

ESG Communication Book 2023
ESG Data



Sumitomo Corporation

Enriching lives and the world

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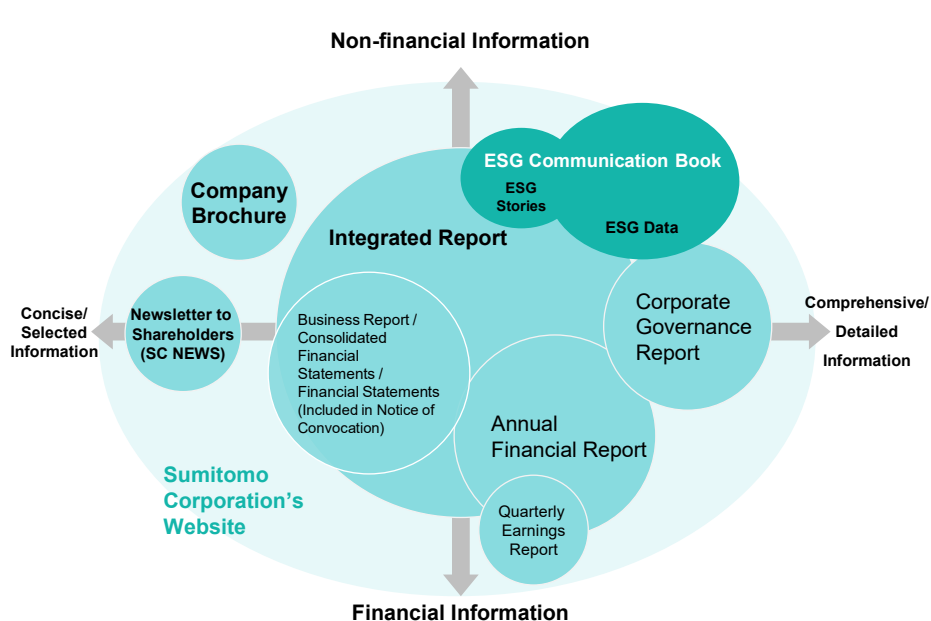
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Editorial Policy

Sumitomo Corporation Group provides both financial and non-financial corporate information by utilizing various information disclosure tools. Of these tools, the ESG Communication Book summarizes detailed information about our activities related to sustainability from the perspective of ESG (Environment, Society, and Governance). The below diagram is an overview that shows the information listed in each disclosure tool and its position. Please also refer to the tools other than this book, such as the Integrated Report.

Sumitomo Corporation Group's Information Disclosure System



Integrated Report

As a communication tool for all stakeholders, this is an annual report that integrates our financial and non-financial information. This Integrated Report helps stakeholders understand the overview of our value creation and the enhancement of corporate value in the short, medium, and long term as well as corporate strategy and the overall progress of our business.

[For more information](#)



ESG Communication Book

Of non-financial information, the ESG Communication Book summarizes detailed information about our activities related to sustainability from the perspective of environmental, social, and governance (ESG). We provide the latest related information by disclosing it on our corporate website and updating it as necessary. Since 2022, we have been publishing two reports, "ESG Stories," which is more focused on a narrative reporting of value creation, and "ESG Data," which provides comprehensive ESG information. The information necessary for stakeholders is disclosed in an easy-to-understand manner.



Business Report / Consolidated Financial Statements / Financial Statements (Included in Notice of Convocation)

The Business Report conveys important matters related to business results and status of each fiscal year. The Consolidated Financial Statements disclose our corporate group's consolidated financial position and profit/loss. The Financial Statements disclose our non-consolidated financial position and profit/loss. (All three are in accordance with the Japanese Companies Act.)

[For more information](#)



Web Site

Sustainability

<https://www.sumitomocorp.com/en/jp/sustainability>

Reporting boundary of this book

Sumitomo Corporation and group companies

Reporting Period of this book

Business activities mainly in FY2022 (April 2022-March 2023), including some policies and activities before March 2022 and after April 2023.

Date of Issue

September 29, 2023

Conformed Guidelines

- Final Report: Recommendations of the Task Force on Climate-related Financial Disclosures
- World Economic Forum: Stakeholder Capitalism Metrics

Referenced Guidelines

- Ministry of Economy, Trade and Industry: Guidance for Collaborative Value Creation
- ISO26000: Guidance on social responsibility
- Ministry of the Environment: Environmental Accounting Guidelines 2005
- METI / MOE: Calculation and Reporting Manual for Greenhouse Gas Emissions



Contact

Sumitomo Corporation

Corporate Sustainability Department

TEL: 03-6285-5000

WEB: Sustainability Contact Form

<https://www.sumitomocorp.com/en/jp/info/sustainability>

Our Approach to Sustainability

As set forth in the Corporate Message of “Enriching lives and the world,” the aim of Sumitomo Corporation is to further enrich the world, society, and people’s lives. In line with our credo that “Benefit for self and others, private and public interests are one and the same,” passed down through the generations since the company was founded, we strategically allocate management resources in anticipation of the long-term shifting business landscape impacted by these social issues, and we leverage our strengths to continue creating the value that society truly needs. We promote sustainability management in the belief that each of these actions will create a sustainable society and achieve sustainable growth for Sumitomo Corporation.

History of Sumitomo Corporation Group

Sumitomo Corporation Group has grown into an integrated trading company over the past 100 years since it was originally founded as the Osaka North Harbor Company Limited in 1919. The history of Sumitomo, which formed the basis of Sumitomo’s Business Philosophy, can be traced back to some 430 years ago when its business focused on copper refining which later advanced to copper mining.

All employees of Sumitomo Corporation learn the history of the Besshi Copper Mines. Through its modern business management, the Besshi Copper Mines contributed in leading industrial development in Japan, however, there were negative impacts on local communities including deforestation of nearby forests and damage to agricultural crops from sulfur dioxide emitted by smelters. Management at that time took measures including reforestation of the Besshi Copper Mines and relocation of the smelting plant to an uninhabited island off the coast.

“Benefit for self and others, private and public interests are one and the same”, which is one of the credos of Sumitomo’s Business Philosophy, and the actions taken by our predecessors to prioritize the sustainability of natural environment and the local community over short-term profit, are deeply rooted in heart of every employee at Sumitomo Corporation. We are confident that our business serves the public interest.

[Sumitomo’s Business Philosophy](#)

Today, we have 80,000 employees working at almost 900 group companies in 78 countries and regions and we do our business by engaging with multiple stakeholders including customers, local communities, business partners and employees. Our business as well as our relationship with the stakeholders have expanded to a global scale and we believe that our mission is to protect the planet and pursuing development for the world and better lives for our stakeholders.

[Corporate Mission Statement](#)

What Actions We Need to Take Now

Today, we face many social challenges that threaten the sustainability of society including climate change, loss of biodiversity, and human rights issues.

Global goals and guidelines are adopted such as the Paris Agreement, the UN’s Social Development Goals (SDGs), and the Business and Human Rights Guiding Principles, and various players including corporations are making efforts to achieve these goals.

In 2017, based on Sumitomo’s Business Philosophy and Sumitomo Corporation Group’s Corporate Mission Statement, the Group identified the six material issues for achieving sustainable growth with society. Of the six material issues, four were identified as how each of our business contributes to society and two were added as our important management topics. We have been placing the six material issues at the core of our management to constantly be aware that the business strategies and each business align with the material issues and making sure that Sumitomo Corporation Group is contributing to society.

[Sumitomo Corporation Group’s Material Issues](#)

However, social issues such as the climate change have become increasingly serious and a major threat to the sustainability of society. We believe that we now need to make an even stronger commitment to further identifying the issues that we should address and the roles that we should take for the development of a sustainable society, and the Sumitomo Corporation Group has commenced initiatives to enhance its sustainability management. As part of these initiatives, we have identified six key social issues that we need to address. We have also set long-term and medium-term goals for each of the issue, and we are monitoring their progress.

[Sustainability Management](#)

⇒ For more information on initiatives toward the six key social issues, please see the [ESG Communication Book 2023\(ESG Stories\)](#).

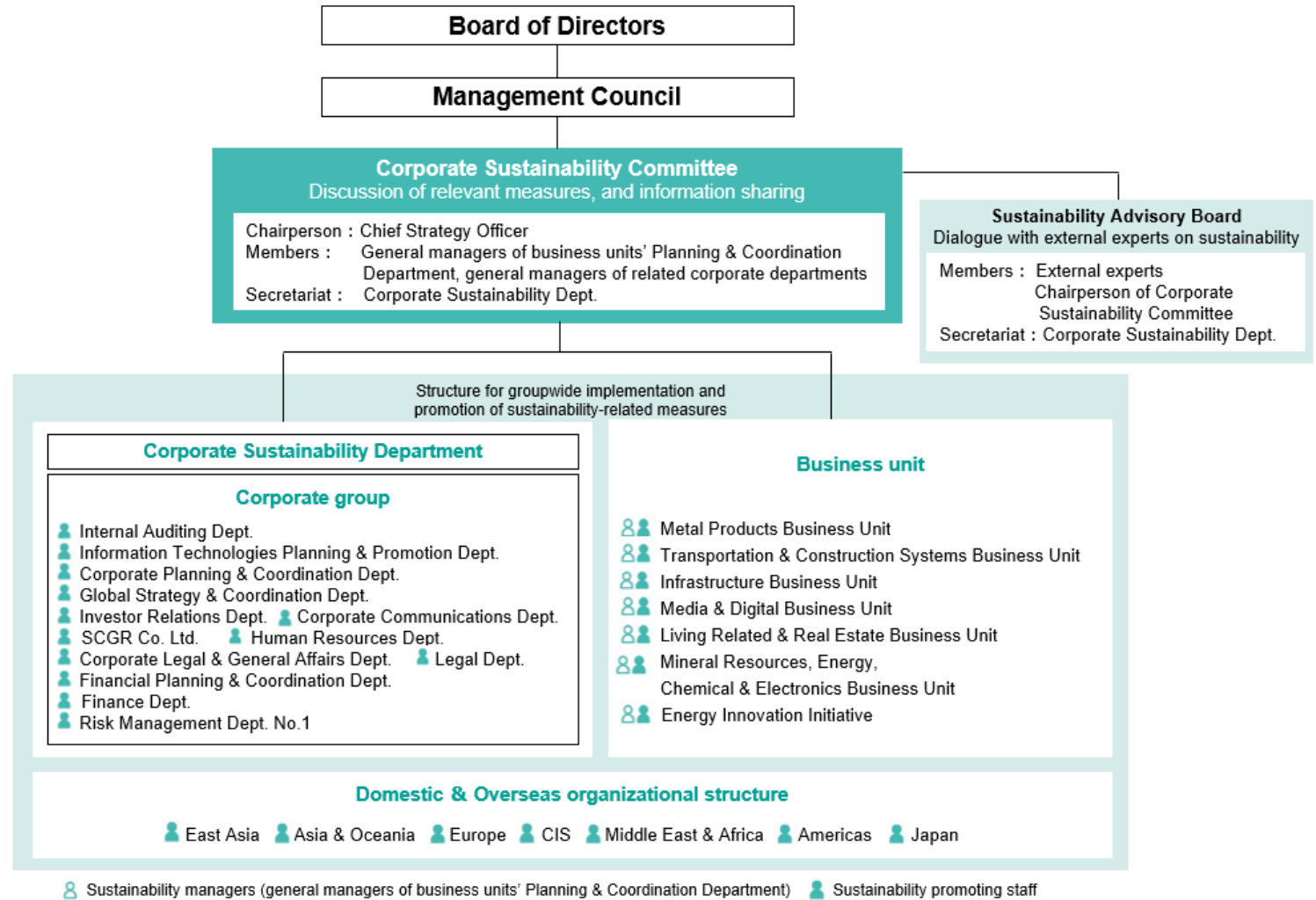
Sustainability Promotion System

Organization for Promoting Sustainability

Sumitomo Corporation has established the Corporate Sustainability Department, which is responsible for the planning of measures to promote sustainability and ensuring their implementation throughout the organization.

Meanwhile, the department coordinates with general managers, who are responsible for promoting sustainability within each business unit, and with the sustainability promoting staff of each business unit's Planning & Coordination Department. The department also works with the sustainability promoting staff of relevant corporate departments and overseas regional organizations to ensure that sustainability promotion measures are fully implemented groupwide and also that the different business units/initiative and regional organizations pursue measures tailored to the specifics of their business or region.

The Corporate Sustainability Committee acts as an advisory body to the Management Council and discusses important policies, measures, and initiatives relating to the promotion of sustainability. Important initiatives relating to sustainability promotion are referred by the committee to the Management Council and the Board of Directors for further discussion. Some important initiatives are subject to the decisions of the Management Council and the supervision of the Board of Directors. In addition, we have established the Sustainability Advisory Board, which consists external experts, to provide advice and recommendations on overall sustainability management.



Sustainability Promotion System

Corporate Sustainability Committee

Main topics discussed and reported in FY2022

- Monitoring of Mid-term Sustainability Goals
- Operation of the Corporate Sustainability Committee
- Establishment of the Advisory Board
- Disclosure based on TCFD Recommendation
- Utilization of Internal Carbon Pricing
- GX League
- Status of Social and Environmental Risk Management
- Social Contribution Activities
- Environmental Management Activities
- Initiatives related to Biodiversity
- Initiatives for Enhancing Disclosure of Non-financial Information
- Results of ESG Ratings

Sustainability Advisory Board

Agenda of the 1st Meeting in 2023

- Discussion on the next medium-term management plan
 - Measures required for the six key social issues
 - Structure and evaluation mechanism

External advisors (March 2023-February 2024)

Sadayosi Tobai, Chief Executive Officer, WWF Japan

Hideki Tomita, Managing Director, LRQA Sustainability K.K.

Takashi Nawa, Professor, Kyoto University of Advanced Science and


















































































Visiting Professor, Hitotsubashi University Graduate School

Junko Watanabe, Attorney-at-Law, Nishimura & Asahi



Relationship between Various Social Issues and the Company's Business

At present, international organizations, national governments, local governments, private enterprises, and other groups and individuals throughout the world are cooperating to achieve common goals for sustainable development: The Sustainable Development Goals (SDGs). The SDGs are becoming the common language for people who are addressing many social issues to achieve sustainable societies. Our Group has risks and opportunities for various social issues in our business activities covering different countries and industries, and aims to contribute to the achievement of the SDGs through addressing material issues and to realize a sustainable society.

| | Major Risks (enhancement of competitiveness) | Major Opportunities (expansion of earning opportunities) | SDGs | Material Issues |
|---|--|---|---|---|
| Climate Change | Decreased demand for coal fuel due to GHG emissions regulations, etc. | Promotion of renewable energy business and environmentally conscious business, etc. |    |     |
| Water Resources | Continuity risks for business involving production processes in water shortage areas, etc. | Promotion of water supply and sewerage/freshwater generation business to contribute to addressing water issues around the world, etc. |    |     |
| Biodiversity | Impact of shortage of raw materials due to destruction of natural ecosystems, reputation loss due to manifestation of adverse impacts, etc. | Creation and development of business opportunities by maintaining and protecting ecosystems, improvement of employee motivation, etc. |   |     |
| Prevention of Pollution | Reputation loss and decreased trust due to the occurrence of environmental problems, etc. | Development and stability of business through harmonious coexistence with the global environment, etc. |    |     |
| Resource Utilization | Business continuity risk due to the loss of the public value of forests, etc. | Expansion of forest management business by securing and using sustainable forest resources, etc. |    |     |
| Human Rights | Hollowing out of human resources, reputation loss and decreased trust as a result of human rights violation, etc. | Development and stability of local communities and business through harmonious coexistence with local residents, etc. |     |     |
| Work Health and Safety/Health and Productivity Management | Decreased labor productivity, hollowing out of human resources, and business continuity risk due to inappropriate risk management, etc. | Improvement of labor productivity and employee motivation by giving due consideration to health, etc. |   |     |
| Human Resources Management | Hollowing out of talented human resources, decreased labor productivity, decreased motivation of employees, and business continuity risk due to lack of appropriate measures and inappropriate working environment, etc. | Human resources retention, enhanced labor productivity, increase in employee motivation, and opportunities to enter new business areas through providing appropriate human resource development programs and realizing a fulfilling working environment, etc. |      |     |
| Supply Chain | Business continuity risk and reputation loss as a result of the occurrence of problems related to the environment, human resources and labor practices in supply chains, etc. | Development and stability of business by resilient value chains, etc. |   |     |
| Industrial/ Technological Innovation | Deterioration of existing business and hollowing out of human resources as a result of the shift to ICT, the disappearance of borders for all industries, and complexity, etc. | Enhancement of existing business and creation of new business models through the shift to ICT, etc. |  |     |
| Health Care | Medical malpractice-related risks, etc. | Improvement of access to better medical care, enhancement of efforts to respond to increased demand for drugs, etc. |   |     |
| Local infrastructure/ Community Planning | Business continuity risks as a result of the occurrence of problems related to the environment, human resources and labor practices at sites of urban development and infrastructure construction, etc. | Promotion of urban development and infrastructure projects mainly in emerging countries, etc. |    |     |

Sustainability Management

Our Sustainability Management

In addition to clear commitment to the role we play in achieving a sustainable society, it is necessary that we focus on the optimal status of companies and their business that will be needed in a sustainable society, such as carbon neutrality, circular economy and zero violation of human rights. We need to recognize the paths to achieve them and the challenges to be overcome, and consider the strategies and allocation of management resources that we should implement from a long-term perspective.

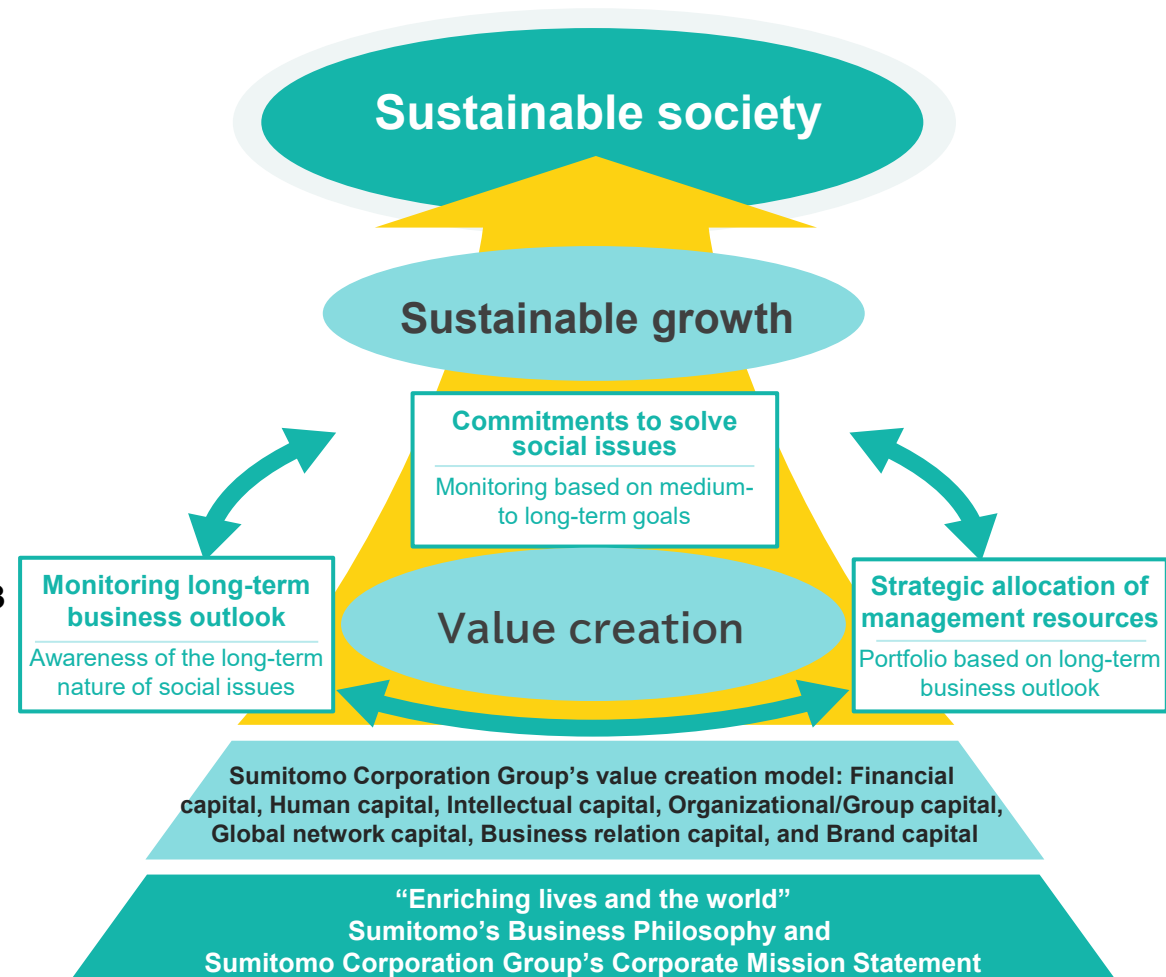
We believe that capturing and pursuing the ideal state of society will bring more business opportunities. The Sumitomo Corporation Group's sustainability management is about perfectly aligning the vision of a sustainable society with the Group's value creation and sustainable growth over the long-term.

Positioning in the Medium-Term Management Plan SHIFT 2023

Within the Medium-Term Management Plan “SHIFT 2023” that we formulated in May 2021, we have identified three “SHIFTS”: Business Portfolio SHIFT, Framework SHIFT, and Management Base SHIFT. In particular, we consider “enhancement of sustainability management” along with DX important elements to be incorporated in promoting Business Portfolio SHIFT to one that is both highly profitable and resilient to changes in the business environment while firmly grasping the two major social trends of digitization and the demand for sustainability.

 [Medium-Term Management Plan SHIFT 2023](#)

Pursue sustainable growth with society



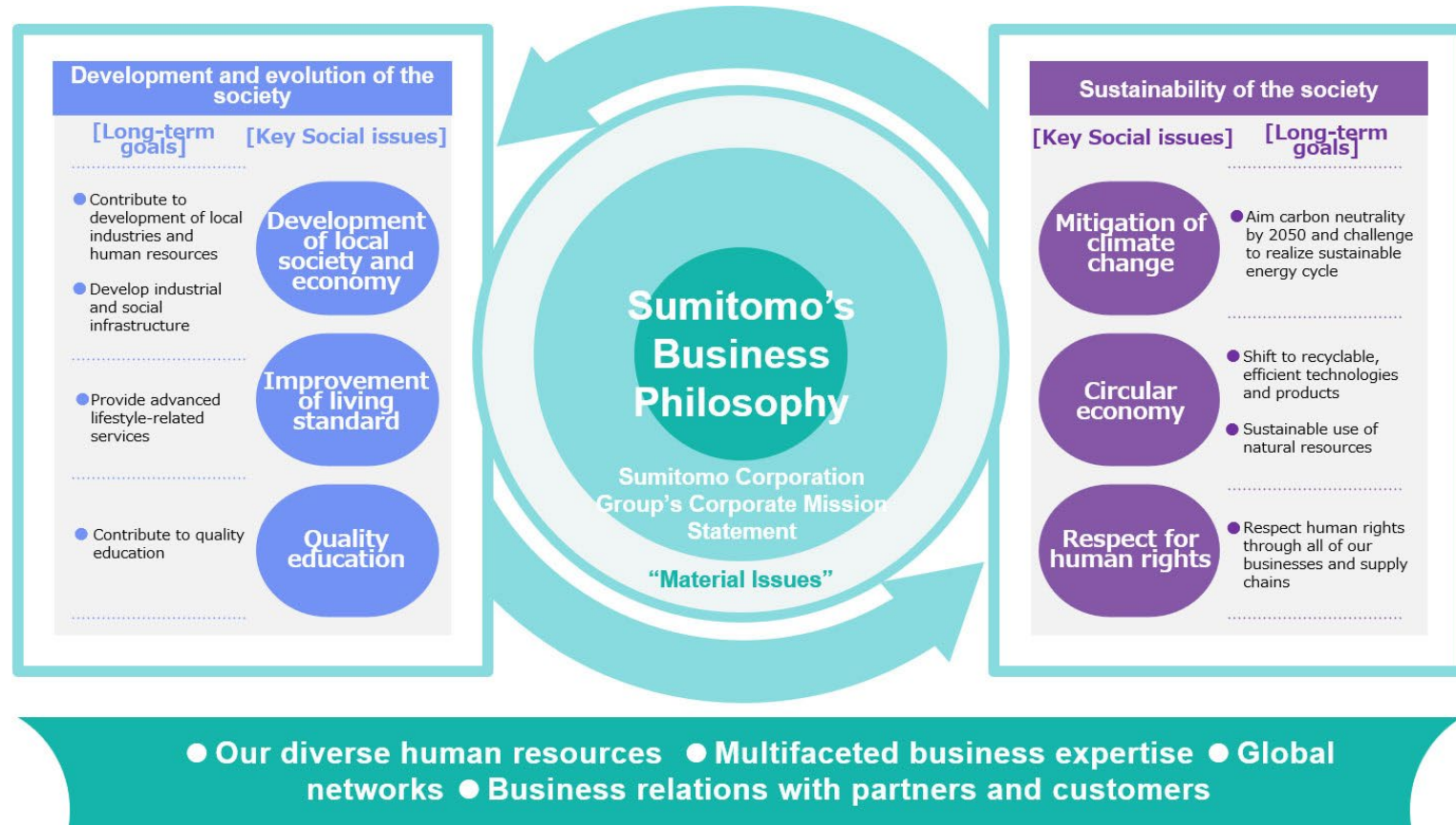
Sustainability Management

What the Group Will Bring about for the Development of Sustainable Society

Sumitomo Corporation has identified “Mitigation of climate change,” “Circular economy,” “Respect for human rights,” “Development of local society and economy,” “Improvement of living standard,” and “Quality education” as the six key social issues it needs to address, and it has set long-term goals and medium-term goals for each issue.

As the world works toward achieving sustainable society, Sumitomo Corporation Group will take advantage of its human resources, business expertise, global networks, business relationships, which are its strengths and source of value creation, and demonstrate its role in society. In this way, these issues and related goals will become a guideline for the Group’s entire business activities going forward.

The six social issues have two themes: sustainability of the society and development and evolution of the society. The sustainability of society is a globally shared goal as well as a major premise of the Group’s business. The solutions for pursuing the sustainability of society will be generated from further social and economic development and therefore, we believe that these two themes are mutually complementary. Also, we will pursue to achieve these goals through business activities, however, we contribute to providing quality education through our philanthropy as well as human resources development initiatives.



Sumitomo Corporation Group's Key Social Issues and Goals / Progress

Setting Long-term and Medium-term Goals to Address Key Social Issues

| | Key social issues | Long-term goals | Medium-term goals |
|---------------------------|------------------------------|--|---|
| Sustainability of society | Mitigation of climate change | <ul style="list-style-type: none"> Aim for carbon neutrality by 2050 and challenge to realize sustainable energy cycle | <ul style="list-style-type: none"> Reduce the Group's CO2 emissions 50% or more by 2035 (compared to 2019) <ul style="list-style-type: none"> Reduce CO2 emissions of the power generation business by 40% or more by 2035 (of which reduce 60% or more for coal-fired power generation business); power generation portfolio in 2035 to comprise 20% coal-fired, 50% gas-fired and 30% renewables (*1) in terms of net ownership generation capacity. Reduce indirect CO2 emissions (*2) associated with the fossil fuel upstream business by 90% or more by 2035. Reduce CO2 emissions in all other businesses (*3). Establish businesses that will form the foundation for a sustainable energy cycle in society <ul style="list-style-type: none"> Develop hydrogen and other forms of carbon-free energy, increase supply of renewable energy (5GW or more by 2030)(*4), and expand new power and energy services. Expand businesses encouraging electrification, fuel conversion, improved energy and coal efficiency, and energy conservation. Capture, store and utilize CO2 via carbon recycling, forestry business, CCS, and emissions credit trading, etc. |
| | Circular economy | <ul style="list-style-type: none"> Shift to recyclable, efficient technologies and products Sustainable use of natural resources | <ul style="list-style-type: none"> Use renewable and recyclable raw materials, collect waste, and promote improved efficiency of product usage <ul style="list-style-type: none"> Expand use of raw materials derived from recycled or renewable resources. Improve efficiency of product usage and expand businesses that promote longer product life (sharing, sales of used items, leasing, rentals, etc.) . Reinforce the sustainable procurement system for major natural resources used by the Group <ul style="list-style-type: none"> Identify major natural resource-related commodities requiring sustainable procurement, establish procurement policy, promote certification, and strengthen voluntary auditing system. |
| | Respect for human rights | <ul style="list-style-type: none"> Respect human rights through all of our businesses and supply chains | <ul style="list-style-type: none"> Promote and ensure respect for human rights in accordance with the United Nations Guiding Principles on Business and Human Rights and Sumitomo Corporation Group's Human Rights Policy <ul style="list-style-type: none"> By 2023, achieve 100% participation rate in human rights education based on the Guiding Principles, and 100% implementation rate in regional organizations and subsidiaries. Strengthen risk analysis in human rights due diligence to accurately assess risks in all businesses, including the supply chain, and implement risk mitigation measures by 2025. Establish a more effective grievance mechanism(*5) based on assessment results. Ensure a safe workplace environment <ul style="list-style-type: none"> Strengthen efforts to achieve zero accidents at major business workplaces, focusing on manufacturing, processing, and projects involving large-scale construction. Achieve a diverse organization grounded in mutual respect <ul style="list-style-type: none"> Provide a safe working environment that is free from discrimination and harassment. Promote human resource management that enables individuals to demonstrate their abilities regardless of nationality, age, gender, sexual orientation, gender identity, or any other attributes or values. |

*1 As of 2020: coal 50%, gas 30%, renewables 20% (*2) Indirect CO2 emissions generated by others with the use of fossil fuel *3 Contribute to CO2 reduction by setting targets for individual businesses

*4 As of 2020: 1.5GW (1GW = 1 billion W) *5 A process that employees, local residents or other stakeholders can use to lodge complaints regarding human rights violations and other issues related to enterprise's business activities including its supply chain, for resolving such issues

Sumitomo Corporation Group's Key Social Issues and Goals / Progress

Setting Long-term and Medium-term Goals to Address Key Social Issues

| | Key social issues | Long-term goals | Medium-term goals |
|--------------------------------------|--|---|---|
| Development and evolution of society | Development of local society and economy | <ul style="list-style-type: none"> Contribute to development of local industries and human resources Develop industrial and social infrastructure | <ul style="list-style-type: none"> Develop local industries, create jobs, and develop human resources through the Group's global business operations <ul style="list-style-type: none"> Promote sustainable, highly productive and value-added industries, and coexist with local communities through business. Create employment and develop management and highly skilled human resources at the Group's business sites. Establish industrial and social infrastructure that contributes to the sustainable development of society <ul style="list-style-type: none"> Promote infrastructure that enables access to high-quality energy, water, transportation, logistics, communications, and financial services, as well as businesses that enhance urban functions. |
| | Improvement of living standard | <ul style="list-style-type: none"> Provide advanced lifestyle-related services | <ul style="list-style-type: none"> Deliver advanced lifestyle services that help to solve social issues such as urbanization and aging populations <ul style="list-style-type: none"> Provide more advanced services and new functions that improve the standard of living, such as mobility, media and telecommunications, healthcare services, and smart city development, based on new technologies and concepts. |
| | Quality education | <ul style="list-style-type: none"> Contribute to quality education | <ul style="list-style-type: none"> Provide quality and equal learning opportunities through 100SEED(*) activities <ul style="list-style-type: none"> Quantitatively expand the scope of learning opportunities. 100% satisfaction of beneficiaries. Continue to have at least 5% of all employees participate annually (scope is Sumitomo Corporation, regional organizations and Group companies). |

(*) Social contribution activity program with employee participation at Sumitomo Corporation Group

Identification process of key social issues



Sumitomo Corporation Group's Key Social Issues and Goals / Progress

Each Strategic Business Unit (SBU) defines specific goals and action plans for the medium- and long-term goals for each issue and implements initiatives to achieve them. The Corporate Sustainability Committee, an advisory body to the Management Council, monitors these initiatives and their progress, and reports to the Management Council and the Board of Directors. Please see below for the main examples of initiatives for each key social issue.

Mitigation of Climate Change - Representative Initiatives

Long-term goals: Aim for carbon neutrality by 2050 and challenge to realize sustainable energy cycle

Medium-term goals: Reduce the Group's CO2 emissions 50% or more by 2035 (compared to 2019)

| Business unit | Field | Goals | Progress |
|---|-------------------------------------|--|---|
| <ul style="list-style-type: none"> ● Reduce CO2 emissions of the power generation business by 40% or more by 2035 (of which reduce 60% or more for coal-fired power generation business); power generation portfolio in 2035 to comprise 20% coal-fired, 50% gas-fired and 30% renewables in terms of net ownership generation capacity. | | | |
| Infrastructure | Generation | Reduce CO2 emissions of the power generation business by 40% or more by 2035 (of which reduce 60% or more for coal-fired power generation business) (compared to 2019) | <ul style="list-style-type: none"> • CO2 emissions of the power generation business increased by 1.2% (compared to 2019) |
| Infrastructure | Generation | Power generation portfolio in 2035 to comprise 20% coal-fired, 50% gas-fired and 30% renewables in terms of net ownership generation capacity | <ul style="list-style-type: none"> • Power generation portfolio at end of FY2022 comprised 52% coal-fired, 30% gas-fired and 18% renewables in terms of net ownership generation capacity |
| <ul style="list-style-type: none"> ● Reduce indirect CO2 emissions associated with the fossil fuel upstream business by 90% or more by 2035. | | | |
| Mineral Resources, Energy, Chemical & Electronics | Upstream of fossil fuels | Reduce indirect CO2 emissions associated with the fossil fuel upstream business by 90% or more by 2035 (compared to 2019) | <ul style="list-style-type: none"> • Reduced indirect CO2 emissions associated with the fossil fuel upstream business by 41.8% (compared to 2019) |
| <ul style="list-style-type: none"> ● Reduce CO2 emissions in all other businesses. | | | |
| Metal Products | Steel products | Measure CO2 emissions in the supply chain, improve measurement accuracy, visualize emissions, verify methods for reducing emissions, and run proofs of concept | <ul style="list-style-type: none"> • Completed calculations for visualizing Sumitomo Corporation Global Metals Group CO2 emissions (Scope 1, 2 and part of 3) and obtained third-party certification (March 2023) |
| Metal Products | Tubular products | Aim to go carbon neutral at the next-generation distribution center in West Texas, United States | <ul style="list-style-type: none"> • In addition to shifting to solar energy for own power consumption, we started to adopt EV forklifts. Currently installing railroad tracks to the yard in order to shift from truck to rail transportation, which reduces CO2 emissions |
| Transportation & Construction Systems | Automotive parts | Reduce CO2 emissions at KIRIU CORPORATION by 30% by FY2024 (compared to FY2019) | <ul style="list-style-type: none"> • The newest casting plant with electric furnaces has been completed and started its operation on April 2023. It will be operated in parallel with the old existing casting line in FY2023, and casting production will be integrated into the new upgraded plant in FY2024. • The roadmap for Carbon Neutrality will be completed by May 2023, and the activity for 30% of CO2 emissions reduction (compared to 2019) by 2030 will be kicked off. |
| Transportation & Construction Systems | Construction & mining systems sales | Reduce direct/indirect CO2 emissions from own operations (Scope 1/2), reduce CO2 emissions from customer operations (Scope 3), and promote sales of electric machinery and automated machinery | <ul style="list-style-type: none"> • Continuing efforts to refine measurement of CO2 emissions • Continuing dialogue with Group companies, and implementing initiatives, to contribute to Scope 3 emission reductions and sustainability. European and North American Group companies are delivering electric and automated machines to mining customers. The number of deliveries of these machines has been increasing. |

📄 Please see [here](#) for more details on KIRIU.

Sumitomo Corporation Group's Key Social Issues and Goals / Progress

Mitigation of Climate Change - Representative Initiatives

| Business unit | Field | Goals | Progress |
|--|--------------------------|--|--|
| Infrastructure | Logistics | At Sumisho Global Logistics Co., Ltd., visualize the transportation part of CO2 emissions (categories 4 and 9 of GHG Protocol Scope 3) indirectly emitted by the company and operating companies | <ul style="list-style-type: none"> Continued to calculate and visualize CO2 emissions for domestic and international transportation handled by SGL (acquired assurance from an external organization). Continued to supporting sales and the operating companies of the Group.(Supported 15 companies) |
| Living Related & Real Estate | Retail | Reduce energy consumption and CO2 emissions at SUMMIT,INC stores | <ul style="list-style-type: none"> Replacement with energy-efficient refrigeration and freezing equipment at 10 stores |
| Living Related & Real Estate | Fresh Produce | Reduce Fyffes plc GHG emissions to achieve the Science-Based Target in line with the 1.5°C scenario, representing a 25% reduction for scope 1 and 2 in CO2 eq./kg of fruit harvested by 2025, and a 10% reduction for scope 3 in CO2 eq./kg of fruit harvested and distributed by Fyffes and its suppliers, from a 2020 base year. | <ul style="list-style-type: none"> Scope 1 and 2 GHG emissions has been reduced by 14.1% per kg of fruit and reduced Scope3 emissions by 9.4% per kg of fruit. |
| Living Related & Real Estate | Real estate | Aim to obtain CASBEE evaluation and rating (a type of green building certification) at logistics facilities and office buildings owned and developed by Sumitomo Corporation | <ul style="list-style-type: none"> Obtained new assessments for eight office buildings owned by Sumitomo Corporation (grades: nine S and three A) Obtained Rank A for one new logistics facility (out of one project). |
| Living Related & Real Estate | Real estate | At the fund and REIT managed by our group, obtain GRESB, an ESG assessment specific to the real estate sector | <ul style="list-style-type: none"> Obtained GRESB 5 Stars for SOSiLA Logistics REIT, Inc. GRESB 4 Stars for SC Realty Private REIT, Inc. |
| Living Related & Real Estate | Real estate | Develop projects that meet the "ZEH-M Oriented" standard (reduce primary energy consumption of entire condominium, including common areas, by at least 20%) | <ul style="list-style-type: none"> Commercialized one project that meets the "ZEH-M Oriented" standard |
| Media & Digital | IT | Reduce electricity consumption and CO2 emissions at SCSK Corporation data centers, etc. | <ul style="list-style-type: none"> Achieved 21% reduction of greenhouse gas (Scope 1+2) in accordance with SBT certification target. Purchased FIT non-fossil certificates (51,600,000 kwh, equivalent to 32% of green power) Continue consideration of renewable energy utilization. |
| <p>●Develop hydrogen and other forms of carbon-free energy, increase supply of renewable energy (3GW or more by 2030)(*4), and expand new power and energy services.</p> | | | |
| Infrastructure | Renewable energy | Increase supply of renewable energy (3GW or more by 2030) | <ul style="list-style-type: none"> Renewable energy: 1.8GW (as of end of FY2022) |
| Infrastructure | Thermal power generation | Promote a business model utilizing carbon offset technologies (CCUS*, hydrogen, etc.) to achieve carbon neutrality by 2050 | <ul style="list-style-type: none"> Support for host countries to shift power sources to renewable energy, etc. Considering how to decarbonize and low-carbonize existing coal-fired power generation businesses such as through new technologies and new fuels |
| <p>●Expand businesses encouraging electrification, fuel conversion, improved energy and coal efficiency, and energy conservation.</p> | | | |
| Metal Products | Steel products | Participate in trading activities and related businesses for direct reduced iron and electric furnace materials that contribute to carbon neutral of the steel supply chain | <ul style="list-style-type: none"> Continuing discussions with each supplier about supplying steel products with lower CO2 emission. |
| Metal Products | Oil & gas drilling | Provide services that contribute to the reduction of direct CO2 emissions in oil and gas drilling operations | <ul style="list-style-type: none"> By expanding Sekal's services, improve efficiency of drilling operations in oil and gas well development, which contribute to reduce construction period and CO2 emissions. |
| Metal Products | Tubular products | Increase the supply of tubular products for projects related to hydrogen, CCS/CCUS*, and energy transition | <ul style="list-style-type: none"> Expanded sales of tubular products for projects related to CCS/CCUS* and geothermal energy |

* Carbon Capture, Utilization and Storage: Technologies for sequestration and effective utilization of high-concentration CO2 emitted from industrial activities, and direct air capture technologies for capturing CO2 directly from the atmosphere

Sumitomo Corporation Group's Key Social Issues and Goals / Progress

Mitigation of Climate Change - Representative Initiatives

| Business unit | Field | Goals | Progress |
|---------------------------------------|------------------------------------|---|--|
| Transportation & Construction Systems | Mobility | Promote the widespread use of EVs/PHVs/FCVs and the development of EV infrastructure | <ul style="list-style-type: none"> Started the sales of retrofitted EV buses to Nishitetsu (40% fewer CO2 emissions per bus). Also plan to increase the sales to Nishitetsu, then expand to other bus operator in Japan in the next phase. Delivered 101 EV taxis and completed installation of 67 standard chargers to Daiichi Koutsu. Completed a trial of an EV car sharing service for corporate clients, and now continuing to investigate introduction of the service. Working with local governments to investigate secondary market use of EVs as official government vehicles. |
| Transportation & Construction Systems | Leasing | Promote sustainability-related businesses in SMFL (cumulative value of contracts from FY2020 to FY2029: 1 trillion yen) | <ul style="list-style-type: none"> Cumulative value of contracts reached approximately 330 billion yen in FY2022. Announced in June 2023 that the 1 trillion yen target for cumulative value of contracts has been brought forward to FY2025, and that the target for FY2029 has been lifted to two trillion yen. |
| Transportation & Construction Systems | Ship | At Oshima Shipbuilding Co., Ltd., continue selling new ships with 30% reduction in CO2 emissions (compared to 2008). Continue developing new ships with 40% reduction in CO2 emissions | <ul style="list-style-type: none"> Continue sales of low emission newbuilding ships (ships with 30% reduction in CO2 emissions i.e. LNG fueled ships, etc.) built by Oshima Shipbuilding. In December 2022, Oshima Shipbuilding obtained an approval in principle from a-ship classification society for the ammonia fueled ship. |
| Transportation & Construction Systems | Ship | Contribute to the reduction of CO2 emissions from both coastal and ocean-going ships by promoting Corvus Energy marine batteries | <ul style="list-style-type: none"> Continued sales and maintenance service for marine battery systems towards the Japanese market through Sumisho Corvus Energy Co., Ltd., a joint venture with energy storage system provider, Corvus Energy. |
| Transportation & Construction Systems | Commercial aviation | Build and expand next-generation air mobility services utilizing electric vertical take-off and landing (eVTOL) aircraft and other methods | <ul style="list-style-type: none"> Invested in Volocopter GmbH, a manufacturer of eVTOLs, to build new sustainable social infrastructure. Conducted various proof-of-concept trials to develop a drone- and EV van-based logistics network in Katsuura City, Chiba Prefecture, and promote carbon neutrality in the region. |
| Transportation & Construction Systems | Commercial aviation | In the aircraft leasing and engine leasing portfolio, increase the portion of more fuel-efficient and more environment-friendly aircraft and engines (target: 70% for aircraft and 50% for engines, of the total portfolio, respectively) | <ul style="list-style-type: none"> Improvement to approximately 73% for new aircraft (compared to 65% in the previous year) and approximately 63% for new engines (compared to 50% in the previous year) |
| Transportation & Construction Systems | Mobility hub | Install 1,000 EV chargers at parking spaces in Nordic Countries by the end of FY2024 as a way of supporting the expanded use of EVs through the deployment of EV chargers at parking spaces. | <ul style="list-style-type: none"> The number of EV chargers installed by the end of FY2022 was as planned |
| Transportation & Construction Systems | Fleet management | Build up an EV life cycle management model in which EV is owned over the long term, from use in a vehicle to use as a reused battery, utilizing them for both mobility and energy | <ul style="list-style-type: none"> DriveElectric, an EV leasing and fleet management company based in the UK, is planning to introduce a smart EV charging management service in FY2023, as well as a dashboard of energy and carbon consumption for EV charging. |
| Transportation & Construction Systems | Aerospace Defense & Technology SBU | Efforts for hydrogen-fueled aircraft businesses, realizing carbon neutral | <ul style="list-style-type: none"> Sumitomo Precision Products CO.,LTD. continued to develop technologies for next-generation (hydrogen-powered, electric) aircrafts. |

Sumitomo Corporation Group's Key Social Issues and Goals / Progress

Mitigation of Climate Change - Representative Initiatives

| Business unit | Field | Goals | Progress |
|---|------------------------------------|--|--|
| Transportation & Construction Systems | Aerospace Defense & Technology SBU | Contribute to the reduction of CO2 emissions by achieving lightweight aircraft using metal 3D printing technologies | <ul style="list-style-type: none"> Invested in Sintavia, a US-based company with strengths in metal 3D printing technologies Sumitomo Precision Products Co., Ltd. develops products with outstanding environmental performance by using 3D metal printing technologies. |
| Transportation & Construction Systems | Beyond Mobility | Reduce loaded aircraft weights and contribute to reduced fuel costs and CO2 emissions by providing a clothes sharing service, using clothes destined for disposal, to inbound travelers and business travelers | <ul style="list-style-type: none"> Established a team and operational structure in preparation for commencing a service trial with a major airline. |
| Transportation & Construction Systems | Fleet management | Promote greater use of EVs for commuting and development of EV charging infrastructure in workplaces | <ul style="list-style-type: none"> Established a new company in April 2023 to focus on commuter EVs |
| Mineral Resources, Energy, Chemical & Electronics | Power generation fuel | Promote the commercialization of blue carbon, and the development of blue carbon-based blue economy businesses | <ul style="list-style-type: none"> We have conducted a Proof of Concept for the Blue Carbon Project in Hirono Town, Iwate Prefecture. With the cooperation of the Fisheries Associations in Hirono Town, we have measured the seaweed bed area and applied to acquire J Blue Credit®. We are currently marketing the granted credits. We will keep trying to expand Blue Carbon Projects, and to realize new Blue Economy Projects through internal collaborations. |
| EII | Green energy | Build a combined clean energy services model that leverages our integrated corporate strength, creating new demand and synergies with mobility, DX, smart infrastructure, etc. | <ul style="list-style-type: none"> After establishing the EII, began to consider the clean energy platform businesses and specific projects, including combining hydrogen and power storage in Ishikari City, Hokkaido, and developing a renewable energy value chain in the Kanto area |
| ● Capture, store and utilize CO2 via carbon recycling, forestry business, CCS, and emissions credit trading, etc. | | | |
| EII | Forests | Acquire and expand the scale of forest resources and improve the value of forest assets | <ul style="list-style-type: none"> Continued developing projects to acquire and expand the scale of forest resources |
| EII | Green energy | Promote carbon credit businesses that contribute to real CO2 emission reductions | <ul style="list-style-type: none"> Promoted carbon credit generating businesses through internal and external collaborations |

☐ Please see [here](#) for more details on the Forestry business in New Zealand.

Sumitomo Corporation Group's Key Social Issues and Goals / Progress

Circular Economy - Representative Initiatives

Long-term goals: Shift to recyclable, efficient technologies and products

Medium-term goals: Use renewable and recyclable raw materials, collect waste, and promote improved efficiency of product usage

| Business unit | Field | Goals | Process |
|---|--|--|--|
| ● Expand use of raw materials derived from recycled or renewable resources. | | | |
| Infrastructure | PET bottle recycling | Expand the PET bottle recycling business (Tomra Japan Ltd.) | <ul style="list-style-type: none"> Increased resource recovery by 3% (compared to FY2021) |
| Infrastructure | Logistics | Accelerate considerations for switching to biotech inner bags attached to the inside of containers used for transportation and storage | <ul style="list-style-type: none"> Completed commercialization and quality confirmations through transportation tests and storage tests. Although the global supply of inner bag materials is in short supply, we will work to secure stable suppliers and aim to achieve sales by the end of FY2023 |
| Living Related & Real Estate | Fresh Produce | At Fyffes plc, all packaging will be compostable, recyclable or reusable by 2025 | <ul style="list-style-type: none"> Completed introduction of compostable, recyclable, and reusable packaging for 98.78% of all products |
| Mineral Resources, Energy, Chemical & Electronics | Chemical | Expand sales volume of high value-added resins, demand for which is expected to grow with the shift to lighter weight automobiles and EVs | <ul style="list-style-type: none"> Commercial operation started in February 2023. Currently working toward mass production |
| Mineral Resources, Energy, Chemical & Electronics | Chemical | Expand product sales volumes for a manufacturer of plastic substitute materials (plant-derived materials) in which Sumitomo Corporation has invested | <ul style="list-style-type: none"> Completed construction of a new plant in January 2023. Currently working on quality evaluation for stable production |
| Mineral Resources, Energy, Chemical & Electronics | Midstream/ Downstream of metal resources | Sell Security Matters Limited technologies and products for tracking raw materials and products in the supply chain | <ul style="list-style-type: none"> Conclusion of a global exclusive distribution agreement with Security Matters in the non-ferrous metals industry |
| Mineral Resources, Energy, Chemical & Electronics | Pharmaceuticals & Cosmetics | Expand sales volume of sustainable cosmetic ingredients | <ul style="list-style-type: none"> Summit Cosmetics Corporation and other cosmetic ingredient companies expanded their ranges of natural and petroleum-alternative cosmetic ingredients, and worked with SC Foods Co., Ltd. to establish a supply chain using food residues and other ingredients as raw materials |
| EII | Storage battery | Promote the reuse of EV batteries and develop technologies. Create reuse opportunities | <ul style="list-style-type: none"> With the aim of beginning commercial operation in FY2023, continued building large-scale battery energy storage systems based on the secondary use of EV batteries in FY2022, and progressed to introducing the system at Chitose City, Hokkaido, which is larger than our previous facilities |

☞ Please see [here](#) for more details on Large-scale energy storage business.

Sumitomo Corporation Group's Key Social Issues and Goals / Progress

Circular Economy - Representative Initiatives

Long-term goals: Sustainable use of natural resources

Medium-term goals: Reinforce the sustainable procurement system for major natural resources used by the Group

| Business unit | Field | Goals | Progress |
|---|------------------------------|---|--|
| ● Identify major natural resource-related commodities requiring sustainable procurement, establish procurement policy, promote certification, and strengthen voluntary auditing system. | | | |
| Living Related & Real Estate | Food distribution | Promote the sustainable procurement of palm oil | <ul style="list-style-type: none"> Maintained Roundtable on Sustainable Palm Oil (RSPO) Mass Balance certification |
| Living Related & Real Estate | Food distribution | Procure and promote the widespread use of Bird Friendly®-certified coffee | <ul style="list-style-type: none"> Maintained Bird Friendly® certification |
| EII | Forestry | Obtain forest certification for most of our forested land holdings, and implement sustainable management | <ul style="list-style-type: none"> Continued to obtain CDP forest assessments Began operating in line with the Forest Management Policy and Sourcing Policy for Forest Products |
| EII | Forestry | Procure only forestry products managed in accordance with internationally recognized certification programs, of which legality and sustainability have been certified, and monitor reforestation using remote sensing technologies (satellite image analysis) | <ul style="list-style-type: none"> Conducted a reforestation monitoring trial using satellite image analysis Began a reforestation monitoring trial for some suppliers through government database reviews |
| ● Improve efficiency of product usage and expand businesses that promote longer product life (sharing, sales of used items, leasing, rentals, etc.) . | | | |
| Transportation & Construction Systems | Automotive sales & marketing | Promote product lifetime extension through used car sales and after-sales services | <ul style="list-style-type: none"> Focused on used car sales and after-sales services to work on extending product lifetimes |
| Transportation & Construction Systems | Mobility hub | Promote the EV car-sharing service business | <ul style="list-style-type: none"> In addition to car sharing, expanded a subscription service for corporate and private customers, which is increasing the user base |
| Media & Digital | Communications | Achieve resource savings through the handset lifecycle management businesses (new device sales, collection, refurbishing and redistribution) | <ul style="list-style-type: none"> Used handsets collection and redistribution to domestic and overseas markets |

Sumitomo Corporation Group's Key Social Issues and Goals / Progress

Respect for Human Rights - Representative Initiatives

Long-term goals: Respect human rights through all of our businesses and supply chains

Medium-term goals: Promote and ensure respect for human rights in accordance with the United Nations Guiding Principles on Business and Human Rights and Sumitomo Corporation Group's Human Rights Policy

| Business unit | Field | Goals | Progress |
|--|-------------------|---|--|
| <p>●By 2023, achieve 100% participation rate in human rights education based on the Guiding Principles, and 100% implementation rate in regional organizations and subsidiaries.</p> | | | |
| Company-wide | — | By 2023, achieve 100% participation rate in human rights education based on the Guiding Principles, and 100% implementation rate in regional organizations and subsidiaries. | <ul style="list-style-type: none"> • Rolled out human rights education tool (e-learning) to all officers and employees of Sumitomo Corporation and achieved 100% participation rate in FY2022 |
| <p>●Strengthen risk analysis in human rights due diligence to accurately assess risks in all businesses, including the supply chain, and implement risk mitigation measures by 2025. Establish a more effective grievance mechanism based on assessment results.</p> | | | |
| Company-wide | — | By 2025, accurately assess risks for all operations, including supply chains | <ul style="list-style-type: none"> • Began human rights due diligence on a business-unit basis with the aim of covering all businesses by 2025, and completed due diligence for four business units so far (Media & Digital Business Unit and Living Related & Real Estate Business Unit in FY2021, and Infrastructure Business Unit and Mineral Resources, Energy, Chemical & Electronics Business Unit in FY2022) |
| Living Related & Real Estate | Food distribution | In industries with high human rights risks, understand the human rights risk situation of suppliers | <ul style="list-style-type: none"> • Conducted questionnaire surveys on human rights at about 210 overseas plants and farms |
| Living Related & Real Estate | Fresh Produce | <p>【Fyffes plc】 [2025]</p> <ul style="list-style-type: none"> • Deliver a gender equality program to all employees of our own facilities in Central and South America, and to 50% of suppliers as well by 2030 [2030] • Provide human rights training to all stakeholders in the supply chain, and complete this training for our own employees and managers by 2025 • Eliminate gender pay gaps within our own operations | <ul style="list-style-type: none"> • Digital training content on human rights completed.100% of owned sites started the Gender Equality Program and nearly 5,060 workers have been trained • 17% of employees on HR system have been trained |
| Living Related & Real Estate | Fresh Produce | <p>【Fyffes plc】</p> <ul style="list-style-type: none"> • Provide training on the freedom to unionize [2021] • Provide training to all managers [2025] • Provide training to 90% of all employees | <ul style="list-style-type: none"> • Digital training content on freedom of association completed and has been rolled out to all managers. As of July 2023 68% completion rate |
| Media & Digital | Communications | Ensure that business operations comply with our Human Rights Policy | <ul style="list-style-type: none"> • In overseas telecommunications business, we have carried out a human rights impact assessment and we will tackle and consider further actions to mitigate and prevent risks |

☐ Please see [here](#) for more details on our human rights due diligence.

Sumitomo Corporation Group's Key Social Issues and Goals / Progress

Respect for Human Rights - Representative Initiatives

Medium-term goals: Reinforce the sustainable procurement system for major natural resources used by the Group

| Business unit | Field | Goals | Progress |
|---|---|--|---|
| ●Strengthen efforts to achieve zero accidents at major business workplaces, focusing on manufacturing, processing, and projects involving large-scale construction. | | | |
| Company-wide | — | Strengthen efforts to achieve zero accidents | <ul style="list-style-type: none"> Established the Occupational Safety Team in January 2022 as a team dedicated to promoting Groupwide occupational safety. Providing support for emergency responses to work-related accidents within the Group and to the development of recurrence prevention measures. Also holding occupational safety seminars for Sumitomo Corporation and Group companies, sharing best practices within the Group to improve safety, and implementing the PDCA cycle for improvements. |
| Metal Products | Steel products | Implement intrinsic safety assurance activities and employee training, and improve activities through PDCA cycle (utilizing TQM management techniques) | <ul style="list-style-type: none"> Continued conducting self-audits based on a safety checklist and implementing the PDCA cycle for improvements. Continued conducting safety audits of 17 operating companies and 34 plants, and collaborating with each group company to eliminate work inside fenced areas during continuous operation. |
| Metal Products | Tubular products | Under a division slogan of “Beyond ZERO Harm,” aim to measure and minimize the Lost Time Incident Rate (LTIR) and Total Recordable Incident Rate (TRIR) at each work site | <ul style="list-style-type: none"> There was 1 LTI and LTIR/TRIR was 0.22%. As an awareness campaign to achieve zero lost time and work-related accidents, created a booklet introducing the high frequency of accidents and how to handle it. The booklet is distributed to employees in global tubular organization. Also e-learning in Japanese and English for HSSE (Health, Safety, Security and Environment) has been provided. |
| Transportation & Construction Systems | Automotive manufacturing | Reduce the number of work-related accidents | <ul style="list-style-type: none"> Reduced work-related accidents at KIRIU CORPORATION |
| Transportation & Construction Systems | Construction & mining systems sales/construction equipment rental | Work-related accidents • LTIR 2022: Companywide average of 0.75 or less 2023: Companywide average of 0.5 or less • Safety audits FY2022: 3 operating companies FY2023: 4 operating companies | <ul style="list-style-type: none"> LTIR : Average of G-CMSD Group companies in 2022: 0.50 (met target). Safety Audit : Conducted safety audits for three Group companies during FY2022 (met target). Planning to conduct safety audits at four Group companies during FY2023, and continuing efforts to reduce accidents even further. |
| Infrastructure | Power plant infrastructure EPC | Aim for zero Lost Time Injuries (LTI) through establishing HSE rules and through on-site training and meetings | <ul style="list-style-type: none"> HSE rules completed for each project. Even during on-site training and meetings, held while taking Covid precautions, incidents occurred that led to LTIs. |
| Living Related & Real Estate | Fresh Produce | At Fyffes plc, by 2025 no work-related fatalities and no severe work-related injuries | <ul style="list-style-type: none"> A companywide safety management system rolled out in Latin America Continue with H&S campaigns. New Global H&S Director is being appointed to prioritise detailed gap analysis on H&S safety structures across the business One fatality occurred in 2022 and 2023 |
| Mineral Resources, Energy, Chemical & Electronics | Electronic parts | Maintain zero work-related accidents at SUMITRONICS CORPORATION (in factories) | <ul style="list-style-type: none"> Maintained zero work-related accidents |
| Mineral Resources, Energy, Chemical & Electronics | Upstream of metal resources | Reduce work-related accidents in the upstream mineral resources and energy business (The Ambatovy Project) | <ul style="list-style-type: none"> In 2022, the total recordable injury frequency (TRIF) was less than 0.1, achieving the annual safety target for the worksite Identified causes at the time of the work-related accidents, took thorough measures to prevent recurrence, and alerted everyone within the company through campaigns, etc. To foster a culture of safety, implemented initiatives to formulate a process safety management system, define and implement work-appropriate standard operating procedures, and update as necessary |

Sumitomo Corporation Group's Key Social Issues and Goals / Progress

Respect for Human Rights - Representative Initiatives

Medium-term goals: Achieve a diverse organization grounded in mutual respect

| Business unit | Field | Goals | Progress |
|---|-------|--|---|
| ● Provide a safe working environment that is free from discrimination and harassment. | | | |
| Company-wide | — | Provide a safe working environment that is free from discrimination and harassment | <ul style="list-style-type: none"> As part of activities raising awareness for human rights and Dowa issues, conducted training for Group executives and employees led by an outside expert Conducted mandatory training for all employees to prevent harassment as an awareness activity to eliminate all forms of harassment. Also provided tailor-made trainings (prevention of power harassment) for individuals according to the needs of the organization. Promoted the company-wide working group to enhance employee engagement. |
| ● Promote human resource management that enables individuals to demonstrate their abilities regardless of nationality, age, gender, sexual orientation, gender identity, or any other attributes or values. | | | |
| Company-wide | — | Promote human resource management that enables individuals to demonstrate their abilities regardless of nationality, age, gender, sexual orientation, gender identity, or any other attributes or values | <ul style="list-style-type: none"> Explicitly added the concept of Equity to D&I (DE&I) in order to support behavioral changes toward removing barriers hindering individual performance Continued Diversity Weeks (intensively developed programs aimed at permeating and realizing DE&I) and implemented global collaboration In Japan, set numerical targets mainly for promoting women's participation and advancement in the workplace and made efforts and took actions to achieve those targets. Actively appointed experienced personnel to positions such as executive officer positions, and female and younger employees to executive management and general managerial positions Also, supported overseas regional organizations and DE&I measures tailored to the actual circumstances at each site and country, and strengthened global collaboration |

Sumitomo Corporation Group's Key Social Issues and Goals / Progress

Development of Local Society and Economy - Representative Initiatives

Long-term goals: Contribute to development of local industries and human resources

Medium-term goals: Develop local industries, create jobs, and develop human resources through the Group's global business operations

| Business unit | Field | Goals | Progress |
|--|------------------------------|---|---|
| ●Promote sustainable, highly productive and value-added industries, and coexist with local communities through business. | | | |
| Transportation & Construction Systems | Leasing | Expand efforts for the MIRAI 2030™ SDGs lease and introduce sustainability-related products | <ul style="list-style-type: none"> SDGs Leasing "Mirai 2030@" and Sustainability Link Leasing/Financing Transactions Expanded |
| Infrastructure | Overseas industrial park | Promote the overseas industrial park business, continue to attract companies, create jobs, and achieve regional development | <ul style="list-style-type: none"> Promoted the overseas industrial park business (completion of the first phase of the Bangladesh Economic Zones Authority, etc.) |
| Living Related & Real Estate | Supermarket | Expand the introduction of new service menus, with stores functioning as local community hubs | <p>SUMMIT,INC].</p> <ul style="list-style-type: none"> Maintained contributions to local communities through participation in those communities and events and handling locally grown vegetables. "Health Community Corner," commonly known as "Kenkomi,"* as a service based on a theme of food and health expanded to 6 stores by opening 3 new stores in FY2022. |
| Mineral Resources, Energy, Chemical & Electronics | Upstream of metal resources | Contribute to development of industries in Madagascar | <ul style="list-style-type: none"> Continued efforts to improve the skills of local employees through enhanced student internship programs and various training programs, with the aim of securing talented Madagascar human resources |
| Mineral Resources, Energy, Chemical & Electronics | Agricultural input | Improve productivity by making agricultural production more stable and efficient | <ul style="list-style-type: none"> Through Agro Amazonia Produtos Agropecuários S.A., a company involved in direct sales of agricultural materials in Brazil's midwest, acquired Nativa Agrícola e Representação LTDA., a company involved in the same business in Brazil's southeast, to expand geographical reach and enhance functions |
| ●Create employment and develop management and highly skilled human resources at the Group's business sites. | | | |
| Transportation & Construction Systems | Automotive sales & marketing | Develop human resources in Iraq and Libya | <ul style="list-style-type: none"> Iraq: Reached a cumulative total of 108 graduates from job training. Conducted job training in collaboration with UN's IOM and UNDP Libya: Reached a cumulative total of 507 graduates from job training. Conducted job training in collaboration with UNDP |
| Mineral Resources, Energy, Chemical & Electronics | Electronic parts | Provide job training and worker education to employees (factories) | <ul style="list-style-type: none"> Maintained 100% job training rate at SUMITRONICS CORPORATION |

* A collaborative service by Summit and Tomod's designed to provide a "food and health" themed community space that is accessible to local customers.

Sumitomo Corporation Group's Key Social Issues and Goals / Progress

Development of Local Society and Economy - Representative Initiatives

Long-term goals: Develop industrial and social infrastructure

Medium-term goals: Establish industrial and social infrastructure that contributes to the sustainable development of society

| Business unit | Field | Goals | Progress |
|--|---------------------|---|---|
| ● Promote infrastructure that enables access to high-quality energy, water, transportation, logistics, communications, and financial services, as well as businesses that enhance urban functions. | | | |
| Transportation & Construction Systems | Commercial aviation | Build and expand the helicopter leasing portfolio, mainly focused on the helicopters for emergency medical services and disaster relief missions | <ul style="list-style-type: none"> Sumitomo Mitsui Finance and Leasing Company, Limited has grown its helicopter leasing portfolio, mainly focused on the helicopters for emergency medical services and disaster relief missions (74% of overall portfolio). Total assets grew 2.5 times in the first two and a half years of business |
| Transportation & Construction Systems | Beyond Mobility | Contribute to the efficiency and sophistication of the logistics industry in Japan, which is facing a logistics crisis, through entry into and expansion of the Robotics as a Service (RaaS) business | <ul style="list-style-type: none"> Executed a comprehensive distributorship agreement for AI robotics software in high-precision robots for logistics warehouse automation in Japan |
| Infrastructure | Generation | Contribute to local community and economic development through the steady execution of existing projects | <ul style="list-style-type: none"> Maintained stable operations at existing power plants currently in operation |
| Infrastructure | Water / railroads | Expand high-quality social infrastructure (water, railroads) | <ul style="list-style-type: none"> Increased treatment capacity by 7% (compared to FY2021) by expanding the water business Continuing to work toward receiving orders, and steadily fulfilling contracts for new railway projects. Contributed to resolving social issues, including traffic congestion, by expanding the railroad business. (Passengers on Line 1 of the Manila LRT System increased by 68% compared to the end of FY2021.) |
| Media & Digital | Communications | Develop telecommunications infrastructure in emerging countries and roll out various value-added services on these platforms | <ul style="list-style-type: none"> Developing telecommunications infrastructure in Ethiopia |

□ Please see [here](#) for more details on Integrated telecommunications business in Ethiopia.

Sumitomo Corporation Group's Key Social Issues and Goals / Progress

Improvement of Living Standard - Representative Initiatives

Long-term goals: Provide advanced lifestyle-related services

Medium-term goals: Deliver advanced lifestyle services that help to solve social issues such as urbanization and aging populations

| Business unit | Field | Goals | Progress |
|---|--------------------------|---|---|
| <p>● Provide more advanced services and new functions that improve the standard of living, such as mobility, media and telecommunications, healthcare services, and smart city development, based on new technologies and concepts.</p> | | | |
| Transportation & Construction Systems | Mobility | Improve convenience for consumers through the mobile shop services business that capitalizes on mobility and provide mobile shop services to revitalize communities | <ul style="list-style-type: none"> Completed the proof-of-concept trials for a mobile shop services business utilizing mobility |
| Infrastructure | Smart city | Developing infrastructure that contributes to better lifestyles for people through the sustainable city development | <ul style="list-style-type: none"> The North Hanoi Sustainable City : Obtained approval for urban planning in Vietnam/Progress on land expropriation/ Concluded a basic agreement with BRG (a major local real estate company in Vietnam) to establish a town management company (made a strategic move toward the realization of SDGs and ESG investment, which have received little attention in Vietnam, including various town management services that contribute to solving social issues, community hub initiatives focusing on medical and educational fields to meet residents' needs, and innovation co-creation activities) |
| Infrastructure | Overseas industrial park | Provide a variety of welfare services to build local infrastructure for employees working at our industrial parks | <ul style="list-style-type: none"> Provided a variety of welfare services (childcare center booking service, health checkups, education, café within the industrial park, etc.) via a digital platform for tenant companies and employees at Thang Long Industrial Parks in Vietnam |
| Media & Digital | 5G | Promote businesses aimed at realizing a 5G society and sustainable cities (base station sharing, local 5G) | <ul style="list-style-type: none"> Provided 5G base station sharing services mainly in the Tokyo metropolitan area Provided Local 5G infrastructure services, and conducted Local 5G proof-of-concept trials with cable TV operators and railroad operators for commercialization |
| Media & Digital | CATV | Through JCOM Co., Ltd., provide online entertainment and lifestyle services that make life more convenient and contribute to a comfortable and exciting life | <ul style="list-style-type: none"> Provided entertainment and lifestyle services, such as CATV, Internet, fixed phone, electric power, and mobile phone, to 5.63 million households |
| Media & Digital | CATV | Through Telemedicine service through cable television(J:COM), provide services that help resolve social issues in community healthcare services, aging, and other areas | <ul style="list-style-type: none"> Added an online medication guidance on telemedicine service through cable television(J:COM) |
| Media & Digital | TV shopping | Through Shop Channel, provide products and services that contribute to comfortable and exciting lifestyles | <ul style="list-style-type: none"> Via Shop Channel, sold curated products such as fashion items and beauty-related products, provided services such as travel, hobby and entertainment experiences, and promoted social commerce businesses using social media |
| Living Related & Real Estate | Health Care | Build a domestic healthcare platform to support Japan's aging society | <ul style="list-style-type: none"> Provided pharmaceutical and daily necessity sales and the functions of a dispensing pharmacy through Tomod's drugstore and dispensaries and Yakuju Corporation dispensing pharmacies mainly in the Tokyo metropolitan area (239 Tomod's stores and 151 Yakuju stores as of the end of FY2022) Enhanced the functions of dispensing pharmacies by offering home dispensing and online dispensing services |
| Living Related & Real Estate | Health Care | Provide optimal medical care in optimal locations and help keep the costs of healthcare down in each country | <ul style="list-style-type: none"> Achieved the transformation of the Malaysian managed care business into a holding company and strengthened its foundation. Strengthened the foundations of the managed care business and investigated participating in peripheral businesses in Vietnam |
| Mineral Resources, Energy, Chemical & Electronics | Agri | Leverage new technologies to optimize agricultural inputs, improve productivity, and further stabilize incomes for crop producers | <ul style="list-style-type: none"> Through collaboration with group companies and new business partners, currently examining precision agriculture technologies and services that contribute to improved crop yields, work efficiency, and traceability |

📄 Please see [here](#) for more details on Next-generation agribusiness.

