

IR Day 2023

SC Group's Non-financial Capital and Human Capital Management

Sumitomo Corporation

September 12, 2023

IR Day 2023 –SC Group's Non-financial Capital and Human Capital Management-

Time	Program	Speakers	Contents
Part1 Increasing SC Group's Corporate Value			
1:05~1:15	Presentation by CEO	Representative Director, President and Chief Executive Officer, Masayuki Hyodo	• Increasing Corporate Value over medium- to long-term
1:15~1:35	Presentation by CSO	Representative Director, Senior Managing Executive Officer, Chief Strategy Officer, Hirokazu Higashino	• SC Group's Value Creation -From non-financial capital perspective-
1:35~2:15	Q&A		
Part2 SC Group's Human Capital Management			
2:20~2:35	Presentation by CAO	Representative Director, Executive Vice President, Chief Administration Officer, Takayuki Seishima	• SC Group's Human Capital Management
(5mins)	Case introduction movie		• Telecommunications business in Ethiopia
2:40~3:10	Panel Discussion	Representative Director, Executive Vice President, Chief Administration Officer, Takayuki Seishima Executive Officer, Assistant CAO, Human Resources, Yoshiko Nakazawa Outside Director, Kimie Iwata	• Our talent & capability supporting various business • Achievement of HR Management Reforms and challenges, potential
3:10~3:50	Q&A		
Closing session			
3:50~4:00	Closing	Representative Director, President and Chief Executive Officer, Masayuki Hyodo	• Summary

The subtitle of this year's IR Day is "Non-financial Capital and Human Capital Management in the Sumitomo Corporation Group."

In our daily dialogues with you, we tend to focus on short-term business performance due to the external environment, and I believe that the medium- to long-term strategies of each business unit and ESG-related issues have run their course by last year.

Therefore, this time, we would like to take a slightly different perspective, focusing on non-financial factors in an attempt to unravel the Group's unique approach to value creation, and then delve into one of its most important initiatives, human capital.

Program flow.

In the first part, President Hyodo will explain the theme and purpose of today's session from the viewpoint of medium- to long-term corporate value enhancement, and then CSO Higashino will explain two examples of value creation unique to our group.

In the second part, Mr. Seishima, CAO, will give a presentation on the theme of human capital management, followed by a video of an Ethiopian telecommunications business as an example of putting right person in right assignment, which will be followed by a panel discussion including an outside director and a Q&A session.

Finally, Mr. Hyodo will summarize the entire event as a closing statement.

It will be a three-hour long event, and we hope to make use of the dialogue and exchange of opinions with you in our future management.

We consider this a valuable opportunity and appreciate your cooperation.

I would now like to move on to the presentation by President Hyodo. Please begin.

Part 1

Increasing SC Group's Corporate Value

01

Increasing SC Group's Corporate Value over medium- to long-term

Representative Director, President and Chief Executive Officer, Masayuki Hyodo

My name is Hyodo, the President, who have been just introduced.

Thank you very much for taking time out of your busy schedule to attend today's meeting, both in person at the venue and online.

As the moderator explained, the theme of this year's IR Day was a bit different from usual, focusing on the Sumitomo Corporation Group's non-financial capital and human capital management.

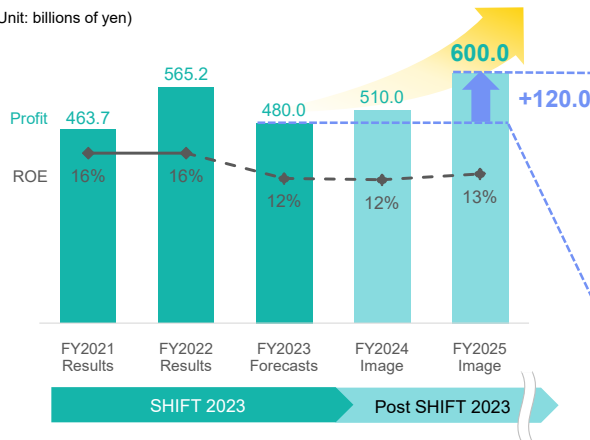
As an introduction, I would like to briefly explain the purpose of focusing on this area, including my thoughts.

Looking ahead to 2025

- By completing SHIFT 2023, we will establish an earnings base that ensures an ROE of 12 to 15% regardless of the external environment. By Linking this to further growth, we aim to achieve a profit of ¥600.0 bil. in FY2025.

Annual profit and ROE

(Unit: billions of yen)



Profit driver from FY2023 to FY2025

Non-mineral resources: +105.0

- Automotive sales & marketing business: strengthen sales in priority markets
- Construction equipment-related business: geographic/customer base/products expansion
- Overseas IPP/IWPP business: increasing earnings from existing businesses
- Overseas telecommunications business: generating revenue from an expansion of telecommunications areas
- Retail business: Improving profitability through shop refurbishment and DX, and expansion of revenue base
- Healthcare business: expanding the revenue base
- Agribusiness: area expansion, functional enhancement

Mineral Resources: +15.0

- Nickel mining and refining business in Madagascar
- Copper mining business in Chile

Before that, we announced our three-year rolling plan, and as you can see, we have explained that we will achieve a profit level of JPY600 billion and ROE of 13% in FY2025.

I believe that what we will be discussing and explaining today is a very important element in achieving this.

We believe that this is not merely a measure to explain, but a very important issue that is essential for Sumitomo Corporation to develop this kind of capability.

Therefore, it is my sincere hope that we can improve our management today by listening to your frank opinions.

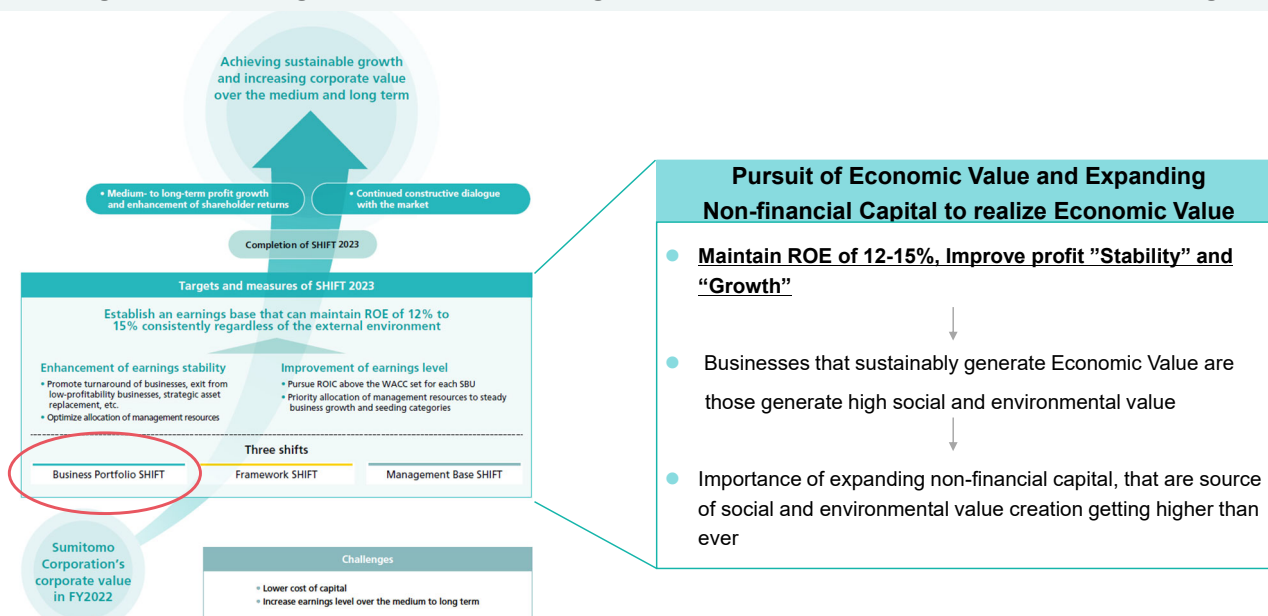
As shown on the right side, we will achieve the JPY600 billion figure by investing management resources in this area in the short term, and I would like to talk about the background behind this.

As examples of future initiatives, we will explain three cases today, citing specific examples. While these three cases are examples, our thinking is the same for other businesses as well.

By putting those things into practice, we are trying to achieve the resulting figures.

Today, we will also unravel the non-financial elements and show you the big picture of how they actually create economic value and benefit our company.

