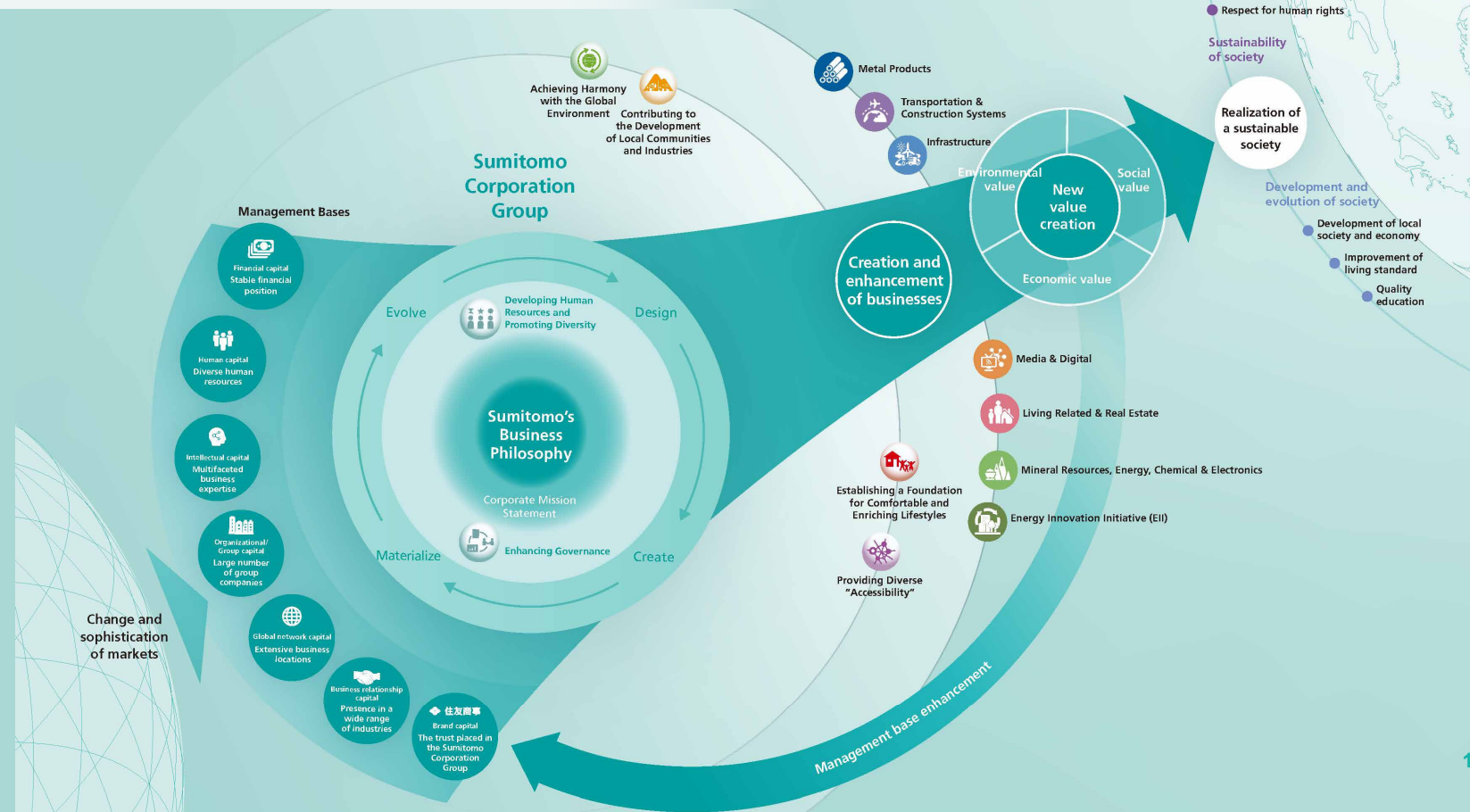


01

SC Group's Human Capital Management

Representative Director, Executive Vice President, Chief Administration Officer, Takayuki Seishima

Our Value Creation Model



Sumitomo's Business Philosophy

Integrity and sound management

In order to maintain integrity, the most important aspect of business -- its very foundation -- each and every person must perform work that contributes to this foundation. One must never betray others, but instead always live up to one's words.

Benefit for self and others, private and public interests are one and the same

It is not enough for Sumitomo's business to aim to enrich itself only, it must have the grander goal of serving the interests of the nation and society. Work should thus always be well-planned and conducted with a spirit of gratitude and a sense of mission.

