

Condensed Transcript

Independent Director Panel Discussion at Sojitz IR Day 2025

- **Date: December 8, 2025 (Mon)**
- **Panelists**
Tsuyoshi Kameoka, Independent Director
Ungyong Shu, Independent Director
Yumiko Jozuka, Independent Director
- **Facilitator**
Akiko Tambe, General Manager, Investor Relations & Corporate Sustainability Department
- **Panel Discussion**

Theme 1: Initiatives to Enhance the Effectiveness of the Board of Directors and Future Outlook

Tambe : Our Board of Directors has long been working to enhance its effectiveness, including by appointing an independent director to serve as Chair and by ensuring that independent directors constitute a majority of the Board. In June 2024, we transitioned to a Company with Audit and Supervisory Committee, making Audit and Supervisory Committee members of the Board of Directors and thereby strengthening its oversight functions, while at the same time further delegating authority to the executive side to accelerate decision-making. I would like to ask Director Kameoka, who serves as Chair of the Board, to share his views on the changes that this change in corporate governance structure has brought about in terms of the quality and time spent on Board of Directors discussions, and on whether he feels that the delegation of authority to the executive side has reinforced the oversight function. I would first like to ask for your comments on changes in discussions at the Board of Directors following our transition to a Company with Audit and Supervisory Committee, particularly with regard to quality and time, and then on the current state of progress in strengthening the oversight function.

Kameoka : I am pleased that today we have this opportunity, for the future growth of Sojitz, to engage directly with institutional investors and to share how the Company is viewed from the perspective of investors and shareholders, and in which areas we should improve. With regard to governance, Sojitz transitioned to a Company with Audit and Supervisory Committee in FY2024 (year ended March 31, 2025). There were two objectives behind this change. The first was to accelerate management decision-making, and the second was to make effective use of the time gained through the delegation of authority to the executive side by holding thorough discussions on important matters at meetings of the Board of Directors.

From the perspective of accelerating management decision-making, a comparison of FY2023 and FY2024 shows that the number of agenda items submitted to the Board of Directors decreased by 41%. Among these, the number of agenda items requiring resolutions decreased by 49%, and the remaining 51% are now resolved at the Management Committee or the Finance & Investment Deliberation Council. From these facts, I believe that we have succeeded in accelerating management decision-making.

Next is whether we have been able to use the time gained to discuss important matters. At Sojitz, we have standing reporting items, such as progress under the Medium-term Management Plan, progress of human capital initiatives, establishment and operation of internal controls, sustainability, and DX strategies, and we discuss these important matters. The time devoted to these discussions increased by 21% between FY2023 and FY2024. As for concerns as to whether the oversight function is being maintained despite the delegation of authority, we are addressing these through a framework under which independent directors participate in the Finance & Investment Deliberation Council as observers, the minutes of the Finance & Investment Deliberation Council and the Management Committee are promptly shared, and thorough discussions of important matters continue to take place. Furthermore, even for projects that fall within the scope of authority of the Board of Directors, the Management Committee, or the Finance & Investment Deliberation Council, if there is a possibility that

they may expand in the future and become large projects, it is effective to submit them in advance to the Board of Directors as reporting items. In addition, the number of on-site inspections by Audit and Supervisory Committee members has increased, and I feel that governance is functioning not only through the receipt of reports but also through on-site confirmation.

Tambe : Each year, we conduct an assessment of the effectiveness of the Board of Directors. I would like to ask for your views on how the results of these evaluations are being used to make improvements and, on the initiatives, to enhance effectiveness.

Kameoka : I strongly feel that, including the management team, the entire Company is earnestly committed to enhancing the effectiveness of the Board of Directors. Based on the experience of the management crisis prior to the integration that created Sojitz, the importance of effectiveness has been recognized, and I believe there is a firm determination to enhance it by any means necessary. We conduct an effectiveness assessment once a year without fail, and, after individual interviews are held with all Directors, we discuss the results in concrete terms and have established a process in which the Board of Directors as a whole deliberates on them.