Achieving sustainable growth and increasing corporate value over the medium- and long-term



This slide takes a slightly more medium- to long-term perspective and briefly summarizes on the left side each of the measures we are taking to ensure our sustainable growth and increase our corporate value.

As you are all aware, we have been requested by the Tokyo Stock Exchange to take action to realize management that is conscious of cost of capital and stock price, and this theme will be disclosed in the Integrated Report that we plan to publish at the end of this month.

There, I would like to send out a solid summary of what I am going to talk about today as well.

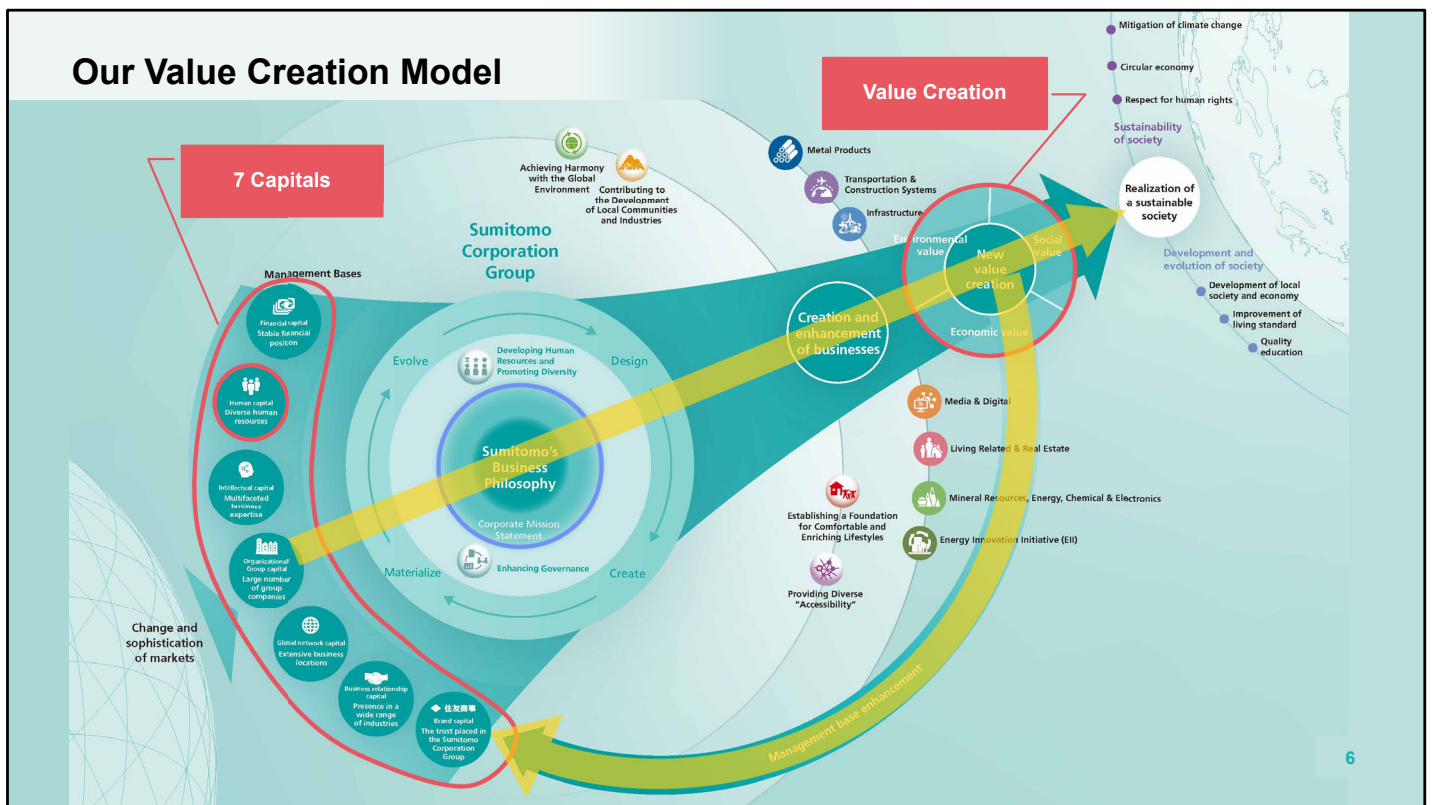
By completing SHIFT 2023, we will establish a revenue base that will enable us to achieve a solid and stable rate of return and ROE of 12% to 15% regardless of the external environment, thereby enhancing the stability and growth of profit.

We have experienced through our 100-year history that the businesses that make up such a strong and sustainable business portfolio must be backed by high social and environmental values if they are to overcome difficult times to solid profit, although there are timing differences in the realization of economic value. We just have to put it into practice.

Looking back over the past, all of the businesses that have been the mainstay of the Sumitomo Corporation Group's profit have been based on Sumitomo's business philosophy, which you are well aware of, and have been practiced in composing, creating, and continuing to provide the world with value that is needed by the times and by society.

The same is true for all of the businesses we introduced on the previous page, where we will be concentrating our investment capital in the future. We are convinced that such social and environmental values can only be created by combining not only financial capital but also various non-financial capital that we have in our hands.

Looking around at the external environment, we are in an era of rapid change, and conventional wisdom is no longer applicable in some areas. We believe that it is important for us to change our own value-creating image to match the times. With this in mind, we will work to further expand non-financial capital.



I would like to explain what I have just said, that is, the path from non-financials to financials, from a management's perspective, in line with our value creation model, using this diagram.

There are seven capitals circled in red on the left. As indicated by the yellow arrow drawn diagonally up to the right from here, we will strive to solve social issues in a comprehensive manner by developing our business based on these seven capitals, while keeping Sumitomo's business philosophy at the core, thereby linking social value, environmental value, and economic value not only to society but also to Sumitomo Corporation.

The feedback, indicated by the return line of the yellow arrow, leads to further enhancement of financial and non-financial capital, which in turn leads to future activities to create new value.

This virtuous circle has continued for the past 100 years. This is a concept that we will continue to follow.

The purpose of today's presentation is to further deepen your understanding of our strengths and our group's efforts to enhance our corporate value over the medium- to long-term by explaining the overall picture of this value creation and how it is unique to our group.

In the first half, we will discuss value creation models and the state of practice using specific examples, and in the second half, we will delve into the most important capital: human capital.

Today, I would like to explain from a non-financial perspective, and I am well aware that this is an important and indispensable point, as to how to link non-financial factors to the results in terms of profit.

At the beginning of this presentation, I mentioned the JPY600 billion target for FY2025. Today, I would like to explain the essentials of how we will achieve this target and realize growth beyond it, and then exchange opinions with you.

I look forward to spending time with you for almost three hours.

SC Group's Value Creation

-From non-financial capital perspective-

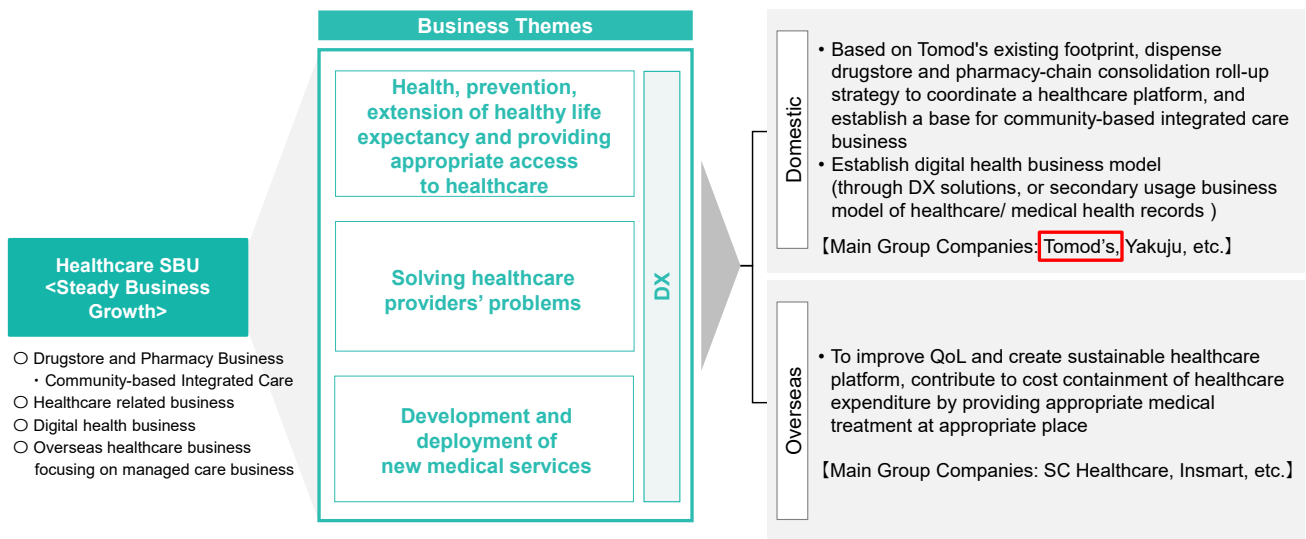
Representative Director, Senior Managing Executive Officer, Chief Strategy Officer, Hirokazu Higashino

Hello, everyone. I am Higashino, CSO.

