

Corporate Governance System

The backbone of our corporate ethics comprises Sumitomo’s business philosophy and the Company’s Management Principles. Keeping this in mind and complying with the Sumitomo Corporation Corporate Governance Principles, we work to enhance corporate governance even further to realize management that serves the interests of all of our stakeholders, including shareholders.

Features of Our Corporate Governance System

We have adopted a company with corporate auditors system because we believe that strengthening and enhancing our corporate auditor system is the most reasonable way of heightening the effectiveness of corporate governance. In addition, we have appointed three Outside Directors with a view to ensuring appropriate decision making by the Board of Directors and strengthening supervision further.

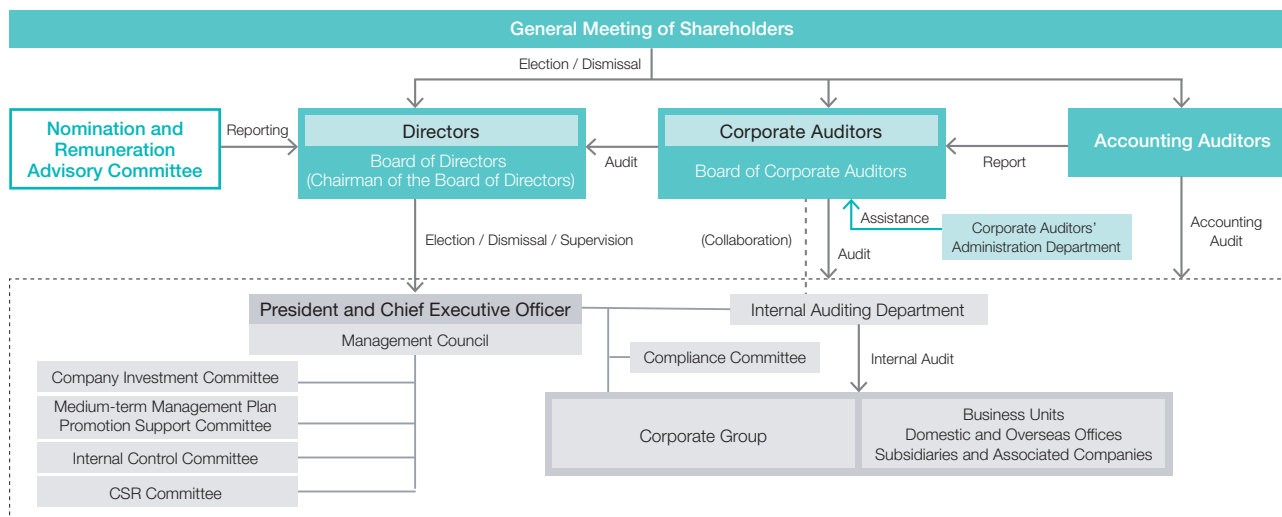
In accordance with our medium-term management plan Be the Best, Be the One 2017 (BBBO2017), we have revised governance and decision-making processes to sustain growth and benefit all of our stakeholders. Specifically, we have established the Management Council as the highest executive-level body for decision making on operational implementation and strengthened the monitoring capabilities of the Board of Directors.

See ▶ **“Feature 2: Discussion between the President and Outside Directors”** on page 30 for information on the progress of efforts to improve corporate governance and decision-making process.

▶ Overview of Corporate Governance System (As of July 1, 2017)

Organizational structure	Company with Kansayaku Board (Audit & Supervisory Board)
Number of Directors	9 (3 of whom are Outside Directors); 1-year term
Term of Chairman of the Board of Directors, President and Chief Executive Officer, and Outside Directors	No more than 6 years, in principle
Number of Corporate Auditors	5 (3 of whom are outside corporate auditors); 4-year term
Executive officer system	Implemented
Voluntarily established bodies as advisory bodies to the Board of Directors	Nomination and Remuneration Advisory Committee
Sumitomo Corporation Corporate Governance Principles	http://www.sumitomocorp.co.jp/files/user/english/doc/company/governance/e_principle.pdf
Corporate Governance Report	http://www.sumitomocorp.co.jp/files/user/english/doc/company/governance/e_cgr.pdf
Standards for Appointment and Independence of Outside Directors and Outside Corporate Auditors	http://www.sumitomocorp.co.jp/files/user/english/doc/company/governance/e_outdirec_independ.pdf
Accounting auditors	KPMG AZSA LLC

▶ Corporate Governance System



Directors and the Board of Directors

Enhancement of the Deliberation and Monitoring Capabilities of the Board of Directors

We carefully select agenda items requiring discussion by the Board of Directors so that the Board can concentrate on the deliberation of important matters regarding Companywide management such as the business policy and management plan. At the same time, we expanded the range of matters to be reported to the Board of Directors so that it can concentrate more on supervising the execution of operations, with the aim of enhancing its monitoring function. Also, we established opportunities for free exchanges of opinions before decisions on important matters.

Qualifications of Outside Directors and Regular Meetings for Exchanges of Opinions

Our three Outside Directors satisfy standards for independence stipulated by Tokyo Stock Exchange, Inc., and other financial instruments exchanges on which the Company is listed and our in-house rules on Standards for Appointment and Independence of Outside Directors and Outside Corporate Auditors. Each Outside Director has a different type of experience and expertise, and Outside Directors contribute to our corporate governance by providing a variety of independent viewpoints. In addition, Outside Directors hold discussions and exchanges of opinions with the Chairman of the Board of Directors, the President and Chief Executive Officer, internal corporate auditors, and outside corporate auditors once a month in principle.

► Reasons for Appointing Outside Directors

We deemed respective Outside Directors to be qualified for appointment because they have the experience stated below, contribute to appropriate decision making at meetings of the Board of Directors, and strengthen supervision even further.

Name	Reasons for appointment
Yayoi Tanaka	Highly specialized knowledge and extensive experience accumulated through long engagement in research in the fields of evaluation studies and civil society organizational theory and the holding of a number of positions on government committees, including the Administrative Reform Promotion Council (private-sector member)
Nobuyoshi Ehara	Wide-ranging knowledge and a wealth of experience in finance and business management accumulated during many years of engagement in a major U.S. financial institution and the management of a private-equity firm
Koji Ishida	Wide-ranging knowledge and a wealth of experience in finance and business management accumulated during many years of engagement in a major financial institution and past position as a member of the Policy Board at the Bank of Japan

Establishment of the Nomination and Remuneration Advisory Committee

The Nomination and Remuneration Advisory Committee, which is membered by a majority of Outside Directors and is chaired by an Outside Director, has been established as an advisory body to

the Board of Directors. This committee nominates candidates for the positions of director, Management Council member, and corporate auditor; examines the remuneration of directors, corporate auditors, and executive officers; and reports its findings to the Board of Directors. Furthermore, we have given Outside Directors more opportunities to meet the executive officers by creating opportunities for executive officers to attend meetings of the Board of Directors and explain proposals.

► Breakdown of the Nomination and Remuneration Advisory Committee

Total members	Internal directors	Outside Directors	Committee chairman
5	2 (President and Chief Executive Officer, Chairman of the Board of Directors)	3	Outside Director

Evaluation of the Board of Directors

To maintain and heighten the effectiveness of the Board of Directors, each year directors and corporate auditors analyze and evaluate its effectiveness through such methods as self-evaluations. We disclose the results of these efforts.

