

Sustainability Management of Sumitomo Corporation

CSO/CIO, Hideki Yamano

Sustainability Management of Sumitomo Corporation

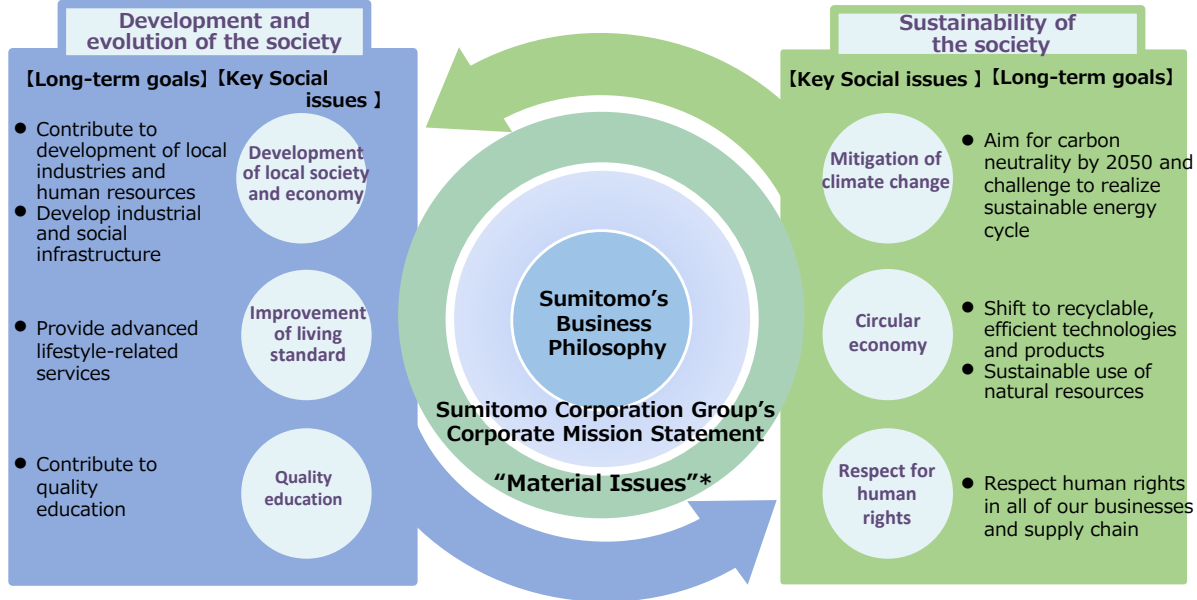
- Transform the Sumitomo Corporation Group's business activities suitable for the realization of sustainable society