In my part, I would like to explain how non-financial capital is formed and expanded in the value creation of our group, and how it can generate economic activities along with social and environmental values, using specific examples.

There are many businesses, but today we have selected those that have already established a track record, including the creation of economic value, and that are easy for you to understand in terms of social value.

Overview of Healthcare Business Strategy



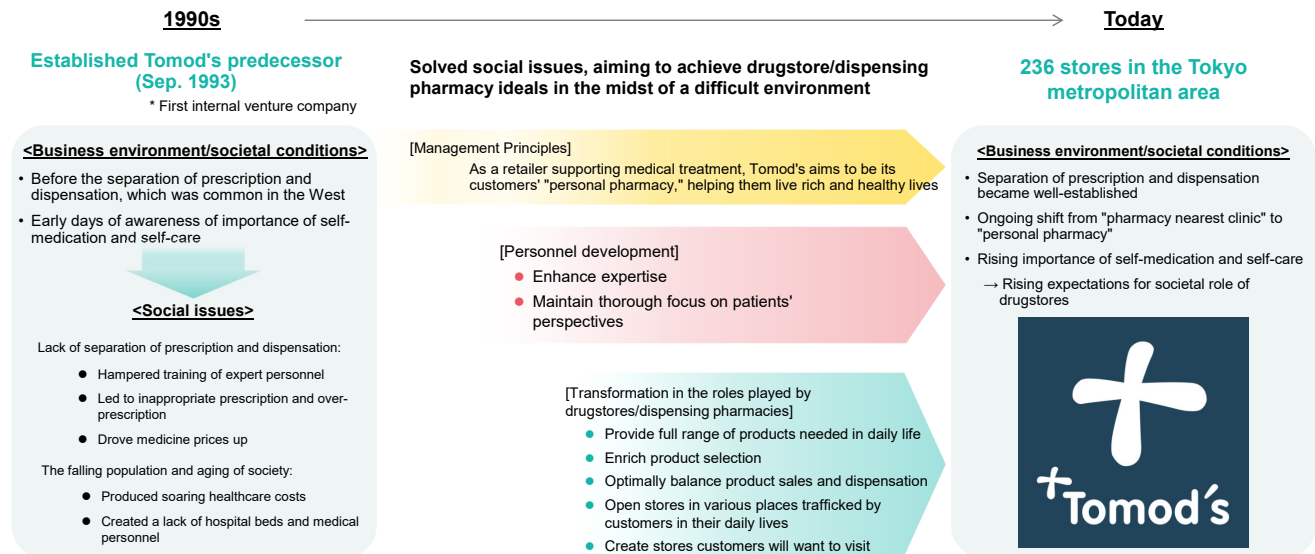
The first case is Tomod's which operates drugstores and dispensing pharmacies mainly in the Tokyo metropolitan area.

This slide shows the overall strategy of the Healthcare SBU, including Tomod's. We have three business themes listed in the center. While utilizing DX, a cross-organizational function, as described on the right side, we have been promoting the development of a drugstore chain and roll-up of dispensing pharmacies based on Tomod's in Japan with the aim to establish a platform for the domestic healthcare business. Through these, we establish a foundation for the community-based integrated care business.

In addition, through medical DX, health, and the utilization of medical data, we will promote the commercialization of the digital health domain.

Overseas, we are participating in the managed care business with the aim of establishing a sustainable healthcare platform that enhances quality of life. By providing each patient with the best medical care at the best location, we hope to contribute to reducing medical costs.

Business environment and social value



Tomod's was established in 1993 as the first in-house venture.

At that time, a system of separation of dispensing and prescribing functions, which was already common in Europe and the USA, had not been penetrated to Japanese society.

Under the system, the doctor examined the patient and prescribed the drug, and the pharmacist, an independent entity, dispensed the drug based on the prescription, managed the drug history and provided patients with medication guidance.

At the same time, the importance of the concept of self-medication or self-care was beginning to be recognized against the backdrop of an increase in lifestyle-related diseases associated with an increase in average life expectancy.

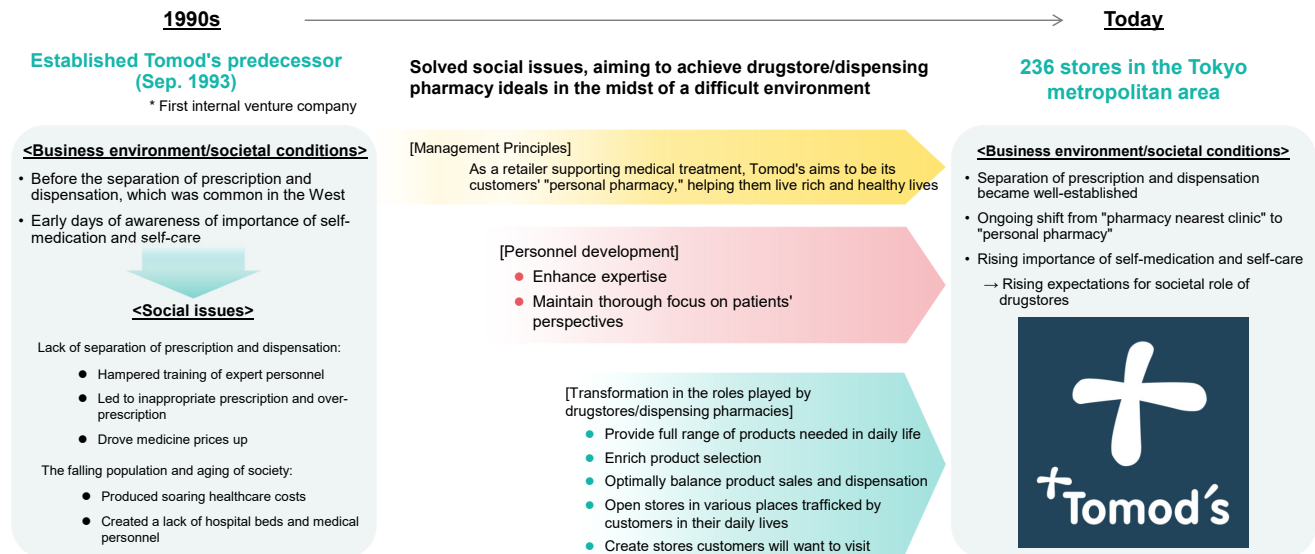
Tomod's was one of the first in-house ventures to spot these trends early on, and in anticipation of the growing demand in Japan for the separation of the function and self-medication, the Tomod's business was launched as the first of its kind.

As a social issue at that time, against the backdrop of the inadequate penetration of the function separation in the pharmaceutical industry, it was difficult to develop talent with expertise in dispensing optimal medicines to patients. As a result, the provision of inappropriate drugs, overmedication, and high drug prices became the norm and became a social problem.

Tomod's has been working to contribute to the improvement of the quality of medical care as a retailer supporting a part of medical care since that time, aiming to be a family pharmacy that helps customers lead healthy and affluent lives, in order to realize a society in which all citizens can receive medical services safely, securely, appropriately, and comfortably in such an environment.

In the beginning, the function separation was not progressing well, and the environment remained difficult, and of course we struggled very hard in terms of performance. However, we believed that solving social issues surrounding dispensing was a very important theme for our group, and that solving these issues would lead to our group's revenues. Accordingly, first of all, we have worked hard to create this social value in our operations.

