

Chapter 4 Management Base Enhancement

Practicing Sustainable Business Management

Aspiring to be a corporate group capable of growing sustainably in harmony with society, we are working to establish more solid management bases to support new value creation.

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Working for ongoing strengthening and improvement based on “management base enhancement” as a key theme of the medium-term management plan

In recent years, financial markets have begun to show increased interest in the new ESG management benchmark. This reflects a shift from an approach that emphasizes short-term growth to one emphasizing medium- to long-term and sustainable growth. In parallel with this, the overemphasis on economic value is also being replaced by a shift to a more multifaceted approach that includes social, environmental, and other aspects.

Against this background, the Sumitomo Corporation Group is working to enhance its management bases in order to evolve as a corporate group capable of growing sustainably in harmony with society.

Under our previous Medium-Term Management Plan “BBBO2017,” we also achieved an enhancement of management bases by improving corporate governance and the decision-making process, strengthening the risk management system, and enhancing “individual capability” and “organizational capability.” Our new “Medium-Term Management Plan 2020” commits us to expanding the scope of monitoring so as to strengthen supervisory functions and enhance Group governance based on internal controls. We will also seek to enhance our human resources strategy and promote sustainable management.

Initiatives to Date to Enhance Corporate Governance

	Up to FY2014	FY2015	FY2016	FY2017	FY2018 and after
Board of Directors	April 2003: <ul style="list-style-type: none">• Limitation of the term of office for Chairman of the Board of Directors and President and Chief Executive Officer (six years, in principle)• Establishment and announcement of Corporate Governance Principles June 2003: <ul style="list-style-type: none">• Reduction of number of Directors (24→12)				
	June 2005: <ul style="list-style-type: none">• Shortening of the term of office for Directors (2 years→1 year)				
	Evaluation of the effectiveness of the Board of Directors (Note: Implemented from fiscal 2015)				
Outside Directors	June 2013: 2 Directors appointed	Increase to 3 (including 1 female)	Increase to 4 (including 1 female)	3 Outside Directors (including 1 female) Note: Decrease due to death, etc.	Increase to 5 (including 2 females)
Nomination and Remuneration Advisory Committee	April 2007: Establishment of Remuneration Committee	November 2015: Establishment of Nomination and Remuneration Advisory Committee (Note: Majority are Outside Directors, chaired by an Outside Director)			
Other	Implementation of all principles of Japan's Corporate Governance Code (Full compliance)				

Special Feature: Message from an Independent Director

Facilitating the sharing of value with shareholders while pursuing medium-to-long term sustainable growth.

Nobuyoshi Ehara

Sumitomo Corporation Independent Director

In April 2018, Sumitomo Corporation, under the leadership of the new president Masayuki Hyodo, embarked on a new management plan, “Medium-term Management Plan 2020.” One area of major focus is to further enhance governance by increasing monitoring functions of the board of directors. The company also revised its executive remuneration system with the aim to align management incentive with shareholder’s interest. We asked Independent Director Nobuyoshi Ehara, chairman of the Nomination and Remuneration Advisory Committee in charge of the nomination of a new president and the revision of the remuneration structure, to tell us about the decision-making process behind these developments and share his thoughts on how to enhance governance in the future.



The Nomination of a New President and Chief Executive Officer

According to Sumitomo Corporation's corporate governance codes, "in principle, the term of the executive office serving as president shall not exceed six years." The tenure of former President Kuniharu Nakamura, who took office in 2012, would have reached six years during fiscal year 2018, so we began the selection process and eventually named senior managing executive officer, Mr. Masayuki Hyodo, as the new president.

Nomination and Remuneration Advisory Committee was established in November 2015 to act as an advisory body for the board of directors. One of its missions is to enhance objectivity and transparency of the process involved in nominating a president. The committee is also responsible for remuneration matters. Mr. Hyodo became the first president selected on the basis of a recommendation from the committee. A majority of the committee members—three out of five—are independent directors, and I serve as the committee chairman. Recognizing the significance of its task, the committee started a selection process in August 2016 and held numerous discussions over a year and three months.

Five qualities the president of Sumitomo Corporation must possess

- ① Must fully understand and personify the Sumitomo's Business Philosophy.
- ② Must be fair and impartial and do everything for the sake of the company.
- ③ Must be disciplined and self-controlled.
- ④ Must possess unshakeable mental fortitude.
- ⑤ Must be crisis-resistant, in other words, must possess perseverance.