In operating the Board of Directors, we hold a Chair briefing prior to each meeting of the Board of Directors, at which the department proposing the agenda items for that month provides explanations. At that time, we instruct the proposing departments that materials for the Board of Directors should not simply be re-used from the Management Committee and other bodies, but should be supplemented to reflect differences in the level of understanding between inside directors and independent directors, and we urge them to provide the explanations necessary for discussions at the Board of Directors. Following the Chair briefing, we hold prior briefings for all independent directors, where we engage in in-depth discussions until everyone is fully satisfied. By going through this process, the proposals are significantly refined before the actual meeting of the Board of Directors, and any aspects where explanations are insufficient are corrected in advance, enabling highly effective discussions. In addition, if a project after investment execution is not proceeding as initially planned, a change to the plan will be submitted to the Board. When doing so, however, discussions are not limited simply to whether a change should or should not be approved; we also look

back and examine what was misjudged, such as the market conditions and management approach assumed at the time of the resolution, and we operate the Board of Directors with an emphasis on learning from failures.

Tambe : Please also describe the support structure in place to enhance the effectiveness of the Board of Directors.

Kameoka : Transparency is the most important factor in management. It is essential for the executive side to manage the Company with a high degree of transparency, and I believe that Sojitz is achieving this. At many companies, the secretariat of the Board of Directors is handled by Corporate Planning, the Legal Department, or the Secretarial Office. However, Sojitz has established a dedicated secretariat for the Board of Directors (the Board Meeting Operating Office) as an independent organization. The secretariat is not limited to administrative work; it also attends the Chair briefings and prior briefings, and provides advice to the proposing departments to help improve the quality of explanations and facilitate smooth operations. For domestic and overseas site visits, the secretariat also coordinates with the proposing departments in advance to determine which points should be emphasized in explanations. The secretariat also plays a central role in operating the effectiveness evaluations, engaging in one-on-one discussions with independent directors and driving improvements. As these initiatives illustrate, a distinctive feature of Sojitz is that we do not appoint independent directors merely to formally comply with Japan's Corporate Governance Code, but rather work together with independent directors in earnest, viewing them as essential for achieving growth.

Theme 2: Evaluation of Progress under Medium-term Management Plan 2026 and Strategic Discussions by the Board of Directors

Tambe : With a view to achieving doubled corporate value in the Next Stage, what kinds of discussions are taking place at the Board of Directors regarding the progress and challenges under Medium-term Management Plan 2026? In particular, new investment projects are a topic of high interest. I would like to ask Director Shu, who has been participating in discussions at meetings of our Board of Directors for approximately four and a half years, to comment on this.

Shu : I would like to begin by discussing the evaluation of progress under Medium-term Management Plan 2026. When the previous medium-term management plan was announced, our three-year average profit target was approximately ¥65.0 billion. In light of this, the current target level under this medium-term management plan—an average of more than ¥120.0 billion over three years—is by no means an easy target. Under these circumstances, while we are not overly optimistic about achieving the targets for the plan period, including the current fiscal year, we view them as fully achievable, and it is with this understanding that we participate in discussions at the Board of Directors.

At the same time, with respect to the targets for the Next Stage, there are areas where progress is in line with our initial expectations and areas where it is not. Overall, we would like to generate a bit more momentum. In addition to the Energy Solutions & Healthcare Division and the Chemicals Division, the Aerospace, Transportation & Infrastructure Division is progressing more favorably than expected. On the other hand, some of the other divisions are not progressing as expected, and the challenge is how to regain momentum in these areas. At Sojitz, rather than leaving matters entirely to the business divisions, we work to rebuild momentum through close dialogue between each division and management, and through involvement and leadership at the management level. In businesses that are performing well, a self-sustaining virtuous cycle is emerging, and new business and investment ideas and opportunities are coming into view. Meanwhile, for underperforming businesses, the challenge is to respond swiftly, based on concrete timelines and a firm resolve not to postpone decisions, so as to regain future growth momentum and the capacity and freedom needed to achieve that growth.

Tambe : What kinds of discussions are taking place at the Board of Directors regarding the progress of Medium-term Management Plan 2026? In addition, what points do you emphasize as an independent director?

Shu : With respect to the progress of Medium-term Management Plan 2026, high-quality discussions are taking place at the Board of Directors. In the past, division reports were treated as something of an additional agenda item, but now they are positioned as extremely important agenda items. The content of these division reports includes high-quality explanations regarding the

position of each division within its industry, its relative competitive strengths, its paths to success, and the fields in which it competes, and discussions and oversight are conducted based on these explanations. In addition, taking advantage of the opportunities presented by Board of Directors meetings, we hold information-sharing sessions mainly involving independent directors, the Chairman, the CEO, and the CFO, which allow us to follow and trace how initiatives and investments under past medium-term management plans are currently contributing to results or not contributing to results. This has increased the resolution and granularity of our understanding and discussions. With respect to how we address loss-making businesses, specific themes are also selected for the information-sharing sessions, at which information is provided and discussions are held. As a result, discussions among independent directors are grounded and substantive rather than going around in circles. Personally, I place particular emphasis on maximizing returns from existing investments, and I focus in our discussions on how initiatives to evolve our involvement in the management of investee companies after investment are progressing.