Sumitomo Corporation Group's Key Social Issues and Goals / Progress

Quality Education - Representative Initiatives

Long-term goals: Contribute to quality education

Medium-term goals: Provide quality and equal learning opportunities through 100SEED activities

| Business unit | Field | Goals | Progress |
|--|-------|--|---|
| ●Quantitatively expand the scope of learning opportunities. | | | |
| Company-wide | — | Quantitatively expand the scope of learning opportunities | <ul style="list-style-type: none"> Through the “Mirai School” career education support program, supported career education for a cumulative total of 10,700 students at 68 high schools across Japan in the three years from 2020 to 2022 Through “Pro Bono Educational Support,” assisted a cumulative total of 24 organizations to strengthen their organizational foundations over these three years in order to support non-profit organizations (NPOs) working to address education issues Through “Educational Support for a Multi-cultural Society”, supported eight NPOs and children with foreign roots |
| ●100% satisfaction of beneficiaries. | | | |
| Company-wide | — | 100% satisfaction of beneficiaries | <ul style="list-style-type: none"> Achieved nearly 100% satisfaction among beneficiary NPOs and high school students |
| ●Continue to have at least 5% of all employees participate annually (scope is Sumitomo Corporation, regional organizations and Group companies). | | | |
| Company-wide | — | Continue to have at least 5% of all employees participate annually (Boundary is Sumitomo Corporation, regional organizations and Group companies). | <ul style="list-style-type: none"> More than 5% of employees participated at the Head Office and regional organizations in Japan and overseas. (In FY2022, 53 projects were implemented in 19 countries) 100SEED received a special award at the 19th Corporate Philanthropy Award in recognition of company-wide efforts involving both employees and management |

📄 Please see [here](#) for more details on 100SEED.

Environmental Management

Policy and Concept

Throughout its 400-year history, Sumitomo Group has pursued industrial development in harmony with local communities and the natural environment. Based on this foundation, Sumitomo Corporation Group pursues business activities in such a way as to promote environmental conservation. Recognizing that various initiatives such as creating a low-carbon society that alleviates climate change, preserving biodiversity and the global environment, using energy, water and resources sustainably, preventing pollution and controlling waste emissions are the most important and long-term concerns that all individuals and organizations must address, we have established our Environmental Policy as detailed on the right. Sharing this policy, Sumitomo Corporation Group companies are committed to reducing the environmental impacts of their business activities as well as to improving the environment through their business activities, based on the ISO 14001 environmental management system.

Sumitomo Corporation Group Environmental Policy

I . Basic Policy

The Sumitomo Corporation Group recognizes that environmental issues are global in scale and that they are long-range concerns affecting future generations. As a global organization, the Sumitomo Corporation Group, through sound business activities, will strive to achieve sustainable development aimed at both social and economic progress and environmental preservation.

II . Basic Guidelines

In pursuing its diversified business activities both within Japan and overseas, the Sumitomo Corporation Group shall comply with the following guidelines, and, through cooperation between its Group companies, work to achieve the aims of its environmental Basic Policy.

1 Basic stance with regard to the environment:

To place great importance on protecting the global environment as a good corporate citizen in accordance with the Sumitomo Corporation's Activity Guidelines.

2 Compliance with environmental legislation:

To strictly observe legislation related to environmental matters not only in Japan but also overseas, and to abide by any agreements made.

3 Caring for the natural environment:

To place great importance on preserving the environment, including the natural ecosystem and biodiversity.

4 Response to climate change:

To place great importance on mitigating climate change and adapting to its impact.

5 Efficient use of resources and energy:

To be mindful of the finite availability of resources and energy and strive to use them both efficiently and effectively.

6 Contributing to the building of a recycling-oriented society:

To endeavor to help build a recycling-oriented society by reducing waste and reusing and recycling resources.

7 Promotion of businesses that contribute to environmental preservation:

To utilize our integrated corporate strength to promote businesses and projects, which contribute to environmental preservation and reduction of the impact of society on the natural environment.

8 Establishment of environmental management:

To use an environmental management system to prevent environmental pollution and set environmental objectives and targets which are regularly reviewed and continuously upgraded.

9 Disclosure of the environmental policy:

To communicate this Environmental Policy to all people who are working for or on behalf of the Sumitomo Corporation Group, as well as disclosing it externally.

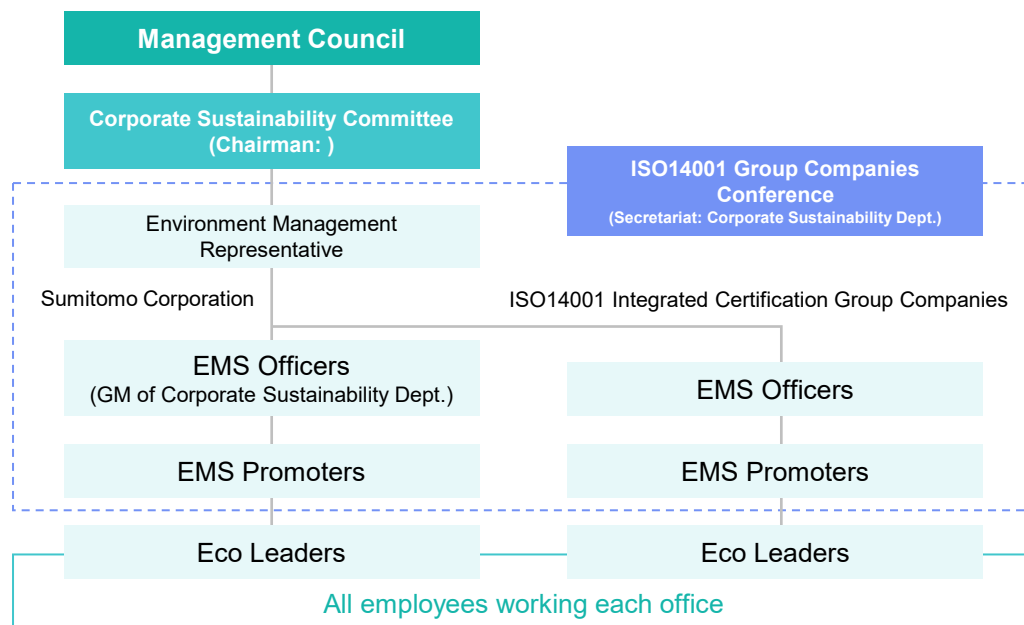
Environmental Management

System

Environment Management Structure

Sumitomo Corporation Group has established, based on the environmental policy, the environmental management structure with the Corporate Sustainability Committee as the center of the structure. As for the ISO 14001 Environmental Management System (EMS), since Tokyo and Osaka offices of Sumitomo Corporation acquired the Group's first ISO 14001 certification in June 1999, the coverage of the system has been extended continuously. About 20,000 employees in domestic locations of Sumitomo Corporation and certain group companies participate in these environmental management activities. At the ISO 14001 Group Companies Conference, which consists of Sumitomo Corporation and ISO 14001 integrated certification group companies, we share the environmental activities, and report to Corporate Sustainability Committee if necessary. Depending on the importance of the subject, Corporate Sustainability Committee discusses and reports to the Management Council and the Board of Directors.

ISO14001 Environmental Management System



 ISO14001 Integrated Certification Group Companies
(Sumitomo Corporation and 26 Group companies as of April 2023)

Target and Result

To achieve carbon neutrality and a circular economy by 2050, Sumitomo Corporation (non-consolidated in Japan) has set a base year and long-term goals for electricity consumption, water withdrawal and waste emissions on Non-consolidated in Japan and is promoting environmental improvement activities.

Long-term goals (Non-consolidated in Japan)

| | |
|-------------------------|---|
| Electricity Consumption | To reduce electricity consumption per square meter by an average of at least 1% annually and at least 20% until FY2035 both from base year of FY2013. |
| Water Withdrawal | To reduce water consumption per employee by an average of at least 1% annually from base year of FY2010. |
| Waste Emissions | To reduce waste emissions per employee by an average of at least 1% annually from base year of FY2010. |

The targets converted from long-term goals and results of FY2022, targets of FY2023 are as follows.

| | Index | Results of the Base year | Targets of FY2022 | Results of FY2022 | Targets of FY2023 |
|-------------------------|--------------------------------------|--------------------------|-------------------|-------------------|-------------------|
| Electricity Consumption | Consumption (MWh) | 7,859 | 5,486 | 3,398 | 5,343 |
| | Intensity (MWh/m ²) | 0.1079 | 0.0986 | 0.0621 | 0.0976 |
| Water Withdrawal | Withdrawal (m ³) | 32,191 | 20,393 | 8,278 | 20,548 |
| | Intensity (m ³ /employee) | 6.93 | 6.14 | 2.45 | 6.08 |
| Waste Emissions | Emissions (t) | 508 | 322 | 49 | 324 |
| | Intensity (t/employee) | 0.109 | 0.097 | 0.014 | 0.096 |

Environmental Management

Targets

Sumitomo Corporation Group promotes activities that are beneficial to the environmental improvement and reduce environmental negative impact. Further, as the whole Sumitomo Corporation Group, we follow to a policy related to climate change that stated in Medium-Term Management Plan “SHIFT 2023”, in which we aim to achieve carbon neutrality in 2050. At Sumitomo Corporation, Eco Leader identifies the environmental aspects of each department and evaluates their impacts, and defines risks and opportunities considering relevant compliance obligations. Based on the results, EMS Promoters specify significant environmental aspects, risks and opportunities for each Business Unit and the Corporate Sustainability Department reviews them for the entire company. At the Corporate Sustainability Committee, we review the achievement of the environmental targets and decide new objectives for the following year.

Environmental Objectives

FY2022 Major Environmental Achievements

| | | |
|---|---|---|
| Comply with environmental laws and regulations | <ul style="list-style-type: none"> Implement continuing education program on the Waste Disposal and Public Cleansing Act and other environment-related laws/regulations | <ul style="list-style-type: none"> Held trainings by Corporate Sustainability Department Conducted education of legal compliance in e-learning environmental course |
| Pursue environmentally-sound projects | <ul style="list-style-type: none"> Expand renewable energy businesses Promote businesses that help create a recycling-oriented society Promote other businesses to reduce environmental burden | <ul style="list-style-type: none"> Promoted renewable energy businesses both in Japan and abroad: developed new offshore wind power generation projects in France and Vietnam, implemented the solar power project in Australia and in Minamisoma City in Fukushima Prefecture, Japan, in Thang Long Industrial Park II, Vietnam, geothermal power plant in Indonesia and New Zealand, use of renewable energy fund, etc Promoted businesses to create a recycling-oriented society, to reduce environmental burden: Sustainable forest management, verification of a large-scale power storage system utilizing reused EV batteries in Satsumasendai City in Kagoshima Prefecture, initiatives to expand the introduction of electric buses, promotion of hydrogen-related businesses including efforts for Japan-Australia Hydrogen Supply Chain Development, Sales of lithium carbonate produced in the U.S, acquisition of J Blue Credit® for the largest ever amount of CO2 absorption in Hirono Town, Iwate Prefecture, a CO2 mineralization project in the U.K., collaboration with Global Green Chemicals (GGC) in Thailand to create a circular economy in the area of green chemicals, etc. |
| Manage and reduce environmental burden | <ul style="list-style-type: none"> Measure and reduce electricity consumption/gas consumption/water withdrawal and waste generation at all sites in Japan Measure and reduce the environmental burden/impact of business activities Assess environmental impact in relevant supply chains and work to reduce such impact | <ul style="list-style-type: none"> Electricity consumption/gas consumption/water withdrawal and waste generation decreased in FY2020 due to COVID-19 lockdown or working from home. In FY2021 & FY2022, office work increased and those environmental burdens increased compared to the previous year. Measured consolidated environmental data Conducted environment assessments on mine development and mining operation businesses abroad and on domestic construction and real estate businesses, as well as Environmental Management |
| Promote environmental education and communication related to environmental issues | <ul style="list-style-type: none"> Hold events, including awareness-raising seminars related to environmental conservation Promote effective use of environmental management systems Expand disclosure of non-financial information | <ul style="list-style-type: none"> Continued to hold trainings on environment-related laws/ordinances including “Latest trends and Sumitomo Corporation initiatives in carbon credits” and “Environment and politics/economy: Political and economic aspects of green energy,” etc Conducted e-learning environmental course which was completed by 100% of new employees Publication of ESG Communication Book 2022 |

Environmental Management

Activities

Internal Environmental Audit

Sumitomo Corporation conducts internal environmental audits on an annual basis to ensure the environmental management system of Sumitomo Corporation and group companies with ISO14001 integrated certification are properly functioning.

〈Audit Priority Items〉

- (1) proper establishment of environmental targets,
- (2) management of progress in implementing the environmental action plan,
- (3) evaluation of compliance with legal requirements and
- (4) implementation and enhancement of environmental training.

As a result of the audits in 2022, serious nonconformity was not found.

External Audit

In February 2023, the third-party audits were conducted by an independent auditing organization, Japan Quality Assurance Organization, for the renewal of the current ISO 14001 certification status. We received approval as a result of the audits.

[ISO14001 Management System Certificate](#)



Environmental Educational Activities

Sumitomo Corporation Group develops a variety of educational programs to help its employees engage in environmental conservation. We raise environmental awareness among all Group employees by organizing such programs as trainings on environmental laws and regulations as well as global environmental issues given by outside experts.

| Theme | Summary | Number of Activities |
|--|---|----------------------|
| Training on the ISO 14001 Environmental Management System (release of video) | The management principles, environmental contribution activities and the processes of an environmental management system in accordance with the ISO 14001 international standard. | All year round |
| Training for internal environmental audits | The basics and processes of internal environmental audits, through exercises, to be able to conduct audits effectively. | Twice a year |
| Trainings on industrial waste disposal | Practical knowledge, including responsibilities of industrial waste generators, contract criteria and proper disposal methods. | Twice a year |
| Trainings on environmental laws and regulations | The latest trends in environmental laws and regulations, basic knowledge on these, and points to note to comply with the laws and regulations. | Twice a year |
| Basic environmental education (e-learning) | Sumitomo Corporation Group's environmental policy and its environmental management system. | once a year |

Our Climate Change Initiatives: Disclosure Based on TCFD Recommendations

The issue of climate change is an important issue that must be overcome to bring about a sustainable society. Global efforts towards the faster realization of a carbon neutral society are accelerating. We value the global consensus of the Paris Agreement, and in order to play a more active role in achieving the carbon neutralization goals of society set forth in the agreement, we reviewed our “Policies on Climate Change Issues” in May 2021. We have set medium-term goals that show a clearer action plan for “Climate Change Mitigation” and its long-term goals, one of our six important social issues. (For medium-term goals, please refer to p.9 and p.59) Subsequently, in February 2022, we reviewed our “Policies on Climate Change Issues” again, and we now state that we will not be involved in any new coal-fired power generation business neither IPP (Independent Power Producer) nor EPC (Engineering, Procurement, Construction).

Policies on Climate Change Issues

Basic Policy

- Aim to make the Sumitomo Corporation Group carbon neutral in 2050*1.
Develop technologies and business models for creating a sustainable energy cycle by reducing CO2 emissions and achieving negative emissions*2 for society as a whole.
- In addition to reducing and absorbing CO2 emissions from our business, we will contribute to the carbon neutralization of society through cooperative initiatives and recommendations made with business partners and public institutions.

Policy on Business Activities

- Promote renewable energy, efficient energy utilization and fuel conversion that contributes to reducing CO2 emissions throughout society. We will also work to offer new energy management and mobility services utilizing renewable energy and also to materialize hydrogen technologies and applications.
- In the power generation business, we provide a stable supply of the energy, essential for the economic and industrial development of local communities. At the same time, we continuously shift management resources to renewables and other energy sources with low environmental burden in the power generation portfolio. (in 2035: 20% for coal-fired, 50% for gas-fired, and 30% for renewables in terms of net ownership generation capacity*3)
- Regarding the development of thermal power generation and fossil energy concession, we will work on the premise of carbon neutralization in 2050. We will not be involved in any new coal-fired power generation business neither IPP (Independent Power Producer) nor EPC (Engineering, Procurement, Construction). For IPP business, we aim to reduce CO2 emissions by 60% or more by 2035 (compared to 2019) and we will end all the coal-fired power generation business in the late 2040s.
We will not make any further investment in the thermal coal mining interest and aim to achieve zero production from thermal coal mines by 2030.

*1 The scope of business targeted for carbon neutralization is as follows

[Scope1・2] Direct CO2 emissions from Sumitomo Corporation and its subsidiaries, as well as indirect CO2 emissions from the generation of energy used by each company (however, for power generation businesses, emissions from those affiliated companies under the equity method are also included)

[Scope3] Indirect CO2 emissions associated with the use of energy resources produced by fossil energy concession of Sumitomo Corporation Group, its subsidiaries, and affiliated companies under the equity method.

Carbon neutrality means net-zero CO2 emissions that combine CO2 emissions from our business and our contributions to CO2 emission reduction.

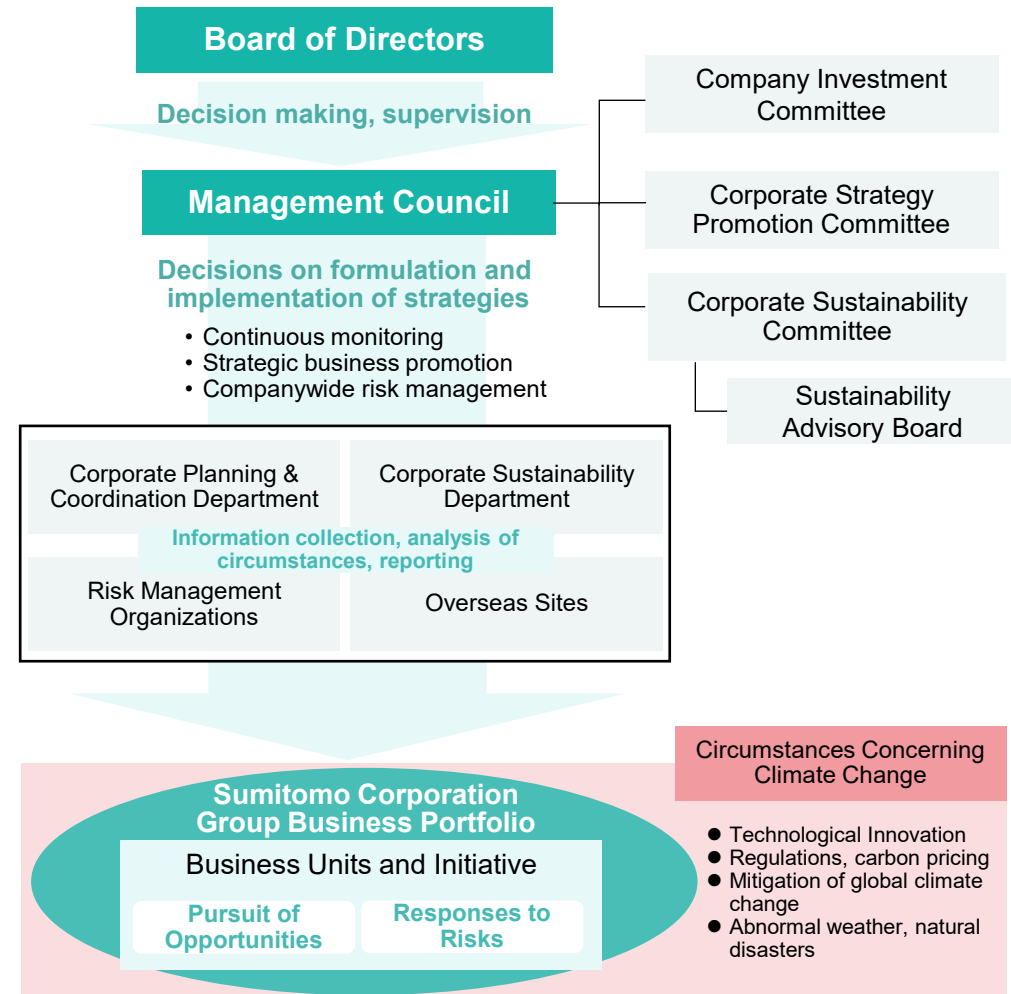
*2 Negative emission refers to the absorption, capturing, and removal of CO2 emitted in the past and accumulated in the atmosphere.

*3 As of 2020 : coal 50%, gas 30%, renewables 20%

Our Climate Change Initiatives: Disclosure Based on TCFD Recommendations

Governance (Structure for Responding to Climate Change Issues)

- ◆ With regard to the various opportunities and risks related to climate change issues involved in the Group's diverse business activities, the Board of Directors receives periodic reports on strategies in the Group's diverse activities each business field, their progress, and the status of risks affecting the company's entire business portfolio, and monitors whether appropriate management is being carried out. In addition, the Board of Directors adopts resolutions establishing policies on the Group's responses to climate change problems and discusses the handling of important issues related to policies on responses to climate change issues.
- ◆ For example, our Management Council repeatedly discussed the path for achieving the Group's long-term goal of "Aim for carbon neutrality by 2050 and challenge to realize sustainable energy cycle," the policies of our power generation and energy-related businesses, and the initiatives necessary to realize a carbon neutral society. Based on these discussions, the Board of Directors adopted a resolution to establish medium-term goals for "Climate change mitigation" and to review the "Policies on Climate Change Issues." The Group holds biannual strategic conferences with the participation of Management Council members to discuss strategies in each business field including measures for addressing social problems such as climate change under the Medium-term Management Plan.
- ◆ In addition to the measures taken by individual business units with regard to the opportunities and risks presented by climate change issues, the Corporate Sustainability Department, a dedicated organization for dealing with social problems, the Corporate Planning & Coordination Department, which creates the company's overall management plans and formulates key initiatives, and the risk management organizations work together, formulating company-wide policies and promoting necessary initiatives. Based on information provided by investigative organizations and sales organizations within the Group, overseas sites, and other parties, they deliberate on company-wide measures.
- ◆ The Corporate Sustainability Committee (chairperson: Chief Strategy Officer, secretariat: Corporate Sustainability Department) follows global climate change mitigation trends and the Corporate Strategy Promotion Committee (chairperson: Chief Strategy Officer, secretariat: Corporate Planning & Coordination Department) deliberates on strategies and risk management measures related to climate change. The two committees provide reports and refer issues to the Management Council, which makes critical decisions regarding climate change-related measures.
- ◆ In addition, we established the Sustainability Advisory Board in March 2023, which consists of external experts on ESG, to receive advice and recommendations from on overall sustainability management for further strengthened initiatives



Our Climate Change Initiatives: Disclosure Based on TCFD Recommendations

Strategy: Climate Change-Related Risks and Opportunities

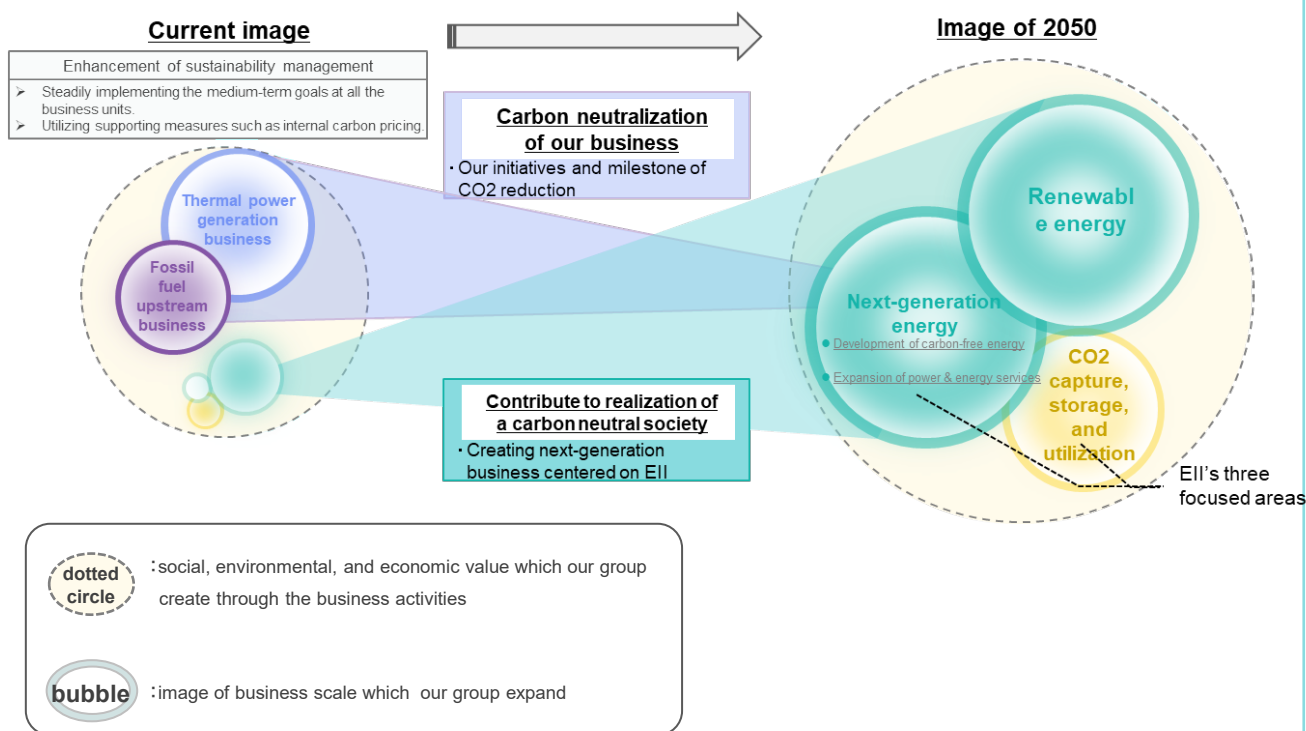
Steady Advancement of the Business Portfolio SHIFT

Mitigating climate change is a serious challenge that must be overcome to realize a sustainable society. As such, we must make the transition to a society that emits as little CO₂, methane, and other greenhouse gases as possible by converting to renewable energy and other forms of clean energy and conserving energy in industries and households. It will also be necessary to balance residual emissions and absorption of CO₂ to create a sustainable energy cycle by maintaining and recovering CO₂

absorbed by forests, marine plants, and other natural capital and capturing, storing, and utilizing CO₂ through new technologies and business models that consider it a resource.

The Sumitomo Corporation Group has set forth a long-term goal of realizing carbon neutrality within the Group by 2050. In addition to setting milestones to achieve this goal, we are steadily promoting the use of internal carbon pricing and the creation of next-generation businesses centered on the Energy Innovation Initiative (EII).

The decarbonization movement is spreading to diverse industries with a global presence. We will steadily shift our business portfolio by addressing the risks brought about by the accompanying changes in technology and business models while at the same time cultivating the business opportunities presented by the social needs created by those same changes.



Use of Internal Carbon Pricing (ICP)

[Purpose]

ICP is a measure to support our climate change initiatives. We regularly monitor the companywide impact of potential climate change-related risks and opportunities, as well as the status of responses to them. The results of such monitoring are reported and discussed at the Corporate Sustainability Committee and other groups, reported to the Management Council and the Board of Directors, and additional measures are considered and introduced as necessary. In individual businesses, we identify medium- and long-term risks and opportunities related to climate change to ensure that countermeasures can be promptly considered.

[Outline of Utilization]

- Using the carbon price in the 1.5°C scenario (NZE scenario(*)), the carbon emission cost for the amount of CO₂ emissions from the Group's businesses subject to the goal of becoming carbon neutral, the environmental value associated with measures such as CO₂ capture, storage and utilization through businesses, and businesses that contribute to CO₂ reduction are all visualized in an integrated manner and monitored annually.
- For individual investment projects, we also assess whether or not there is any impact on future business and corresponding measures through visualization of carbon emission costs, environmental value, and CO₂ reduction contribution, and analysis based on the 1.5°C scenario, etc., for new and existing investment projects with large potential future risks and opportunities.

*Net Zero Emission Scenario

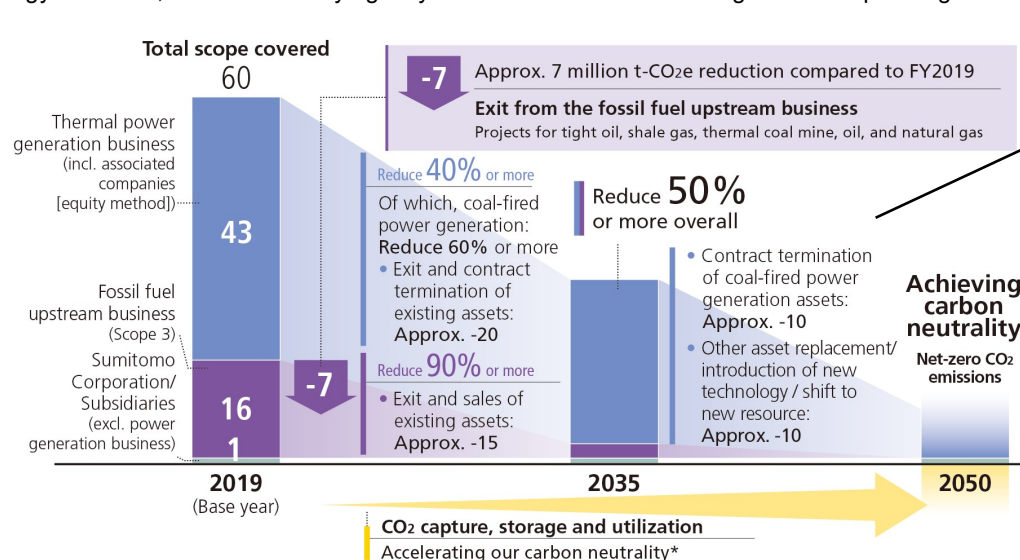
A scenario by the International Energy Agency that assumes global net zero emissions by 2050 (1.5°C increase since the Industrial Revolution).

Our Climate Change Initiatives: Disclosure Based on TCFD Recommendations

Strategy: Climate Change-Related Risks and Opportunities

Steady Advancement of the Business Portfolio SHIFT (Achieving Carbon Neutrality across the Group)

Toward the Group's goal of becoming carbon neutral by 2050, we have established specific milestones for CO2 emission reduction as shown in the chart below and are steadily promoting them. In FY2022, we sold a part of the fossil fuel upstream business and pursued a shift in our business portfolio through measures such as the promotion of the renewable energy business, while also studying ways to decarbonize the existing coal-fired power generation business and shift it to a low-carbon business.



* Through means recognized by international standards such as capture and storage by forests and other technical methods

Coal-fired power generation business

Sumitomo Corporation policy

- No involvement in any new coal-fired power generation business, neither in IPP nor EPC, without any exception
- End all coal-fired power generation business by the late 2040s

Approach to efforts

From the perspective of our social responsibility, including the development of local communities and economies and our obligation to supply, we will pursue every option, not eliminating the possibility of accelerated withdrawal from the business, while implementing the following efforts to accelerate the decarbonization of our Company and society as a whole

- Consensus building based on sincere dialogue with host countries, local communities, and other stakeholders
- Pursuit of consideration and efforts toward the decarbonization and low carbonization of existing facilities
- Maximum support for host countries to shift power sources to renewable energy and other sources

News① <Basic agreement with state-owned electric company in Indonesia to accelerate energy transition>

Demand for electricity is expected to increase fivefold to sevenfold by 2060 in Indonesia as the country's economy and population continue to grow. At the same time, however, it aims to achieve net-zero greenhouse gas emissions, which currently stand at approximately 1.8 billion tons. The Group is accelerating the new development of renewable energy power generation projects and promoting studies on the early transfer or shutdown of existing coal-fired power plants in order to support stable energy supply and carbon neutrality in Indonesia. We will co-create a comprehensive ecosystem, including attracting investment from green industries that require renewable energy.

News② <Upward revision of renewable energy supply expansion target for 2030>

Based on the fact that the number of highly feasible pipeline projects is on the rise, we updated our target for net ownership generation capacity from 3 GW or more to 5 GW or more. We will establish businesses that will form the foundation for a sustainable energy cycle through the expansion of the renewable energy power generation business of the Infrastructure Business Unit and the creation of next-generation businesses in a decarbonization and recycling energy system sought by the EII.

Our Climate Change Initiatives: Disclosure Based on TCFD Recommendations

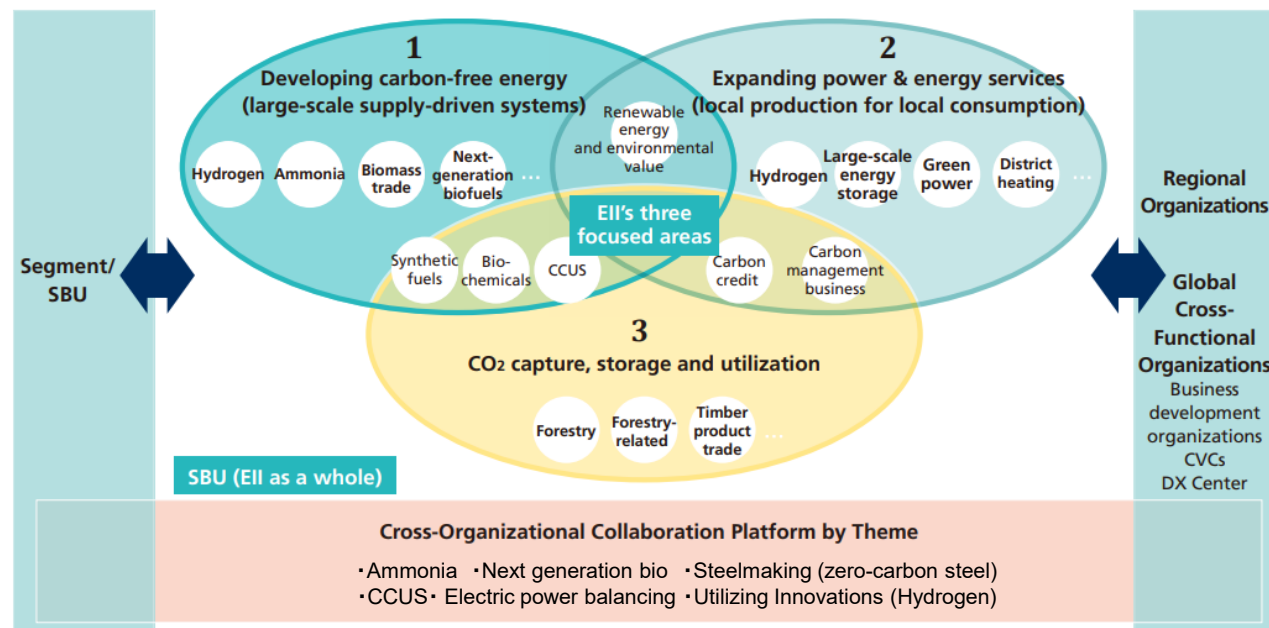
Strategy: Climate Change-Related Risks and Opportunities

Contribute to Realization of a Carbon Neutral Society (Creation of Next Generation Businesses Centered Around the EII)

We are promoting business development in the EII's three focused areas and cross-organizational efforts with existing business units to build decarbonized, recycling energy businesses. We are globally advancing various stages of business development to create next generation businesses that contribute to the realization of a carbon neutral society.

In FY2022, we launched an overseas organization to establish a global system and established three new business lines, including the Indonesia Energy Transition Dept. We aim to build a future revenue base for the group with diverse insights from both internal and external sources and promoting business development through cross-organizational collaboration that goes beyond conventional regional and divisional boundaries.

Development of business foundation in the three focused areas



Major Initiatives and Progress

- Investment in TAE Technologies, a fusion energy company in the United States
- MOU concluded on collaboration for the first commercial production of cellulosic bioethanol from woody biomass in Japan and its development into bio-chemical products
- Joint feasibility study on clean hydrogen production extracted from gasified Latrobe Valley coal in Victoria, Australia
- "Denki no Eki – Battery Energy Storage business in Kyushu", joint project by Kyushu Railway Company and Sumitomo Corporation Group
- Launch of distributed generation solar PPA and EV sharing business at the Higashi-Hiroshima campus of Hiroshima University
- Inauguration of distributed generation solar PPA business for THE OUTLETS SHONAN HIRATSUKA
- Rio Tinto and Sumitomo Corporation to build hydrogen pilot plant for world's first trial lower-carbon alumina refining in Gladstone
- Joint development agreement for low-carbon hydrogen production in the vicinity of the Bacton gas terminal in the UK
- Investment in a DAC technology pioneer company and joint business development in the CCUS sector
- MOU concluded with the State of North Dakota, United States, for cooperation in the decarbonization field

Scale of next-generation energy-related investments by the Sumitomo Corporation Group:
¥1.5trillion (2030 plan)

Our Climate Change Initiatives: Disclosure Based on TCFD Recommendations

Strategy: Climate Change-Related Risks and Opportunities

- ◆ The problem of climate change can be broadly classified into two categories: transition risks posed by changes in policies and regulations, technological developments, market trends, and market evaluation, etc., and physical risks posed by an increase in natural disasters and extreme weather conditions due to climate change.
- ◆ For transition risks, various regulations may be introduced in the future to encourage carbon emissions reductions and decarbonization in the long term, and advances in international deliberations, revisions to the greenhouse gas reduction plans of individual countries, and changes in the technologies and markets of diverse industrial fields may bring about various changes in our Group's business environment. We are analyzing the impact on businesses including power generation/energy and resource-related businesses, automobiles, aircraft, shipping business, steel, chemicals, cement, aluminum smelting, real estate, and forestry, which are presumed to be fields that face a relatively high risk of change in the business environment. It is assumed that there are risks that affect business activities in these fields. By recognizing the magnitude of the risks through regular scenario analysis and considering appropriate countermeasures, we are working to keep the negative impact on business performance to a minimum. We are also strengthening initiatives that contribute to the development of business opportunities, such as the construction of carbon-free and recyclable energy systems.
- ◆ Physical risks are largely divided into chronic risks that have continuous and chronic impacts on business activities, (e.g., rise in average temperatures, change in rainfall patterns, rise in sea level, etc.) and acute risks caused by unforeseen damage (e.g., escalation of extreme weather conditions such as huge rainstorms, flooding, drought, and forest fires, etc.). The impact is wide-ranging, including direct impact on production site facilities and working conditions, and indirect impact on a broad range of supply chains of raw materials and products. For our business in a broad range of fields and regions, we focus on power generation business including renewable energy, upstream resources and energy business, real estate business, agriculture, and forestry business as areas where risks are relatively high and analyze their impact on our business. We manage risks by assessing the impact of local weather and geographical factors on our business at the time of investment, conducting continued assessments after participation in the business, clarifying the scope of contractual responsibility, and concluding nonlife insurance policies.

Scenario Analysis

- ◆ We see climate change as a major issues faced by the entire world, and we identify businesses on which climate change will have a significant impact and perform scenario analysis based on the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

| | |
|---|--|
| Target sector | <ul style="list-style-type: none"> ■ The forestry business was added as a new business that is more susceptible to climate change and has a large sales scale. ■ In addition, in order to strengthen our response measures, the energy and resources business has been broken down into smaller segments, and more detailed environmental changes have been made. |
| Scenarios for consideration and temperature range | <ul style="list-style-type: none"> ■ The scenarios set by the IEA have been reviewed in light of the progress of policies and technological innovations in various countries to date. ■ In order to inspect the risks and opportunities in line with the global situation, the following updated scenarios have been adopted. SDS has been excluded from the last year's list and STEPS has been added. In addition, PRI scenarios are newly referenced in response to the addition of the forestry business. <ul style="list-style-type: none"> ➢ STEPS: Stated Policies Scenario (2.5°C rise by 2100*) ➢ APS: Announced Pledges Scenario (1.7°C rise by 2100*) ➢ NZE: Net Zero Scenario (1.5°C rise by 2100*) ➢ FPS: Forecast Policy Scenario (less than 1.8°C rise by 2100*) ➢ RPS: 1.5° Required Policy Scenario (1.5°C rise by 2100*) |

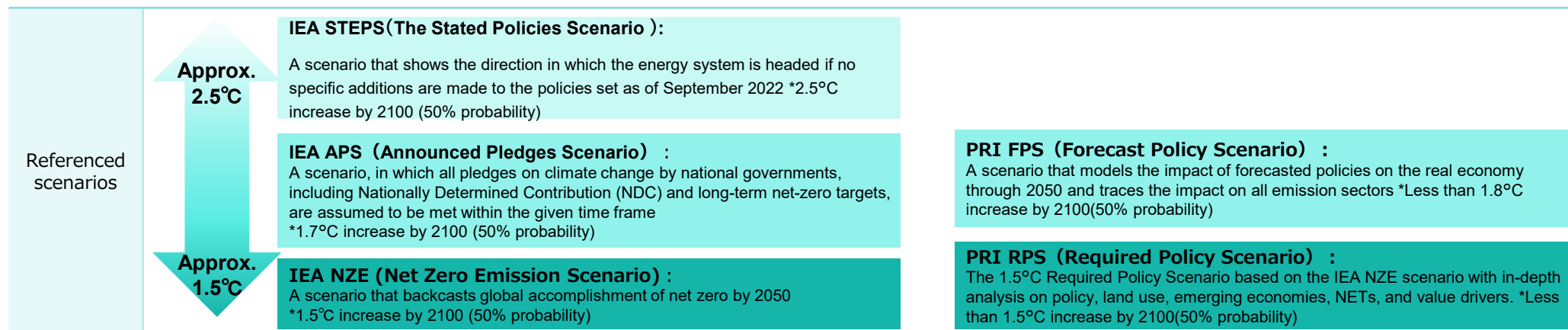
Our Climate Change Initiatives: Disclosure Based on TCFD Recommendations

Strategy: Climate Change-Related Risks and Opportunities

Climate scenario selection

- ◆ In the event of significant changes to the business environment from the perspective of objectively evaluating new business opportunities and business resilience, we are analyzing the impact on business by 2050 using the below scenarios. In doing so, we primarily reference the IEA (International Energy Agency) and PRI (Principles for Responsible Investment). These scenarios are referenced as examples of possible changes in the business environment of each sector for long-term trends in global climate change mitigation, and do not necessarily represent assumptions for our management policies or business strategies.

* Since the Industrial Revolution



*Analysis Conducted Based on Changes in the External Environment Related to the Entire Group

In November 2022, the Sharm el-Sheikh Implementation Plan and the Mitigation Work Programme, which call for increased efforts to achieve the 1.5°C target, were adopted at COP27 (the 27th Conference of the Parties to the United Nations Framework Convention on Climate Change). The plan follows last year's Glasgow Climate Pact, which called for strengthening climate change measures by the member countries in areas such as mitigation, adaptation, loss and damage, and climate finance. For initiatives aimed at achieving a carbon-neutral society at an early stage, decarbonization of individual industries in each country and region, reduction of emissions throughout the supply chain including Scope 3, expansion of decarbonized products based on LCA (Life Cycle Assessment), as well as carbon pricing and promotion of sustainable finance, and other cross-industry decarbonization measures are promoted.

The introduction or strengthening of national and regional emissions trading schemes and carbon taxes, coupled with the Carbon Border Adjustment Mechanism being considered in Europe and other regions, may have an impact on the entire supply chain of various industries beyond national and regional boundaries. The carbon price outlook varies from region to region and is projected to be \$29~113/t-CO₂ under the STEPS scenario, \$47~200/t-CO₂ under the APS scenario, and \$180~250/tCO₂ under the NZE scenario in 2050. The carbon tax and carbon price levels for emission trading in the future will have a significant impact on the performance of businesses, especially in carbon-intensive industries. In addition, countries and regions are developing guidelines for sustainable finance, such as the EU taxonomy, to encourage the use of low-carbon and decarbonizing technologies in financial aspects.

Because the weight of carbon-intensive manufacturing businesses is limited in our business portfolio, the direct impact of the aforementioned developments is expected to be limited. However, we monitor the latest trends in climate change risks and opportunities, referring to the international disclosure standards by ISSB (International Sustainability Standards Board) and other relevant organizations, and attention will be directed to the impact of these decarbonization promotion measures and policies on the supply chains that are linked to our business operations in order to explore into new business opportunities with attention to changes in technologies and business models that help minimization of risks and decarbonization.

Our Climate Change Initiatives: Disclosure Based on TCFD Recommendations

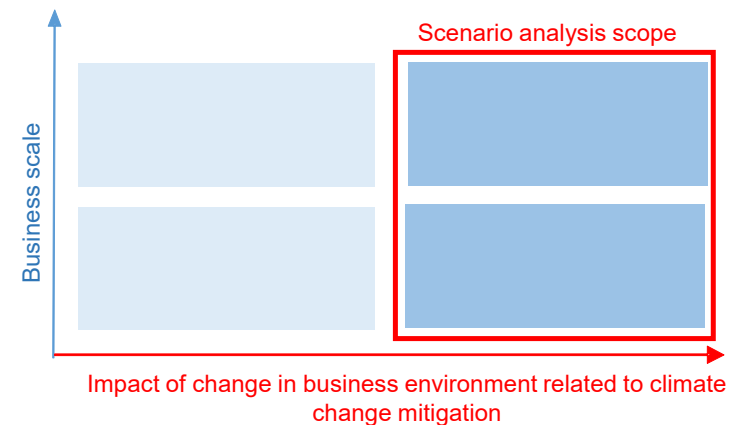
Identifying the Businesses for Which to Perform Scenario Analysis

- ◆ Our scenario analysis scope encompasses all of our business sectors which will be highly affected by business environment changes related to climate change mitigation, regardless of the scale of the business.
- ◆ This fiscal year, we have conducted scenario analysis for businesses in energy, resources, transportation, materials industry, real estate, and other (forestry) fields after referencing documents such as the Climate-related Disclosure Standards*1 by the International Sustainability Standards Board (ISSB), the World Energy Outlook 2022 and Energy Technology Perspectives 2023 by the International Energy Agency (IEA), and the Inevitable Policy Response 2021 by the Principles for Responsible Investment (PRI), and referencing and confirming trends in technological changes and the introduction of regulations.

*1 We referred to the standards released on June 26, 2023.

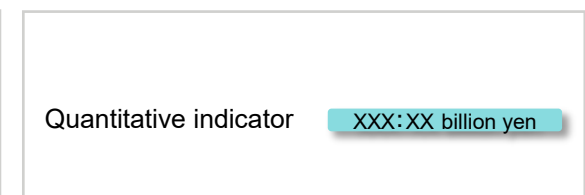
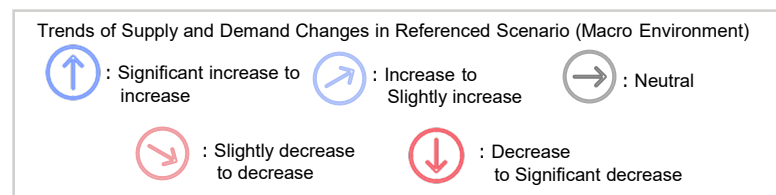
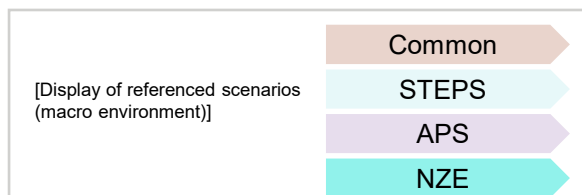
Business sectors selected for scenario analysis

- ◆ **Energy** : Thermal power generation (coal, gas), Renewable energy power generation, Next generation energy (hydrogen, ammonia, synthetic fuels, energy management, storage battery, CCUS)
- ◆ **Resources** : Thermal coal and coking coal, Iron ore, Natural gas and LNG, Metals and rare metals (nickel, copper)
- ◆ **Transportation**: Vehicles (automobile parts manufacturing & sales/finished vehicles sales business), Shipping (shipbuilding business/ship trading business/ship owning business), Aviation (lease business/parts manufacturing)
- ◆ **Material industry sector**: Steel (steel products & tubular products manufacturing & sales business), Cement (distribution business), Chemicals (manufacturing/trade business), Aluminum (smelting business)
- ◆ **Real estate sector**: Office buildings/residential building sales business
- ◆ Other: Forestry



Results of Scenario Analysis

- ◆ For the trends in supply and demand changes related to the sectors identified for scenario analysis, energy, resources, transportation, materials industry, real estate, and other (forestry), the future market trends for each sector listed in the main scenarios presented by the IEA are evaluated on five levels for 2030 and 2050: “sharp increase to increase”, “increase to moderate increase”, “neutral”, “moderate decrease to decrease” and “decrease to sharp decrease”. The forecasts for demand trends and the business environment shown by these scenarios include many potential risks and uncertainties.
- ◆ Our business environment, policies and initiatives related to each sector describe the policies and initiatives that consider the factors and certainty of various changes in the business environment shown in these scenarios and the circumstances unique to our business. Furthermore, we are working on the development of thermal power generation and fossil energy concession businesses with the aim of achieving carbon neutrality by 2050. Also provided are quantitative indicators, including our profit levels and exposure*2, for power generation (coal), thermal coal, and natural gas and LNG, which include these businesses.
- ◆ After performing scenario analysis, we have confirmed the resilience of our businesses because we are able to respond to any of the three scenarios for 2030 and 2050. Examples of the main business environments for each scenario are detailed on the next page together with a summary of our policies and initiatives.



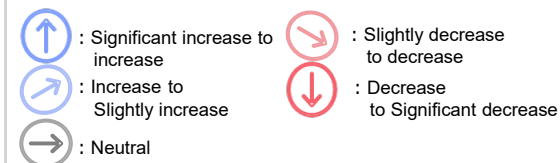
Our Climate Change Initiatives: Disclosure Based on TCFD Recommendations

Results of Scenario Analysis (Summary)

Referenced scenarios
(Macro Environment)

Our business environment,
policies and initiatives

Trends of Supply and Demand Changes in Referenced Scenario
(Macro Environment)



| Sector | Business | 2030 | 2050 |
|--------------------------|--|------------------------------------|------|
| Energy | Thermal power generation (coal) | ↘ | ↓ |
| | Thermal power generation (gas) | → | ↘ |
| | Renewable energy power generation | ↑ | ↑ |
| | Hydrogen, ammonia, synthetic fuels | ↑ | ↑ |
| | Next generation energy | Storage battery, energy management | ↑ |
| | CCUS | ↑ | ↑ |
| Resources | Thermal coal | ↘ | ↓ |
| | Coking coal | → | ↘ |
| | Iron ore | → | * |
| | Natural gas and LNG | → | → |
| | Nickel | ↑ | ↑ |
| | Copper | ↗ | ↗ |
| Transportation | Vehicles | ↗ | ↗ |
| | Shipping | ↗ | ↑ |
| | Aviation | ↑ | ↑ |
| Material industry sector | Steel | Steel sheets | → |
| | | Tubular products | ↗ |
| | Cement | → | → |
| | Chemicals | → | → |
| | Aluminum | → | → |
| Real estate sector | Office buildings / residential building sales business | → | ↗ |
| Other | Forestry | ↗ | ↗ |

The business environment for our business is positioned as neutral or increase for about 90% of the entire business in the year 2050 under NZE/APS/STEPS. In addition, we recognize that future supply and demand forecasts for the markets related to our businesses are generally stable or growing. Based on this, we have confirmed that we are steadily advancing our Portfolio SHIFT by identifying and responding to our business risks and opportunities. Below are the main policies and initiatives of our business with “sharp increase to increase” and “decrease to sharp decrease” in supply and demand change trends for the referenced scenarios (see the next page onward for details).

[Trends in Supply and Demand Changes in Reference Scenario: Businesses Indicated as "decrease to sharp decrease"]

- Thermal power generation (coal and gas): Rather than being involved in any new coal-fired power generation businesses, neither IPP (Independent Power Producer) nor EPC (Engineering, Procurement, Construction), our policy is to shift the allocation of management resources to power generation businesses with low environmental impact, such as renewable energy. Most of the existing thermal power generation businesses are based on long-term contracts with governments of host countries, thus the risk of a significant deterioration in the commercial viability of individual projects is not considered high, but we will continue to monitor changes in the business environment.

[Trends in Supply and Demand Changes in Reference Scenario: Businesses Indicated as "sharp increase to increase"]

- Renewable energy power generation: The Sumitomo Corporation Group is engaged in various renewable energy businesses such as wind, solar, geothermal, hydroelectric, and biomass. We aim to expand the scale of our renewable energy supply, on the basis of net generation capacity, from the current 1.8 GW to 5 GW or more by 2030.
- Next generation energy: We will promote the development of businesses related to carbon-free energy such as hydrogen, ammonia, and synthetic fuels for which demand is expected to grow in the future, and work to expand earnings. In our storage battery and energy management businesses, we are promoting the utilization of renewable energy, car sharing to help reduce CO2 emissions, and various businesses that contribute to reuse of storage batteries. In terms of CCUS, we are driving new business creation and development in response to increasing needs in energy, materials, and other sectors.
- Vehicles: Seeing the spread of EVs and trend toward MaaS, we are working on seizing a new business opportunity such as deployment of parking business with EV charging stations.
- Shipping/Aviation: We are promoting the development and introduction of ships and aircraft aimed at improving fuel efficiency and utilizing decarbonized and low-carbon fuels.

In addition, we are not only promoting existing businesses but also working to create new businesses in the businesses indicated as “neutral”, “increase to moderate increase”, or “moderate decrease to decrease”. We see increasing value in sustainable forest management and timber supply, so we are working to expand our forestry business. Regarding the thermal coal and coking coal business, tubular products business, and real estate business, all of which have differing trends in supply and demand changes around 2030 in the transition toward 2050, we will continue to closely monitor market trends and other factors while steadily advancing our portfolio shift.

* No 2050 trend for iron ore because of insufficient data for the scenario

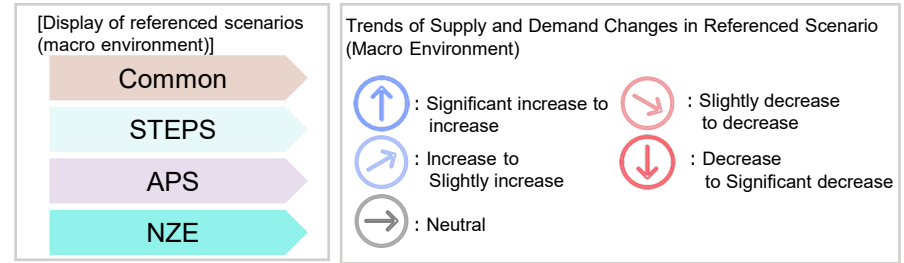
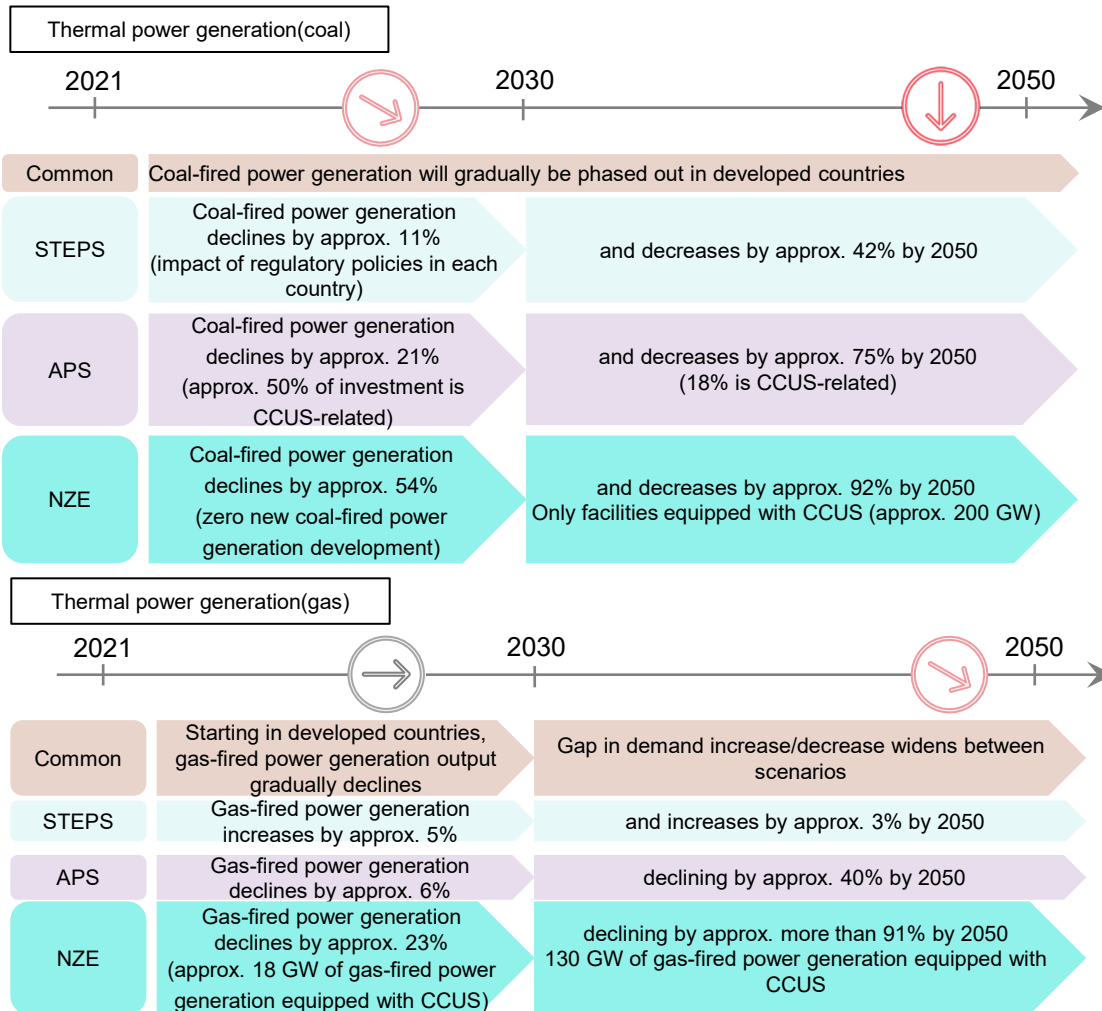
Our Climate Change Initiatives: Disclosure Based on TCFD Recommendations

Strategy: Transition Risks and Opportunities Related to Climate Change (Scenario Analysis)

◆ Energy sector: Thermal power generation(coal·gas)

Referenced scenarios

(Macro environment: changes in thermal power generation(coal·gas) output)



Our business environment, policies and initiatives

Our Applicable Businesses

Thermal power generation (coal and gas) businesses

External Environment, Risks and Opportunities

Regarding coal-fired power generation, there is a gradual decline starting in developed countries and in all scenarios, there is a significant decline by 2040 or 2050. While gas-fired power generation as a percentage of total power generation will decline over the medium to long term, we expect that investigations will continue into reducing CO2 emissions through the use of hydrogen, CCUS, and other new technologies. However, to advance the energy transition, we expect gas to remain an important power generation source because, from the perspective of stability of power supply, a certain level of gas-fired power generation will be required. Under the STEPS scenario to the left, gas-fired power generation output is forecast to increase, albeit slightly, even in 2050.

Our Policies, Strategies, and Initiatives

We will shift our allocation of management resources from thermal power to power generation businesses with low environmental impact, such as renewable energy. In terms of coal-fired power, we will not be involved in any new power generation businesses, neither IPP (Independent Power Producer) nor EPC (Engineering, Procurement, Construction). Furthermore, we plan to finalize all of our businesses and withdraw from the coal-fired power generation business in the late 2040s^{*1}. We believe that gas-fired power generation is an important power generation method that will play a bridging role in the energy transition, and a dispatchable power supply role to support power supplies as renewable energy power generation spreads. We also have high expectations, and are implementing initiatives, for innovative low-carbon technologies, including the use of green hydrogen, to help to achieve carbon neutrality. While contemplating the development of local communities and economies and our obligation to supply electric power as stabilized power supply, we will pursue various options, without eliminating the possibility of accelerated withdrawal from the business to realize decarbonization of our company and society as a whole. And we will pursue the decarbonization and low-carbonization of existing facilities and providing maximum support for host countries to shift power sources to renewable energy and other sources. We are utilizing our extensive know-how in power generation businesses to deliver high-efficiency, high-quality power supplies with outstanding environmental performance in countries around the world.

| | As of Mar. 31, 2023 | Estimate for 2035 | Latter half of the 2040s |
|--|---------------------|-------------------|--------------------------|
| Coal-fired power generation business | | | |
| Outstanding investments, loans and guarantees *2 | 310 billion yen | 150 billion yen | Zero |
| Net ownership generation capacity | 5.2GW | About 2GW | Zero |

*1 Regarding coal-fired power generation, we aim to reduce CO2 emissions by 60% or more by 2035 (compared to 2019) and will end all the coal-fired power generation business in the late 2040s.

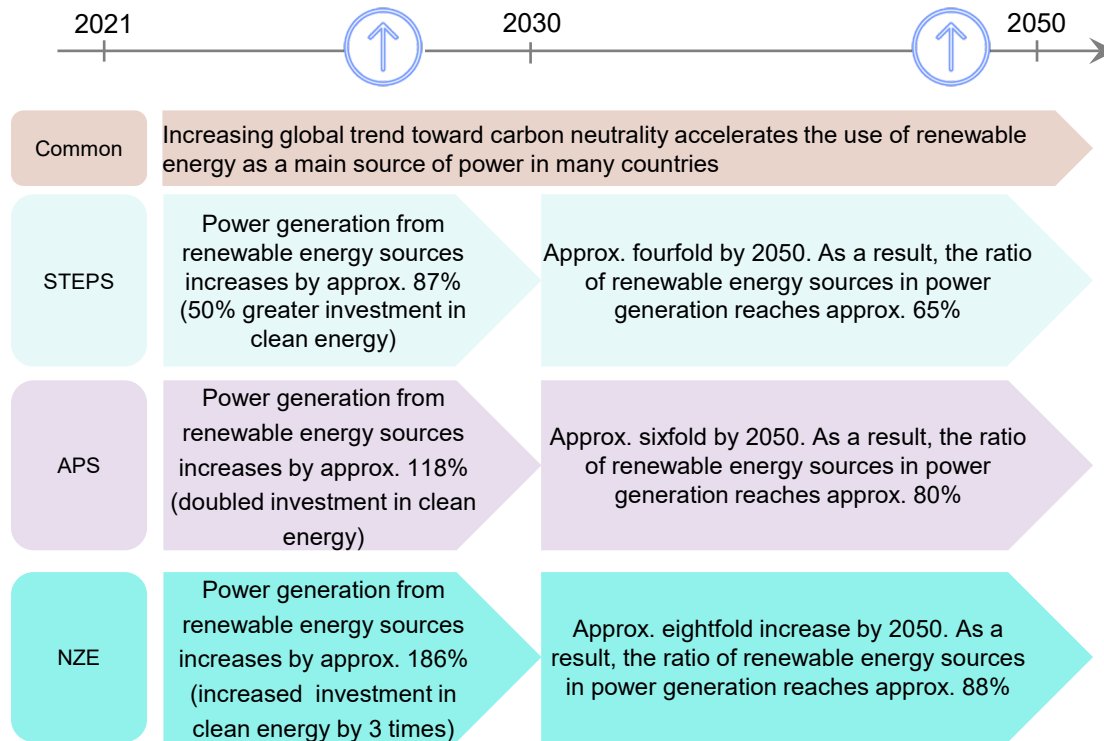
*2 Includes all outstanding balances of investments, loans, and guarantees (assumed amount at the peak for a project before completion) for all coal-fired power generation projects, regardless of investment scheme or contract type. Calculations are based on the exchange rate at the end of March 2023 <YEN/US\$>; 133.5 yen.

Our Climate Change Initiatives: Disclosure Based on TCFD Recommendations

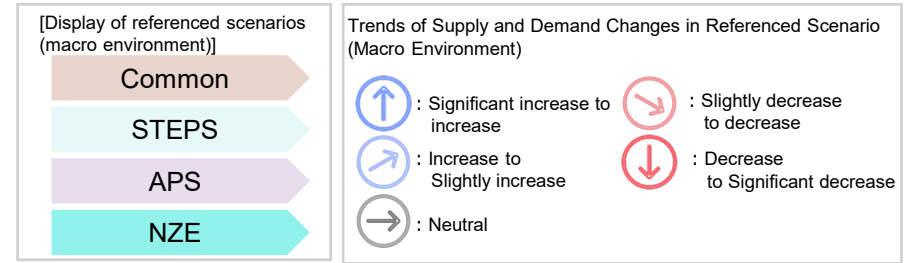
Strategy: Transition Risks and Opportunities Related to Climate Change <Scenario Analysis>

◆ Energy sector: Renewable energy power generation

Referenced scenarios (Macro environment: changes in renewable energy power generation output)



* If the rate of change exceeds 100%, the change is expressed as the increased amount only. For instance, a 120% rate of change is expressed as an increase of 20%.



Our business environment, policies and initiatives

Our Business

Renewable energy power generation

External environment, risks and opportunities

With an increasing trend toward carbon neutrality, the use of renewable energy as a main source of power is accelerating around the world. In addition to renewable energy such as solar, wind, and geothermal power generation, the demand for renewable energy to produce green hydrogen is also increasing. In each of the scenarios to the left, renewable energy power generation output increases dramatically by 2050, while it is forecast to increase roughly eightfold from the current output in the NZE scenario.

Our Policies, Strategies and Initiatives

To overcome the issue of climate change and bring about a carbon neutral society, the Sumitomo Corporation Group is engaged in various renewable energy businesses such as wind, solar, geothermal, hydroelectric, and biomass. While providing the stable supply of energy essential for the development of economies and industries in local societies, we are putting forward a policy of continuing to shift management resources to a power generation portfolio with low environmental impact, such as renewable energy. We also aim to achieve net generation capacity of 5 GW or more for renewable energy by 2030. In addition to growing our solar and wind power generation businesses, we are also promoting hydroelectric power generation businesses in Southeast Asia, where there is an abundance of water resources, and we are promoting operation and development of geothermal power generation businesses in Indonesia, a country with the world's second-largest reserves of geothermal resources.

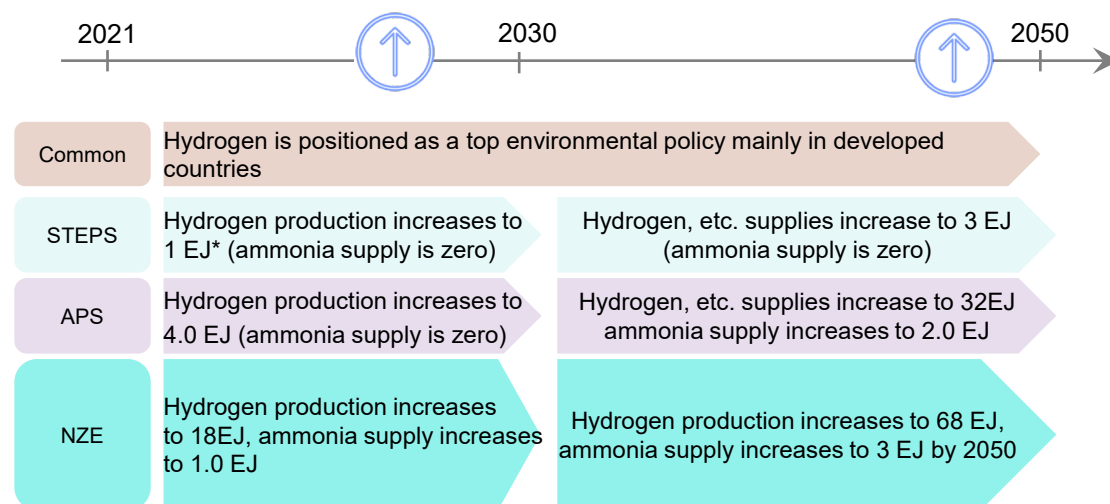
Please see [here](#) for more details on Biomass energy development business.

Our Climate Change Initiatives: Disclosure Based on TCFD Recommendations

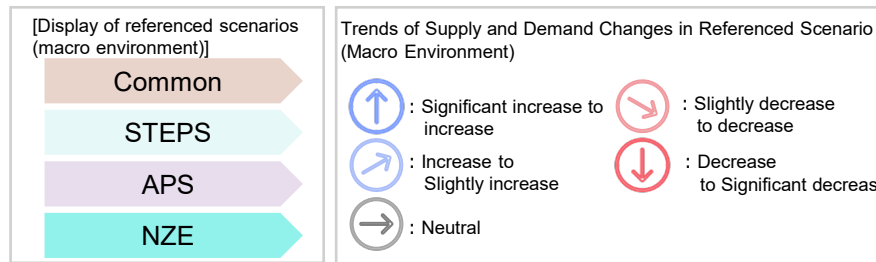
Strategy: Transition Risks and Opportunities Related to Climate Change <Scenario Analysis>

◆ Energy sector: Next generation energy (Hydrogen・ammonia・synthetic fuels)

Referenced scenarios (Macro environment: changes in hydrogen and ammonia supplies)



※ Hydrogen, etc. supplies include hydrogen and ammonia supplies, and low-carbon hydrogen, ammonia, and synthetic fuels, in the electricity and heating sector.
1 EJ (10¹⁸ joules) is equivalent to the heat value of approximately 25.8 million kL of crude oil.
(EJ : Exajoules)



Our business environment, policies and initiatives

Our Business

Carbon-free energy (hydrogen, ammonia, synthetic fuels, etc.) development businesses

External environment, risks and opportunities

Demand for next-generation energies as fossil fuel alternatives that contribute to reduced lifecycle CO₂ is increasing. In IEA's NZE scenario, investment in hydrogen, ammonia, synthetic fuels and other alternatives increases tenfold or more from the current value by 2030. On the supply side, in areas where natural gas and renewable energy are rich and available, global investment plans are already in place for development of hydrogen and ammonia plants. On the demand side, governments in Europe, Japan and Asia are formulating plans to use hydrogen and ammonia to realize decarbonization in industry. Government support frameworks, technology development, and social acceptance are essential to establish successful business.

Our Policies, Strategies and Initiatives

In FY2021, we launched the Energy Innovation Initiative to promote the development of businesses related to hydrogen, ammonia, synthetic fuels, and other next-generation energies as an important focus area. We aim to expand our earnings while realizing a decarbonized society through the stable supply of next-generation energies. We will build supply chains based on optimal technologies, cost, and timeframes while supplementing functions and sharing risks with partner alliances and consortia, including investing in related infrastructure and technologies, to ensure our businesses have a competitive edge.