Based on the results of the fiscal 2015 evaluation, we implemented measures to further improve the effectiveness of the Board of Directors. Such measures included enhancing orientation programs for Outside Directors and outside corporate auditors when they take office and creating more opportunities for them to observe workplaces in Japan and overseas. In addition, we adjusted the scheduling of informal discussions at which executives (including Executive Officers) engage in free exchange of opinions to make it easier for Outside Directors and Outside Corporate Auditors to attend.

For fiscal 2016, from March to April 2017 we issued a questionnaire targeting all directors and corporate auditors and had an outside (third-party) consultant analyze and evaluate the results. The evaluation recognized that a variety of reforms aimed at realizing an effective Board of Directors have been implemented and that these efforts are steadily producing results. On the other hand, the evaluation recommended further enhancing the effectiveness of the Board of Directors by improving the quality of materials distributed at Board of Directors' meetings and encouraging discussions among internal and outside executives, including executive officers.

We intend to analyze the questionnaire results in more detail, discuss them at the meeting of the Board of Directors, and take measures to improve the effectiveness of the Board of Directors.

(For more details, please refer to "[Supplementary Principle 4-11-3]" on page 3 of the Company's Corporate Governance Report.)

Corporate Auditors and the Board of Corporate Auditors

Enhancement of Auditing Capabilities

To strengthen corporate auditing capabilities from an external viewpoint, three of our five corporate auditors are outside corporate auditors. Two outside corporate auditors are legal experts, and one outside corporate auditor is an accounting expert, which contributes to our aim of conducting audits from diverse perspectives. Moreover, our three outside corporate auditors satisfy standards on independence stipulated by Tokyo Stock Exchange, Inc., and other financial instruments exchanges on which the Company is listed and our in-house rules on Standards for Appointment and Independence of Outside Directors and Outside Corporate Auditors.

Collaboration between Internal Auditing Department and Accounting Auditors

To ensure audit efficiency, corporate auditors interact closely with the Internal Auditing Department, receiving reports on internal audit plans and their results in a timely manner.

In addition, corporate auditors exchange information with and monitor the auditing activities of the accounting auditors through regular meetings. By attending audit review meetings and observing inventory audits with the accounting auditors, the corporate auditors constantly work to improve audit efficiency and quality. Furthermore, corporate auditors attend meetings of the Internal Control Committee and request reports on the status of internal control systems from other departments responsible for internal control along with their cooperation on audits.

Reasons for Appointing Outside Corporate Auditors

We deemed respective outside corporate auditors to be qualified for appointment because they have the experience stated below and contribute to our aim of conducting audits from diverse perspectives.

Name	Reasons for appointment
Haruo Kasama	Highly specialized knowledge and a wealth of experience in law accumulated over many years as a prosecutor and lawyer
Toshio Nagai	Highly specialized knowledge and a wealth of experience in law accumulated over many years as a judge and lawyer
Yoshitaka Kato	Highly specialized knowledge and a wealth of experience in finance, accounting, and corporate auditing accumulated over many years as a certified public accountant

Ensuring Audit Effectiveness

To obtain the information necessary for proper auditing, corporate auditors attend meetings of the Board of Directors and all other important internal meetings. Further, corporate auditors hold discussions and exchanges of opinions with the chairman of the Board of Directors, the President and Chief Executive Officer, and Outside Directors once a month in principle. Also, the Corporate Auditors' Administration Department is assigned to assist corporate auditors and ensure the auditing system functions effectively and without hindrance.

Systems 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. Moreover, the Company established a Corporate Disclosure Policy in July 2016.

The Corporate Disclosure Policy can be accessed from the following web page.

▶ http://www.sumitomocorp.co.jp/files/user/english/doc/company/governance/corporate_disclosure_policy1611.pdf

Measures Related to the General Meeting of Shareholders

We send out a Notice of Convocation to shareholders approximately three weeks prior to each regularly scheduled General Meeting of Shareholders. For the convenience of overseas shareholders, we also provide an English translation of the notice on our website before sending the Notice of Convocation. We have enabled our shareholders to exercise their voting rights via the Internet using personal computers since 2004 and via the Internet using mobile phones since 2005. In 2007, we introduced the Electronic Voting Platform for institutional investors, which was established by Tokyo Stock Exchange, Inc., and is operated by Investor Communications Japan, Inc. The new platform allows institutional investors sufficient time to examine thoroughly details of proposals for consideration at the meeting. In addition, we stream video of the General Meeting of Shareholders on our website for a set period following the close of the meeting.

Remuneration of Directors and Corporate Auditors

The Nomination and Remuneration Advisory Committee, an advisory body to the Board of Directors membered by a majority of Outside Directors and chaired by an Outside Director, evaluates the formulas for and levels of remuneration of the Company's directors and the limit of remuneration of corporate auditors. The committee reports the results of its evaluations to the Board of Directors in order to make remuneration-related processes more transparent and objective.

Based on this report, specific compositions and decision methods related to remuneration have been established as follows.

Remuneration of Directors

Remuneration of directors (excluding the Chairman of the Board of Directors and Outside Directors) is decided on an individual basis and comprises monthly remuneration, bonuses, new share acquisition rights, and new share acquisition rights for the stock-linked compensation plan. Details are as follows.

Remuneration of the Chairman of the Board of Directors and Outside Directors comprises only a fixed amount of monthly remuneration, which is paid on a monthly basis.

Remuneration of Corporate Auditors

Remuneration of corporate auditors comprises only a fixed amount of monthly remuneration, which is paid on a monthly basis.

► Types of Director Remuneration

Type of remuneration	Description	Form of payment
Monthly remuneration	A fixed amount of remuneration is paid to each director every month that is based on the standard amount designated for each director position and adjusted through quantitative and qualitative evaluations of the performance of each director.	Cash
Bonuses	Calculated by using a formula decided by the Board of Directors that has been declared appropriate by the corporate auditors, an amount of bonus funds is determined based on the Company's performance in each fiscal year and then allocated to individual directors in accordance with their position.	Cash
New share acquisition rights	New share acquisition rights are allocated to directors each year in accordance with their position. The aim of this system is to contribute to improved earnings and financial position by heightening the motivation of directors, who are responsible for management, and encouraging them to practice management while considering the Company's stock price.	Shares of stock (New share acquisition rights)
New share acquisition rights (stock-linked compensation plan)	New share acquisition rights are allocated to directors (through the stock-linked compensation plan) each year in accordance with their position. The aim of this plan is to better share value with shareholders by clarifying the link between the Company's performance and stock price and the remuneration of directors.	Shares of stock (New share acquisition rights)

Particulars regarding the remuneration of the Company's Directors and Corporate Auditors for fiscal 2016 are as follows:

► Particulars Regarding the Remuneration of the Company's Directors and Corporate Auditors

