information on the major investments and loans conducted under Medium-Term Management Plan 2017 that are expected to contribute to earnings in the year ending March 31, 2019, and beyond and the timings at which these contributions will begin.
- As nearly half of all investments and loans executed during the period of Medium-Term Management Plan 2017 took place in the year ended March 31, 2018, we expect that earning contributions will gradually increase over the period of Medium-Term Management Plan 2020.

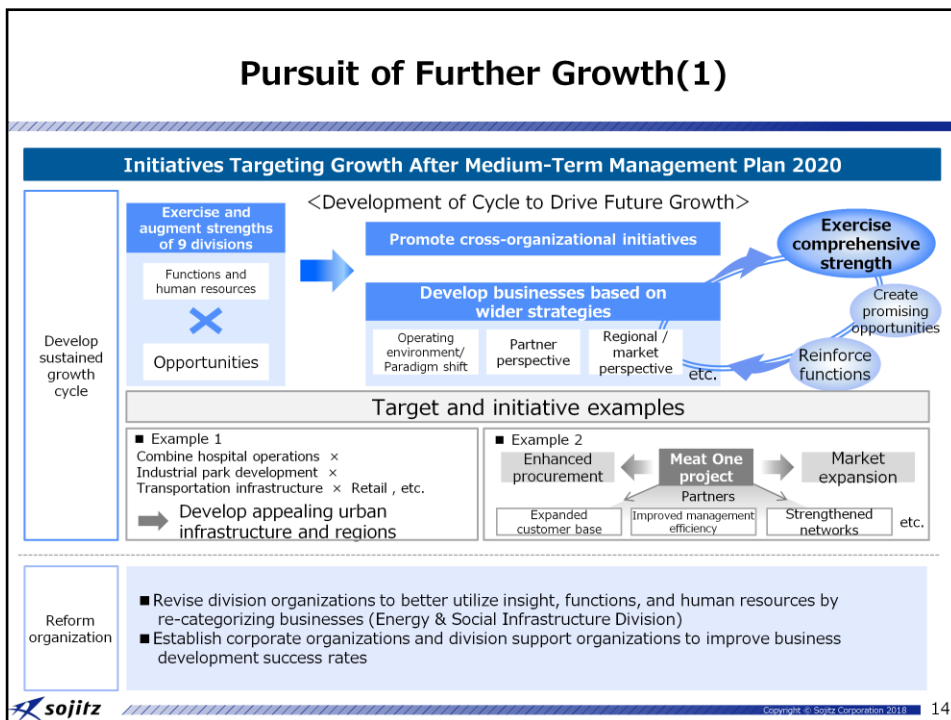
At the same time, we will endeavor to increase the value of these investments and loans in order to boost their earnings contributions and profitability.