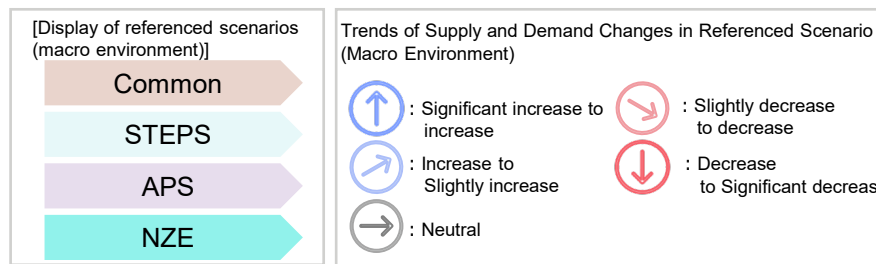
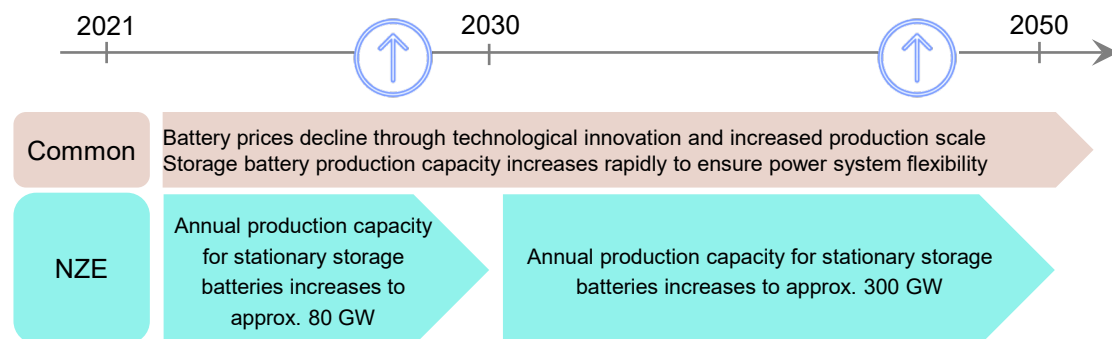
Our Climate Change Initiatives: Disclosure Based on TCFD Recommendations

Strategy: Transition Risks and Opportunities Related to Climate Change <Scenario Analysis>

◆ **Energy sector: Next generation energy** (Energy management businesses and storage battery)

Referenced scenarios

(Macro environment: changes in stationary storage battery production capacity)



Our business environment, policies and initiatives

Our Business

Storage battery and energy management businesses, etc.

External environment, risks and opportunities

If current government targets and policies around the world are promoted, electric vehicles will apparently reach market share of 35% globally, and 50% or higher in the major markets of the United States, China, and Europe, in 2030. With an increase in renewable energy, there will be a much greater need for storage batteries that have high energy and storage efficiency, so from the perspective of energy management as well, the market is forecast to expand. In line with this, European battery regulations are moving to require storage battery recycling, carbon footprint disclosure, and traceability. In addition, with an uneven geographical distribution of mining for the critical mineral resources used in batteries, there is a risk that increased prices for cobalt, lithium, and nickel will cause the price of storage batteries to increase.

Our Policies, Strategies and Initiatives

To secure stability of power networks, which is a major challenge for greater spread of renewable energy, we are commercializing new energy management technologies that use storage batteries. As another key to mitigating climate change, we are also promoting businesses that reduce energy consumption and utilize renewable energy on the energy demand side, such as the car sharing business. Specifically, we collaborated with an automaker to establish 4R Energy Corporation in 2010 to focus on reuse of EV batteries. As a result, we have realized systems for reusing batteries, which is much more effective at reducing CO2 emissions than using new batteries. By developing businesses ourselves, we can conduct strict cost management and improve revenues from our electricity service businesses. In this way, we are strategically ensuring commercial viability of those businesses and promoting trials of new ideas in society. Going forward, we will also consider contributing to the creation of recycling models for storage battery dismantling and resource reuse with a view to further utilization of vehicle storage batteries around the world.

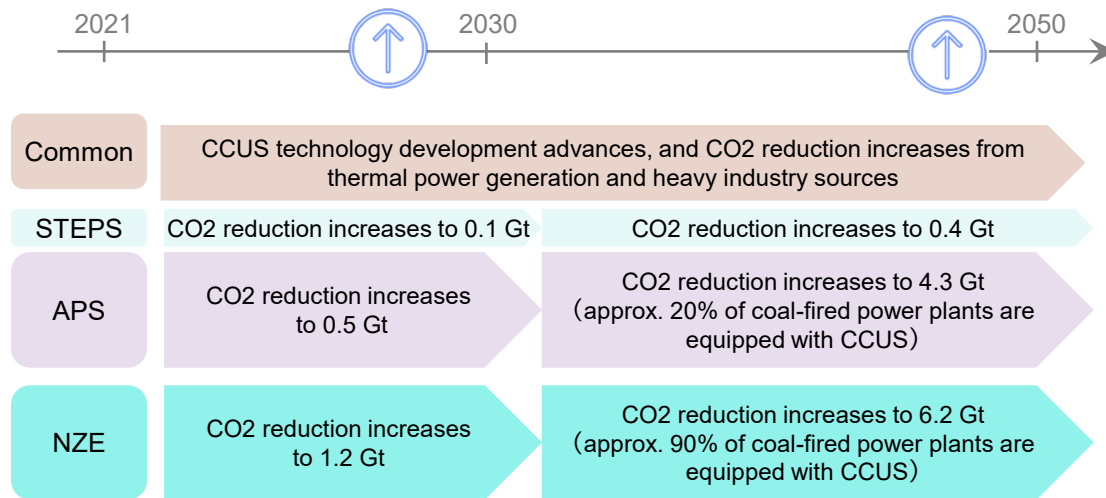
Our Climate Change Initiatives: Disclosure Based on TCFD Recommendations

Strategy: Transition Risks and Opportunities Related to Climate Change <Scenario Analysis>

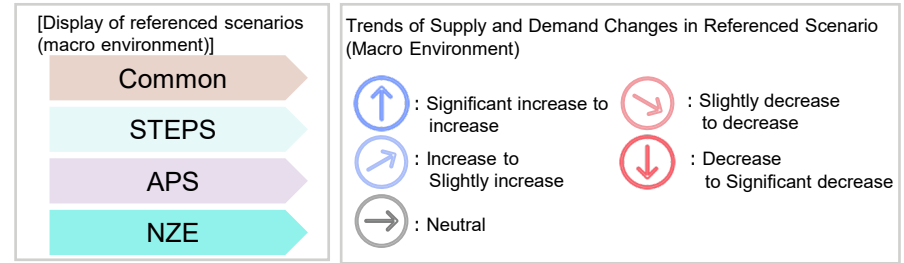
◆ Energy sector: Next generation energy (CCUS)

Referenced scenarios

(Macro environment: changes in CO2 absorption through introduction of CCUS)



- Carbon Capture, Utilization and Storage: Technologies for sequestration and effective utilization of high-concentration CO2 emitted from industrial activities, and direct air capture technologies for capturing CO2 directly from the atmosphere



Our business environment, policies and initiatives

Our Business

CCUS * adoption business

External environment, risks and opportunities

CCUS is a new technology, so the spread of the technology is limited at present. However, treaties for the import/export of CO2 are being reviewed around the world, with a range of support in Europe, the United States, and other developed countries including subsidies and tax deductions, resulting in increased investment. In the NZE scenario, a high need for CO2 capture is forecast for 2030 due to new construction and refurbishment of hydrogen manufacturing equipment, coal-, gas-, and biomass-fired power plants, and cement, steel, chemicals and other industrial facilities. Thus, CCUS adoption globally is forecast to increase. On the other hand, unlike the referenced scenarios, if there is a global softening of CO2 reduction initiatives, potential risks include shrinking markets, cessation of subsidy schemes, and increasing costs associated with capital investment.

Our Policies, Strategies and Initiatives

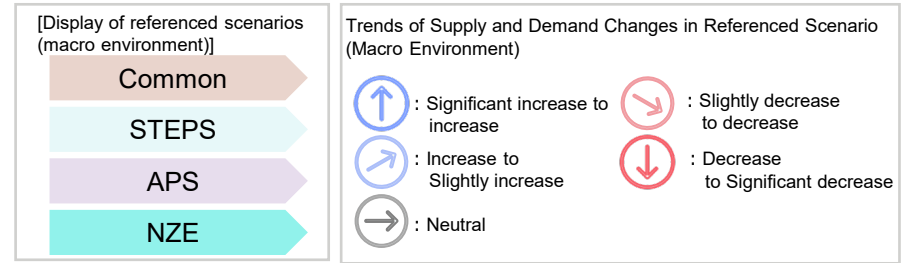
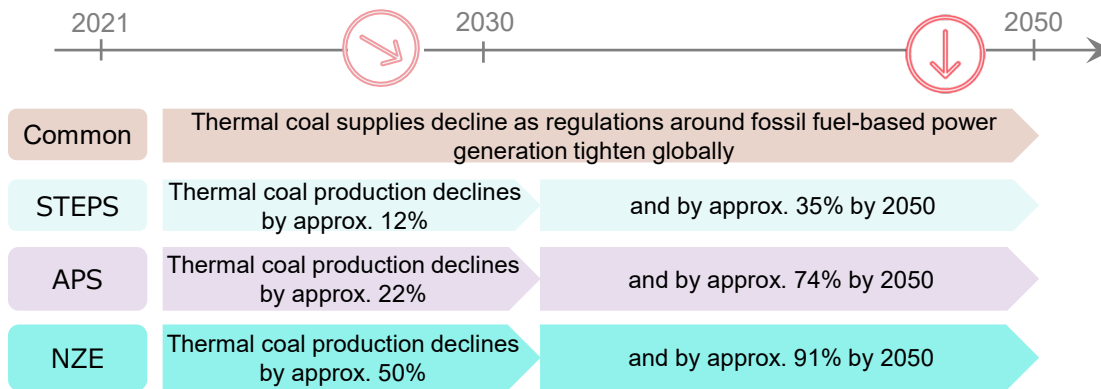
The existence or otherwise of subsidy schemes in the future will greatly impact the economic efficiency of the business and the feasibility of establishing it. Therefore, in countries and regions that are already starting to develop frameworks for subsidies, we aim to actively utilize those frameworks, participate in projects at an early stage, and build up a track record. On the other hand, in countries and regions that are establishing carbon emission targets and considering related policies, we aim to develop market environments, and create projects from a superior position, by collaborating with governments and being involved in the establishment of legislative systems as much as possible. In the area of CO2 capture, which is forecast to see more technical innovation going forward, we will identify competitive technologies and use them optimally to create new businesses. Recently, we invested in the direct air capture (DAC) technologies of Global Thermostat, and we are developing businesses together.

Our Climate Change Initiatives: Disclosure Based on TCFD Recommendations

Strategy: Transition Risks and Opportunities Related to Climate Change <Scenario Analysis>

◆ Resources sector: Thermal coal

Referenced scenarios (Macro environment: changes in thermal coal production)



Our business environment, policies and initiatives

Our Business

Upstream

External environment, risks and opportunities

The energy policies of many countries, especially developed countries, include plans to shift from coal-fired power generation to gas-fired power generation and then renewable energy, so demand for the thermal coal used in coal-fired power generation is forecast to decline.

Our Policies, Strategies and Initiatives

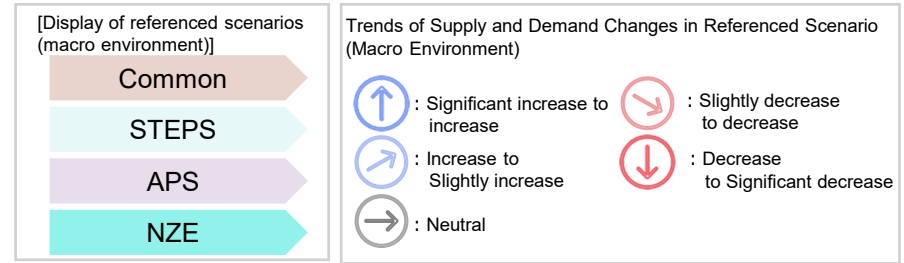
We will not acquire new interests in the thermal coal mine development, and we plan to aim for zero equity production volume from thermal coal mines by 2030. The weight of thermal coal interests in our resource portfolio is relatively small. Going forward, mines of currently owned interests are scheduled to reach the end of their mine life in the near future. Also, the concession produces high-grade coal, which is in relatively high demand, and is cost-competitive, making it resistant to price declines even when there is a drop in demand.

As of March 31, 2023 Thermal / coking coal Exposure: 120 billion yen

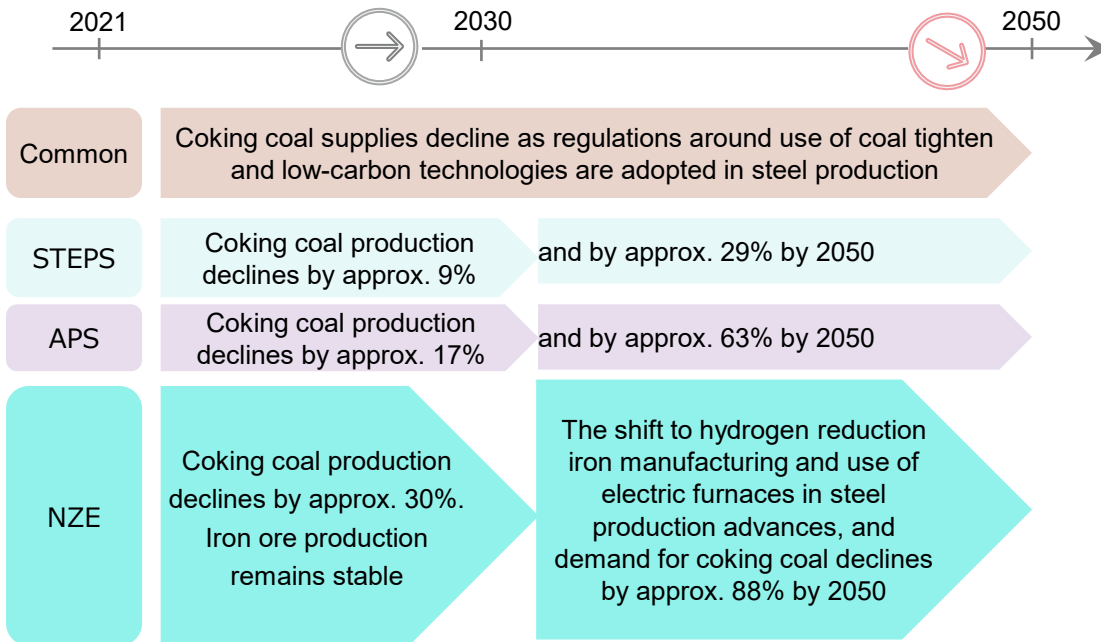
Our Climate Change Initiatives: Disclosure Based on TCFD Recommendations

Strategy: Transition Risks and Opportunities Related to Climate Change <Scenario Analysis>

◆ Resources sector: Coking coal



Referenced scenarios (Macro environment: changes in coking coal production)



Our business environment, policies and initiatives

Our Business

Upstream

External environment, risks and opportunities

In the long term, many countries and regions will develop policies for adopting or strengthening carbon taxes, so demand for coking coal is forecast to decline as low-carbon iron-making processes with fewer CO2 emissions are put to practical use and the ratio of electric furnace use increases.

Our Policies, Strategies and Initiatives

In combination with CCUS and other CO2 capture and storage technologies, it is predicted that steel businesses that use blast furnaces will be preserved for the time being. In addition, we believe that a certain level of demand will be maintained for the interests we hold as they produce hard coking coal, which is considered rare among coking coals.

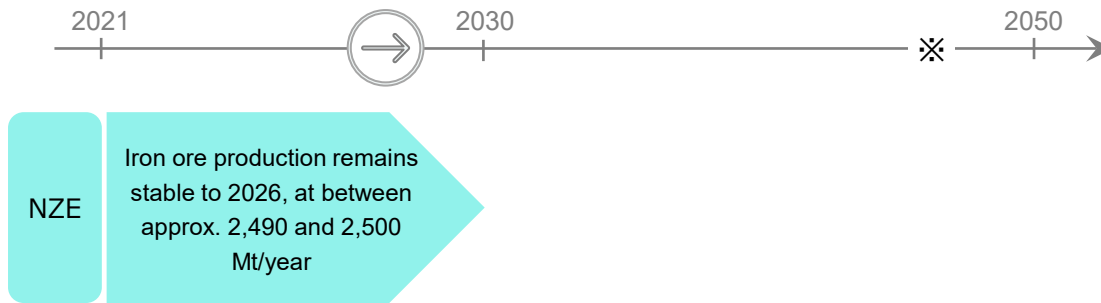
As of March 31, 2023 Thermal / coking coal Exposure: 120 billion yen

Our Climate Change Initiatives: Disclosure Based on TCFD Recommendations

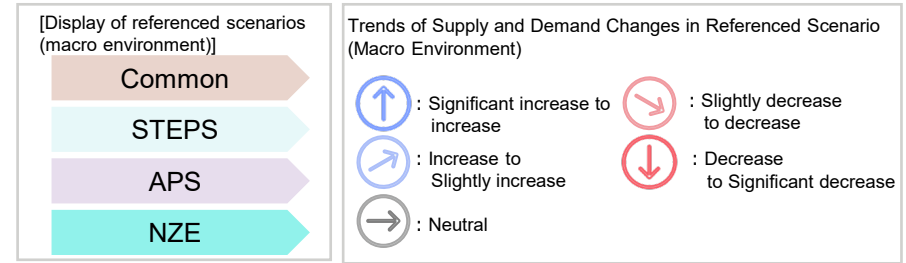
Strategy: Transition Risks and Opportunities Related to Climate Change <Scenario Analysis>

◆ Resources sector: Iron ore

Referenced scenarios (Macro environment: changes in iron ore production)



* No 2050 trend for iron ore because of insufficient data for the scenario



Our business environment, policies and initiatives

Our Business

Upstream

External environment, risks and opportunities

Despite a forecast gradual increase in global demand for steel, an increase in the ratio of electric furnace steel as a result of moves toward decarbonization may lead to a portion of raw materials being replaced with steel scrap and a decline in demand for iron ore. On the other hand, demand and production of direct reduced iron is forecast to increase as a way to reduce CO2 emissions in both the blast furnace method and the electric furnace method, so demand for the high-grade iron ore used as raw materials for direct reduced iron may increase.

Our Policies, Strategies and Initiatives

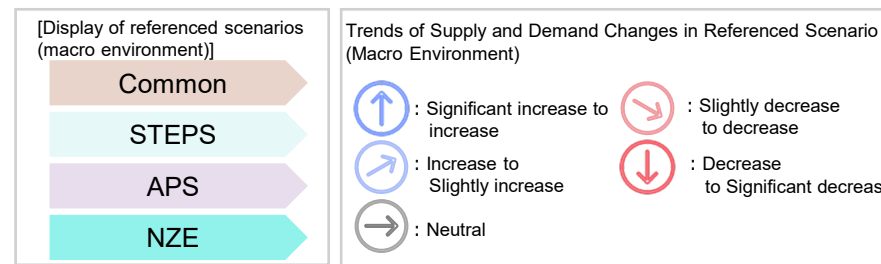
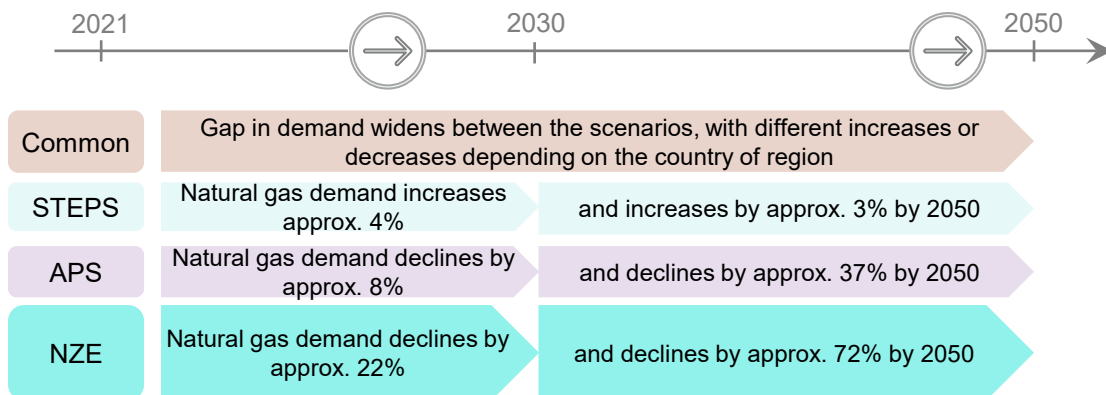
Regarding our iron ore-related businesses, through our projects in South African and Brazilian mines, we contribute to stable supply of resources to Asia, with a focus on China and Japan. We will continue to take actions for stable supply while paying close attention to the impact on demand due to changes in the iron-making and steel-making methods in response to decarbonization in the steel industry, and also to the impact of an increase in the ratio of electric furnace steel.

Our Climate Change Initiatives: Disclosure Based on TCFD Recommendations

Strategy: Transition Risks and Opportunities Related to Climate Change <Scenario Analysis>

◆ Resources sector: Natural gas and LNG

Referenced scenarios (Macro environment: changes in natural gas demand)



Our business environment, policies and initiatives

Our Business

Upstream, midstream and downstream, trading

External environment, risks and opportunities

Despite a significant gap in demand increase/decrease between each of the scenarios, natural gas will be used as an alternative power fuel for coal in the transition phase to a low-carbon society. In addition, it will continue to play an important role as a raw material for petrochemical products, ammonia, and fuel for transportation.

In the short to medium term in particular, demand is forecast to increase in the ASEAN nations, and it is expected that business opportunities will increase in the Asian Pacific (including India) and China. The main supply-side countries and regions for LNG in the future may be the Middle East and United States and, with the impact of the conflict between Russia and Ukraine, LNG trade opportunities with demand-side countries and regions may increase.

In the long term, the spread of renewable energy will offset increased demand in emerging countries, so demand is forecast to trend downward. However, a certain level of demand for natural gas is forecast to remain in some countries and regions where the use of renewable energy is not suitable, so natural gas will continue to play an important role in the best mix of renewable energy, such as a balancing function when renewable energy is not available.

Our Policies, Strategies and Initiatives

We will focus on strategic regions from the medium to long-term perspective, and we will work to maximize opportunities by creating a natural gas and LNG value chain in combination with upstream LNG projects, LNG trading, and midstream and downstream businesses. Furthermore, we will contribute to the stable supply of energy to the appropriate countries and regions while securing demand for transition fuels while introducing environmental technologies such as CCS/CCUS and promoting the best mix of renewable energy sources.

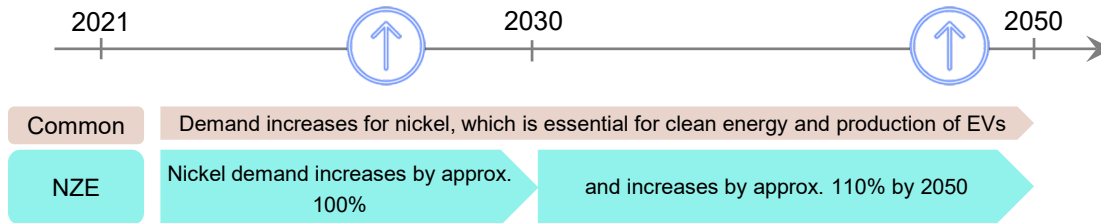
As of March 31, 2023 Gas, LNG Exposure: 50 billion yen

Our Climate Change Initiatives: Disclosure Based on TCFD Recommendations

Strategy: Transition Risks and Opportunities Related to Climate Change <Scenario Analysis>

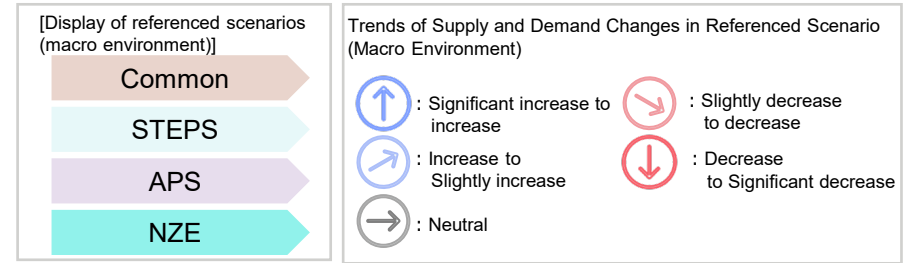
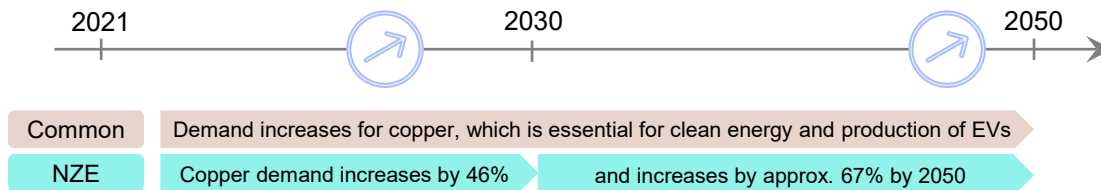
◆ Resources sector: Nickel

Referenced scenarios (Macro environment: changes in nickel demand)



◆ Resources sector: Copper

Referenced scenarios (Macro environment: changes in copper demand)



Our business environment, policies and initiatives

Our Business

Upstream

External environment, risks and opportunities

With the spread of renewable energy, EVs, and storage batteries, which are essential in the expansion of low-carbonization and decarbonization, demand for the nickel used in rechargeable batteries is forecast to increase dramatically in the medium to long term.

Our Policies, Strategies and Initiatives

We are proceeding with projects as a producer in the Republic of Madagascar. We sell the products to Japan, Europe, North America, and Asia, and we are aiming to create further business opportunities. While continuing to conserve biodiversity, including reforestation of quarries, and conserve the environment surrounding mines and plant sites, we will also continue to find and implement CO2 emission reduction measures, and work to stabilize production and increase production volumes.

Our Business

Upstream

External environment, risks and opportunities

With the spread of renewable energy and EVs, demand for copper is forecast to increase in the medium to long term. On the other hand, increasing supplies is forecast to be difficult due to increasing risks and difficulty of operating newly developed mines, and impacts of things like a tightening of environmental protection regulations.

Our Policies, Strategies and Initiatives

We will continue to contribute to stable procurement of copper products by acquiring new concessions and expanding production at existing concessions through investment in copper mines overseas, and by strengthening our operations on the copper production value chain. These include our upstream copper concentrate production business and midstream copper bullion production and sales business. We will also continue working to conserve the environment around our mines.

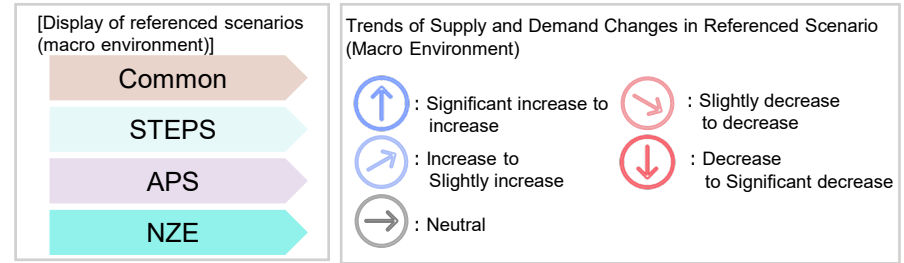
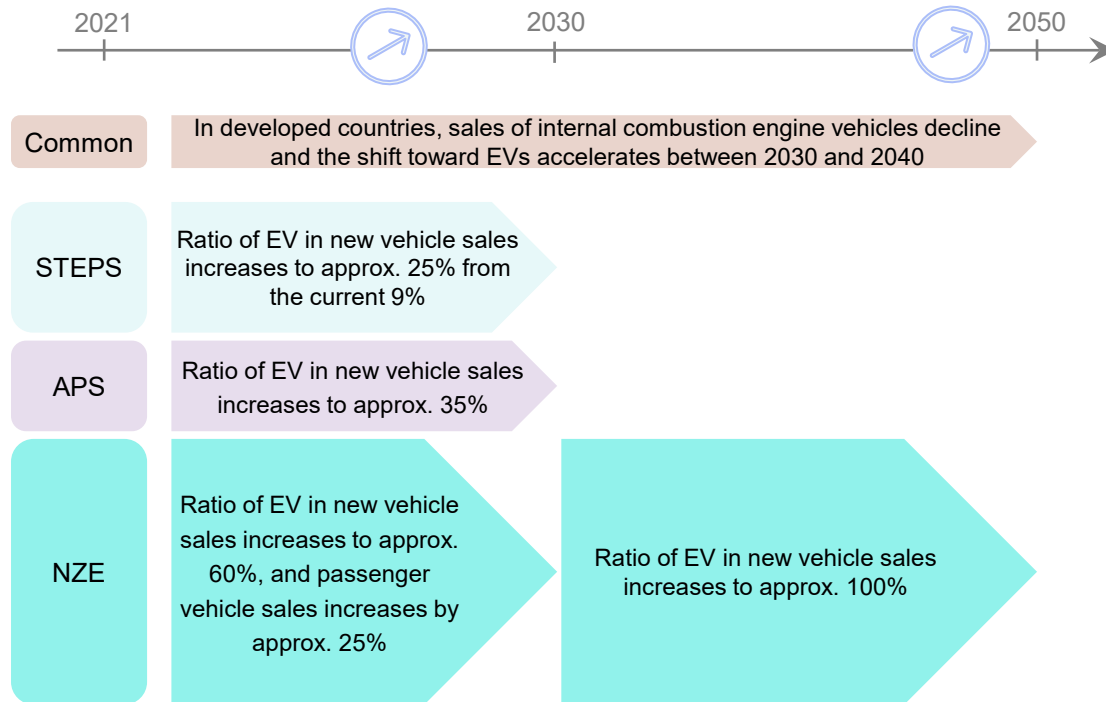
Our Climate Change Initiatives: Disclosure Based on TCFD Recommendations

Strategy: Transition Risks and Opportunities Related to Climate Change <Scenario Analysis>

◆ Transportation sector: Vehicles

Referenced scenarios

(Macro environment: Changes in Sales of passenger vehicles and EVs' share)



Our business environment, policies and initiatives

Our Business

Sales of automobiles, manufacture and sales of automobile components, automobile finance, automobile leasing, car sharing, parking lot operation, etc.

External environment, risks and opportunities

Sales of passenger cars are forecast to increase, especially in emerging countries, and the ratio of EV sales in new car sales are forecast to increase in all the scenarios as fuel efficiency regulations tighten. In terms of automobile components, demand for internal combustion engine parts expected to decline with the spread of EVs, but demand for tires is expected to increase with the associated increase in automobile body weight. If car prices increase as a result of the introduction of carbon tax and so on, there is a risk that new car sales will decline. At the same time, however, demand for automobile finance and leasing businesses is forecast to increase.

Our Policies, Strategies and Initiatives

In addition to manufacturing and selling automobiles and automobile components, we are engaged in a wide range of businesses in the MaaS field. We see the spread of EVs and developments in MaaS as business opportunities. For example, as part of our parking lot operation business in Northern Europe, we are expanding the charging networks essential for the spread of EVs and the EV subscription services using our parking lots, to secure new revenue stream. In Japan, we are working on new business opportunities such as providing fleets of EVs for commuter use, workplace charging facilities, and solar power generation services. Demand for internal combustion engine parts is expected to decline with the spread of EVs, but we consider ourselves to have a limited financial exposure as these parts account for less than a few percent of our parts manufacturing business. We are investigating and implementing a range of initiatives, such as use of carbon-free energy and low-carbon and carbon-free technology to contribute OEM's supply chain carbon neutrality.

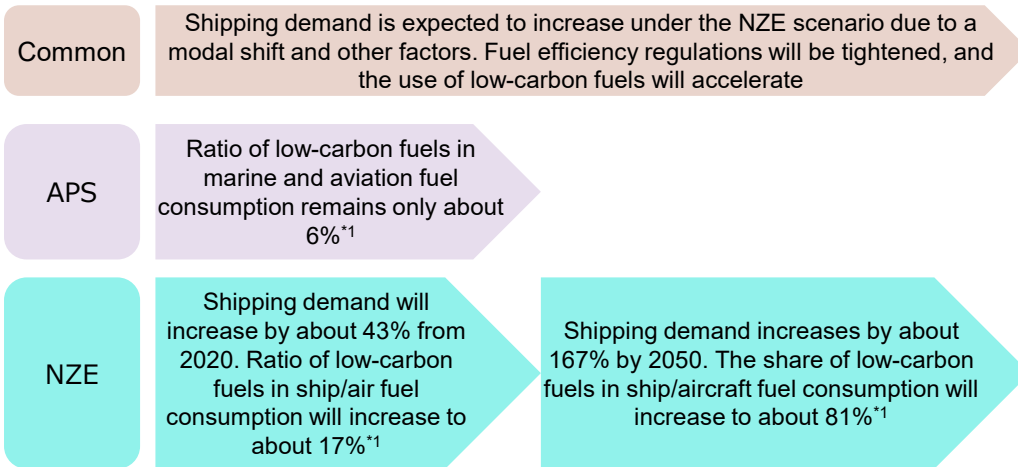
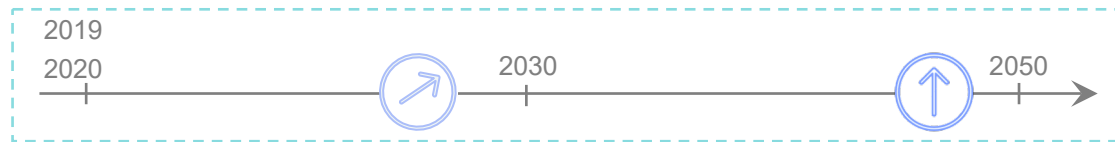
Our Climate Change Initiatives: Disclosure Based on TCFD Recommendations

Strategy: Transition Risks and Opportunities Related to Climate Change <Scenario Analysis>

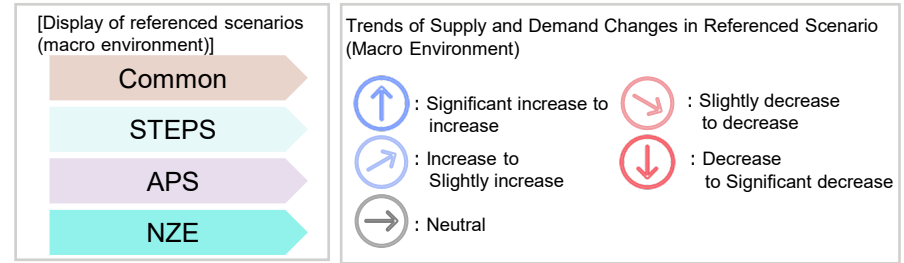
◆ Transportation sector: Shipping

Referenced scenarios

(Macro environment: Changes in shipping demand and the ratio of low-carbon fuels in marine and aviation fuel consumption)



*1 Because the data has not been updated in the scenario, last year's ratings and figures are quoted.



Our business environment, policies and initiatives

Our Business

Shipbuilding, trading, ship owning and operation, sales of energy storage systems for ships, etc.

External environment, risks and opportunities

Shipping demand is expected to increase steadily over the medium to long term due to the development of modal shift and other factors. While the cost of investment in low-carbon technologies and the cost of operation could both increase as a result of GHG emission regulations and taxes by IMO*2 and authorities in each country, the need for zero-emission and low-emission ships*3 and energy storage systems for ships are also forecasted to increase.

Our Policies, Strategies and Initiatives

While monitoring the legal regulations and markets in each country, as well as trends in zero-emission and low-emission ships technologies and costs, we are working to increase the ratio of low-emission ships in our shipbuilding business product lineup and ship owning portfolio in expectation of future adoption of regulations.

In addition, we will strengthen sales of energy storage systems for ships in Japan through a joint venture with Corvus Energy which boasts a high global market share, as the systems expected to improve the fuel efficiency of large ocean-going ships, and also to contribute to realize zero emissions for small coastal ships. In this way, we will create new business opportunities for achieving decarbonization and low-carbonization in society.

*2 International Maritime Organization: International Maritime Organization

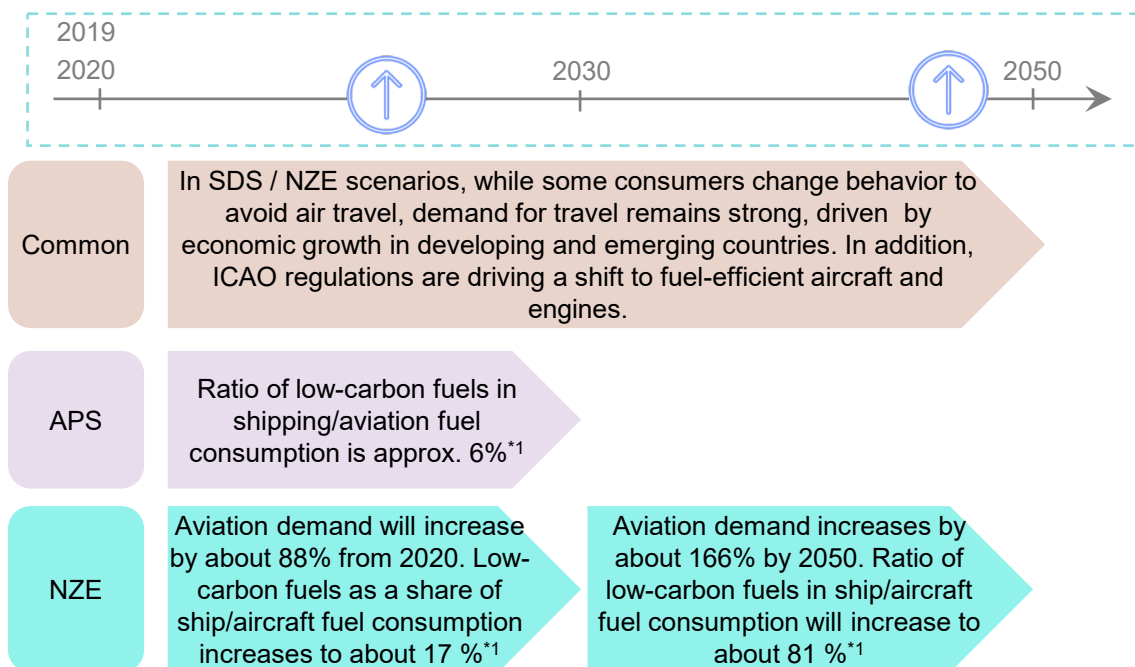
*3 LNG-, methanol-, and ammonia-fueled ships, etc.

Our Climate Change Initiatives: Disclosure Based on TCFD Recommendations

Strategy: Transition Risks and Opportunities Related to Climate Change <Scenario Analysis>

◆ Transportation sector: Aviation

Referenced scenarios (Macro environment: Changes in aviation demand and the ratio of low-carbon fuels in marine and aviation fuel consumption)

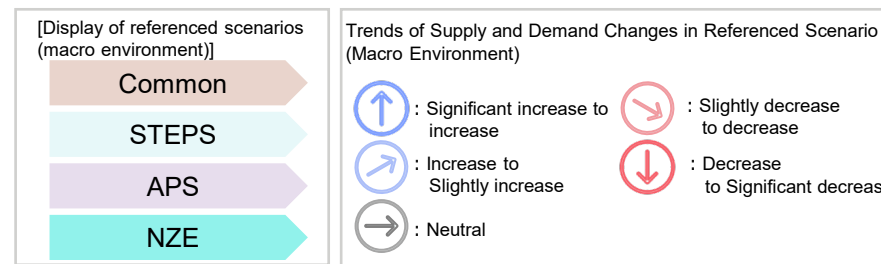


*1 Because the data has not been updated in the scenario, last year's ratings and figures are quoted.

*2 International Civil Aviation Organization

*3 International Air Transport Association

*4 Sustainable Aviation Fuel : Fuel made from plants and waste oil



Our business environment, policies and initiatives

Our Business

Commercial aviation and engine leasing, manufacturing aircraft components, aircraft part-out and recycling, carbon credit trading, etc.

External environment, risks and opportunities

Aviation demand is forecasted to increase over the medium to long term. There is a shift toward fuel-efficient aircraft due to ICAO*2 and IATA*3 regulations, and the start of the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA). At the same time, fuel prices are expected to rise with increased adoption of SAF*4 and other low-carbon fuels and increased demand for carbon credits.

Our Policies, Strategies and Initiatives

In our mainstream commercial aviation and engine leasing businesses, we are working to achieve sustainable revenue growth by replacing aircraft and engine portfolio with better fuel-efficient ones and capturing leasing demand for addition and replacement of airline customers. We are also contributing to customer (airline) initiatives toward decarbonization. By shifting our portfolio while monitoring market and technology trends and legal legislations regarding aircraft fuel efficiency, we will respond flexibly to changes in the business environment and manage the risk of decrease in leasing fees and prices of our owned aircraft.

In 2022, we have entered the aircraft part-out and recycling business, dismantling and selling parts from retired aircraft. Our aim is to build a circular economy by effectively utilizing limited resources and energy and reducing waste. In addition, we are striving to capture business opportunities for a carbon neutral-oriented society by responding to strongly increasing demand for SAF and other biofuels through enhancing initiatives in the manufacture and supply of such SAF and other biofuels.

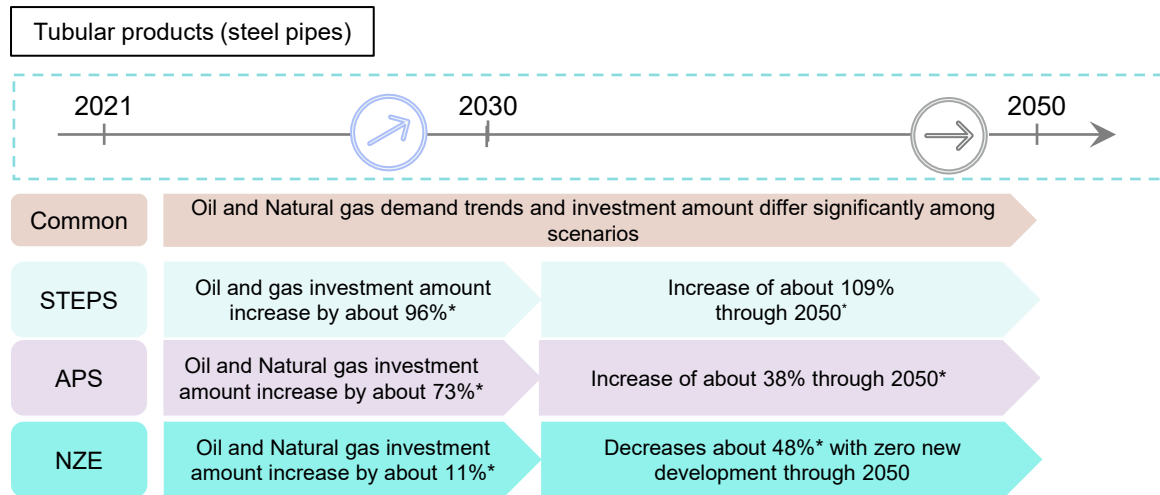
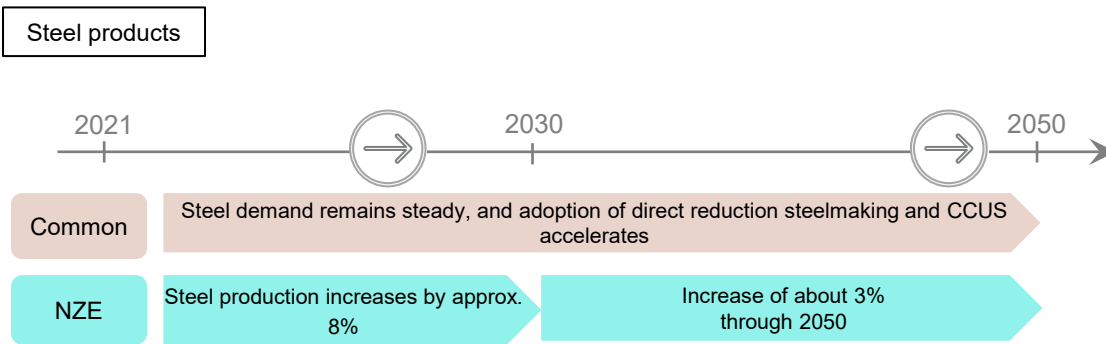
□ Please see [here](#) for more details on Aircraft aftermarket business (including the aircraft part-out and recycling business).

Our Climate Change Initiatives: Disclosure Based on TCFD Recommendations

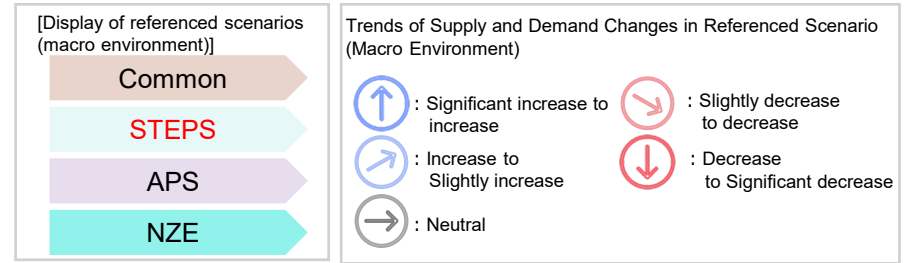
Strategy: Transition Risks and Opportunities Related to Climate Change <Scenario Analysis>

◆ Material industry sector: Steel

Referenced scenarios (Macro environment: Changes in steel production and oil and gas investment amount)



* Because the data has not been updated in the scenario, last year's ratings and values are quoted.



Our business environment, policies and initiatives

Our Business

Processing and sales of steel sheets, tubular products, and other steel products.

External environment, risks and opportunities

Led by emerging countries, demand for steel products is forecast to increase. For tubular products, demand trends and investment in oil and natural gas differ significantly among scenarios, but tubular demand is expected to grow in the short term as oil and natural gas investment increases in all scenarios. However, in the NZE scenario, oil and natural gas investment is forecast to decline by approx. 48% through 2050.

If climate change becomes more serious and demands from society for decarbonization increase, demand for some steel products with a high environmental impact will decline. On the other hand, demand is expected to increase for steel products that utilize low-carbon and decarbonization technologies, such as hydrogen direct reduction steelmaking and CCUS. In addition, new infrastructure (manufacturing equipment, storage facilities, etc.) and transportation methods will be introduced as green energy spreads, which could lead to increase in demand for various steel products, Tubular demand for other decarbonization, such as CCUS, and renewable energy development is also expected to increase.

Our Policies, Strategies and Initiatives

Because our business operation does not include steel manufacturing processes, CO2 emissions are limited. For steel products, while steadily connecting the growth in demand from emerging countries to our earnings, we will develop new businesses in collaboration with leading customers and business partners, in fields such as engineering, ship building, and heavy industries, to capture the shift in demand to low-carbon and carbon-free steelmaking.

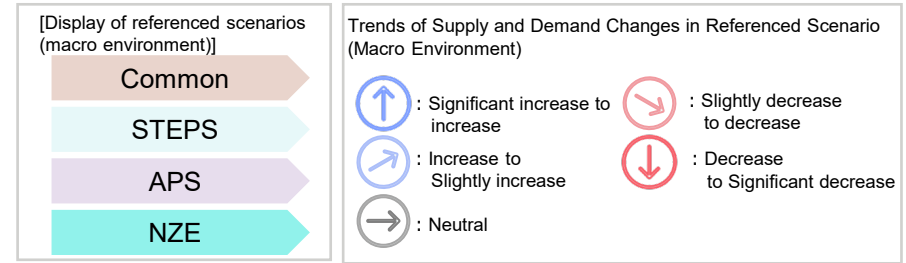
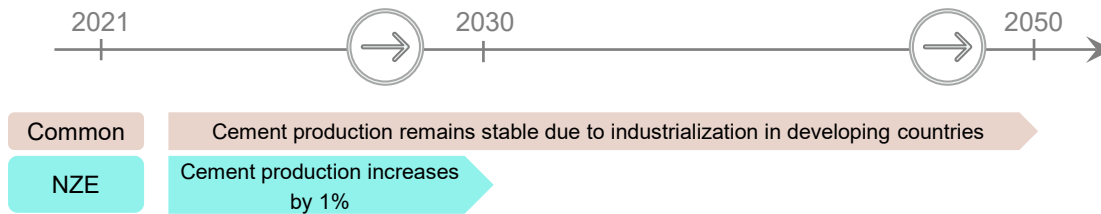
For tubular products, in the NZE scenario, tubular demand in oil and natural gas development will decline. On the other hand, as stated above, steel demand for carbon reduction and decarbonization technologies is forecast to increase, so we will adjust our portfolio to respond to this demand shift. In addition, we will promote energy transition-related business not only on our own but also with our strategic partners such as the integrated energy companies and contribute to improving efficiency in oil and gas well drilling operations to help reduction of CO2 emissions.

Our Climate Change Initiatives: Disclosure Based on TCFD Recommendations

Strategy: Transition Risks and Opportunities Related to Climate Change <Scenario Analysis>

◆ Material industry sector: Cement

Referenced scenarios (Macro environment: changes in cement production)



Our business environment, policies and initiatives

Our Business

Cement distribution business

External environment, risks and opportunities

Global demand for cement is forecast to increase mainly due to urbanization and industrialization in India and African countries, and increased adoption of new infrastructure for green energy in developed countries in particular. If moving toward climate change mitigation, focused measures to use more efficient materials will reduce the rate of increase in cement demand, but overall demand is forecast to remain stable.

There are risks of increased costs and reduced demand with adoption of decarbonization regulations for conventional clinker-based cement, which has a high CO2 emission rate. However, there are also opportunities in the increased demand for cement manufactured using low-carbon manufacturing methods.

Our Policies, Strategies and Initiatives

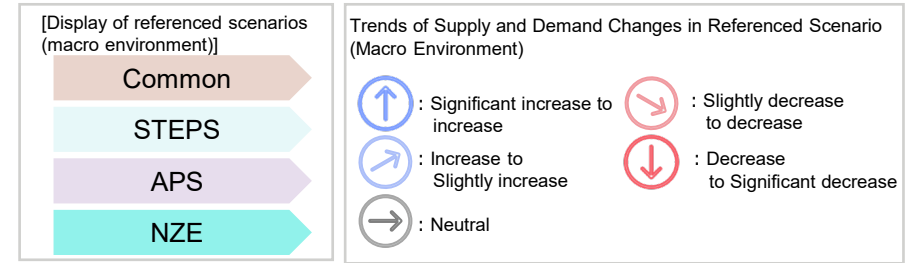
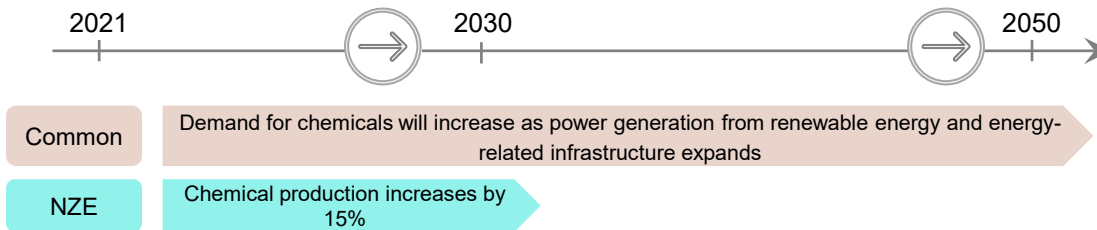
Because the business operation excludes all of the cement production process, CO2 emission is limited. We will implement sales strategies tailored to changes in the market to capture the transition of fuel used in the cement production process to clean energy sources, and the growth in use of low-carbon cement that replaces the limestone used as the principal raw ingredient with other materials. In collaboration with cleantech companies as well, we are verifying clean cement production technologies and verifying development of related products using those technologies.

Our Climate Change Initiatives: Disclosure Based on TCFD Recommendations

Strategy: Transition Risks and Opportunities Related to Climate Change <Scenario Analysis>

◆ Material industry sector: Chemicals

Referenced scenarios (Macro environment: changes in chemical production)



Our business environment, policies and initiatives

Our Business

Manufacturing, trading

External environment, risks and opportunities

Chemical demand is expected to increase with the expansion of renewable energy and energy-related infrastructure. On the other hand, naphtha produced by refining petroleum and gas is used as the principal raw material, but in the long-term process of energy decarbonization, the supply of naphtha used as raw material is expected to decline. In addition, CO₂ is emitted in huge volumes from fossil fuel energy used in the synthesis and decomposition processes of petrochemical product manufacturing, so demand for low-carbon manufacturing processes, including shifting energy used in the processes to renewable energy, is expected to grow.

Our Policies, Strategies and Initiatives

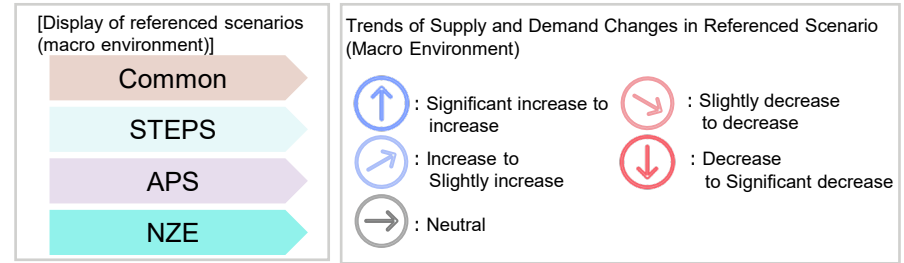
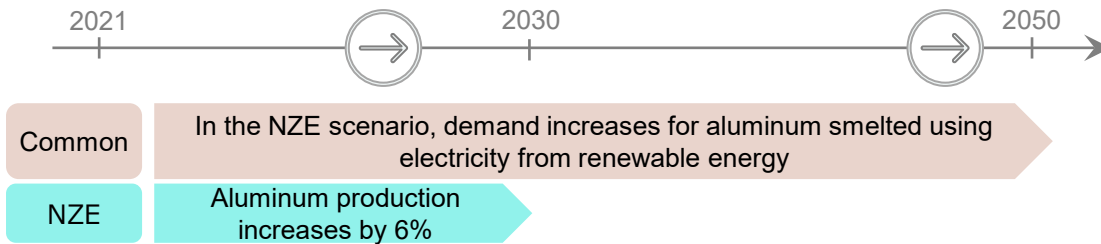
We will monitor customer demand for decarbonization, and trends in relevant technologies, and will explore business opportunities in chemical product manufacturing using biomass materials and CCU (CO₂ capture and utilization). In addition, we will continue our global trading by adjusting to changes in supply and demand in petrochemical product raw materials and finished product markets.

Our Climate Change Initiatives: Disclosure Based on TCFD Recommendations

Strategy: Transition Risks and Opportunities Related to Climate Change <Scenario Analysis>

◆ Material industry sector: Aluminum

Referenced scenarios (Macro environment: changes in aluminum production)



Our business environment, policies and initiatives

Our Business

Smelting

External environment, risks and opportunities

Because of its lightness and excellent recyclability, aluminum is an essential metal for decarbonization of society, including improving fuel efficiency of automobiles by reducing vehicle weight, so demand is forecast to increase. On the other hand, large amounts of electricity are consumed in the primary smelting process, so in a future society promoting low-carbonization and decarbonization, demand for green aluminum, manufactured using electricity from renewable energy and other methods to reduce CO2 emissions, is forecast to increase.

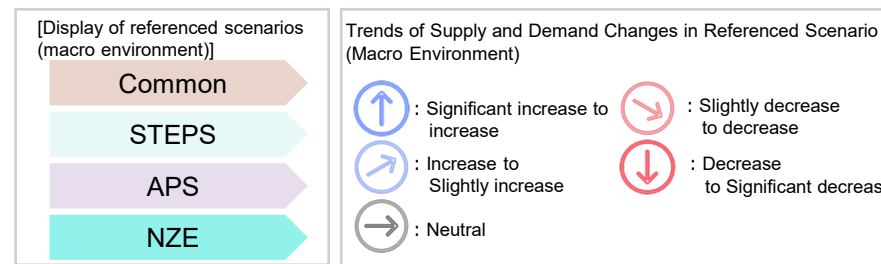
Our Policies, Strategies and Initiatives

Our aluminum smelting business in Southeast Asia chiefly utilizes renewable energy derived from hydroelectricity, so future risks pertaining to carbon pricing is expected to be limited, and the business is likely to remain competitive in the medium to long term. For this reason, future demand for decarbonization in the supply chain from end-users is expected to present business opportunities where Sumitomo Corporation is able to utilize its strengths. Therefore, we will work toward strengthening our competitiveness by further expanding our interests in green aluminum and increasing volumes we handle.

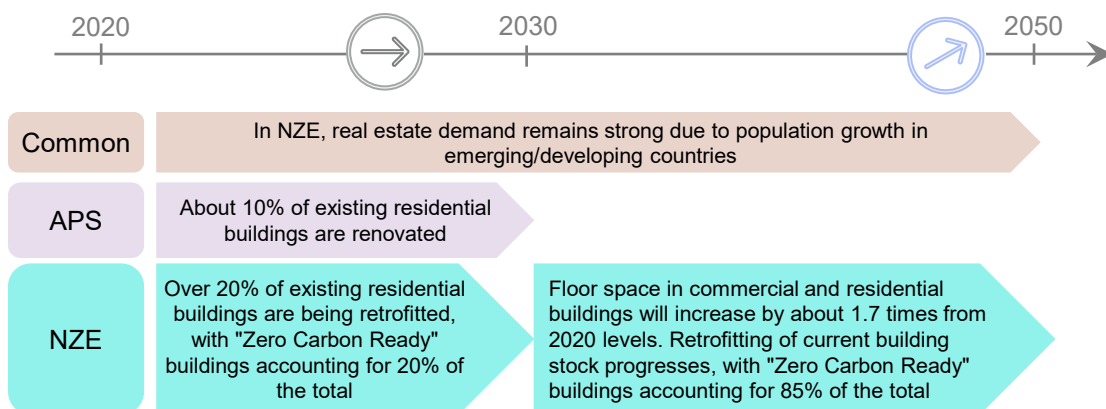
Our Climate Change Initiatives: Disclosure Based on TCFD Recommendations

Strategy: Transition Risks and Opportunities Related to Climate Change <Scenario Analysis>

◆ Real estate sector: Office buildings/residential building sales business



Referenced scenarios (Macro environment: changes in floor space in commercial and residential buildings and renovation ratio of buildings)



Our business environment, policies and initiatives

Our Business

Office buildings, commercial facilities, residential housing, distribution facilities and real estate funds

External environment, risks and opportunities

Demand in the real estate sector is forecast to increase in light of population increases and urbanization in emerging and developing countries and increasing refurbishment of existing buildings. On the other hand, a major challenge for buildings is to reduce CO2 emissions by reducing energy consumption.

In Japan, in order to achieve carbon neutrality by 2050, energy-saving performance equivalent to the ZEH/ZEB standards will be required for new properties after 2030 as part of demand for CO2 emission reductions through improved energy efficiency. If unable to meet these requirements, the risks are that real estate prices will fall, and demand will decline due to increased operating costs. However, meeting the requirements offers opportunities for increased earnings as demand for ZEH/ZEB-compliant building increases and property values increase.

Our Policies, Strategies and Initiatives

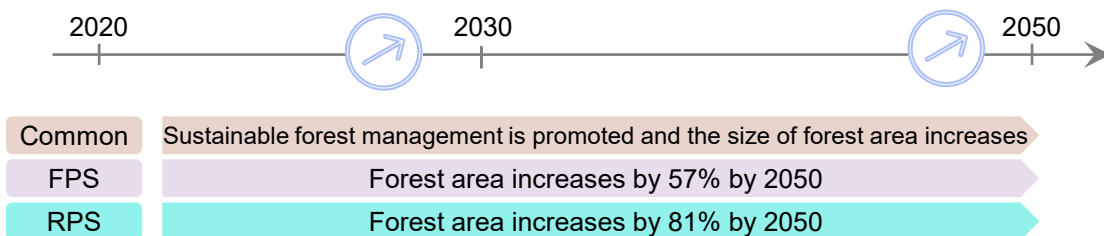
We are involved in development and operation of a range of real estate properties. We will continue efforts to improve energy efficiency and introduce renewable energy by adopting the latest equipment, including smart meters and EMS, in new properties and updating equipment in existing properties, based on trends in customer demand and technologies. In addition, we are cooperating with tenants to implement environmentally friendly initiatives. We will also work on acquiring environmental certification and developing properties to the ZEH/ZEB standards.

Our Climate Change Initiatives: Disclosure Based on TCFD Recommendations

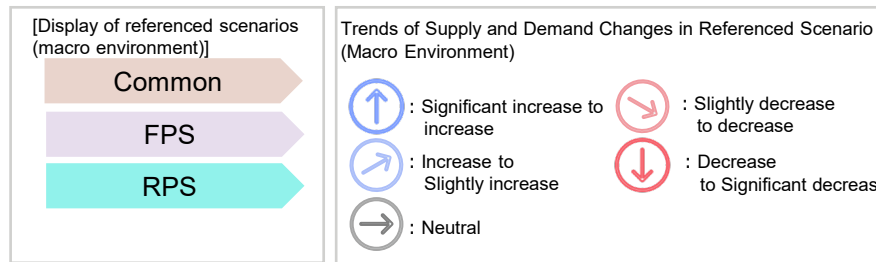
Strategy: Transition Risks and Opportunities Related to Climate Change <Scenario Analysis>

◆Other: Forestry business

Referenced scenarios (Macro environment: changes in size of forest area)



* Temperature ranges used in PRI's FPS and RPS scenarios are similar to those used in IEA's APS and NZE scenarios respectively.
 — The temperature range in PRI's FPS scenario (rise of less than 1.8°C by 2100) is similar to the temperature range in IEA's APS scenario (rise of 1.7°C by 2100).
 — The temperature range in PRI's RPS scenario (rise of 1.5°C by 2100) is similar to the temperature range in IEA's NZE scenario (rise of 1.5°C by 2100).



Our business environment, policies and initiatives

Our Business Forestry business

External environment, risks and opportunities

With the trend toward carbon neutrality, the United Nations, COP26, and national governments are establishing many targets for such objectives as stopping forest destruction and land degradation, and increasing forest protection and the size of forest areas. In each of the scenarios to the left, forest area is forecast to increase in size by 2050.

Under these circumstances, while monitoring of illegal logging and activities that can lead to deforestation will be strengthened, we believe that sustainable forest management and timber supply will increase in value.

Also in the future, demand is forecast to increase for carbon removal credits that recognize absorption of CO₂ in forest cultivation processes, and for alternatives to petrochemical products by using low environmental impact forest products from sustainable logging. We therefore expect competition around investment and development will intensify among countries and companies in this field.

Our Policies, Strategies and Initiatives

We established the Forest Management Policy and the Sourcing Policy for Forest Products in 2022 as part of efforts toward sustainable forest management and sourcing of forest products. In line with these policies, we will expand our forestry business on the assumption of sustainable forest management. While supplying conventional forest products, we will also work to develop new products and businesses that contribute to the capture, storage, and utilization of CO₂.

☐ Please see [here](#) for more details on the Forestry business in New Zealand.

[Disclaimer regarding forecasts]

The projections and forecasts contained here are based on information available as of the date of this announcement, and on certain assumptions and projections. Therefore, actual results and performance may differ significantly due to various uncertainties, including future economic trends and market prices. Neither the company nor the information providers assume any responsibility for any errors in the information posted or for any damages incurred based on the information presented.

Our Climate Change Initiatives: Disclosure Based on TCFD Recommendations

Strategy: Physical Risks Related to Climate Change and Countermeasures

Each year, we identify the Group's sectors and businesses affected by physical risks and inspect the status of their response to these risks. In particular, for businesses with large outdoor sites or those that require large amounts of natural resources for operations, we use assessment tools to analyze the degree of impact of physical risks and individually check the status of their response.

[Identification of Risks and Status of Response at Sumitomo Corporation]

Since the Group operates in a wide range of sectors around the world, we refer to UNEP FI reports describing the impact of physical risks on major sectors, as well as other reports. We identify the major risk characteristics for each of our sectors that are likely to have a significant impact, as well as the major businesses we are involved in, as shown in the table below. This year, we have added forestry to this list.

Physical risks are largely divided into chronic risks that have continuous and chronic impacts on business activities, (e.g., rise in average temperatures, change in rainfall patterns, rise in sea level, etc.) and acute risks caused by unforeseen damage (e.g., escalation of extreme weather conditions such as huge rainstorms, flooding, drought, and forest fires, etc.). The impact is wide-ranging, including direct impact on production site facilities and working conditions, and indirect impact on a broad range of supply chains of raw materials and products. For our business in a broad range of fields and regions, we manage such risks by assessing the impact of local weather and geographical factors on our business at the time of investment, conducting continued assessments after participation in the business, clarifying the scope of contractual responsibility, and concluding nonlife insurance policies.

| Sector | Awareness of the impact of physical risks in each sector | | Principal business related to the risk described at left |
|------------------------|--|---|--|
| | Chronic | Acute | |
| Energy | Water shortage resulting in decline in production efficiency and in operation efficiency, risk of submergence due to sea level rise, etc. | Damage on facilities, disruption of operation, etc., caused by flooding and huge rainstorms | Thermal power generation in Southeast Asia, Middle East and Africa, Wind power generation in Japan and overseas, biomass power generation in Japan, solar power generation, and other renewable energy generation businesses, etc. |
| Resource & Interest | Rise in temperature & water shortage resulting in decline in production efficiency, disruption in operation, risk of flooding with rise in sea level, etc. | Damage on facilities, disruption of operation, etc., caused by flooding and huge rainstorms | Mining operations in North America, South America, Australia, Africa, etc.; energy interests in Southeast Asia, Middle East & Europe; and sales of such resources and energy |
| Raw materials | Rise in temperature & water shortage resulting in decline in production efficiency, disruption in operation, etc. | Damage on facilities, disruption of operation, delay in raw materials/product shipment, etc., caused by flooding and huge rainstorms | Manufacturing, processing, sales, etc., of metal products, transportation equipment and parts, chemical products, materials, etc. |
| Transportation systems | Water shortage resulting in decline in production efficiency, disruption of operation, etc. | Damage on facilities, disruption of operation, delay in raw materials/product shipment, etc., caused by flooding and huge rainstorms | Manufacturing and sales, etc., of transportation equipment and parts |
| Real estate | Delay in project schedule, rise in utility cost, decline in property value with a rise in sea level, etc., resulting from rising temperature | Delay in project schedule, decline in property value caused by structural damage & flooding, etc., caused by flooding and huge rainstorms | Office building business, retail facilities business, residential business, logistics facility business, etc. |
| Agriculture | Rise in temperature & climate change resulting in decline in production efficiency, etc. | Disruption in operation, etc., caused by huge rainstorms, flooding or drought | Agriculture & import and wholesale of food products, retail sales business, etc. |
| Forestry | Temperature change resulting in changes in the growth environment, etc. | Decline in asset value of forest resources, etc., caused by natural disasters | Forestry business in Russia, New Zealand, etc. |

Our Climate Change Initiatives: Disclosure Based on TCFD Recommendations

Strategy: Physical Risks Related to Climate Change and Countermeasures

[Results of Risk Analysis of Susceptible Businesses and Status of Response]

While physical risk includes a variety of risks, we have conducted a more detailed risk analysis of the sectors and businesses identified on the previous page as being susceptible to physical risk based on the factors such as having large outdoor locations or requiring a large amount of natural resources for operations.

In addition to power generation, upstream resources and energy, real estate, and agriculture businesses, we also conducted a risk analysis of forestry businesses this year using assessment tools such as the RCP8.5 scenario*¹ based on the IPCC*² scenario of a 4°C rise by 2100, mainly in terms of water stress, flooding and sea level rise, temperature rise, and forest fires, based on information such as the geographical information of major business sites, while considering the actual conditions of the businesses. For these businesses, we also confirmed that risk management was being conducted appropriately by assessing the impact of local weather and geographical factors on our business at the time of investment, conducting continued assessments after participation in the business, clarifying the scope of contractual responsibility, and concluding nonlife insurance policies.

| Sector | Analysis Results and Status |
|---------------------|--|
| Energy | Analysis of water stress on power generation business showed there are regions with possible water shortage. However, water used in our thermal power generation business, which uses large amounts of water for cooling, is supplied by seawater, water production facilities within the power plant, etc., leading to the conclusion that the risk of operation disruption caused by water shortage, etc., is not significant. |
| Resource & Interest | In the study of the resource & interest business in terms of water stress and continual temperature increase risk, there are regions found to have relatively high risk of long-term increase in the number of days when temperature reaches 35° C or higher and possibility of water shortage. Sumitomo Corporation plans to execute risk control through assessment of disaster risks vis-à-vis geographical conditions, etc., definition of working conditions with sufficient attention to temperature and other conditions, subscription to nonlife insurance, etc. |
| Real estate | In the real estate business, sufficient research and analysis are being conducted on flooding risks for various locations during the development studies stage. Property projects are being selected through conservative assessment of risks based on information from hazard maps and specific conditions of each property site, etc. In promoting project development, measures are being taken on physical risks in order to minimize them. For this reason, risks in the business portfolio as a whole are not considered significant. |
| Agriculture | In the analysis of temperature rise and water stress for major agricultural sites in each country, there are regions with a possible increase in the number of days when temperature rises to 35°C or higher and possible water shortage. Although adverse impact is anticipated on such agricultural operations if such risks affect agricultural product quality, output, etc., Sumitomo Corporation has diversified crops and regions in the business and has therefore built risk resistance to a certain degree in terms of total performance. |
| Forestry | In the analysis of forest fire risk in the forestry business, it was confirmed that the risk is low for the forest assets currently owned by the Company. For our forests, we are taking measures in accordance with fire prevention plans, etc. In the risk analysis based on TNFD* ³ framework, our forest assets in New Zealand were analyzed as a whole for natural disaster risk, including floods, etc. (For details of the analysis results, please refer to the page p.73 to 78). |

*1 Representative Concentration Pathway: A scenario in which the temperature rises by 4°C by 2100

*2 Intergovernmental Panel on Climate Change: Intergovernmental Panel on Climate Change

*3 Taskforce on Nature-related Financial Disclosures: A global initiative aimed to develop and deliver a risk management and disclosure framework for organizations to report and act on evolving nature-related risks.