An enterprising spirit

Facing change positively and staying one step ahead of it, letting go of out-of-date businesses and starting new ones to meet contemporary needs instead.

Grand Design

In business, one must always look to the interests of the nation and society, maintaining a long-term outlook. "Planning projects for the next century of our nation"

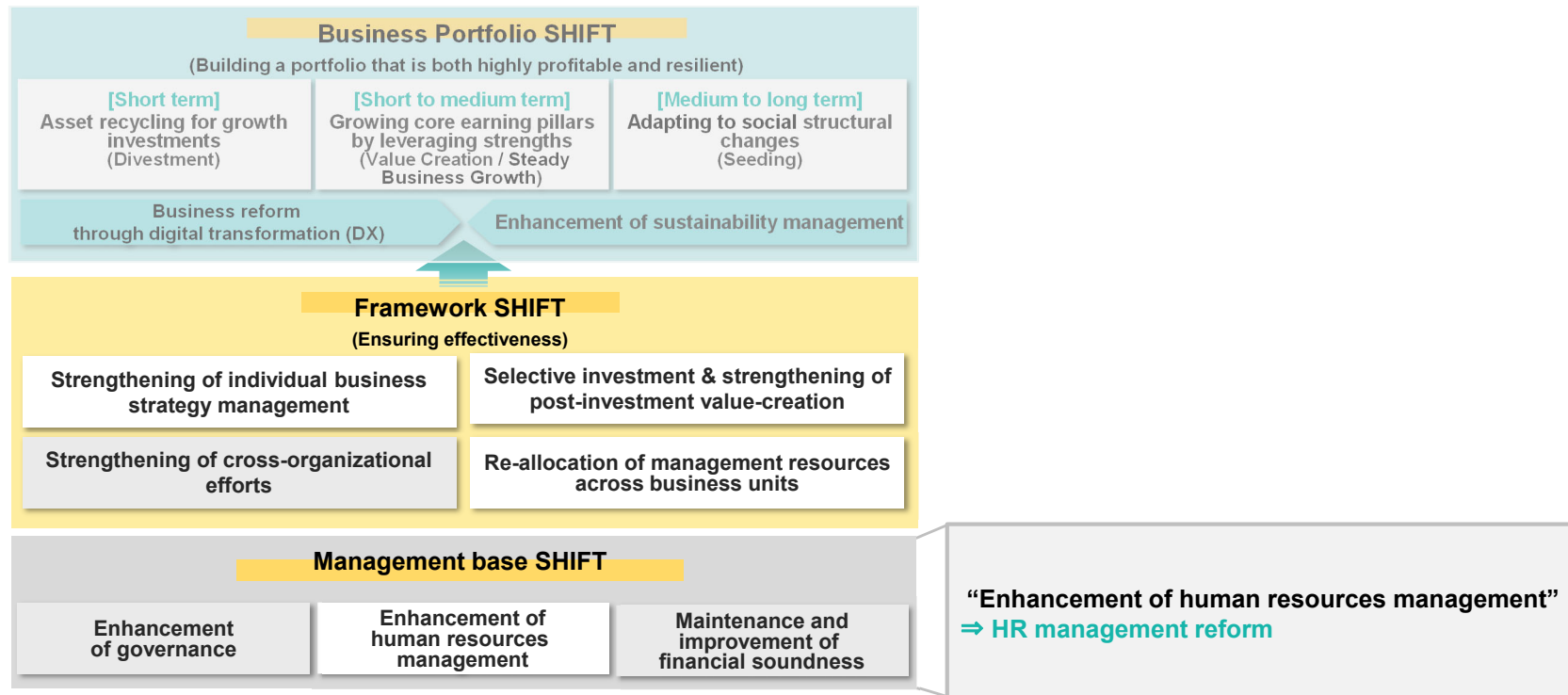
Don't pursue easy gains

Never allow yourself to be swayed by short-term profit that creates no value. Draw on your knowledge, dedicate yourself fully, and provide value to business partners and the market, engaging in business where you can reap the rewards of your work with your head held high.

Recognize human resources as the most important asset

Companies are rallied by their people. Throughout the Group's history, discovering and cultivating talented personnel has been management's highest priority.