## Earnings Contributions from Investments and Loans (2)



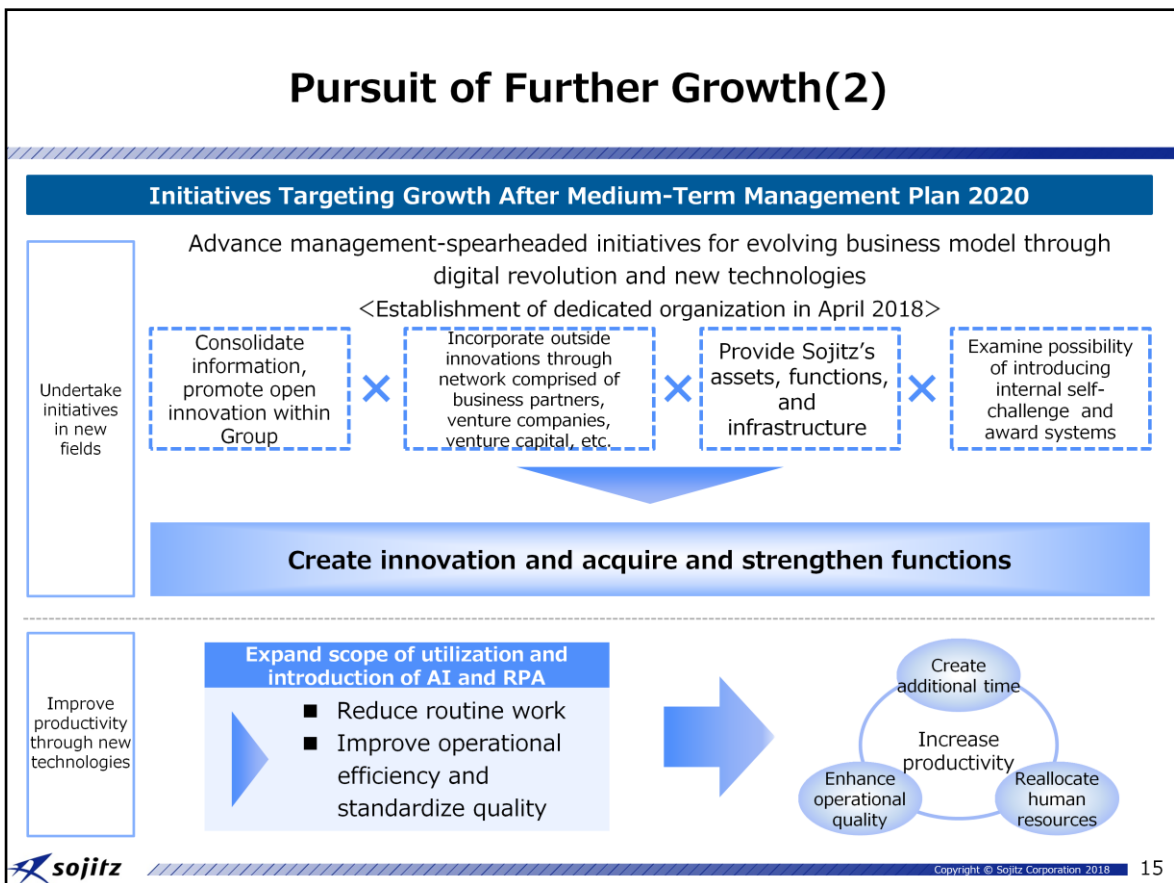
- On this slide, you can see the total amount of earnings contributions from investments and loans expected to be realized during the period of Medium-Term Management Plan 2020. This includes contributions from investments and loans conducted under Medium-Term Management Plan 2017 and under Medium-Term Management Plan 2020.
- Some cash will be recovered during the period of Medium-Term Management Plan 2020 in conjunction with earnings from previously executed investments and loans. Accordingly, the amounts for outstanding investments and loans and earnings contributions provided for March 31, 2021, are for reference purposes only. In the year ending March 31, 2021, we anticipate returns of more than ¥22.0 billion. We have deemed this amount to be highly realistic given past performance and the projects we expect to take part in going forward. In addition, we project a steady rise in earnings contributions from investments and loans to be conducted during the period of Medium-Term Management Plan 2020, and we therefore expect further improvements in profitability.
- Of the ¥300.0 billion worth of investments and loans to be executed under Medium-Term Management Plan 2020, roughly one-third has already been approved in-house, and steps are being taken toward their execution. These investments and loans are anticipated to generate earnings contributions of ¥10.0 billion, roughly 60% of which is essentially guaranteed.
- This slide also shows the scale of investments and loans to be conducted in each division during the period of Medium-Term Management Plan 2020 as well as the businesses and fields that will be targeted.
- In Medium-Term Management Plan 2020, investments and loans will be directed toward acquiring quality assets in the automotive, aerospace, transportation, power, and other infrastructure fields that were also targeted under Medium-Term Management Plan 2017 as well as in retail fields. At the same time, we will strengthen our support systems in the Chemicals Division and the Foods & Agriculture Business Division. We expect that, by increasing the business feasibility of these divisions, we will be able to build a more balanced business portfolio on a Companywide basis. In this manner, we will strive to reinforce and augment the businesses of each division in order to expand growth foundations.
- In resource businesses, we will replace assets while investing with a focus on avoiding large increases in highly volatile assets.