Our Climate Change Initiatives: Disclosure Based on TCFD Recommendations

Risk Management

- ◆ Our Group's activities cover businesses across a broad range of fields and regions and involve various social issues. We always attach great importance to these social issues, and in order to appropriately control the social and environmental impact of the entire Group's business activities, establish policies such as the Environmental Policy, Human Rights Policy, CSR Action Guidelines for Supply Chain Management, Anti-Corruption Policy, and Compliance Guiding Principles, and publicize and thoroughly enforce them within the Group.
- ◆ We evaluate social and environmental risk and confirm response measures as part of our deliberation processes when considering and implementing new business from a broad perspective. In particular, with regard to climate change, we confirm the following with regard to risks (and opportunities) related to business continuity being impeded by the inability to appropriately respond to changes in the business environment resulting from social and environmental problems such as climate change.
 - The impact of climate change such as the frequent occurrence of natural disasters and abnormal weather
 - The impact of the introduction of regulations
 - The impact of technology changes, etc.
 - The potential for the expansion of business or the improvement of business performance through advances in climate change mitigation and adaptation to climate change
- ◆ With regard to our existing business, as well, we regularly monitor the overall management status of these risks to each business, including social and environmental risks. In addition to managing risk related to individual businesses, we assess the status of companywide social and environmental risks and develop systems that enable these assessments to be used to make strategic management decisions.
- ◆ We have newly introduced an internal carbon pricing system to strengthen climate change risk management for these new and existing businesses. When considering and conducting new businesses, we conduct analysis using 1.5°C scenarios, etc. (NZE scenario, etc.*) to identify potential risks and opportunities in a more decarbonized society and to consider measures to respond to them. In addition, we use the results to understand our overall CO₂ emissions and their potential costs, as well as CO₂ reductions and absorption and their potential benefits, in order to make management decisions.
- ◆ With regard to the handling of the risks of climate change, each business organization assesses the introduction of regulations and market changes for related business sectors and conducts business activities, and as a part of companywide portfolio management, the Corporate Sustainability Department summarizes the status of major risks to the Group, taking into consideration global efforts relating to climate change and regulatory trends. The results are periodically reported to the Management Council and the Board of Directors. If there are any unacceptable risks from the perspective of the portfolio as a whole, measures including reduction of exposure are investigated with organizations responsible for risk management.

Our Climate Change Initiatives: Disclosure Based on TCFD Recommendations

Metrics and Targets

Targets : Effort for carbon neutrality

The Group has adopted the following as its basic policy on climate change issues.

- Reduce CO2 emissions **50%** or more by 2035 (compared to 2019)
 - [**Power generation business**]
CO2 emissions: Reduce **40%** or more (of which 60% reduction or more for coal-fired power generation business)
Net ownership generation capacity: coal 20%, gas 50% renewables 30%
 - [**Fossil fuel upstream business**]
CO2 emissions *1: Reduce **90%** or more
- For coal-fired power generation business, no further involvement in IPP (Independent Power Producer) nor EPC (Engineering, Procurement, Construction) business and will end all the coal-fired power generation business in the late 2040s. For thermal coal mine interest, no additional investment and aim to achieve zero equity production from thermal coal mines by 2030.
- Increase supply of renewable energy (**5GW** or more by 2030)

Index: Internal carbon pricing utilization index for achieving carbon neutrality

The Group uses carbon emissions cost, environmental value, and CO2 reduction contribution as indexes in order to assess the impact of climate change on potential future business risks and opportunities and to take early action in order to promote initiatives to achieve carbon neutrality for the Company and society. See p.30 for details.

Targets : Effort for carbon neutrality (As of 2022)

| | Scope 1 Direct emissions | Scope 2 Indirect emissions from acquired electricity etc. | Scope 3 Other indirect emissions |
|---|---|--|-------------------------------------|
| Sumitomo Corporation/ Subsidiaries | Approx. 1 million tons (Excluding power generation business) | | Fossil energy concession |
| Associated companies (equity method) | Thermal power generation business (Includes estimates for projects under construction.) Approx. 43 million tons | | Approx. 9 million tons |

*1 Indirect CO2 emissions by others associated with the use of energy resources produced

Results

CO2 Emissions (Thousand t-CO2e)

| Index | Result of FY2019 (The base year) | Result of FY2022 | Percentage of change | Reduction targets of 2035 |
|--|-------------------------------------|------------------|----------------------|---------------------------|
| Entirety | 59,939 | 52,572 | ▲12.3% | 50% or more |
| Power generation business *2 | 43,126 | 42,613 | ▲4.0% | 40% or more |
| Of which, coal-fired power generation *2 | 34,452 | 34,853 | 1.2% | 60% or more |
| Fossil energy concession | 15,808 | 9,203 | ▲41.8% | 90% or more |

Figures for active power generation projects and fossil energy interests are calculated with the advice of a third party.

*2 Includes estimates for projects under construction.

Net ownership generation capacity portfolio (Figures noted in brackets indicate net ownership generation capacity)

| Index | Result of March 31, 2020 (The base year) | Result of March 31, 2023 |
|---------------------|---|--------------------------|
| Coal | 5,240 | 5,208 |
| Gas | 3,011 | 2,994 |
| Renewable energy *3 | 1,397 | 1,771 |
| Total | 9,651 | 9,974 |

Net ownership generation capacity of Renewable energy

| Index | Result of March 31, 2020 (The base year) | Result of March 31, 2022 | Targets of 2030 |
|---------------------|---|--------------------------|-----------------|
| Renewable energy *3 | 1,397 | 1,771 | 5,000 or more |

*3 Includes capacity held by a fund whose management company is 51% owned by Sumitomo Corporation.

Climate Change

Activities

Activity Description

Renewable Energy Related Business

We have entered power generation business using renewable energy, which is expected to grow as a medium- to long-term energy source, contributing to mitigating climate change.

As of March 31, 2023

| Fuel | Power plant | Country | Generation Capacity (MW) |
|-------------|---|--------------|--------------------------|
| Solar power | Osaka Hikarinomori Project | Japan | 10.0 |
| | Solar Power Saijo | Japan | 29.0 |
| | Solar Power Kitakyushu | Japan | 16.0 |
| | Solar Power Tomakomai | Japan | 15.0 |
| | Solar Power Minamisoma/Kashima | Japan | 59.9 |
| | Solar Power Minamisoma/Haramachi | Japan | 32.3 |
| | EVM/EVM2 | Spain | 14.0 |
| Wind power | Thang Long Industrial Park (TLIP)/TLIP II /TLIP III | Vietnam | 25.1 |
| | Oga Wind Power Plant | Japan | 28.8 |
| | Summit Wind Power (Kashima) | Japan | 20.0 |
| | Abukuma Wind Power Plant | Japan | 147.2 |
| | Datang Sino-Japanese (Chifeng) New Energy | China | 50.0 |
| | Stanton Wind Energy | USA | 120.0 |
| | Cimarron II Wind | USA | 131.1 |
| | Ironwood Wind | USA | 167.9 |
| | Dorper Wind | South Africa | 100.0 |
| | Mesquite Creek Wind | USA | 211.2 |
| Amunet | Egypt | 500.0 | |

| Fuel | Power plant | Country | Generation Capacity (MW) |
|---------------------|-------------------------|-------------|--------------------------|
| Offshore wind power | Northwind | Belgium | 216.0 |
| | Nobelwind | Belgium | 165.0 |
| | Northwester2 | Belgium | 219.0 |
| | Galloper | UK | 352.8 |
| | Race Bank | UK | 573.3 |
| Woody biomass | Summit Handa Power | Japan | 75.0 |
| | Summit Sakata Power | Japan | 50.0 |
| | Summit Myojo Power | Japan | 50.0 |
| | Sendai-ko Biomass Power | Japan | 112.0 |
| Geothermal Power | Muara Laboh | Indonesia | 85.0 |
| Hydraulic power | CBK | Philippines | 792.0 |

Climate Change

Activities

Activity Description

Green Building Initiatives and Issuance of Green Bonds

In our real estate business, we have formulated and implemented basic policies related to environmental, social and governance (ESG) issues. As a real estate management company, Sumisho Realty Management Co., Ltd. ("SRM") believes that incorporating ESG elements into investment decisions and operation processes is essential to maximizing value of medium- to long-term investor. For SOSiLA Logistics REIT, Inc. ("SLR") and other fund properties under the company's management, it has had its real estate performance evaluated by CASBEE, DBJ Green Building, LEED, BELS, and so on. Also, SOSiLA Logistics REIT Inc. has been awarded "5 Stars" in the 2022 GRESB Real Estate Assessment and the second highest "A Level" for the GRESB Public Disclosure, which measures the quality of ESG disclosure.

SLR is the first J-REIT to formulate a green finance framework since IPO. It is promoting ESG-oriented asset management through green finance. In June 2023, SLR issued 3,000 million yen Green Bonds with aims to strengthen the funding platform by expanding the ESG investor base, along with promoting ESG initiatives. Proceeds procured through Green Finance are used for the acquisition of existing or new assets (including scheduled acquisition) of Eligible Green Assets that satisfy any of the following eligible criteria, used for the renovation of Eligible Green Assets, or repayment and redemption of loans (including Green Loan) and Investment Corporation Bonds (including Green Bonds) required for these.

<Eligibility Criteria>

●Green Building

Any of the following items that have been or will be certified

- B+ rank, A rank, or S rank in CASBEE certification
- Three-star, four-star, or five-star DBJ Green Building certification
- Three-star, four-star, or five-star BELS certification
- Silver, Gold or Platinum in LEED certification

●Renovation of existing building

Renovation of the owned assets which meet the following;

- i. To aim for improving environmental benefits such as reducing CO2 emission, energy consumption or water consumption (10% or more decrease in its volume)
- ii. To improve the certification level by one rank, acquisition or reacquisition of the certifications

●Energy Saving Equipment

Costs related to renewal of air-conditioning equipment, conversion of lighting fixtures to LEDs, and introduction of power storage systems (expected energy savings of 10% compared with conventional systems)

●Renewable Energy

Acquisition or installation of renewable energy power generation facilities (installed on the premises or on the rooftop of the property)

| Certification Obtained | Property Name | Evaluation |
|-----------------------------|--------------------------|-----------------------------------|
| CASBEE: 9 properties | SOSiLA Yokohama Kohoku | Rank A |
| | SOSiLA Sagamihara | Rank A |
| | SOSiLA Kasukabe | Rank A |
| | SOSiLA Kawagoe | Rank A |
| | SOSiLA Nishiyodogawa I | Rank A |
| | SOSiLA Nishiyodogawa II | Rank A |
| | SOSiLA Ebina | Rank S |
| | LICS Narita | Rank A |
| | SOSiLA Itabashi | Building (New Building) A Rank |
| LEED: 2 properties | 203 North LaSalle | PLATINUM |
| | Atlanta Financial Center | SILVER |
| BELS : 10 properties | SOSiLA Yokohama Kohoku | ☆☆☆☆☆ |
| | SOSiLA Sagamihara | ☆☆☆☆☆ |
| | SOSiLA Kasukabe | ☆☆☆☆☆ |
| | SOSiLA Kawagoe | ☆☆☆☆☆ |
| | SOSiLA Nishiyodogawa I | ☆☆☆☆☆ |
| | SOSiLA Ebina | ☆☆☆☆☆ |
| | SOSiLA Nishiyodogawa II | ☆☆☆☆☆ |
| | LICS Narita | ☆☆☆☆☆ |
| | SOSiLA Itabashi | ☆☆☆☆☆ |
| | SOSiLA Amagasaki | ☆☆☆☆☆ |

Acquisition of major environment-related certifications at fund properties managed by Sumisho Realty Management Co., Ltd. (as of July 2023).

Climate Change

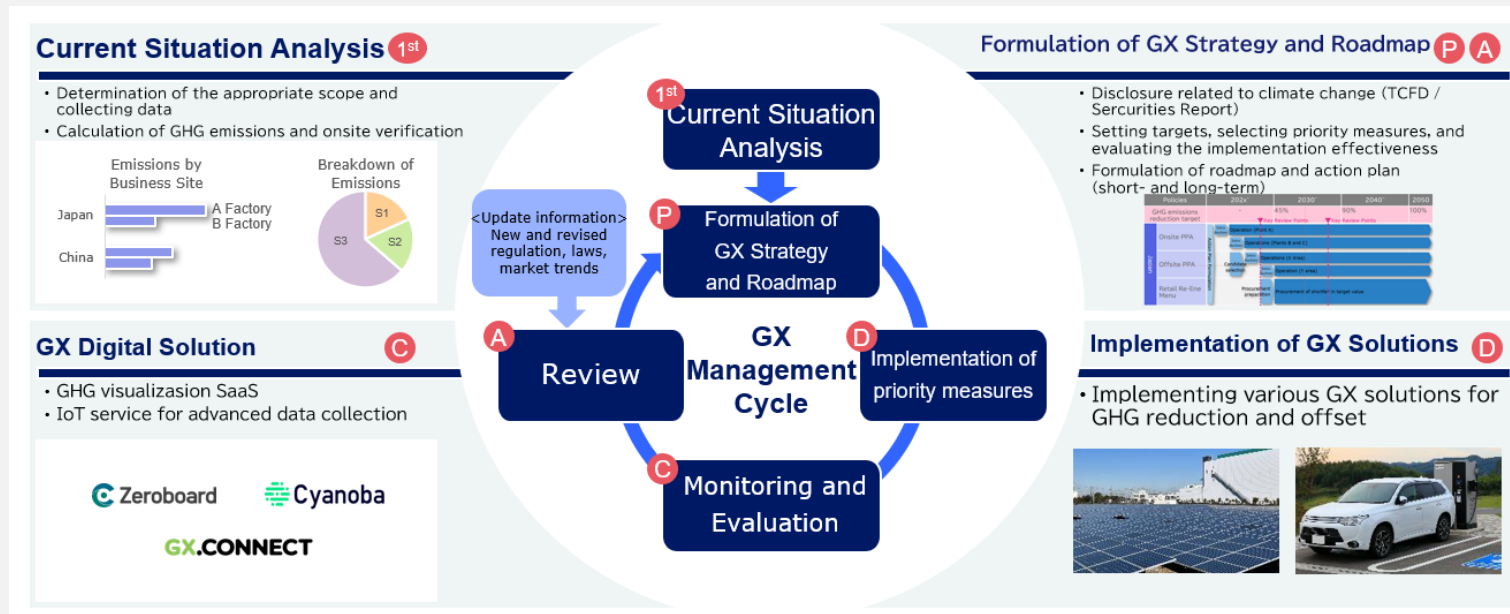
Activities

Activity Description

GX Concierge, Providing Side-by-Side Support for Decarbonized Management

To realize carbon neutrality, companies need to develop a green transformation (GX) management cycle for the ongoing process of assessing their current greenhouse gas (GHG) emissions, formulating GX strategies and measures, adopting GX solutions, and evaluating and revising the process. Sumitomo Corporation, ABeam Consulting, and group company SCSK are working together on a project called "GX Concierge" to mitigate climate change to carbon neutrality for society. Specifically, GX Concierge provides various GX-related consulting services, including support for measuring GHG emissions, support for developing a GHG reduction roadmap, and support for making disclosures under the Task Force on Climate-related Financial Disclosures (TCFD). It acts as a one-stop service for all the customer's needs, from adoption of various Sumitomo Corporation Group's GX solutions, such as solar power generation and EV leasing businesses, to GHG emission management cloud services for visualizing GHG emissions. With climate change disclosures in line with TCFD recommendations becoming mandatory from FY2022 for companies listed on the Prime Market of the Tokyo Stock Exchange, we have already been providing GX consulting and other support services to our suppliers.

Sumitomo Corporation Group is deeply involved in the supply chains of a wide range of industries, so we aim to work with our suppliers and business partners to tackle climate change mitigation head-on and help realize a carbon neutral society through GX Concierge.



Climate Change

Activities

Activity Description

ZEB Ready Certification for Hatchobori 1-chome Office Building Project (tentative title)

Sumitomo Corporation is working with business partners to develop the Hatchobori 1-chome Office Building Project. In June 2023, this project received ZEB Ready certification (for net zero energy buildings) in a first for office buildings that we have developed. The ZEB Ready certification is given to non-residential buildings that are able to reduce primary energy consumption by 50% or more compared to base energy consumption through various energy-saving measures.

This office building achieved a BEI value of 0.48 (52% reduction compared to the standard) by adopting Low-E glass and light shelves on the exterior, high-efficiency air conditioning equipment, changes in room illumination, and the addition of lighting control equipment, thereby realizing an energy-saving building with a low environmental impact.



Using GX Concierge to Visualize GHG Emissions from Logistics Facilities (SOSiLA)

To assist efforts toward decarbonization, we have used GX Concierge to calculate and visualize GHG emissions from at our own logistics facilities that we have developed and that we, and other Group companies and SOSiLA Logistics REIT, Inc. To date, the SOSiLA series has been actively pursuing environmental certification in order to provide logistics facilities with high environmental performance to its tenant companies and JLF's SOSiLA Logistics REIT, Inc. investors.

As part of efforts to further reduce our GHG emissions, we will work to reduce the full life-cycle of GHG emissions by securing green power for facilities that are currently operating through installation of rooftop solar panels and other initiatives, and by adopting materials with high environmental performance for future facilities.



Activity Description

Issuing Green Bonds and Operating Eco-friendly Data Centers in the IT Business

SCSK Group plays a central role in the IT business of Sumitomo Corporation Group. SCSK conduct management aimed at resolving social issues through business and achieving sustainable growth together with society.. SCSK specified the issues that it views as particularly important and that it should prioritize taking action on to achieve growth together with society as material issues. As an initiative to contribute to their materiality, Global Environmental Contributions" they issued a 5 billion yen green bonds in June 2021 to fund the construction, refurbishment, acquisition, and operation of an eco-friendly data center (netXDC Chiba Center No. 3) through energy-saving measures. The data center is designed to dramatically reduce electricity consumption through the use of LED lighting, exterior insulation, and other measures including use of high-efficient air-cooled free-cooling chillers (air conditioners with cooling systems that use the outside air). The center has been in service since May 2022.

SCSK Group has been working on power saving to reduce greenhouse gas emissions, mainly at its data centers. Going forward, the SCSK Group will continue its ambitious efforts to reduce greenhouse gas emissions by promoting further power conservation and the use of natural energy. And will contribute to the realization of a decarbonized society and the development of a sustainable society through the practice of environmentally friendly business activities and the creation of business opportunities.



Bonds used to fund netXDC Chiba Center No. 3

Climate Change

Activities

Activity Description

Retrofitted EV Bus Business with Nishitetsu Group

Sumitomo Corporation is working with Nishi-Nippon Railroad Co., Ltd. (Nishitetsu) to develop a retrofitted EV bus business that converts existing diesel buses into electric vehicles. With reducing CO2 emissions being an important challenge for the bus industry as well, EV buses have become increasingly important in recent years. However, only limited numbers of EV buses have been put into operation so far due to the high price of the vehicles. Focusing on this challenge, we have successfully deployed the Retrofitted EV Bus scheme, together with Nishitetsu Auto Body Tech Co Ltd, with practical cost using EV kits powered by RAC Electric vehicles Inc. which is the leading EV bus manufacturer in Taiwan.

This business is an initiative that contributes to various social issues, including development of local society and economy, the circular economy, and mitigation of climate change. By introducing and expanding use of these domestic retrofitted EV buses by Nishitetsu and other domestic bus businesses, we will contribute to decarbonization of the bus industry in Japan.

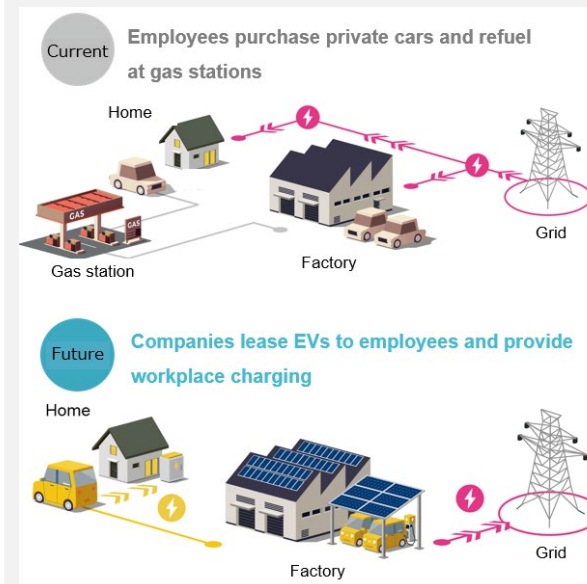


First retrofitted EV bus assembled in Japan (operating in Fukuoka City from June 2023)

Activity Description

Hakobune Established to Provide a Service Combining EVs with Energy Management

Sumitomo Corporation has established Hakobune Inc. to provide “EV x energy management” services. Hakobune will provide companies with commuter EVs for employees and workplace charging (WPC) facilities on a monthly subscription basis. If required by the companies, solar power generation equipment can be added to the package. To help employees update their commuting options and help companies decarbonize, Hakobune will provide commuter EV vehicles and WPC equipment for solar charging at workplaces to companies and their employees in areas where cars are critical for commuting. Sumitomo Corporation will make full use of its experience in the automotive and electric power businesses to accelerate its efforts to become carbon neutral through Hakobune's business while providing workers with a comfortable mobility lifestyle, thereby realizing the development of local communities and economies.



Water Resources

Policy and Concept

Water is an essential natural resource. However, due to an increase in water demand as a result of population growth and economic development, there will be more and more areas where water will become scarce. According to the Organization for Economic Co-operation and Development (OECD), water demand is projected to increase by 55% between 2000 and 2050 and, in 2050, 240 million people will have no access to clean water and 1.4 billion people will be without access to basic sanitation.

Our Group conducts its business around the world, including in highly water-stressed areas. Fully recognizing the finiteness of water resources, we approach relevant issues both in terms of risk and opportunity through our efforts to reduce water consumption, improve efficiency, and establish water infrastructure.

[ESG Quantitative Data on Water](#)



Activities

Activity Description

Water Business

While water demand is expected to increase on a global basis as a result of population growth, urbanization and industrialization, the infrastructure environment to ensure the supply of safe and hygienic water has not been improved and water issues are expected to become even more serious. In response, in the 21st century, water business that aims to address water issues has started attracting people's attention globally. Increasing awareness that developed countries are responsible for contributing to achieving a safe and hygienic living environment in developing countries has also contributed to the increased attention to water business.

We regard water business combining water supply and sewerage systems as an important pillar of social infrastructure. Based on this recognition, we are engaged in various business projects around the world. We have been expanding our water business from BOOT and BOO business*1 using private-sector capabilities*2, such as water and sewage treatment and seawater desalination, to fully privatized business in promising markets around the world, including areas with rapidly increasing water demand. We have realized substantial achievements in these business areas. We will continue to take on challenging issues in globally expanding and multifaceted water business by supplying safe and secure water using Japanese technology and responding to the demand for reducing social costs by using private capital.

*1 BOOT (Build–Own–Operate–Transfer) is a form of providing services under a long-term contract with the public sector and, after the contract period, transferring the business assets to the public sector

BOO (Build–Own–Operate) is a form of providing services under a long-term contract with the public sector as in BOOT but the assets will be maintained by the business operator.

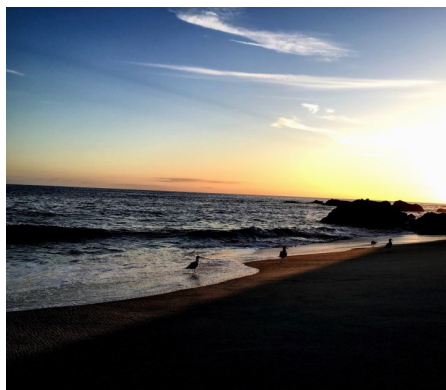
*2 Use of private-sector capabilities: Use of business operation capabilities and funds of the private sector for business projects that have traditionally been conducted and financed by the public sector to increase efficiency

| Country | Activity Description | Business category |
|---------|--|--|
| Brazil | Investment in BRK Ambiental, a top Brazilian company engaged in water business, holds assets of 23 business projects of water supply and sewerage treatment (our indirect ownership ratio is 14%). We are participating in promising water supply and sewerage treatment business in Brazil. | Water supply and sewerage treatment business |
| UK | We acquired 50% of the shares of Sutton & East Surrey Water, a UK water business company, and became involved in fully-privatized water business in the UK. | Water supply business |
| China | We established Capital Summit at 40% share ratio with Beijing Capital Eco-Environment Protection Group, a leading water infrastructure company in China. Capital Summit operates sewage treatment plants in Shandong Province and Zhejiang Province. | Sewerage treatment business |
| Oman | We have been awarded a seawater desalination project using reverse osmosis membrane technology and private-sector capabilities/funds. Commercial operation was started in February 2016. | Seawater Desalination business |

Prevention of Pollution

Policy and Concept

Sumitomo Corporation Group's business covers a wide range of areas around the world. As described in the Environmental Policy, the Group complies with environment-related laws and regulations and contributes to creating a recycling society. We consider it important not only to comply with laws, ordinances and standards to prevent pollution caused by wastewater, sludge, exhaust and other wastes but also to reduce environmental impact through waste reduction, reuse and recycling in order to achieve a sustainable society. We will continue to address relevant issues through our business activities.



Activities

Activity Description

Efforts to Reduce Environmental Impacts in the Agrochemical / Fertilizer Sales Business

Our major mission in the realm of agrochemical/fertilizer business is to provide the best-quality agrochemicals/fertilizers that fulfill the needs of farmers worldwide with the aim of contributing to increasing the productivity of agricultural crops. We select and combine functions such as import, manufacturing, distribution, wholesale and direct sales by taking into account the characteristics of each market, and we are currently conducting agrochemical/fertilizer business in about 40 countries.

In some areas, unfortunately, farmers and distributors inappropriately dispose of emptied plastic bottle containers and aluminum bags of agrochemicals, which can pollute the environment. There are also concerns that agrochemical remains in such containers could lead to an accident and adversely affect the environment. Agro Amazonia Produtos Agropecuarios Ltda. in Brazil and Summit Agro Mexico S.A. de C.V. in Mexico involve other companies in the industry to make joint efforts to collect and recycle empty containers of agrochemicals to promote environmental conservation.

Efforts are also made to reduce the environmental impacts of agrochemicals themselves, including investment in Futureco Bioscience S.A., a bioagrochemical manufacturer in Spain, and application of integrated pest management (IPM), which does not depend on agrochemicals alone and has low environmental impacts.

As an IPM effort, we are spreading the use of a communication disruptor (pheromone agent) developed by Shin-Etsu Chemical Co., Ltd., which uses insect's natural sex pheromone. It is harmless to non-target organisms, and not only reduces the population of the target pest but is also effective on pests that enter inside plants and are hard to control.

It can also be expected to reduce the pesticide resistance of pests. This control method is currently applied by about 60% of orchards in France. In the European region, we have expanded our sales territory to include Poland, Bulgaria and Turkey.

In addition, we put our efforts into reducing the amount of conventional chemical fertilizer applied and reducing environmental impacts on farmland by expanding the sales of coated fertilizers (allowing farmers to control the pace of fertilizer elution and enhance the effective utilization rate of fertilizer constituents, thereby reducing the amount of fertilizer applied) and biostimulants (which increase plants' tolerance to diseases and pests as well as to cold/heat stresses by enhancing their innate immunity and vitality, thereby enabling the use of reduced amounts of fertilizer).



Investment in a bio-agrochemical manufacturer in Spain



Agrochemical project in Brazil (Agro Amazonia Produtos Agropecuarios Ltda.)



Use of a pheromone agent

Prevention of Pollution

Activities

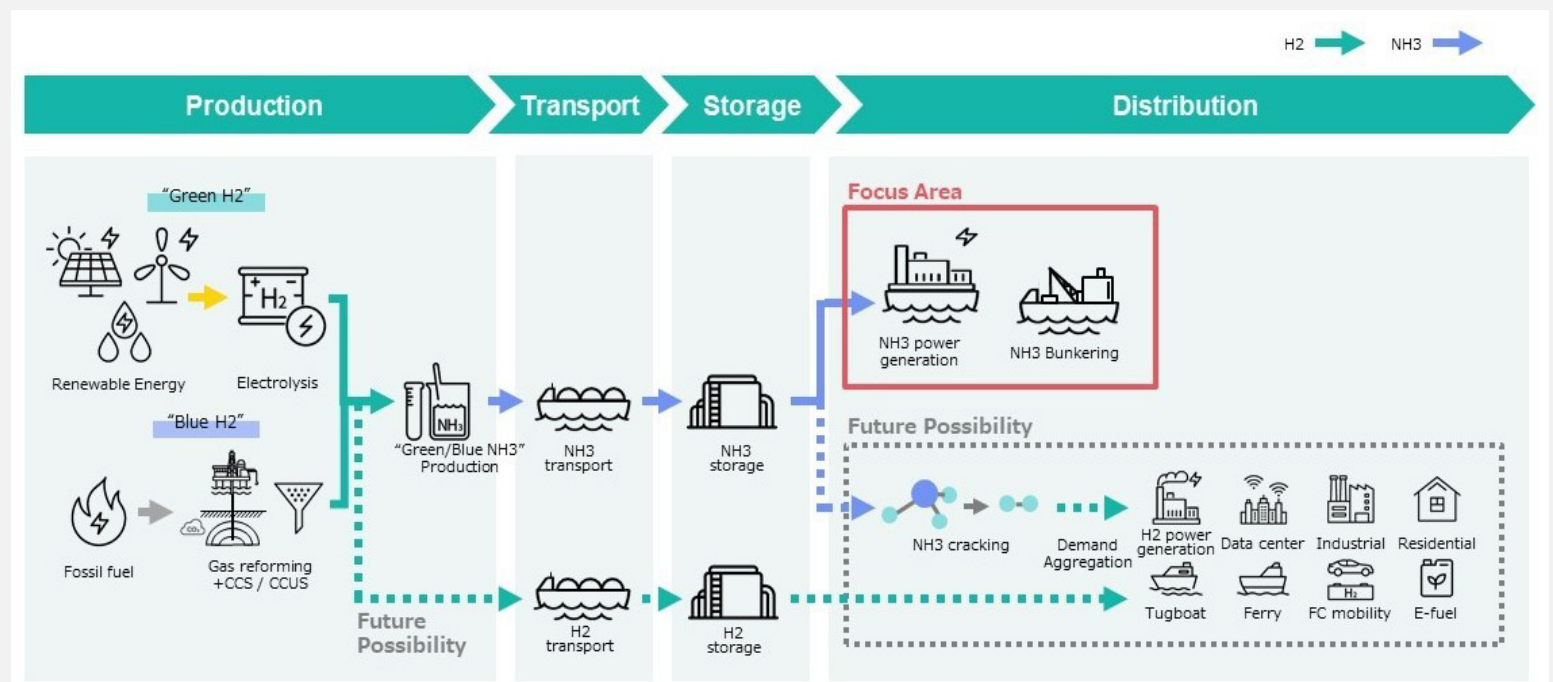
Activity Description

Reducing the Environmental Impact of Marine Fuel

Since 1954, we have been supplying marine fuel to shipping companies in Japan and abroad. To contribute to reductions in the shipping industry's environmental impact, we are also working to supply LNG fuel, which emits no sulfur oxides and contains 40-70% fewer nitrogen oxides and 20% less carbon dioxide than conventional fuels. Specifically, through a joint venture with Uyeno Transtech Ltd., Yokohama-Kawasaki International Port Corporation, and the Development Bank of Japan Inc., we placed an order for an LNG bunkering vessel which is scheduled for completion in FY2023.

We are working with A.P. Moller - Maersk A/S and other partners in a joint study on the commercialization of supplying ammonia fuel for ships in Singapore, the east coast of North America, and the Middle East (Oman). Through this initiative, we aim to contribute to the decarbonization of the shipping industry by creating a comprehensive supply chain that includes the supply, transportation, storage, and bunkering of non-GHG emitting marine fuel.

The International Maritime Organization (IMO), a specialized agency of the United Nations, has formulated a strategy to reduce greenhouse gas (GHG) emissions from maritime transportation globally to zero by around 2050. In this context, it is believed that ammonia will be the next generation of alternative marine fuels that have the potential to contribute significantly to reducing GHG emissions in the shipping industry because it does not emit CO₂ during combustion. Green ammonia in particular has the potential to be a major factor in making the shipping industry carbon-free, as it is produced solely from renewable electricity, water, and air and emits no CO₂ during its lifecycle.



Resource Utilization (Recycling and Circulation Business)

Policy and Concept

A variety of issues that threaten the sustainability of society have been brought to the fore, such as the growing world population and the associated increases in demand for resources and energy and in the volume of waste. Rather than continuing the conventional practices of mass production, mass consumption and mass disposal, building circular economy systems through recycling, reuse, reproduction, resource-saving product development, and sharing, and reducing dependence on natural resources are important for maintaining social sustainability.

The Group will make effective use of limited resources and contribute to the realization of sustainable resource recycling by switching to resource-saving technologies and products, and working on sustainable procurement of natural resources.

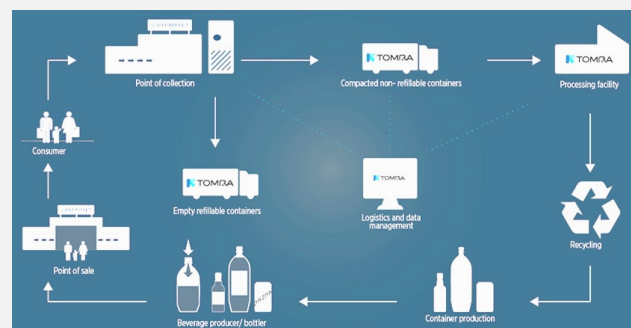
[ESG Quantitative Data on Resources and Waste](#)

Activities

Activity Description

Tomra Japan: Creating and Deploying a PET bottle Recycling System in Which Consumers Take Part Actively

Reducing the usage of plastic resources while ensuring its effective consumption - importance of this issue is increasing year by year as a measure for addressing global environmental issues, such as marine litter and global warming. In this context, importance of resource recovery system is increasing, to materialize and enhance sustainable resource recycling. Tomra Japan is a joint venture between TOMRA Systems ASA (Norway) and our company. In addition to selling equipment such as reverse vending machines (RVMs) for the efficient collection of used PET bottles, we have also created and deployed a recycling system whereby we collect PET bottles from RVMs installed at supermarkets and other retail stores and deliver them to recyclers. RVMs only collect PET bottles after their caps and labels are removed by the consumers, this enables us to collect high-quality resources with fewer impurities. Through the supply of high-quality recovered resources, Tomra Japan has been contributing to horizontal recycling, in which fresh PET bottles are made from used PET bottles. In addition to such activities, in 2021 the company launched a new brand named "bottlium" with the aim to contribute to the recycling of PET bottles into polyester clothing. By recycling PET bottles into clothing that can be repeatedly washed, continuing the horizontal recycling of PET bottles, and encouraging consumers to actively take part in collecting and recycling higher-quality resources in an efficient manner, Tomra Japan will continue to contribute to the reduction of environmental burden and the development of a recycling-based society.



Circulation recycling system with RVM as a platform



Reverse Vending Machine

bottlium™



Official Brand Web Site

"bottlium" – New brand of recycled PET bottle by Tomra Japan. Made from the high-quality resources (used PET bottles) collected by Tomra Japan, through chemical agent-free aqueous cleaning process.

The highest quality expands the possibilities for various applications such as hollow fibers.

Resource Utilization (Effective Use of Forest Resources)

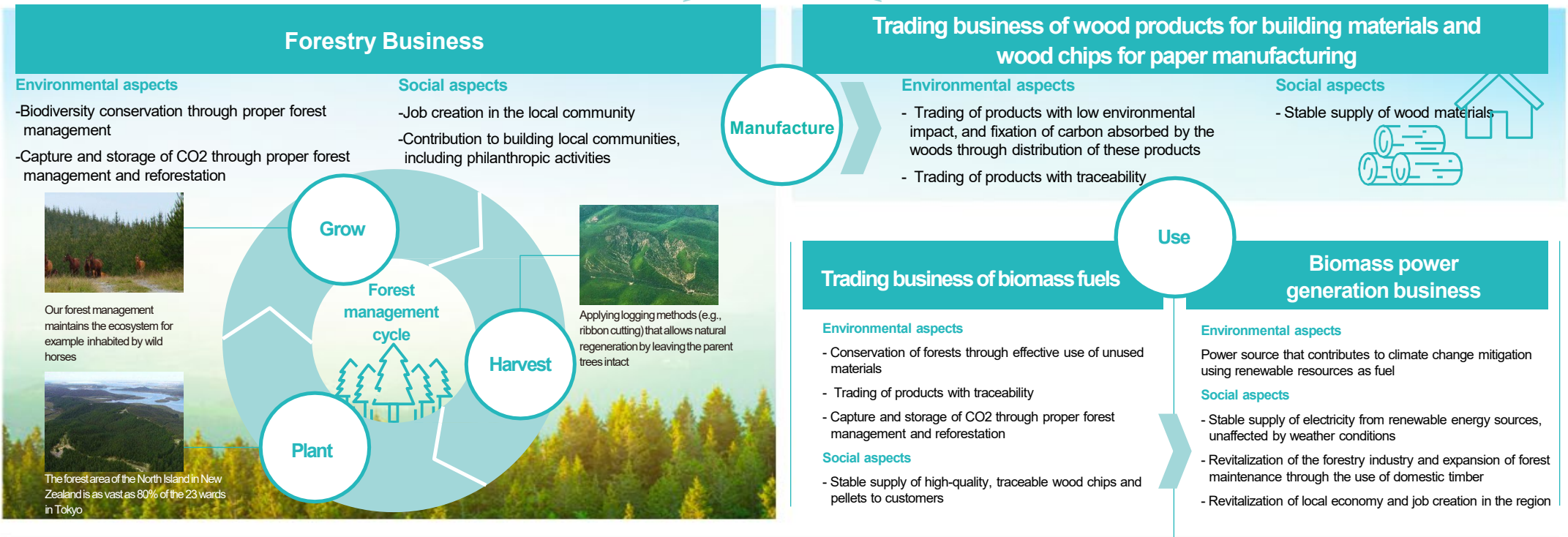
Forests are a circulative resource that can be permanently regenerated through continuous planned logging and regrowth. In addition to providing diverse food sources and timber products in each region, appropriate management of these resources contributes to the conservation of biodiversity and mitigation of climate change by capture and storage of CO2. The Sumitomo Corporation Group, conducting business using these precious resources, implements sustainable forest management to maximize the environmental and social value provided by them, while striving to strengthen governance to prevent deforestation, forest degradation, and human rights violations.

Environmental Value

- Conservation of biodiversity through proper forest management
- Capture and storage of CO2 through proper forest management and reforestation
- Utilization of unused wood such as wood from thinning

Social Value

- Job creation in the region and vitalization of the local economy
- Stable supply of high-quality wood products
- Stable supply of electricity from renewable energy sources, unaffected by weather conditions, through biomass power generation business



Sustainability challenges in forest dependent business

- Enhance sustainable procurement
- Thoroughly implement corporate governance, including group companies
- Manage social and environmental risks in the supply chain
- Reduce CO2 emissions from manufacturing and transportation phases, etc.

Strengthen corporate governance to maximize corporate value

Implement measures to strengthen governance

Measures to solve sustainability challenges in business

- Established "Forest Management Policy" and "Sourcing Policy for Forest Products" and guidelines
- Monitor and improve business operations in line with the above policies and guidelines
- Implement due diligence by utilizing international certification systems and conducting audits using satellite imagery etc.
- Collaborate with suppliers

Resource Utilization (Effective Use of Forest Resources)

We established the Sumitomo Corporation Group Forest Management Policy and Sumitomo Corporation Group Sourcing Policy for Forest Products in March 2022. Furthermore, in order to reinforce due diligence to mitigate risks, we also set Operational Guidelines for putting the policies into actions. See p.72 for the results of monitoring during FY2022.

Policy and Concept

Sumitomo Corporation Group Forest Management Policy

Scope of application

Forestry business directly managed by Sumitomo Corporation and its Consolidated subsidiaries. In addition, other forestry business that Sumitomo Corporation and its subsidiaries are involved in management are included if determined to be material.

Governance

This policy was approved by the Management Council and the Board of Directors of Sumitomo Corporation. If any serious issues arise in implementing this policy, measures and corrective action plans will be discussed at the Corporate Sustainability Committee and reported to the Management Council and the Board of Directors.

Commitment

Based on the principles of zero deforestation and respect for human rights, Sumitomo Corporation will strive to implement the following in its sustainable forest management, with the cooperation of its Group companies.

Environmental aspects:

We will not engage in development that leads to gross deforestation, or the conversion of natural forests into plantations for forestry business.

We will not develop forests with high conservation value (HCVF), or forests with high carbon stock (HCSF) such as in peatlands. We will work to protect endangered species and reduce the impact of our forestry business on ecosystems. We will conduct thorough management to prevent forest fires and will not conduct any operations which can cause forest fires. We will engage in forest conservation and reforestation.

Social aspects:

We will conduct our forestry business with consideration for human rights in accordance with the Sumitomo Corporation Group's Human Rights Policy.

We will respect human rights as stipulated in the "International Bill of Human Rights" and the International Labor Organization's "Declaration on Fundamental Principles and Rights at Work," and we will operate in accordance with the "United Nations Guiding Principles on Business and Human Rights."

We will respect international norms related to the rights of indigenous peoples, such as the "United Nations Declaration on the Rights of Indigenous Peoples" and the "principle of Free, Prior and Informed Consent (FPIC)." We will support local communities through creating employment and offering educational programs related to forests.

Operational guidelines for Forest Management Policy

Risk assessment and monitoring:

- We will conduct environmental and social risk assessments in accordance with the Sumitomo Corporation Group Forest Management Policy before starting any new forest management. In addition, we will continue monitoring the status of our environmental and social commitments after the project started.

Certification:

- In addition to the above monitoring, we will make effective use of the internationally recognized forest management certification system for the forests managed by the Group and promote obtaining certification.

Stakeholder dialogue:

- In order to prevent global deforestation and forest degradation, we will promote the sustainable use of forest resources in society through dialogue with our stakeholders in the regions where our forests are located.
- We will develop a grievance mechanism* to respond to issues raised by our stakeholders.

Disclosure:

- In order to implement forest management with high level of transparency, we will strive to disclose information on our initiatives in accordance with the Sumitomo Corporation Group Forest Management Policy.

Reviewing process of the Guidelines:

- The Business Units will annually report on implementation of the policy to the Corporate Sustainability Department.
- Based on the report, the Corporate Sustainability Department will annually review the necessity of updating the Operational Guidelines.
- If any serious issues arise in implementing this policy, measures and corrective action plans will be reported to the Management Council and the Board of Directors.

* A process that employees, local residents or other stakeholders can use to lodge complaints regarding human rights violations and other issues related to enterprise's business activities including its supply chain, for resolving such issues

Resource Utilization (Effective Use of Forest Resources)

Policy and Concept

Sumitomo Corporation Group Sourcing Policy for Forest Products

Scope of application

Logs, wood products (plywood, lumber, veneer, laminated timber), wood chips and wood pellets traded by Sumitomo Corporation and its Consolidated subsidiaries.

Governance

This policy was approved by the Management Council and the Board of Directors of Sumitomo Corporation. If any serious issues arise in implementing this policy, measures and corrective action plans will be discussed at the Corporate Sustainability Committee and reported to the Management Council and the Board of Directors.

Commitment

In accordance with the principles of zero deforestation and respect for human rights, Sumitomo Corporation will strive together with its Group companies to source products based on this policy while cooperating with suppliers and customers.

Environmental aspects:

We will not procure materials sourced from lands associated with destructive forest use or development which leads to gross deforestation causing significant environmental impacts.

We will not procure materials sourced from lands associated with serious environmental issues including the destruction of forests with high conservation value (HCVF) or high carbon stock (HCSF) such as in peatlands.

We will not procure materials produced from genetically modified wood.

We will procure in compliance with the Washington Convention to protect endangered species.

Social aspects:

We will procure products harvested in forests where human rights are respected in accordance with the Sumitomo Corporation Group's Human Rights Policy.

We will respect human rights as stipulated in the "International Bill of Human Rights" and the International Labor Organization's "Declaration on Fundamental Principles and Rights at Work," and we will operate in accordance with the "United Nations Guiding Principles on Business and Human Rights."

We will respect international norms related to the rights of indigenous peoples, such as the "United Nations Declaration on the Rights of Indigenous Peoples" and the "principle of Free, Prior and Informed Consent (FPIC)."

We will not procure materials produced from illegally logged wood.

Operational guidelines for Sourcing Policy for Forest Products

Monitoring:

- In order to procure forest products in accordance with the "Sumitomo Corporation Group Sourcing Policy for Forest Products," we will promote the use of products that have been certified by reliable international forest management certification systems. Additionally, we will request detailed information from suppliers through audit activities such as questionnaires and on-site visits.
- In order to ensure compliance with the Commitment, we will conduct supplier risk assessments and consult with non-compliant suppliers to request improvements. If no improvement is observed, we will consider reviewing the transaction.

Stakeholder dialogue:

- In order to prevent global deforestation and forest degradation, we will promote the sustainable use of forest resources in society through dialogue with our stakeholders, including suppliers and customers.
- We will develop a grievance mechanism* to respond to issues raised by stakeholders.

Disclosure:

- We will strive to disclose the status of our initiatives based on the "Sumitomo Corporation Group Sourcing Policy for Forest Products," including reporting on monitoring results.

Reviewing process of the Guidelines:

- The Business Units will annually report on implementation of the policy to the Corporate Sustainability Department.
- Based on the report, the Corporate Sustainability Department will annually review the necessity of updating the Operational Guidelines.
- If any serious issues arise in implementing this policy, measures and corrective action plans will be reported to the Management Council and the Board of Directors.

* A process that employees, local residents or other stakeholders can use to lodge complaints regarding human rights violations and other issues related to enterprise's business activities including its supply chain, for resolving such issues

Resource Utilization (Effective Use of Forest Resources)

Activities

Sustainable Forest Management and Initiatives to Source Forest Products

Sumitomo Corporation Group established a Forest Management Policy and a Sourcing Policy for Forest Products in March 2022 as part of efforts toward sustainable forest management and sourcing of forest products. We spoke to group companies conducting forest management to understand their response to mitigating environmental and social risks, including forest conservation, mitigation of impacts on ecosystems, and consideration of local residents, and we confirmed that activities conducted during FY2023 were in line with our policies. We also used an annual questionnaire and on-the-spot surveys of our forest product suppliers to confirm compliance during FY2023 with the commitments of our sourcing policy.

Activity Description

New Zealand Timber Business

In New Zealand, a sustainable supply of timber resources is provided on a 30-year cycle through a harmonious arrangement with local communities under the environmentally friendly forest management system of planting trees, growing them, cutting them down, and replanting them. In the approximately 66,000 hectares of forest owned by Summit Forests New Zealand Limited., besides protecting water resources, cultural sites, and indigenous biodiversity conservation areas, the company has also forged friendly relationships with the indigenous Māori people in the course of running its business. Moreover, much of the company's forest holdings are FSC® (FSC-C112972) certified, which offers objective proof that the company is managing the forest appropriately.



Forest owned by SFNZ

Please see [here](#) for more details on the Forestry business in New Zealand.

Results

We are working toward our goal of actively promoting the sale of certified timber. The following table shows our actual use of certified timber in New Zealand (Summit Forests New Zealand) during FY2022.

| | FY2022 Results |
|-----------------------------|-----------------|
| Certified log (New Zealand) | 231 thousand m3 |

Biodiversity

Policy and Concept

Sumitomo Corporation Group's business activities largely depend on the wealth of Earth's diverse living organisms as well as from the biodiversity that is generated by their many networks. Therefore, our Environmental Policy recognizes placing great importance on preserving the environment, including the natural ecosystem and biodiversity as an important issue for us. We make efforts to understand how our business activities that may have a significant impact on biodiversity depend on such biodiversity, as well as what kind of impact such activities have on biodiversity, in order to minimize their impact on ecosystems and contribute to ecosystem restoration.

In the process of reviewing new projects and monitoring existing projects, we also assess social and environmental risks including impact on ecosystems, and check the status of management and improvement.



Activities

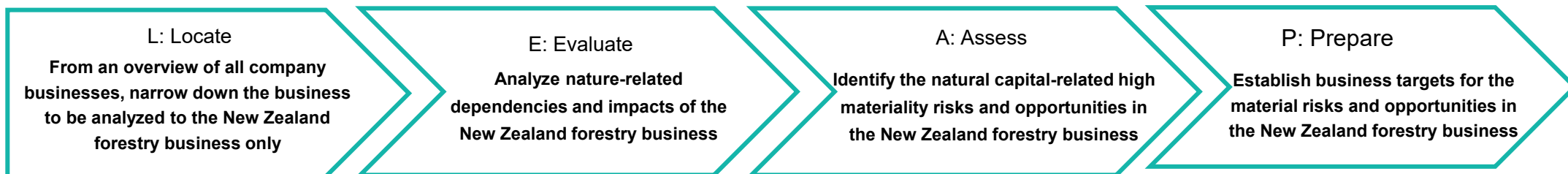
[Sumitomo Corporation Group Environmental Policy](#)

Trial Analysis Based on TNFD's Beta Framework

In June 2022, we endorsed the TNFD* and joined the TNFD Forum supporting the TNFD activities. We recently conducted an analysis based on the TNFD's Beta v0.4 framework to understand the dependencies and impacts of biodiversity in our business activities and to organize our current initiatives and establish new measures for the future. We are also feeding back the insights gained through our analysis to the TNFD.

Details of Our Trial Analysis

We conducted our trial analysis in line with procedures of the LEAP analysis, which is a technique recommended by the TNFD. This time, we conducted an in-depth analysis of our forestry business in New Zealand, with separate analysis of the characteristics of each of the four sites where we do business in the country. Details of these analyses are on the following pages.



* Taskforce on Nature-related Financial Disclosures. A global initiative aimed to develop and deliver a risk management and disclosure framework for organizations to report and act on evolving nature-related risks.

Biodiversity (Trial Analysis Based on TNFD’s Beta Framework)

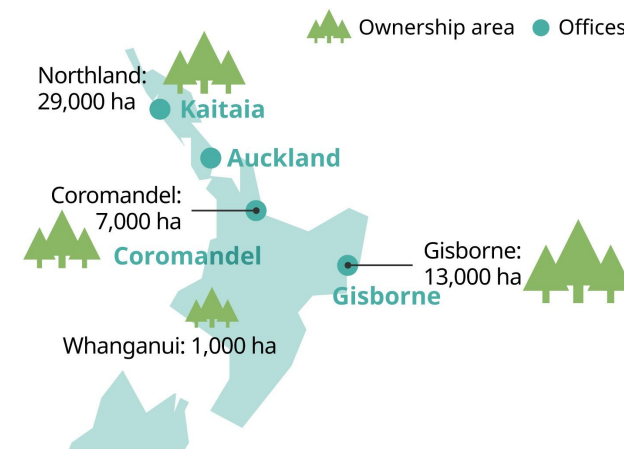
Identifying a Business Case for a Trial Analysis

Using the ENCORE analysis tool recommended by the TNFD, we conducted a primary screening of each of our business divisions and confirmed that businesses related to metal resources refining, oil drilling, agricultural products, real estate, and forestry have the highest risk scores. In addition, the TNFD beta framework has categorized Renewable Resources and Alternative Energy, including forest management and biofuel-related businesses, as a priority sector that is more likely to be financially impacted. Based on these findings, we determined that the upstream supply chain, which includes material procurement, is an area of high nature-related dependencies, impacts, and risks. Therefore, we decided to conduct this trial analysis on Summit Forests New Zealand (SFNZ), our forestry company in New Zealand.

Company details



| | |
|-----------------------------|--|
| Company Name | Summit Forests New Zealand Ltd. |
| Year of founding | 2013 |
| Business Description | Management of owned forests and sale of timber harvested by the company or others to domestic lumber mills or export thereof |
| Capital | 137million NZD(approx. ¥ 10.2billion) / Ownership: 100% |
| Offices | Auckland, Kaitaia, Gisborne, Coromandel |
| Harvestable area | 50,000hectares (Main species under cultivation: Radiata pine) |

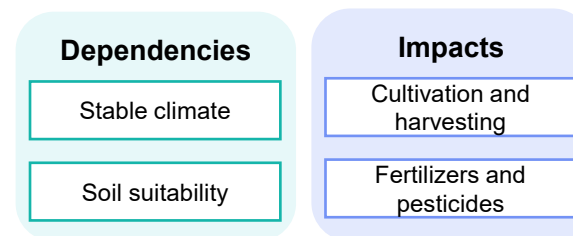


Please see [here](#) for more details on the Forestry business in New Zealand.

Confirming Nature-related Dependencies and Impacts of Forestry Business in General

As part of our analysis of the forestry business, we started by using the TNFD-recommended ENCORE analysis tool, academic papers, and other methods to confirm dependencies and impacts associated with a typical forestry business, and we found that this business is dependent on climate and soil.

We also learned that the forestry business in New Zealand is particularly dependent on a “stable climate” and “soil suitability.” On the other hand, when looking at the impact that this business has on nature, we found that excessive harvesting and excessive use of chemicals in this business carries risks for ecological destruction of the surrounding environment, and therefore we organized these risks into “cultivation and harvesting” and “fertilizers and pesticides.”



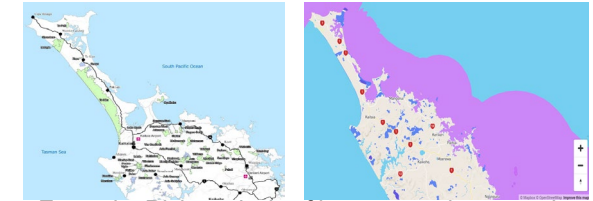
Possible natural capital-related dependencies and impacts of a typical forestry business in New Zealand

Biodiversity (Trial Analysis Based on TNFD’s Beta Framework)

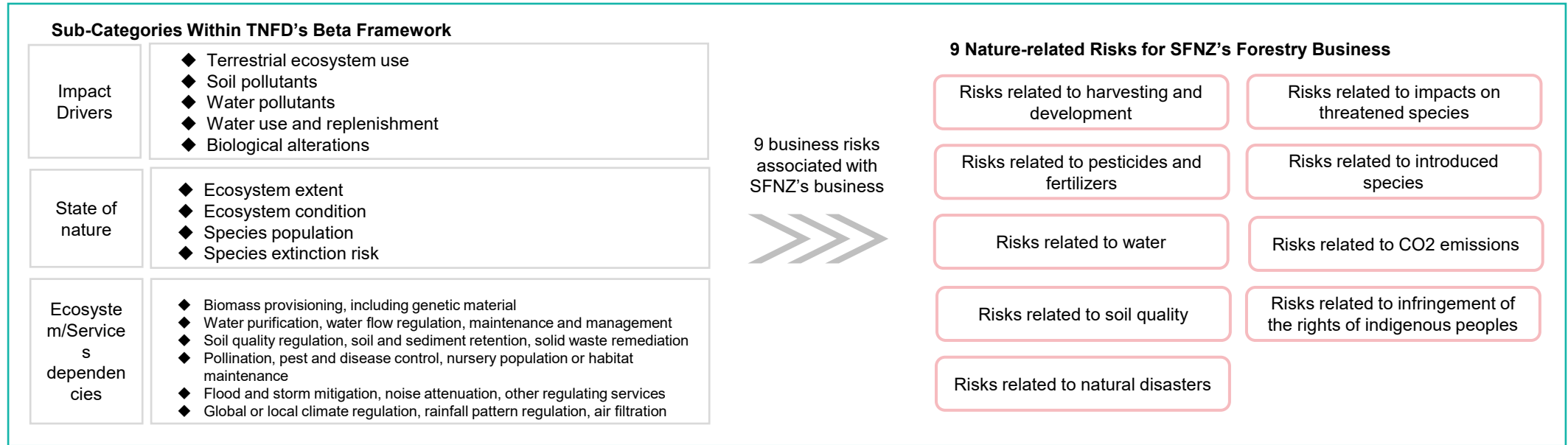
Identifying Nature-related Risks for SFNZ and Evaluating their Materiality

1) Business Risks Related to Nature

We identified 9 associated risks as a result of applying the impact drivers, state of nature, and ecosystem services, indicated by the TNFD beta framework, to SFNZ’s forest operation. We also referenced the forestry business risks illustrated by the World Business Council for Sustainable Development (WBCSD).

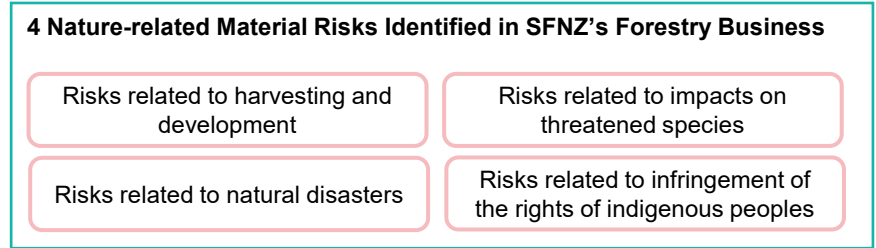


Example: Risk analysis of impacts on threatened species, with SFNZ-owned forest areas (left) and biodiversity hotspots (right) (Tool: IBAT)



2) Analysis of Each Business Site and Identification of Material Business Risks

Using IBAT and other tools recommended by the TNFD, we conducted a risk analysis of the nine business risks that we identified in each of the four areas where SFNZ operates in New Zealand, and then applied a qualitative matrix evaluation to each of them along two axes—degree of impact on business (financial and legal perspectives), and likelihood of impact occurring (relevance of business and risks). As a result, we identified four material business risks for SFNZ’s business. They are “Risks related to harvesting and development,” “Risks related to natural disasters,” “Risks related to impacts on threatened species,” and “Risks related to infringement of the rights of indigenous peoples.”



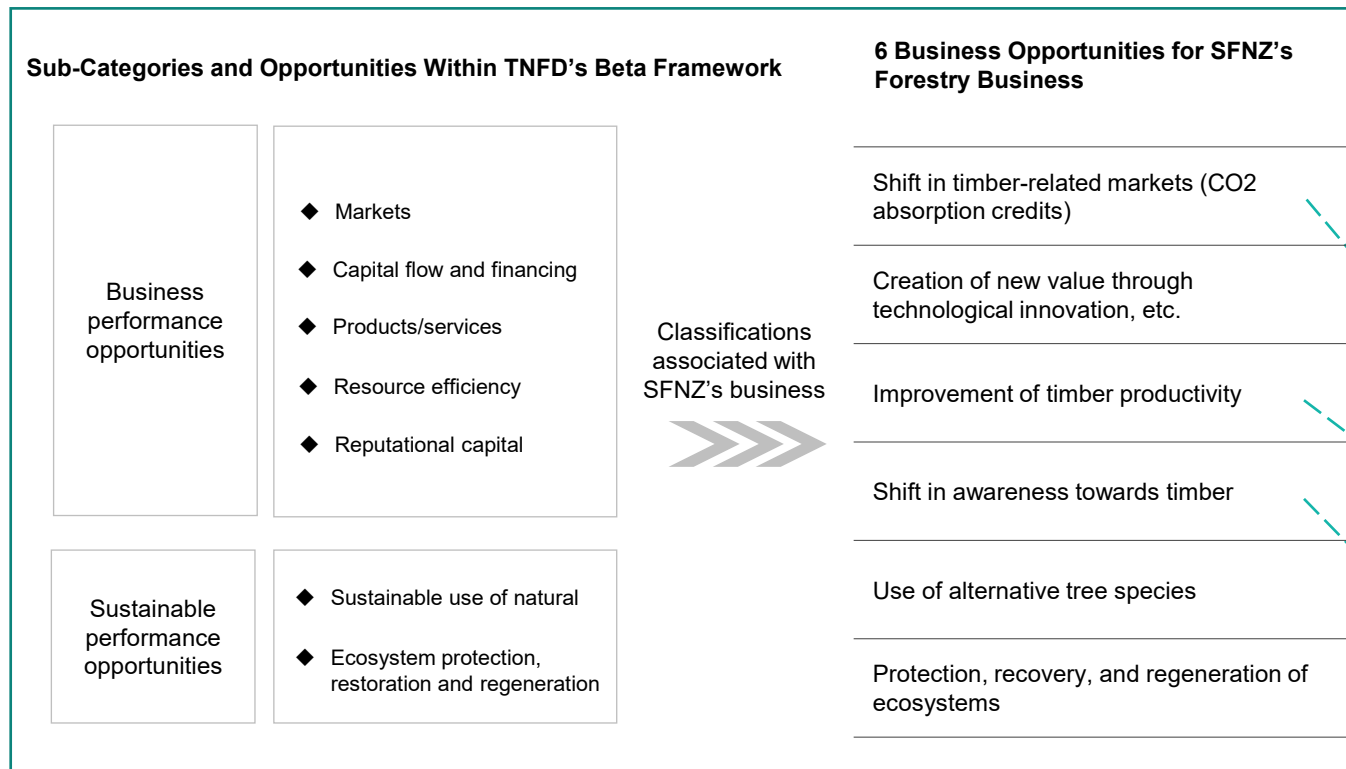
* See p.77 for indicators and targets of initiatives to conserve natural capital related to the material risks identified.

Biodiversity (Trial Analysis Based on TNFD’s Beta Framework)

Identifying Nature-related Business Opportunities for SFNZ and Evaluating their Materiality

1) Business Opportunities Related to Nature

Using the same approach as when identifying business risks, we applied the sub-categories, detailed in the TNFD beta framework, to the forestry business and identified six business opportunities.



2) Identification of Material Business Opportunities

We applied a qualitative matrix evaluation to each of the business opportunities that we identified along two axes—degree of impact on business (financial and legal perspectives), and likelihood of impact occurring (relevance of business and risks). As a result, we identified three material business opportunities for SFNZ’s business. They are “Shift in timber-related markets (CO2 absorption credits),” “Improvement of timber productivity” and “Shift in awareness towards timber.”



Examining Metrics and Targets

Based on the material risks and opportunities that we identified, we examined metrics and targets for SFNZ’s business operation. As a result, we set targets for future business operations and illustrated examples of typical business opportunities. Please refer to the following pages for the details.

Biodiversity (Trial Analysis Based on TNFD’s Beta Framework)

Business Targets Related to Material Risks

For SFNZ’s business risks that we considered to be particularly high risk for the company, with a high likelihood of occurring and a high degree of impact on business, we established specific business targets based on the Kunming-Montreal Global Biodiversity Framework (GBF) and in light of initiatives in SFNZ’s Forest Management Plan. The company is already implementing many initiatives that contribute to achieving these targets and will continue the efforts.

| | Risks | Reference GBF Indicators | Targets | Initiatives already underway and contributing to achieving the targets |
|---------------------------------|--|--|--|---|
| Business-related Material Risks | Infringement of the rights of indigenous peoples | ■ Target 22 | ■ Develop and implement management processes that take the rights of indigenous peoples into account | <ul style="list-style-type: none"> ● Conduct extensive business partnerships with indigenous peoples ● Create employment opportunities and conduct vocational training for local communities ● Implement measures to support landowners become sustainable forest managers |
| | Impacts on threatened species | ■ Target 4 | ■ Implement initiatives to prevent species extinction and to dramatically reduce extinction risk | <ul style="list-style-type: none"> ● Develop operational guidelines for the protection of threatened species and identify rare and threatened species that could be found in the forest areas ● Develop and share operational guidelines in the event of an employee discovering threatened species |
| | | | ■ Manage actions to maintain and restore the genetic diversity of native species | <ul style="list-style-type: none"> ● Conduct ecological surveys to monitor kiwi bird populations ● Conserve rare animals and plant species and implement bio-controls in cooperation with nature protection authorities |
| | Harvesting and development | ■ Target 1 | ■ Develop and implement management processes that respect the rights of indigenous peoples and local communities | <ul style="list-style-type: none"> ● Develop measures with local community representatives to mitigate impacts of harvesting plans on biodiversity |
| Natural disasters | ■ Target 11 | ■ Develop measures to reduce river, flood, and fire risks | <ul style="list-style-type: none"> ● Participate in and advocate for development and amendment of rules related to operating forestry businesses with a focus on river and flood risk measures led by New Zealand authorities ● Develop plans for fire prevention ● Maintain firebreaks | |

Biodiversity (Trial Analysis Based on TNFD's Beta Framework)

Material Business Opportunities

For SFNZ's business opportunities that we consider to be particularly material for the company, with a high likelihood of occurring and a high degree of impact on business, we recognized the following potential business opportunities.

|| Potential business opportunities (examples)

Shift in timber-related markets (CO2 absorption credits)

Official participation in the New Zealand Emissions Trading Scheme (NZ ETS)

It is said that obtaining and selling credits for the CO2 absorption value of existing forest resources not only creates a new source of revenue, but also contributes to climate change measures and biodiversity conservation.

We are forecasting an expansion of this new source of revenue by leveraging the absorption capacity of the 66,000 hectares of forest area owned by SFNZ to participate in the NZ ETS.

Shift in awareness towards timber

Maintaining and promoting FSC certification

In New Zealand, the government has established strict controls on forest management, and a government-led legal guarantee system is also being developed. Furthermore, the entire country is currently acquiring and promoting FSC certification.

Large portions of forest area owned by SFNZ already have FSC certification, hence it is possible that a shift in social and consumer awareness will increase demand for certified timber and contribute to growth of revenues.

Improvement of timber productivity

Digitalization and smartification in forest operations

Using IoT in the forestry business can help to appropriately understand the state of a forest's health, which leads to stable production of high quality timber.

We are using a geographical information system (GIS) to understand the topography of the 66,000 hectares of forest area owned and managed by SFNZ, but adoption of technologies such as laser measurement of our forest resources may lead to growth of revenues.

Insight Earned from the Trial Analysis (Our feedback to the TNFD)

In light of the processes and results of our trial analysis, we provided the following feedback to the TNFD to improve the usefulness of information provided to investors through TNFD framework-based disclosures.

1. Due to lack a of normative scenarios, it is difficult for a company to set and disclose its own scenarios for each of its businesses.
2. As identifying priority areas for a conglomerate company which operates in various sectors is a challenge, a specific LEAP analysis guidance for such companies would be desirable.

Biodiversity

Activities

Activity Description

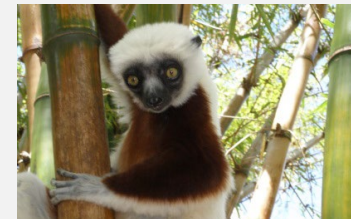
Ambatovy Project Targeting “No Net Loss, Net Gain”

The Ambatovy Project in the Republic of Madagascar, which is one of the largest mine development projects in the world, began development in 2007 to expand the supply of nickel, cobalt and other metals. Establishing the environmental target of “no net loss, net gain,” it is conducting a unique biodiversity program.

In the Ambatovy Project, many new facilities, such as mining sites, refinery plants and pipelines, need to be constructed and operated, which poses substantial impacts on the surrounding environment. Particularly in Madagascar, there remains a globally precious natural environment where as many as 1,000 species of endangered animals are living. Giving careful consideration to these natural habitats in developing and operating the project, the biodiversity program accounts for the impact on every site. In developing and implementing plans for the project, special emphasis is placed on environmental management in compliance with not only Madagascar national laws but also various guidelines, such as the World Bank safeguard policy, the International Financial Corporation's (IFC) Performance Standards, the World Health Organization (WHO) standards, and the Equator Principles. In line with the ISO 14001 standard, we are also managing according to the Ambatovy Environmental Management System (EMS). Under the Ambatovy EMS, we identified a number of priority areas, including flora and fauna habitats and marine ecosystems, and when developing, operating, and closing mines, we formulate management plans for business-related sites, such as plants and port facilities, and work according to those plans. For example, in developing the mining area, we created a buffer zone around the mining site of about 1,600 ha to ensure protection of wild animals. When trees are cut down to develop the mine site, felled trees are left on site for a while so that animals inhabiting these trees can move into the buffer zone. We also conduct ecosystem surveys jointly with international environmental NGOs. If endangered or other species that need to be protected are identified in such a survey, we adopt various programs designed to reduce impacts on ecosystems, for example, relocation of such species to a sanctuary and use of a fish farming system.

Furthermore, as part of this biodiversity program, we are collaborating with governments, local communities, and conservation and development NGOs to apply the IFC and BBOP standards while also promoting a large-scale biodiversity offset program. This is an approach to mitigate impacts of the development on ecosystems by restoring or creating another ecosystem. Specific measures include the conservation of a forest area of 6,800 ha in the Ankerana area, which has an ecosystem similar to that of the development site of the project. In an attempt to offset the net loss of biodiversity, we have implemented measures to protect four conservation areas of more than 14,000 ha in total, equivalent to about nine times the affected areas, such as protection of areas near the mine site, tree replanting after the installation of pipelines, and tree replanting on the mine site after the closure of the mine. For this biodiversity program and its offsets, we are taking a comprehensive approach that controls not only the impact of businesses, but impacts received prior to them as well.

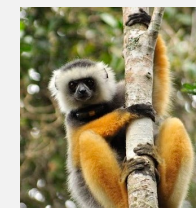
[Ambatovy Sustainability Report2021](#)



Coquerel's Sifaka (*Propithecus coquereli*), endangered species



Reforestation after logging



Diademed sifaka (*Propithecus diadema*), critically endangered species



Survey and conservation of endangered plants

Biodiversity

Activities

Activity Description

BBOP participating through the Ambatovy Project (Business and Biodiversity Offsets Program)

Business and Biodiversity Offsets Program (BBOP) is an initiative to prepare international standards regarding biodiversity offsets, participated in by companies, governments, NGOs and other specialists. The BBOP initiative ended successfully and is now recognized as an international standard for biodiversity offsets that is also referred to by the Convention on Biological Diversity. The Ambatovy Project in Madagascar continues to comply with this standard while maintaining a balance between conserving biodiversity and the lives of local residents. (Refer to the previous page.)

BBOP Principles on Biodiversity Offsets

| | |
|----|---|
| 1 | Adherence to the mitigation hierarchy: A biodiversity offset is a commitment to compensate for significant residual adverse impacts on biodiversity identified after appropriate avoidance, minimization and on-site rehabilitation measures have been taken according to the mitigation hierarchy. |
| 2 | Limits to what can be offset: There are situations where residual impacts cannot be fully compensated for by a biodiversity offset because of the irreplaceability or vulnerability of the biodiversity affected. |
| 3 | Landscape Context: A biodiversity offset should be designed and implemented in a landscape context to achieve the expected measurable conservation outcomes taking into account available information on the full range of biological, social and cultural values of biodiversity and supporting an ecosystem approach. |
| 4 | No net loss: A biodiversity offset should be designed and implemented to achieve in situ, measurable conservation outcomes that can reasonably be expected to result in no net loss and preferably a net gain of biodiversity. |
| 5 | Additional conservation outcomes: A biodiversity offset should achieve conservation outcomes above and beyond results that would have occurred if the offset had not taken place. Offset design and implementation should avoid displacing activities harmful to biodiversity to other locations. |
| 6 | Stakeholder participation: In areas affected by the project and by the biodiversity offset, the effective participation of stakeholders should be ensured in decision-making about biodiversity offsets, including their evaluation, selection, design, implementation and monitoring. |
| 7 | Equity: A biodiversity offset should be designed and implemented in an equitable manner, which means the sharing among stakeholders of the rights and responsibilities, risks and rewards associated with a project and offset in a fair and balanced way, respecting legal and customary arrangements. Special consideration should be given to respecting both internationally and nationally recognised rights of indigenous peoples and local communities. |
| 8 | Long-term outcomes: The design and implementation of a biodiversity offset should be based on an adaptive management approach, incorporating monitoring and evaluation, with the objective of securing outcomes that last at least as long as the project's impacts and preferably in perpetuity. |
| 9 | Transparency: The design and implementation of a biodiversity offset, and communication of its results to the public, should be undertaken in a transparent and timely manner. |
| 10 | Science and traditional knowledge: The design and implementation of a biodiversity offset should be a documented process informed by sound science, including an appropriate consideration of traditional knowledge. |

Activity Description

Bird-strike Prevention in Wind Power Generation

Dorper Wind Farm generates electricity using wind in a mountainous area of about 130 km² in Eastern Cape, South Africa. In the Dorper wind power generation project, measures to prevent bird strikes are implemented.