Classification	Number of payees	Total amount of remuneration pertaining to this fiscal year	Breakdown		
			Monthly remuneration	Bonuses	New share acquisition rights
Directors (particulars relating to Outside Directors)	17 persons (5 persons)	¥942 million (¥47 million)	¥714 million (¥47 million)	¥149 million (—)	¥79 million (—)
Corporate Auditors (particulars relating to Outside Corporate Auditors)	7 persons (4 persons)	¥120 million (¥34 million)	¥120 million (¥34 million)	— (—)	— (—)

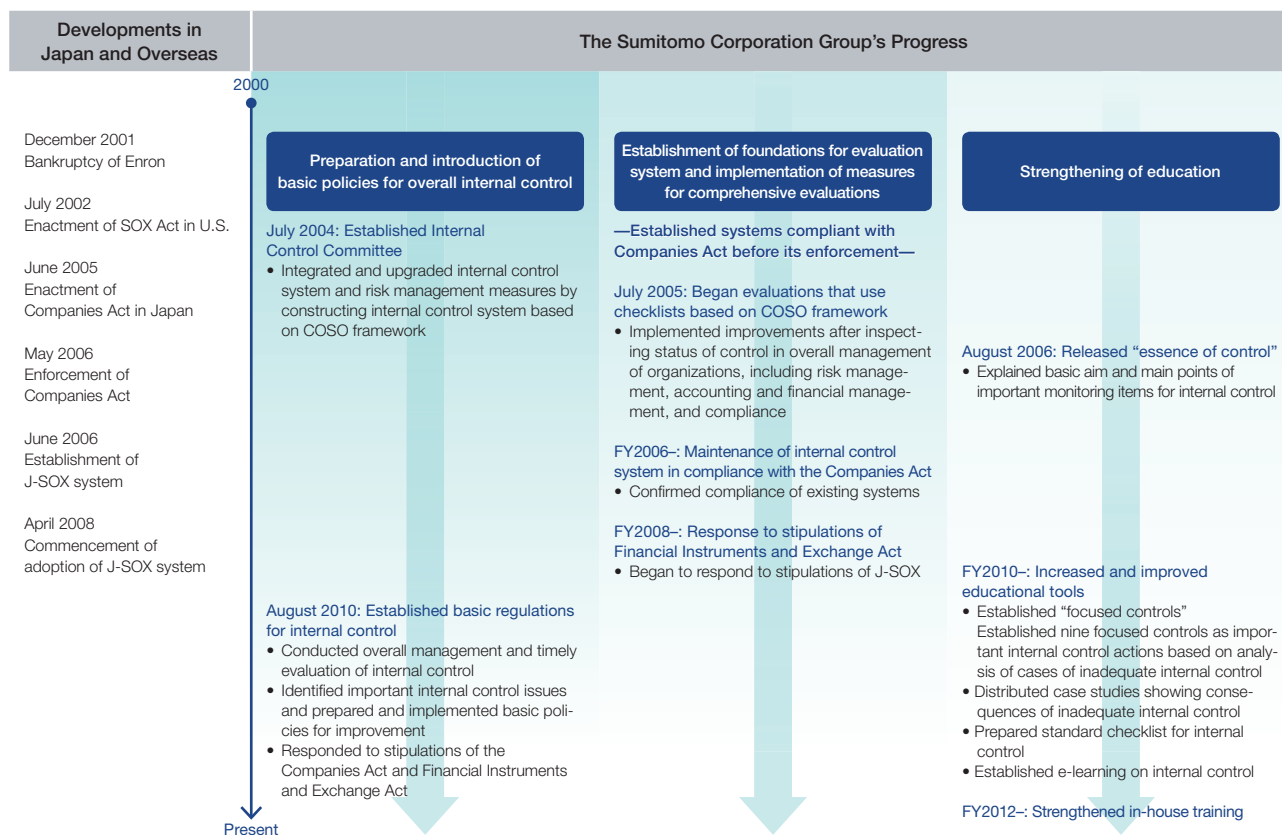
- Notes: 1. As of the end of fiscal 2016, we had 14 Directors and 5 Corporate Auditors (including 4 Outside Directors and 3 Outside Corporate Auditors).
 2. The numbers in the table above include one Outside Director who passed away (and thus effectively departed) on April 6, 2017 and one Outside Director who resigned on April 30, 2017.
 3. No Director of the Company is concurrently an employee of the Company.
 4. The amounts in the Bonuses above are the upper limit of the total payments approved at the 149th Ordinary General Meeting of Shareholders held on June 23, 2017.
 5. The above stock options are the total amounts recorded as expenses in this fiscal year for granting the Fifteenth New Share Acquisition Rights (issued on August 2, 2016), the Tenth New Share Acquisition Rights (stock-linked compensation) (issued on July 31, 2015), and the Eleventh New Share Acquisition Rights (stock-linked compensation) (issued on August 2, 2016).
 6. The maximum amount of remuneration to Directors comprising monthly remuneration, new share acquisition rights in the form of stock options, and new share acquisition rights in the form of stock options for a stock-linked compensation plan is ¥1.2 billion per year (the maximum amount of remuneration to Outside Directors is ¥60 million per year), as resolved at the 145th Ordinary General Meeting of Shareholders held on June 21, 2013.
 7. The maximum amount of monthly remuneration to Corporate Auditors is ¥180 million per year, as resolved at the 145th Ordinary General Meeting of Shareholders held on June 21, 2013.

Internal Control

The Sumitomo Corporation Group has strengthened its internal controls to retain the trust of all its stakeholders.

The Sumitomo Corporation Group comprises five Business Units as well as regional organizations in Japan and overseas. Business Units, organizations, and Group companies collectively work together in a broad range of business fields. It is essential that we provide a uniform standard for operational quality at these businesses, irrespective of their business sector or region. Also, this standard must meet the expectations of our stakeholders.

▶ Initiatives and Transformations for Enhancing Internal Control



Financial Reporting

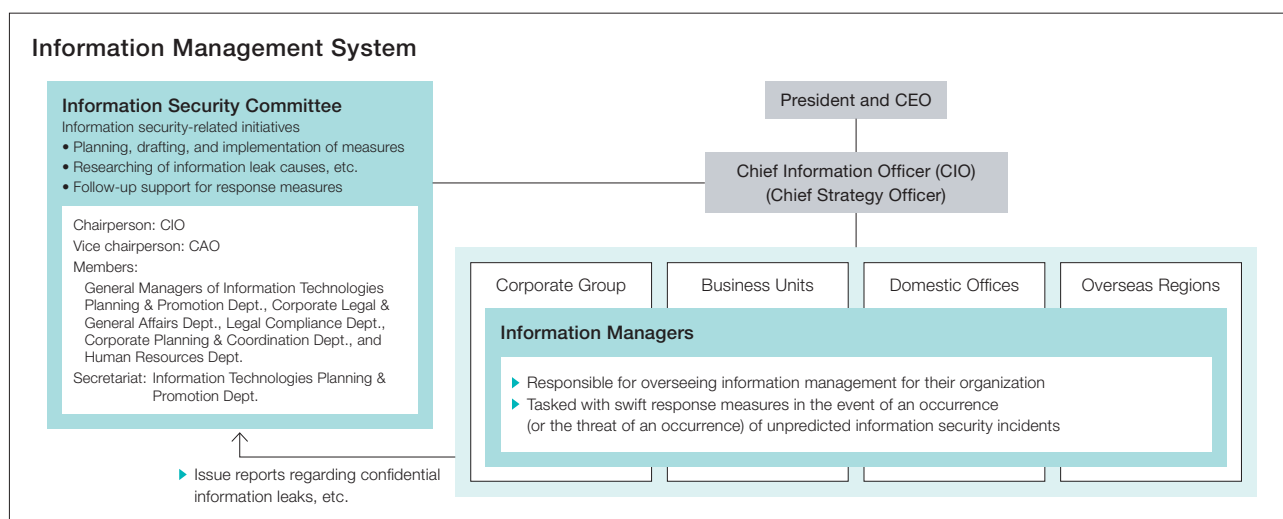
The Company complies with laws, regulations, and accounting standards pertaining to financial reporting and strives to disclose information in a timely and appropriate manner.