# Pursuit of Further Growth(1)



- Under Medium-Term Management Plan 2020, we will be implementing the initiatives for accomplishing our targets that we have discussed thus far while also cultivating the foundations that will support growth after the period of the plan.
- One measure for accomplishing these objectives will be the development of a sustained growth cycle.
- The current division system was introduced during the period of Medium-Term Management Plan 2017, and the resulting divisions are in the process of cultivating their operations to become growth drivers. However, this situation has also resulted failures to take advantage of certain business opportunities and inability to effectively utilize functions.
- In light of this situation, we will promote initiatives that are not bound by the limits of divisions and organizations in order to take better advantage of larger growth opportunities. We will thus be accelerating the development of businesses based on broad-perspective strategies that exercise the strengths of individual divisions as part of the collective strength of Sojitz.
- Our promotion of urban infrastructure and regional development businesses is one example of such efforts. In this area, we have fostered project composition and closing capabilities in machinery, infrastructure, and other operations while also cultivating land and region planning, development, and marketing capacities through industrial park development and operation businesses. At the same time, our retail teams boast superior skills in terms of providing services and increasing value, and we have honed our facility management abilities through our involvement in hospital operation in Turkey. We expect to be able to make even greater strides in developing our business by combining all of these strengths. In fact, we have already begun implementing this approach in Japan and overseas. Initiatives based on this approach will be advanced while building upon discussions with the Chief Operating Officers of business divisions and communicating directly with partners.
- Stepping up initiatives in the Meat One project commenced last year is another example of a new initiative for capturing growth opportunities that will create results during the period of Medium-Term Management Plan 2020. This project enables us to develop operations through overarching frameworks while building win-win relationships with partner companies. In this project, we are working to expand domestic and overseas markets while utilizing such market expansion to enhance our raw material procurement capabilities. We look forward to seeing Sojitz and the other companies engaged in this project become stronger and thereby grow through their involvement.
- Looking ahead, Sojitz will strive to entrench initiatives and ideas such as these as part of its corporate culture in order to increase the Company's propensity for swift action and boost competitiveness.

## Pursuit of Further Growth(2)



- Boldly undertaking initiatives in new fields is crucial to the pursuit of further growth.
- One example of such initiatives to be advanced by Sojitz would be evolving the Company's business model through the digital revolution, which is centered around AI and IoT technologies, and through new technologies. Sojitz's management will be spearheading initiatives for achieving such evolution as we tackle the challenges necessary for promoting innovation and acquiring new functions.
- In April 2018, a dedicated corporate organization was established to guide such efforts. With this new organization in place, we will centralize the initiatives that had previously been advanced by separate organizations, engage in more active discussion in-house, and step up coordination with external members of our network, which will include working together with startup companies. Sojitz thereby aims to accelerate its efforts to incorporate outside innovations and develop operations in new fields.
- For example, I have high expectations for agricultural field initiatives that link AI- and IoT-powered efficiency improvement measures to changes in industry structures.
- In addition, Sojitz has already introduced robotic process automation measures in certain operations. We anticipate that an expanded scope of utilization of AI and robotic process automation will help us expedite the reduction of routine work and the improvement of operational efficiency. These improvements should facilitate the creation of additional time, the reallocation of human resources, and the enhancement of operational quality, which in turn will give rise to innovation, new opportunities, and higher speed. In this manner, we are targeting the establishment of a cycle for increasing productivity.

# Growth through Disciplined Balance Sheet and Cash Flow Management

## Cash Flow Management Under Medium-Term Management Plan 2020

Conduct growth investments and shareholder returns within the scope of cash inflows from period earnings and asset replacement  
Maintain positive 3-year core cash flow

Core cash flow = Core operating cash flow (excluding changes in working capital) + Investing cash flow (including asset replacement) – Dividends paid

### Accumulation of Quality Assets

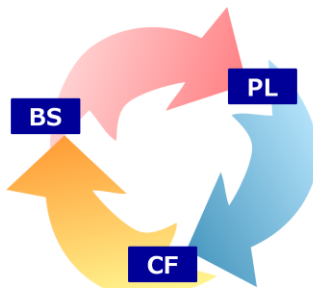
#### Investments and Loans for Acquiring Quality Assets

Conduct growth investments with increased speed and feasibility

- Acquire, expand, and utilize functions
- Expand, enter, and create markets
- Broaden range of new fields to create more robust division foundations

#### Ongoing Asset Replacement

Improve profitability through ongoing asset replacement and accumulation of quality assets



### Balance Sheet Management

#### Improvement of Asset Quality

Improve asset quality through asset management focused on asset and business value increases, risks and returns

#### Expansion of Total Equity

Keep net DER below 1.5 times even in volatile market environment

Expand total equity by increasing resilience to interest and foreign exchange rate fluctuations and managing goodwill