Windmills are installed in pastures and bird strikes are caused by birds that flock to feed on the carcasses of livestock and other animals. We therefore ensure to remove animal carcasses found in the power plant.

We also hire local residents to visually confirm if there is any endangered bird species circling around the windmills and, if detected, to send an emergency notice to stop the operation of the windmills. It is our aim to achieve a harmonious balance between wild animal conservation and wind power generation business.



Dorper Wind Farm Pty Ltd. in South Africa

Biodiversity

Activities

Activity Description

Bird Friendly® Coffee

Sumitomo Corporation Group has imported and supplied Bird Friendly®-certified coffee (BF®-certified coffee) since 2004 as part of our biodiversity-friendly activities, which ensures a stable income for farmers. Since FY2014, SC Foods Co., Ltd. started dealing in BF®-certified coffee. BF®-certified coffee is grown under the shade of natural forest trees to conserve the environment and provide migratory birds a place to rest. The BF certification was created by the Smithsonian Migratory Bird Center (SMBC). As of June 2023, 49 farms and agricultural cooperation in 12 countries*1 are certified and part of the proceeds are used for SMBC's research, surveys and conservation activities.

*1 12 countries: Ethiopia, Peru, El Salvador, Columbia, Guatemala, Nicaragua, Bolivia, Honduras, India, Thailand, Mexico, Venezuela



Harvest of BF®-certified coffee

In 2019, this project was recognized by the Japan Committee of the International Union for Conservation of Nature and Natural Resources (IUCN) as a cooperative project authorized by the Japan Committee for the United Nations Decade on Biodiversity (UNDB-J)*2. This authorization means that the project is an important activity to conserve biodiversity as well as an activity that has achieved results toward meeting the Aichi Biodiversity Targets*3. We will continue our efforts to contribute to protecting migratory birds and ecosystems through this project.

*2 The committee was established in September 2011 to encourage the participation and cooperation of all sectors in Japan to promote efforts to conserve biodiversity and ensure its sustainable use.

*3 New international targets to conserve biodiversity, which were adopted by the 10th Conference of Parties (COP10)



This project has been recognized as a project recommended by the Japan Committee for the United Nations Decade on Biodiversity (UNDB-J).

Human Rights

Policy and Concept

In May 2020, we established the "Sumitomo Corporation Group's Human Rights Policy" that represents our commitment to respect human rights through human rights due diligence, stakeholder engagement, education and so on, in order to fulfil our corporate social responsibility and to grow sustainably with society.

Sumitomo Corporation Group's Human Rights Policy

Sumitomo Corporation declares in its management principles that it aims to be a global organization that contributes broadly to society and places prime importance on utmost respect for the individual. We will respect human rights to fulfill our corporate social responsibility, and pursue sustainable growth with society.

Sumitomo Corporation became a signatory in 2009 to the "Ten Principles of the United Nations Global Compact", which advocates for values common to its own management principles, including those regarding human rights and labor. We also respect the "International Bill of Human Rights" and the International Labor Organization's "Declaration on Fundamental Principles and Rights at Work", and we operate in accordance with the "United Nations Guiding Principles on Business and Human Rights".

1. Scope of application

Sumitomo Corporation endeavors to ensure that all executives and employees within its group fulfill their responsibility to respect human rights. In addition, we encourage our suppliers and business partners to accept, understand and practice this policy so that we can work together to fulfill our social responsibilities, including respect for human rights in the relevant value chain.

2. Human rights due diligence

Sumitomo Corporation strives to identify and to prevent or mitigate any adverse impact on human rights through the application of human rights due diligence processes. Where we identify that our group's practices have caused or contributed to an adverse impact on human rights, we will endeavor to take appropriate remedial measures.

3. Compliance with relevant laws

Sumitomo Corporation will comply with national and regional laws and regulations applicable to its group operations. When those laws and regulations are incompatible with internationally recognized human rights, we will seek to employ measures to respect international human rights norms.

4. Stakeholder engagement

Sumitomo Corporation will seek to improve and progress human rights measures through engagement and dialogue with relevant stakeholders.

5. Education

Sumitomo Corporation will appropriately educate its executives and employees within its group in order to ensure that this human rights policy is understood and implemented effectively.

6. Reporting

Sumitomo Corporation will disclose appropriate information regarding its efforts to respect human rights.

Human Rights

Human Rights Due Diligence

In accordance with the Sumitomo Corporation Group Human Rights Policy, Sumitomo Corporation began human rights due diligence in 2020 so that we can identify, prevent, and correct how we address any adverse human rights impact that the Group business activities may cause or contribute to. In FY2021, we expanded applicability to all our businesses, and started conducting human rights due diligence by the business unit, according to our medium-term goal, of “Strengthen risk analysis in human rights due diligence to accurately assess risks in all businesses, including the supply chain, and implement risk mitigation measures by 2025.” Following on identifying and assessing risks in the Media & Digital Business Unit and Living Related & Real Estate Business Unit in FY2021, we identified and assessed human rights risks in all Strategic Business Units (SBUs) of the Infrastructure Business Unit and Mineral Resources, Energy, Chemical & Electronics Business Unit in FY2022. Our human rights due diligence is conducted through a process in accordance with international guidelines including the United Nations Guiding Principles on Business and Human Rights, United Nations Guiding Principles Reporting Framework, and OECD Due Diligence Guidance for Responsible Business Conduct.

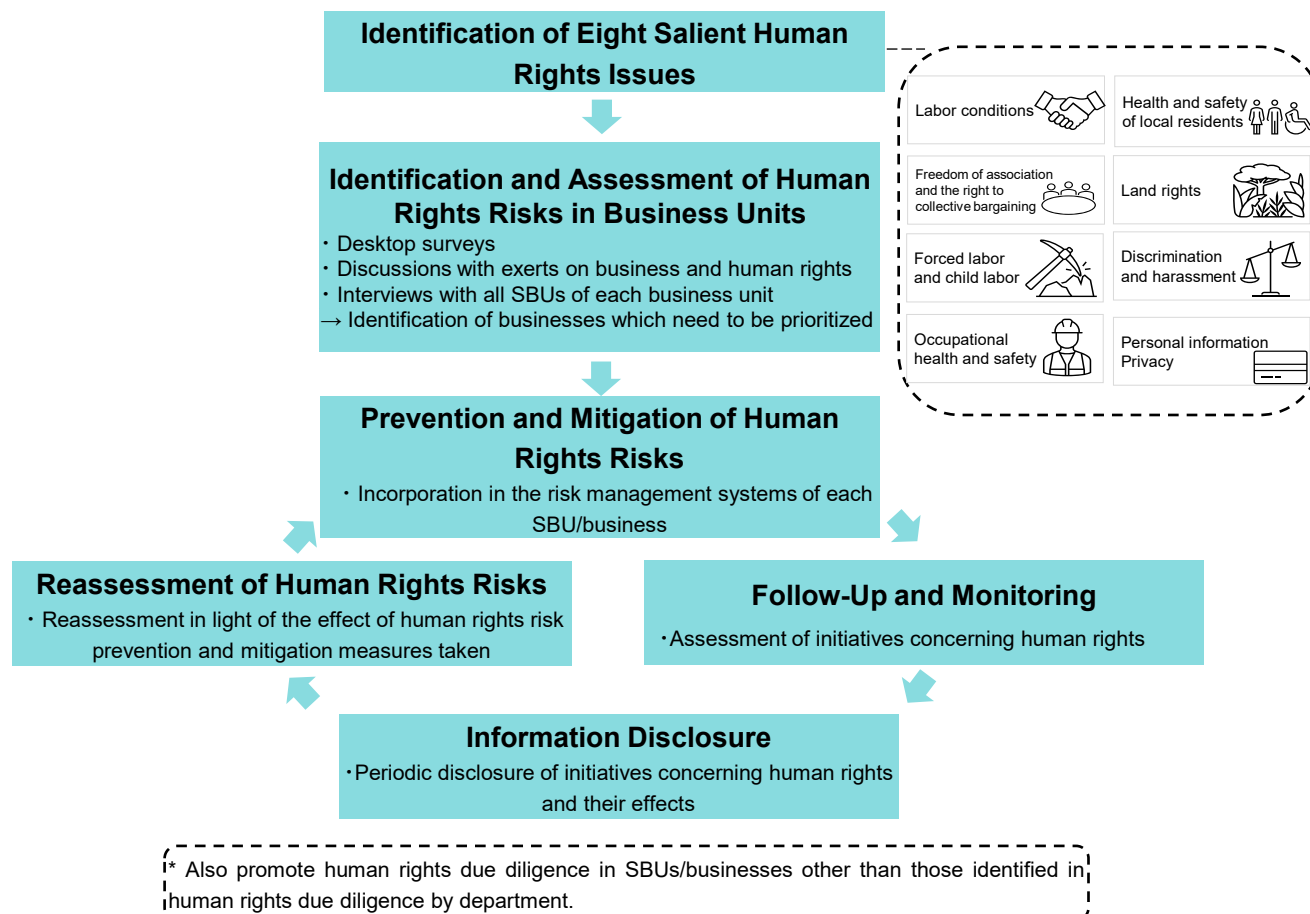
<Process of Human Rights Due Diligence in Business Units>

After conducting a desktop survey in which we identified human rights issues, mainly but not limited to our eight salient human rights issues and referred to the actual cases of human rights risks which occurred in global business activities of ourselves or other companies, we have been conducting human rights due diligence starting from business units whose businesses are considered to have relatively higher human rights risks.

Interviewing all related SBUs of both business units with the support from outside experts, we confirmed the situation in each business and actual human rights risks including the impact on stakeholders, such as local residents and others related to the supply chain and business activities of each business. Besides, we identified potential risks that could be anticipated and discussed the status of any responses being taken. In light of these findings, and from the perspectives of the possibility to materialize human rights risks which we identified and their severity if materialized, we prioritized SBUs, or individual businesses within SBUs, to focus our prevention and mitigation effort on. With the cooperation of the Corporate Sustainability Department and relevant SBUs and group companies, we are now considering and implementing concrete measures to prevent or mitigate the identified human rights risks.

We will identify and assess human rights risks in other business units as well, and implement measures to prevent or mitigate those human rights risks in each SBU. Through ongoing monitoring of each, we will also implement the plan-do-check-act (PDCA) cycle to identify new initiatives.

☐ Please see [here](#) more details on our human rights due diligence.



Human Rights


Human Rights Due Diligence

In FY2022, we identified and assessed actual and potential human rights risks in all SBUs of the Infrastructure Business Unit and Mineral Resources, Energy, Chemical & Electronics Business Unit, and confirmed the status of concrete initiatives, such as supplier surveys and improvement activities, for human rights risks of concern associated with the character of the business (product or region, etc.). As for some of the human rights risks identified through discussions, we will consider and implement further strengthening measures. In addition to the promoting of the understanding and entrenchment of the company's responsibility to respect human rights to officers and employees of the Sumitomo Corporation Group, through this process, we are driving concrete initiatives for human rights education based on the United Nations Guiding Principles on Business and Human Rights. In FY2022, we conducted a training program for all officers and employees of Sumitomo Corporation and achieved our medium-term goal of 100% participation rate.

Completed in FY2022

<Infrastructure Business Unit >

Eight Salient Human Rights Issues in the Group's business

| | | | |
|--|---|---|--|
| Labor conditions  | Freedom of association and the right to collective bargaining  | Forced labor and child labor  | Occupational health and safety  |
| Health and safety of local residents  | Land rights  | Discrimination and harassment  | Personal information Privacy  |

Assessment and countermeasures

| Main human rights issues | Identified actual and potential risks | Assessment and countermeasures |
|---|--|--|
| Occupational health and safety Labor conditions, | <ul style="list-style-type: none"> Infrastructure Business Unit has many projects that have sites such as construction sites, where workers' working conditions and health and safety must be taken into consideration. | <ul style="list-style-type: none"> Confirmed that all businesses are highly aware of the importance of occupational health and safety management, including employee training. that there is a system in place to check whether working conditions are appropriate through dialogue with workers, etc., and to take action as necessary, and that no serious problems are currently occurring. |
| Health and safety of local residents Land rights, | <ul style="list-style-type: none"> In infrastructure business that procure and use natural resources, it is necessary to give due consideration to respecting the human rights of local residents upstream in the supply chain. | <ul style="list-style-type: none"> For the upstream supply chain of natural resources used, the process of confirming social and environmental risks has been strengthened, taking into consideration the impact on local residents. |
| Health and safety of local residents Land rights, Labor conditions, | <ul style="list-style-type: none"> For infrastructure businesses that involve land development, construction work, and infrastructure facility operation in each country region, it is important to have a system that leads to prompt and careful engagement with local residents and workers involved and appropriate actions.. | <ul style="list-style-type: none"> Confirmed that dialogue with local residents is carefully conducted in all of the projects, including the holding of preliminary explanatory meetings about the projects and daily communication at the local offices. |

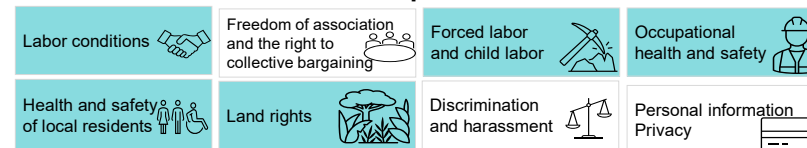
Human Rights

Human Rights Due Diligence

Completed in FY2022

〈Mineral Resources, Energy, Chemical & Electronics Business Unit〉

Eight Salient Human Rights Issues in the Group's business



Main human rights issues

Identified actual and potential risks

Assessment and countermeasures

| | | |
|---|--|---|
| Labor conditions, Occupational health and safety | <ul style="list-style-type: none"> In the mining and manufacturing businesses, there is a high risk of issues with working conditions and occupational health and safety for workers | <ul style="list-style-type: none"> Confirm that there is a safety management promotion system (occupational accident risk reduction process, occupational accident rate targets and measures to achieve them) at the group companies, and that there are no problems with the PDCA process, including prevention of recurrence of accidents when they occur. We also confirmed that there are no problems with working conditions. |
| Forced labor and child labor | <ul style="list-style-type: none"> In the manufacturing and trading businesses, there are concerns about the risk of human rights abuses, including working conditions and forced labor, at the top of the supply chain | <ul style="list-style-type: none"> Confirm traceability of procured items with suppliers, and inform them of the Group's "CSR Action Guidelines for Supply Chains" and "Human Rights Policy," and consider further reducing the risk of human rights violations in the supply chain. |
| Labor conditions, Health and safety of local residents Land rights, | <ul style="list-style-type: none"> In the mining business, employee compensation (for finding new jobs, etc.) and impacts on local communities and neighboring environments must be kept in mind when closing mines. These considerations must also be incorporated into mine closure plans. | <ul style="list-style-type: none"> For mining operations that have already submitted closure plans to the government, we confirmed that the mine closure plan has been in dialogue with the community for many years during the process of establishing the closure plan, and that the plan also describes rehabilitation activities to stabilize the mining area after the closure of the mine. |
| Labor conditions | <ul style="list-style-type: none"> In the mining and manufacturing businesses, it is preferable to develop mechanisms for obtaining employee feedback (speak-up system, suggestion box, etc.) | <ul style="list-style-type: none"> SC Global Speak-Up is available at our group companies. Some group companies are considering the establishment of a Speak-Up system or a reference box, if necessary. |
| All | <ul style="list-style-type: none"> In the mining business and other businesses, Sumitomo Corporation is a minor investor in many of their businesses. It is important to have a system for rapid sharing of information, including actual human rights abuses and the status of measures, from major investors to Sumitomo Corporation. | <ul style="list-style-type: none"> In some businesses, discussions were held with the majority investor to ensure that information was shared with us by the majority investor at board meetings and in reports after the incident occurred. |

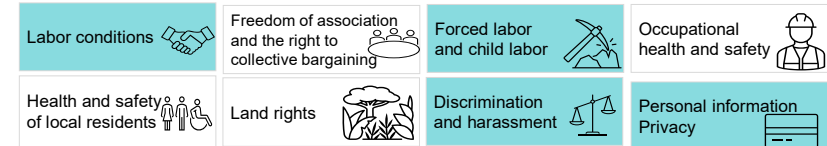
Human Rights

Human Rights Due Diligence

Completed in FY2021

<Media & Digital Business Unit>

Eight Salient Human Rights Issues in the Group's business



Main human rights issues

Identified actual and potential risks

Assessment and countermeasures

| | | |
|---|--|---|
| Labor conditions, Forced labor and child labor | <ul style="list-style-type: none"> Concern about human rights issues in supply chain: indirect suppliers and subcontractors. | <ul style="list-style-type: none"> To establish human rights policies and procurement policies and publicize to suppliers. To understand actual human right situation of supply chain. |
| Discrimination and harassment | <ul style="list-style-type: none"> Discriminatory statements and expressions may be included in the video distribution, entertainment content and advertisements. | <ul style="list-style-type: none"> To consider risk prevention and mitigation measures, such as warning related staffs and introducing education programs for them. |
| Personal information Privacy | <ul style="list-style-type: none"> Personal information leaks and privacy violations especially in digital marketing business.. | <ul style="list-style-type: none"> Confirmed that each business has been aware of the risks and has been working thoroughly to ensure legal compliance. |
| The right to know and freedom of expression | <ul style="list-style-type: none"> The overseas telecommunications business is subject to the risk of infringement of the right to know and freedom of expression by shutting down or interception of communications. | <ul style="list-style-type: none"> To continue initiatives to contribute to respect for human rights in the Myanmar telecommunications business based on human rights assessments. |
| New human rights issues (AI and data) | <ul style="list-style-type: none"> Discrimination or privacy violations may occur through the use of data or algorithms. | <ul style="list-style-type: none"> To conduct survey and case studies on the trends of legal and governance. |

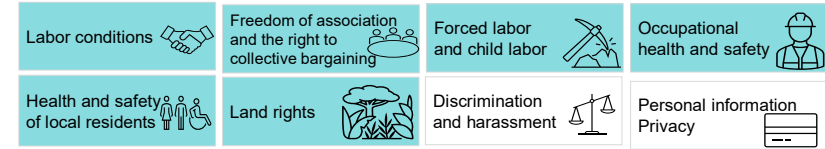
Human Rights

Human Rights Due Diligence

Completed in FY2021

<Living Related & Real Estate Business Unit>

Eight Salient Human Rights Issues in the Group's business



Main human rights issues

Identified actual and potential risks

Assessment and countermeasures

| | | |
|---|---|---|
| <p>Labor conditions (wages and working hours), Occupational health and safety</p> | <ul style="list-style-type: none"> In the real estate related business, attention must be paid to labor conditions and occupational health and safety of not only to parties contracting directly with our company but also of parties related to the supply chain, including construction contractors and property-owning management contractors. | <ul style="list-style-type: none"> Room to further consider broad communication of human rights and procurement policies when in discussions or contracting with construction contractors and other subcontracting business partners. |
| <p>Freedom of association and the right to collective bargaining</p> | <ul style="list-style-type: none"> It is important to establish mechanisms for obtaining feedback from workers, including employees on agricultural land, in respect to the freedom of association and right to collective bargaining. | <ul style="list-style-type: none"> Confirm that initiatives are being implemented to develop human rights due diligence processes, including interviews with employees, and to establish and publicize contact points for listening to the opinions of workers and other stakeholders. |
| <p>Forced labor and child labor</p> | <ul style="list-style-type: none"> Some domestic businesses are employing foreign technical trainees. The food distribution business must be on the lookout for forced labor and child labor upstream (agricultural land) in the supply chain. | <ul style="list-style-type: none"> Confirm that consideration is being given to understanding the employment situation of the foreign technical trainees and to preventing adverse impacts on the workers in terms of labor conditions and occupational health and safety. Going forward, continue efforts to maintain and improve the working environment through regular discussions with the interns themselves. Confirm that initiatives are being implemented to investigate and improve the situation after risks are materialized, and to identify and investigate supply chains with a high potential risk. |
| <p>Land rights, Health and safety of local residents</p> | <ul style="list-style-type: none"> In the real estate related business, preparations must be made for situations that impact land rights and the day-to-day lives of local residents. | <ul style="list-style-type: none"> Confirm legal compliance and briefings/discussions with local governments and communities. |

<Preventing and Mitigating of Materialization of Human Rights Risks with Follow-up and Monitoring>

Timelines and ways of responding to human rights risks vary according to a number of factors, including the severity of the risks and their level of involvement with each business. For this reason, each SBU and each group company should be responsible for their responses to the related human rights risks. For risks identified and assessed through our human rights due diligence, each SBU and each group company prioritizes the risks based on their severity of the impact, incorporates them into concrete action plans, and implements the plan-do-check-act (PDCA) cycle. Monitoring of the progress of such actions is then integrated into the following-up concrete initiatives aiming to achieve the long-term and medium-term goals to address key social issues of the Sumitomo Corporation Group and continually checked. In addition, the Corporate Sustainability Department supports each SBU and business's action, as necessary.

Human Rights

Activities

<Discrimination and harassment>

- See p.102 for information on harassment training.
- See p.139 for information on the Speak-Up System.

<Personal information and privacy>

- See p.143 for information on Information Security Policy and internal education.

Activity Description

Human Rights Initiatives at Fyffes

Fyffes plc, one of our group companies and, one of the world's leading companies in the production and wholesaling of fresh produce, is the only company in its sector to have completed three years of human rights due diligence, starting in 2019. The most recent Human Rights Impact Assessment (HRIA) was finalized in 2023 and conducted independently by the expert organization BSR. The HRIA updated previous findings, strengthen understanding of its human rights' salient issues across key value chains and geographies and assess and strengthen current level of management. In addition, the Assessment assessed human rights impact and opportunity specific to its operations in three countries. As such, site-visits were conducted Colombia and Honduras, and a remote, desk-based assessment in Guatemala, to better understand risk profiles and identify opportunities for mitigation and remediation of identified impacts.

In addition to HRIAs, Fyffes has conducted Community Needs Assessment (CNA) in five countries' local communities surrounding our operations, acknowledging their concerns and interests while managing or mitigating the potential or actual risks that our operations may have on them. Over 2,200 people were interviewed anonymously as part of the CNAs.



Regarding a grievance mechanism, Fyffes has already implemented a global, independent grievance mechanism, available in the language of our employees via telephone or online since April 2019. In accordance with the mitigation plan, it was agreed to run a broader campaign internally to make sure that all employees were aware of the hotline. Fyffes does not tolerate any forced labor nor migrant human rights violations and continues to conduct and participate in internal and third-party ethical and social audits, including Sedex Members Ethical Trade Audit (SMETA) audits throughout a large proportion of its supply chain, such as Fyffes owned farms, various grower partners and ripening facilities. In the UK, Fyffes Group Ltd has regular audits on its labor providers and investigates any signs of forced labor, e.g. retention of passports etc. Fyffes has formed a Human Rights Core Team and they are responsible for implementing mitigation measures to address the salient human rights risks. Fyffes has committed to conducting a human rights impact assessment annually with an independent consultant every third year. In August 2023, Fyffes published its second Human Rights Report, way ahead of its competitors and the vast majority of its customers.

In 2021, Fyffes published its first Sustainability Report. The report shared its 13 ambitious sustainability targets under the four focus areas "Stewardship for the Planet," "Enriching People's Lives," "Healthy Food for Healthy Lives," and "Fyffes Principles of Responsible Business Conduct." Fyffes sustainability targets are aligned to nine United Nations Sustainable Development Goals and include six targets relating to human rights, including a commitment to train 100% of its employees, contractors and supply chain workers on human rights. Fyffes second Sustainability Report is published in September 2023.



Sustainability Report



Human rights Report

Human Rights

Activities

Activity Description

Supplier Management in the Foods Business

We also urge suppliers and other trading partners as well as business partners to take action in order to promote respect for human rights throughout entire value chains related to Sumitomo Corporation Group businesses. As a specialized food and food products trading company that is involved in all processes from product development to selection of production areas in regions around the world, procurement of ingredients, production and processing management, logistics, and domestic distribution, SC Foods Co., Ltd. conducts supply chain management so that it can provide safe, reassuring, and high-quality products that take into consideration sustainability including respect for human rights. When selecting new suppliers, SC Foods Co., Ltd. conducts data surveys, and when determined to be necessary, also performs on-site visits. With regard to existing suppliers, more detailed questionnaire surveys are conducted of suppliers of products such as coffee, sugar, and sesame seed from certain countries with high human rights risks to confirm that there are no issues. To strengthen these management cycles even further, SC Foods introduced a system of implementing on-site inspections once every five years, even with respect to existing suppliers in 2019. During the COVID-19 pandemic, it has been difficult to conduct on-site inspections, so SC Foods have initiated investigate alternate methods such as remote inspections. See p.95 for information on acquisition of certification.

Human Rights Audit Implemented at Thailand Chicken Processing Plants

In March 2019, with the appointment of external experts, Sumitomo Corporation implemented a human rights audit at three chicken processing plants operated by Thai business partners. Cases have come to light in Thailand of infringement of the human rights of foreign workers in labor-intensive industries such as poultry rearing, seafood processing, and garment manufacture. We make periodic visits to the processing plants of its business partners to check that regulations on human rights and other areas are stringently observed. This audit was carried out with particular focus on the work environment of foreign employees.

The audit team visited the plant and the employees' dormitory to check for forced overtime working, confiscation of identification documents, and labor health and safety issues, which are cited as common human rights risks in the poultry industry. In addition, employees of non-Thai nationality from Cambodia, Myanmar, and other countries were randomly selected for interview. The audit found no human rights issues relating to foreign workers at any of the three locations and the processing plants demonstrated proactive communication with us and a strong commitment to further improvement of operations.

To fulfill its social responsibility in the supply chain, Sumitomo Corporation Group will continue to address human rights issues in its relationships with important suppliers and to carry out audits, taking account of local conditions and industry practices in those countries and regions with concerns over human rights risk.

Activity Description

Black Economic Empowerment Act in South Africa

Due to the history of apartheid in South Africa, there are policies that aim to reduce inequality in rights and opportunities for black people to participate in economic activities and to improve their social status. It is required to include at least a certain number of black companies in a business project and to give back part of the profits to the community.

To comply with such policies, Dorper Wind Farm company, in which we invest, offers cooperation in improving the living environment of local residents and creating new jobs. Specific efforts include donation of equipment and refurbishment of buildings at kindergartens, schools and hospitals located close to the power plant, and support to restaurants operated by black women. Through these activities, we appoint local companies where possible. A portion of the shares of Dorper Wind Farm company are owned by local sponsors run by local residents and dividends distributed to such sponsors are used for various projects that meet the needs of local residents.

Dialogue with Local Residents in Mining Projects

In promoting resource development projects, understanding of local areas is essential. In the development project of the Ambatovy nickel mine in Madagascar, we have taken the initiative in having dialogues with the government and local residents, in cooperation with the diplomatic corps and lending banks group since the start of the development. We use these dialogues to share our belief that "this project is extremely important to the future of Madagascar" and deepen the mutual understanding of the significance of the project. In the Ambatovy project, we also promote the employment of people in Madagascar and improve their skills. In FY2022, about 90% of all workers are Madagascar people, and we are systematically working on technology transfer and human resource development for them. We have a complaint system to receive any kind of complaints, including human rights violations, in cooperation with local communities, in order to prevent

accidents associated with the project and address them if they occur. Employees and external stakeholders are eligible to access this system. Project staff appropriately respond to complaints while protecting personal information. Since 2016, the Ambatovy project has joined the Voluntary Principles on Security and Human Rights (VPSHR) program in partnership with NGOs, the Madagascar government and other countries' embassies.



An elementary school built within the project site

Human Rights

Activities

Respect for the Rights of Children

As the world population is mostly made up of children and younger generations, the Sumitomo Corporation Group is aware that its corporate activities have an impact on the lives of children both directly and indirectly. For companies, children are family members of employees, as well as important stakeholders who will play future roles in the sustainable development of society. Based on this recognition, we signed the United Nations Global Compact in its support of the Ten Principles, and respect Children's Rights and Business Principles. We are committed to preventing the violation of children's rights through our business and social contribution activities.

Respect for the Rights of Indigenous Peoples

As part of its commitment to respect human rights, the Sumitomo Corporation Group respects global standards pertaining to the rights of indigenous peoples, including the United Nations Declaration on the Rights of Indigenous Peoples, and the principle of "free, prior and informed consent (FPIC)." In business operations in areas where indigenous peoples reside, we recognize their unique culture and history and comply with applicable laws and regulations of each country or region.

Concept Concerning the Use of Security Companies

In the operation of its business in countries around the globe, the Sumitomo Corporation Group uses security companies to protect the safety and security of its employees. When necessary, we may use armed security personnel, recognizing the human rights risks involved and complying with laws and regulations of the countries in which we operate. We select security companies in accordance with the Voluntary Principles on Security and Human Rights and the Basic Principles on the Use of Force and Firearms by Law Enforcement Officials.

For more information on social and environmental risk management, see p.141, 142.

We have put in place a companywide framework to apply when starting new businesses, including review and periodic monitoring, in order to appropriately manage the social and environmental impacts including human rights.

Sumitomo Corporation Group Statement for UK Modern Slavery Act 2015

We set out the steps Sumitomo Corporation Group has taken to help ensure that modern slavery and human trafficking are not taking place in SC Group's business or supply chains. The statement is approved by the board of directors of Sumitomo Corporation as the parent company of Sumitomo Corporation Group.

[Statement for UK Modern Slavery Act 2015](#)

Human Rights

Activities

Training Seminars on Human Rights

Sumitomo Corporation Group’s business activities cover a wide range of countries, regions and industrial fields. As per our Human Rights Policy, we consider that we have a responsibility to work with suppliers and business partners, instead of acting alone, to ensure respect for human rights throughout the entire supply chain. Since FY2014, we have conducted some activities such as seminars with external experts and e-learning program for officers and employees of the Group regarding the necessity of taking actions throughout the supply chain for respect of human rights and human rights issues that are necessary to be paid special attention through business activities. The seminars cover a wide range of topics, including the relationship between business and human rights, actual cases that the reputation of the company was harmed due to their inappropriate response to human rights issues and the way of identification and assess the influence of human rights. Comments from seminar participants include “Since the Group is engaged in diverse business activities all around the world, we should continue awareness-raising activities so that as many employees as possible can better understand relevant issues”. With the great responsibility and role of companies in respecting human rights, and the importance of every employees involved in business activities understanding of and having an attitude to respect for human rights, we work hard to spread and instill respect for human rights through training and other programs.

Consultation Desks for external stakeholders

As a part of our grievance mechanism*, in addition to whistleblowing system, we accept opinions and grievances from external stakeholders, including the general public and customers, through the following system available on our corporate website.

We work with external experts, depending on the situation, to ensure that issues are corrected, improved, and prevented from recurrence. Also, the content of inquiries is reported to the management, including CSO, and the Corporate Sustainability Committee.

* A process that employees, local residents or other stakeholders can use to lodge complaints regarding human rights violations and other issues related to enterprise’s business activities including its supply chain, for resolving such issues



(Personal information provided at the time of enquiry is properly managed and handled in accordance with our Privacy Policy.)

Supply Chain

Policy and Concept

The Sumitomo Corporation Group is engaged in globally-oriented business in a wide range of fields. It is our responsibility to appropriately manage impacts caused by our business activities, including extensive supply chains, on society and environment. The Sumitomo Corporation Group has established the CSR Action Guidelines for Supply Chain Management. Through the implementation of these guidelines, we are aiming to realize a sustainable society by working together with our suppliers and business partners to achieve responsible value chain management. The Company provides numerous opportunities to promote the understanding and entrenchment of these guidelines, including training for new employees and locally hired employees, meetings within business units and domestic and overseas regional organizations, and pre-departure briefings with employees being sent on overseas assignments in order to promote sustainable supply chain management. In the event that we find violations of these guidelines in our supply chains, we will urge the suppliers, business partners or contractors, etc. to remedy and improve the situation, while providing support to them as needed. However, if there are no improvements to the situation by them, we will consider carefully whether to continue our business with them or not.

The Sumitomo Corporation Group CSR Action Guidelines for Supply Chain Management

The Sumitomo Corporation Group aims to be a global organization that, by constantly staying a step ahead in dealing with change, creating new value, and contributing broadly to society, strives to achieve prosperity and realize the dreams of all our stakeholders through sound business activities in strict adherence to our Corporate Mission Statement, and the management style principle contained therein, wherein prime importance is given to integrity and sound management with the utmost respect being paid to the individual.

In order to promote sustainability and social wellbeing in accordance with our mission, the Sumitomo Corporation Group hereby sets down these CSR Action Guidelines for Supply Chain Management. With a view to further strengthening the global relations which form one of the foundations of our core competence of integrated corporate strength, we request our suppliers and business partners to kindly accept, understand, and practice these guidelines so that together we can achieve responsible value chain management.

Our suppliers and business partners are expected to:

1. Respect human rights and not to be complicit in human rights abuses
2. Prevent forced labor, child labor and the payment of unfairly low wages
3. Not engage in discriminatory employment practices
4. Respect the rights of employees to associate freely in order to ensure open and fair negotiations between labor and management
5. Provide employees with safe and healthy work environments
6. Protect the global environment and give due consideration to biodiversity
7. Ensure the quality and safety of products and services
8. Ensure fair business transactions, to abide by all applicable laws, rules and regulations, and to prevent extortion, bribery and all other forms of corrupt business practices
9. Ensure appropriate information security
10. Cooperate with members of local host communities and contribute to sustainable regional development
11. Disclose information regarding the above in a manner both timely and appropriate.

Supply Chain

Activities

Policy and Concept on sustainable procurement of palm oil

Palm oil is the most produced vegetable oil in the world which is used in a wide variety of products and closely related to our lives. Meanwhile, we, the Sumitomo Corporation Group recognize that palm oil comes with various social and environmental risks especially in the upstream supply chain, as its raw material, oil palm, may be linked to the deforestation of valuable forests, damage to biodiversity and impact on a local community due to plantation development, and forced and child labor in some production process.

Therefore, in order to fulfill social responsibility with relevant stakeholders based on The Sumitomo Corporation Group CSR Action Guidelines for Supply Chain Management”, we strive to build a high transparent supply chain with our suppliers through being a member of RSPO* as a group.

Our consolidated subsidiaries SC Foods Co., Ltd., a trading company specializing in food products, and Summit Oil Mill Co., Ltd, an edible oil manufacturer, conduct a survey of the suppliers with an aim of confirming the existence of inherent problems in human rights in the supply chain. In addition, Summit Cosmetics Corporation, our consolidated subsidiary specializing in cosmetics-related products trade, also survey of the suppliers and request compliance with “The “Sumitomo Corporation Group CSR Action Guidelines for Supply Chain Management” which committed to the sustainable procurement of palm oil.

* Roundtable on Sustainable Palm Oil

Supply Chain Management

In monitoring social and environmental risks in each business, we confirm the supply chain based on the Sumitomo Corporation Group CSR Action Guidelines for Supply Chains, individual procurement policies, and laws and regulations.

Conflict Minerals Policy

The Dodd-Frank Act, which was enacted in July 2010, requires US-listed companies to trace the country of origin of minerals used in their products within their supply chains to determine whether or not "conflict minerals"* produced in and around the Democratic Republic of the Congo are included. The results must be reported annually to the U.S. Securities and Exchange Commission (SEC) and disclosed on their websites. Such reporting is not mandatory for the Sumitomo Corporation Group itself because it is not US listed. However, if it is revealed that a conflict mineral is used by our partner company, our reputation could be harmed and it may affect customer selections. We therefore gather relevant information regularly and managed it unitarily.

* The Dodd-Frank Act defines conflict minerals as tin, tantalum, tungsten and gold

Supply Chain

Activities

Activity Description

Initiatives Taken in the Real Estate Business

Sumisho Realty Management Co., Ltd., a real estate asset management business of the Sumitomo Corporate Group, has identified seven material issues and is implementing initiatives to adapt to changing global trends, meet the expectations of stakeholders, and contribute toward a sustainable society. As a real estate management company, it also believes that incorporating ESG elements into its investment decisions and operational processes is essential for maximizing medium- to long-term value for investors. For this reason, it defines and implements basic policies toward ESG.

Seven Material Issues & Initiatives

| Material Issues | | Initiatives |
|-----------------|---|--|
| E | Climate change mitigation | <ul style="list-style-type: none"> Consideration for reduction of energy consumption, CO2 emissions, etc. |
| | Portfolio greening | <ul style="list-style-type: none"> Promote acquisition of green building certifications such as GRESB, CASBEE, DBJ Green Building Certification, BELS, etc. |
| S | Human resource development | <ul style="list-style-type: none"> Provide ample training programs Support acquiring professional accreditations Develop real estate professionals with an emphasis on teamwork |
| | Diversity, Equity & Inclusion | <ul style="list-style-type: none"> Create a working environment in which diverse human resources can flourish over the medium to long term Respect human rights Provide ongoing employment support to achieve work-life balance |
| | Tenant satisfaction improvement & contribution to local communities | <ul style="list-style-type: none"> Provide/operate facilities with high tenant satisfaction Consideration for environment/society by collaborating with tenants, PMs, BMs, etc. Contribute to and consider local community |
| G | Engagement with investors and trustworthy governance | <ul style="list-style-type: none"> Disclose information to investors and promote constructive dialogue Develop a governance structure trusted by investors |
| | Thorough compliance & risk management | <ul style="list-style-type: none"> Monitor and respond to risks Appropriately operate an internal control system for compliance with laws and regulations |

Sumisho Realty Management's ESG Policy

ESG Policy

SRM believes that it is indispensable as a real estate management company to include environmental, social and governance (ESG) factors in investment decisions and management process for maximization of unitholder value over the medium to long term, and thus establishes the following basic policies on ESG and puts them into practice.

- Climate Change Measures**
 SRM shall aim for realization of carbon neutrality through efforts on efficient use and reduction of energy and minimization of greenhouse gas emissions to as close to zero as possible at real estate under management. Furthermore, recognizing the importance of renewable energies, SRM shall consider possible utilization of such.
- Efforts on Reducing Environmental Burden**
 Recognizing environmental burden at real estate under management, including water consumption and waste discharge, SRM shall continuously make efforts to reduce such.
- Consideration for Natural Environment**
 With sufficient consideration for protection of natural ecosystem and other natural environment as well as for maintenance/conservation of biodiversity, SRM shall promote greener buildings and communities.
- Efforts on Improving Health and Comfort**
 SRM shall strive to improve real estate value by raising tenant satisfaction through assessment of needs and appropriate implementation of measures for enhancing health/comfort of tenants and local communities.
- Efforts on Enhancing Resilience**
 SRM shall strive to improve real estate value by retaining and gaining good tenants through enhancement of resilience of real estate under management against climate change and disasters. In addition, SRM aims for real estate management that can respond flexibly to changes in social structure such as urbanization and work sharing.
- Collaboration with Stakeholders**
 SRM shall establish a good relationship with tenants, property management companies, local communities and other stakeholders involved in real estate under management and collaborate to promote ESG.
- Efforts for SRM's Employees**
 SRM shall strive to develop employees' skills by providing specialized training, support for acquisition of qualifications and such based on its human resources strategy. In addition, SRM shall work to create a favorable working environment to allow diverse employees to work comfortably in good health.
- Compliance and Strengthening of Governance**
 In order to protect investors and ensure SRM's proper operations, SRM shall not only abide by laws and regulations, but also strive to prevent corruption, prevent conflicts of interest, manage information properly, and value human rights and diversity.
- Disclosure of ESG Information and Utilization of Outside Evaluation**
 SRM shall make efforts to implement appropriate and transparent disclosure of ESG-related information for its stakeholders, and consider utilization of outside evaluation and third-party certification.

Supply Chain

Certification

Activity Description

Measures Taken through Sustainable Supply Chain Certification

RSPO: Roundtable on Sustainable Palm Oil

We became an ordinary member of the RSPO in 2019. Further, our consolidated subsidiaries SC Foods Co., Ltd. And Summit Oil Mill Co., Ltd. obtained RSPO supply chain certification in 2021.



FSC : Forest Stewardship Council®

We obtain FSC (FSC-C016535) certification, an international forest management certification system, and provide customers with FSC-certified products mainly from our group-companies.

PEFC™ : Program for the Endorsement of Forest Certification Schemes

We obtain PEFC™ CoC certification, an international forest management.

SBP: Sustainable Biomass Program

In September 2019, we became the first Japanese company to obtain SBP certification for CoC (Chain-of-Custody) and Collection and Communication of data. SBP is a certification system providing assurance that woody biomass used in energy production is sourced from legal and sustainable sources.



ISCC PLUS : International Sustainability & Carbon Certification PLUS

We obtain ISCC PLUS, an international certification for bio-based products. This allows us to trade ISCC certified products.

ASI: Aluminium Stewardship Initiative

We are a member of the Aluminium Stewardship Initiative (ASI), the global aluminium industry organization. As an active participant in trading aluminium materials and products globally, we support ASI activities and standards across the global aluminium value chain.

Activity Description

EcoVadis Certification for the Mineral Resources, Energy, Chemical & Electronics Business

EcoVadis provides a unique platform for assessing a company's social and environmental sustainability performance. The following Sumitomo Corporation Group companies received EcoVadis Medals for their efforts.

Platinum Medal: Summit Cosmetics Europe

Gold Medal: Cosmotec International Especialidades Cosmeticas Ltda, Presperse Corporation

Silver Medal: SUMITOMO DEUTSCHLAND GMBH

Bronze Medal : Summit Pharmaceuticals International, Summit Pharmaceuticals Europe, Summit Cosmetics Corporation

*Platinum is awarded to the top 1%, Gold to the top 5%, Silver to the top 25%, and Bronze to the top 50% of companies

Activity Description

Measures Taken in the Chemical and Electronics Industries

Sumitomo Shoji Chemicals Co., Ltd. is mainly engaged in trading business of chemical and electronic products, which are involved in various industries and have a multitude of applications. The company confirms that each supplier of raw materials does not use conflict minerals, which are key funding sources for local armed groups, and appropriately manages chemical substances contained in their products in line with customer's demands, to make sure that no issues related to the environment and human rights have been reported. Sumitomo Shoji Chemicals is a member of Sedex, a nonprofit membership providing a world's largest platform to manage and share ethical organization data within supply chains, with the aim of ensuring ethical and responsible business practices in global supply chains. The company has also passed the human rights and environmental audit of Sedex. Sumitomo Shoji Chemicals agrees on the Green Partner Environmental Quality Approval Program of its clients, whose objectives include the promotion of environmental protection. It also requires its suppliers of raw materials to agree on a green procurement program and other relevant programs and to comply with environment-related laws and regulations, and follows their implementation.

Supply Chain

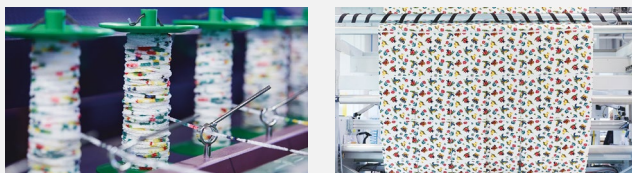
Certification

Activity Description

Feiler Initiatives

Feiler Japan Co., Ltd., a subsidiary of Sumitomo Corporation, imports, plans, and sells products of the German textile brand “FEILER”, which features chenille fabrics. Feiler purchases all cotton yarns used for chenille fabrics from companies certified under OEKO-TEX® Standard 100*1, which meets international safety standards for textile products (as of November 2022).

*1 OEKO-TEX® Standard 100 is the world’s highest standard for safe textile products, awarded only to products that have passed strict analytical tests for over 350 hazardous chemicals.



Activity Description

Summit Initiatives: Handling of certified marine products

SUMMIT,INC, a member of the Sumitomo Corporation Group that operates a supermarket business, handles marine products that have acquired MSC*2 and ASC*3 certification for some of its marine products for the purpose of sustainable procurement and environmental and social considerations.

*2 MSC: A certification system for sustainable fisheries to protect the world's marine resources, administered by the Marine Stewardship Council.

*3 ASC: An international certification program for environmentally and socially responsible aquaculture products, administered by the Aquaculture Stewardship Council.



Activity Description

SC Foods Initiatives: Supporting Female Farmers by Dealing in Certified Coffee

SC Foods Co., Ltd., a member of the Sumitomo Corporation Group, deals in coffee certified by Con Manos De Mujer (CMM: English name: :WOMAN'S HAND). In 2010, Mayacert S.A. and Asobagri Cooperative jointly established the CMM certification system with the goal of bettering the social standing of women and improving their economic environment. The premium attached to the price of CMM certified coffee is transformed into scholarships, medical assistance, etc. given to female farmers who are members of the cooperative, supporting their active efforts to achieve self-actualization.



Activity Description

Expression of Support for UN Food Systems Summit

Sumitomo Corporation expressed its support for the United Nations Food Systems Summit (FSS), declaring that it will contribute to global sustainable food systems through a range of food and agricultural businesses conducted by the Sumitomo Corporation Group. The FSS, held in September 2021 in New York, was the first international forum having discussions on the sustainability of food systems as a global common agenda and setting a vision for the future. The summit was being held based on the belief of UN Secretary-General Antonio Guterres that transformation to sustainable food systems would be crucial for delivering the Sustainable Development Goals (SDGs).

[Our commitment](#)

[Ministry of Agriculture, Forestry and Fisheries FSS related websites](#) (Japanese language only)

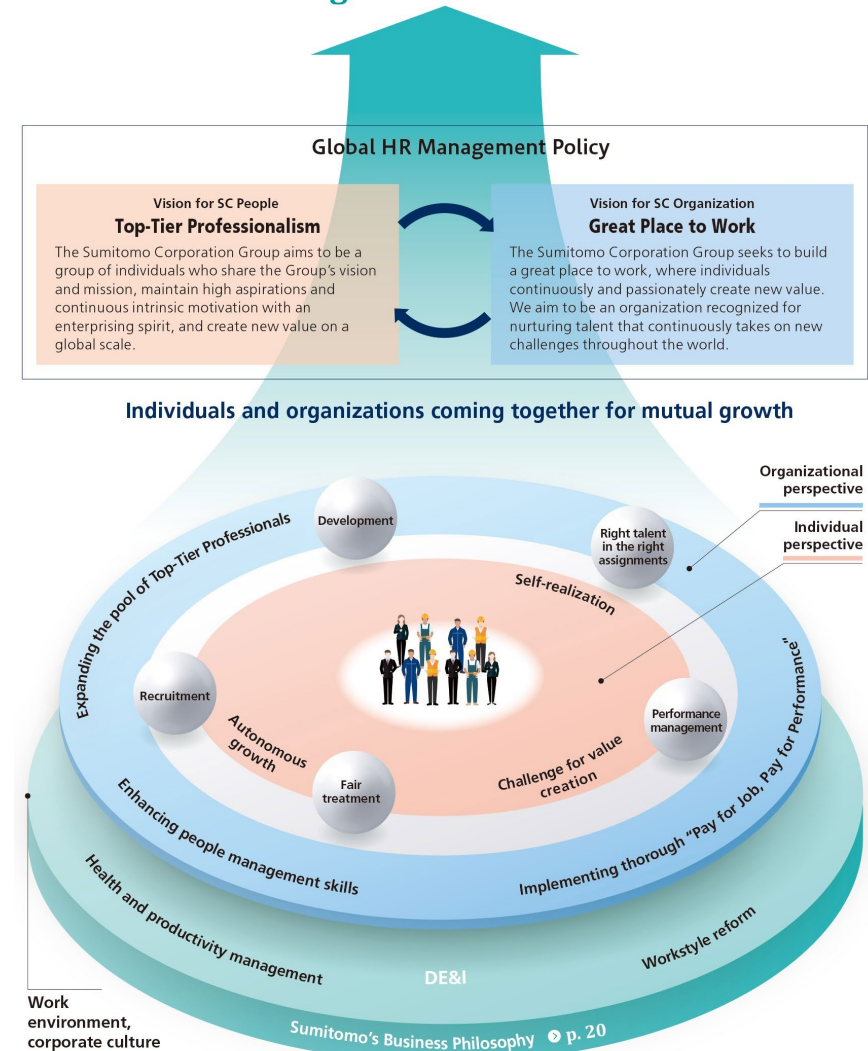
HR Management: Overview of the HR Management Cycle

Policy and Concept

HR Initiatives Centered around the Global HR Management Policy

The Group defines its ideal employee (individual) and company (organization) within the Global HR Management Policy, and aims for “Enriching lives and the world” by building relationships in which individuals and the organization grow together. Based on Sumitomo’s Business Philosophy underlying the Group’s human resources, we are working to upgrade the HR management cycle. Specifically, we are creating a work environment and workplace culture that serves as the foundation for each and every employee to demonstrate their abilities and potential, and implementing various measures and systems from the perspectives of recruitment, development, right talent to the right assignments, performance management, and fair treatment. At the same time, following the concepts of expanding the pool of Top-Tier Professionals, implementing through “Pay for Job, Pay for Performance,” promotion of diversity, equity and inclusion, and enhancing people management skills, we provide a place where each and every employee can realize autonomous growth and self-realization and encourage them to take on new challenges for value creation. Through this cycle, we are maximizing the performance of the organization and our diverse workforce, thereby realizing our vision and creating new value for the Group. Furthermore, important HR management policies, strategies, and measures are discussed at meetings of the Management Council and the HR Management System Committee, an advisory body to the Management Council. The Board of Directors makes decisions, supervises, and monitors these policies accordingly.

Enriching lives and the world



HR Management: Global HR Management

Policy and Concept

Global HR Management Policy

Sumitomo Corporation established the Sumitomo Corporation Group's Global HR Management Policy in September 2020. This policy sets forth the vision and concept of HR management on a global basis for the creation of new value. It is used as the foundation for each HR initiative.

What we aim for

Based on this policy, we seek to increase talent throughout the Group who can create new value on a global scale, sharing the Group's vision and mission, and maintaining high aspirations and a continuous intrinsic motivation with Enterprising Spirit. We also aim to build a "Great Place to Work" on a global scale, where individuals continuously and passionately create new value. We aim to be an organization recognized for nurturing talent that continuously take on new challenges throughout the world.

Promotion of Diversity, Equity & Inclusion(DE&I)

The Sumitomo Corporation Group recognizes Diversity, Equity & Inclusion as "the core enabler for value creation, innovation and competitiveness" in its Global HR Management Policy.

The business environment surrounding the Group has been rapidly changing and the regions and business fields where we operate, as well as business models have also been rapidly diversified. For us to address such changes and continue to develop in a sustainable way, it is essential to make DE&I one of the core aspects of our management strategy.

To survive these revolutionary times, it is essential to effectively use a mixture of diverse wisdom from diverse individuals to improve our competitiveness, in other words, we need to combine our forces to further accelerate our growth strategies with a focus on the diversity of our global talent, especially on the individual's strengths.

In addition to reviewing systems and mechanisms that impede the inclusion of attributes such as nationality, gender, age, sexual orientation, and gender identity (elimination of physical barriers), we will also promote a culture and awareness that leverages diversity at a deeper level, including different opinions, ideas and perspectives, values, abilities, skills, and experiences.

The elimination of all barriers, including psychological barriers and unconscious biases, requires an understanding of the barriers each employee faces and concrete actions to remove them. To encourage this behavioral shift, we have explicitly added the concept of "Equity" to our Global HR Management Policy in 2022, and have listed it as Diversity, Equity & Inclusion.

In promoting the growth strategy of the Group, it is necessary to promote the right talent to the right assignments on a global basis, to strategically appoint and develop talent, develop organization, and nurture a culture and awareness within the Group to support these points. Under the vision set forth in the Global HR Management Policy, we will collaborate with overseas organizations to pursue DE&I in the Group on a global consolidated basis.



HR Management: Recruiting

Policy and Concept

Basic Policy on Recruiting

As a company that engages in global business, Sumitomo Corporation Group requires human resources who are attuned to our businesses and principles, have high aspirations and a continuous intrinsic motivation with Enterprising Spirit, and a willingness to create new value on a global scale. Our basic policy is to conduct fair and equitable recruitment that respects fundamental human rights without discrimination, and hires employees based on the professionalism, abilities, experience, potential, and aspirations of applicants regardless of nationality, gender, age and other attributes. In addition to hiring new graduates, we actively recruit mid-career human resources talent hires and flexibly recruit other talented individuals throughout the year in line alignment with our management and business strategies.

Activities

Basic Measures Relating to Recruiting: Internships

We hold various seminars relating to recruitment and create numerous opportunities to support the career development of post and undergraduate students.

■ Next Leaders' Camp

We are holding Next Leaders' Camp as a program that supports development of the career views of students. With the aim of offering true career education that goes beyond just recruitment activities, the program helps to resolve the questions and concerns that students may have when considering their careers. The Next Leaders' Camp includes a "Global Program" and a "Sustainability Program". The "Sustainability Program", for example, offers lectures on the social context of demands for sustainability and actual business analysis using case studies from our company. Its aim is to deepen the participant's understanding of the role of Sumitomo Corporation Group and the values that we should demonstrate. One participating student commented, "I was able to notice important values when thinking about my own career".

〈Number of Past Participants〉

FY2020: 1,322 / FY2021: 2,548 / FY2022: 271

*Conducted online in FY2020 and FY2021, in-person in FY2022

■ Internships for University and Graduate Students

We offer internships to university and graduate students every year to have them experience the business of an integrated trading company and to provide an opportunity to support the development of their career views. In FY2022, we conducted two internship programs. The first program was a business experience program on a renewable energy project. The second program, a business creating program on an agricultural business, allowed participants to experience the process of creating a new business with design thinking skills. Participants can experience the process of bringing a business into reality, and through this process also develop their career views as well as deepen an understanding of the process of new value creation.

〈Number of Past Participants〉

FY2020: 164 / FY2021: 148 / FY2022: 230

Recruitment of Mid-career Human Resources

The business environment surrounding us is changing rapidly. In order to survive the competition in this age of tremendous changes, we need to take on the challenge of doing business in new fields while expanding and advancing our existing businesses. To respond to these business needs, in line with our business strategy, we recruit mid-career professionals with diverse expertise and knowledge. Our mid-career hires have a wide range of backgrounds and include lawyers, public accountants, and those with other qualifications, as well as people with experience in the manufacturing, finance, media, IT, and other industries. These professionals from various fields are making use of their respective expertise for the benefit of our company.

Sumitomo Corporation recruits mid-career workers not only for their expertise and knowledge. We expect these employees who have diverse backgrounds, to revitalize the company and organizations with their ways of thinking, work methods, out-of-the-box ideas, values, and help us enhance our competitive strength. Sumitomo Corporation will continue to promote mid-career recruitment along with the employment of new graduates for the retention of a diverse workforce.

Utilizing the Alumni Network

The SC Alumni Network was established in FY2019 to provide opportunities for alumni now working in other companies to interact with current officers and employees of Sumitomo Corporation. The purpose of the network is to foster an open corporate culture while creating new business opportunities by merging various knowledge and personal networks inside and outside the company. Alumni are expected to play a supporting role in securing talent while working to create a more interconnected network.

HR Management: Development

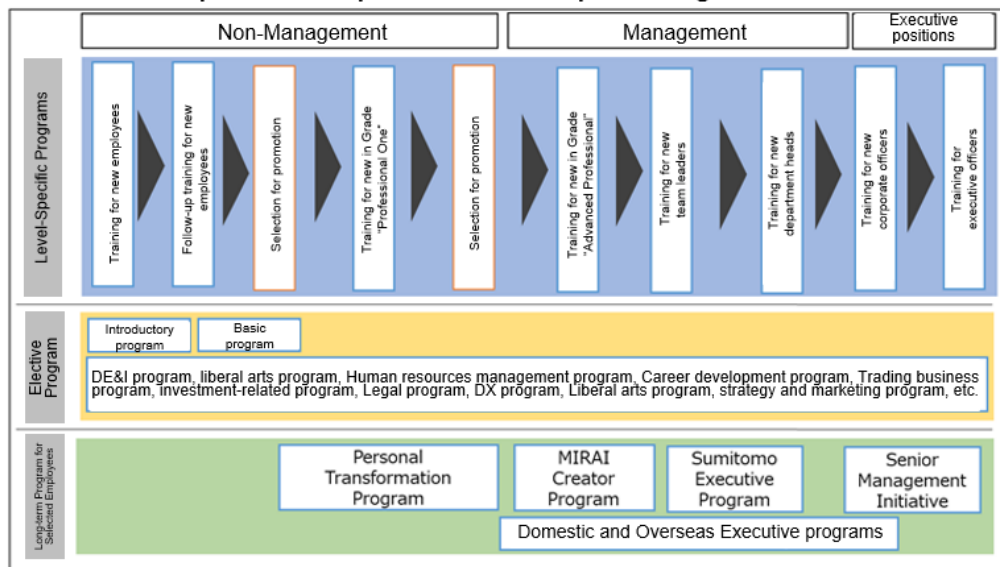
Policy and Concept

Basic Concept of Talent Development

For the Sumitomo Corporation Group our talent are the most important management capital. The Global HR Management Policy established in 2020 describes the “ideal individual” as “a person who is creating new value on a global scale, sharing SC Group’s vision and mission, and maintaining high aspirations and a continuous intrinsic motivation with Enterprising Spirit”. The most important thing when bringing this into reality is for each individual to enhance their abilities, or expertise which are valued globally. A combination of on-the-job and off-the-job training is essential for developing a group of such top-tier professionals.

By “generalizing and conceptualizing” experiences through “introspection and reflection” on work successes and failures and by acquiring skills and knowledge necessary for pursuing work, our talent become capable to engage in more advanced assignments.

Sumitomo Corporation Group Personnel Development Programs



Activities

An Introduction to our Talent Development Programs

As Sumisho Business College (SBC), we organize 300 courses of OFF-JT training a year and that offers individuals various types of programs to acquire the knowledge and skills needed to be active in each field. In addition, we believe talent development based on individual career perspectives, experiences, aptitudes is important, and therefore, we focus on career development training to ensure that as many people as possible can work with high motivation and comprehensively demonstrate their professionalism. Moreover, there are training programs which enhance people management skills and promote DE&I so that supervisors can address and motivate team members and lead diverse human resources to link organizational growth as well as individual growth. We also offer long-term programs for selected employees that allow employees to acquire the knowledge and skills necessary for business management. Many of those completing the program have been playing a leading role in managing group companies in Japan and abroad. In our efforts to enhance the development of our talent, in addition to in-house training programs, we make effective use of external high-level training programs, such as overseas executive programs.

Number of Hours for Ability Development Training in FY2022(Non-consolidated)

| | SBC | Business unit training (Non-SBC) |
|---------------------------------------|------------------|----------------------------------|
| Total number of training participants | 22,901 employees | 69,545 employees |
| Total number of training hours | 80,933 hours | 96,378 hours |
| Number of training hours per employee | 14.7 hours | 17.5 hours |



HR Management: Development

Talent Development Programs

1. Level-Specific Programs

At the time of promotion, we arrange training programs that offers understanding to the internal rules and literacy necessary for conducting business. From new employee to senior management, participants in the training will understand what is expected of them and what roles they should fulfill, thereby acquiring tips on how to transform themselves. We offer Level-Specific Programs for the entire Sumitomo Corporation Group. Through the program participation, they build a rich network within the Sumitomo Corporation Group. In these programs, emphasis is placed on fostering leadership that can contribute to society through business, offering participants an opportunity to gain awareness for autonomous personal growth.

2. Selective Programs

More than 80 different selective programs are available, covering comprehensive knowledge and skills, from basic to advanced levels, that will be needed to play a leading role as an executive who can contribute to society through business. After completing the “Introductory Seminars” and the “Basic Seminars” where employees can acquire the basic skills and general knowledge required to work for an integrated trading company, employees can choose any of the programs where they can learn about knowledge and skills required for them to effectively pursue their work. Regardless of their current department or job, employees are supported with training so that they can learn, or continue learning the literacy, specialized knowledge, theories, and frameworks required for management.

3. Long-Term Programs for Selected Employees

Long-term programs for selected employees are intended to foster a management perspective and for participants to make self-reform as well as to acquire skills for practical leadership, which can be difficult to obtain through short-term programs. Participants in each program are selected from among those who are demonstrating their abilities at the forefront of business and those who are expected to take on leadership roles in the future. These long-term programs contribute to develop and foster Top-tier professionals to be active in various fields.

■ SEP (Sumitomo Executive Program)

Targeting department and division managers who are expected to fill executive manager roles in the future and are expected to possess a companywide management perspective, this program provides opportunities to gain an insight into the big-picture perspective, thinking, and determination that executives should possess through dialogues with top management and members from different industries, as well as through receiving advice from management and inspiration from outside the company. Approximately 30 employees participate in the program.

■ MCP (MIRAI Creator Program)

This program targets employees who are required to experience strategic planning from the perspective of the head of Strategic Business Units (SBU) and general managers as future executive managers. Through a variety of case studies, participants repeatedly engage in simulated management experiences and learn big-picture thinking, strategic thinking, decision-making skills, and leadership. In addition, through visits to the Besshi Copper Mine and leadership philosophy sessions, participants solidify their own theories and worldviews related to management and organizational human resources, and cultivate their own management views. Approximately 25 employees participate in this program, and after attending a total of about 20 lectures over a period of about 10 months, they will make a presentation on the theme of "what they want to be in 10 years as the head of an SBU/division/main business company.

HR Management: Development

Talent Development Programs

3. Long-Term Programs for Selected Employees

■ Participation in Domestic and Overseas Executive Programs at the Company's Expense

Employees who are potential candidates for future executive management positions in their respective organizations are sent to executive programs at domestic and overseas business schools at the company's expense. Each year, at least 30 employees are sent to business schools in Japan, and at least 10 employees are sent to leading business schools overseas, with the objectives of fostering awareness and thinking as a future executive, acquiring comprehensive management knowledge and executive decision-making capabilities, and growing through interactions with other personnel and executives.

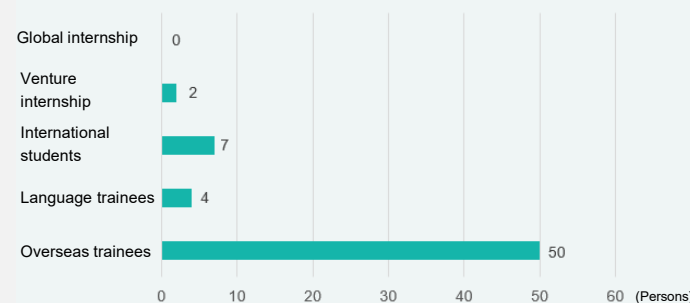
4. Overseas and Domestic Programs

As a global business group, the Sumitomo Corporation Group offers many intern programs to develop employees who can work effectively around the world.

These include a trainee program designed to develop talent who can play an active role on the global stage, a language training program that develops language and regional specialists, an overseas study program primarily for acquisition of an MBA, a venture intern program designed to foster individual strengths in domestic startups, and a global intern program that focuses on business in emerging countries.

Each year, 80 to 100 trainees in these training programs are dispatched to different regions of the world, including Japan.

The number of trainees dispatched in FY2022



5. In-house Education and Awareness-raising on Respect for Human Rights

As a global organization contributing broadly to society, the Sumitomo Corporation Group holds management principles that place prime importance on integrity and sound management with utmost respect for the individual. Based on this principle, the Group developed the "Human Rights Policy" and the "CSR Action Guidelines for Supply Chain Management" that take into consideration human rights and other various issues. We will respect human rights to take our social responsibility and pursue sustainable growth with society.

With the above considered, we have established a committee to promote human rights and Dowa issues, and we have a forum to discuss internal issues on human rights such as Dowa issues Buraku discrimination, people with disabilities, foreign residents, human rights violations on the Internet and other issues related to human rights every year. We also invite external lecturers to conduct annual human rights training to raise employee awareness of human rights issues. We also distributed e-learning content on respecting human rights in business and conducted other internal educational programs for further action.

In addition, training seminars on mental health and human resources management have been conducted. In Level-Specific Programs for managers, programs on harassment prevention have also been added to maintain a harassment-free work environment and to provide suggestions on how to address harassment in case it occurs. Through these efforts, we provide employees with education and raise their awareness to thoroughly prevent human rights violations at work.

HR Management: Development

Activities

Sumitomo Corporation Global HRD Center

- A training center to develop global talent and for the use as a strategic multipurpose facility -

The Sumitomo Corporation Global HRD Center in Ginza, Tokyo serves as a training center to develop global talent as well as a strategic multipurpose facility. International colleagues from different organizations and countries all over the world meet at this facility for intensive discussions on the future visions and strategies of the Sumitomo Corporation Group.



Sumitomo Corporation Global HRD Center

Activity Description

Job Training Programs at Toyota Iraq

Sumitomo Corporation conducts job training programs through Toyota Iraq, a subsidiary, to create local opportunities for stable employment and enhance the skills of job seekers. Prolonged conflict in Iraq has had tremendous impacts on the people, and more than 3 million people have been forced to leave their homes and have become internally displaced persons (IDPs).

Over recent years, employment has become a more serious issue for the younger generation in particular, and creating local skills training and employment opportunities is an urgent matter. Because of such problems, Toyota Iraq has been working with the UNDP since 2016 to conduct job training programs for such IDPs. Starting in 2020, the company has also been working with the International Organization for Migration, an organization affiliated with the United Nations, to conduct new programs offered to persons other than IDPs as well. To date, 108 persons have completed a total of 9 job training programs. These graduates have been offered support in finding work at local companies, and the programs themselves are continuing.

Sumitomo Corporation hopes to achieve sustainable development of local communities through these programs and will continue to support the creation of job opportunities and skill enhancement in Iraq through these business activities.



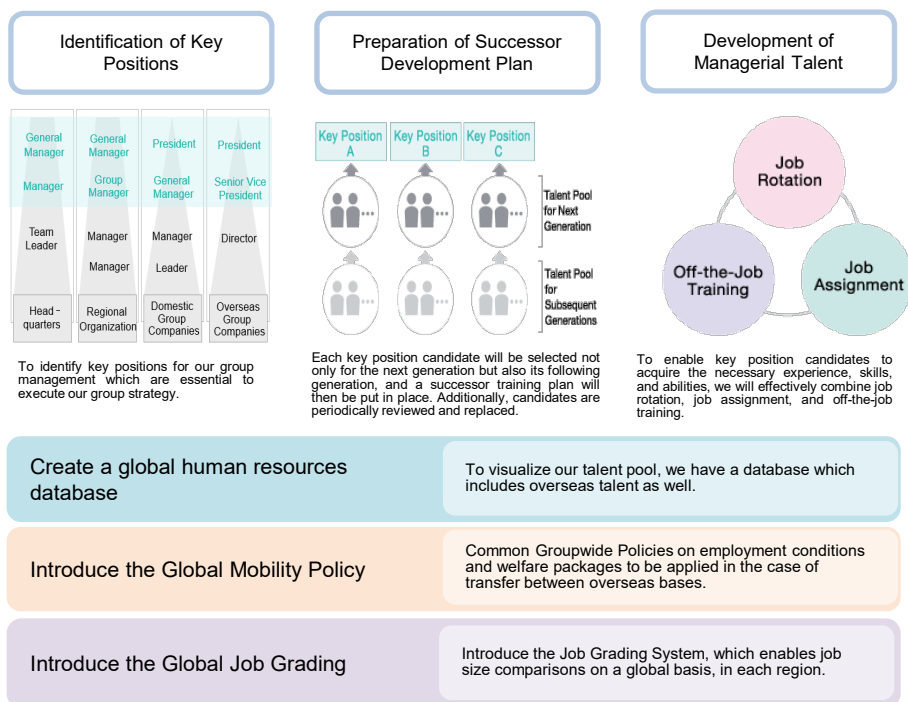
Trainees receiving training on vehicle maintenance, parts warehouse management and customer services

HR Management: Right Talent to the Right Assignments

Activities

Enhancement of Talent Management

Talent development does not happen overnight. There is a need to envision, develop and deploy human resources required for the growth of each business in the medium to long-term. In order to assign talent continuously and strategically in line with business strategies on a global basis, the Sumitomo Corporation Group implements the measures below to help all talent to play an active role, regardless of whether they belong to Sumitomo Corporation non-consolidated, overseas offices or group companies.



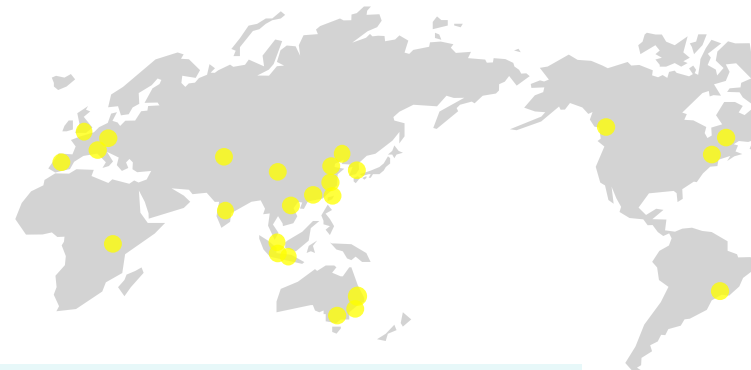
Advancing Global Measures to Develop Talent

Aiming to recruit and develop talent who can lead global business operations, the Sumitomo Corporation Group is focusing on promoting and developing locally hired employees in its overseas offices and Group companies.

As part of these efforts, we conduct training programs for locally hired employees at different career levels, such as senior executives, managers, and senior staffs. These training programs establish a shared sense of the Sumitomo Corporation Group's corporate DNA and strengthen the sense of unity among employees as members of the Group by reaffirming participants' understanding of Sumitomo's Business Philosophy and the Group's management principles.