For its financial reporting internal control system, the Company takes steps to comply with the Internal Control Reporting System stipulated in the Financial Instruments and Exchange Act, effective from April 1, 2008, by evaluating internal controls as required by law and then implementing improvements to its business processes based on these evaluations. Furthermore, the Sumitomo Corporation Group does not limit itself simply to establishing and evaluating its internal control systems as required by the Financial Instruments and Exchange Act. Rather, we view these legal obligations as a prime opportunity to further the promotion of operational quality improvement measures such as those we have traditionally advanced a step ahead of social change. These improvements are pursued through a concerted Groupwide effort.

Information Management

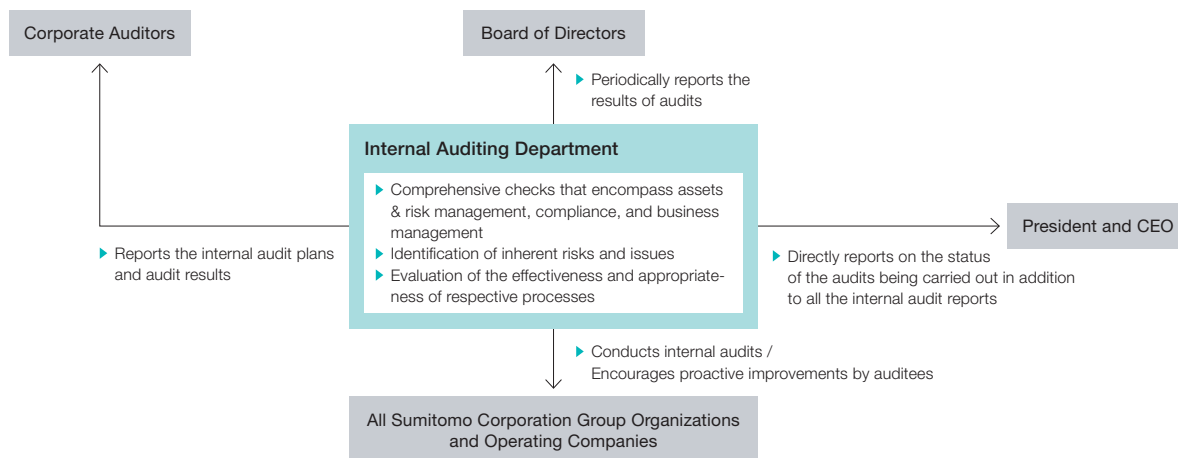
Information related to business operations is categorized into different levels of confidentiality based on its importance to information managers in order to identify how this information should be handled. Based on these categories, we strive to guarantee effective information security, promote efficient information processing, and share information as appropriate.

Information managers store documents that are legally required to be stored as well as information that has been deemed by the Company to be crucial to internal management over the predetermined period. Information managers decide the necessity of storing other information and the period over which this information should be stored. Moreover, Sumitomo Corporation strives to reduce its risk of falling victim to attacks from outside the Company aimed at misappropriating or damaging Company information assets. In addition to installing system-based safeguards, we conduct ongoing training and drills for employees while establishing and monitoring self-response 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 formulate effective and efficient information security measures.



Internal Audits

The Internal Auditing Department, which reports directly to the President and CEO, is an independent organization that monitors the operations of the Company and its Group companies.



Risk Management

To cope effectively with the diversifying risk environment, Sumitomo Corporation has built a framework for micro-management, with the objective of “minimizing losses from individual transactions,” and for macro-management, with the objective of “maximizing corporate value.” The frameworks support the efficient management of our corporate resources and are strongly linked to the management plan.

Definition of Risk

- ▶ Possibility of losses due to the occurrence of anticipated or unanticipated situations
- ▶ Possibility of not achieving the expected return on business activities

Purpose for Our Risk Management

Stabilize Performance

Minimize discrepancies between the plan and actual results

Strengthen Financial Base

Maintain Risk-adjusted Assets within the buffer (shareholders' equity)

Maintain Corporate Reputation

Fulfill CSR requirements and preserve corporate reputation

Quantifiable Risk = Value Creating Risk Company Investment Committee

Maintain Risk-adjusted Assets within our buffer / Maximize Risk-adjusted Return

Deliberate on and monitor important projects through Company Investment Committee and Business Unit Investment Committees

Investment risks

- ▶ Integrated management framework covering entire phases from the entry process to the exit process
 - Hurdle rate and decision-making procedures at examination and execution stages
 - Managing business and monitoring
 - Selection of withdrawal targets (Exit Rule)

Credit risks

- ▶ Management based on internal credit rating model
- ▶ Periodic credit limit revisions and measures to secure receivables

Market risks

- ▶ Loss limit monitoring
- ▶ Separate and control front, middle, and back office functions

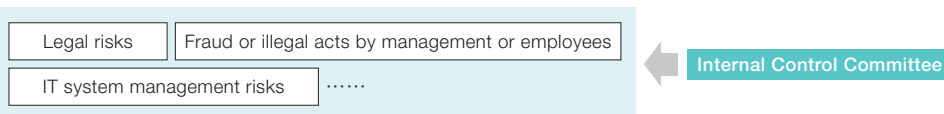
Concentration risks

- ▶ Controlling exposure to each country and region based on country risk management system
- ▶ Portfolio management / Risk-adjusted Assets of each business line
- ▶ Controlling exposure to mineral resources and energy upstream projects

Non-Quantifiable Risk = Value Breaking Risk

Risk control by avoiding or minimizing risks

Companywide internal control reinforcement initiatives centered on Internal Control Committee