Business environment and social value



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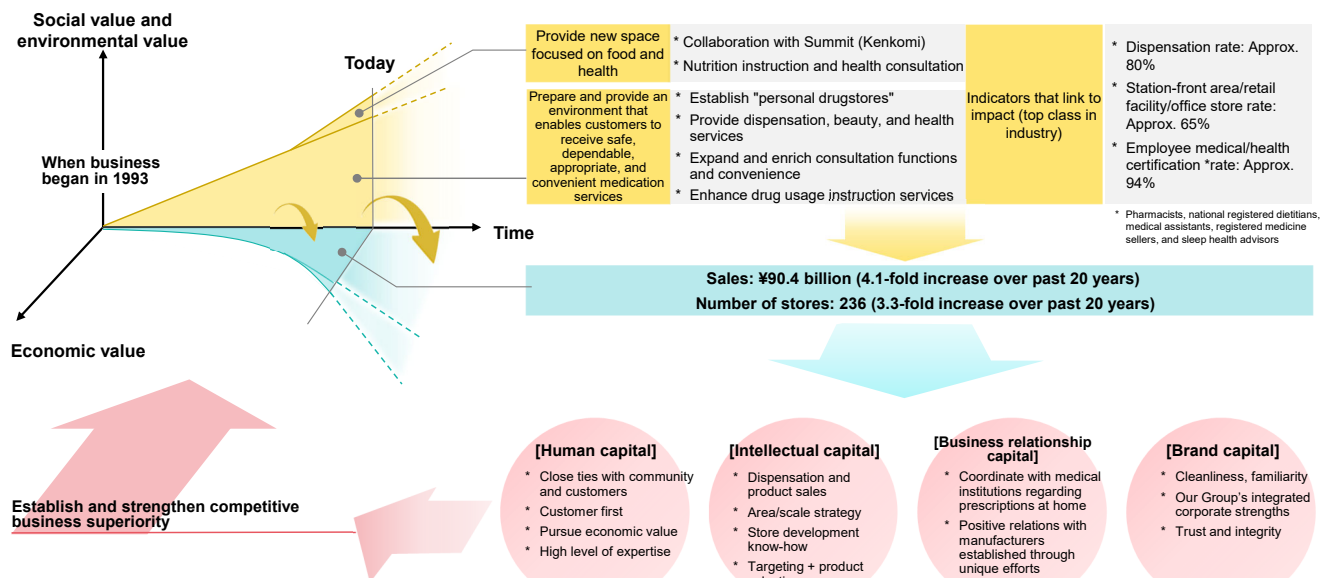
Specifically, we have trained highly skilled pharmacists in anticipation of the function separation in the future, and in that process, we have trained personnel to provide thorough guidance on medication from the patient's perspective so that our customers and patients are glad they consulted Tomod's.

In addition, to make our pharmacies accessible to all consumers, we have expanded our product lineup to include daily necessities, over-the-counter drugs, and cosmetics, which were innovative at the time, and we have strategically opened new pharmacies that are located along consumers' daily activities or commuting routes. In addition, we have been pursuing the creation of stores with a sense of cleanliness that makes customers want to return.

Today, the importance of self-medication or self-care is becoming increasingly important, as well as the importance of family pharmacies is attracting attention as the function separation has become widespread. Under these circumstances, drugstores and dispensing pharmacies are now expected to play an increasingly important role in society.

Tomod's has won the support of its customers through the initiatives I have just described, not only in the pharmaceutical aspect, but also through its constant efforts to improve the convenience of its customers' lives. Today, the company has 236 stores, mainly in the Tokyo metropolitan area, and enjoys the patronage of many customers.

Non-financial capital supporting value creation



The upper left graph illustrates the history of Tomod's from the perspective of value creation as explained above. The horizontal axis is the passage of time. The vertical axis represents social value and environmental value, and the axis in the foreground represents the economic value that the social value translates into.

You can see the difference between the social value shown in yellow and the economic value, or revenue, shown in light blue in the foreground.

As I explained earlier, the function separation in the pharmaceutical industry did not progress well when we started up this business, and we struggled in terms of creating economic value. However, we have been adhering to our management philosophy from a long-term perspective, aiming to develop and provide an environment where the public can receive pharmaceutical-related services safely, securely, appropriately, and comfortably.

As a result, we have achieved the industry-leading indicators shown in the upper right corner of the document. We believe this is one of the social values created by Tomod's.

Subsequently, the contribution of economic value allowed the company to achieve revenue growth in the middle section of the document. The foundation that has supported this growth is organized in the bottom section of the document as an example of non-financial capital.

In terms of human capital, we have already instilled in our employees the DNA to face the community and customers head-on, to be thoroughly customer-first, to have a high level of expertise, and to pursue economic value.

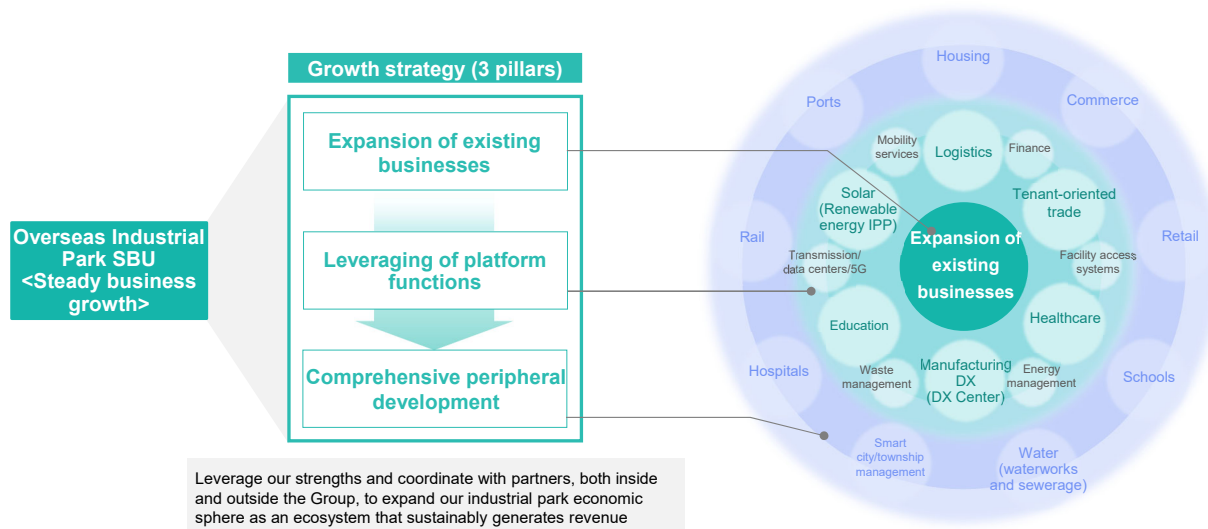
As intellectual capital, we have many years of business know-how, such as the optimal combination of dispensing and merchandising to generate synergies, a strategy of carefully selecting areas and sizes of store openings, and a product lineup tailored to the target customers.

As business relationship capital, we work with medical institutions through home dispensing, develop cosmetic products that meet customer needs, or build good relationships with manufacturers through inventory management initiatives.

In terms of brand capital, the Tomod's unique brand has been formed on the basis of the Group's comprehensive strength in the consumer sector, including Summit, and the trust that has been cultivated throughout the past 30 years.

We intend to further accumulate this type of non-financial capital as a group in order to increase our social and economic value.

Overseas industrial park business strategy



The second example is the overseas industrial park business.

This slide shows the overall strategy for the Overseas Industrial Park SBU. I believe we explained this at the business unit briefing held last December.

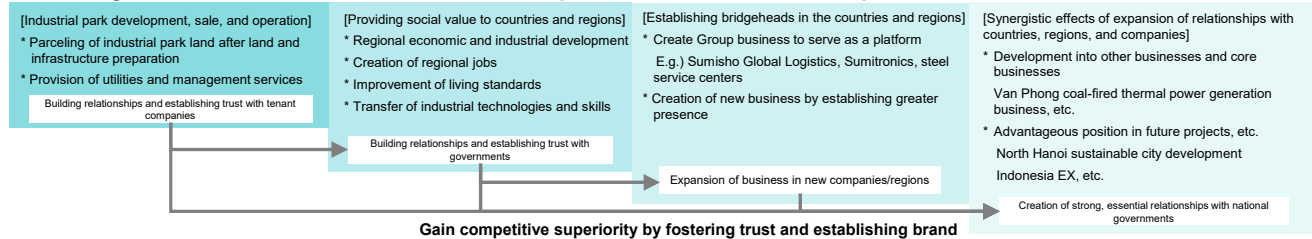
While expanding our existing business of selling industrial parks and supplying infrastructure, the next step is to use the industrial parks themselves as a platform to provide new services to companies expanding into the parks or to people working in the parks, and beyond that, comprehensive development in the surrounding area.