Global Talent

Sumitomo Corporation Group promotes placing the right talent to the right assignments on a global basis, regardless of nationality and affiliation. Based on this policy, locally hired staff and employees of overseas offices and group companies are transferred beyond the borders of countries and companies. We positively appoint local staff to executive positions of overseas offices to promote our policy of placing the right talent to the right assignments on a global basis.



Executives / upper managements In regional offices: 37

HR Management: Right talent to the right assignments

Activities

Optimal Allocation Under Human Resource System

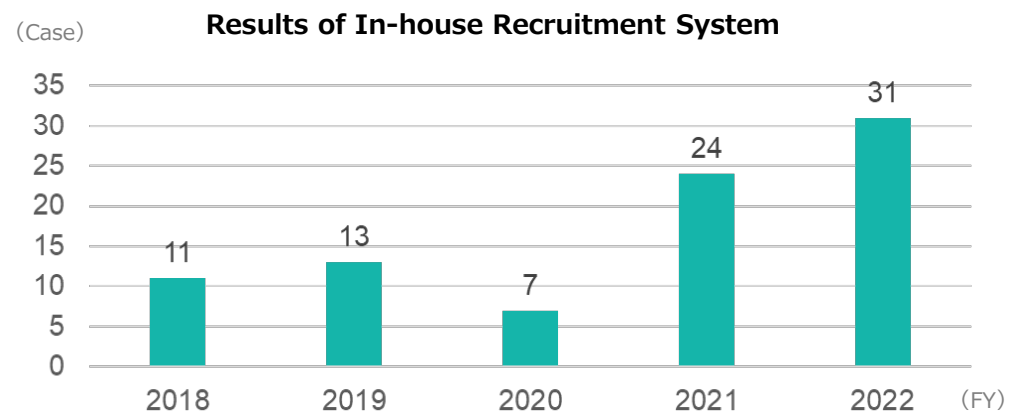
Under our human resource system, to achieve the “Intrinsic motivation/Great Place to Work” described in the Global HR Management Policy, we conduct talent allocation after thorough alignment with the company’s expectations and the individual’s career aspirations. As an integrated trading company, continuous development of talent who possess a variety of knowledge and expertise is essential for the sustainable creation of value tailored to the social issues of the times, and we will continue assignment rotations to expand this talent pool. To develop Top-Tier Professionals as specified in the policy, more diverse rotations will be required, and there are cases such as longer term assignments in a particular field to enhance the talent’s expertise in that field.

Succession Planning / Enhancement of Talent Database

To continuously realize strategic allocation of talent as well as the development and appointment of managerial talent across our consolidated global network and according to our business strategies, we undertake succession planning for the next generation, and the generation after that, for key positions (equivalent to HQ general manager and above). To ensure that candidates for key positions are equipped with the necessary experience, skills, and other requirements, we develop their capabilities accordingly, so that we can enhance the talent pool both quantitatively and qualitatively. As tools to achieve this, in addition to adopting a job grading framework which enables to compare job size on a global basis, we are also working to create an HR database of human resources including talent in overseas offices. In 2019, we also adopted the Global Mobility Policy as a set of groupwide policies stipulating compensation and benefit packages for international assignments. This serves as a platform for promoting assignment of talent across countries and regions.

Shift of Talent Under SHIFT 2023

As we re-allocate company-wide managerial resources, in addition to the financial aspects, we are addressing human resource aspects by undertaking optimal allocation of talent in conjunction with the reconstruction of the business portfolio as well as strategic talent allocation to businesses covered by the strategic investment fund. For this re-allocation, we are tracking the overall and company-wide movement in our talent under SHIFT 2023, while strongly promoting the matching of organizational talent needs and individual aptitudes and aspirations, and expanding in-house recruiting systems to accelerate shift of talent.



HR Management: Performance management / Fair Treatment

Activities

Absolute Evaluation / 360-degree Evaluation

As part of our current efforts to reform talent management, we are implementing a range of measures that enhance people management skills in dealing with individuals. We have introduced an “absolute evaluation” system that focuses on the individual. Instead of comparing specific actions, progress, and outcomes against those of others, the evaluation is based on the degree of achievements of the individual’s assignments and assignment-related objectives. We have also adopted a “360-degree evaluation” as a mechanism for improving the objectivity and validity of the “absolute evaluation,” and dealing sincerely with the individual to draw out their potential. The 360-degree evaluation is currently applied to managers and above, however, by soliciting wide-ranging comments from colleagues involved through work, the supervisors can make their final evaluation based on those comments. In this way, we aim to achieve a greater level of information on how others see the individual, which improves the people management skills of the supervisors and enables them to deal more sincerely with their subordinates, and it also provides opportunities for the subordinates to gain better insights as well.

In addition, a career assessment interview is held once a year between supervisors and subordinates to help reflect and align the career views of the subordinates with their supervisor. In these interviews, we review the individual’s career goals, experience, aptitude, and challenges from the medium to long-term perspective as we align company expectations for work and personal development needs with the individual’s own aspirations. This also aims to facilitate communication and help individuals understand that the interviews offer opportunities for superiors and subordinates to deal comprehensively with career plans and challenges to overcome. We are expanding our training programs to improve such communication skills to create references for effectively communicating with subordinates.

Through these evaluation systems and career assessments, we aim to provide support for the development of the individual and open diverse paths which closely attuned to each of them. In addition, we organically combine talent development measures, such as our in-house recruiting system and regular staff rotations, with talent development tools, such as our various Off-JT training programs. The aim is to support self-sustaining growth and diverse career development for each individual so that we can continuously develop Top-Tier professionals.

Evaluation based on the Progress of Strategy Execution

We have introduced evaluations based on the progress of strategy execution as a measure to enhance each individual’s commitment in accomplishing each organizational strategy. Under this system, progress toward achievement of the KAIs and KPIs established at the SBU level is evaluated and reflected in individual bonuses. This leads to the internal sharing of good practices toward KAI/KPI execution and the enhancement of the overall PDCA cycle for the accomplishment of each organizational strategy.

Investment Performance-linked Compensation

We have adopted “a system of compensation linked to investment performance” as part of our efforts to strictly select investments and strengthen post-investment value-creation. By reflecting the performance of new investment projects in remuneration, this system seeks to improve the probability of success of new large-scale investments, and also the sense of ownership of the individual executing the investment.

HR Management: Work Environment / Workplace Culture

Activities

Inheritance of Sumitomo's Business Philosophy

Sumitomo's Business Philosophy stresses the need for an enterprising spirit to stay a step ahead in dealing with change, while ascribing importance to maintaining integrity and sound management, avoiding easy gains, and working for the public interest, without being misled by short-term immediate changes. This philosophy has continuously formed the basis of Sumitomo Corporation Group's business for more than 400 years. With the aim of experiencing and assimilating Sumitomo's Business Philosophy, which is the basis of the Group's Management Principles, we conduct training annually at Besshi Copper Mine in Niihama City, Ehime Prefecture (Trainings in FY2020 and FY2021 were cancelled due to the spread of COVID-19). The Besshi Copper Mine continued to produce copper for approximately 280 years from its opening in 1691 to its closure in 1973 and supported the foundation of Sumitomo's business. The visit of this mine is an opportunity to reconfirm the role that the Sumitomo Corporation Group should play in society. Also, all employees learn the history of Besshi Copper Mine upon joining the company.



Measures to Accelerate DE&I

Promoting Active Participation of Female Employees in Business

Sumitomo Corporation sees the active participation of female employees in businesses as an important pillar of Diversity, Equity & Inclusion especially in Japan, and we have formulated action plans with the aim of advancing this further, and set the following goals to be achieved by 2030.

- ①Female Manager ratio: At least 20% or more
- ②Female Department General Manager ratio: At least 10% or more
- ③Female Director and Audit & Supervisory Board Member ratio: At least 30% or more

To achieve these goals, we are reinforcing talent development and allocation/appointment centered on the new HR system introduced in FY2021 and are working to create an environment where each individual can demonstrate their full potential, as well as actively appointing experienced personnel to positions such as executive officer positions, and female and younger employees to executive management and general managerial positions.

In addition, in order to support our employees to balance life events and career development, we have reinforced tangible aspects including the establishment of internal policies that go beyond regulatory requirements and have addressed the intangible elements such as correcting long working hours, encouraging employees to take paid leave, and reforming employee awareness with the aim of creating an environment that facilitates active participation in the company after childbirth and childcare.

[Action Plan \(Japanese only\)](#)

Diversity Weeks

For three weeks from March 6 to 26, 2023, we held the company-wide DE&I event, Diversity Weeks 2023 continuing from last year. Diversity Weeks is a set period during which we focus on the conduction of DE&I programs. The aim is to remind all our officers and employees that DE&I is the source of competitiveness, and help trigger specific changes in their behavior to further drive DE&I. In FY2022, we also delivered messages from General Managers for Overseas Regions as part of our global collaboration. We will continue holding Diversity Weeks on an annual basis in order to further cultivate DE&I awareness.

Support for Balancing Work and Long-term Care

Sumitomo Corporation offers various programs to help its caregiving employees to continue work with a sense of security. Through activities such as seminars on basic long-term care knowledge mandatory for managers and individual consultation sessions (once a month) on caregiving, introduction of subsidies for purchase of long-term care services and supplies and long-term care diagnostic tools, and creation of "Handbook for Managing Work-Caregiving Balance," we are working to create a work environment where employees who have entered the life stage of caregiving can maximize their performance.

[Support for Balancing Work and Long-term Care](#)

HR Management: Work Environment / Workplace Culture

Activities

Measures to Accelerate DE&I

Support for Balancing Work and Child-rearing

Sumitomo Corporation offers various options that are available employees regardless of gender with the aim of creating a work environment where diversified employees who have entered the life stage of child-rearing can exert their maximum performance. When an employee files a notice of pregnancy or childbirth for themselves or their spouse, we provide information on the systems for childcare leave and confirm if they want to use those systems through a survey. If they want to use the system, we assist them (men and women) with HR's support as needed, etc., through the process of using childcare leave.

- Support Handbook for Balancing Work and Child-rearing
- Childcare Consulting Services
- Partnering with Childcare Facilities
- Support for Employees Stationed Overseas with Children
- Roundtable Discussion on Maternity Leave for Male Employees

[Supporting employees in balancing work and childcare](#)

Abolishment of a Seniority Based Talent Allocation

We are developing working environments where every employee can work with intrinsic motivation regardless of their age.

In both our current HR management system and post-retirement re-employment system revised in FY2022, we follow the basic concepts of “pay for job, pay for performance.” We have eliminated the seniority-based promotion and ensured that we promote the right talent to the right assignments according to the strengths and expertise of the individual employee.

On the other hand, for senior employees who have a wide range of experience and extensive knowledge, we have other support measures to help developing a strengths-based career path. This includes encouraging autonomous career development and offering opportunities for recurrent training throughout their careers.

- CLP (Career & Life Planning) Training
- Career Assessment Interviews
- Support to Find a New Job Outside the Company

[Support for Senior Employees' Activities](#)

Promotion of the Employment and Retention of People with Disabilities

As part of its efforts in corporate social responsibility and toward diversity, Sumitomo Corporation Group has been promoting the employment of people with disabilities.

In 2014, we established Sumisho Well Support Co., Ltd., a special subsidiary company, and we have worked with them since then to employ people with disabilities and provide them with opportunities to participate.

Employees of Sumisho Well Support are engaged in various tasks, such as outsourced general office tasks, scanning documents for digitization, printing and binding of business profiles, and business-related data input. They are extremely important for the business activities of our company. Going forward, Sumitomo Corporation Group will continue to rely on the uniqueness of each of our employees with disabilities to help in our creation of added value.

[Promotion of the Employment of People with Disabilities](#)

Raising Awareness of LGBTQ+*

The Sumitomo Corporation Group Compliance Policy (established March 2019) and the Employment Rules codify that no fear or discomfort shall be caused through sexualized speech or conduct, harassment, slander or defamation, intimidation, violent behavior, or the like on the basis on sexual orientation or gender identity.

We aim to create a work environment where each employee provides support for LGBTQ+ community with correct understanding, and where LGBTQ+ employee can maximize their performance. To this end, we conduct various awareness-raising activities such as mandatory training for all employees, mandatory training for team managers, providing information regularly, and distribution of tools to express being a LGBTQ+ ally. In addition, we are also working to improve our systems and environment by establishing LGBTQ+ guidelines, setting up a consultation service, and establishing rules of employment that certain HR-related systems can be applied to employees who have a same-sex partner.

* LGBTQ+: L=Lesbian, G=Gay, B= Bisexual, T=Transgender, Q=Questioning, Queer

HR Management: Work Environment / Workplace Culture

Policy and Concept

Health and Productivity Management

Basic Policy

“To achieve prosperity and realize dreams through sound business activities” is one of the management principles of the Sumitomo Corporation Group. Based on this principle, our mission is to ensure the economic and spiritual prosperity of people around the world, including our employees, shareholders, clients, and local communities, and to fulfill their dreams. We also believe that in order for every employee to maximize his/her performance, good physical and mental health is essential, without which it is not possible to continuously create new value. Based on this, the Sumitomo Corporation Group formulated the Declaration of Iki-iki Waku-waku Health and Productivity Management. The Group implements various efforts based on this declaration and by taking into account the actual situation of each group company. We will continue to promote health management with a focus on three aspects: “improvement of health literacy” to enable employees to continue working in good health, “reassurance in emergencies” to be well-prepared for unexpected illness, and “global medical support,” which is unique to integrated trading companies. Also, Medium-Term Management Plan “SHIFT 2023” positions health management at the core of our human resources strategy.

[□ Declaration of Iki-iki Waku-waku Health and Productivity Management](#)

Safety Measures in Uranium Mining

Our Group’s development of uranium mines, production and sales of uranium concentrates*1, and trading of various kinds of nuclear fuels containing radioactive materials comply with each country’s laws and regulations based on the IAEA (International Atomic Energy Agency) standards. With our highest priority on HSSE (Health, Safety, Security and Environment), we place the utmost importance in ensuring the safety of onsite employees and local residents. Specific measures taken in production and sales of uranium concentrates include the measurement of radiation exposure of all those entering and leaving the plant, and the management and monitoring of cumulative radiation doses in employees*2. Furthermore, the uranium concentrates and various kinds of nuclear fuels we deal in are all used for peaceful purposes such as power generation. Our relevant activities comply with security trade control-related laws and regulations.

*1 Products manufactured in the said business are natural uranium concentrates, and waste materials produced in mines and refining plants are limited to a small amount of low-level (naturally occurring) radioactive waste derived from the refining process. Such waste materials are appropriately treated in accordance with IAEA standards and Kazakhstan’s laws. Furthermore, no high-level radioactive waste or medium-level radioactive waste has been produced in the business for the two years from FY2021 to FY2022. In addition, a management structure for ensuring safety and quality has been put in place.

*2 We have established an internal standard for the maximum permissible exposure of workers that is stricter than the laws and regulations of Kazakhstan, where we conduct the business, and we are compliant with such standard. Further, no external radiation leaks have occurred in the two years from FY2021 to FY2022.

Declaration of Iki-iki Waku-waku Health and Productivity Management

The Sumitomo Corporation Group aims to be a company in which all employees work with energy (Iki-iki), excitement (Waku-waku), and in good health, taking on challenges to create new value.

Our Group’s Corporate Mission is: “To achieve prosperity and realize dreams through sound business activities.” In order to fulfill this mission, it is necessary for all employees to perform at their highest level and to continue to create new value. To this end, it is crucial that each employee maintain good health.

As a human resources strategy, the Sumitomo Corporation Group will engage in “health and productivity management” that allows employees to work with energy, excitement, and good health, and creates value by further enhancing existing measures for maintaining and promoting employee health.

HR Management: Work Environment / Workplace Culture

System

Health Management Promotion Structure

Health management is carried out through the following structure to maintain and enhance the health of employees under the direction of the Assistant CAO (Executive Officer) who serves as the Safety and Health Manager.

Employee Engagement: Health and Safety Committee

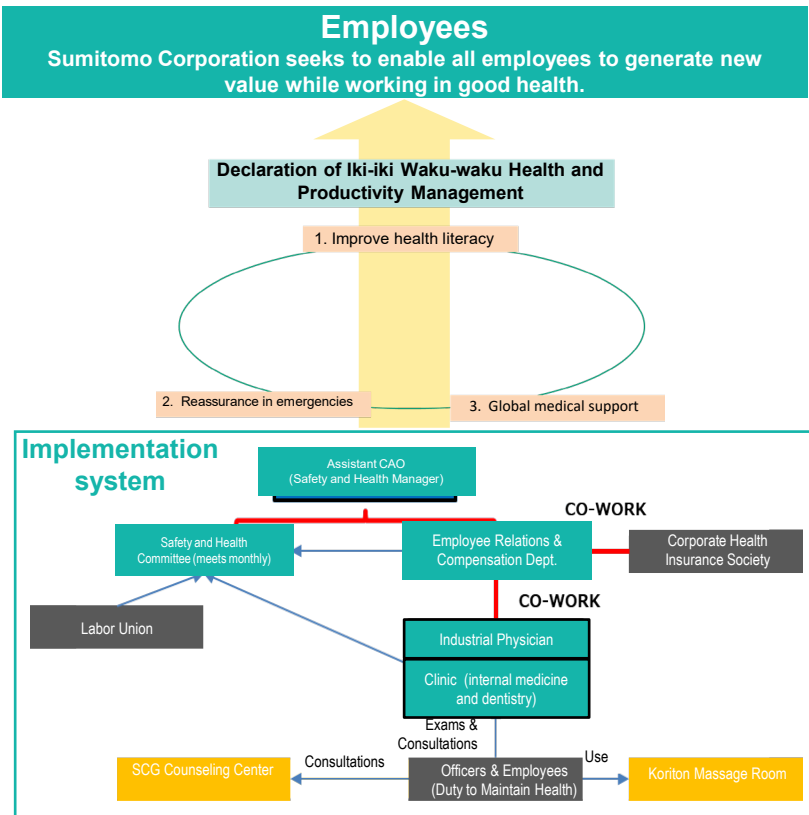
Sumitomo Corporation holds a monthly health and safety committee meeting, which is attended by labor union officials on behalf of employees, to receive reports on worksite patrols by an industrial physician and discuss health promotion for employees and better work environments. A roundtable conference on work styles is also held twice a year by management and the labor union, where participants exchange opinions with a view to improving work styles qualitatively and quantitatively in terms of appropriate working hours for union members.

Crisis Management System

In order to prepare for the incidents, accidents, and disasters that could occur anywhere in the world, each employee all over the world always needs to be aware of risks and appropriate safety measures. At the same time, each organization also needs to develop an infrastructure for safety measures to prepare for emergency. In addition, in the event of an emergency, immediate report of the incident is crucial to provide a support and promptly resume business operations.

We have therefore centralized reporting of all domestic and international emergency cases to the Disaster Response and Safety Management Dept. and ensure prompt reporting to the president and established companywide structure in order to promptly provide necessary supporting activities by appointing the executive in charge of human resources, general affairs and legal affairs as General Manager of Crisis Management Team.. When a major natural disaster occurs, We will react promptly based on our fundamental policy, which is to prioritize (1) employees' safety, (2) mutual assistance, and (3) prompt recovery of business operations. We have created manuals to inform all officers and employees of this policy.

Most recently, we have been improving the effectiveness of the business continuity plans (BCPs) of each organization by implementing a crisis management program from FY2021. This activity includes not only formulating plans but also conducting exercises, reviews, and then making improvements through PDCA cycle. Furthermore, in January 2022, we established a dedicated team within the Disaster Response and Safety Management Dept. to strengthen the work safety systems of group companies and support emergency responses and recurrence prevention measures in the event of a work-related accident. We also gather safety management-related information, gain experience, and share best practices within the entire Group.



HR Management: Work Environment / Workplace Culture

System

Reporting of Work-related Accidents

If an accident occurs, it must be immediately reported to the Disaster Response & Safety Management Dept.. The number of occupational accidents reported in Sumitomo Corporation's Employee last 5 years are as follows:

Number of work-related accidents

| FY2018 | FY2019 | FY2020 | FY2021 | FY2022 |
|--------|---------|---------|---------|---------|
| 1 case | 3 cases | 2 cases | 2 cases | 2 cases |

We have been holding the Work Safety information Committee that consists of persons in charge of internal control in each sales division every other month since last July. We share the occurrence situation of SC group's occupational accident cases, and preventive countermeasures as the best practice.

Against fatal or very serious occupational accidents, our Disaster Response & Safety Management Dept. makes an immediate report to the president and authorized members. They also share the information that includes root cause analysis and temporary counter measures.

OHSAS18001, ISO45001-certified Facilities

As of December 2020, 4 of 372, or 1.1% of Sumitomo Corporation consolidated companies, had been certified to OHSAS18001 Certification.

As for ISO45001, which was issued in March 2018 and is recommended for transition, we have confirmed that the following five companies have obtained ISO 45001 as of March 2023.

KIRIU CORPORATION

FUJIWA MACHINERY INDUSTRY (HUBEI) CO., LTD.

FUJIWA MACHINERY INDUSTRY (KUNSHAN) CO.,LTD

Efficient Homes Australia Pty Ltd.

Aver Asia (S) Pte. Ltd.

HR Management: Work Environment / Workplace Culture

System

Clinic Sumitomo Corporation has an in-house clinic (internal medicine and dentistry) to support employees' health management on a day-to-day basis.

SCG Massage Room "Koriton" The "Koriton" massage room was opened in the Harumi Triton Square in April 2008 as a place where SCG employees can receive relaxing therapy.

Subsidies for Costs of Health Checkups and Complete Physical Examination The in-house clinic provides services such as periodic health checkups (for those under 35), a health checkup immediately after joining the company, and health checkups before and after overseas transfer. Employees aged 35 and older are required to undergo a complete physical examination at an external medical facility. Its cost can be covered by the Corporate Health Insurance Society.

Reimbursement of Influenza Vaccination Expenses As a part of efforts to prevent infectious disease, influenza vaccinations are offered in the Head Office building, and the Corporate Health Insurance Society reimburses insured employees and their dependents when they receive such vaccinations at outside clinics.

| | Indication | Target | FY2018 | FY2019 | FY2020 | FY2021 | FY2022 |
|----------------------------------|---|--------|--------|--------|--------|--------|--------|
| Health Results Indicators | Percentage of Employees Undergoing Health Checkups | 100% | 100% | 100% | 100% | 100% | 100% |
| | Stress check Implementation rate | 90% | 88.1% | 88.5% | 89.9% | 90.6% | 88.7% |
| | Smoking rate | 10% | - | 18.0% | - | 13.7% | 13.3% |
| | Rate of female employees under 35 years old who undergo gynecological exams | 15% | - | 4.6% | 2.9% | 19.1% | 20.7% |

Conduct of Employee Health Awareness Survey A health awareness survey has been conducted annually since 2019 to measure the effects of health management measures and presenteeism*, as well as to discover health issues specific to the company.
*A condition where an employee reports to work but experiences a decline in work performance that derives from physical or psychological problems.

Health Guidance for Younger Employees Expanded Health guidance is provided by a health nurse from the in-house clinic to younger officers and employees who have shown deterioration of health data or physical changes since joining the Company or in conjunction with changes in their living environments. From FY2022, we implemented an Under 40s health support program in collaboration with the corporate health insurance society.

[List] Previous Seminars

| | Name | Format |
|---------------|---|----------------------|
| December 2021 | Sleep is the Best Weapon of Selfcare | Online |
| February 2022 | About the Ovum | Online |
| July 2022 | Eating Habits Improvement Seminar | In person and online |
| October 2022 | Femtech Exhibition | In person |
| December 2022 | How to Deal with Mental Health Problems and "Life Rhythm Theory" | Online |
| March 2023 | The Connection between "Periodontal Disease" and Systemic Disease | Online |
| March 2023 | Mental disorders in Youth and Middle Age ~To survive in society~ | Online |

Expansion of Health Management Seminars

Online seminars can be viewed by group company employees and family members, thereby helping improve health literacy widely.

Mental Healthcare We provide self-care education and training for managers on mental health and how to make use of the SCG Counseling Center.

Expanded Measures Supporting Women's Health To improve the rate of young female employees undergoing gynecological exams, we have partnered with medical facilities, and raised the subsidy from the corporate health insurance for the exams. We are also increasing activities such as holding seminars and sharing information to raise awareness of health issues that are specific to women.

Support for Quitting Smoking A smoking cessation support program is regularly offered by the Corporate Health Insurance Society, and those who wish to participate in the program can do so free of charge. In addition, all office floors at the Head Office are non-smoking areas.

HR Management: Work Environment / Workplace Culture

Activities

The Sumitomo Corporation Group established the SCG Counseling Center in the Head Office to support employees to work energetically and with enthusiasm. Multiple counselors help solve various problems and concerns under the motto of “strict confidentiality” and “consultation on any matters” in the center.

SCG Counseling Center

| Service provider | Services | Eligible users | Activities |
|------------------------------|--|---|---|
| SCG Counseling Center | Counseling in person | Mainly for employees in Tokyo | Qualified counselors provide counseling to employees in Japan and overseas. Qualifications of the counselors include senior industrial counselors, clinical psychotherapists, career consultants, and family consultants. |
| | Counseling by phone | All employees | |
| | Counseling by visiting the employee's site | Employees in offices and outside of Tokyo including overseas | |
| | Various seminars | All employees, and their families when accompanying them overseas | Implementing seminars for managers, general employees, employees overseas, and employees' families |
| | Consultation | Management | Consultation for managers regarding how to respond to their subordinates |
| External contracting company | Counseling in person | All employees | Contracting external companies to provide counseling in person, by e-mail, phone, and visiting the employee's site. |
| | Counseling by phone, by visiting the employee's site | | |

Advanced Healthcare Expense Coverage Program Introduced

We introduced an advanced healthcare expense coverage program for employees to cover substantial financial burden for treatment of medical conditions not covered by insurance.



Health Support Services to Employees Stationed Overseas

Sumitomo Corporation has more than 1,000 employees and their family members stationed in 69 countries and regions (as of April 2023). We provide these expatriates working in different environments from Japan with healthcare services to maintain their health, such as support for annual health checkup. Counseling services provided by our in-house clinic and the SCG Counseling Center are also available for those with mental and physical disorders.

Measures Against Global Health Issues

Currently, many countries around the world are struggling with serious health issues, such as HIV (AIDS), tuberculosis and malaria, and COVID-19. The Sumitomo Corporation Group is determined to take active measures against these global health issues. To ensure that officers and employees of our Group have accurate information about these infectious diseases and take preventive measures, the Company provides health checkups in advance for officers and employees who are assigned overseas and when necessary, encourage them to be vaccinated. We also provide a variety of training prior to their deployment. Moreover, we started e-learning and seminars on safety measures in response to requests by employees preparing for their first overseas business trip and for those looking for the latest information on infectious diseases. These programs aim to enhance awareness of crisis management and disseminate accurate and up-to-date information. We make these programs available to all the Group officers and employees within and outside Japan. Through these activities, we support employees' health and safety while they are overseas.

HR Management: Work Environment / Workplace Culture

Activities

Education on Crisis Management

Sumitomo Corporation offers a variety of training programs and seminars in order to foster crisis awareness and to equip each employee with necessary knowledge.

As a countermeasure against natural disasters, the Tokyo Head Office has systems in place for establishing the Crisis Management Team. Each year that team conducts tabletop exercises and emergency response exercises at each floor of the Headquarters in anticipation of an earthquake under the Tokyo Metropolitan area. At the same time, we also developed impact based BCPs for the Group that can be used to respond to multiple disasters, including not just earthquakes, but also typhoons, floods, and pandemics, etc., and encourage each organization to conduct exercises as well.

As safety measures for Group employees working or travelling abroad, we have prepared safety manuals and provide information to increase awareness about safe behavior at each location. We also provide various e-learning and practical training programs with levels from beginner to advanced, depending on the experience of each employee. Further, we have built systems to provide prompt and effective supports by cooperating with regional offices in case of emergency there. We have also established systems together with overseas offices to obtain real-time information on every risk (conflicts, terrorism, riots, casualty, and natural disasters, etc.) occurring in the world, and share the information with relevant parties.

Activity Description

PT FUMAKILLA INDONESIA

Under the slogan “protecting people’s lives,” Fumakilla Indonesia has been working for over 30 years in the Indonesian market, where protection of people from Dengue fever, malaria and other infections is a daily concern. It has made slow but steady efforts in spreading its high-quality mosquito repellent coils to every corner of the region. As a result, it now has the largest share in the Indonesian market and contributes to addressing local social issues. In terms of social contribution, not only the product performance but also the marketing method applied there (a business model called BOP to deliver products directly to general users in emerging countries) are significant. With completion of a new research lab with the latest equipment in FY2021, the company now also has a new product development system in place for pursuing greater efficacy and safety. Since its foundation in 1991, we have been continuing our investment (current share of 20%). Our employees assigned there also support the local operation of Fumakilla.



Mosquito repellent coil of Fumakilla

HR Management: Work Environment / Workplace Culture

Activities

Activity Description

Continuing and developing the health and safety management system we have cultivated over the years

The Metal Products Business Unit continues to develop globally in various industries, and in all of its business activities, the unit places the utmost importance on ensuring the health and safety of its employees, implementing several key measures in support of this philosophy. Typical examples are the global initiatives for zero accidents in Steel Service Center Business Groups(Steel products related business) and the global HSSE management system for eliminating occupational and environmental accidents in the tubular products business.

The Steel Service Center Business Groups (Steel products related business) conducts business in more than ten countries, including Japan, and in a wide variety of industries including automobiles, electrical machinery, electronics, and building materials. In each case, safety measures are tailored according to the conditions of each Steel Service Center Business Group. Central to the implementation of these safety measures, at each of the sites, is the Safety, TQM & Quality Control Team in the Division Planning & Coordination Dept, of Sumitomo Corporation Global Metals Co., Ltd., which performs that role of an internal advisor and provides support for the elimination of occupational

accidents.

Specifically, we encourage the introduction of Total Quality Management (TQM) at each company in order to establish the foundations of an effective safety system and further instill a culture of safety in all aspects, from the management that leads the company to the manufacturing sites of business companies. We constantly seek to improve the quality of management and ensure consistency individual targets as well as striving to enhance awareness of safety and incentives by continuously monitoring and communicating the status of these defined targets.

An example of support activities is the support for provided periodic self-audits conducted by companies based on a 150-item safety checklist provided by the Safety, TQM & Quality Control Team responsible for visiting major customers, formulating action plans for identified areas of improvement and following up on the status of improvement (during the COVID-19 pandemic, this activity has been conducted by online conferencing).

In the tubular products related business, we have established a 12-item HSSE management system based on the slogan “Beyond Zero Harm”(Eradication od Occupational

and Environmental Hazards) to promote and establish HSSE as a part of the organizational culture. In order to put this into practice, we assigned ISO 45001 experts to major overseas bases and developed an IT system, for sharing local lessons and good practices globally across the Group, and an education program including e-learning courses. In this way, we are focusing our efforts on developing environments where our employees can work safely and with peace of mind.

Going forward, we will continue to fulfill our social mission by building a better working environment, aiming for “Zero Accidents” in both the steel and tubular products business.



HSSE Management System PDCA Cycle

HR Management: Work Environment / Workplace Culture

Activities

Activity Description

G-CMSD HSE Initiatives” Aiming to achieve Zero Serious Incidents by combining the expertise of the Global Construction and Mining Systems Division

The Global Construction & Mining Systems Div. (G-CMSD) established the G-CMSD HSE Promotion Office in 2018. By making full use of its global human resources, the HSE Promotion Office started implementing Health, Safety & Environment (HSE) activities with the aim of eliminating serious industrial incidents and improving HSE activities at all G-CMSD Group companies.

The office formulated a vision and HSE standards, publishes a monthly Safety News report, issues Safety Alerts to share examples of incidents, and has conducted safety inspections (gap analysis) of the Group companies. From FY2022, we started conducting safety audits which are more detailed and comprehensive than the gap analysis and has audited three companies in FY2022, with plans to audit another four companies in FY2023. As part of safety education, it also conducts safety training for new division members and all employees who are dispatched overseas. To facilitate communications within the Group, the office is encouraging further activities such as creating a portal in March 2021 and the introduction of Safety Awards, which recognize excellence among the Group companies.



Safety Alerts are used to share information about findings and corrective actions of incidents.



Safety inspections are conducted at each company. Best practices are identified and shared for other Group companies to emulate. Activities are implemented by using HSE experts from Group companies

“Zero Harm” to people and environment



Visiting an Group company for a safety audit

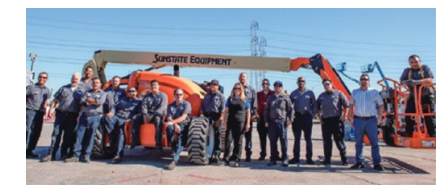
Construction Machinery Business

Construction Equipment Rental Business Expanded Globally

In Japan and the United States, which are advanced construction equipment rental countries, we are developing the business through TAIYOKENKI RENTAL CO., LTD., and Sunstate Equipment Co., LLC, respectively. In Southeast Asia where further mechanization and rental demand expansion is expected, we are also operating through Aver Asia (S) Pte Ltd. Because customer needs are growing more diverse with increased awareness of workplace safety and productivity, we aim to provide new value by upgrading services utilizing IT and DX, such as enhancement of rental products and offering of various rental apps. We will take advantage of the knowledge of business operations cultivated in each areas while also efficiently allocating managerial resources between group companies. By providing and promoting the use of highly reliable and economically efficient machinery, we will contribute to the realization of a sustainable circular economy.



Machinery yard at Sunstate Equipment



Corporate culture of people and teamwork

HR Management: Work Environment / Workplace Culture

Workstyle Reform

As per our Global HR Management Policy, we aim to build a “Great Place to Work” where diverse individuals continuously and passionately create new value. In this context, we offer a range of work style options so that each individual, with their diverse values and lifestyles, to maximize their performance both at work and in private to enrich their overall quality of life. By cultivating an environment that enables employees to work autonomously and flexibly, we promote an output-oriented approach to work to generate high added value.

Reduction of Overtime

- Training and seminars on Labor Management
- Periodic labor-management roundtable discussions

Promoting usage of Entitled Leaves

- Promoting use of paid leave
- Spouse maternity leave, Refreshment leave, Volunteer leave

Promotion of Flexible Work Styles

- Teleworking system
- Super flexible work hours system
- Free dress code

Creation of an Environment Where Diverse Individuals can Demonstrate their Fullest Abilities

From the past, Sumitomo Corporation has promoted a smart balance of work and life under the concept of “work with full energy” and “enjoy private life.” As business is becoming diverse and sophisticated, so are the job types and tasks. Under these circumstances, managing uniformly to reduce working hours is not a suitable option. At the same time, merely working long hours does not necessarily result in better achievement. In terms of improving global competitiveness, company-wide efforts are being taken to foster an output-focused work style that generates added value. We have various programs to support such a mindset shift and to share useful information.

Reduction of Overtime

Training and Seminars on Labor Management

We provide training on labor management as a part of the newly appointed manager training and newly appointed team leader training programs. We undertake ongoing educational activities, including holding seminars on labor management and productivity improvement, to raise awareness regarding labor management.

Sumitomo Corporation promotes a smart work style with the aim of improving productivity to achieve the maximum results in a limited time. Efforts to achieve this goal include the setting of a company-wide target for the number of paid leaves to be taken in a single year through 2016 to 2019. The number of days of paid leave taken has steadily increased, and the targets were achieved. Starting in 2020, rather than setting a company-wide target that applies uniformly to all employees, we adopted a policy of allowing each organization and individual to exercise autonomous management.

Promoting the Use of Entitled Leaves

Average Paid Leave Taken by Employees

2021: 12.8 days
2022: 13.7 days

HR Management: Work Environment / Workplace Culture

Workstyle Reform

Dress Code Modification

As a part of our efforts to develop flexible work environments that promote the autonomy of employees, we focused on the “location” and the “time” of work and introduced the teleworking system and the Super flexible work hours system in 2018. To build on these systems, in April 2020, we modified the dress code to further promote mindset shifts in the individual and the organization as well as autonomous work styles. After reviewing current rules on attire, we eliminated dress codes as long as it is within the scope of common sense and appropriate for work and the workplace based on TPO.

Teleworking System

In 2018, we adopted a teleworking system and expanded flexibility around work location, with workers able to work at home or any of the hundreds of contracted satellite offices up to a certain number of days. In principle, there are no restrictions to the use., and employees with different circumstances, such as providing childcare and long-term care are provided an opportunity to work proactively and flexibly. Since 2021, we have been encouraging the best-mix of work style that allows employees to autonomously combine in-office and remote work in a well-balanced manner to maximize the performance of the organization. As a result, the average in-office attendance rate in FY2022 was approximately 60%.

Super Flexible Work Hours System

In 2018, we abolished the flexible “work hours system”, under which employees were required to be present during the fixed core hours from 11:00 to 15:00, and newly adopted the “super flexible work hours system.” The new system has no core hours. Employees can start and end their work at any time during the flexible time band from 5:00-22:00. This system allows employees to design and manage their own work style, leading to further improvement of both the organization’s and the individual’s performance.

0→1 Challenge



0→1 Challenge (Zero to One Challenge) is an internal entrepreneurship program launched in FY2018, where all Sumitomo Corporation Group employees worldwide regardless of affiliation or title are eligible to participate. Its aim is to enable individuals in each workplace to realize new business ideas. The concept of the challenge is to create businesses from zero (ideas never seen before) to one (creating next-generation businesses). In addition to creating new businesses, the program serves as an opportunity for employee development and fosters a culture of taking on challenges. The visions and aspirations of previous participants, who have worked with enthusiasm and dedication to realize their own ideas, have had a ripple effect to the company and led to a change of mindset among employees. About 1,000 applications were received over the five years from FY2018 to FY2022. As of the end of FY2022, 11 ideas, including ones that passed the selection process in previous years, are in the process of achieving commercialization. Program participants are working passionately to bring to reality new ideas that are both new to Sumitomo Corporation Group and that respond to new trends in our society. Even after the challenge is over, previous challengers play active roles in their organization, and audiences of the pitch contests witness the participants' challenges and become inspired. This program energizes the organization and leads to new initiatives in existing businesses and increased interaction with others internally and externally.



EMEA-CIS



Americas



Asia

HR Management: Work Environment / Workplace Culture

Activities

Relations with Employees (Labor Union)

Based on the collective agreement with the Sumitomo Corporation Labor Union, Sumitomo Corporation provides its employees with explanations of management policy and business status, as well as opportunities to discuss wages, labor conditions, personnel affairs, safety and health, and employee benefits on a regular basis. The agreement defines that the company must maintain and improve employment conditions and ensure stable lives for employees, and the labor union must keep order and discipline at work and make an effort to increase labor efficiency, and both parties must cooperate with each other in developing the company's business. To achieve this objective, we make every effort to have serious and sufficient discussions on each specific project, while ensuring mutual understanding and trust. In addition to matters for collective bargaining and negotiations on an official level, we hold various meetings to share opinions on a wide range of issues. They include informal meetings with the president, round-table discussions on business performance, medium-term management plan and related issues, Human Resources Strategy and personnel systems, and work styles. We also hold seminars organized jointly with the labor union. Sumitomo Corporation adopts a union shop system in which all employees participate, excluding executives above a certain level and employees classified as non-union members based on an individual agreement considering the nature of their jobs. As of March 2023, the number of members of the Sumitomo Corporation Labor Union is 3,107, accounting for 62% of all employees of Sumitomo Corporation (non-consolidated basis).

Engagement Survey

Since FY2022, Sumitomo Corporation has been conducting the Engagement Survey*1 for all of its employees. There is a positive correlation between the level of employee engagement and organizational profitability and productivity. This survey is intended to be used as one of the management indicators to grasp the current state of the company toward the realization of our vision, and to continuously implement realistic actions. The results of the survey are affected by not only the area of HR management but also by various factors such as business strategy, organizational structure, and work procedures. By carefully interpreting them, we are promoting various measures at the company-wide and on-site levels. From FY2023, the survey is conducted for all employees worldwide, including locally hired employees in domestic and overseas offices, and "Employee Engagement"*2 has been added as one of the indicators for calculating stock compensation in the executive compensation system.

In addition, we have set year-on-year improvement in Employee Engagement as a target calculated in the Engagement Survey as a target, and are checking whether it has been achieved.

*1 Previously, Employee Awareness Surveys were conducted once every three years.

*2 A collective term for "Employee Engagement Index" and "Employee Enablement Index" both of which are calculated in the Engagement Survey.

Social Contribution Activities

Policy and Concept

The Sumitomo Corporation Group work to resolve social issues through its business activities and its social contribution activities with the aim of contributing to create a sustainable society by fulfilling its Management Principles and Activity Guidelines as a global business group.

The Sumitomo Corporation Group's Basic Principles on Social Contribution Activities

OBJECTIVE

We, as a global organization, will work on social issues through our business activities and social contribution activities with the aim of building a sustainable society by implementing the Sumitomo Corporation Group's Management Principles and Activity Guidelines.

ACTIVITIES

We will engage in social contribution activities aimed at developing the next generation of human resources who will drive the sustainable development of society and contributing to local communities in areas we do business all over the world. We will also take part in various activities as a good corporate citizen.

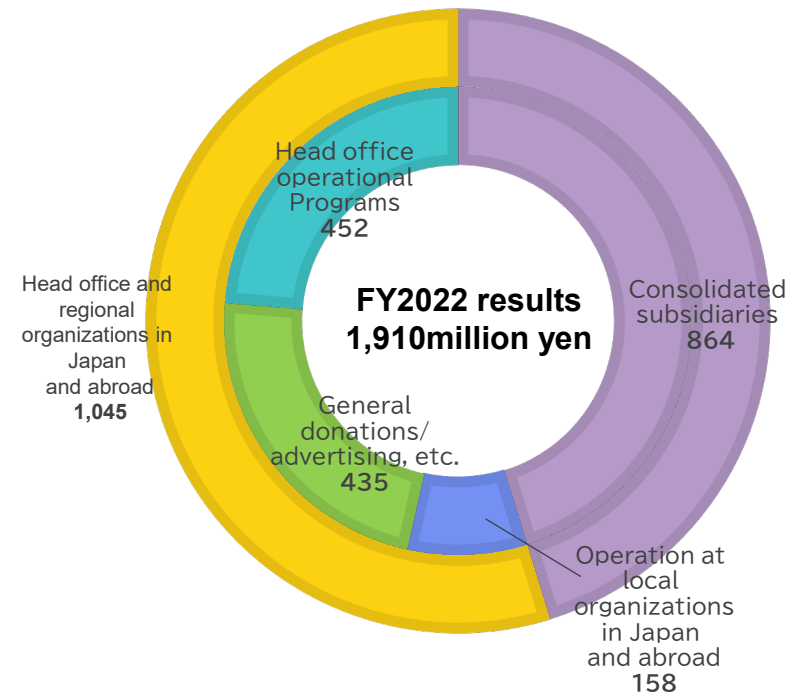
APPROACH

We will perform and seek to continuously improve our activities with modesty and high aspirations and endeavor to maintain a high level of transparency while strengthening our relationships with all our stakeholders.

Activities

FY2022 Social Contribution Activity Costs

|| Total Social Contribution Activity Costs (unit: million yen)



<Notes>

- * The values above for local organizations and consolidated subsidiaries were calculated based on questionnaire results.
- * Does not include Associated companies.
- * Values reported by overseas offices were converted to yen using the exchange rate as of February 2023.

Social Contribution Activities

Activities

Developing the Next Generation of Human Resources

The TOMODACHI Sumitomo Corporation Scholarship Program (Since 2014)

Sumitomo Corporation participates in the TOMODACHI Initiative, a program of exchange between Japan and the United States led by the U.S. Embassy in Tokyo and the U.S.-Japan Council. We organize a scholarship program for

university students that are sent to the United States as exchange students. We provide not only financial support but also training opportunities at Sumitomo Corporation of Americas Program participants have access to experiences not available on campus during an overseas study break. By FY 2022, 67 students had participated in this program.



☞ Please see [here](#) for more details on TOMODACHI Sumitomo Corporation Scholarship Program.

Junior Philharmonic Orchestra (Since 1992)

The late composer Setsuo Tsukahara wanted to “contribute through the orchestra to the growth of the next generation.” For 30 years, Sumitomo Corporation has been a supporter of the Junior Philharmonic Orchestra that he established. This youth orchestra consists of approximately 80 musicians in ages ranging from elementary school to university. We hold the Sumitomo Corporation Young Symphony Concert some times a year, giving more performance opportunities to members of the orchestra. Performing with professional musicians on the same stage gives a precious opportunity for the members to show the results of their daily hard work.



The Sumitomo Corporation Scholarship (Since 1996)

We set up the Sumitomo Corporation Scholarship in 1996, the year of our 50th anniversary in the trading business. The purpose of the scholarship is to help emerging Asian countries, Mongolia, Bangladesh, Pakistan, etc., develop the human resources who will lead the countries’ futures. The number of students who have benefited from the scholarship totaled 17,000 by the end of FY2022.



Sumitomo Corporation Scholarship Program in the Sultanate of Oman (Since 2019)

Aiming to contribute to private-sector exchange between Japan and Oman and to the development of future leaders in Oman, Sumitomo Corporation and Sumitomo Corporation Middle East FZE have launched the scholarship program and have been supporting Omani students studying at graduate schools in Japan.

Under this Program, Sumitomo Corporation Middle East provides Omani students studying at Japanese graduate schools with tuition and living expenses for two years plus round-trip travel expenses. Additionally, Sumitomo Corporation supports students in selecting and applying graduate schools in Japan, and completing admission procedures.

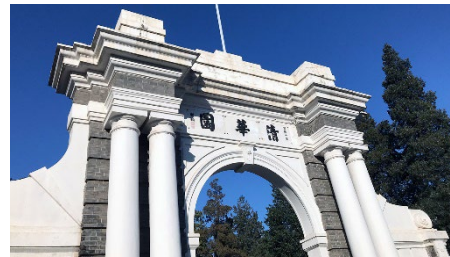


Social Contribution Activities

Activities

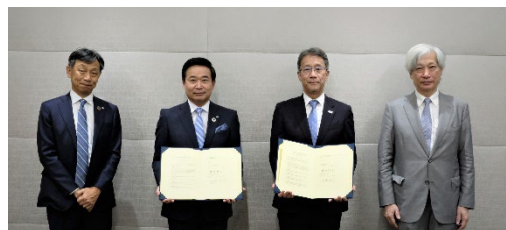
Sponsored Lectures at Tsinghua University, China (Since 2006)

Sumitomo Corporation concluded a memorandum of understanding on joint research with the School of Public Policy and Management, Tsinghua University, in Beijing. Each year, we invite Japan's prominent top executives to the university to deliver lectures. Under themes of leadership and corporate management in global society, lectures attract around 250 attendees, including professors, government officials, and participants from nearby universities in addition to Tsinghua University students, and are always concluded with a heated Q&A session. Receiving high praise from Tsinghua University, the joint research program will continue into the future.



The University of Tokyo Global Leadership Program (Since 2013)

Sumitomo Corporation supports this program as a leading partner. Through the program, we aim to develop the next generation of leaders who can engage in transverse collaborations and propose innovative solutions to global issues. We provide financial support to the university for sending students to leading overseas universities on a short-term basis. We also provide advice to students who engage in practical research and serve as a bridge between them and the real world.



Contributing to Local Communities in Areas We Do Business

Americas

Aiming for a Zero Hunger through Employee Engagement

Sumitomo Corporation of America's volunteer activities have been tackling food security challenges across the region. In New York, our partnership with City Meals on Wheels enabled NY employees to deliver meals to elderly residents in the neighborhood ensuring that no senior citizen goes hungry over the holidays. In Chicago, our collaboration with Feeding My Starving Children focused on packing meals containing essential grains, dried vegetables, and non-perishable items, aiding children in developing countries and addressing hunger issues. The SC Brazil team partnered with CEI Irma Ildefranca, a school located in the eastern outskirts of São Paulo. They constructed a home garden and provided valuable lessons on cultivating crops, empowering teachers and young children aged 4-6 to grow their food. This initiative granted families increased autonomy in securing a sustainable food source.



ASIA & OCEANIA

Implementing Climate Change Measures through a Mangrove Tree Planting Project

Mangroves are known as ecosystems with the greatest carbon storage capacity per given area. PT Sumitomo Indonesia launched a mangrove tree planting project in July 2022, on the island of Sumbawa in the province of Nusa Tenggara Barat, with the aim of accelerating the development of sustainable eco-friendly business opportunities. In October of the same year, 16 employees of the Sumitomo Corporation Group joined 500 local volunteers to plant trees and seeds on the island.



Social Contribution Activities

Activities

Initiatives at Group Companies

Activity Description

CAMP Workshop (SCSK group)

The SCSK Group upholds “Create Our Future of Dreams” as its corporate philosophy. In cooperation with a range of stakeholders, the Group has been conducting social contribution activities to solve social issues in order to help create a sustainable society.

The Group’s Children’s Art Museum & Park (CAMP) is an activity for children—the next generation of leaders. By engaging in creative, collaborative activities and presenting their work in the workshops, children find how to express themselves in their own way and expand their circle of communication.

By participating in the workshops as facilitators, Employees gain learning and fulfillment as well, which help them growth and increase their work motivation.

Since the activity’s launch in 2001, the SCSK Group has held a total of 1,199 workshops as of the end of FY2022, in which a total of 23,211 children participated.



Activity Description

Contribution to Local Communities in Thang Long Industrial Park in Vietnam

We have developed three industrial parks in northern Vietnam: Thang Long Industrial Parks (TLIPs). More than 230 companies operate in total, which provide for approximately 90,000 direct employment. Sumitomo Corporation, in cooperation with the Vietnamese government, is operating the Parks to ensure stable supply of infrastructure, including electricity and industrial water. The TLIPs also support tenant companies in its employee recruitment and labor affairs.

We organize annual football and marathon competitions at the Parks to promote community building and increase tenant satisfaction. Last year, we were able to hold our Japanese-style summer festivals again after being suspended due to the COVID-19 pandemic. In addition, in line with our vision to deeply root our developments within the local communities, we provide scholarships for nearby students, carry out traffic safety awareness-raising activities.

Together through our business and social activities, we will contribute to the prosperity of everyone related to the Parks as well as the sound development of local communities.



“100SEED” Social Contribution Program Looks ahead to the Next 100 Years

100SEED

100SEED Launched with Global Group Employees to Mark Centennial

Under the 100SEED social contribution program, Sumitomo Corporation Group employees around the world hold discussions and conduct activities in consideration of the society 100 years from now.

Selecting “Quality Education” as the global theme, Sumitomo Corporation will make use of its human resources to implement this program on a medium- to long-term basis, thereby contributing to society and achieving sustainable growth together with it.



Mission Statement for 100SEED

We have selected “Quality Education” as the grand theme of the 100SEED (SC Emergent Evolutional Deed) program upheld to mark the Sumitomo Corporation Group’s 100th anniversary. Under this theme, we are committed to develop and support a variety of social contribution activities on a global scale.

Recognizing that “Quality Education” is a vital part of the sustainable development of society, we will continue to inspire ideas for supporting quality education to produce the talent needed to solve the many social challenges facing the world.

By promoting 100SEED, we encourage our SC colleagues around the world to create opportunities and leverage our diverse capabilities and resources so we can engage in activities that will dynamically realize our goal of “Enriching lives and the world.”

100SEED provides us a valuable opportunity for personal growth by learning from others and pursuing individual ideas through collaboration. We will commit time and resources to social action that will benefit any of us seeking to better society through quality education.

Activities to date

We launched activities to address educational issues in each region from 2020.

In FY2022, 53 projects were implemented in 19 countries. Despite the continuing impact of COVID-19, we have been exercising our ingenuity in each region to gradually expand the initiative.

| Item | Boundary | Unit | FY2020 | FY2021 | FY2022 |
|---|---|----------------------|---------|---------|---------|
| Number of projects (Number of participating countries) | Sumitomo Corporation and regional organizations | Projects (Countries) | 31 (14) | 44 (16) | 53 (19) |
| Number of participating employees | Sumitomo Corporation and regional organizations | Employees | 696 | 765 | 1,506 |

In recognition of management involvement, activity targets, progress management and other KPIs, we won the special “Tanemaki (Seeding) Century Award” for 100SEED at the 19th Corporate Philanthropy Awards.

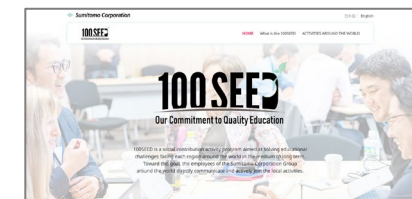


Refer to the following website for more information on this activity.

100SEED Website

- Mission Statement for 100SEED
- Enhancing Sustainability Management and 100SEED
- The Very First Story
- [ACTIVITIES AROUND THE WORLD](#)

Please see [here](#) for more details on 100SEED.



“100SEED” Social Contribution Program Looks ahead to the Next 100 Years

100SEED

100SEED Projects Around the World

EAST ASIA

ASIA&OCEANIA

EMEA&CIS

AMERICAS

JAPAN

Educational Support in Impoverished Areas : China



Sumitomo Corporation China Group is continuing to develop educational environments for children in impoverished areas of Xiao County, Anhui Province. Money used to support this project comes from employee donations and matching sums from the company. A range of interactions are provided, including inviting students to our offices and other locations after employees visit the area.

BUTTON UP /POWER UP / LIGHT UP Project: Thailand



Addressing educational challenges in Thailand, this project comprises three activities: “BUTTON UP” to create educational environments for elementary school children in disadvantaged areas, “POWER UP” to provide 21st century skills for university students before they enter the workforce, and “LIGHT UP” to provide teacher training to raise the level of education.

PlayPump Installation : South Africa



Many schools in South Africa are facing a dire shortage of water, impacting the health and attendance rates of students. To address these concerns, this project continues to install PlayPumps, at elementary schools, that pump up groundwater as children play on the playground equipment. Plans are in place to provide water and hygiene education through further employee visits in the future.

Support for Child Daycare Services : Brazil



With Brazil being added to the Hunger Map once again as a result of the pandemic, Sumitomo Corporation do Brasil launched a project to provide fresh food with the aim of boosting immunity and promoting growth and development of children. Employees donated ten times more than originally planned, which enabled a year’s worth of fresh vegetables and fruit to be delivered to local childcare facilities.

Career education support program Mirai School : Japan



This project provides educational support to the next generation who will lead the future. Employees visit high schools around Japan to speak about their own careers and attitudes to work to provide students with opportunities to think about the future and careers. Over the past three years, over 10,000 students at 68 high schools have attended the program.

[Summary of activities in FY2022]

Employees: 192 participants

Total activity hours 145 hours

Number of people (organizations) to be supported: 154(students)

Satisfaction: 100%

Employees: 186 participants

Total activity hours 1,394 hours

Number of people (organizations) to be supported: 2,510(students)

Satisfaction: 100%

Employees: 2 participants

Total activity hours 5 hours

Number of people (organizations) to be supported: 2(elementary schools)

Satisfaction: 100%

Employees: 43 participants

Total activity hours 15 hours

Number of people (organizations) to be supported: 150(children)

Satisfaction: 100%

Employees: 86 participants

Total activity hours 1,290hours

Number of people (organizations) to be supported: 4,998(high school students)

Satisfaction: 97%

Corporate Governance

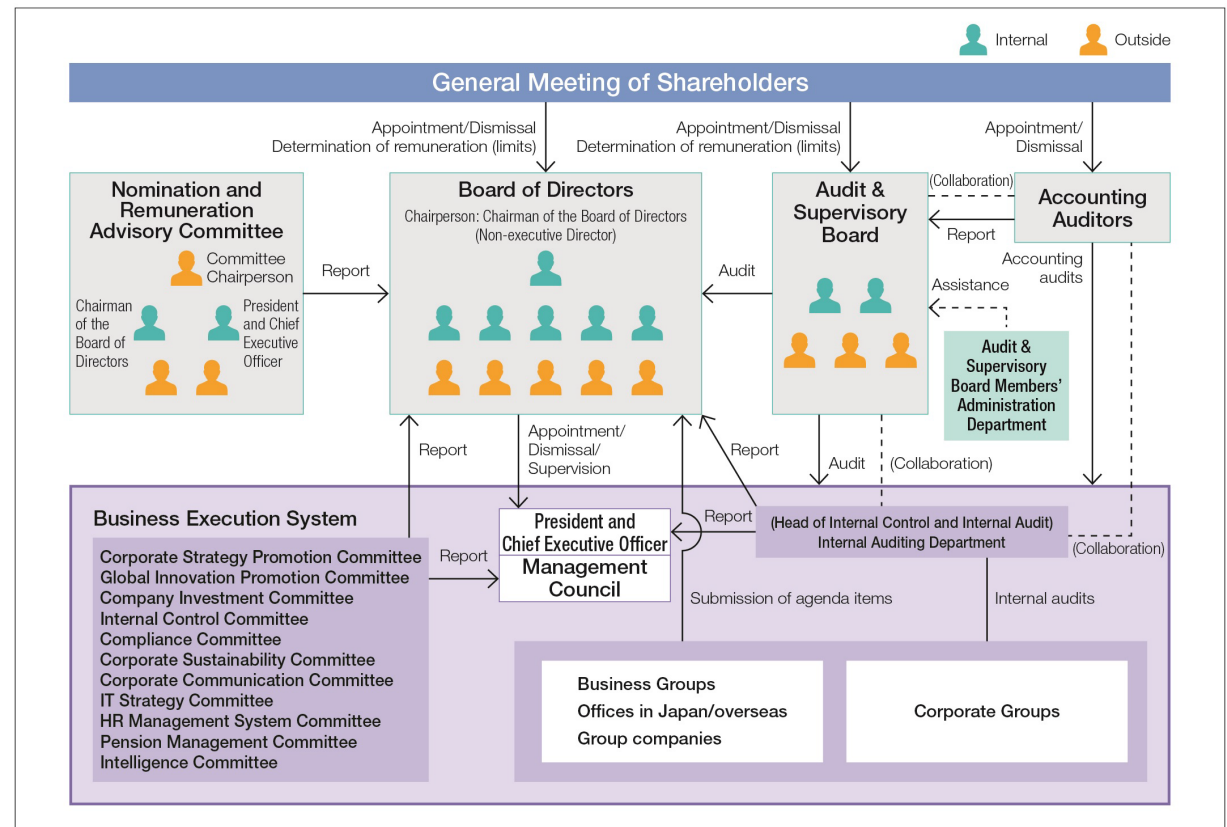
Policy and Concept

Sumitomo's Business Philosophy and the Sumitomo Corporation Group's Management Principles form the backbone of the corporate ethics and represent the foundation underpinning our corporate governance. Based on this, we established the Sumitomo Corporation Corporate Governance Principles, recognizing that the essence of corporate governance is enhancing management efficiency and maintaining sound management, as well as ensuring management transparency to secure the first two. Efforts to build a better corporate governance system and carry out business activities following these principles help the Company to achieve sustainable growth, enhance corporate value over the medium to long term, and fulfill its mission as a good corporate citizen, as well as benefits the interests of shareholders and all other stakeholders. For this reason, we continuously work to further enhance and improve our corporate governance.

System

Under the Audit & Supervisory Board system, the Company elects Outside Directors and Outside Audit & Supervisory Board Members with independence from the Company and a high level of insight in their respective specialized fields, and incorporates more diverse perspectives in the Company's decision-making and management supervision. In addition, the Company has established the Nomination and Remuneration Advisory Committee, chaired by an Outside Director and composed of a majority of Outside Directors, to enhance the independence, objectivity, and transparency of the functions of the Board of Directors regarding the nomination and remuneration of senior management, thereby ensuring effective supervision and monitoring of management. Furthermore, the introduction of the executive officer system that clarifies the responsibilities and authority of business execution and the establishment of the Management Council are among the measures designed to promote speedier and more efficient decision-making and execution of business as part of the effective corporate governance system we have put into place. The Management Council is the highest executive-level decision-making body that takes into account diverse opinions and multifaceted discussions in regard to specific key matters related to management, within the scope of the mandate conferred by the Board of Directors. It meets in principle weekly, and its members include the President and Chief Executive Officer, Officers in charge of the Corporate Group, Officers responsible for the Business Group, General Managers of Business Units, and Head of the Initiative.

【Corporate Governance System】



Corporate Governance

System

Directors and the Board of Directors

Composition of the Board of Directors

The membership of the Board of Directors is appropriate in numerical terms to facilitate adequate discussion and speedy and rational decision-making, and provides diversity in terms of experience, knowledge, specialism, gender, and other characteristics. Moreover, out of the 11 Directors appointed, five are independent Outside Directors with differing experiences and specializations to ensure appropriate decision-making from more diverse perspectives and to further strengthen the supervisory functions of the Board of Directors. The Chairman of the Board of Directors, who convenes meetings of the Board of Directors and presides over them as Chairperson, supervises management but does not engage in routine operations and has no authority to represent the Company. Furthermore, to allow mutual checks and balances, the posts of Chairman of the Board of Directors and President and Chief Executive Officer are in principle separate and not to be held concurrently by the same individual.

In addition, the Company established the Sumitomo Corporation Action Plan, and in agreement with the Japan Business Federation's goal of at least 30% female executives by 2030 announced in March 2021, we set a target of at least 30% female Directors and Audit & Supervisory Board Members by FY2030.

Independence of Outside Directors

Our five Outside Directors satisfy the standards on independence set by financial instruments exchanges on which the Company is listed, as well as our in-house rules on Standards for Appointment and Independence of Outside Directors and Outside Audit & Supervisory Board Members. Leveraging a different type of experience and expertise, each Outside Director contributes to our corporate governance by providing a variety of independent viewpoints.



[Standards for Appointment and Independence of Outside Directors and Outside Audit & Supervisory Board Members](#)

Adequate deliberation and enhancement of monitoring function

Agenda items for the Board of Directors are carefully selected by delegating authority to the business execution side within a scope deemed appropriate in order to promote more focused discussion of management policy and plans and other important matters of relevance to companywide management. Agenda setting is carried out where important management topics for the Board of Directors that should be taken up for more intensive discussion covering the next one-year period are set by all Board members through careful consideration and discussion, with sustainability and personnel strategy, among others, being identified as topics. Additionally, to further strengthen its business execution monitoring functions, the Board of Directors receives regular progress reports on each Business Unit/Initiative strategy and on the activities of important committees*1 throughout the year, with the reports followed by a discussion focusing on companywide issues. Moreover, to further enhance the quality of Board member discussions, the Board of Directors holds off-site meetings*2 separate from in-person Board meetings to more actively discuss important management topics, including management policy and plans as well as ESG issues. In particular, looking ahead to the completion of the medium-term management plan SHIFT 2023, which ends in FY2023, the Board of Directors is carefully monitoring the status of initiatives by the business execution side and providing support.

*1 Corporate Strategy Promotion Committee, Global Innovation Promotion Committee, Corporate Sustainability Committee, Internal Control Committee, etc.

*2 A venue involving all members of the Board of Directors that encourages free and frank discussions



[Sumitomo Corporation Corporate Governance Principles](#)



[Corporate Governance Report](#)

Corporate Governance

System

Directors and the Board of Directors

Evaluation of the Effectiveness of the Board of Directors

To maintain and enhance the effectiveness of the Board of Directors, each year Directors and Audit & Supervisory Board Members engage in analysis and evaluation of the Board's effectiveness through self-evaluation and other methods. This is followed by the disclosure of overviews of the results.

In fiscal 2022, from the perspective of preventing the effectiveness evaluation from becoming a mere formality and implementing the PDCA cycle to improve the functions of the Board of Directors, the members of the Board of Directors discussed the methods and items of the effectiveness evaluation and made the following revisions:

1. We have changed the questionnaire from "anonymous" format to "named" format as we considered that it is important to understand the background of the respondents and their opinions as well as their awareness of issues in order to deepen discussions based on the opinions expressed in the questionnaire, and judged that frank exchange of opinions is sufficiently conducted at the Board of Directors at present.
2. On top of that, we have decided to stop using a third party for interviews for this effectiveness evaluation. Instead, we have decided to enhance the process of discussing issues and improvement actions among all the members of the Board of Directors based on the results of the "named" questionnaire.
3. In the questionnaire, while remaining the basic questions unchanged in order to observe the progress of improvement from a fixed point of view, we have further narrowed the questions down to the main issues, and have adopted a format in which each Director and Audit & Supervisory Board Member wrote freely what he or she has considered to be issues.

The evaluation for fiscal 2022 conducted in accordance with the above and its results are summarized below.

Based on the opinions expressed by Directors and Audit & Supervisory Board Members and issues identified on the effectiveness evaluation for fiscal 2022, we will continue to make efforts to further increase the effectiveness of the Board of Directors.

1. Evaluation Methods

- (1) Individuals Evaluated
All eleven Directors and five Audit & Supervisory Board Members
- (2) Implementation method
We conducted a questionnaire survey (responses with names) in December 2022. Based on the results, Directors and Audit & Supervisory Board Members held multiple discussion to evaluate and analyze the results, and to identify the issues and the initiatives for how we should improve them.
- (3) Evaluation Items
 - (i) functions and roles of the Board of Directors
 - (ii) agenda items of the Board of Directors
 - (iii) quality and content of discussion at the Board of Directors
 - (iv) provision of support and information to members of the Board of Directors
 - (v) composition of the Board of Directors
 - (vi) an advisory body to the Board of Directors
 - (vii) fulfillment of roles by the Chairman of the Board of Directors
 - (viii) fulfillment of roles by internal Directors
 - (ix) fulfillment of roles by Outside Directors
 - (x) expectation for roles of Audit & Supervisory Board Members
 - (xi) overall evaluation, etc.
- (4) Third Party Assistance
We received advice and assistance from a third party (external consultant) in determining the questions for the questionnaire, etc.

(Continued on next page)

Corporate Governance

System

Directors and the Board of Directors

Evaluation of the Effectiveness of the Board of Directors

2. Evaluation Results Overview

All Directors and Audit & Supervisory Board Members held discussions based on the results of the questionnaire, and evaluated that the Board of Directors is functioning effectively overall, with the level of its operations and performance of functions improving year by year through constant efforts. The main opinions were as follows:

- The agenda of the Board of Directors is systematically discussed and appropriately set. In particular, monitoring of the implementation of the strategy based on the medium-term management plan is regularly and comprehensively addressed, and sufficient time is spent on discussions. In the future, it is advisable to spend more time discussing geopolitical events and other environmental change that may give impact on our management, as well as the medium- to long-term management strategies based on such impact.
- Providing prior briefing to Directors and Audit & Supervisory Board Members, sharing of discussions at Management Council and its questions and answers at the advance briefings with them, and holding of meetings of Outside Directors and Audit & Supervisory Board Members have invigorated essential discussions at the Board of Directors. The constructive questions and answers and sufficient exchange of opinions on each agenda have contributed to the enhancement of monitoring and decision-making functions of the Board of Directors.
- Outside Directors have provided suggestions and advice based on their expertise and experience. The Outside Directors have contributed to fulfillment of the supervisory function by the Board of Directors by providing opinions from the viewpoints of various stakeholders, which are difficult for internal management and officers to recognize.

In addition, in this effectiveness evaluation, we returned to and discussed the most essential issues of the Board of Directors, such as “what functions and roles the Board of Directors should play”. Although it is necessary to continue to discuss this issue, we will carry out the actions including below, to further strengthen and enhance our corporate governance, based on the results of this discussion.

- From the perspective of strengthening both the management and monitoring functions of the Board of Directors and increasing corporate value, we will continue to set appropriate agenda items and deepen discussions on medium- to long-term management policies.
- We will improve the quality of discussions at the Board of Directors by establishing a new organization to support communications between the Board of Directors and the managements/officers, and by advancing initiatives such as reviewing agenda items for the Board of Directors, preparing concise materials and organizing discussion points.

Corporate Governance

System

Directors and the Board of Directors

Establishment of the Nomination and Remuneration Advisory Committee

The Nomination and Remuneration Advisory Committee, of which a majority of members are Outside Directors, and which is also chaired by an Outside Director, has been established as an advisory body to the Board of Directors. The Committee meets as necessary, and is in charge of deliberating (1) policies and procedures regarding appointment and dismissal of the President and Chief Executive Officer, (2) policies and procedures regarding appointment and dismissal of the Chairman of the Board of Directors, (3) nomination criteria for Directors and Audit & Supervisory Board Members, (4) appointment and dismissal of the President and Chief Executive Officer (including the nomination of a successor of the President and Chief Executive Officer), (5) nominations of candidates for Directors and Audit & Supervisory Board Members (including determination of Representative Directors and Executive Directors), (6) appointment of Management Council members, (7) the structures/levels of remuneration and bonuses for Directors and Executive officers and the limit of remuneration for Audit & Supervisory Board Members, and (8) the advisor system, and will submit the results thereof as recommendations to the Board of Directors. In FY2022, the Nomination and Remuneration Advisory Committee met 7 times to deliberate the abovementioned matters, and submitted the results thereof as recommendations to the Board of Directors.

Composition of the Nomination and Remuneration Advisory Committee

| Total Members | Internal Directors | Outside Directors | Committee Chairman |
|---------------|---|-------------------|--------------------|
| 5 persons | 2 persons (President and Chief Executive Officer, Chairman of the Board of Directors) | 3 persons | Outside Director |

Audit & Supervisory Board Members and the Audit & Supervisory Board

Enhancement of Auditing capabilities

The Audit & Supervisory Board comprises five members—two Inside Fulltime Audit & Supervisory Board Members and three Outside Audit & Supervisory Board Members (including one woman). The Inside Audit & Supervisory Board Members must have a sincere character, deep insight, and high-level skills as well as specialized business knowledge and a broad range of experience, and they are appointed without regard for gender, nationality, and other such characteristics.

The Outside Audit & Supervisory Board Members must also have a sincere character, deep insight, and high-level skills as well as advanced specialized knowledge, particularly in fields such as law, accounting, or corporate management, and extensive experience, and they too are appointed without regard for gender, nationality, and so on. Among the Outside Audit & Supervisory Board Member, one is a legal expert (a former Chief Justice of the Osaka High Court), one is a certified public accountant with considerable knowledge of finance and accounting, and the other is a fulltime Audit & Supervisory Board Member of a listed company and has an experience in business management. All of the Outside Audit & Supervisory Board Members satisfy the criteria on independence set by financial instruments exchanges on which the Company is listed, as well as the Standard for Independence established by Sumitomo Corporation.