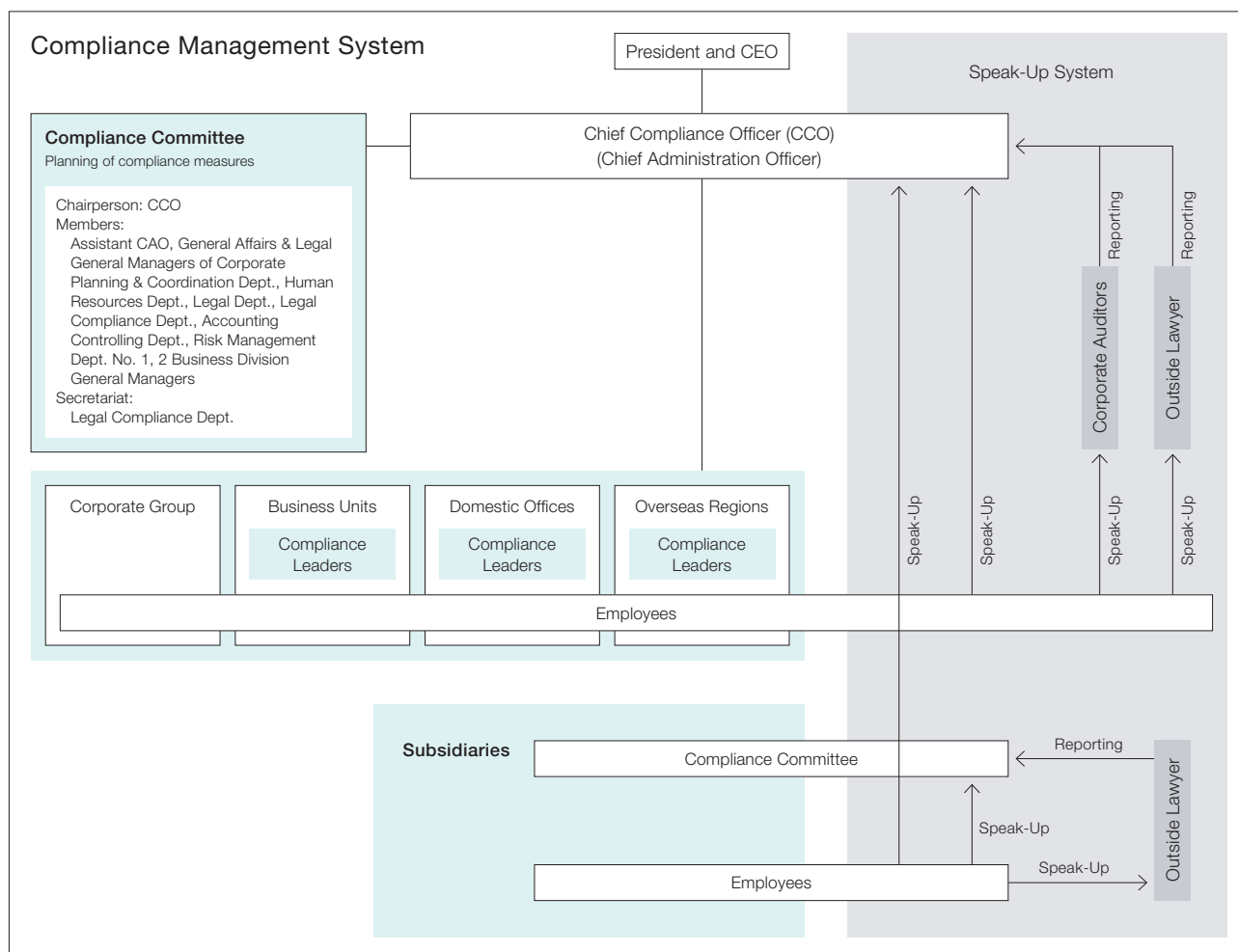


Compliance

The Activity Guidelines serve as the fundamental basis of the Sumitomo Corporation Group's compliance initiatives: "To comply with laws and regulations, while maintaining the highest ethical standards." "Giving First Priority to Compliance" and "Reporting Compliance Issues Immediately" are fundamental principles of our corporate activities.

<p>Giving First Priority to Compliance</p> <p>At Sumitomo Corporation, compliance takes priority over all corporate activities, and the Group realizes that it must never violate compliance as a result of giving priority to the pursuit of profit.</p>	<p>Reporting Compliance Issues Immediately</p> <p>If a compliance issue arises, officers and employees report the issue to their superiors or the relevant department without delay and take the most appropriate measures in response.</p>
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Speak-Up System	In addition to using their normal reporting lines, a system is in place that enables officers and employees to report any compliance issues directly to the Chief Compliance Officer.
Education Programs	We distribute compliance manuals to all officers and employees, and offer various compliance education programs including those for each class of employees such as newcomers, newly appointed general managers, and corporate officers. Such courses are available in Japan and overseas. All employees and officers are also given access to various e-learning programs.
Compliance System	The new Legal Compliance Department has been established to further intensify and encourage compliance on a Groupwide basis.



Human Resource Management

Personnel are the Sumitomo Corporation Group’s most valuable management resource. We need personnel who understand and practice the Group’s Management Principles and Activity Guidelines, have diverse backgrounds, and continue creating new value over the medium to long term that contributes to society at large. Therefore, we recruit, develop, and utilize personnel in a strategic and planned manner while taking Groupwide measures to enhance individual capability.

Human Resource Management Policy

Aiming to “Be the Best, Be the One”

Recruitment, development, and utilization and the involvement of human resources who can lead global businesses are the most important issues for the Group to prevail in an ever-changing business environment and achieve sustainable growth.

For this reason, we are training new employees on a Companywide basis, disseminating Sumitomo’s business philosophy—the basis of the Management Principles—and developing human resources by employing on-the-job training, based on job rotations, and off-the-job training, based on the characteristics of each business while encouraging the involvement of diverse human resources.

Under the medium-term management plan Be the Best, Be the One 2017 (BBBO2017), we introduced a new Human Resource System in April 2016. By stepping up human resource development, this system will advance organizations and the Group as a whole. Under the system, we are enhancing individual capability through the creation of lively environments that enable personnel to grow in an atmosphere of friendly rivalry. Also, we are heightening motivation by rebuilding systems to ensure appropriate evaluation of capabilities and compensation commensurate with capabilities. Further, we are enhancing talent management to promote the allocation of human resources in line with our medium-to-long-term strategy. (For details, see [▶ page 43](#).)

Vision of the Human Resources We Seek

Human resource development will play an essential role in realizing the vision for the Company in its centennial year in 2019.

In developing a vision of the human resources we are seeking to build our foundation for the next 100 years, we are promoting the following three factors, starting with the necessary qualities, actions, and abilities:

1. People with spirit and a lofty sense of ethics
2. People who accept diverse values but think for themselves and act on their own initiative
3. People who can create new businesses themselves without being constrained by existing frameworks

This vision of human resources has been determined on the basis of the value standards defined by the Management Principles and Activity Guidelines of the Sumitomo Corporation Group as well as in light of the nine core behaviors of the SC VALUES, which all employees are expected to share and practice. Sumitomo Corporation is seeking human resources who have a clear vision and strong commitment, as well as demonstrate leadership at their respective levels of the organization, through the practice of the SC VALUES. We also seek professionals who can take responsibility for what they do, display a broad spectrum of knowledge and a high level of expertise in a particular area, and achieve superior performance.

SC VALUES

1. Integrity and Sound Management	To comply with laws and regulations, while maintaining the highest ethical standards.
2. Integrated Corporate Strength	To create no boundaries within the organization; always to act with a Companywide perspective.
3. Vision	To create a clear vision of the future, and to communicate to share it within the organization.
4. Change and Innovation	To accept and integrate diversity in values and behavior, and to embrace change as an opportunity for action.
5. Commitment	To initiate, own, and achieve organizational objectives.
6. Enthusiasm	To act with enthusiasm and confidence, and to motivate others through such action.
7. Speed	To make quick decisions and act promptly.
8. Human Development	To fully support the development of others’ potential.
9. Professionalism	To achieve and maintain high levels of expertise and skills.