We will aim to further expand revenues in these three tiers, aiming to achieve a total of JPY10 billion in after-tax income toward FY2030.

Business environment and social value



Broadening relations with stakeholders and business expansion in overseas industrial park business



As in the case of Tomod's, we would like to explain how this business has created value for society and how it has contributed to the revenues of the Group, and why it is categorized as Steady Business Growth.

Japanese and other foreign manufacturers expanding into emerging countries develop the land needed to build manufacturing plants or facilities from a completely untouched state. The main business of the industrial park is then to build infrastructure such as roads, water, and electricity, sell lots or build and lease factories and offices, and then operate and manage the entire area.

We started this business in Indonesia in 1990. Through this project, we have contributed greatly to the country's economic development, job creation, and improvement of the living standards of its citizens.

Through these efforts, we have built and strengthened ties and trust with local governments, local communities, and companies that have entered the market, which has led to the next project or expansion into other countries.

In our more than 30-year history, we have established nine industrial parks in six Asian countries, with approximately 600 companies and 230,000 employees in total. We are proud to be the number one Japanese trading company in terms of development experience and scale of operations.

In each country, our group companies also move into the industrial parks with their customers and contribute to the operations of those customers. Steel Service Center, which you know well, Sumisho Global Logistics, which is engaged in logistics-related business, and Sumitronics, which provides contract manufacturing services for electronic devices, are typical examples.

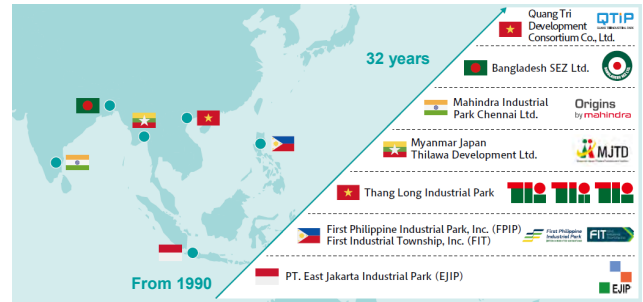
We recognize that the overall stable operation of such industrial parks supports and encourages our clients to expand their business.

This in turn increases the revenues of our group companies, and we and our clients are inextricably linked.

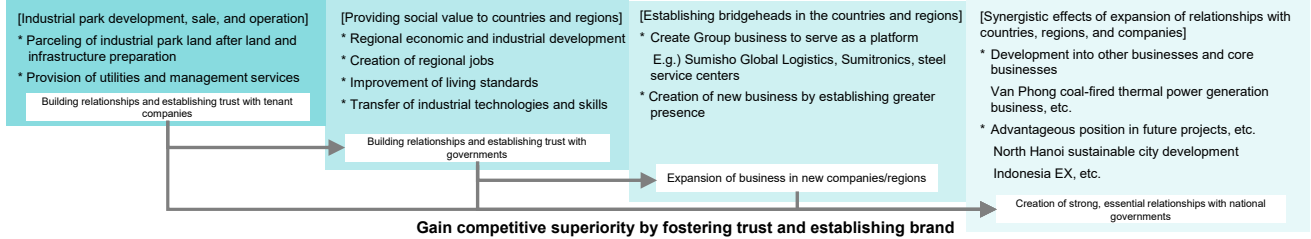
Business environment and social value



Past overseas industrial park project development



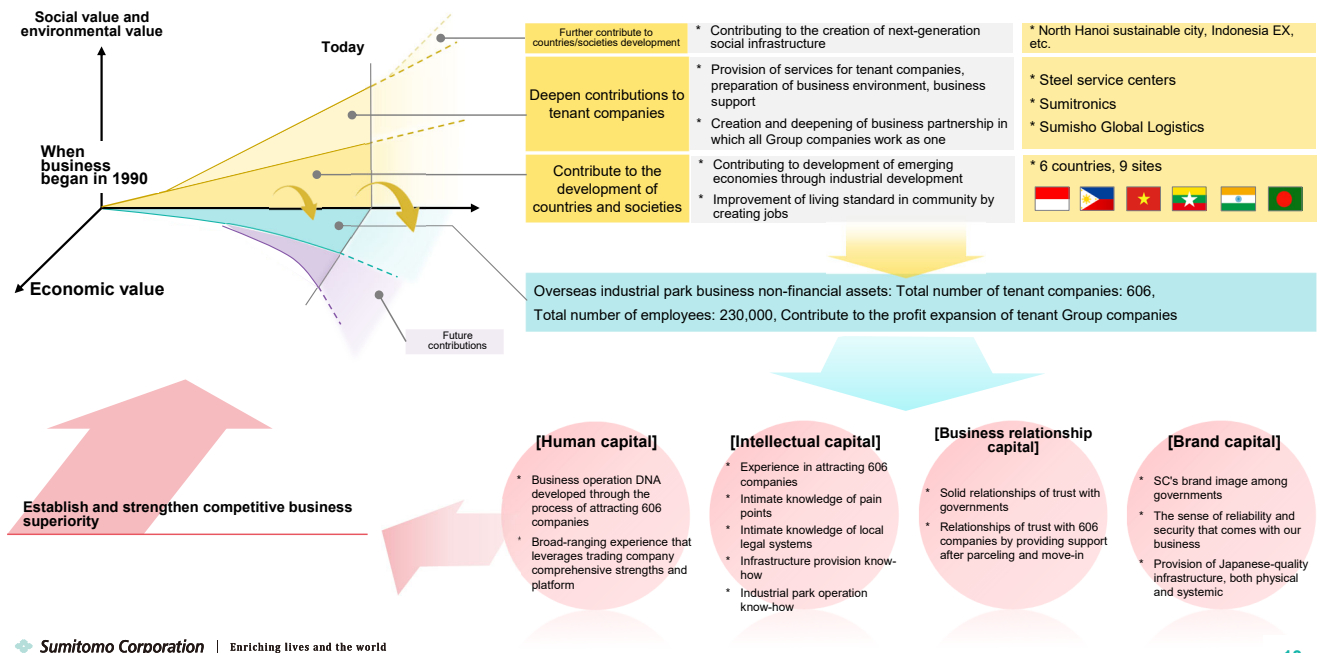
Broadening relations with stakeholders and business expansion in overseas industrial park business



(Continued)

In addition, the governments of other countries have highly evaluated our contributions to local communities and economic growth through industry development, job creation, and improvement of living standards over the years. And it is also true that it has directly, indirectly, and continuously generated business opportunities in other areas.

Non-financial capital supporting value creation



As with Tomod's earlier, we have illustrated the essentials of this business in terms of value creation.

As explained earlier, through our overseas industrial park projects, we have contributed to job creation, improvement of living standards, and economic development in the countries concerned, and have continuously created and provided social value in this yellow area.

In addition to the vertical development of our business where we provide various consulting functions based on our long-standing relationships with companies that have entered the market, as well as our existing business of selling land and providing infrastructure, we are generating multi-layered and multi-faceted social value through our group companies.

The non-financial capital that supports and will continue to support our business is organized into four categories on the lower right.

In addition to our ability to design high-quality industrial parks from a long-term perspective, we also have the ability to understand the pain points of our customers and provide them with the functions and services they need, as well as the human resources who have contributed to the development of developing countries over the past 30 years by inheriting this DNA. This is a major strength of our company.

In addition to this experience, our expertise in the legal system, which is an inevitable part of doing business in the local market, and our continued presence as an indispensable supporter of both the local government and companies entering the market, is another source of our competitive advantage.

We also believe that Sumitomo Corporation's strong relationships with local governments and companies, which have been cultivated over many years with a strong emphasis on trust and an attitude of never running away, as well as the trust and number one position as a trading company that have been demanded by all these factors, are very valuable brand capital that must be protected and can be further enhanced.

The value creation of the Sumitomo Corporation Group



In these two examples, we have tried to unravel the nature of the Group's activities with a focus on non-financial capital. I would like to wrap up with the last slide.

One of the most important and consistent characteristics in the value creation that, whether Tomod's or the Overseas Industrial Park, and by extension, all 54 SBUs, are committed to, is Sumitomo's business philosophy.