Medium-Term Management Plan SHIFT 2023



Overview of our HR management reform



Concepts behind our HR management reform

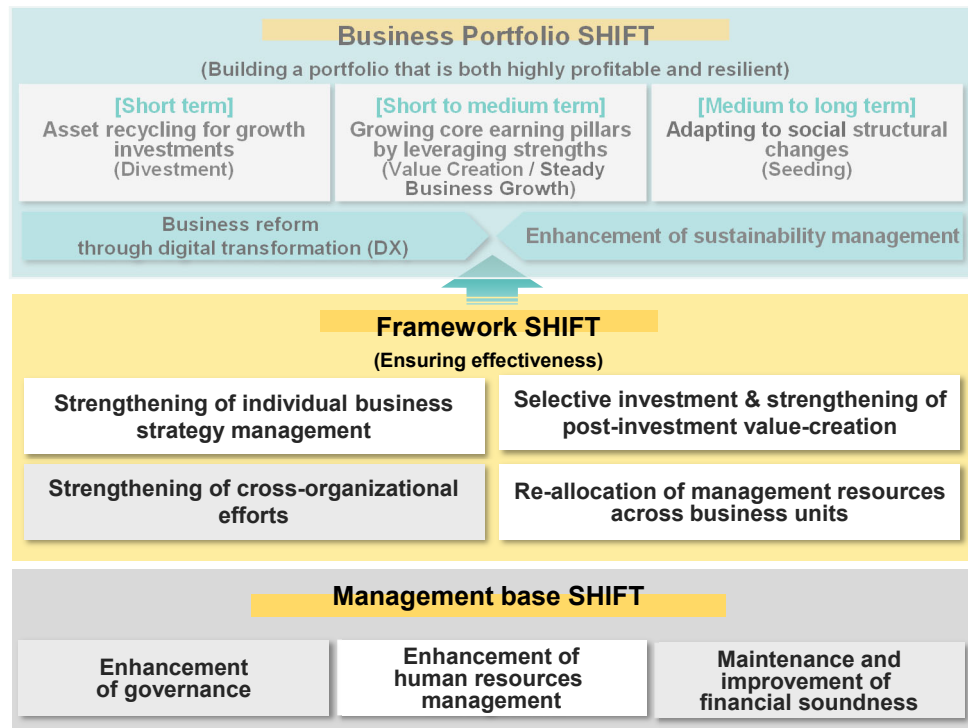
Breaking free from seniority-based thinking and
Pay for Job, Pay for Performance

Expanding the pool of top-tier professionals
in diverse fields

Enhancing people management skills that
support the **autonomous growth** of individuals

Promoting diversity, equity and inclusion

Medium-Term Management Plan SHIFT 2023



Personnel-related measures that further support our Framework SHIFT

- **Strengthen business strategy management**
Introduce "evaluation of progress of strategy execution"
Reflect strategy execution evaluations of SBUs, etc., in compensation
- **Carefully select investments and increase value creation after investment**
Introduce "Investment performance-linked compensation plan"
Reflect investment performance of new large-scale projects in compensation
- **Strengthen allocation of management resources, optimized for the entire Group**
Shift human resources in conjunction with rebuilding of the business portfolio
Complete planned shifting of 100 employees through individual matching and open application process, etc.

Revising the HR Management System

HR System revision at Head Quarter

In April 2021, introduced to remove obstacles from the old system and to embody our Global HR Management Policy

Introduction of Job Grading System

Abolish seniority-based management. Maximize organization performance by energizing people of every generation

- ✓ Promote the “Right person in right assignment” with emphasis on expertise and skills
- ✓ Appoint **younger** managers and general managers **than ever before**
- ✓ Appoint **management personnel in their 20s**

Reformation of Evaluation System

Fair “Pay for Performance”. An evaluation system that contributes to human resource development

- ✓ Shift from comparative evaluation to **absolute evaluation**
- ✓ Introduction of **360-degree evaluation** to enhance fairness
- ✓ Promotion of extensive dialogue

Use HR management system surveys as fixed-point observation of the penetration of the personnel system and the status of its operation. Continue with efforts aimed at improving effectiveness

FY2023 survey results
(percentage of respondents answering neutrally or affirmatively)

“Do you think the elimination of the seniority system is progressing?”
68% (9 points up than last year)

Improvement of People Management Skills and Autonomous Growth

Shift in dealings between supervisors and subordinates

Promote bidirectional, one-on-one communication between supervisors and subordinates

Measures that help improve people management skills

Introduce absolute evaluations

Introduce 360-degree evaluations

Career assessment

Expand training programs

FY2023 survey results
(percentage of respondents
answering neutrally or
affirmatively)

"Have you discussed and coordinated your future career plan with your supervisor?"
84% (2 points up than last year)