Tambe : In particular, from what perspectives are new investment projects discussed at the Board of Directors?

Shu : A robust discipline has been incorporated into the decision-making process for new investment projects, and financial discipline is being maintained based on a high standard. In evaluations and deliberations, we not only consider strategic rationale in a broad sense, but also thoroughly discuss whether there is a compelling need that justifies the use of our capital, whether it is a business that Sojitz must undertake, and whether a concrete path to success has been identified. In the initial financial evaluation, we verify whether the assumptions underlying the business plan are not overly optimistic and whether they are reasonable in comparison with past results and industry averages, and we check that no overly optimistic assumptions have been inserted into the latter years of the projections. As business plans depend on numerous assumptions and involve uncertainty, we not only conduct our own evaluations, but also cross-check how similar projects and companies are valued in the market to ensure that we maintain a high standard for decision-making. Since many factors affecting the future are beyond our control, we have increasingly been discussing, at the entry stage,

how we will be able to respond after investment and what framework we will adopt for post-investment management. Discussions are held with a clear awareness of who will ultimately bear responsibility.

Theme 3: Human Capital Strategy and Leadership to Realize Doubled Corporate Value

Tambe : Sojitz's vision for 2030 is to be "a general trading company that constantly cultivates new businesses and human capital," and strengthening the capabilities of our people is indispensable for achieving doubled corporate value in the Next Stage. Under Medium-term Management Plan 2026, we have set out to strengthen human capital alongside reinforcing our foundations for growth. What kinds of discussions are taking place at the Board of Directors and the Nomination Committee regarding human capital strategy and succession planning? I would like to ask Director Jozuka to comment on discussions at the Board of Directors concerning human capital strategy.

Jozuka : Sojitz places great importance on its human capital strategy. It is human capital that creates businesses, and this is a topic that is prominently featured under Medium-term Management Plan 2026. Human capital management and human capital strategy have only relatively recently come to be discussed in a management context. Since the publication in 2020 of the "Ito Report 2.0 on Human Capital," many companies have begun to speak about their human capital strategies. However, my impression is that there are still not many companies that are discussing these matters in earnest as part of their management strategy at the Board of Directors level. By contrast, at Sojitz, we discuss human capital as one of our important agenda items twice a year on a planned basis and comprehensively verify the validity of our human capital strategy. In addition, in our business discussions, we also discuss the appropriateness of human capital placement and the development of human capital that will drive our future, and overall, we are engaging in active discussions on human capital. To give one example, in order to reach the Next Stage at an early date by shifting gears, we have discussed the importance of raising the capabilities of individuals and the

front lines, instilling autonomous thinking, and strategically developing our pool of future leadership candidates. We have also discussed the need for the middle management level not only to acquire autonomous thinking themselves, but also to instill it in their subordinates and to function not as player but as of the people management. President Uemura is also deeply committed to addressing human capital issues. Based on his view that revitalizing internal communication is important for the growth of individuals and the organization, he reported at the October meeting of the Board of Directors that the Company will be working to systematize feedback on a Company-wide basis.

Tambe : As Chair of the Nomination Committee, could you describe the current status of discussions on succession planning?

Jozuka : At the Nomination Committee, we exchange opinions on the succession of senior management. Monitoring evaluations of current Executive Officers is the role of the independent directors. In the summer, an overnight “Summer Session” is held for the executive officer team, where lively exchanges of opinions take place. We, as Independent directors, also participate to observe the discussions, evaluate and monitor the process, and provide advice. Some independent directors also serve as lecturers in management training programs. Although our president only changed last year, we have already begun discussing the need to exchange opinions on succession for future presidents at an early stage.

Tambe : In discussions related to human capital, what points do you emphasize as Chair?