As I explained in the two previous examples, I hope that you now have a better understanding of these characteristics: trust, integrity, co-creation, long-term perspective, anticipation of changing times, and human capital as a source of value creation.

This has been passed down as DNA to all group employees, and by confronting issues and attempting to solve them in response to changes in society or the demands of society, we will engage in various businesses, create social and environmental value, and link this to economic value. Furthermore, the results will be used to further enhance social and environmental value. We have been aiming for this kind of cyclical growth.

As you have indicated, the profit level of Tomod's is not large, at just under JPY3 billion forecasts for the current fiscal year. However, we will use our strong non-financial capital to ensure the implementation of the growth strategy for our domestic and overseas healthcare business, which I mentioned earlier, and to become one of the growth drivers for our non-mineral resources business.

The overseas industrial park business, by itself, has a profit target of JPY10 billion in FY2030, but indirect spillover effects and contributions to other businesses are also incorporated as one of the profit growth drivers of the non-funded business as well.

Thus, we are again strongly aware that the expansion of non-financial capital will play a major role in the time frame of our profit plan of JPY600 billion in FY2025 and beyond that in terms of medium- to long-term enhancement of corporate value.

In the second part that follows, we will delve into one of its most important non-financial capitals, human capital.

I would like to conclude my explanation here. Thank you for your attention.

Part 2

SC Group's Human Capital Management

01

SC Group's Human Capital Management

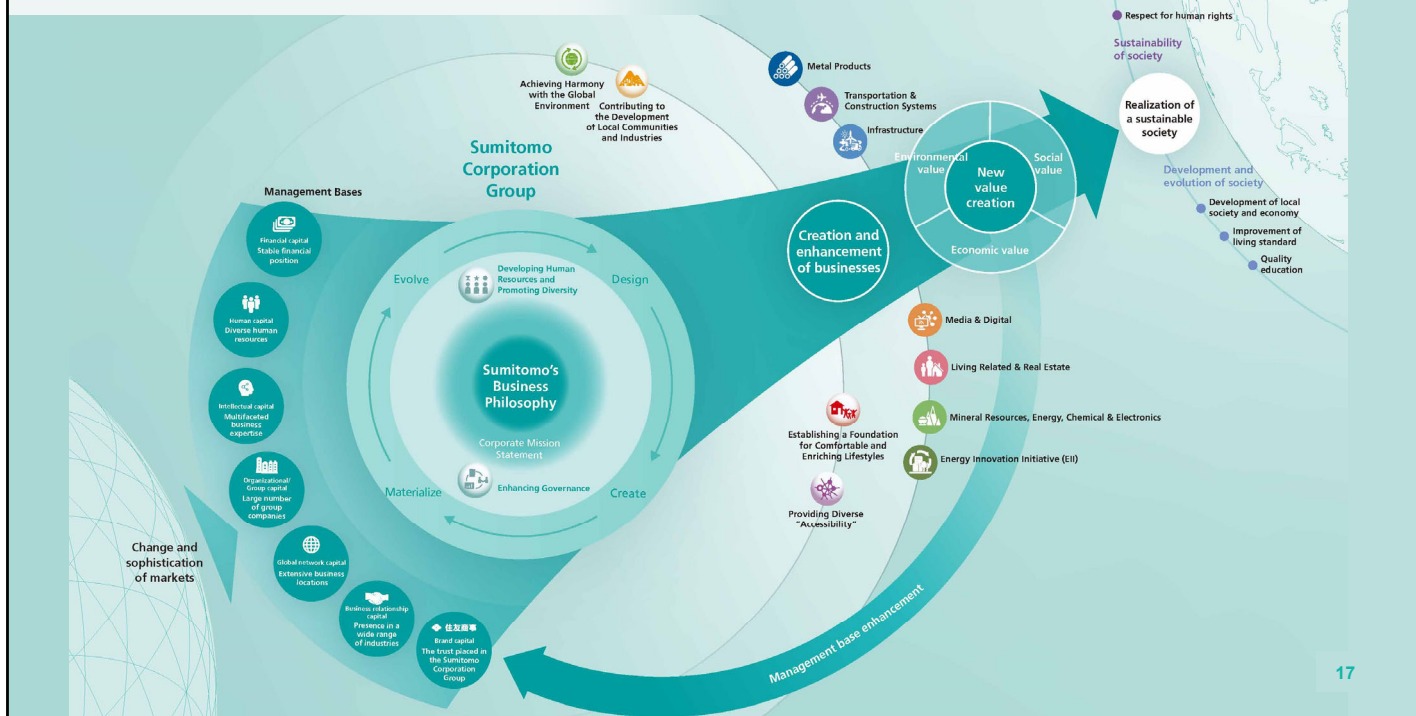
Representative Director, Executive Vice President, Chief Administration Officer, Takayuki Seishima

My name is Seishima, and I am in charge of human resources, general affairs, and legal affairs.

Although time is limited today, we hope that our presentation, panel discussion, followed by a question-and-answer session and exchange of opinions, will help you deepen your understanding of our company's initiatives.

We, too, would like to better understand what you, investors, are interested in and what concerns you have about our human capital management.

Our Value Creation Model



This page appeared in the president's presentation earlier, and human capital is plotted second from the top of the seven circles on the left.

It is positioned as one of the seven capitals. In the business model of a general trading company with a highly diversified business line, our talent is responsible for promoting all aspects of the business from start-up to expansion in all business fields.

We recognize that it is extremely important for the growth of our company and the enhancement of our corporate value that all of our executives and employees are able to work with a high level of awareness, polish their abilities, and work with vigor and vitality.

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.

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.

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.

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.

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"

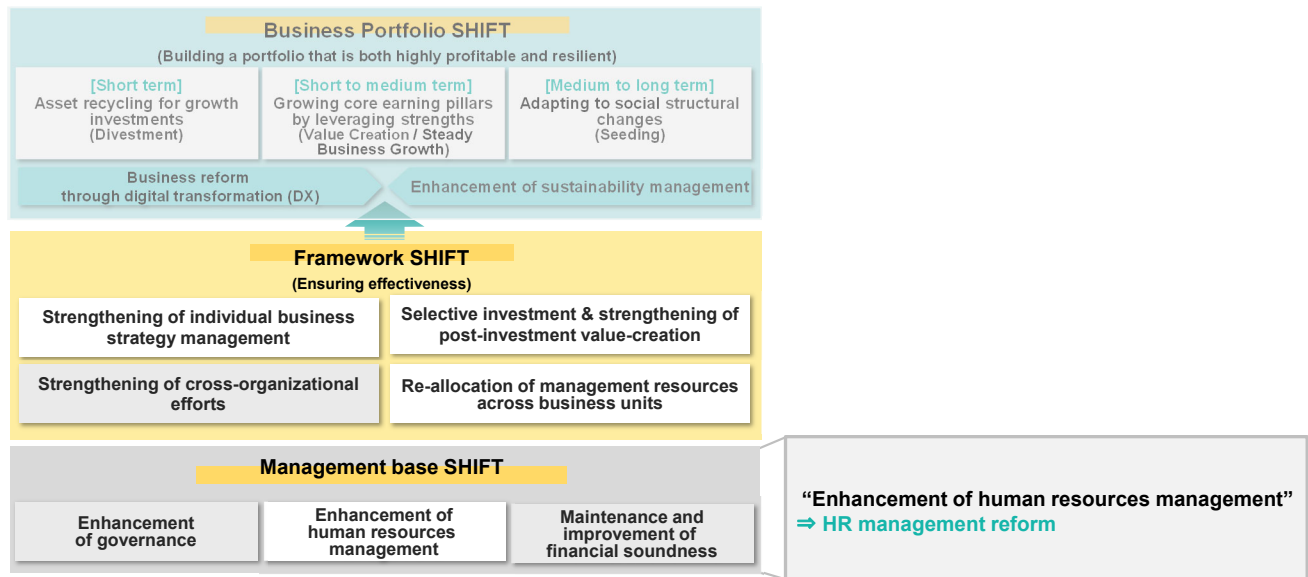
Recognize human resources as the most important asset

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

We are often asked what the strengths of our people are. We are in a variety of businesses, and in each business our strengths are different. However, we feel that Sumitomo's business philosophy is the common DNA of all employees.