Measures that support autonomous growth

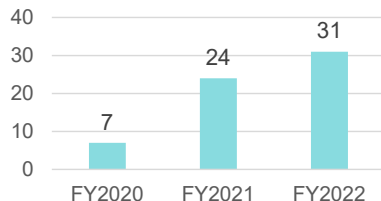
Internal recruitment system

Side/Second job system

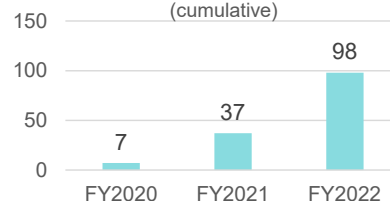
0⇒1 Challenge

MIRAI LAB PALETTE

Internal recruitment system
No. of accepted applications



Internal recruitment system
No. of applicants
(cumulative)



DE&I

"Global HR Management Policy"

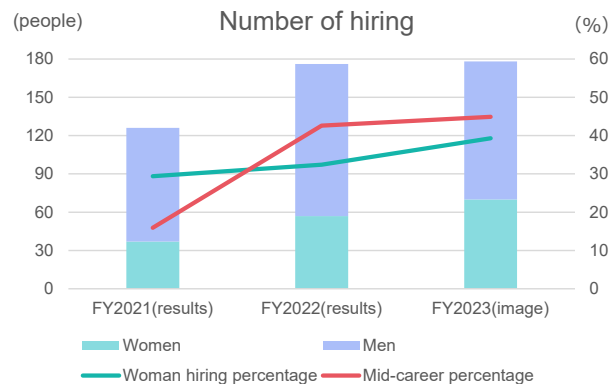
| Diversity, Equity & Inclusion | The source of our competitiveness

Positioning DE&I as the source of our value creation, innovation, and competitiveness, and **eliminating all barriers to DE&I**, strive to implement our vision by leveraging a mix of knowledge

Explicitly added the concept of **"Equity"** to declare out dedication to promoting behavioral changes to our organizations and people

Implement measures responding to each country's situation

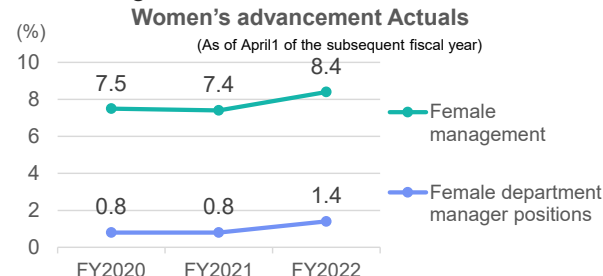
- ✓ **Expand reach** to various candidates, from junior-level employees to management-level candidates, through means such as year-round hiring and open mid-career hiring focused on potential
- ✓ Enhance **mid-career hiring** focused on expertise and **appoint executive officers from outside the company**
- ✓ Enhance succession planning and personnel development and **actively promote junior-level personnel**
- ✓ Measures to Promote women's empowerment (details in the next page)
- ✓ Promote "Right talents to the Right Places" on a global basis, including **promoting locally-hired employees to management positions** in overseas locations
- ✓ Hold **Diversity Weeks** (3-week intensive programs) on a global basis and continue with efforts to transform mindset



DE&I (Promoting the women's advancement)

Position as a highest priority issue in Japan (stand-alone), set targets, and work to achieve targets

Target for promotion of women's advancement	FY2030 (Target)
Female directors and audit & supervisory board members	30%+
Female management	20%+
Female department manager positions	10%+



Specific measures to achieve Target

- ✓ Introduce indicator of promotion of women's advancement to executive evaluations and compensation decisions
- ✓ Introduce **executive mentor system** for female candidates for general manager-level positions
- ✓ **Unify job positions**, appoint members of former clerical positions to management positions
- ✓ Review and revise hiring methods and processes, **strengthen hiring** by actively sharing success cases
- ✓ Continue improving environment and reforming mentalities (panel discussions by women executives, sessions for consulting with senior female executives etc.)

Establish PDCA cycle for monitoring progress toward targets and implementing specific actions

Measures to support balancing work with life event and improve environment

- More extensive childcare leave and reduced working hours than required by law
- System for retirement and reemployment to match a spouse's work transfer
- Support system for expatriates who move abroad with only their children
- Remote working and super-flex systems
- Childcare consulting service
- Partnership with childcare facilities
- Childcare leave taken by men

	FY2020	FY2021	FY2022
Average number of days acquired	33.7	46.9	60.4
Acquisition rate*	54.5%	56.9%	67.3%

*including spouse maternity leave

Engagement

Started Engagement Survey from FY2022

Feature and tendency of FY2022 and FY2023 survey results

Added engagement indicators as evaluation of executive remuneration