Jozuka : The points I emphasize are autonomy and diversity. Autonomy means having the ability to think of the Sojitz identity and Sojitz’s growth as one’s own, to autonomously consider paths to success and the desired trajectory of growth, and to link these to the Company’s overall growth story. Placing human capital in the right position at the right time is extremely important, and it is necessary to continually assign autonomous human capital to appropriate positions and to assign especially large numbers of such individuals to growth fields. This is something that requires ongoing review. Independent directors are constantly watching and checking these matters

as well. I believe that creating a workplace with good communication and an open atmosphere can be promoted through the Company-wide feedback initiatives advocated by the president.

With respect to diversity, in June last year Sojitz established a Women's Empowerment Committee, in which the Chairman, both male and female officers, and department and section managers participate, to discuss the promotion of women and workstyles. I have been participating in this committee as an advisor since before my appointment as a director. Based on the committee's discussions and the opinions of female employees who are raising children, we launched this year, as a "Workstyle Trial," a pilot program that allows flexible workstyles in which telework and flextime can be used in combination in the early morning and evening hours. We believe that this is an effective measure not only for employees raising children, but also for employees who have responsibilities such as caring for family members or dealing with their own illness. Beginning with these initiatives, we intend to continue our efforts to turn diversity into a source of competitiveness.

■ Q&A Session

Question1: Although the recent rise in the share price has resulted in a price-to-book ratio (PBR) exceeding 1.0 times, it remains lower than that of other general trading companies. Is this being discussed at the Board of Directors? In addition, you have been emphasizing the "Sojitz identity." What specifically does this refer to, and how is it being discussed at the Board of Directors?

Kameoka: I consider the share price to be fair and view it as the market's evaluation of Sojitz, much like a report card. The share price is currently rising, and divisions such as the Energy Solutions & Healthcare Division and the Chemicals Division are making new business investments that are steadily achieving results. For example, we recently announced a project in which the Aerospace, Transportation & Infrastructure Division is acquiring an Australian transportation business company. In the past, there was a period in which our balance sheet was weak, and we were unable to make investments even if we wanted to. After having passed through such a phase, in recent years Sojitz have reached a point where we are able to

invest, and each division has begun to commit in earnest to investments, steadily accumulating know-how. Going forward, I believe that the speed of these efforts will increase further, and that the share price will be evaluated accordingly. The Sojitz identity lies, first, in the fact that we experienced a process in which, after overcoming a management crisis in the past, Sojitz restored our balance sheet to a stable condition. Another aspect is that, by leveraging our relatively smaller size compared with other general trading companies, our management team can become directly involved in businesses that are not performing well and work to turn them around, demonstrating a high degree of agility.

Question2: From the perspective of an independent director, how do you view the balance between Sojitz's growth investments and shareholder returns?

Shu : I do not believe that growth investments and shareholder returns are in a simple trade-off relationship, nor do I think that they should be viewed in that way. Given the current rise in our share price, it might be possible to suggest that our cost of capital has declined. However, I do not necessarily believe that the rate of return expected by investors in Sojitz has come down. In addition, at a time when general trading companies are generally performing well and some peers are achieving ROE in the mid-teens, Sojitz have no intention of lowering our profit-level targets. Sojitz also have no intention of changing our policy on the balance between shareholder returns and investment simply because the share price has risen and PBR has approached 1.0 times. As a general trading company, in fields where there are growth opportunities, we should, while maintaining investment discipline, actively take risks and pursue investments. Conversely, in situations where there are not sufficient investment opportunities that meet our discipline, we should appropriately provide shareholder returns. I believe that it is desirable to maintain our basic policy of balancing investment and shareholder returns in this manner.

Question3: Under Medium-term Management Plan 2026, you have articulated a direction of doubling profit and forming revenue-generating clusters of business (Katamari) that will generate profit. At the same time, in order to

raise PBR, capital efficiency and profit margins will be important. From the perspective of independent directors, what kinds of discussions are you having regarding the challenges involved in expanding scale while also improving efficiency, or in expanding scale while maintaining investment discipline?

Shu : Our emphasis on profit growth in absolute terms remains unchanged. At the same time, even if profit increases in absolute terms, if this does not lead to improved capital efficiency, it will not translate into growth in corporate value or the share price. On the premise of expanding profit in absolute terms, Sojitz must pursue initiatives and projects that also lead to improved capital efficiency. The key points in doing so are that, in areas where both quality and quantity meet certain standards, we should be prepared to take risks and invest, while in businesses where this is difficult or where they have reached their peak, Sojitz should move swiftly to carry out asset replacement. By circulating Assets and Equity in this way, Sojitz should aim to achieve both growth in profit in absolute terms and improvement in profitability ratios.