In particular, we believe that the trust and confidence of our stakeholders, such as business partners and society, which are expressed in the words "integrity and sound management" in the upper left corner are essential for the long-term survival of our company. Let's move on to specific human resources management.

Medium-Term Management Plan SHIFT 2023



In the current medium-term management plan SHIFT 2023, we are working on three shifts: a business portfolio shift, a framework shift that ensures the business portfolio shift, and a management base shift that supports the business portfolio shift. Enhancing human resources management is plotted in the middle of the management base shift at the bottom.

I would like to give you a little overview of what we are working on in the following pages.

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

In H2 of FY2018, we began to consider what is the human resources management we should aim for. In particular, the Company will introduce a human resource management system based on the Pay for Job, Pay for Performance concept, aiming to break away from the seniority system, which has been operated in a Galapagos-like manner in Japan.

In the history of our human resources, we have tried this Pay for Job, Pay for Performance system twice, however, there were strong resistances and it was undone. This time, we decided to accomplish this with undaunted determination.

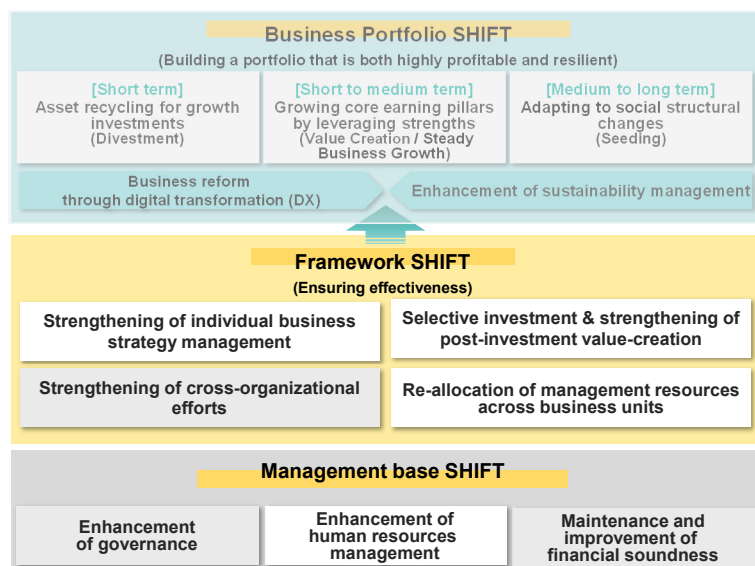
In order to accomplish this, various obstacles and difficulties can probably be expected during the implementation process. Therefore, we have formulated a Global HR management policy in 2020, as written in the upper left corner, to determine what we aim to achieve after overcoming these difficult obstacles.

The policy sets Sumitomo's organizational and individual aspirations, as well as the concepts that are important to Sumitomo's human resources management.

The organization is described as a great place to work where various top-tier professionals can work together in friendly competition, and each individual is described as top-tier professionalism. In layman's terms, we want each and every one of our executives and employees to become professionals who can create and expand business in various businesses and in various business fields while competing with the world's top players.

Some important concepts are listed on the right side of this page. Pay for Job, Pay for Performance, which I have mentioned earlier, is of course a package with the elimination of the seniority system. We are also committed to the diverse professionals, to the autonomous growth of individuals, or in more recent terms, the concept of career autonomy, and to the promotion of DE&I.

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.

Back to the overall picture of the medium-term management plan.

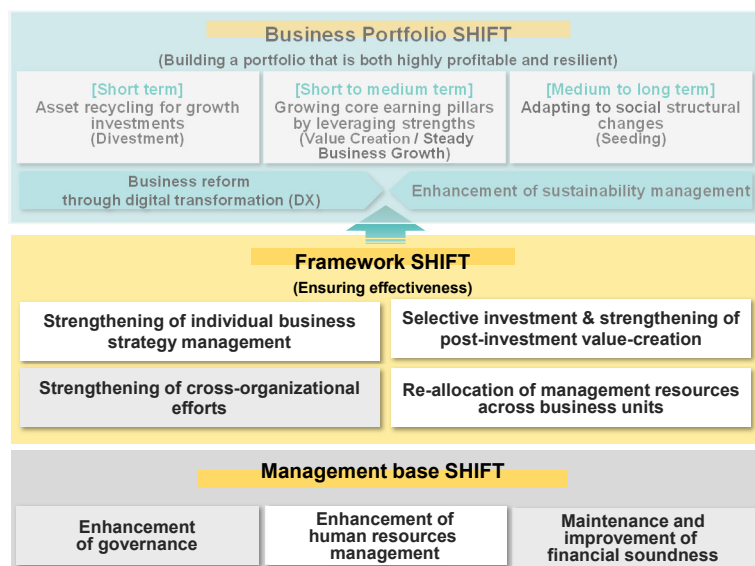
To ensure the effectiveness of the business portfolio shift, some plots are presented on the right side for HR measures related to the framework shift.

First, as one of the measures to strengthen business strategy management in the top row of the yellow box on the left, we introduced "evaluation of progress of strategy execution" for each SBU. Until then, we had actually distributed bonus resources to each organization as a standard resource without differentiation, based on the number of employees and the grade to which they belonged. This is not right. We decided to change the format so that we would give out more money to organizations that performed well, and organizations that didn't do well would unfortunately have to hold back a bit. We don't look at the P&L of each SBU in a single year, but we evaluate the achievement of KAI/KPI in promoting the business strategy of each SBU and reflect it in the bonus source. By doing so, we aim to strengthen each SBU member's sense of accomplishment.

The second is with regard to the careful selection of investments/strengthening of post-investment value enhancement. To improve the sense of ownership of those who were driving the deals in order to increase the probability of success, we introduced a system in which those involved in the investment decision-making process are rewarded according to the degree of achievement of the business plan established at the time the decision was made.

The third is to strengthen the allocation of management resources, optimized for the entire company. There are two types of management resource allocation: money and human capital. It is easy to change money allocation. In terms of human capital, we naturally need to invest more and more in areas of focus, and to increase the number of talent where there is a shortage.

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.

(Continued)

In order to rebalance human capital among SBUs, we have been promoting the shift of talent by taking into consideration the career aspirations, experience, and skills of each individual and promoting individual matching, with HR Dept. Taking the lead, or by making greater use of the internal recruitment system than before. In the current medium-term plan, we had planned to shift approximately 100 personnel between SBUs, and this has been largely completed through the initiatives I have just mentioned.

Although not included in this document, we are working on various initiatives at the management level, including a review of the quantitative evaluation system and the stock compensation system. These are more in the category of governance, so I will skip the explanation today.

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)

Two major changes in the new HR system are described below.

The first is the introduction of a job grading system. In line with the break with the seniority system and the elimination of seniority-based grading, a job grading system was introduced. With the elimination of seniority management, we have broken the youngest records for management positions above the corporate officer level or at the department head level by about 5 or 10 years at a time. The youngest person in a management position right now is someone who is about 40-plus years old. There are also managers in their 20s.

On the right side, the reform of the evaluation system is described. In the traditional relative evaluation system, people in the same grading class were evaluated relative to each other on a scale of A, B, or C with certain percentages. We decided to stop using such a boxed-in approach to evaluation and decided that if everyone did their best, we could give everyone a good evaluation. While managing resources through the evaluation of the degree of strategy execution for each SBU, as I mentioned earlier, we are changing to a form where good evaluations can be obtained according to hard work. We have also introduced 360-degree evaluations.

With this new evaluation system, it is impossible to give any lame explanations such as "Mr. A has a higher evaluation because he is 1 or 2 years older than Mr. B," which has been prevalent in the field of evaluation in the past. Therefore, we believe that it is becoming very important to manage each individual in such a way as to evaluate the degree of achievement of each individual and provide feedback.

We conduct an annual survey of the new HR system as a fixed point of observation to see how the people on the frontlines feel about these major changes. The August 2023 results show a 68% neutral/affirmative response rate to the question, "Do you think the elimination of the seniority system is progressing?" It is very difficult to evaluate this because the neutral response is neither Yes nor No.

However, 41% of respondents gave a positive response of "I think we are making progress" in FY2023, compared to 26% the previous year. There is a large increase in the number of people who view the situation in a positive light.

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(Continued)

However, Sumitomo has, so to speak, operated a seniority-based personnel system for many years, centered on Japanese male employees. There is generation which is built up by this history in the Company, It is true that this bedrock layer still exists, and that skepticism about younger people being promoted past them has existed since the system was introduced.