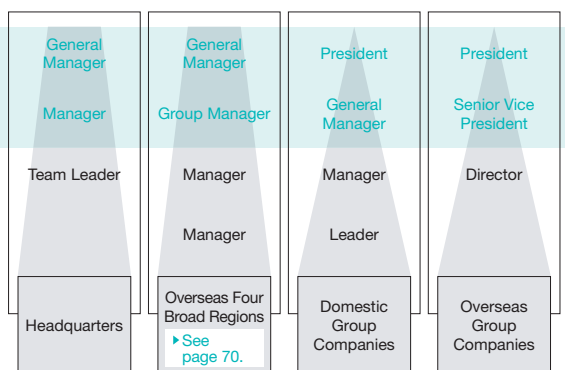
Enhancement of Talent Management

Developing Managerial Talent Continuously

As well as placing the right person in the right position on a global basis, we are implementing “the Enhancement of Talent Management” to enrich the quality and quantity of managerial talent continuously. Along with Key Positions, that is to say positions involving Group management (Diagram 1), we identify the criteria for each key position (Diagram 2). Moreover, on a broad scale, we select and deploy capable human resources to each key position, including candidates for the next generation and the generations that will follow (Diagram 3). In addition, we set out the experience, skills, and knowledge that key position candidates should acquire; rotate jobs and reassign roles accordingly; and provide off-the-job training (Diagram 4). Further, to enhance talent management that transcends regional boundaries, in April 2017 we established the Global Human Resources Management Department, which is tasked with advancing human resource management.

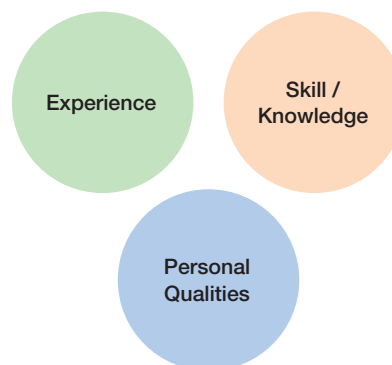
Through the above initiatives, we will rapidly develop managerial talent qualitatively and quantitatively, in the fastest, most effective way possible.

Diagram 1 Definition of Key Positions



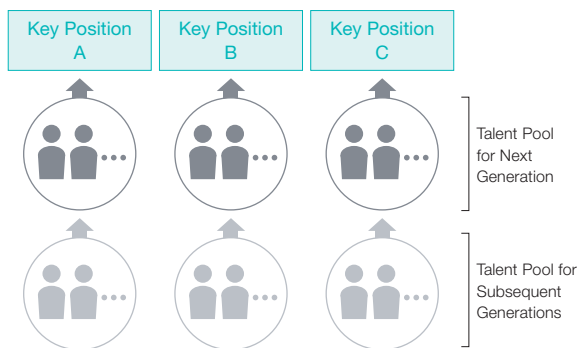
Key positions involving Group management needed to execute Group strategy. Portion in blue shaded area: General Manager and above envisioned in the case of Headquarters

Diagram 2 Definition of Key Position Criteria



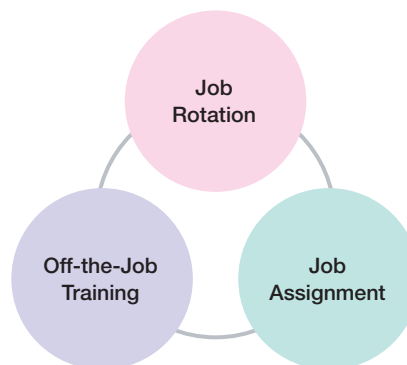
The abilities required of key positions are defined from three viewpoints, “Experience,” “Skill / Knowledge,” and “Personal Qualities.”

Diagram 3 Preparation of Successor Development Plan



Each key position candidate will be selected not only for the next generation but also the following generations to come, and a successor training plan will then be put in place. Additionally, according to circumstances, candidates are periodically replaced.

Diagram 4 Development of Managerial Talent



To enable key position candidates to acquire the necessary experience, skills, and abilities, we will effectively combine job rotation, job assignment, and off-the-job training.

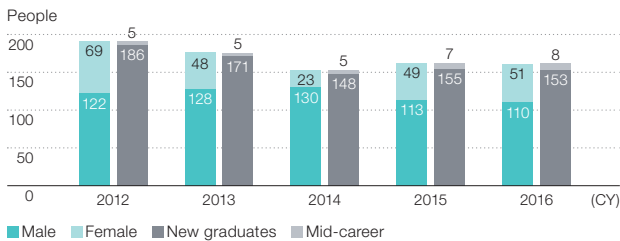
Recruitment

Based on a fair employment policy that respects basic human rights, we employ diverse personnel who are able and eager to work in the global business arena.

Recruiting Personnel Who Will Lead Global Development

As a global business, we seek talented personnel who are able and eager to work in the global business arena. To this end, we conduct fair, non-discriminatory recruitment activities with respect for fundamental human rights. Specifically, we apply the same screening process to all employee candidates, irrespective of their gender, academic background, or nationality, and our selection criteria consist only of applicants' aptitudes and abilities. As part of our human resource strategy, in addition to new graduates, we regularly recruit mid-career employees to secure capable personnel who contribute to operations immediately.

Number of New Employees and Breakdown



* Total number of new graduates and mid-career employees or key career track positions and clerical positions

Promoting Employment of the Disabled: Sumisho Well Support

In 2014, we established Sumisho Well Support Co., Ltd., as a special subsidiary company. Currently, 18 employees are engaged in a variety of jobs, including business card production, data entry operations, and office paper recycling. Through this subsidiary, we promote the employment of the disabled. As of June 1, 2016, the employment rate of the disabled was 2.13%* of our workforce, above the 2.0% statutory level.

* Total for the Company on a nonconsolidated basis and Sumisho Well Support Co., Ltd.



住商ウェルサポート株式会社
Sumisho Well Support Co., Ltd.



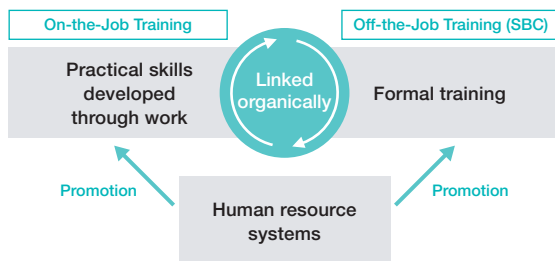
Development

Promoting global talent development through a combination of on-the-job and off-the-job training

Developing Global Leaders through On-the-Job Training

The Sumitomo Corporation Group values on-the-job training as the core of human resource development. We believe that our people become more capable and self-assured as they accumulate various experiences. Challenging job assignments and rotation are more important than off-the-job training to develop globally competent players. To have young people experience tough situations overseas, approximately 100 young employees are sent to regions worldwide at an early stage of their careers by our overseas training program every year.