Must possess the ability to adapt to changes in the business environment.

Let me explain the nomination process in further detail. We first began by discussing qualification required for the next president and agreed on five qualities shown in the illustration in addition to leader's ability to navigate the company through changes. This was followed by discussions on potential candidates. We then interacted with selected candidates in various settings. After much deliberation, in November 2017, the committee unanimously decided on Mr. Hyodo as the new president, a recommendation that was accepted at the board meeting in December.

Mr. Hyodo meets all the qualities required for the president of Sumitomo Corporation. We rated him especially highly on crisis resistance and perseverance. Mr. Hyodo demonstrated that quality working on a number of projects as well as his strength and leadership during the recent business crisis for the company with huge write-offs a few years earlier. Mr. Hyodo had been also highly respected by people outside the company, such as his business partners both in Japan and overseas. Another factor that endorsed Mr. Hyodo's candidacy was his personality—open minded, fair and full of vitality. The committee became convinced that Mr. Hyodo's leadership skill, combined with his personality, would enable him to successfully lead the organization and the people in time of rapidly changing business environment. He would foster corporate culture, which is both forward-looking and willing to challenge.

It is my earnest hope that Mr. Hyodo will exercise his leadership and tackle many changes with a fresh attitude. These changes include, among others, those caused by geopolitics and the Fourth Industrial Revolution with innovation in information technology. These changes are occurring at an unprecedented pace. I hope that, instead of merely following his predecessor, Mr. Hyodo will develop his own management style and strategies and proactively challenge new things.

The appointment of a new president for the first time with a recommendation of the Nomination and Remuneration Advisory Committee, in my opinion, was a great step forward for Sumitomo Corporation's corporate governance. I believe this latest selection brought fairness, objectivity and transparency to the process. Important thing is to continue this process, refine it and evolve it further with time. I am determined to pursue that goal as a committee member.

Revisions of Remuneration System for Executive

Naming a chief executive officer was not the only duty of the Nomination and Remuneration Advisory Committee. We also had a vital task of redesigning the executive remuneration scheme and level. We began the revision process in summer of 2017 and hired an external consulting firm. The committee studied recent trends and analyzed domestic and foreign best practices, as we deliberated the issue from various standpoints. The revision had three main aims.

1. To better align management team incentives with shareholder interests.
2. To increase the weight of non-financial qualitative factors, including materiality issues.
3. To adjust compensation standards to reflect the appropriate level for the current environment.

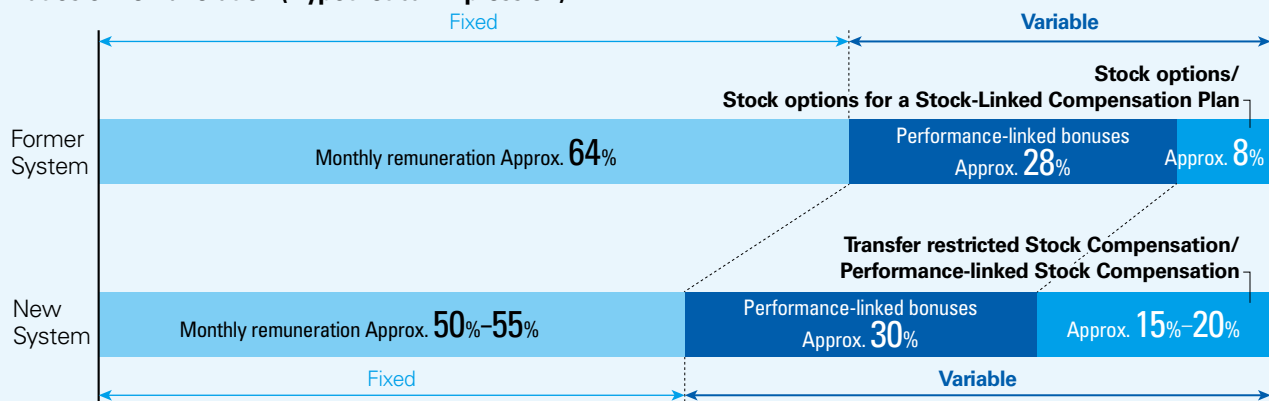
Under the new system, we increased variable portion of compensation, thereby providing greater incentive to achieve results and goals in line with medium-to-long term corporate strategies. Specifically, we reduced the ratio of gross salary and increased the ratio of incentive compensation. The latter comes in the forms of stock-based remuneration and performance-linked bonus. We changed the stock remuneration scheme from the previous New Share Acquisition Right, to a two-fold scheme with Restricted Stock-Based Remuneration and Performance Share Unit-Based Remuneration. Under this new scheme, executives