However, as I mentioned earlier, the number of positive respondents has increased from 26% to 41%. When "neutral" is added, the level reaches more than two-thirds of the respondents. So, we see this as a gradual progression. Furthermore, we believe that this can only be done by building up more achievements.

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)

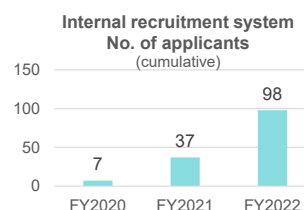
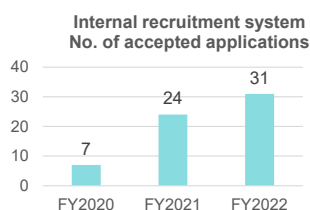
Measures that support autonomous growth

Internal recruitment system

Side/Second job system

0⇒1 Challenge

MIRAI LAB PALETTE



The title says "improvement of people management skills" and "autonomous growth", but the key word is "career autonomy." Traditionally, Japanese companies have been based on a membership system with lump-sum hiring of new graduates and lifetime employment. The reality of the past has been to manage staff personnel on the premise that a single letter of appointment will send an employee anywhere.

In past history, employees have rather thought of a corporation as the center of their career. However, as you know, such a system is not at all applicable to young people today. Since the sense of career is changing and lifestyles are diversifying, we believe it is important to maximize potential while being meticulous and taking into consideration each individual's goals and personal circumstances.

This will lead to an increased awareness of the autonomous career development of each individual employee. There are two bar graphs below. Both relate to the internal recruitment system. On the right is the total number of people who applied for internal recruitment system. This has been increasing steadily over the past 3 years. The number of internally offered positions itself is also increasing.

On the left is the number of accepted applications. This has also increased more and more over the past 2 years compared to previous years.

In addition, although the data is not shown here, the number of young employees who left the Company in FY2021 was the highest ever. Since the former core and former clerical positions have been combined into a single job category since April 2021, apples-to-apples comparisons with the past are based on the number of young workers leaving the former core positions. In 2021, probably due in part to our large deficit in the previous year, we experienced a record number of turnover of 100 employees.

In FY2022, there were 77. I believe that the pace has slowed down a bit due to the impact of COVID-19, the performance of the Company, and various initiatives.

Up to today, there are 32 retirees for this fiscal year. At the same time last year, there were 44, so the number has decreased by about a quarter. Thus, the pace has slowed further this year.

DE&I

"Global HR Management Policy"

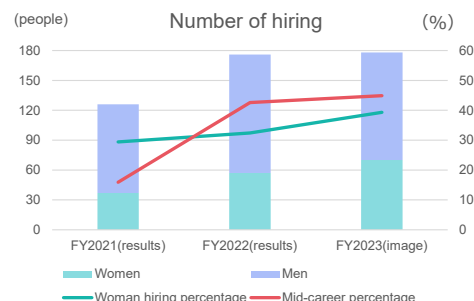
| Diversity, Equity & Inclusion | The source of our competitiveness

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 our 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.

We believe that bringing together a variety of people to demonstrate our collective strengths is a catalyst for maintaining our strength and growth as a company, and a source of our competitiveness.

The left-hand side of the document, in the middle, says "implement measures responding to each country's situation." Sumitomo has offices in various regions around the world, and each country and region has different issues to focus on from a DE&I perspective. We are working on each of these measures based on the reality of the situation.

In Japan, the most important issue is, of course, the promotion of women's advancement. This will be explained on the next page.

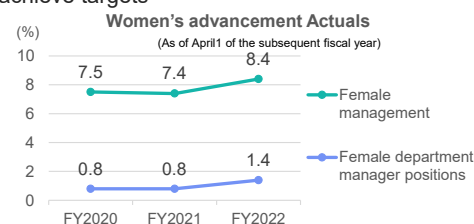
Other than that, we are hiring more and more career hires. Ms. Nakazawa, Executive Officer in charge of human resources, joined in April as a career hire. In addition, under the theme of diversity, we have abolished the seniority system and are promoting young people. At overseas locations, locally hired employees are promoted. We are working on various initiatives.

Career hires exceeded 40% both for those who came in this April and for everyone hired during the year in FY2022. In addition, the percentage of female hires has risen to just under 40% for both new graduates and career hires.

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

Next is about the promotion of women's advancement in Japan.

Three quantitative targets are set for 2030. Increase the number of female board members to at least 30%. Right now, Sumitomo has a total of 16 directors and corporate auditors. Of these, three are women, all from outside the Company. To get above 30%, this would have to be more than five people, but not by adding two more outside directors. This means that the challenge for FY2030 is how to train people within the Company, and this is what we are working on.

Increase the number of female managers to at least 20%. There are now approximately 2,800 managers, which we call AP positions. More than 20% of these would mean more than 560 people. Now there are about 230 women. Every year, we discuss at the management meeting how much we should increase the number of women each year to reach the target of 560 by 2030, and this is incorporated into the organization's goals, which are then worked out at each site.

Increase the number of women at the department manager level to at least 10% by 2030. Of the more than 400 department heads, there are now only six women. However, we have managed to increase the number a little from the level of one a few years ago. I believe this also needs to be sped up.

Various initiatives are listed in the lower left corner.

On the right side of the page, we describe the measures that enables individual employees with various circumstances to maximize their abilities. The Company recognizes that it already has a substantial measures in place.

Engagement

Started Engagement Survey from FY2022

Feature and tendency of FY2022 and FY2023 survey results

Added engagement indicators as evaluation of executive remuneration

The last page is about engagement.

We view this as an indicator to measure the state of the Company in terms of how lively and active our employees are. We recognize that this is an important factor in driving our growth.

Starting in FY2022, this program first covered employees employed by Sumitomo alone , and is being expanded this year to include employees employed by regional organizations in Japan and abroad.

We are now considering how to disclose the results, because it is meaningless to show only the numerical results unless we properly explain the background and the evaluation. We just received the report at the end of August. As for the main characteristics and trends, the Company is moderately higher than the average for Japanese companies in both of the major categories, employee engagement and work environment. However, it is still inferior to global high-performing companies. Each organization analyzed the issues and causes for one year coming out of the FY2022 results and implemented countermeasures. As a result, in FY2023, we have achieved reasonable improvements in both of the categories I mentioned earlier. However, the level is as I mentioned earlier, and we believe that we need to continue to work on improving it.

Finally, as noted, we have added three ESG-related indicators to the evaluation items used to determine the number of shares to be issued for stock-based compensation in the executive compensation program for the current fiscal year. One incorporates promotion of women's advancement, one climate change response, and lastly, the improvement of the results of this engagement survey.

That's all from me.

Panel Discussion

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

Executive Officer, Assistant CAO, Human Resources, Yoshiko Nakazawa

Outside Director, Kimie Iwata

Brief profiles of the panelists



Takayuki Seishima

Representative Director, Executive Vice President, Chief Administration Officer



Yoshiko Nakazawa

Executive Officer, Assistant CAO, Human Resources



Kimie Iwata

June 2018 - Outside Director, Sumitomo Corporation

She has wide-ranging knowledge and a wealth of experience in business management, corporate governance, corporate social responsibility, and diversity, etc. accumulated through her many years serving in several key positions at the Ministry of Labor (currently the Ministry of Health, Labor and Welfare), and after retiring from the ministry working in various executive and outside director positions for private companies, among other roles.



Sumitomo Corporation

Enriching lives and the world

(Closing)

Thank you very much for your time today and for your valuable comments.

What I have explained today is a report on the current status of our ongoing efforts to reform the organization itself, which we have been steadily undertaking since the crisis mode, structural reforms, and our SHIFT 2023.

Through these efforts, we will strengthen each and every officer and employee of Sumitomo and the strength of the organization backed by them.

On top of that, we will shift the portfolio based on the plans we make.

At the end, we will strengthen the entire group to meet the profitability targets we have set for ourselves.

We firmly believe that our own reforms will bear fruit in these turbulent times by creating an organization that can continue to put these reforms into practice.

We will work together with our colleagues in the global headquarters of the Sumitomo Corporation Group, which shares Sumitomo's business philosophy and operates around the world, to ensure that we can achieve results on a global basis.

We look forward to your continued support.

Thank you again for your guidance and encouragement.

Thank you very much for your time today.

[END]