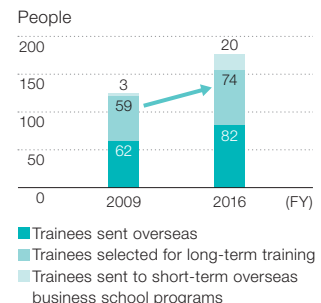
Development of the On-the-Job and Off-the-Job Training Program "Human Resources We Seek"



Accelerating Human Resource Development through Off-the-Job Training

Each year, Sumisho Business College, which is a corporate university in the Sumitomo Corporation Group, offers 320 off-the-job training programs covering skill sets and knowledge. Among them, we give priority to enhancing individual capability by strengthening people's ability to innovate, originate alternatives, think logically, and ensure accountability. In addition, we continuously conduct long-term training for selected employees to give them opportunities to obtain the skill sets and knowledge that are required to manage businesses and people. Following such training, many participants go on to manage Sumitomo Corporation Group companies both in Japan and overseas. As well as in-house programs, we are strengthening human resource development through external training, such as an executive MBA program at overseas business schools.

Trainees Sent Overseas



Utilization

We will take a range of measures that leverage the diverse values and ideas of diverse human resources to grow and develop continuously amid volatile business conditions.

Leveraging Diverse Personnel

The Sumitomo Corporation Group promotes human resources diversity so that it can leverage this diversity to create new value. We have implemented measures to promote the active involvement of female employees, including the establishment of an in-house nursery, the distribution of a handbook on balancing a career and childcare, and the introduction of a program to help female employees assigned overseas to take their children with them. We received “Platinum Kurumin” certification as a company providing superior childcare support in June 2015. In May 2016, we were certified as an “Eruboshi” company in recognition of efforts to promote the active involvement of female employees based on the Act on Promotion of Women’s Participation and Advancement in the Workplace.



Platinum Kurumin



Eruboshi

A handbook on balancing a career and childcare



Reforming and Diversifying Work Practices

Aiming to enhance productivity through efficient work practices, we have been reforming work practices since 2016. For example, we have set quantitative targets for paid leave taken, introduced a Premium Fridays system that encourages employees to leave work early on Fridays, and examined the introduction of teleworking. Further, we are working on maintaining and promoting health through our SCG Counseling Center established for promoting mental health care. As a result of these efforts, we received certification as a “White 500” enterprise with outstanding health and productivity management in February 2017.

Overtime work/ Paid vacations taken	FY2015	FY2016	Change
Average Annual Days of Paid Vacation Acquired	12 hours, 19 minutes	11 hours, 29 minutes	-50 minutes
Average Monthly Overtime Hours	10.9 days	12.7 days	+1.8 days



Going on an Overseas Assignment with a Child

I wanted to work overseas, but I gave up on the idea because I have a child. I was really surprised when I heard that I could take my child with me on an overseas assignment. As an employee posted overseas, doing every aspect of my job work and rearing a child perfectly is difficult, and I got frustrated sometimes. However, the posting let me see a different world and was an invaluable life experience. Thanks to the greater diversity of the U.S. workforce, I met people with different outlooks. A major benefit of this experience is that it has made me more optimistic. I am now able to envision the long-term future.



Sari Kako

Risk Management Dept. No. 3

Sari Kako has belonged to the Construction & Mining Systems Division since joining the Company and has been in charge of management of overseas operating companies. In 2014, taking advantage of our program to help female employees assigned overseas take their children with them, she was assigned as a trainee to an operating company in Florida and participated in the company’s business management. Since 2016, she has been responsible for risk management in the automotive business field.

Male Employee Taking Childcare Leave

After the birth of my oldest son, I took childcare leave for four months because I wanted to devote time and effort to looking after him, even if only for a short while. Thanks to the support of my supervisors and coworkers, I was able to concentrate on childcare during the hectic weeks just after my son’s birth. I think this time spent together has made us closer as a family. Four months later, I went back to work as planned. With my family supporting me, I am working harder than ever.



Hiroyuki Onishi

Structured Finance Dept.

Since joining the Group, Hiroyuki Onishi has been involved in risk management in such business fields as oil and gas and automobile-related businesses. He took childcare leave from May to August 2016. Before and after this leave, he was engaged in finance businesses based in Japan and Asia. Since January 2017, he has been working in the Structured Finance Dept. engaged in finance-related duties concerning Group companies.

CSR Initiatives

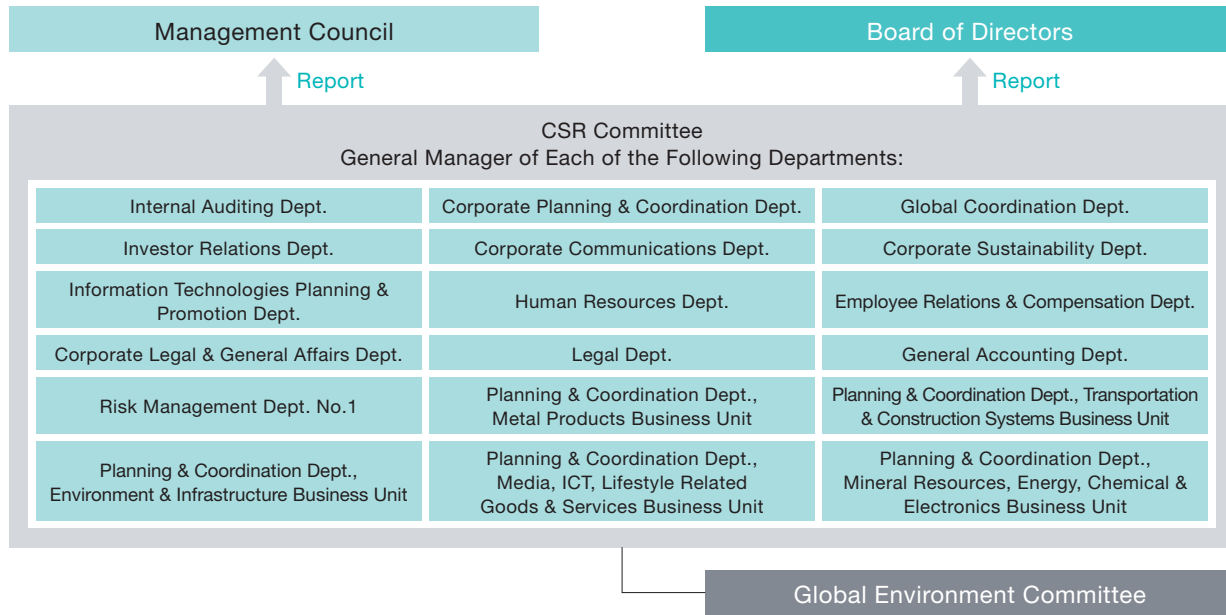
Our Management Principles include a Corporate Mission calling on us “to achieve prosperity and realize dreams through sound business activities.” Accordingly, we create value by tackling social issues and take responsibility for the effect that value creation has on society and the environment. Further, we advance CSR initiatives based on the belief that each employee is central to the realization of this approach.

Structure for Promoting CSR Initiatives

Since establishing the Environment & CSR Department in 2008, the Sumitomo Corporation Group has earnestly advanced CSR activities in cooperation with relevant internal departments, domestic and overseas regional organizations, and Group companies.