Ensuring Audit Effectiveness

Each Audit & Supervisory Board Member attends important meetings such as the Board of Directors Meeting, receives reports from Directors and employees, etc. regarding the execution of their duties, asks them for explanations as necessary, inspects important internal authorization documents and examines the status of operations and the financial status regarding the head office and important operating locations. As for subsidiaries, each Audit & Supervisory Board Member promotes communication and exchange of information with Directors and Audit & Supervisory Board Members, etc. of subsidiaries, and receives reports on the subsidiaries' business as necessary.

The Audit & Supervisory Board Members' Administration Department (five employees) has been established as a specialized organization to support the work of the Audit & Supervisory Board Members. The Audit & Supervisory Board Members participate in personnel evaluations and transfers and so on regarding these employees to ensure their independence from the Board of Directors.

Collaboration between the Internal Auditing Department and Accounting Auditors

To ensure audit efficiency, Audit & Supervisory Board Members interact closely with the Internal Auditing Department, receiving reports on internal audit plans and their results in a timely manner. In addition, Audit & Supervisory Board Members exchange information with and monitor the auditing activities of the accounting auditors through regular meetings. By attending audit review meetings and observing inventory audits by the accounting auditors, the Audit & Supervisory Board Members constantly work to improve audit efficiency and quality.

Corporate Governance

System

The knowledge, experience and competencies, etc. (collectively, “Skills”) that the Board of Directors is required to possess, and Skills that Directors or Audit & Supervisory Board Members currently in office possess (as of September 2023)

This table identifies the types of knowledge, experience and competencies, etc. (individually, "Skill" and collectively, “Skills”) that the Board of Directors is required to possess for fulfilling its roles, and indicates which Directors or Audit & Supervisory Board Members currently in office possess such Skills. In our view, it is important that the Board of Directors as a whole possesses these Skills. As for the reasons for identifying these Skills, please refer to the explanations in the next page.

Directors

■ Male ■ Female

| | Name | Role | Term of office as Director | Knowledge, experience and competencies, etc. (Skills) | | | | | | |
|----------|----------------------|--|----------------------------|---|------------------|-----------------------|----------------------|----------------------|-------------------------|--|
| | | | | Corporate management | Investment / M&A | ICT / DX / Technology | ESG / Sustainability | Finance / Accounting | Legal / Risk management | Human resources management & development |
| Internal | ■ Kuniharu Nakamura | Director, Chairman | 14years 3months | ● | ● | — | ● | ● | ● | ● |
| | ■ Masayuki Hyodo | Representative Director, President and Chief Executive Officer | 5years 3months | ● | ● | — | ● | ● | ● | ● |
| | ■ Shingo Ueno | Representative Director, Executive Vice President | 3months | ● | ● | — | ● | — | — | — |
| | ■ Takayuki Seishima | Representative Director, Executive Vice President | 4years 3months | ● | — | — | — | ● | ● | ● |
| | ■ Reiji Morooka | Representative Director, Senior Managing Executive Officer | 1year 3months | ● | — | — | — | ● | ● | — |
| | ■ Hirokazu Higashino | Representative Director, Senior Managing Executive Officer | 1year 3months | ● | ● | ● | ● | — | — | — |
| Outside | ■ Kimie Iwata | Outside Director | 5years 3months | ● | — | — | ● | — | — | ● |
| | ■ Hisashi Yamazaki | Outside Director | 5years 3months | — | — | — | — | — | ● | ● |
| | ■ Akiko Ide | Outside Director | 3years 3months | ● | — | ● | ● | — | — | — |
| | ■ Takashi Mitachi | Outside Director | 1year 3months | ● | ● | — | ● | — | ● | ● |
| | ■ Takahisa Takahara | Outside Director | 3months | ● | ● | — | ● | — | — | — |

Corporate Governance

System

Audit & Supervisory Board Members

■ Male ■ Female

| | Name | Role | Term of office as Director | Knowledge, experience and competencies, etc. (Skills) | | | | | | |
|----------|--------------------|---|----------------------------|---|------------------|-----------------------|----------------------|----------------------|-------------------------|--|
| | | | | Corporate management | Investment / M&A | ICT / DX / Technology | ESG / Sustainability | Finance / Accounting | Legal / Risk management | Human resources management & development |
| Internal | ■ Daisuke Mikogami | Senior Audit & Supervisory Board Member (Full-Time) | 3months | ● | ● | ● | — | — | — | ● |
| | ■ Kazunari Sakata | Audit & Supervisory Board Member (Full-Time) | 1year 3months | ● | ● | — | — | — | — | — |
| Outside | ■ Toshio Nagai | Outside Audit & Supervisory Board Member | 7years 3months | — | — | — | — | — | ● | — |
| | ■ Yoshitaka Kato | Outside Audit & Supervisory Board Member | 7years 3months | ● | — | — | — | ● | — | — |
| | ■ Yukiko Nagashima | Outside Audit & Supervisory Board Member | 2years 3months | ● | ● | — | — | — | — | ● |

About the tables on this page and the previous page

1. This table identifies the types of knowledge, experience and competencies, etc. (individually, "Skill" and collectively, "Skills") that the Board of Directors is required to possess for fulfilling its roles, and indicates which Directors or Audit & Supervisory Board Members currently in office possess such Skills. In our view, it is important that the Board of Directors as a whole possesses these Skills.
2. Since the Company is active in investing in various businesses, we consider "Corporate management" and "Investment/M&A" Skills to be particularly important. Under the ongoing medium-term management plan, "SHIFT 2023," we are promoting a business portfolio shift with a focus on digital transformation (DX) and the enhancement of sustainability management as two sweeping trends. To this end, we emphasize the Skill of "ICT/DX/Technology" for business reforms or business development through exploiting digital solutions or the mixture of technology and innovation solutions and the Skill of "ESG/Sustainability" for sophisticating sustainability management. In addition, the Skills of "Finance/Accounting," "Legal/Risk management" and "HR management and development" are important for supporting or administering the Company's business operations.
3. The key Skills for Audit & Supervisory Board Members on which a high priority is placed are "Corporate management", "Finance/Accounting", and "Legal/Risk management", since they are responsible for auditing Directors' execution of duties.
4. Since the Company carries out business transactions and investments all over the world, respective Directors or Audit & Supervisory Board Members are required to have a keen insight from a global perspective. Knowledge concerning "governance" is another indispensable skill for serving as a Director or Audit & Supervisory Board Member. Because we mandate that all Directors and Audit & Supervisory Board Members possess such two skills, they are not included in seven Skills that are indicated in the table and selected in paragraph 2 above.
5. The Skills that the Board of Directors are required to possess may vary according to business strategies or changes in the external environment. This table will be updated from time to time based on the Board of Directors' review and discussions on required Skills.

Please refer to our website for the reasons for appointing and summary of expected roles of Outside Director. [□ Directors and the Board Directors](#)

Corporate Governance

System

Initiatives to Ensure Transparency of Business Management

Establishment of Disclosure Policy

To ensure that all stakeholders correctly understand its business management policy and business activities, the Company not only discloses statutorily required information but also actively discloses information on a voluntary basis.

[Corporate Disclosure Policy](#)

Status of Compliance with the Japan's Corporate Governance Code

The Company complies all Principles of the Corporate Governance Code. Please refer to Corporate Governance Report for details.

[Corporate Governance Report](#)

Policy on Cross-shareholdings and Standards for Exercising Voting Rights

As a general rule, the Company will neither acquire nor hold shares in other listed companies for purposes other than pure investment. However, the Company may decide to hold shares in listed companies in some exceptional cases when the Company determines that it is appropriate. For such determination, the Company will comprehensively assess and verify the capital cost of individual stocks and economic rationality and significance of holding the stocks in light of the necessity of partnering or other business needs. Each year, the Board of Directors reviews whether or not the Company's holding of listed shares is appropriate. If such annual review concludes that specific shareholdings are of little significance, the Company will push ahead with the sales of the shares. In FY2022, the Company sold shares of 22 listed stocks (either in whole or in part), amounting to ¥33.8 billion in total. As of the end of March 2023, the Company's shareholdings in listed companies cover 59 stocks, with the total balance of ¥190.7 billion.

The Company also takes various considerations into account under the internal guidelines when making decisions in exercising its voting rights. Having fully considered issues from both quantitative and qualitative standpoints, it adequately exercises voting rights for each agenda based on whether exercising voting rights will lead to enhanced medium- to long- term corporate value at the investee company and the Company and to enhanced value for its own shareholders. When a company holding the Company's stock for purposes other than pure investment indicates intent to dispose of its holdings, the Company respects the decision in principle and ensures that their business relationship will not be influenced.

Corporate Governance

System

Executive Remuneration

Executive Remuneration Plan

(● indicates the persons eligible for each type of remuneration, etc.)

| Type of remuneration, etc. | Eligibility | | | |
|---|---|--|-------------------------|---|
| | Executive Directors /Executive Officers *1 | Chairman of the Board of Directors *2 | Outside Directors *3 | Audit & Supervisory Board Members *4 |
| Fixed Monthly Remuneration | ● | ● | ● | ● |
| Performance-Linked Bonus | ● | — | — | — |
| Variable Restricted Performance Share Unit-Based Remuneration | ● | ● | — | — |

*1 The remuneration of Executive Directors and Executive Officers consists of “monthly remuneration,” “performance-linked bonus”, and “Restricted Performance Share Unit-based remuneration.”

*2 The remuneration of the Chairman of the Board of Directors, whose main role is management supervision as stipulated in the “Sumitomo Corporation Corporate Governance Principles,” consists of “Restricted Performance Share Unit-based remuneration,” which contribute to improving shareholder value, in addition to “monthly remuneration.”

*3 The remuneration of Outside Directors, who are in a position to supervise management with a high degree of objectivity and independence, consists solely of fixed remuneration (“monthly remuneration”) and is provided on a monthly basis.

*4 The remuneration of Audit & Supervisory Board Members, who are in a position to audit and supervise management with a high degree of objectivity and independence, consists solely of fixed remuneration (“monthly remuneration”) and is provided on a monthly basis. The remuneration of each Audit & Supervisory Board Member is decided through discussions between the Members within the maximum amount approved by shareholder resolutions.

Revisions to Executive Remuneration

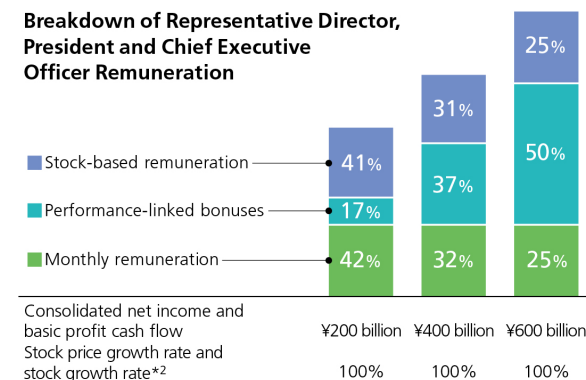
The Restricted Performance Share Unit-based Remuneration system with transfer restrictions has recently been partially revised. The revision includes the addition of non-financial indicators to the calculation indexes with the aim of promoting efforts to optimize the business portfolio over the medium to long term, enhance corporate value, achieve sustainable growth, and resolve important social issues by increasing linkage with indicators related to the environment, society, and corporate governance, so that the company can be more conscious of its commitment to advanced sustainability management, in addition to sharing shareholder value.

Remuneration Standards and Remuneration Composition Ratios

We have set appropriate compensation levels and compensation composition ratios based on our business environment and management and human resource strategies, using objective compensation market survey data (*1) from an external organization specialized in the field as a reference.

*1 WTW’s Executive Compensation Database

The following is an image of the remuneration of the Representative Director, President and CEO.



*2 “Consolidated net income” is equivalent to the “profit attributable to owners of the parent” set out in International Financial Reporting Standards (IFRS).

Basic profit cash flow” = “Basic profit**” – “Share of profit (loss) of investments accounted for using the equity method” + Dividend from investments accounted for using the equity method.”

**“Basic profit” = (Gross profit + Selling, general and administrative expenses (excluding provision for doubtful receivables) + Interest expense, net of interest income + Dividends) × (1–31%) + Share of profit (loss) of investments

accounted for using the equity method.

Stock price growth rate = {(Average price of Company’s common shares in relevant fiscal year) ÷ (Average price of Company’s common shares in the previous fiscal year)} ÷ {(Average of TOPIX in relevant fiscal year) ÷ (Average of TOPIX in the previous fiscal year)}

Stock growth rate = {(Average price of Company’s common shares in the month of termination of Evaluation Period) ÷ (Average price of Company’s common shares in the month of commencement of Evaluation Period)} ÷ {(Average of TOPIX in the month of termination of Evaluation Period) ÷ (Average of TOPIX in the month of commencement of Evaluation Period)}

Corporate Governance

System

Performance-linked Bonuses

From the perspective of reinforcing the relationship with management strategy, the total amount to be paid is determined in accordance with the performance management index in medium-term management plan SHIFT 2023, as well as the stock price growth rate (ratio of our stock price growth rate to TOPIX (Tokyo Stock Price Index) growth rate).

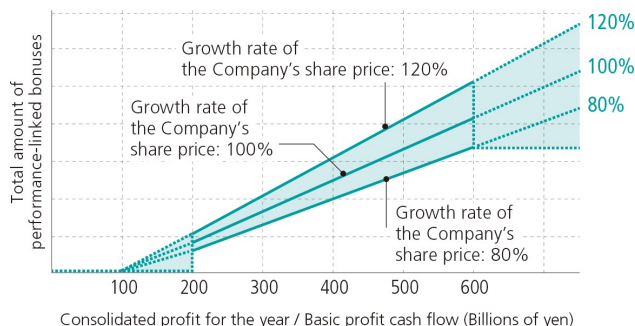
Bonuses paid to individual officers is distributed according to their position and personal evaluation and paid after the end of the fiscal year.

Calculation formula for total amount of performance-linked bonuses

$$\text{Amount calculated from consolidated net income and basic profit cash flow} \times \text{The Company's stock price growth rate: 80\% to 120\% range}$$

The potential range of business results in terms of consolidated net income and basic profit cash flow is set to ¥200 billion to ¥600 billion. If business results fall outside this range, the total

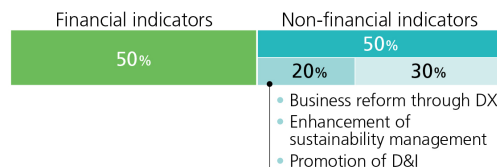
amount of performance-linked bonuses to be paid will be decided separately by the Board of Directors based on the report from the Nomination and Remuneration Advisory Committee. In addition, the range of the company's stock price growth rate is assumed to be between 80% and 120%.



Each Executive Director is evaluated on the basis of both financial and non-financial indicators so that they can become more aware in regard to their commitment to management strategy and results. Financial indicators mainly consider the status of achievement of the business plans in the respective areas of responsibility. Non-financial indicators take into account the status of achievement of strategies of each SBU measured by KPIs and KAIs as well as the status of initiatives to address important companywide issues.

The ratio of financial indicators to nonfinancial indicators in personal evaluation is 50:50. Of evaluation based on non-financial indicators, 20% relates to the important companywide issues of business reform through DX, enhancement of sustainability management, and promotion of D&I.

Breakdown of Financial and Non-financial Indicators in Personal Evaluations

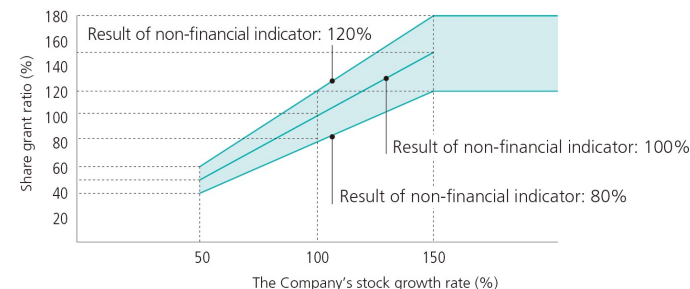


Restricted Performance Share Unit-based Remuneration

To further encourage management to focus on promoting efforts to increase the Group's corporate value over the medium to long term and sharing value with its shareholders, the number of shares to be granted as remuneration is calculated annually according to the ratio of our stock price growth rate to TOPIX (Tokyo Stock Price Index) growth rate over the three-year evaluation period. Additionally, the recent system change has increased a linkage with non-financial indicators related to the environment and society so that the commitment to the advancement of sustainability management can be strengthened further. It now reflects the evaluation results of non-financial indicators ("response to climate change issues," "promotion of women's success," and "employee engagement") in order to further promote efforts to solve important social issues. Common shares (restricted) of the Company will be issued to each officer.

The restriction period will be from the day the shares are provided until the day the recipient resigns or retires from all their positions as Director or Executive Officer of the Company or any other position determined by the Board of Directors, in order to realize shareholder value over the medium to long term.

The Company's Stock Growth Rate and Percentage of Shares Granted Based on Non-Financial Valuation



Evaluation Periods of the Company's Stock Growth Rate and Non-Financial Indicators (Image)

| | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 |
|-----------|-----------------------|-----------------------|-----------------------|---------------|---------------|---------------|
| Plan 2023 | ← Evaluation Period → | | | ● Share grant | | |
| Plan 2024 | | ← Evaluation Period → | | | ● Share grant | |
| Plan 2025 | | | ← Evaluation Period → | | | ● Share grant |

Group Governance

Policy and Concept

Promoting maximization of corporate value based on the Group Management Policy

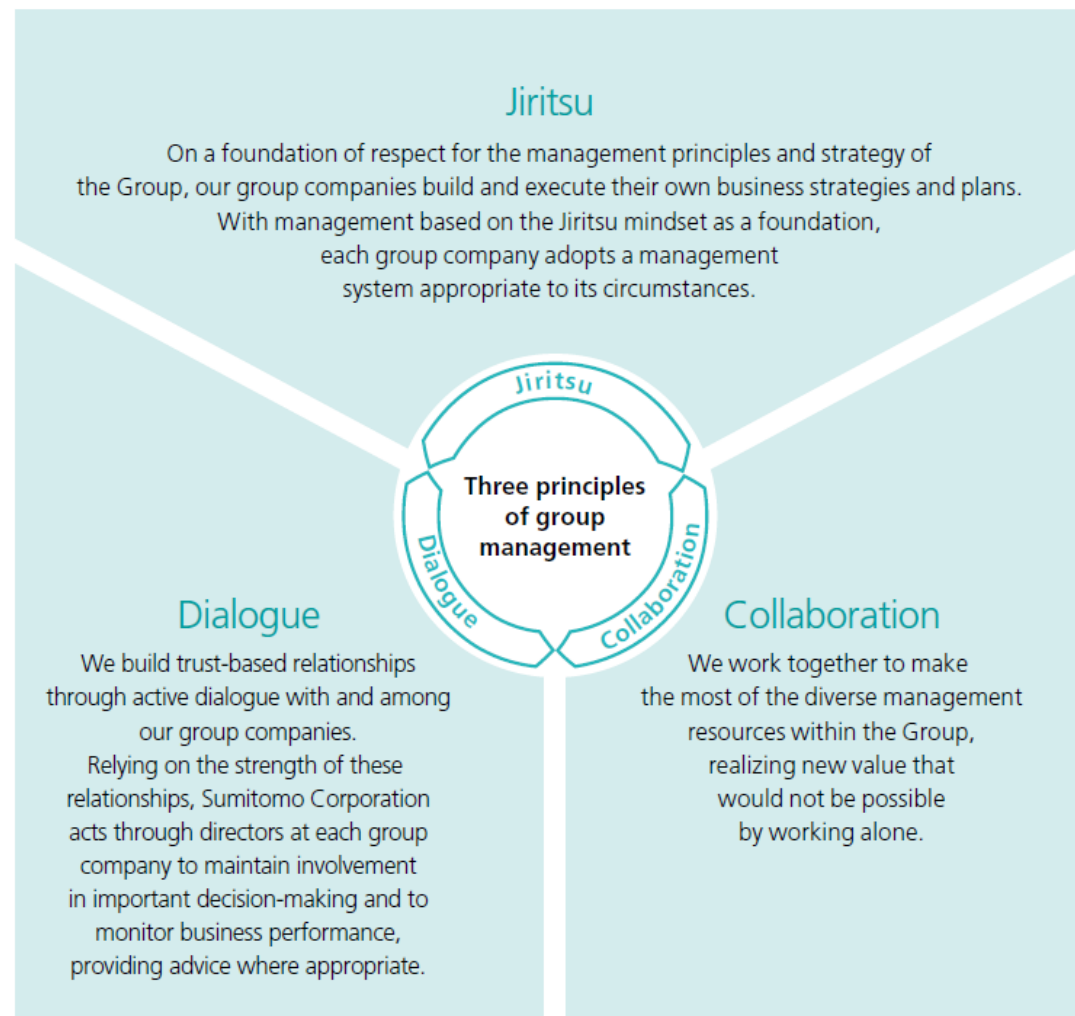
The Sumitomo Corporation Group consists of 886 companies in 78 countries and regions. These companies are the source of the Group's strength. Their business domains fall under a wide range of industrial fields, and many of them are industry leaders.

The group companies respect the Sumitomo Corporation Group's Corporate Mission Statement and management strategies, and engage in Jiritsu* management. Our approach to group management is to contribute to important decision-making at Board and other meetings through active dialogue based on relationships of trust as a shareholder, and to create new value through collaboration among group companies including Sumitomo Corporation. For the purpose of sharing and better implementing this basic approach and policies within the Group, we established the Group Management Policy (GMP) in 2021.

The GMP clarifies the roles and responsibilities in group management, setting forth the three principles of Jiritsu, dialogue, and collaboration to be respected by Sumitomo Corporation and its group companies.

The values set forth in the Sumitomo Corporation Group's Corporate Mission Statement and the GMP are shared and implemented within the Group. This allows us to swiftly and appropriately respond to industry structural transformation and trends surrounding sustainability and to grow our group companies into future earnings pillars, thereby further solidifying the Group's business portfolio and maximizing corporate value.

Three principles of the GMP



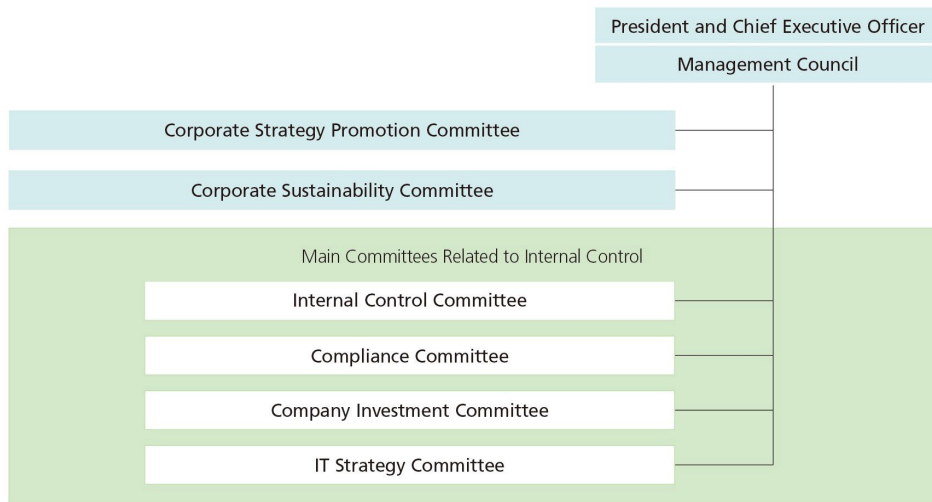
* Jiritsu is a Japanese term. In the GMP, we define it to mean “following the rules necessary for the management of a Sumitomo Corporation Group company, such as the Sumitomo Corporation Group’s management principles, strategies, and policies, to discipline oneself, to think, make decisions, act for oneself in order to achieve goals, and to be accountable to stakeholders.”

Internal Control

Policy and Concept

To realize sustainable growth and development, the Sumitomo Corporation Group is working on enhancing group governance and improving the overall quality of groupwide operations through the development, operation, evaluation, and improvement of appropriate internal controls. We have established basic regulations on internal controls to reasonably ensure compliance with laws and regulations related to business activities, safeguarding of assets against loss, effectiveness and efficiency of operations, and reliability of financial reporting in the Group's overall businesses. The Internal Control Promotion Department, which takes on overall control of the Group's internal control-related operations, has been established alongside the Internal Auditing Department under the supervision of the Head of Internal Control and Internal Audit. By actively identifying issues and utilizing internal control activities within the Group, the department will promote greater effectiveness and consistency of the above efforts throughout the Group.

Internal control structure

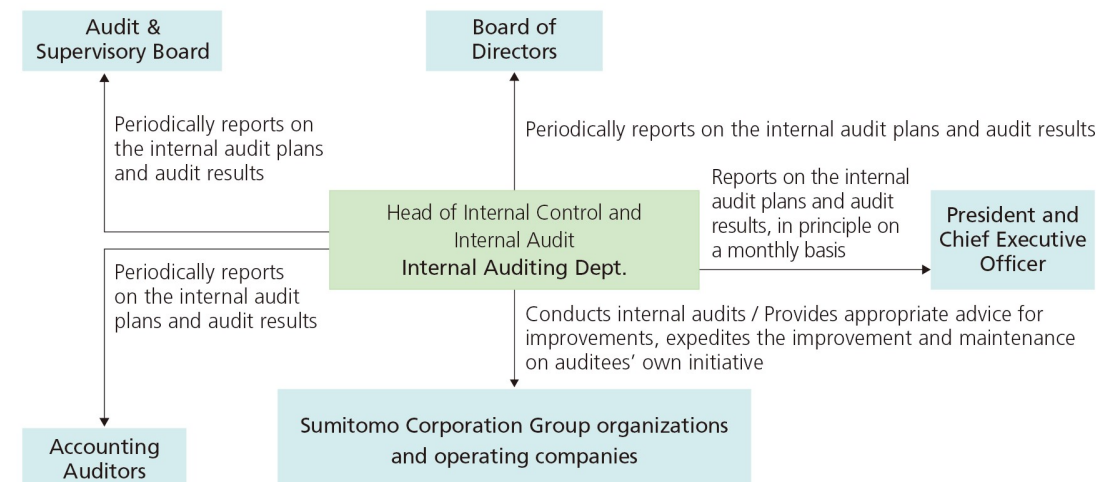


System

Internal audits

The Internal Auditing Department is an independent organization under the supervision of the Head of Internal Control and Internal Audit, which reports directly to the President and Chief Executive Officer, that monitors the operations of the Group, and audits organizations and operating companies of the Group. As well as reporting the internal audit results directly to the President and Chief Executive Officer, in principle on a monthly basis, periodic reports are also made to the Board of Directors and the Audit & Supervisory Board. The department regularly conducts audits on all aspects of internal control, comprising asset and risk management, compliance, and business operations. It evaluates the effectiveness and adequacy of the internal controls of auditees, taking into account the significance of the inherent risks. At the same time, it provides appropriate advice for improvements and expedites improvement and maintenance on the auditee's own initiative, thereby contributing to the improvement of governance and internal controls within the Group.

Internal audit process



Compliance

Policy and Concept

Basic Compliance Policy

The basis for the Sumitomo Corporation Group's compliance is to win the trust of society by practicing the Activity Guideline that states "to comply with laws and regulations while maintaining the highest ethical standards."

Accordingly, we follow our principles of "Giving First Priority to Compliance," which means that compliance takes priority over all activities of the Group and that we must never violate compliance as a result of giving priority to the pursuit of profit, and "Reporting Compliance Issues Immediately" or "Immediate Report," which means, in the event of a compliance problem, employees must report the situation without delay to their line manager, including the management level personnel, or to the relevant department of the Corporate Group.

[Compliance | Sumitomo Corporation](#)

Sumitomo Corporation Group Compliance Policy

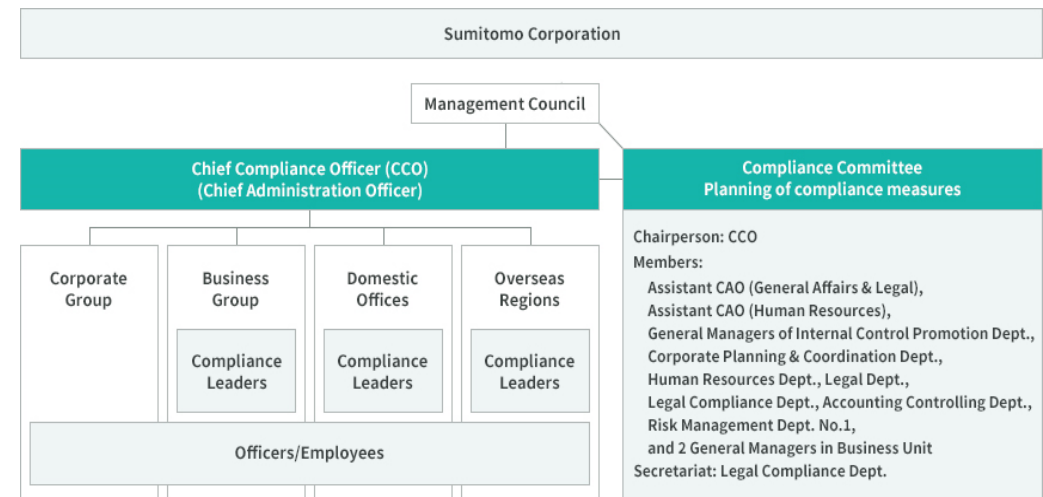
The Sumitomo Corporation Group Compliance Policy was developed in March 2019 based on the previous Compliance Guiding Principles to clarify and adopt the basic policy above throughout the Group. Educational programs, such as seminars and e-learnings, are provided on a continuing basis with the aim of spreading and ensuring the adoption of the policy throughout the Group. Sumitomo Corporation also has the Compliance Manual in place and will review its effectiveness and propriety on a regular basis and revise the content of the Manual as necessary.

[Sumitomo Corporation Group Compliance Policy | Sumitomo Corporation](#)

System

Compliance Management System

Aiming for more agile responses to compliance issues which arise in the Group, Sumitomo Corporation appoints a Chief Compliance Officer (CCO), who has ultimate responsibility for compliance. Further, the Compliance Committee, which plans compliance measures, includes the general managers not only of the Corporate Group but also of the Business Group, enabling it to examine such measures in a multifaceted way that reflects our actual business operations. Our Group will actively continue to establish and improve the internal systems that realize our principle of "Giving First Priority to Compliance."



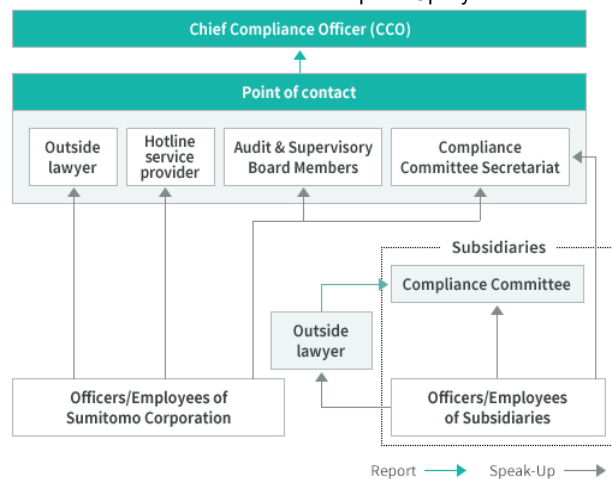
Compliance

System

Overview of Speak-Up System and Various Points of Contact

Our internal rules stipulate and ensure that any issues or potential issues in relation to compliance must be reported immediately (Immediate Report). Such issues include not only the violation of antitrust/competition laws or anti-bribery/corruption laws but also workplace misconduct, falsification of accounts, or harassment. If reporting through the usual reporting line is difficult for some reason, we maintain a "Speak-Up System" available to officers and employees, who face an issue, to report it to the Chief Compliance Officer through an internal or external hotline. Our Speak-Up System provides various internal and external points of contact, and anonymous reporting is also available. Also, it is ensured that the whistle-blower is not subject to disadvantageous treatment for making the report. In the fiscal year 2022, the Compliance Committee of Sumitomo Corporation accepted 32 Speak-Up reports. The status of the operation of the Speak-Up System is periodically reported to the Compliance Committee, the Management Council, the Audit & Supervisory Board and the Board of Directors.

Please refer to our [corporate website](#) for more information about the status of the operation and initiatives for utilization of the Speak-Up System.



Structure of the Speak-Up System

Operation of the SC Global Speak-Up System

The group-based Speak-Up system, which enables officers and employees of group companies both in and outside Japan to report compliance-related issues, has been established and operated. We accept reports in 19 languages under this System.

Activities

Appropriate Responses to Compliance Violations and Preventive Measures

In case of a compliance problem, the Company, primarily through the Legal Department and the Legal Compliance Department with the aid of external specialists when necessary, and in cooperation with relevant departments in and outside of Japan, promptly takes steps to establish the facts and clarify the causes of the incident. Based on the outcome, we take corrective measures, disciplinary action, and recurrence preventive measures. The Compliance Committee Secretariat annually keeps records of the details of the circumstances of compliance violations in the Group. These are analyzed, evaluated and used to plan future compliance measures. The results and details are deliberated at meetings of the Compliance Committee and then reported to and discussed by the Management Council, the Audit & Supervisory Board, and the Board of Directors. Thus, through this process of repeatedly improving and enhancing such measures while using the Plan-Do-Check-Action cycle, we strive to increase awareness of and ensure compliance throughout the Group.

Continuous Education Program Initiatives

The Compliance Manual, which explains particularly important issues, such as anti-bribery/corruption, compliance of antitrust law, and security trade control, is communicated to all officers and employees of Sumitomo Corporation.

Both in Japan and overseas, we implement various education programs for each class of employee, such as new comers, newly appointed general managers, and newly appointed corporate officers, as well as provide e-learning programs about the theme according to the current situation for all officers and employees (including secondees and overseas workers) of Sumitomo Corporation every year, in order to promote and deepen understanding of the Sumitomo Corporation Group Compliance Policy and the Compliance Manual. In addition to these regular activities, we hold seminars and training sessions on an ongoing basis as required under a specific theme, such as anti-bribery/corruption, compliance of antitrust law and subcontract law, security trade control, prevention of insider trading, elimination of harassment, and information security including protection of personal information. We also conduct compliance awareness surveys to officers and employees in order to understand, their sensitivity to compliance and understanding and penetration of relevant laws, regulations and policies, which is utilized in the planning and implementation of future compliance measures. Furthermore, we implement a variety of support measures to reinforce compliance systems at group companies.

Compliance

Activities

Anti-bribery/corruption Initiatives

Based on the principle of "Giving First Priority to Compliance" and as stipulated in the Sumitomo Corporation Group Compliance Policy, the Group implements strict measures to prevent all forms of corruption. Specifically, we have established the Rules for Prevention of Bribery of Public Officials, which regulate the provision of entertainment, gifts, invitations, and donations to domestic and foreign public officials as well as the selection of agents, and conduct required internal review. In addition, taking into account revisions to the laws and regulations of each country, and advice from various external specialists, and changes in other social circumstances and other factors, we continuously review our internal rules, guidelines, and manuals. Further, we extend these rules and manuals to overseas offices and group companies and encourage them to establish and implement a system appropriate for the bribery risk level of each company, and we also offer ongoing employee education, such as internal seminars, and work constantly to prevent bribery and corruption in Japan and overseas.

The Group's principles and policies in this regard are summarized in the Sumitomo Corporation Group Anti-Corruption Policy (enacted and announced in 2017). This Policy includes the following statement: "The Sumitomo Corporation Group will not commit bribery or conduct any activity raising the suspicion of bribing Japanese government or other public officials; and will as a principle prohibit its officers and employees from providing such officials with entertainment, gifts, or the equivalent. It will not make any offer, payment, promise to pay, or authorize the payment of any money or anything of value to any foreign government or other public official, for the purpose of influencing any act or decision of such official in order to assist it in obtaining or retaining business." This statement declares the Group's principles in relation to preventing bribery. Furthermore, through this Policy, we explain our anti-bribery system and our initiatives for the prevention of bribery to our business partners, and request their understanding and cooperation.

[Sumitomo Corporation Group Anti-Corruption Policy](#)

Measures for Ensuring Compliance with Laws Concerning Antitrust and Fair Competition

We stipulate fair competition in the Sumitomo Corporation Group Compliance Policy and our policy for compliance with laws concerning antitrust in the Compliance Manual. We have also published a separate manual concerning antitrust/competition laws for our officers and employees that describes key considerations in daily dealings. Additionally, we endeavor to ensure, by measures such as regular internal training, that antitrust/competition laws are observed.

Security Trade Control and Logistics Compliance

As an integrated trading company, Sumitomo Corporation regularly implements various measures, on a continuing basis, to ensure that we comply with treaties and international frameworks related to international trade, as well as Japanese laws and regulations related to trading activities. We implement various measures related to security trade control to prevent weapons, or products and technologies for civilian use that could be converted to military use, from falling into the hands of states developing weapons of mass destruction, or non-state organizations (terrorists). We also provide internal rules, manuals, and guidelines, and provide training, guidance, and monitoring as needed, while considering trends in economic security policy from the perspective of maintaining the economic activity of those states, to ensure compliance with laws and regulations related to tariffs and customs as well as those related to public order and safety.

Prevention of Insider Trading

To prevent violations of insider trading regulations related to our business activities as well as personal dealings by our officers and employees, we have established "Rules for Prevention of Insider Trading" as well as internal checking systems from various perspective. To ensure compliance with insider trading regulations as well as internal rules, we also provide, on a regular basis, internal training courses and other activities to raise awareness.

Social and Environmental Risk Management

Basic Principles on Social and Environmental Risk Management

The Sumitomo Corporation Group operates businesses dealing in different products and business models in various regions of the world and its business activities have a variety of impacts on the global environment and on different stakeholders such as local communities, business partners, and our officers and employees. To achieve sustainable growth together with society, we work to control the social and environmental impacts of each business of the Group, and, by monitoring its entire supply chain, to ensure that the impact of the associated business activities is not a threat to people’s lives or the global environment and does not constrict the sustainability of our management. As the basis for these initiatives, we have established Environmental Policy, Human Rights Policy and CSR Action Guidelines for Supply Chain Management to clarify our approach to social and environmental issues in the Group’s business operation. Because the impact of each business on society and the environment and the nature of the risks requiring management focus differ depending on the products dealt with, the business type and the region where it operates, risk management needs to be adapted to the specific character of the business. Specifically, for each of our businesses, we obtain the relevant data, including information on its interface with society and the environment and the associated risks. In addition, we ascertain whether serious issues are present by maintaining communication channels with local communities, employees, and other stakeholders, and check not only that the business is legally compliant across the range of social and environmental issues but also that its response in the area complies with international standards on the environment and human rights. Within the Sumitomo Corporation Group and its diverse range of businesses, the responsible business department of individual businesses and the related corporate departments are working jointly to raise the standard of social and environmental risk management groupwide, utilizing the knowledge of outside experts.

Major risks business may pose to society and the environment

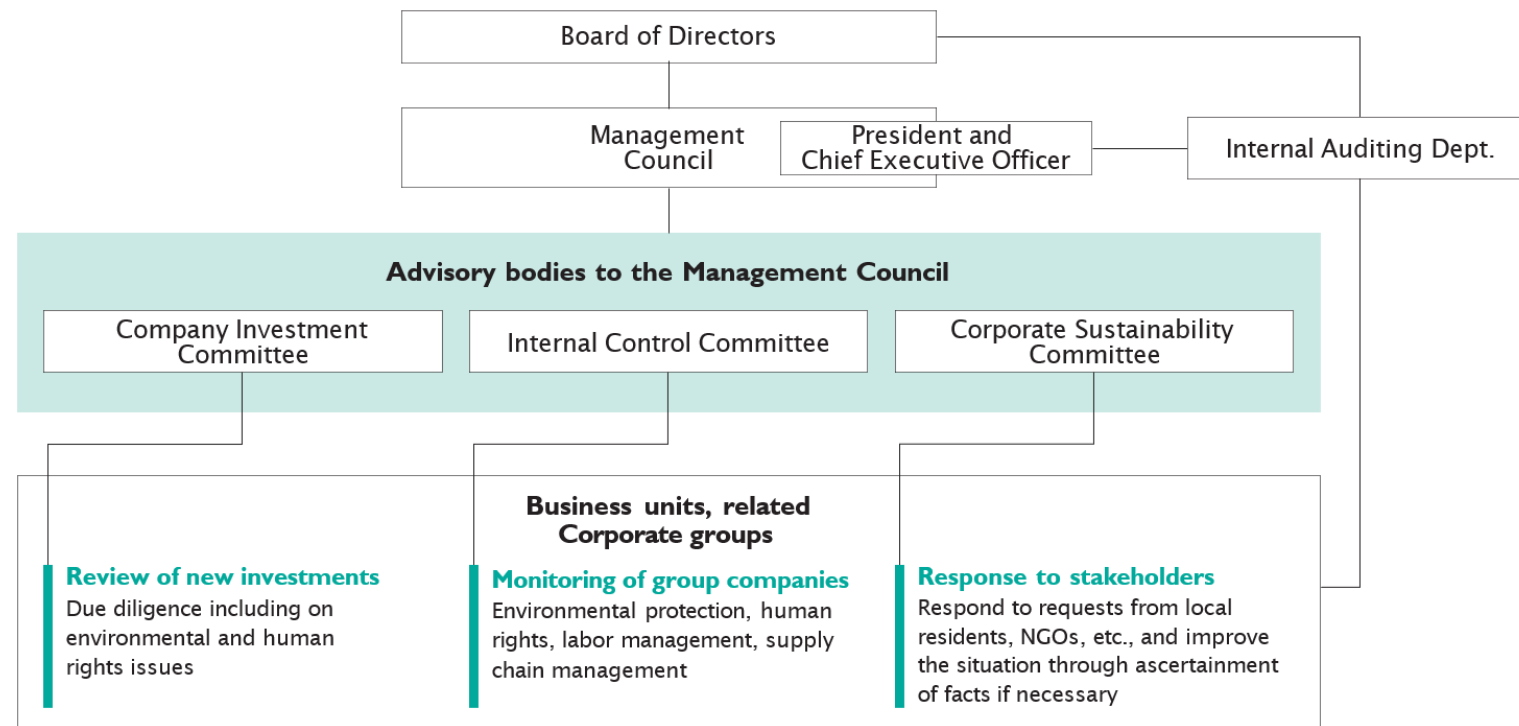
- Climate change
- Biodiversity
- Pollution
- Resource depletion
- Local residents’ human rights
- Employees’ human rights
(Health and safety, Forced labor, Child labor, Discrimination)



Social and Environmental Risk Management

Framework for Social and Environmental Risk Management

The Sumitomo Corporation Group has established a companywide framework to perform appropriate monitoring of the social and environmental impact of the Group's entire business activities. We have prepared a self-assessment sheet on relevant social and environmental risks to be used at the time of investment application to identify anticipated risks and opportunities in terms of the nature and regional characteristics of each business. Decision-making is then carried out considering impacts on society and the environment. This includes having the Corporate Sustainability Department participate in discussions as a specialist organization that addresses social issues depending on the risk. We also engage outside experts to check that the business is soundly managed and does not have serious impacts on stakeholders by using environmental assessment by an environmental consultant and assessment of human rights and labor issues by a law firm, considering the specifics of each business. As follow-up to the investment, the responsible business department and related corporate departments work together through dialogue with group companies to carry out regular monitoring from the viewpoint of the environment, human rights, labor management, the supply chain, and other aspects. If an issue arises, remedial action is taken in line with the specifics of the case. Internal audits that take into account special characteristics of the business are used to confirm that management operations are legally compliant and meet international standards on social and environmental issues. When a case relating to the impact of the Sumitomo Corporation Group's business activities is referred to by a local community, a non-governmental organization (NGO), or another stakeholder, we ascertain the facts and engage in dialogue and discussion toward improvement. If, as a result of this process of review and monitoring of investments, an important social or environmental risk is confirmed, the individual response is reported or referred for further discussion to the Management Council and the Board of Directors through the relevant internal committees.



Information Security

Policy and Concept

The Company acknowledges the importance of ensuring information security, and maintains appropriate measures including, but not limited to, the establishment and maintenance of relevant rules, primarily through IT Strategy Committee, which is chaired by the Chief Information Officer (CIO). In October 2017, a new Information Security Policy was established.

Information Security Policy

1. Initiatives on Information Security

Sumitomo Corporation acknowledges the importance of ensuring information security and wishes to further enhance the company's trustworthiness in its business operations. Therefore, Sumitomo Corporation shall implement appropriate measures including, but not limited to, the establishment and maintenance of relevant rules and guidelines so as to responsibly manage information assets on a consolidated basis globally and shall review them regularly.

2. Compliance

Sumitomo Corporation shall comply with any applicable local, regional, national and international laws and regulations in relation to information security.

3. Management of Information Assets

Sumitomo Corporation shall preserve confidentiality, integrity and availability through responsibly managing all information assets including personal data and shall take all reasonable precautions in order to prevent unapproved disclosure, loss or impairment of such data.

4. Response to Information Security Incidents

Whilst making the utmost endeavor to prevent information security incidents from occurring, in the unlikely event such an incident should occur, Sumitomo Corporation shall respond promptly to the incident and implement whatever preventive measures are necessary to avoid recurrence.

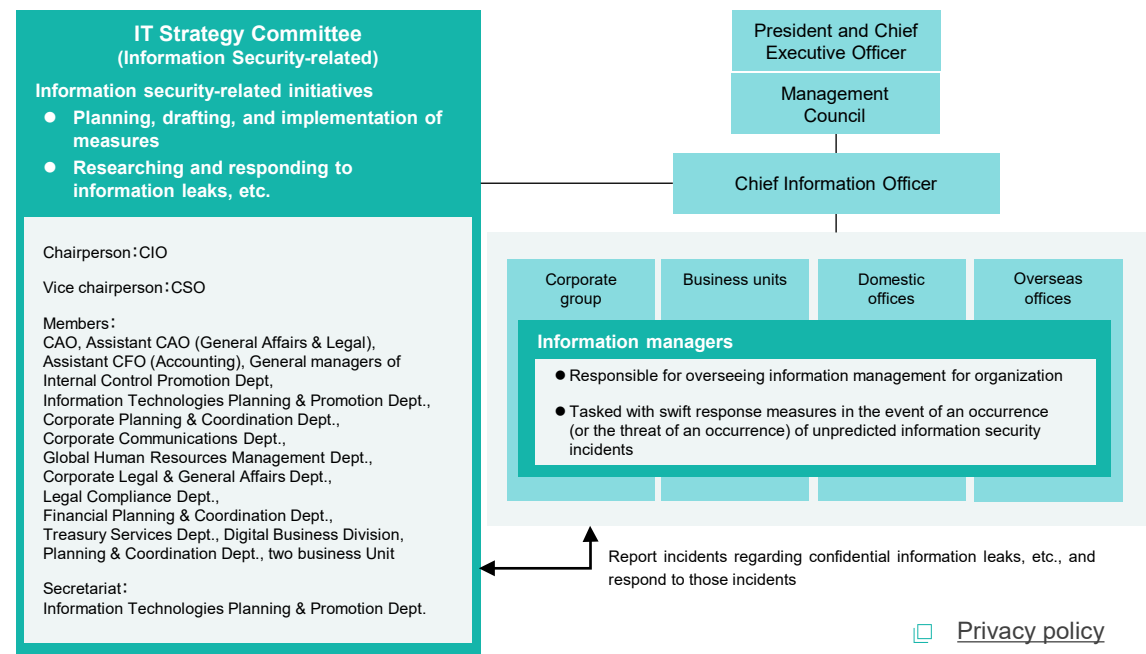
5. Awareness Education of Information Security

Sumitomo Corporation shall regularly promote and maintain the provision of information security education including, but not limited to, further heightening the awareness of the importance of responsibly managing information assets.

System

The information managers in each organization categorize information assets based on their importance, give instructions for procedures and methods in order to handle these assets adequately, and work to ensure information security, efficient information-related administrative procedures, and information sharing. For personal information, in addition to establishing a Privacy Policy to protect this as appropriate, we have put in place relevant rules and organizational structures.

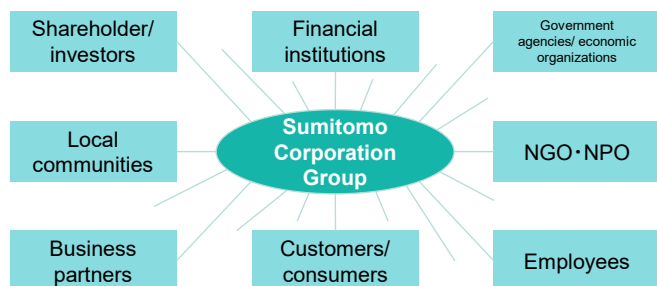
We also work on initiatives to minimize risk related to unexpected situations involving information security, such as external attacks aimed at theft or destruction of corporate information. As well as using system-based safeguards, we conduct ongoing training and drills for employees while establishing and monitoring systems at major subsidiaries and other group entities. The Company also coordinates with specialized third-party organizations to stay up-to-date on relevant information and to enable swift and appropriate responses.



Stakeholder Engagement

Relationships with Stakeholders

The Sumitomo Corporation Group places importance on dialogue with various stakeholders around us. To build a relationship of trust with each stakeholder, we proactively provide information on our activities and ensure continuous communication with them. Through these efforts, the Group keeps informed of stakeholders' expectations and concerns, based on which we will promote our sustainability and improve our long-term value.



| Stakeholders | Major means of dialogue |
|--|--|
| Stakeholders/investors Financial institutions | General meeting of shareholders, Investor meeting for annual results, Investor Day, integrated report, annual securities report, business report for shareholders, website, reporting to credit rating agencies, various small meetings etc. |
| Government agencies/economic organizations | Integrated report, Communication with government agencies and international organizations in Japan and abroad, participation in discussion meetings and round-table conferences with government offices, activities through business and industrial associations, etc. |
| Local communities | Integrated report, Dialogue with local residents in business activities and support for communities, social contribution activities, etc. |
| Business partners Customers/consumers | Integrated report, website, advertisements, customer information office, supply chain survey, etc. |
| NGOs/NPOs | Integrated report, Cooperation and communication with NGOs and NPOs in business activities, cooperation in social contribution activities, responses to surveys, etc. |
| Employees | Integrated report, Internal magazine, Intranet, training sessions and seminars, labor/management round-table meeting, employee awareness survey, the speak-up system, etc. |

IR/SR Activities (SR: Shareholder Relations)

We are working to build relationships with shareholders, investors, and other stakeholders outside the Company following our Corporate Disclosure Policy.

The Investor Relations Department has established four guidelines for its activities. These are Proactive Disclosure, Sincere Dialogue, Timely and Appropriate Sharing, and Constructive Proposals. We actively disseminate information in cooperation with internal related departments and collect opinions through dialogue. Based on feedback from these opinions, we make proposals and hold discussions to realize management mindful of capital cost and share price. Through this cycle of activities, we will deepen external stakeholders' understanding of the Group and also contribute to the strategy execution and value creation capabilities of all officers and employees as internal stakeholders, thereby fulfilling our stated mission of "obtaining the correct evaluation from the market and contributing to the enhancement of our corporate value."

Guidelines and activities



Proactive disclosure to and sincere dialogue with external stakeholders

We strive for appropriate disclosures and expanded explanations of both financial and non-financial information based on our Corporate Disclosure Policy. Additionally, we have established opportunities for proactive dialogue with shareholders and investors throughout the year to deepen understanding of the Group and solicit the opinions of stakeholders.

FY2022 results

Number of individual meetings: Approx. 250 (24 of which were ESG/SR related)
Number of times management attended President: 15 CFO: 22

Business unit meetings Held

Investor Day 2022 Held

Briefings for individual investors 12 times annually
Total participation 6,379

Timely and appropriate sharing with and constructive proposals to management and internal stakeholders

We provide evaluations and opinions received from external stakeholders to internal stakeholders including management as feedback, which are used for proposals and discussions that help to improvement management.

FY2022 results

Management Council 12 times annually

Board of Directors' Meetings 6 times annually

Number of regular meetings with the President and Chief Executive Officer 4 times annually

Corporate Communication Committee Quarterly

IR/SR Subcommittee Monthly

IR quarterly report* Published quarterly

Internal IR meetings Held

ESG Quantitative Data

Environment (Climate Change)

★ External Assurance: For more information on the third-party assurance report, please refer to p.171.

| Item | Boundary | Unit | FY2019 | FY2020 | FY2021 | FY2022 |
|---|--------------|-----------------|--------|--------|--------|---------|
| GHG Emissions (Energy-related CO2) | | | 1,475 | 2,175 | 2,062 | 1,821 ★ |
| (Components) Scope1<Energy-related CO2> | Consolidated | thousand t-CO2e | 792 | 1,523 | 1,389 | 1,268 ★ |
| Scope2 | | | 683 | 653 | 672 | 553 ★ |

* The boundary of "Consolidated" is non-consolidated, consolidated subsidiaries and Joint operations. We have added Joint operations to the boundary from FY2020. For Joint operations, the amount equivalent to the investment ratio as of the end of March of the reporting period is included in the environmental data.

* CO2 emission factors for electricity: (market based method)
 (Non-consolidated in Japan) The adjusted emission factors of individual power companies. Before FY2020 results, the basic emission factors were used.
 (Consolidated subsidiaries in Japan) The average emission factors of all power companies.
 (Overseas) Emission factors from electricity generation are based on the country-specific data in 2020 listed on "Emissions Factors 2022", an IEA (International Energy Agency) statistics. Before FY2020 results, Emission factors from electricity generation are based on the country-specific data in 2013 listed on "CO2 EMISSIONS FROM FUEL COMBUSTION 2016 EDITION".

* CO2 emission factors other than those from electricity generation are based on a manual for GHG emissions accounting, reporting, and disclosure systems published by Japan's Ministry of the Environment and Ministry of Economy, Trade and Industry.

* The breakdown of 1,821 thousand t-CO2e in FY2022 by business activity is 757 thousand t-CO2e for business other than power generation and 1,065 thousand t-CO2e for power generation.

* The main reason for the increase of GHG emissions in FY2020 compared to FY2019 is the addition of Joint operations to the boundary of data.
 We couldn't collect the environmental data for 38 sites due to COVID-19 lockdown or working from home in FY2019. In FY2018, GHG emissions of these sites were equivalent to about 5.2% of the total GHG emissions.

(Reference)

| Item | Unit | FY2019 | FY2020 | FY2021 | FY2022 |
|--|-----------------|--------|--------|--------|--------|
| Sumitomo Corporation Group's CO2 Emissions targeted for Carbon Neutrality | | 59,939 | 55,367 | 55,497 | 52,572 |
| (Components by Activity) Business other than power generation | thousand t-CO2e | 1,005 | 974 | 967 | 757 |
| Power generation business | | 43,126 | 40,582 | 41,368 | 42,613 |
| Fossil energy concession | | 15,808 | 13,811 | 13,162 | 9,203 |

* CO2 emissions by activity are calculated as the target of the Sumitomo Corporation Group's carbon neutrality. This total includes the above [GHG Emissions (Energy-related CO2)]. For details, please refer to the special feature [Climate Change Initiatives] in this book.

ESG Quantitative Data

★ External Assurance: For more information on the third-party assurance report, please refer to p.171.

Environment (Climate Change)

| Item | Boundary | Unit | FY2019 | FY2020 | FY2021 | FY2022 | |
|--|--------------|-----------------|--------|--------|--------|--------|---|
| GHG Emissions (Scope1 <Non energy-related CO2 and GHGs other than CO2>) | | | 0 | 4 | 232 | 260 | ★ |
| (Components) Non energy-related CO2 | Consolidated | thousand t-CO2e | 0 | 0 | 0 | 0 | |
| Methane (CH4) | | | 0 | 0 | 129 | 153 | |
| Dinitrogen monoxide (N2O) | | | 0 | 4 | 103 | 107 | |
| Hydrofluorocarbons (HFCs) | | | 0 | 0 | 0 | 0 | |
| Perfluorocarbons (PFCs) | | | 0 | 0 | 0 | 0 | |
| Sulfur hexafluoride (SF6) | | | 0 | 0 | 0 | 0 | |
| Nitrogen trifluoride (NF3) | | | 0 | 0 | 0 | 0 | |

* Group companies emitting more than 3,000 t-CO2e for each gas per year are subject to the aggregation of Scope1<Non energy-related CO2 and greenhouse gases other than CO2>, under the Greenhouse Gas Emissions Accounting, Reporting, and Disclosure System in Japan.
In FY2019, we aggregated non-consolidated and consolidated subsidiaries in Japan and the boundary of Scope1<other GHGs> was expanded to consolidated (excluding Joint operations) in FY2020.
From FY2021 onward covers consolidated (including Joint operations). For Joint operations, the amount equivalent to the investment ratio as of end of March of the reporting period is included in environmental data.

| Item | Boundary | Unit | FY2019 | FY2020 | FY2021 | FY2022 | |
|---|-----------------------------|-----------------|--------|--------|--------|--------|---|
| GHG Emissions (Scope3) | | | 62.19 | 34.38 | 33.19 | 46.43 | ★ |
| (Components) Category4 : Upstream Transportation and Distribution | Non-consolidated (in Japan) | thousand t-CO2e | 5.50 | 3.88 | 4.09 | 4.00 | ★ |
| Category5 : Waste | | | 0.01 | 0.01 | 0.01 | 0.01 | ★ |
| Category6 : Overseas Business Trips | | | 22.40 | 0.07 | 0.57 | 10.28 | ★ |
| Category7 : Commuting | | | 0.61 | 0.14 | 0.37 | 0.51 | ★ |
| Category13 : Downstream Leased Assets | | | 33.66 | 30.29 | 28.15 | 31.63 | ★ |

* The boundary of non-consolidated (in Japan) includes the head office, domestic branches and sub-branches.

* GHG emissions from Upstream transportation and distribution include the transport of cargo within Japan for which Sumitomo Corporation is the cargo owner and are calculated based on a manual for GHG emissions accounting, reporting, and disclosure systems published by Japan's Ministry of the Environment and Ministry of Economy, Trade and Industry.
Sumitomo Corporation complies with the Act and reduces the use of energy of transportation through promotion of modal shift (utilization of railroads and vessels), optimization of delivery routes and loading on vehicles, promotion of eco-driving, etc. We have set a target of reducing the use of energy from Upstream transportation and distribution per shipping weight by at least 1% annually in Japan.

* GHG emissions from waste are calculated from all general waste of Sumitomo Corporation.

The results were calculated using the emission intensity for each type of waste, which is published in the emission intensity database for calculating greenhouse gas emissions and other emissions by organizations throughout the supply chain. The calculation of GHG emissions for FY2022 uses the emission intensity database Ver.3.3.

* GHG emissions due to overseas business trips are the emissions from flights departing from and arriving in Japan that Sumitomo Corporation employees took. Business trip destinations are classified into 12 areas and passenger-kilometers are estimated based on the travel distance between Japan and representative airport of each area. GHG emissions due to overseas business trips are calculated by applying CO2 emission factors published by the UK's Defra to the passenger-kilometers.

* GHG emissions from commuting are those from the commuting of Sumitomo Corporation's employees working in Japan, calculated by using the emissions factors per passenger-kilometer for passenger transport by transport mode published in the Ministry of Land, Infrastructure, Transport and Tourism publication "CO2 Emissions in the Transport Sector" up to FY2020. After FY2021 results were calculated using emission intensity per number of employees and working days by work type and city classification, which is published in the emission intensity database for calculating greenhouse gas emissions and other emissions by organizations throughout the supply chain. FY2022 results were based on this database (Ver. 3.3).

* GHG emissions from downstream leased assets are calculated based on the Act on the Rational Use of Energy in Japan.(Current: the Act on Rationalizing Energy use and Shifting to Non-fossil Energy in Japan) for buildings owned by Sumitomo Corporation and leased to other companies. The basic emission factor is used for the CO2 emission factor for electricity.

* The total GHG emissions (total amount of the above Scope1, 2 and Scope3) were 2,214 thousand t-CO2e / 2,327 thousand t-CO2e / 2,128 thousand t-CO2e in FY2020, FY2021, and F2022 respectively.

ESG Quantitative Data

Environment (Climate Change)

★ External Assurance: For more information on the third-party assurance report, please refer to p.171.

| Item | Boundary | Unit | FY2019 | FY2020 | FY2021 | FY2022 |
|--------------------------------|--------------|-------------|-----------|-----------|-----------|-------------|
| Energy Consumption | Consolidated | thousand GJ | 17,062 | 29,574 | 28,680 | 25,027 ★ |
| Electricity Consumption | | MWh | 1,534,809 | 1,525,641 | 1,645,278 | 1,336,280 ★ |

* The boundary of "Consolidated" is non-consolidated, consolidated subsidiaries and Joint operations. We have added Joint operations to the boundary from FY2020. For Joint operations, the amount equivalent to the investment ratio as of the end of March of the reporting period is included in the environmental data.

* Energy consumption does not include energy derived from biomass fuels.

* Energy conversion factor from electricity consumption: 3.6 (MJ/kWh).

* Energy conversion factors from other than electricity consumption are based on the Act on the Rational Use of Energy in Japan.(Current: the Act on Rationalizing Energy use and Shifting to Non-fossil Energy in Japan) .

* The main reason for the increase of energy consumption in FY2020 compared to FY2019 is the addition of Joint operations to the boundary of data.

* Electricity consumption includes the electricity purchased from power generation companies within the boundary of environmental data.

* The amount of electricity consumption which was derived from renewable energy was 5,264MWh in FY2022.

* We couldn't collect the environmental data for 38 sites due to COVID-19 lockdown or working from home in FY2019.

In FY2018, energy consumption of these sites were equivalent to about 7.3% of the total energy consumption and electricity consumption of these sites were equivalent to about 7.1% of the total electricity consumption.

Environment (Water Resources)

| Item | Boundary | Unit | FY2019 | FY2020 | FY2021 | FY2022 |
|---|--------------|--------------------------|--------|--------|--------|--------|
| Water Withdrawal | Consolidated | | 20,144 | 93,120 | 78,107 | 66,452 |
| (Components of Water Sources) | | | 4,206 | 4,807 | 6,809 | 7,357 |
| Third-party sources, Industrial water | | thousand m3 | 13,008 | 56,085 | 34,342 | 19,454 |
| Groundwater | | | 2,930 | 31,701 | 35,998 | 37,680 |
| Rivers, lakes | | | 0 | 2 | 3 | 4 |
| Sea | | | 0 | 526 | 955 | 1,957 |
| Rainwater | | | | | | |
| Water Withdrawal per consolidated revenue | | thousand m3 /million yen | 0.015 | 0.020 | 0.014 | 0.010 |
| Water Withdrawal in water-stressed areas | Consolidated | | 366 | 2,041 | 2,897 | 4,351 |
| (Components of Water Sources) | | | 303 | 793 | 895 | 1,007 |
| Third-party sources, Industrial water | | thousand m3 | 63 | 721 | 956 | 199 |
| Groundwater | | | 0 | 0 | 87 | 1,185 |
| Rivers, lakes | | | 0 | 2 | 3 | 4 |
| Sea | | | 0 | 526 | 955 | 1,957 |
| Rainwater | | | | | | |
| Number of sites | Site | | 74 | 60 | 53 | 84 |
| Water Discharge | Consolidated | | 15,097 | 52,723 | 7,205 | 7,185 |
| (Components of Discharge Destination) | | | 11,173 | 48,016 | 2,540 | 2,444 |
| Third-party sources | | thousand m3 | 50 | 200 | 230 | 40 |
| Groundwater | | | 2,974 | 3,512 | 3,461 | 3,681 |
| Rivers, lakes | | | 900 | 995 | 974 | 1,020 |
| Sea | | | | | | |

* The boundary of "Consolidated" is non-consolidated, consolidated subsidiaries and Joint operations. We have added Joint operations to the boundary from FY2020. For Joint operations, the amount equivalent to the investment ratio as of the end of March of the reporting period is included in the environmental data.

* Of the 66,452 thousand m3 of water withdrawal in FY2022, we have obtained third-party assurance for 11,759 thousand m3★ of water withdrawal excluding the withdrawal for 30 companies in Europe and Americas fresh produce business and the withdrawal from rivers, lakes and rainwater in Australian mining business, for which partial estimates have been adopted.

* We couldn't collect the amount of water withdrawal for 38 sites due to COVID-19 lockdown or working from home in FY2019. In FY2018, Water consumption of these sites were equivalent to about 50.5% of the total water withdrawal.

* The main reason for the increase of water withdrawal in FY2020 compared to FY2019 is the reactionary increase due to the lack of the environmental data for some sites by COVID-19 lockdown or working from home in FY2019, and the addition of Joint operations to the boundary of data from FY2020.

* Water Withdrawal in water-stressed areas is aggregated locations with a water risk level of 3 (High) or higher as water-stressed areas on the World Resources Institute (WRI)'s "WRI Aqueduct".

* In case where it is difficult to grasp the amount of discharged water, we estimate the amount of discharged water by assuming that the amount of water Withdrawal = the amount of discharged water. As a result of our efforts to determine and refine the data, the amount of discharged water in FY2021 decreased significantly.

Our Group consumes a high percentage of water for fruit cultivation (including evaporation) and recycling without discharging water after use, which results in a smaller amount of discharged water compared to the amount of water withdrawal.

* [Water Withdrawal -Components of Water Source-], [Water Withdrawal in Water-stressed areas], and [Water Discharge] are not subject to assurance engagement.

ESG Quantitative Data

Environment (Resources and Waste)

| Item | Boundary | Unit | FY2019 | FY2020 | FY2021 | FY2022 |
|--|--------------------------------|--------------------|--------|--------|--------|--------|
| Waste Emissions | Consolidated | | 33,305 | 36,480 | 36,413 | 33,200 |
| General waste from Business Operations – Recycled Volume | | t | 111 | 41 | 44 | 47 |
| General waste from Business Operations – Final Disposal Volume | | | 6 | 2 | 2 | 2 |
| General waste from Business Operations – Recycling Ratio | | % | 95.0 | 96.1 | 95.6 | 95.8 |
| Industrial waste of plastic - containing products - Waste Volume | | | - | - | 151 | 213 |
| Industrial waste of plastic - containing products - Recycled Volume | Non-consolidated (in Japan) | | - | - | 21 | 36 |
| Industrial waste of plastic - containing products – Thermal Recovery Volume | | t | - | - | 93 | 139 |
| Hazardous Waste Emissions | | | 7.01 | 6.29 | 1.36 | 0.72 |
| Air Pollutant Emissions | | | 0 | 0 | 0 | 0 |
| Paper Consumption | | thousand sheets | 14,516 | 4,559 | 5,254 | 5,887 |

* The boundary of “Consolidated” is non-consolidated, consolidated subsidiaries and Joint operations. We have added Joint operations to the boundary from FY2020. For Joint operations, the amount equivalent to the investment ratio as of the end of March of the reporting period is included in the environmental data.

The boundary of "Non-consolidated (in Japan)" includes the head office, domestic branches and sub-branches.

* Waste emissions are for general waste from business operations; industrial waste and valuable resources are not included.

* We couldn't collect the data on waste emissions for 38 sites due to COVID-19 lockdown or working from home in FY2019. In FY2018, waste emissions of these sites were equivalent to about 0.6% of the total waste emissions.

Environment (Others)

| Item | Boundary | Unit | FY2019 | FY2020 | FY2021 | FY2022 | |
|--|--------------------------------|--------------------------------|-------------|--------|--------|--------|---|
| Percentage of sites covered by ISO14001 | Non-consolidated (in Japan) | % | 100 | 100 | 100 | 100 | |
| | Consolidated | | 19 | 19 | 21 | 21 | |
| Violations of environmental laws and regulations (penalties of one million yen or more, etc.) | Number of case | Non-consolidated (in Japan) | case | 0 | 0 | 0 | 0 |
| | Amount of penalties | | million yen | 0 | 0 | 0 | 0 |

ESG Quantitative Data

Society (Personnel Data)

| Item | Boundary | Unit | FY2018 | FY2019 | FY2020 | FY2021 | FY2022 | |
|--|-----------------------|------------------|------------|------------|------------|-----------|-----------|------|
| Number of employees | Consolidated | person | 65,662 | 72,642 | 74,920 | 74,253 | 78,235 | |
| Number of temporary employees | | | 25,700 | 27,604 | 28,523 | 28,169 | 30,222 | |
| Number of employees [Male/Female] | Male | | 3,910 | 3,937 | 3,937 | 3,852 | 3,761 | |
| | Female | Non-consolidated | 1,216 | 1,270 | 1,303 | 1,298 | 1,307 | |
| | Total | | 5,126 | 5,207 | 5,240 | 5,150 | 5,068 | |
| Number of new employees*1 | Male | | 104 | 118 | 102 | 75 | 72 | |
| | Female | Non-consolidated | 58 | 91 | 52 | 31 | 29 | |
| | Total | | 162 | 209 | 154 | 106 | 101 | |
| Ratio of female new employees | Non-consolidated | % | 35.8 | 43.5 | 33.3 | 28.6 | 28.7 | |
| Ratio of non-fulltime employees, such as contract and temporary employees | Non-consolidated | % | 7.2 | 7.5 | 7.0 | 6.5 | 7.3 | |
| Number of mid-career employees | Male | | 30 | 27 | 24 | 14 | 47 | |
| | Female | Non-consolidated | 6 | 8 | 3 | 6 | 28 | |
| | Total | | 36 | 35 | 27 | 20 | 75 | |
| Employment rate of disabled persons*2 | Non-consolidated | % | 2.24 | 2.24 | 2.11 | 2.09 | 2.25 | |
| Number of managers*3 | Male | | 2,669 | 2,657 | 2,647 | 2,540 | 2,523 | |
| | Female | Non-consolidated | 184 | 203 | 216 | 204 | 232 | |
| | Total | | 2,853 | 2,860 | 2,863 | 2,744 | 2,755 | |
| Female Manager ratio *3 | Non-consolidated | % | 6.5 | 7.1 | 7.5 | 7.4 | 8.4 | |
| Female Department General Manager ratio *3 | Non-consolidated | | — | — | 0.8 | 0.8 | 1.4 | |
| Ratio of employees who are covered by a collective bargaining agreement | Non-consolidated | % | 59.1 | 59 | 59.2 | 60.4 | 62.3 | |
| Average length of service (years) | Male | | 18yr 10mos | 18yr 8mos | 18yr 10mos | 19yr 2mos | 19yr 1mon | |
| | Female | Non-consolidated | 16yr | 15yr 7mos | 15yr 10mos | 16yr 4mos | 16yr 6mos | |
| | Overall mean | | 18yr 2mos | 17yr 11mos | 18yr 1mo | 18yr 6mos | 18yr 5mos | |
| Gender Wage Gap between Male and Female*4 | Regular employees | | % | — | — | — | — | 58.7 |
| | Non-regular employees | Non-consolidated | % | — | — | — | — | 48.9 |
| | All employees | | % | — | — | — | — | 59.6 |

*1 Figures for previous fiscal years have been restated following changes in the calculation method of the number of persons including medical professional instituted in FY2022.