Pursue sustainable growth with society



Sustainability Management of Sumitomo Corporation

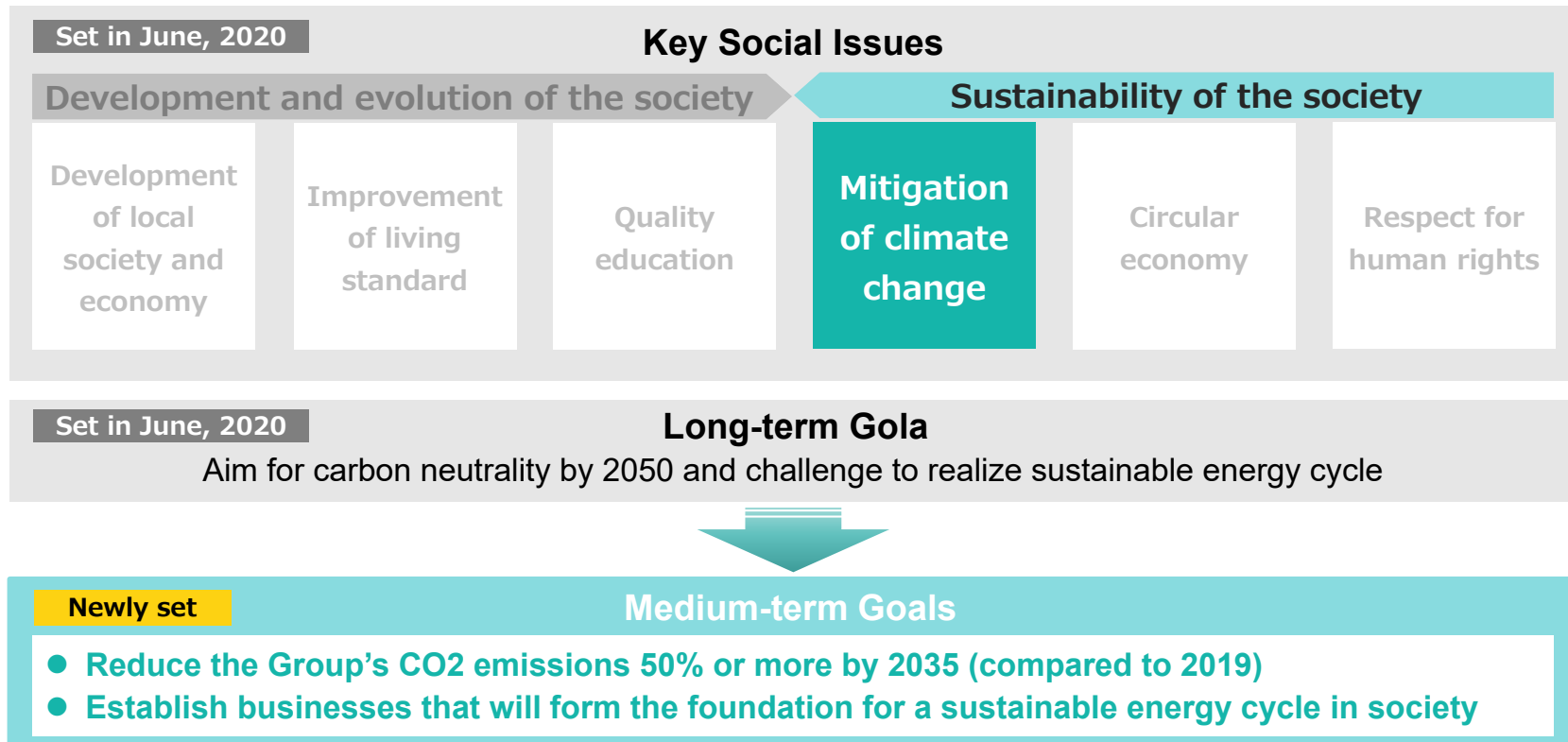
- Key social issues and long-term goals for the Sumitomo Corporation Group



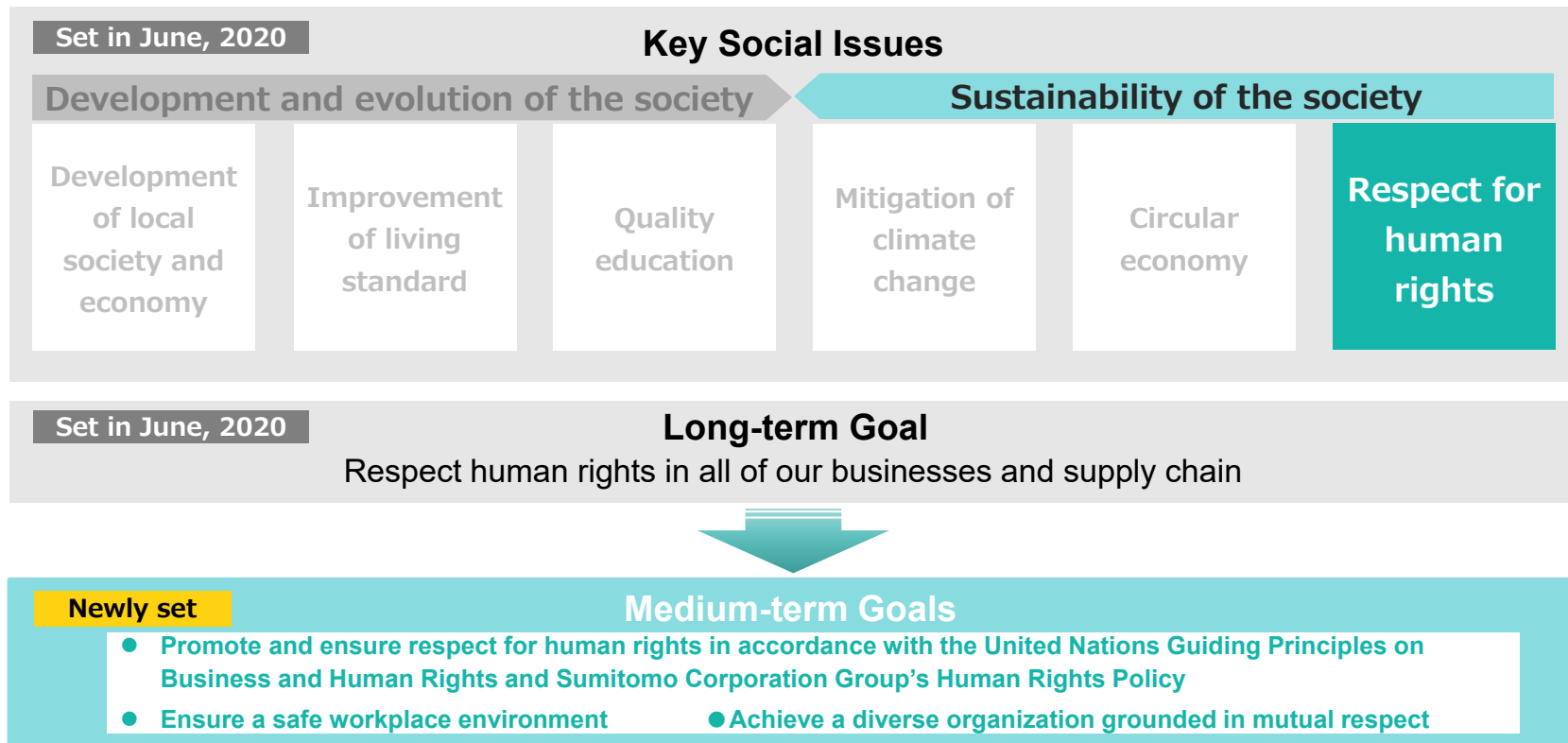
Our diverse human resources
Multifaceted business expertise
Global networks
Business relations with partners and customers