Also, we have established the CSR Committee as an advisory body to the Management Council. The committee analyzes changes in conditions facing the Group and discusses initiatives in light of stakeholder expectations. Moreover, as an

advisory body to the CSR Committee, we have established the Global Environment Committee, which promotes environmental management activities based on the ISO 14001 standards. Aiming to increase the scope and momentum of initiatives focused on sustaining the growth of the Group and society, the Group renamed this department the Corporate Sustainability Department in fiscal 2017. The new department will lead stepped-up efforts to tackle social issues.



Efforts to Address the UN Global Compact

The Sumitomo Corporation Group became a signatory to the UN Global Compact in March 2009. Based on 10 principles, this international initiative shares many values with our Corporate Mission Statement. By constantly assessing our business activities with reference to the values set forth in the 10 principles, we increase corporate value even further. In addition, the Group actively participates as a Board Member of the Global Compact Network Japan, a local Global Compact network. In fiscal 2016, we took part in workshops themed on environmental management and Sustainable Development Goals (SDGs). Consequently, our business activities have benefited from expert insights as well as the latest information on global trends and exemplary initiatives.



For details on CSR initiatives, please visit the following website. ▶ <http://www.sumitomocorp.co.jp/english/csr/>

Examples of CSR Initiatives

Holding Seminars on Business and Global Social Issues

With a view to addressing social issues through business, the Sumitomo Corporation Group is furthering understanding among its employees of the Sustainable Development Goals (SDGs) adopted by the United Nations. In fiscal 2016, we twice invited an expert from the United Nations Development Programme to conduct workshops. More than 100 employees have taken part in these workshops, with participants commenting that the workshops introduced them to thinking about business from the perspective of social issues. The philosophy underpinning the SDGs matches the Sumitomo Corporation Group's Management Principles. The Group will continue heightening understanding and awareness of the SDGs among employees so that addressing social issues drives growth.



A seminar on the business opportunities the SDGs present

Promoting Environmental Management

The Sumitomo Corporation Group Environmental Policy states that “the Sumitomo Corporation Group, through sound business activities, will strive to achieve sustainable development aimed at symbiosis between social and economic progress and environmental preservation.” To advance this policy, we build and operate environmental management systems compliant with the ISO 14001 standards. In fiscal 2016, we held a seminar on new standards and began incorporating them into our systems. Also, we invited an outside expert to conduct a climate change seminar, hosted jointly with Sumitomo Corporation Global Research Co., Ltd. Other initiatives included raising employee awareness through e-learning environmental courses.



A seminar on revised standards

For details on Environmental Management Initiatives, please visit the following website. ▶ <http://www.sumitomocorp.co.jp/english/csr/environment/>

Promoting CSR in Supply Chains

We have established CSR Action Guidelines for Supply Chain Management, which not only call on us but also suppliers and business partners to promote CSR throughout entire supply chains. Regarding the increasingly serious issue of human rights abuses, in addition to issuing a statement based on the United Kingdom's Modern Slavery Act 2015, as in the previous fiscal year, we invited an outside expert to conduct a workshop on assessing the risk of being involved in human rights abuses in supply chains. Approximately 130 employees from business and corporate divisions have attended the workshop.



Active discussion during a workshop

Social Contribution Activities

Aiming to help realize a sustainable society, the Sumitomo Corporation Group will address social issues not only through business activities but also through social contribution 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 where we do business all over the world. At the same time, 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.

Social Contribution Activities

Developing the Next Generation of Human Resources: The 20th Anniversary of the Sumitomo Corporation Scholarship Program



To commemorate 50 years of trading activities, we established the Sumitomo Corporation Scholarship Program in 1996. Since then, the program has fostered individuals who will lead Asia's developing regions and encouraged better private-sector exchanges by partnering with our local organizations to provide local students with scholarships.

Initially, we gave scholarships to 263 students at 33 universities in 17 countries; after that we expanded to roughly 1,000 students at 45 universities. Also, we have revised scholarships in step with changes in each country's economic situation. For example, taking into account China's economic progress, in 2015 we changed the country's scholarships to focus on Chinese students studying in Japan. Our goal is to foster individuals who will assume pivotal roles in exchanges between Japan and China. As well as offering financial support, the scholarships enable students to come to the Head Office in Tokyo and participate in training that includes discussing issues with the President and CEO, sitting in on explanations on the operations of several departments, and taking part in study tours of Group companies. In this way, we give students a sense of our corporate culture and help to broaden their horizons and identify potential career paths.

As of fiscal 2016, which marked the program's 20th anniversary, approximately 16,000 students had received scholarships under the program.

The Sumitomo Corporation Scholarship Program will continue leveraging the Group's global network of bases to develop Asia's next generation of leaders.



A scholarship presentation ceremony at Yangon University of Economics in Myanmar



A scholarship presentation ceremony at Thammasat University in Thailand



Students after participating in a meeting with President and CEO Kuniharu Nakamura at the Head Office in Tokyo

For details on social contribution activities, please visit the following website. ▶ <http://www.sumitomocorp.co.jp/english/csr/contribution/>

Supporting the Reconstruction of Disaster Areas: Sumitomo Corporation Youth Challenge Program for the Revitalization of East Japan



To support young people who are assisting in the reconstruction of areas hit by the Great East Japan Earthquake and helping disaster victims rebuild their lives, we have been conducting the Sumitomo Corporation Youth Challenge Program for the Revitalization of East Japan since 2012.

The program comprises two parts. The Activity and Research Subsidy supports young people engaged in research and other activities, and the Internship Encouragement Program supports long-term internships for young people at nonprofit organizations operating in disaster areas. Over the past five years, the program has provided a total of ¥400 million to support the reconstruction of disaster areas, with 112 organizations receiving an Activity and Research Subsidy and 21 organizations participating in the Internship Encouragement Program.

We hope that playing leading actions in eastern Japan's revitalization gives young people insight and experience that will inspire them to develop into leaders in local communities and society at large. Based on our long-term commitment to supporting the reconstruction of disaster areas, we will continue assisting humanitarian relief and the reconstruction of industries.



Assisting residents at a temporary housing complex



A presentation held in October 2016, to provide an interim update on support activities

Contributing to Local Communities in Areas Where We Do Business: Donating Solar Kits to Clinics in Tanzania



In collaboration with the Italian nonprofit organization CUAMM (Collegio Universitario Aspiranti Medici e Missionari), which has a track record in the health-care field spanning more than half a century, our liaison representative office in Dar es Salaam, Tanzania, donated 50 Panasonic solar kits to clinics designated by the local governments of Iringa Region and Njombe Region in September 2016.

The clinics include delivery rooms that used kerosene lamps to light medical examinations and treatment at night. As well as providing insufficient light, the lamps are a fire hazard and produce harmful smoke. Solar LED (light-emitting diode) lights ensure brightness, use sunlight to charge, and are safe and reliable for use in unelectrified areas. Both regions' governors expressed great gratitude for the donations. We are exploring ways of continuing support that improves the conditions at clinics in these regions.



Handing over a solar kit



A delivery room equipped with a solar-powered light