- On this slide, I will explain how we will grow through disciplined balance sheet and cash flow management.
- Our basic policies for cash flow management will not change from Medium-Term Management Plan 2017.
- Specifically, we will generate cash flows and profits by accumulating quality assets and conducting asset replacement. Total equity will be increased through profits accompanied by cash, and the cash and equity created in this manner will be used to make further investments in quality assets and to issue shareholder returns, giving rise to a virtuous cycle.
- As we implement this cycle, we will keep growth investments and shareholder returns within the scope of the cash flows from earnings generated during the plan period and from asset replacement to ensure that we are able to continue investing in growth.
- Under Medium-Term Management Plan 2017, we enacted a policy of maintaining a positive free cash flow for accounting purposes, a goal we succeeded in achieving on a three-year basis.
- As for Medium-Term Management Plan 2020, we judged that the appropriate course of action would be to maintain a positive core free cash flow over the three-year period of the plan. This decision was based on the aforementioned investment and cash flow policies as well as the fact that core cash flow is not impacted by short-term changes in working capital. Of course, we will also continue to manage free cash flow.
- Our basic policy for balance sheet management will be to accumulate quality assets and expand total equity.
- Our means of accumulating such quality assets will not be limited to investment and loans. Rather, we will also conduct ongoing asset replacement, increase asset and business value, and revise our asset portfolio based on risks and returns in order to improve profitability.
- We look to boost profits in terms of expanding total equity.
- In regard to the net debt equity ratio, we will manage cash flows to maintain a ratio of less than 1.5 times, regardless of any stock price or foreign exchange movements that may occur, as we have done up until this point. In these manners, we will pursue growth while practicing disciplined balance sheet and cash flow management.



# Initiatives Aimed at Sustained Growth

## Corporate Governance

### Initiatives for improving the effectiveness of corporate governance systems

- Strengthen operational execution oversight by Board of Directors
- Enhance governance of Group companies

## Human Resources

### Initiatives supporting productivity improvements and sustained growth

- Implement diversity initiatives and workstyle reforms to facilitate contributions by diverse human resources
- Respond flexibly to changes and cultivate and optimally utilize human resources that continually tackle new challenges to drive sustained growth
- Develop future leaders and quickly cultivate new and mid-rank employees

## Risk Management

- Address operating environment changes and diversifying risks
- Prepare for interest rate hikes and foreign exchange rate fluctuations

- We see corporate governance, human resources, and risk management initiatives as being important to supporting Sojitz's growth under Medium-Term Management Plan 2020 as well as to reinforcing the Company's management foundations.
- Corporate governance initiatives will focus on enhancing systems as well as on improving effectiveness. For example, the Internal Audit Committee was established under the Board of Directors in order to enhance its functionality. By having this new committee manage the Internal Audit Department, we aim to strengthen oversight of operational execution. At the same time, we will work to enhance governance of Group companies as the number of such companies increases through business investments.
- Human resources initiatives are important for supporting sustained growth, and we will continue to focus on cultivating human resources going forward. In addition, the Company will implement various diversity initiatives and workstyle reforms to foster a workplace environment that is conducive to contributions by diverse human resources so that such human resources can be better utilized.
- Realizing more sophisticated risk management will be another area of focus. In light of the current operating environment, we are preparing for interest rate hikes and rapid foreign exchange rate fluctuations while also calling for the reinforcement of internal monitoring functions.

# Promotion of Sustainability Management

## Sojitz's Sustainability Management Initiatives

Further incorporate concept of sustainability\* into management and better integrate resolution of environmental and social issues into Sojitz's business in order to accomplish the goals of the Sojitz Group Statement and achieve ongoing growth

\* Maximize value for Sojitz and value for society and promote initiatives based on 6 key issues

### Sustainability Management

Promote management based on sustainability perspective :

- Ensure consistency between Companywide policies and division business strategies
- Evaluate meaningfulness of individual projects during examinations and identify environmental and social risks

### Establishment and Monitoring of Medium-to-Long-Term Targets

- Establish and disclose sustainability challenges as a long-term vision
- Set Companywide and division targets in Medium-Term Management Plan 2020 and monitor progress

### Sustainability Challenges

We aim to create sustainable growth for both Sojitz and society by working to help achieve a decarbonized society through our business activities, and by responding to human rights issues, including those within our supply chains.