* Priority issues identified for SC Group to pursue sustainable growth with the society

Setting Medium-term Goals for Key Social Issues and Long-term Goals



Setting Medium-term Goals for Key Social Issues and Long-term Goals



Revision to “Policies on Climate Change Issues”

Responses to climate change risks

- Regularly monitor the status of major risks in light of global trends in climate change at the Management Council and the Board of Directors
- Consider measures including reduction of exposure based on risk status

Information disclosure on climate change risks

Disclose governance, strategy (including scenario analysis^(*)), risk management, targets and KPIs related to climate change based on TCFD recommendations, and continue to enhance the content of disclosure.

*1 Based on the IEA’s Stated Policies Scenario and Sustainable Development Scenario, conduct analysis for power, resources, transportation equipment and materials industries which are highly impacted by climate change

Changes in business portfolio associated with achieving carbon neutrality in 2050

- 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

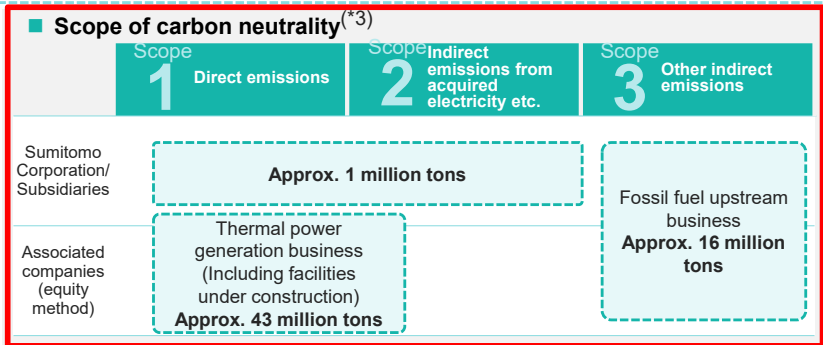
CO₂ emissions (*1): Reduce 90% or more

For coal-fired power generation business, no further involvement in IPP (Independent Power Producer) nor EPC (Engineering, Procurement, Construction) business(*2) 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.

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

*2 As the only exception, we acknowledge the project of Unit 3 and 4 of Matarbari plant in Bangladesh, which is under discussion between the Bangladesh and Japanese governments, as a potential expansion project of the Unit 1 and 2 project which we participate as a contractor. We will judge the possibility of participating in the Unit 3 and 4 project based on dialogue with our various stakeholders and also after we confirm the project’s consistency with the Paris Agreement (this will be the last project of coal-fired power generation business that we may have a possibility to consider).