*2 Figures are as of June 1 of each fiscal year.

*3 As of April 2023.

*4 Items subject to calculation of gender wage gap: Monthly salary (base pay, secondment allowance, separate living allowance, teleworking allowance, overtime work allowance, late-night premium allowance for managers, bonus) Reason for gap: While the ratio of female managers affects the wage gap for both regular and non-regular employees, there is no significant wage gap among employees with equivalent jobs (department general manager equivalent: 102.6%, section manager level: 100.3%, non-manager level: 85.4%). The wage gap is expected to decrease over the medium to long term as we aim to achieve its target female manager ratio (at least 20% female managers by FY2030).

ESG Quantitative Data

Society (Work Styles)

| Item | Boundary | Unit | FY2018 | FY2019 | FY2020 | FY2021 | FY2022 |
|---|------------------|------------------|-----------|-----------|------------|------------|------------|
| Turnover rate of full-time employees | Male | | 1.8 | 1.8 | 1.9 | 3.4 | 3.1 |
| | Female | Non-consolidated | 2.3 | 2.4 | 1.7 | 3.0 | 2.8 |
| | Total | | 1.9 | 2.1 | 1.9 | 3.3 | 3.0 |
| Voluntary turnover rate | Total | Non-consolidated | 1.9 | 1.9 | 1.9 | 3.0 | 2.6 |
| Average monthly overtime hours | Non-consolidated | hours/minutes | 9h 53mins | 7h 47mins | 12h 49mins | 12h 20mins | 10h 55mins |
| Average annual days of paid vacation acquired*1 | Non-consolidated | day | 16.9 | 17.1 | 12.3 | 12.8 | 13.7 |
| Spouse maternity leave | Non-consolidated | case | 90 | 92 | 83 | 70 | 86 |
| Leave to look after a sick child | Non-consolidated | case | 237 | 225 | 173 | 169 | 194 |
| Number of employees who took family care leave | Non-consolidated | person | 0 | 1 | 0 | 0 | 1 |
| Number of employees who took maternity leave | Non-consolidated | person | 71 | 73 | 87 | 70 | 65 |
| Number of employees eligible for childcare leave | Male | | 181 | 179 | 189 | 156 | 168 |
| | Female | Non-consolidated | 71 | 57 | 73 | 60 | 51 |
| | Total | | 252 | 236 | 262 | 216 | 219 |
| Number of employees who took childcare leave | Male | | 10 | 9 | 34 | 41 | 61 |
| | Female | Non-consolidated | 71 | 56 | 73 | 62 | 51 |
| | Total | | 81 | 65 | 107 | 103 | 112 |
| Ratio of eligible male employees taking childcare Leave*1 | Non-consolidated | % | — | — | — | — | 67.0 |
| Number of employees who returned to work after taking childcare leave | Male | | 10 | 9 | 32 | 36 | 58 |
| | Female | Non-consolidated | 54 | 64 | 29 | 8 | 64 |
| | Total | | 64 | 73 | 61 | 44 | 122 |
| Ratio of employees who returned to work after taking childcare leave *2 | Male | | 100 | 100 | 100 | 100 | 100 |
| | Female | Non-consolidated | 100 | 95.6 | 96.7 | 100 | 95 |
| | Total | | 100 | 96.1 | 98.4 | 100 | 98 |
| Number of individuals using shortened work hour system | Non-consolidated | person | 136 | 165 | 173 | 200 | 195 |
| Number of cases of violations of the Labor standards Act | Non-consolidated | case | 3 | 3 | 5 | 5 | 3 |

*1 “The ratio of eligible male employees taking childcare leave” is calculated based on the ratio of employees taking childcare leave or leave intended for childcare under Article 71-4, Item 2 of the Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Ministry of Labour Ordinance No. 25, 1991) in accordance with the provisions of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Act No. 76, 1991).

*2 Partial change to scope of calculations from FY2022.

ESG Quantitative Data

Society (Occupational Safety and Health)

| Item | Boundary | Unit | FY2018 | FY2019 | FY2020 | FY2021 | FY2022 |
|---|------------------|------|--------|--------|--------|--------|--------|
| Number of occupational accidents | Non-consolidated | case | 1 | 3 | 2 | 2 | 2 |
| Number of deaths by occupational accidents | Non-consolidated | case | 0 | 0 | 0 | 1 | 0 |
| Number who suffered Lost Time Incidents (LTI) | Non-consolidated | case | 1 | 3 | 1 | 1 | 0 |
| LTIFR (Lost Time Injury Frequency Rate) | Non-consolidated | case | 0.10 | 0.29 | 0.11 | 0.11 | 0 |

Society (Human Resources Development)

| Item | Boundary | Unit | FY2018 | FY2019 | FY2020 | FY2021 | FY2022 |
|--|---|----------------------------|---------|---------|---------|---------|---------|
| Ability development training* | Total number of lectures | session | 340 | 286 | 255 | 919 | 1,705 |
| | Number of employees participating in training | Non-consolidated person | 14,646 | 14,963 | 12,211 | 44,876 | 92,446 |
| | Total hours of training received | hour | 75,089 | 65,652 | 50,806 | 119,894 | 177,320 |
| | Average hours per employee | hour | 14.7 | 12.7 | 9.7 | 23.4 | 32.3 |
| Number of employees dispatched overseas | Non-consolidated | person | 1,153 | 1,144 | 1,098 | 976 | 921 |
| Number of employees undergoing training overseas | Non-consolidated | person | 96 | 67 | 34 | 76 | 61 |
| Annual education and training cost per employee | Non-consolidated | yen | 555,403 | 501,830 | 325,604 | 327,587 | 380,624 |

*Training hosted by the head office targeted at head office employees and locally recruited employees of overseas bases and business companies. Figures from FY2021 include training conducted by business units in addition to the training organized by HR.

Society (Social Contribution)

| Item | Boundary | Unit | FY2018 | FY2019 | FY2020 | FY2021 | FY2022 | |
|--------------------------------|--|------------------|-------------|--------|--------|--------|--------|-------|
| Social contribution activities | Expenditure for social contribution activities | Consolidated | million yen | 1,528 | 1,980 | 1,654 | 1,655 | 1,910 |
| | Number of employees who used the volunteer leave program | Non-consolidated | person | 7 | 12 | 1 | 10 | 1 |
| Political donations | Non-consolidated | million yen | 24 | 28 | 28 | 28 | 28 | |

ESG Quantitative Data

Governance (Board of Directors, Audit & Supervisory Board, Nomination and Remuneration Advisory Committee)

| Item | Boundary | Unit | FY2018 | FY2019 | FY2020 | FY2021 | FY2022 |
|--|------------------|--------|--------|--------|--------|--------|--------|
| Board of Directors* | | | | | | | |
| Internal directors | | Male | 6 | 6 | 6 | 6 | 6 |
| | | Female | 0 | 0 | 0 | 0 | 0 |
| | | Total | 6 | 6 | 6 | 6 | 6 |
| Independent outside directors | Non-consolidated | Male | 3 | 3 | 3 | 3 | 3 |
| | | Female | 2 | 1 | 2 | 2 | 2 |
| | | Total | 5 | 4 | 5 | 5 | 5 |
| | | Total | 11 | 10 | 11 | 11 | 11 |
| Ratio of female Directors* | | % | 18 | 10 | 18 | 18 | 18 |
| Number of Board of Directors meetings | | time | 20 | 16 | 21 | 22 | 18 |
| Audit & Supervisory Board* | | | | | | | |
| Internal directors | | Male | 2 | 2 | 2 | 2 | 2 |
| | | Female | 0 | 0 | 0 | 0 | 0 |
| | | Total | 2 | 2 | 2 | 2 | 2 |
| Independent outside directors | Non-consolidated | Male | 3 | 3 | 3 | 2 | 2 |
| | | Female | 0 | 0 | 0 | 1 | 1 |
| | | Total | 3 | 3 | 3 | 3 | 3 |
| | | Total | 5 | 5 | 5 | 5 | 5 |
| Number of outside Audit & Supervisory Board Members with expertise in finance and accounting* | | | 1 | 1 | 1 | 1 | 1 |
| Number of Audit & Supervisory Board Meetings | | time | 17 | 15 | 17 | 17 | 17 |
| Ratio of female Directors and Audit & Supervisory Board* | Non-consolidated | % | 13.3 | 6.7 | 13.3 | 18.8 | 18.8 |
| Nomination and Remuneration Advisory Committee* | | | | | | | |
| Internal directors | | Male | 2 | 2 | 2 | 2 | 2 |
| | | Female | 0 | 0 | 0 | 0 | 0 |
| | | Total | 2 | 2 | 2 | 2 | 2 |
| Independent outside directors | Non-consolidated | Male | 2 | 2 | 2 | 2 | 2 |
| | | Female | 1 | 1 | 1 | 1 | 1 |
| | | Total | 3 | 3 | 3 | 3 | 3 |
| | | Total | 5 | 5 | 5 | 5 | 5 |
| Ratio of outside directors in the Nomination and Remuneration Advisory Committee* | | % | 60 | 60 | 60 | 60 | 60 |
| Number of Nomination and Remuneration Advisory Committee meetings | | time | 7 | 5 | 11 | 7 | 7 |

* Figures at the end of June of each fiscal year

ESG Quantitative Data

Governance (Remuneration)

| Item | | Boundary | Unit | FY2018 | FY2019 | FY2020 | FY2021 | FY2022 | |
|---|--|--|----------------------|-------------|--------|--------|--------|--------|-------|
| Remuneration of Directors | Directors (Excluding outside directors) | Monthly remuneration | Non- consolidated | million yen | 480 | 474 | 470 | 380 | 427 |
| | | Bonus for Directors | | | 327 | 194 | — | 513 | 537 |
| | | Stock options | | | 14 | — | — | - | - |
| | | Restricted stock-based compensation | | | 73 | 92 | 86 | 21 | - |
| | | Performance share unit-based stock compensation | | | 66 | 70 | 36 | 65 | 91 |
| | | Restricted performance share unit-based remuneration | | | — | — | — | 121 | 296 |
| | Total | 959 | | | 831 | 592 | 1,099 | 1,351 | |
| | Outside directors | Monthly remuneration | | | 67 | 65 | 87 | 95 | 104 |
| | Total | 67 | 65 | 87 | 95 | 104 | | | |
| Remuneration of Audit & Supervisory Board Members | Inside Audit & Supervisory Board Members | Monthly remuneration | Non- consolidated | million yen | 87 | 87 | 87 | 87 | 87 |
| | Outside Audit & Supervisory Board Members | Monthly remuneration | | | 38 | 38 | 50 | 54 | 59 |
| Audit fees (KPMG AZSA LLC) | Fees for auditing services | Non-consolidated | — | million yen | 492 | 520 | 508 | 504 | 521 |
| | | Consolidated | | | 540 | 537 | 529 | 489 | 495 |
| | | Total | | | 1,032 | 1,057 | 1,037 | 993 | 1,016 |
| | Fees for non-auditing services | Non-consolidated | | | 13 | 16 | 11 | 26 | 20 |
| | | Consolidated | | | 57 | 83 | 62 | 55 | 105 |
| | | Total | | | 70 | 99 | 73 | 81 | 125 |

Governance (Compliance)

| Item | | Boundary | CY2019*1 | CY2020*1 | FY2021 | FY2022 |
|--|------------------------|---|-------------------------|-------------------------|-------------------------|-------------------------|
| Compliance-related seminars and other training programs | Number of times | Head Office or domestic/overseas corporations*2 | ≥270times | ≥150times | ≥140times | ≥160times |
| | Number of participants | | Total of ≥ 19,160person | Total of ≥ 19,890person | Total of ≥ 20,990person | Total of ≥ 29,580person |
| Of the above, seminars and other training programs related to anti-bribery and anti-corruption | Number of times | | ≥80times | ≥70time | ≥50times | ≥70times |
| | Number of participants | | Total of ≥ 3,100person | Total of ≥ 10,800person | Total of ≥ 5,450person | Total of ≥ 10,240person |

*1 Figures from January to December of each year

*2 Including training programs conducted by Sumitomo Corporation or its regional offices for business-line subsidiaries in Japan or overseas.

External Recognition

Assessment organizations

FTSE4Good Index Series / FTSE Blossom Japan Index / FTSE Blossom Japan Sector Relative Index

We were selected as a constituent of FTSE4Good Index Series, FTSE Blossom Japan Index and FTSE Blossom Japan Sector Relative Index. Published by FTSE Russell, an investment index calculator, FTSE4Good Index Series consists of companies with strong Environment, Social and Governance (ESG) practices. FTSE Blossom Japan Index and FTSE Blossom Japan Sector Relative Index which are also provided by FTSE Russell, measure the performance of Japanese companies in terms of ESG practices. They have also been adopted by the Government Pension Investment Fund (GPIF) as an effective index for ESG investment.



FTSE4Good



FTSE Blossom
Japan



FTSE Blossom
Japan Sector
Relative Index

MSCI: MSCI Japan Empowering Women Index (WIN)

Sumitomo Corporation is listed as a constituent of the MSCI Japan Empowering Women Index (WIN), one of the environmental, social and governance (ESG) indices selected by the GPIF. This is an ESG index consisting of companies with high gender diversity selected by MSCI USA.

2023 CONSTITUENT MSCI JAPAN
EMPOWERING WOMEN INDEX (WIN)

* The inclusion of Sumitomo Corporation in any MSCI index, and the use of MSCI logos, trademarks, service marks or index names herein, do not constitute a sponsorship, endorsement or promotion of Sumitomo Corporation by MSCI or any of its affiliates. The MSCI indexes are the exclusive property of MSCI. MSCI and the MSCI index names and logos are trademarks or service marks of MSCI or its affiliates.

S&P/JPX Carbon Efficient Index

We were selected in S&P/JPX Carbon Efficient Index, a global environmental stock index created by S&P Dow Jones Indices in the United States (As of March 2023). It is adopted by the GPIF as an effective index for ESG investment.

SOMPO Sustainability Index

We were selected in the SOMPO Sustainability Index managed by SOMPO Asset Management Co., Ltd. ("SOMPO Asset Management") (As of June 2023). The SOMPO Sustainable Management, launched by SOMPO Asset Management in August 2012, is a socially responsible investment funds for pension trusts and institutional investors that invest broadly in companies having a strong positive evaluation for ESG performance.



CDP

In 2022, we were evaluated A-(leadership level) in the Climate Change program, A-(leadership level) in the Water Security program, and A- (leadership level) in the Forests program by the CDP.



Zero-Emissions Challenge

In October 2020, We were included in a "List of Companies Taking on the Zero-Emission Challenge" published by METI as a company that is paving the way to realization of a decarbonized society by taking advantage of innovations.



External Recognition

Others

"Eruboshi" Certification

In May 2016, we were certified as a second-highest class "Eruboshi" company in recognition of the effort to promote the active involvement of female employees on the basis of the Act on Promotion of Women's Participation and Advancement in the Workplace.



"Platinum Kurumin" as a Company that Provides Superior Childcare Support

We were granted "Platinum Kurumin" certification in June 2015 by the Ministry of Health, Labor and Welfare (MHLW) in recognition of providing superior childcare support among the "Kurumin" certified companies.



Reforming and Diversifying Work Practices

We have been certified by METI as a "White 500" enterprise with outstanding health and productivity management for seven consecutive years from 2017 to 2023.



Certified as a "Silver" in "PRIDE INDEX"

In 2022, we were certified as a "Silver" in "PRIDE INDEX" in recognition of the effort to support sexual minorities including LGBTQ+ by a private organization "work with Pride".



Telework Pioneer 100

We were selected for inclusion in the Top Hundred Telework Pioneers for FY2019 by the Ministry of Internal Affairs and Communications (MIC). Through Top Hundred Telework Pioneers, MIC recognizes companies and organizations with sufficient achievements that are advancing the introduction and utilization of telecommuting.



Kagayaku Telework Award

Sumitomo Corporation won the Excellence Award of the FY2020 Telework Promotion Company Award (Kagayaku Telework Award) presented by the MHLW. This award is presented to companies and organizations that achieved outstanding results in maintaining a good work-life balance for employees through the use of telework. The Excellence Award in particular recognizes companies and organizations with exceptional measures.

DX-Certified Business Operator

Sumitomo Corporation was selected as a DX-Certified Business Operator under METI's DX Certification System. This system recognizes DX-Certified Business Operators as companies ready to pursue DX in accordance with the Act on Facilitation of Information Processing.



Won the 19th Corporate Philanthropy Special Award

Our global social contribution activity program "100SEED" won the "Tanemaki (Seeding) Century Award" at the 19th Corporate Philanthropy Award, which is intended to commend activities that help resolve social issues and contribute to the sound development of our society. (Awarded in 2022)

Commitment to External Initiatives

UN Global Compact

The Global Compact (GC) was proposed by the former UN Secretary General Kofi Annan in 1999 and officially launched in 2000 at the UN Headquarters in New York.

In March 2009, Sumitomo Corporation Group signed the UN Global Compact and declared its support for the 10 principles, shares the same values as our Corporate Mission Statement. We are raising the awareness of our officers and employees around the world regarding their purpose and making efforts to further increasing our corporate value by constantly seeking out areas of our business activities that can be improved in light of the values advocated by the 10 principles.

We are also actively participating in the activities of Japan's local network, Global Compact Network Japan, as one of the member companies. In FY2022, we took part in working groups on: environmental management related to climate change, biodiversity and other environmental issues; human rights due diligence; reporting; supply chain; SDGs; ESG; CSV and circular economy. Through this involvement, we acquire information on recent global trends in these areas, learn of examples of superior initiatives, and are provided insight from specialists. This knowledge is utilized to help the Company promote Sustainability.

[Commitment to International Codes of Conduct | Sumitomo Corporation](#)

Task Force on Climate-related Financial Disclosures (TCFD)

Sumitomo Corporation recognizes the importance of climate-related financial disclosures and supports the recommendations of the TCFD*1, and further expand its information disclosure in accordance with the recommendations.

*1 The Task Force on Climate-related Financial Disclosures was established by the Financial Stability Board (FSB). The final report to recommend further expansion of information disclosure was released in June, 2017.

[Disclosure based on TCFD Recommendations](#)

Task Force on Nature-related Financial Disclosures (TNFD)

Our business depends largely on natural capital, and biodiversity conservation is an important issue for the company. In June 2022, Sumitomo Corporation joined the TNFD Forum, a network of institutional supporters who share the vision and mission of TNFD*2. We will make further efforts to conserve biodiversity going forward.

*2 Taskforce on Nature-related Financial Disclosures. A global initiative aimed to develop and deliver a risk management and disclosure framework for organizations to report and act on evolving nature-related risks.

[Trial Analysis based on TNFD Beta Framework](#)

Keidanren / Japan Foreign Trade Council

As a member of the Subcommittee on Global Environment of the Committee on Environment and Safety of Keidanren (Japan Business Federation), our company addresses global warming and climate change and helps design environmental policies that will not harm the economy. We also participate in Sustainability Promotion Committee and Global Environment Committee of Japan Foreign Trade Council, Inc. to discuss how to realize a low-carbon society and a recycling society, and how to comply with environment-related laws and regulations. In addition, we participate in the Social Contribution & ABIC Committee to cooperate in the expansion of ABIC activities and exchange information concerning social contribution activities in our industry. When assessing whether to join membership with an industry group, we confirm whether the group's climate change initiatives are consistent with our policy on climate change. Also, we implement appropriate climate change countermeasures regardless of the level of influence of the affiliated industry group.

Stakeholder Capitalism Metrics

In January 2021, Sumitomo Corporation supported and signed the Stakeholder Capitalism Metrics, a standard for non-financial information disclosure released by the International Business Committee (IBC) of the World Economic Forum (WEF). While utilizing this metrics, we will further expand the disclosure of non-financial information to our stakeholders.

[Disclosure based on IBC Stakeholder Capitalism Metrics](#)

Japan CCS Co., Ltd. / Global CCS Institute / Asia CCUS Network

We are a shareholder of Japan CCS Co., Ltd. (JCCS). The company is conducting demonstration tests on the use of CCS technology, which involves capturing and storing CO₂ in the ground, as well as chemical synthesis of CO₂.

We joined the Global CCS Institute (GCCSI) to meet conditions desirable to apply CCS. Since 2021, the company has been participating in the Asia CCUS Network to share knowledge with and educate Asian countries with regard to CCUS.

Commitment to External Initiatives

GX League



In April 2023, Sumitomo Corporation joined the GX League* promoted by the Ministry of Economy, Trade and Industry (METI).

The GX League is a forum for a group of companies, the government, universities, and academic institutions to collaborate in taking on the challenge of achieving GX (Green Transformation) and sustainable growth, looking ahead to the carbon neutral in 2050 and transforming society.

In addition to aiming for our own group to be carbon neutral in 2050, we are also actively working on initiatives that will contribute to the carbon neutrality of the society as a whole.

We will further promote these efforts by utilizing the framework of the GX League.

*Sumitomo Corporation endorsed the GX League Basic Concept, which lays out the basic guidelines for the full-scale operation of the GX League in March 2022.

Support for Keidanren Declaration on Biodiversity and Action Guidelines

In January 2020, Sumitomo Corporation supported the "Keidanren Declaration on Biodiversity and Action Guidelines (Revised edition)" formulated by Keidanren and the Keidanren Committee on Nature Conservation.

This Declaration sets forth the determination and action guidelines to address biodiversity conservation issues from the corporate perspective in order to realize a sustainable society through building a society in harmony with nature.

Recognizing the importance of biodiversity and natural activities, we will continue to work to maintain and conserve biodiversity to realize a sustainable society.

Keidanren Nature Conservation Fund (KNCF)

KNCF, which was established in 1992 and is comprised of Keidanren member companies that actively work on nature and biodiversity conservation, supports nature conservation activities and promotes exchange with NGOs. Sumitomo Corporation is participating in KNCF as its member.

Japanese Ministry of the Environment's "COOL CHOICE" Campaigns

For the target to reduce the amount of greenhouse gas emissions by 26% from FY2013 by FY2030, Japanese Ministry of the Environment promotes "COOL CHOICE" campaign that recommends the "wise choice" which contributes to global warming measures by choosing low carbon type products, service and lifestyle.

Sumitomo Corporation participates in this campaign and promotes actions to conserve energy and reduce waste at its offices to realize the low carbon society.



Council for Better Corporate Citizenship (CBCC)

CBCC was established in 1989 with the support of Keidanren to provide support for activities that help Japanese companies to be accepted as good corporate citizens by communities in which they operate outside of Japan. As a member of CBCC, Sumitomo Corporation collects the latest information about CSR and engages in CSR dialogue with related organizations in and outside Japan.

Principles and Policies Supporting Corporate Activities

We have established our own principles and policies while respecting international conduct standards. In accordance with these principles, policies and standards, we are addressing the Six Material Issues to Achieve Sustainable Growth with Society.

Environment

- » **Sumitomo Corporation Group Environmental Policy**
<https://www.sumitomocorp.com/en/jp/sustainability/environment-policy>
- » **Policies on Climate Change Issues**
[https://www.sumitomocorp.com/en/jp/sustainability/environmental-management/climate](https://www.sumitomocorp.com/en/jp/sustainability/environmental-management/management/climate)
- » **ISO 14001 Management System Certification**
<https://www.sumitomocorp.com/en/jp/sustainability/environment-policy#03>

Social

- » **The Sumitomo Corporation Group CSR Action Guidelines for Supply Chain Management**
<https://www.sumitomocorp.com/en/jp/sustainability/csr>
- » **Supply Chain Management Policies for Specific Commodities**
 - **Sumitomo Corporation Group Forest Management Policy**
<https://www.sumitomocorp.com/en/jp/sustainability/csr/activity#01>
 - **Sumitomo Corporation Group Sourcing Policy for Forest Products**
<https://www.sumitomocorp.com/en/jp/sustainability/csr/activity#02>
- » **Sumitomo Corporation Group's Human Rights Policy**
<https://www.sumitomocorp.com/en/jp/sustainability/respect>
- » **Global HR Management Policy**
<https://www.sumitomocorp.com/en/jp/about/talent>
- » **Support for the UN Global Compact's 10 Principles**
<https://www.sumitomocorp.com/en/jp/sustainability/initiative>
- » **The Sumitomo Corporation Group's Basic Principles on Social Contribution Activities**
<https://www.sumitomocorp.com/en/jp/sustainability/contribution>

Governance

- » **Corporate Governance Principles**
<https://www.sumitomocorp.com/en/jp/about/governance/detail>
- » **Sumitomo Corporation Group Tax Principles**
<https://www.sumitomocorp.com/jp/-/media/Files/hq/sustainability/material-issues/tax-principles-i.pdf?la=en>
- » **Sumitomo Corporation Group Compliance Policy**
<https://www.sumitomocorp.com/en/jp/about/governance/compliance/policy>
- » **Corporate Disclosure Policy**
<https://www.sumitomocorp.com/en/jp/about/governance/detail/disclosurepolicy>
- » **Risk Management Basic Policy**
<https://www.sumitomocorp.com/en/jp/about/governance/risk>
- » **Information Security Policy**
<https://www.sumitomocorp.com/en/jp/security>
- » **Privacy Policy**
<https://www.sumitomocorp.com/en/jp/privacy>
- » **Sumitomo Corporation Group Anti-Corruption Policy**
<https://www.sumitomocorp.com/jp/-/media/Files/hq/about/governance/compliance/anti-corruption-policy.pdf?la=en>

Disclosure based on IBC Stakeholder Capitalism Metrics

Overview

In January 2021, Sumitomo Corporation supported and signed the Stakeholder Capitalism Metrics, a standard for non-financial information disclosure published by the International Business Council (IBC) of the World Economic Forum. Stakeholder Capitalism Metrics is a set of universal and comparable disclosures consisting of 21 core metrics and 34 expanded metrics focused on people, planet, prosperity and governance. While utilizing this Metrics, we will further expand the disclosure of nonfinancial information to our stakeholders. In FY2022, our disclosure focuses on the Metrics that are of high importance to the Company. We do not currently disclose all of them, but we will continue to review our disclosure based on the importance of the Metrics to our company and usefulness to our stakeholders.

Principle of Governance

| Theme | Metric | Response |
|---------------------------|---|--|
| Governing Purpose | Setting purpose The company's stated purpose, as the expression of the means by which a business proposes solutions to economic, environmental and social issues. Corporate purpose should create value for all stakeholders, including shareholders. | Sumitomo Corporation believes that establishing and maintaining better governance and pursuing its business activities will help to grow and develop sustainably. In addition, such efforts will help Sumitomo Corporation to enhance its corporate value over the mid-to-long term and to fulfill its social mission as a corporation. Sumitomo Corporation believes that this will also serve the interest of its shareholders and all other stakeholders, including clients, employees, and local communities, and Sumitomo Corporation plans to maintain unstinting efforts to improve its governance further in future. This is mentioned in Section 2.2 of " Sumitomo Corporation Corporate Governance Principles ". |
| | Purpose-led management How the company's stated purpose is embedded in company strategies, policies and goals. | The mission of Sumitomo Corporation is to support all our stakeholders, including shareholders, clients, local communities and employees, in their endeavors to achieve prosperity and realize their dreams through our sound business activities. To fulfill this mission, we have established and disclosed management principles and policies including Environmental Policy, Sumitomo Corporation Group Compliance Policy, Sumitomo Corporation Group Anti-Corruption Policy, CSR Action Guidelines for Supply Chain Management, Policies on Climate Change Issues, and Sumitomo Corporation Group's Human Rights Policy. In addition, to pursue the sustainability of our company and society in accordance with our corporate mission, we have been working to enhance the sustainability management since 2020. As part of the efforts, we identified key social issues and set mid- and long-term goals for each of the social issue. As we strive to solve the social issues through our business, we will disclose the progress in the ESG Communication Book. For more information on the key social issues and on the progress of the mid- and long-term goals, please refer to p.9 to 23. |
| Quality of Governing Body | Governance body composition Composition of the highest governance body and its committees by: competencies relating to economic, environmental and social topics; executive or non-executive; independence; tenure on the governance body; number of each individual's other significant positions and commitments, and the nature of the commitments; gender; membership of under-represented social groups; stakeholder representation. | We disclose the composition of the highest governance body (Board of Directors (Audit & Supervisory Board Member system)), and its members (Directors: 6 internal, 5 external (of which, 2 female members), Audit & Supervisory Board Members: 2 internal, 3 external (of which, 1 female member) on p.152. We also disclose the information on our Corporate Governance Report, Integrated Report, "Sumitomo Corporation Corporate Governance Principles" as well as in the Notice of Convocation for our Ordinary General Meeting of Shareholders. Regarding the number of each individual's other significant positions and the nature of commitments, Sumitomo Corporation discloses the status of main duties, in accordance with laws and regulations, in the business report section in the Notice of Convocation as well as other reference documents for the Ordinary General Meeting of Shareholders. |

: Core Metric : Expanded Metric

Disclosure based on IBC Stakeholder Capitalism Metrics

Principle of Governance

Theme

Metric

Response

: Core Metric : Expanded Metric

Progress against strategic milestones

Disclosure of the material strategic economic, environmental and social milestones expected to be achieved in the following year, such milestones achieved from the previous year, and how those milestones are expected to or have contributed to long-term value.

Sumitomo Corporation sets quantitative and qualitative management targets in its mid-term management plan and makes efforts to achieve the targets through a thorough plan-do-check-act (PDCA) cycle. In the new mid-term management plan "SHIFT 2023", which has started in FY2021, we are also monitoring the social and environmental aspects of our business based on the 6 key social issues that were identified in FY2020 as well as their mid-and long-term goals and annual action plans. We have been monitoring their progress and we have started disclosing them since FY2022.

For more information on the key social issues and their mid-and long-term goals, please refer to p.11 to 23.

Remuneration

1. How performance criteria in the remuneration policies relate to the highest governance body's and senior executives' objectives for economic, environmental and social topics, as connected to the company's stated purpose, strategy and long-term value.

2. Remuneration policies for the highest governance body and senior executives for the following types of remuneration:

- Fixed pay and variable pay, including performance-based pay, equity-based pay, bonuses and deferred or vested shares
- Sign-on bonuses or recruitment incentive payments
- Termination payments
- Clawbacks
- Retirement benefits, including the difference between benefit schemes and contribution rates for the highest governance body, senior executives and all other employees

1.

From the perspective of reinforcing the relationship with the Group's management strategy, the total amount to be paid is determined by newly reflecting the stock price growth rate of the Company (ratio of the Company's stock price growth rate to the TOPIX growth rate) in addition to the performance management indicators contained in the Medium-Term Management Plan "SHIFT2023," and the amount to be paid to individual officers is distributed according to their position and personal evaluation and paid after the end of the fiscal year. In addition, each officer is evaluated on the basis of both financial indicators (status of achievement of business plans, etc. in the respective areas of responsibility) and non-financial indicators (status of achievement of indicators (KPIs and KAIs) that objectively measure the attainment of strategic targets for each Strategic Business Unit (SBU), which are groups of businesses with the same strategy, and status of making efforts for priority companywide challenges, etc.) so they can become more aware in regard to their commitment to management strategy and results. In the individual evaluation, comparative weight between evaluation by the financial indicators and the evaluation by non-financial indicators will be set as 50%:50%. Among the non-financial indicators (50%), the three companywide priority challenges (i. e., business transformation through digital transformation [DX], enhancement of sustainability management, and promotion of Diversity & Inclusion) will be given 20% weight of the total.

2.

Remuneration policy 1: Remuneration standards and remuneration composition ratios of Executive Directors and Executive Officers

The Company has set appropriate remuneration standards and remuneration composition ratios based on current business results and the appropriate level of business results it seeks to achieve in the future, while also bearing in mind the roles required of Executive Directors and Executive Officers and referring to objective remuneration market research data, etc. provided by external specialized agencies such as the Willis Towers Watson "Executive Compensation Database" in order to realize a remuneration system that will contribute to the acquisition, retention and motivation of the Company's corporate management personnel.

Remuneration policy 2: Performance-linked bonus

In addition to 1. above, the potential range of business results in terms of consolidated net income and basic profit cash flow is assumed to be 200–600 billion yen, and if business results fall outside of this range, the total amount of performance-linked bonuses to be paid is decided separately by the Board of Directors based on report from the Nomination and Remuneration Advisory Committee. In addition, in order to further promote the efforts of the Medium-Term Management Plan SHIFT 2023, we added the year-on-year stock price growth rate as a new indicator for determining the total amount of performance-linked bonuses, and the total amount to be paid is worked out by multiplying the amount calculated from consolidated net income and basic profit cash flow by the year-on-year stock price growth rate. The range of the year-on-year stock price growth rate is 80–120%.

Remuneration policy 3: Restricted Performance Share Unit-Based Remuneration

With the aim offering incentives to seek sustainable improvement of the Company's corporate value as well as promoting efforts to increase our corporate value over the medium to long term, the Company's common shares (restricted) in number determined according to the Company's stock growth rate (ratio of Company's stock growth and including dividends to the growth rate of TOPIX (Tokyo Stock Exchange Stock Price Index)) during the 3 years evaluation period are granted each year in principle. The restriction period will be from the day the shares are granted and until the day the recipients resigns or retires from all their positions as Director or Executive Officer of the Company or any other position determined by the Board of Directors.

Quality of Governing Body

Disclosure based on IBC Stakeholder Capitalism Metrics

Principle of Governance

: Core Metric : Expanded Metric

| Theme | Metric | Response |
|-------------------------------|---|--|
| Stakeholder Engagement | <p>Material issues impacting stakeholders A list of the topics that are material to key stakeholders and the company, how the topics were identified and how the stakeholders were engaged.</p> | <p>The basis for the Sumitomo Corporation Group's operations can be found in Sumitomo's Business Philosophy, which has formed the foundation for Sumitomo's sustainable development over the course of 400 years. One of the credos of this philosophy states: "Benefit for self and others, private and public interests are one and the same." We interpret this credo advocates Sumitomo's business activities must benefit not only Sumitomo, but also society around us to achieve sustainable growth together.</p> <p>In 2017, the Group identified 6 material issues for achieving sustainable growth with society. By constantly clarifying the relationship between our strategy and business with the material issues, we have been conducting sustainability management with the awareness that our business activities will contribute to solving social issues.</p> <p>In 2020, to further enhance the sustainability management and clarify our role in realizing a sustainable society, we have identified 6 key social issues that we address through our business and corporate activities. The 6 key social issues are: "Mitigation of climate change", "Circular economy", "Respect for human rights", "Development of local society and economy", "Improvement of living standard" and "Quality education". In addition, we have set long-term goals for each issue and medium-term goals that indicate more specific initiative.</p> <p>Progress toward each goal is disclosed on p.11 to 23.</p> <p>When identifying the 6 key social issues, we launched an internal project team, which first created a long list of global social issues based on the UN Sustainable Development Goals. Also, considering the characteristics of our business activities as an integrated general trading company, the project team came up with hypotheses related to important issues deeply involving the Group and picked out several issues from the long list. At the same time, they conducted surveys and interviews with the general managers of each business unit and division concerning opportunities and risks related to social issues within the strategies and business activities of each organization based on the long list. They then analyzed the relationship of our businesses to each issue. Finally, after comparing their hypotheses with the survey results and organizing them into categories, the team identified 6 key social issues. The key social issues and long-term goals were decided in June 2020 after resolutions by the Management Council and the Board of Directors. We also decided on medium-term goals in May 2021. In this series of processes, opinions were exchanged with experts on the environment and human rights, institutional investors, international organizations, and others to verify that the expectations of our various stakeholders have been properly reflected.</p> |
| Ethical Behaviour | <p>Anti-corruption 1.Total percentage of governance body members, employees and business partners who have received training on the organization's anti-corruption policies and procedures, broken down by region.</p> <p>2. a) Total number and nature of incidents of corruption confirmed during the current year, but related to previous years; and b) Total number and nature of incidents of corruption confirmed during the current year, related to this year.</p> <p>3.Discussion of initiatives and stakeholder engagement to improve the broader operating environment and culture, in order to combat corruption.</p> | <ol style="list-style-type: none"> 1. Sumitomo Corporation and its Group companies have conducted more than 70 seminars and other training programs on anti-corruption and more than 10,240 officers/employees participated in FY2022. 2. No incident was confirmed in FY2022 in which the Company has been fined nor convicted of bribery of public officials. 3. Sumitomo Corporation Group implements strict measures to prevent bribery, inappropriate payments, and all other forms of corruption. Specifically, we have established the "Rules for Prevention of Bribery of Public Officials", which regulate the provision of entertainment, gifts, invitations and donations to domestic and foreign public officials as well as the selection of service providers (such as agents, consultants or other business intermediaries). We extend these rules to overseas offices and Group companies and we also offer ongoing employee education and work constantly to prevent bribery and corruption. <p>Our "Sumitomo Corporation Group Anti-Corruption Policy", which summarizes the Group's principles and policies outlined above, sets out the Group's basic principles in this area and explains our anti-bribery system and our initiatives for the prevention of bribery to our business partners including service providers, and request their understanding and cooperation.</p> |

Disclosure based on IBC Stakeholder Capitalism Metrics

Principle of Governance

: Core Metric : Expanded Metric

| Theme | Metric | Response |
|--------------------------|---|---|
| | <p>Protected ethics advice and reporting mechanisms A description of internal and external mechanisms for:</p> <ol style="list-style-type: none"> 1. Seeking advice about ethical and lawful behaviour and organizational integrity; and 2. Reporting concerns about unethical or unlawful behaviour and lack of organizational integrity. | <p>Our internal rules stipulate "Immediate Report", which means that any issues or potential issues in relation to compliance must be reported immediately to their line manager or to the relevant department of the Corporate Group. Such issues include not only the violation of antitrust/competition laws or anti-bribery/corruption laws but also workplace misconduct, falsification of accounts, or harassment. If reporting through the usual reporting line is difficult for some reason, we maintain a "Speak-Up System" available to officers and employees to report the issue to the Chief Compliance Officer through an internal or external hotline.</p> <p>In addition, we have developed and launched the group-based Speak-Up System, which enables officers and employees of group companies both in and outside Japan to report compliance-related issues. For more details, please see our website.</p> <p>Also, appropriate departments respond to advice and reports received from external stakeholders through the Contact Form on our website, etc.</p> |
| Ethical Behaviour | <p>Monetary losses from unethical behaviour Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, anti-trust, anti-competitive behaviour, market manipulation, malpractice or violations of other related industry laws or regulations.</p> | <p>In FY2022, there was no incident (monetary loss) at Sumitomo Corporation.</p> |
| | <p>Alignment of strategy and policies to lobbying The significant issues that are the focus of the company's participation in public policy development and lobbying; the company's strategy relevant to these areas of focus; and any differences between its lobbying positions and its purpose, stated policies, goals or other public positions.</p> | <p>In the course of our global and diverse business activities, we participate in various organizations and meetings, including Keidanren (Japan Business Federation), to communicate our opinions. One example of our participation in the public sector is the study of GX (Green Transformation) League established by the Ministry of Economy, Trade and Industry (METI) in April 2022 for the purpose of realizing a carbon-neutral society. Through the GX League, we will communicate our opinions to encourage the creation of new businesses that will help make society carbon neutral.</p> <p>In addition, the amount of our political contribution in FY2022 is 28 million yen.</p> |

Disclosure based on IBC Stakeholder Capitalism Metrics

Principle of Governance

: Core Metric : Expanded Metric

| There | Metric | Response |
|--|---|---|
| <p>Risk and Opportunity Oversight</p> | <p>Integrating risk and opportunity into business process Company risk factor and opportunity disclosures that clearly identify the principal material risks and opportunities facing the company specifically (as opposed to generic sector risks), the company appetite in respect of these risks, how these risks and opportunities have moved over time and the response to those changes. These opportunities and risks should integrate material economic, environmental and social issues, including climate change and data stewardship.</p> | <p>Sumitomo Corporation Group faces a variety of social issues in the course of its wide-ranging business activities. As the world strives to achieve a sustainable society, in 2020, we have identified 6 key social issues and their long-term goals to further clarify our role. Furthermore, in 2021, based on the long-term goals, we have set mid-term goals to promote more specific initiatives, such as the development of business opportunities that capture changes in the business environment surrounding each issue and the development of risk management mechanism. The progress of these initiatives will be monitored and discussed at the Corporate Sustainability Committee.</p> <p>Progress toward each goal is disclosed on p.11 to 23.</p> <p>In addition, when making new business investment, we assess its social and environmental impact. The Company Investment Committee*, which the Corporate Sustainability team is a member of, discusses including the perspective of social and environmental risks and opportunities.</p> <p>*Advisory body to the Management Council, which is the highest executive-level decision-making body</p> <p>Please see p.6 for our business risks and opportunities identified for various sustainability topics.</p> |
| <p>Risk and Opportunity Oversight</p> | <p>Economic, environmental and social topics in capital allocation framework How the highest governance body considers economic, environmental and social issues when overseeing major capital allocation decisions, such as expenditures, acquisitions and divestments.</p> | <p>At Sumitomo Corporation, the discussion of management resource allocation is done at the biannual Strategy Meeting where the top management participates. The decision is finalized at the Management Council, which is the highest executive-level decision-making body and is executed under the supervision of the Board of Directors. When setting the areas of business growth fields, which are the focus points of the resource allocation in each business areas, we also consider opportunities and risks in each business areas that arise from social issues.</p> <p>When discussing a new investment opportunity in individual business, we consider not only profitability, but also environmental and social impacts and/or risks based on the uniqueness of the business. If necessary, we hire an external expert and conduct a thorough due diligence on the environmental and social aspects (i.e. pollution, biodiversity, use of water and other limited natural resources, respect of human rights, occupational health and safety, other workplace environment, impact on local communities etc.) and make the final investment decision. Also, we continuously monitor the environmental and social impact in the post-investment process as well.</p> <p>In addition, policies and initiatives pertaining to non-financial aspects that are essential for promoting our sustainability management are discussed at the Corporate Sustainability Committee and then proposed at the Management Council.</p> <p>All of these processes are carried out under the supervision of the Management Council as well as the Board of Directors.</p> <p>For more information on our risk management, please refer to p.141 and 142.</p> |

Disclosure based on IBC Stakeholder Capitalism Metrics

Planet

: Core Metric : Expanded Metric

| Theme | Metric | Response |
|-----------------------|---|---|
| Climate Change | <p>Greenhouse gas (GHG) emissions</p> <p>For all relevant greenhouse gases (e.g. carbon dioxide, methane, nitrous oxide, F-gases etc.), report in metric tonnes of carbon dioxide equivalent (tCO2e) GHG Protocol Scope 1 and Scope 2 emissions. Estimate and report material upstream and downstream (GHG Protocol Scope 3) emissions where appropriate.</p> | <p>Sumitomo Corporation Group's greenhouse gas emissions (thousand t-CO2e) for FY2022 are as follows:</p> <ul style="list-style-type: none"> • Scope1: 1,528 (Breakdown by GHG type) CO2 1,268 CH4 153 N2O 107 • Scope2 : 553 • Scope3 Upstream Transportation and Distribution: 4.00 • Scope3 Waste: 0.01 • Scope3 Business Trips: 10.28 • Scope3 Employee Commuting: 0.51 • Scope3 Downstream Leased Assets : 31.63 <p>For more information such as the reporting boundaries and CO2 emissions, see our Environmental Data available on P.145 and 146. Also, please refer to P.59 for our CO2 emission reduction initiatives that we announced as the mid-term goal for climate change mitigation.</p> |
| | <p>TCFD implementation</p> <p>Fully implement the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). If necessary, disclose a timeline of at most three years for full implementation. Disclose whether you have set, or have committed to set, GHG emissions targets that are in line with the goals of the Paris Agreement – to limit global warming to well below 2°C above pre-industrial levels and pursue efforts to limit warming to 1.5°C – and to achieve net-zero emissions before 2050.</p> | <p>Sumitomo Corporation has been supporting the final recommendations of the TCFD since March 2019. We have also been disclosing information since 2020 on our climate change-related governance, strategy, risk management, targets and KPIs in compliance with the framework recommended by the TCFD. For more information, please see P.28 to 59.</p> <p>Also, we have identified "mitigation of climate change" as one of the 6 key social issues which the Group will address to achieve a sustainable society. As a long-term goal, the Group will aim to carbon neutralize its business by 2050, and also will aim to achieve its mid-term goal, which is to reduce CO2 emissions by 50% or more by 2035 compared to 2019 levels.</p> |
| | <p>Paris-aligned GHG emissions targets</p> <p>Define and report progress against time-bound science-based GHG emissions targets that are in line with the goals of the Paris Agreement – to limit global warming to well below 2°C above pre-industrial levels and pursue efforts to limit warming to 1.5°C. This should include defining a date before 2050 by which you will achieve net-zero greenhouse gas emissions, and interim reduction targets based on the methodologies provided by the Science Based Targets initiative, if applicable. If an alternative approach is taken, disclose the methodology used to calculate the targets and the basis on which they deliver on the goals of the Paris Agreement.</p> | <p>As stated above, we have a long-term goal of seeking to become carbon neutral in the Group's business by 2050 and we will also contribute to the carbon neutralization of society. Also, we have set a mid-term goal of reducing the CO2 emissions by 50% or more by 2035 compared to 2019 levels.</p> <p>For specific action plans and initiatives, please see P.31 and 59.</p> |

Disclosure based on IBC Stakeholder Capitalism Metrics

Planet

: Core Metric : Expanded Metric

| Theme | Metric | Response |
|--------------------------|---|--|
| Nature Loss | <p>Land use and ecological sensitivity Report for operations (if applicable) and full supply chain (if material):</p> <ul style="list-style-type: none"> – Area of land used for the production of basic plant, animal or mineral commodities (e.g. the area of land used for forestry, agriculture or mining activities). – Year-on-year change in the area of land used for the production of basic plant, animal or mineral commodities. <p>Note: Supply-chain figures can initially be estimated where necessary based on the mass of each commodity used and the average mass produced per unit of land in different sourcing locations.</p> <ul style="list-style-type: none"> – Percentage of land area in point 1 above or of total plant, animal and mineral commodity inputs by mass or cost, covered by a sustainability certification standard or formalized sustainable management programme. Disclose the certification standards or description of sustainable management programmes along with the percentage of total land area, mass or cost covered by each certification standard/programme. | <p>In the Ambatovy Project, a company in the Republic of Madagascar in which we have an equity stake, we are developing mines in an area of 1,600 hectares. We run an offset program in line with guidance from the Business and Biodiversity Offsets Program (BBOP) and IFC Performance Standard 6, and as an initiative to mitigate the impact of development on ecosystems by regenerating or creating other ecosystems. As a specific example, we have offset our impacts across 14,000 hectares of land, or nine times the area of our business, including conserving 6,800 hectares of forested land that is similar to the land being developed</p> |
| | <p>Land use and ecological sensitivity Report the number and area (in hectares) of sites owned, leased or managed in or adjacent to protected areas and/or key biodiversity areas (KBA).</p> | <p>In June 2022, we joined the TNFD Forum and conducted a trial analysis based on v0.4 of the TNFD beta framework. For the results of the trial analysis conducted in FY2023, please see p.73 to 78.</p> |
| Fresh water availability | <p>Water consumption and withdrawal in water-stressed areas Report for operations where material: mega litres of water withdrawn, mega litres of water consumed and the percentage of each in regions with high or extremely high baseline water stress, according to WRI Aqueduct water risk atlas tool. Estimate and report the same information for the full value chain (upstream and downstream) where appropriate.</p> | <p>The Group's water consumption and withdrawal in water-stressed areas* for FY2022 are as follows.</p> <ul style="list-style-type: none"> • Total water consumption : 59,267 megaliters Of this, 6.6% in water-stressed areas* • Total water withdrawal : 66,452 megaliters Of this, 6.5% in water-stressed areas* <p>* Water-stressed areas :The regions with high or extremely high baseline water stress, according to WRI Aqueduct water risk atlas tool.</p> |

Disclosure based on IBC Stakeholder Capitalism Metrics

People

: Core Metric : Expanded Metric

| Theme | Metric | Response | | | | | | | | | | | | | | | | | | | | | | | | |
|-----------------------------|---|---|-----------|---------------------|---|-----|-----|-------|-----|-------|-------|-----|-------|-------|-----|-------|-------|-----|-----|------|-----|---|------|-------|-------|------|
| | <p>Diversity and inclusion (%) Percentage of employees per employee category, by age group, gender and other indicators of diversity (e.g. ethnicity).</p> | <p>The Sumitomo Corporation Group has a diverse workforce made up of people who have different lifestyles and values in addition to differences in gender and nationality. It is essential to utilize the rich mix of "knowledge" held by diverse people as a source of competitiveness in order to survive and stay ahead in complex business domains. We will focus on the diversity of our workforce on a global basis, particularly on the strengths of individuals, and bring these strengths together in combination. By doing so, we will drive the progress of our growth strategies.</p> <p>Gender ratio at Sumitomo Corporation (non-consolidated) as of March 2023: Male: 3,761 / Female: 1,307</p> <p>Percentage by age group at Sumitomo Corporation (non-consolidated) as of March 2023:</p> <table border="1"> <thead> <tr> <th>Age group</th> <th>Number of employees</th> <th>%</th> </tr> </thead> <tbody> <tr> <td>20s</td> <td>861</td> <td>17.0%</td> </tr> <tr> <td>30s</td> <td>1,370</td> <td>27.0%</td> </tr> <tr> <td>40s</td> <td>1,131</td> <td>22.3%</td> </tr> <tr> <td>50s</td> <td>1,300</td> <td>25.7%</td> </tr> <tr> <td>60s</td> <td>402</td> <td>7.9%</td> </tr> <tr> <td>70s</td> <td>4</td> <td>0.1%</td> </tr> <tr> <td>Total</td> <td>5,068</td> <td>100%</td> </tr> </tbody> </table> | Age group | Number of employees | % | 20s | 861 | 17.0% | 30s | 1,370 | 27.0% | 40s | 1,131 | 22.3% | 50s | 1,300 | 25.7% | 60s | 402 | 7.9% | 70s | 4 | 0.1% | Total | 5,068 | 100% |
| Age group | Number of employees | % | | | | | | | | | | | | | | | | | | | | | | | | |
| 20s | 861 | 17.0% | | | | | | | | | | | | | | | | | | | | | | | | |
| 30s | 1,370 | 27.0% | | | | | | | | | | | | | | | | | | | | | | | | |
| 40s | 1,131 | 22.3% | | | | | | | | | | | | | | | | | | | | | | | | |
| 50s | 1,300 | 25.7% | | | | | | | | | | | | | | | | | | | | | | | | |
| 60s | 402 | 7.9% | | | | | | | | | | | | | | | | | | | | | | | | |
| 70s | 4 | 0.1% | | | | | | | | | | | | | | | | | | | | | | | | |
| Total | 5,068 | 100% | | | | | | | | | | | | | | | | | | | | | | | | |
| | <p>Pay equality (%) Ratio of the basic salary and remuneration for each employee category by significant locations of operation for priority areas of equality: women to men, minor to major ethnic groups, and other relevant equality areas.</p> | <p>There is no gap in basic salary and remuneration in each employee category such as gender and ethnicity etc. at Sumitomo Corporation (non-consolidated). Because we have adopted a job grading system, there are no major salary gaps between people doing equivalent jobs.</p> | | | | | | | | | | | | | | | | | | | | | | | | |
| Dignity and Equality | <p>Wage level (%) 1. Ratios of standard entry level wage by gender compared to local minimum wage. 2. Ratio of the annual total compensation of the CEO to the median of the annual total compensation of all its employees, except the CEO.</p> | <p>Sumitomo Corporation Group sets salary level that exceeds minimum wage level in each region. The wage level at Sumitomo Corporation (non-consolidated) in FY2022 is as follows:</p> <ol style="list-style-type: none"> The standard entry level wage exceeds the minimum wage level in Japan and there is no gap between gender. New graduate with master's degree or higher: 290,000 JPY/month New graduate with bachelor's degree: 255,000 JPY/month The ratio of the annual total compensation of the President and CEO to the median of the annual total compensation of all its employees at Sumitomo Corporation (non-consolidated), except the President and CEO, is 411:16. (President and CEO: 411 mil. JPY, Median of the annual total compensation of all employees at Sumitomo Corporation: 16 mil. JPY) | | | | | | | | | | | | | | | | | | | | | | | | |
| | <p>Risk for incidents of child, forced or compulsory labour An explanation of the operations and suppliers considered to have significant risk for incidents of child labour, forced or compulsory labour. Such risks could emerge in relation to: a) type of operation (such as manufacturing plant) and type of supplier; and b) countries or geographic areas with operations and suppliers considered at risk.</p> | <p>In accordance with the Sumitomo Corporation Group's Human Rights Policy, Sumitomo Corporation began human rights due diligence in 2020. We identified 8 salient human rights issues, such as "forced labor and child labor", that should be addressed with priority so that we can assess impacts concerning human rights throughout the Group. In line with the results of our FY2020 desktop research, we have been conducting human rights due diligence in each of our business units since FY2021. We identified food and textile related businesses as areas with high risks of forced and child labor in the supply chain, and we confirmed the status of risk management in both business areas by conducting internal interviews. Specifically, in the textile business, CSR audits are being conducted based on standards of some of our customers, at factories where we manage or outsource. Also, the food wholesale business properly manages to minimize the risk of forced and child labor by conducting supplier questionnaire to suppliers associated with high-risk countries or goods, based on the list of TVPRA (Trafficking Victims Protection Reauthorization Act) published by the US Bureau of International Labor Affairs (ILAB).</p> <p>In addition, as conflict minerals poses a serious risk of forced and child labor, we monitor the risk by regularly checking the status and result of conflict minerals survey in the Group. For more information on our human rights related initiatives, please see p.82 to 91.</p> | | | | | | | | | | | | | | | | | | | | | | | | |

Disclosure based on IBC Stakeholder Capitalism Metrics

People

Theme

Metric

Response

: Core Metric : Expanded Metric

| Theme | Metric | Response |
|------------------------------|---|---|
| | <p>Freedom of association and collective bargaining at risk (%) 1.Percentage of active workforce covered under collective bargaining agreements.</p> <p>2.An explanation of the assessment performed on suppliers for which the right to freedom of association and collective bargaining is at risk, including measures taken by the organization to address these risks.</p> | <p>As of March 2023, the number of members of the Sumitomo Corporation Labor Union is 3,107, accounting for 62% of all employees of Sumitomo Corporation (non-consolidated). For more information on our human rights related initiatives, please see p.119.</p> |
| Dignity and Equality | <p>Human rights review, grievance impact & modern slavery (#, %)</p> <p>1.Total number and percentage of operations that have been subject to human rights reviews or human rights impact assessments, by country.</p> <p>2.Number and type of grievances reported with associated impacts related to a salient human rights issue in the reporting period and an explanation on type of impacts.</p> <p>3.Number and percentage of operations and suppliers considered to have significant risk for incidents of child labour, forced or compulsory labour. Such risks could emerge in relation to: a) type of operation (such as manufacturing plant) and type of supplier; and b) countries or geographic areas with operations and suppliers considered at risk.</p> | <p>1.In accordance with the Sumitomo Corporation Group's Human Rights Policy, Sumitomo Corporation began human rights due diligence in 2020. The Sumitomo Corporation Group's business activities extend to various industries and regions. We started by conducting a desk top survey to confirm the Group's businesses and their value chains, and developed a hypothesis on businesses that may be exposed to high risks and human rights issues that are closely related to the value chains in those businesses. We then exchanged opinions with stakeholders including outside experts and also hired outside experts and conducted internal interviews on 12 business teams to verify the hypothesis. Through these consultations, we classified the human rights issues according to the likelihood of these issues emerging in the Group's business and also the degree of severity in case they emerge. As a result, we identified 8* salient human rights issues within the Sumitomo Corporation Group. *The 8 salient issues: labor conditions (wages and working hours), freedom of association and the right to collective bargaining, forced labor and child labor, occupational health and safety, health and safety of local residents, land rights, discrimination and harassment, personal information and privacy. Please see p.83 for details on the human rights due diligence process.</p> <p>2. Out of the new cases reported or pointed out by stakeholders including civil society organizations, local communities and regulatory authorities in FY2022, 10 cases* were related to the 8 salient human rights issues. We investigate the issues reported by the stakeholders, and if corrective action is necessary, appropriate measures are considered and implemented. *Excludes incidents of discrimination and harassments. Also, the occupational health and safety does not include work-related injuries or fatalities.</p> <p>3. Please refer to our comments in the section "Risk for incidents of child, forced or compulsory labour".</p> |
| Health and Well-being | <p>Health and safety (%)</p> <p>1. The number and rate of fatalities as a result of work-related injury; high-consequence work-related injuries (excluding fatalities); recordable work-related injuries; main types of work-related injury; and the number of hours worked.</p> <p>2. An explanation of how the organization facilitates workers' access to non-occupational medical and healthcare services, and the scope of access provided for employees and workers.</p> | <p>The coverage of the following data is Sumitomo Corporation (non-consolidated):</p> <p>1. Work-related fatalities: FY2020: 0, FY2021: 1, FY2022: 0 High-consequence work-related injuries (excl. fatalities): FY2020: 0, FY2021: 0, FY2022: 0 Recordable work-related injuries: FY2020: 1, FY2021: 2, FY2022: 2 We do not disclose the details (i.e. types of work-related injury, number of hours worked) .</p> <p>2. Sumitomo Corporation (SC) promotes the following medical and healthcare services:</p> <ul style="list-style-type: none"> • In-house clinic (internal medicine and dentistry) : All officers and employees of SC have access to the clinic during work hours. Support is provided from the perspective of achieving work/health balance where, in addition to receiving periodic health checkups, people requiring follow-up treatment can consult specialists and have interviews with occupational health physicians within the clinic. • Massage room, Counseling Center: All employees of SC Group have access to the services during work hours. • Advanced Healthcare Expense Program : This covers conditions that give rise to substantial economic burdens as a result of treatment not covered by insurance and the program is available to all employees of SC. By broadly covering treatment not covered by health insurance, the program can support employees receive treatment with reassurance and return to work at the earliest possible time or continue working while receiving treatment. • Health consultation service:Since the incidence and death rates of breast cancer and uterine cancer have been increasing among younger women in recent years, we have set up a consultation service for women's specific health issues to strengthen the dissemination of such information and to introduce them to medical institutions that offer gynecological exams as a stand-alone service. Furthermore, we are also promoting and strengthening various health management measures through a collaborative health program with the Sumitomo Corporation Corporate Health Insurance Society. |

Disclosure based on IBC Stakeholder Capitalism Metrics

People

: Core Metric : Expanded Metric

| Theme | Metric | Response |
|------------------------------|--|--|
| Health and Well-being | <p>Monetized impacts of work-related incidents on organization (#, \$)</p> <p>By multiplying the number and type of occupational incidents by the direct costs for employees, employers per incident (including actions and/or fines from regulators, property damage, healthcare costs, compensation costs to employees).</p> | <p>There were two occupational incidents at Sumitomo Corporation (non-consolidated) in FY2022, but there was no financial impact.</p> |
| Skills for the Future | <p>Training provided (#, \$)</p> <p>Average hours of training per person that the organization's employees have undertaken during the reporting period, by gender and employee category (total number of hours of training provided to employees divided by the number of employees).</p> <p>Average training and development expenditure per full time employee (total cost of training provided to employees divided by the number of employees).</p> | <p>The following data covers training programs for Sumitomo Corporation (non-consolidated) which were conducted by the HR department in FY2022. The trainings are not restricted by gender.</p> <p>Number of participants: 5,068 employees</p> <p>Total number of hours of training provided: 177,320 hours (including 80,933 hours by Human Resources Dept.)</p> <p>Total expenditure: 1.929 bil. JPY</p> <p>Average training hours per employee: 35.0 hours</p> <p>Development expenditure per employee: 380,000 JPY</p> |
| Skills for the Future | <p>Monetized impacts of training – Increased earning capacity as a result of training intervention (% , \$)</p> <p>1. Investment in training as a percentage (%) of payroll.</p> <p>2. Effectiveness of the training and development through increased revenue, productivity gains, employee engagement and/or internal hire rates.</p> | <p>The following data covers training programs for Sumitomo Corporation (non-consolidated) which were conducted by the HR department in FY2022.</p> <p>1. Investment in training as a percentage (%) of payroll: 2.7% (training expenditure 1.929 bil. JPY/ total pay roll of 72.092 bil. JPY)</p> <p>2. In the Engagement Survey conducted in 2022, scores on “Education and Training” were above the average for high-performing companies, due in part to training, contributing to higher employee engagement.</p> |

Disclosure based on IBC Stakeholder Capitalism Metrics

Prosperity

: Core Metric : Expanded Metric

| Theme | Metric | Response |
|---|---|--|
| Employment and Wealth Generation | <p>Absolute number and rate of employment</p> <p>Total number and rate of new employee hires during the reporting period, by age group, gender, other indicators of diversity and region.</p> <p>Total number and rate of employee turnover during the reporting period, by age group, gender, other indicators of diversity and region.</p> | <p>The data for Sumitomo Corporation (non-consolidated) is as follows:</p> <p>1-1. Absolute number of new graduate hires in FY2022 〈by gender〉 Male: 72, Female: 29 (Male 71.3%, Female 28.7%) 〈by age group〉 20s:101</p> <p>1-2. Absolute number of mid-career hires in FY2021 〈by gender〉 Male: 47, Female: 28 (Male 62.7%, Female 37.3%) 〈by age group〉 20s: 11, 30s: 45, 40s: 16, 50s: 3 (20s:14.7%, 30s: 60.0%, 40s: 21.3%, 50s:4.0%)</p> <p>2. Average Years of Service per Person/Turnover rate in FY2022 ※Please see p.149 for the historical data. 〈by gender〉 Male: 19 years1 month/3.1%, Female 16 years 6 month/ 2.8%</p> |
| | <p>Economic contribution</p> <p>1.Direct economic value generated and distributed (EVG&D), on an accruals basis, covering the basic components for the organization's global operations, ideally split out by:</p> <ul style="list-style-type: none"> a) Revenues b) Operating costs c) Employee wages and benefits d) Payments to providers of capital e) Payments to government f) Community investment <p>2.Financial assistance received from the government: total monetary value of financial assistance received by the organization from any government during the reporting period.</p> | <p>1. For items a through e, please refer to <u>Consolidated Financial Statements</u> beginning on p.127 of FY2022 Consolidated Financial Statements. For item f, please refer to the "Expenditure for social contribution activities" listed on p.151of this ESG Communication Book 2023.</p> <p>2. We do not currently conduct this assessment.</p> |
| | <p>Financial investment contribution</p> <p>1.Total capital expenditures (CapEx) minus depreciation, supported by narrative to describe the company's investment strategy.</p> <p>2.Share buybacks plus dividend payments, supported by narrative to describe the company's strategy for returns of capital to shareholders.</p> | <p>The result for Sumitomo Corporation Group in FY2022 is as follows:</p> <p>1. In our revised new Medium-Term Management Plan SHIFT 2023 which covers FY2021 through FY2023, we plan to make investments and loans totaling 1,140 billion yen during the period of the new Medium-Term Management Plan, and we will continue to make investments and loans mainly in areas with market potential and where we can fully demonstrate our strengths. For further details, please refer to [Management Policies, Business Environment and Management Challenges] on p.16 of the <u>Annual Financial Report</u> for the year ended March 31, 2023.</p> <p>2.Sumitomo Corporation aims to increase dividends by achieving medium and long-term earnings growth while adhering to its fundamental policy of paying shareholders a stable dividend over the long term. According to our dividend policy since FY2022, we decide the amount of annual dividends within a DOE (dividend on equity ratio) range of 3.5% to 4.5% by taking into consideration the status of fundamental earnings capacity, cash flows, and other factors, with a consolidated payout ratio of about 30% as a guideline. If 30% of the profit for the year exceeds the above range, we will pay dividends or repurchase our shares for the excess portion in a flexible and agile manner. Profit for the year attributable to owners of the parent in FY2022 totaled 565.2 billion yen, the annual dividend for FY2022 was 115 yen per share. On February 6, 2023, we decided to repurchase shares (between February 7 and April 28, 2023) up to a maximum value of 50 billion yen as an additional return to shareholders for this year because the upper limit of the DOE range was exceeded. As a result, total dividends paid for FY2022 were 142.849 billion yen (or 180.798 billion yen with repurchase of shares included). The above share repurchase had ended on April 28, 2023. In addition, we decided on May 9, 2023, to establish an additional share repurchase period (May 10 to June 9, 2023) up to a maximum value of 20 billion yen. This repurchase period had also ended on June 9, 2023.</p> |

Disclosure based on IBC Stakeholder Capitalism Metrics

Prosperity

: Core Metric : Expanded Metric

| Theme | Metric | Response |
|---|---|---|
| Employment and Wealth Generation | Infrastructure investments and services supported Qualitative disclosure to describe the below components: | The 6 key social issues that Sumitomo Corporation has set have two themes: "the sustainability of society" and "development and advancement of society". |
| | 1.Extent of development of significant infrastructure investments and services supported. 2.Current or expected impacts on communities and local economies, including positive and negative impacts where relevant. 3.Whether these investments and services are commercial, in-kind or pro bono engagements. | <p>The sustainability of society is a globally shared goal as well as a major premise of the Group's business. On the other hand, the solutions for pursuing the sustainability of society will be generated from further social and economic development and therefore, we believe that these two themes are mutually complementary.</p> <p>The infrastructure business including power generation, water production, transportation and communication, which we provide on a global scale, contributes to the "development and advancement of society". We will continue our efforts to contribute to the development of local society and economy as well as improving people's living standards through our sound business activities.</p> <p>While society seeks for sustainable development, the expectation for infrastructure business has also shifted.</p> <p>To capture progress in global climate change mitigation, we will expand our renewable energy business and also develop and deploy carbon free energy such as hydrogen and ammonium business, which are essential in building decarbonization system and sustainable energy cycle required to realize a carbon neutral society. In addition, we will expand new power and energy services (i.e. large-scale storage batteries business, battery reuse business, power energy platform business, hybrid energy service business etc.).</p> <p>Furthermore, not only developing infrastructure as business, but we also have been providing infrastructure as part of our social contribution initiative. For example, as part of the mining business, roads, bridges, water supplies, hospitals, and schools were constructed for the local community.</p> <p>We disclose the impact to environment and society on p.145 to 153. For more information on our infrastructure business, please refer to p.65 and 123.</p> |
| Innovation of Better Products and Services | Total R&D expenses (\$) Total costs related to research and development. | The total R&D cost for Sumitomo Corporation Group in FY2022 is 2,061 mil. JPY. |
| | Total tax paid The total global tax borne by the company, including corporate income taxes, property taxes, non-creditable VAT and other sales taxes, employer-paid payroll taxes, and other taxes that constitute costs to the company, by category of taxes. | Please see the Consolidated Statement of Cash Flows, which is listed on p.132 and 133 of FY2022 Consolidated Financial Statements, for information on income tax paid. We do not currently analyze the total taxes paid except for the income tax. |
| Community and Social Vitality | Total Social Investment (\$) Total Social Investment (TSI) sums up a company's resources used for "S" in ESG efforts defined by CECP Valuation Guidance. | The amount of expenditure for our social contribution activities in FY2022 was 1.910 billion yen and the number of employees who used the volunteer leave program was 1. For details, please refer to p.120 to 125 and 151 in the ESG Communication Book. |

Independent Assurance Report

To the Representative Director, President and CEO of Sumitomo Corporation

We were engaged by Sumitomo Corporation (the "Company") to undertake a limited assurance engagement of the environmental performance indicators marked with ★ (the "Indicators") for the period from April 1, 2022 to March 31, 2023 included in its ESG Communication Book 2023 – ESG Data (the "ESG Communication Book") for the fiscal year ended March 31, 2023.

The Company's Responsibility

The Company is responsible for the preparation of the Indicators in accordance with its own reporting criteria (the "Company's reporting criteria"), as described in the ESG Communication Book.

Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Indicators based on the procedures we have performed. We conducted our engagement in accordance with the 'International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information' and the 'ISAE 3410, Assurance Engagements on Greenhouse Gas Statements' issued by the International Auditing and Assurance Standards Board. The limited assurance engagement consisted of making inquiries, primarily of persons responsible for the preparation of information presented in the ESG Communication Book, and applying analytical and other procedures, and the procedures performed vary in nature from, and are less in extent than for, a reasonable assurance engagement. The level of assurance provided is thus not as high as that provided by a reasonable assurance engagement. Our assurance procedures included:

- Interviewing the Company's responsible personnel to obtain an understanding of its policy for preparing the ESG Communication Book and reviewing the Company's reporting criteria.
- Inquiring about the design of the systems and methods used to collect and process the Indicators.
- Performing analytical procedures on the Indicators.
- Examining, on a test basis, evidence supporting the generation, aggregation and reporting of the Indicators in conformity with the Company's reporting criteria, and recalculating the Indicators.
- Visiting KIRIU OITA CORPORATION selected on the basis of a risk analysis.
- Evaluating the overall presentation of the Indicators.

Conclusion

Based on the procedures performed, as described above, nothing has come to our attention that causes us to believe that the Indicators in the ESG Communication Book are not prepared, in all material respects, in accordance with the Company's reporting criteria as described in the ESG Communication Book.

Our Independence and Quality Management

We have complied with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which includes independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior. In accordance with International Standard on Quality Management 1, we design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

/s/ Kazuhiko Saito
Kazuhiko Saito, Partner, Representative Director
KPMG AZSA Sustainability Co., Ltd.
Tokyo, Japan
September 7, 2023

Notes to the Reader of Independent Assurance Report:

This is a copy of the Independent Assurance Report and the original copies are kept separately by the Company and KPMG AZSA Sustainability Co., Ltd.