Position Medium-Term Management Plan 2020 as a period for preparing to address sustainability challenges and grow business to contribute to the realization of a low-carbon society over the next decade while stepping up initiatives to guarantee human rights are always respected



Key Sustainability Issues (Materiality)

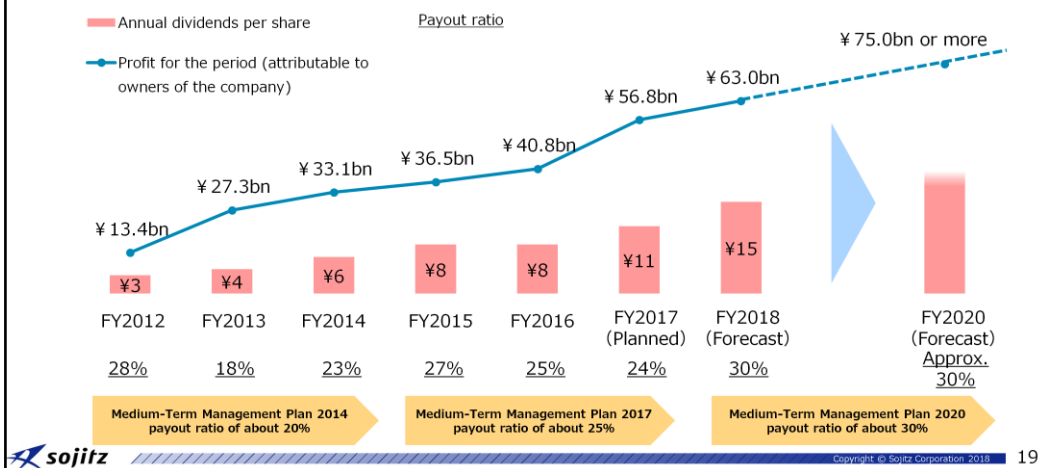
- This slide details Sojitz's sustainability management initiatives.
- The Sustainability Committee plays a central role in discussing and promoting sustainability management initiatives. The president serves as the chairperson of this committee, personally taking part in advancing these initiatives.
- In addition, a dedicated sustainability organization was established in April 2018 to promote sustainability management on a Companywide scale.
- Furthermore, a sustainability perspective has been incorporated into discussions of the Finance & Investment Deliberation Council to ensure consistency between our sustainability management policies, the strategies of business divisions, and the projects we take part in.
- In addition, we have set forth a long-term sustainability vision in our sustainability challenges, which are summed up in the statement "We aim to create sustainable growth for both Sojitz and society by working to help achieve a decarbonized society through our business activities, and by responding to human rights issues, including those within our supply chains."
- The period of Medium-Term Management Plan 2020 has been positioned as a period for preparing to address our sustainability challenges during which we will expand efforts for contributing to the realization of a low-carbon society while conducting initiatives to guarantee human rights are always respected.

## Dividend Policy

### Basic Dividend Policy

Sojitz recognizes that paying stable, continuous dividends is a management priority, together with enhancing shareholder value and boosting competitiveness through the accumulation and effective use of retained earnings.

Under Medium-Term Management Plan 2020, our basic policy will be to target a consolidated payout ratio of 30%.



- Lastly, I would like to touch upon our dividend policy.
- Sojitz's basic policy for dividends is to pay stable, continuous dividends and enhance shareholder value and boost competitiveness through the accumulation and effective use of retained earnings.
- For the year ended March 31, 2018, we chose to issue year-end dividends of ¥6 per share, making for annual dividend payments of ¥11 per share, as announced on February 2, 2018. These amounts are an increase from the initial dividend forecast, which projected year-end dividends of ¥5 per share and annual dividend payments of ¥10 per share. The resulting consolidated payout ratio will be 24.2% of profit for the year attributable to owners of the Company.
- On the topic of the consolidated payout ratio, our target for this ratio under Medium-Term Management Plan 2020 will be changed from the previous 25% to 30%.
- This decision was a reflection of our judging that Sojitz's profits had risen to a level that would allow us to secure funds for growth investments even with a consolidated payout ratio of around 30%.
- Based on a comprehensive evaluation of this dividend policy and our forecasts for the year ending March 31, 2019, we plan to issue annual dividend payments of ¥15 per share for the year ending March 31, 2019.
- Looking ahead, we will continue to grow profits in order to live up to shareholder expectations with increased dividends.