*3 As of 2019



Develop new businesses for realizing a sustainable energy cycle

We will make Companywide effort including initiatives taken by EII, established to create next-generation business.

- Develop hydrogen and other forms of carbon-free energy, increase supply of renewable energy, 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.

Part 2

Sustainability Management to Achieve Sustainable Growth

2:10-2:20 Sustainability Management of Sumitomo Corporation

CSO/CIO, Hideki Yamano

**2:20-2:30 Infrastructure Business Unit Strategy Responding to
Changes in the Business Environment**

**Senior Managing Executive Officer,
GM of Infrastructure Business Unit,
Tsutomu Akimoto**

2:30-2:40 Initiatives for Next-Generation Energy Management Business

**Executive Vice President,
Head of Energy Innovation Initiative,
Shingo Ueno**

2:45-3:15 Questions and Answers

<Appendix> Setting Medium-term Goals for Key Social Issues and Long-term Goals (1/2)

Key social issues	Long-term goals	Medium-term goals (newly set)
Sustainability of society	<p>Mitigation of climate change</p> <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 (3GW 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.
	<p>Circular economy</p> <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.
	<p>Respect for human rights</p> <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

<Appendix> Setting Medium-term Goals for Key Social Issues and Long-term Goals (1/2)

Key social issues	Long-term goals	Medium-term goals (newly set)
Development and evolution of society	<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.
	<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 projects with employee participation at Sumitomo Corporation Group

<Appendix>Revision to “Policies on Climate Change Issues”

Long-term Goals	Aim for carbon neutrality by 2050 and challenge to realize sustainable energy cycle	Existing Goals (set in June, 2020)
Medium-term Goals	<ul style="list-style-type: none"> ● Reduce the Group’s CO2 emissions 50% or more by 2035 (compared to 2019) ● Establish businesses that will form the foundation for a sustainable energy cycle in society 	Newly set

	<Original policies and goals>	<Revised policies and new goals>
Power generation business	NA	Reduce CO2 emissions by 40% or more by 2035
<ul style="list-style-type: none"> ■ Power generation portfolio (*1) 	2035: Coal 30%, gas 40%, renewable 30%	2035: Coal 20%, gas 50%, renewable 30%
<ul style="list-style-type: none"> ■ Coal-fired power generation business 	<div style="background-color: #00a68f; color: white; padding: 2px;">Former policy</div> <p>New coal-fired power generation will not be developed. Provided, however, that individual considerations will be taken for projects which are indispensable for the economic and industrial development of regional communities, and match the policies of the governments of Japan and the relevant host country considering international initiatives and trends in the mitigation of climate change.</p>	<div style="background-color: #00a68f; color: white; padding: 2px;">Revised policy</div> <p>We will not be involved in any new coal-fired power generation business neither IPP nor EPC (*2). For IPP business, we will end the business in the late 2040s.</p>
CO2 emissions	NA	Reduce 60% or more by 2035 compared to 2019
<ul style="list-style-type: none"> ■ Renewable energy 	NA	Increase supply (3GW or more by 2030) (*3)

<Appendix>Revision to “Policies on Climate Change Issues”

	<Original policies and goals>	<Revised policies and new goals>
Fossil energy business	NA	Reduce indirect CO2 emissions ^(*3) by 90% or more by 2035
<ul style="list-style-type: none"> ■ Thermal coal mining business 	<p>Former policy</p> <p>The current level of equity share coal production shall be the upper limit, and new development will not be implemented.</p>	<p>Revised policy</p> <p>We will not make any further investment in the thermal coal mining interest and aim to achieve zero production from thermal coal mine by 2030.</p>

(*1) net ownership generation capacity basis. As of 2019: Coal 50%, gas 30%, renewable 20%

(*2) As the only exception, we acknowledge the project of Unit 3 & 4 of Matabari plant in Bangladesh, which is under discussion between the Bangladesh and Japanese governments, as a potential expansion project of the Unit 1 and 2 project which we participate as a contractor. We will judge the possibility of participating in the Unit 3 and 4 project based on dialogue with our various stakeholders and also after we confirm the projects’ consistency with the Paris Agreement (this will be the last project of coal-fired power generation business that we may have a possibility to consider).

(*3) As of 2020: 1.5GW (1GW = 1 billion W)

(*4) Indirect CO2 emissions generated by others with the use of fossil fuel