own stock while in office, so that they share value with shareholders more compared with the previous system. They are encouraged to grow business from a shareholder's point of view. By introducing the new stock remuneration plan linked to financial performance, we expect to motivate management to focus on medium-to-long term results, thereby increasing corporate value in a sustainable way. This, we believe, will help align executives' interest with that of shareholders. In addition, we analyzed market data on compensation provided by external sources and adjusted compensation levels for each executive rank as appropriate for the Company's business.

We changed the appraisal system, too. Under the old system, greater weight was assigned to financial results in determining the allocation of individual performance-linked bonus. Under the new scheme, we increased the weight given to qualitative factors, including handling of materiality matters. This is the point the independent director members of the committee stressed strongly during the revision of the system. We believe that this will encourage executives to shift away from a simple focus on short-term financial results towards greater commitment to medium-to-long term goals. Long-term focused efforts often cannot be measured quantitatively.

This revision proposal was presented and approved at the board meeting in May 2018 and received the approval of shareholders at the Ordinary General Meeting in June. It was adopted effective beginning of the current fiscal year. Sumitomo Corporation started the new Medium-term Management Plan in April 2018 and will be celebrating the 100th anniversary in 2019. Along with these milestones, the

Ratios of Remuneration (Hypothetical Impression)



1. This chart is a hypothetical impression computed on the basis of a prescribed corporate performance and the share prices of the Company's stock, with the aforementioned ratios subject to fluctuation pursuant to changes in corporate performance and the Company's share price.
2. The chairman of the board of directors shall not be paid performance-linked bonuses.

new remuneration system will help generate a higher level of value creation and business growth for the company.

I believe that this revision has positioned Sumitomo Corporation's executive remuneration system among progressive ones in Japan. As business conditions change from time to time, however, the system needs to evolve further. The committee will continuously upgrade the system so that the executives of the company will align their target vector with the interest of the shareholders. We aim to continuously refine compensation structure that would induce output mutually beneficial for shareholders and management.

Toward Even Stronger Governance

I have been an independent director of this company for two years. During that time I observed that the board discussions became more lively engaged with each meeting. I also believe that the content of the discussions have become more substantial and better focused. These opinions are well reflected in the self-assessment of the board, which is carried out by all board members and auditors once a year. These participants view, according to the self-assessment, that the board functions better than before not only as a means for formal governance but also as a forum to exchange substantive ideas.

In order to raise the level of the Company's governance,

it is vital that the board recognizes its fiduciary duties to shareholders in overseeing the management and performing the duties with diligence. To do that, I believe board members must always consider what issues the board should address and identify pertinent discussion topics. It is critical that board meeting agenda be carefully developed among the management and the board members. One example is business portfolio strategy. As an integrated trading company, Sumitomo Corporation conducts business and invests in highly diverse fields. This being the case, the current business portfolio consists of both legacy businesses accumulated from past projects and businesses which are newly developed. As the business environment changes, it is extremely important for the Company to adjust portfolio mix appropriate for medium to long term goals. Sumitomo Corporation should proactively manage its business portfolio in order to achieve sustainable business growth. I would expect the board to discuss this issue more rigorously going forward.

As I have thus explained, Sumitomo Corporation's governance has been steadily progressing, but there is still room for improvement. For my part, as an independent director and a member of Nomination and Remuneration Advisory Committee, I intend to support efforts to strengthen the company's governance and further improvements in the remuneration system through discussions both at the board level and with management. I would like to contribute to Sumitomo Corporation in realizing its goals and healthy increase in corporate value.



Corporate Governance

Corporate Governance Principles and System

Corporate governance principles

Sumitomo Corporation established the “Sumitomo Corporation Corporate Governance Principles” while keeping in mind that the backbone of our corporate ethics is in “Sumitomo’s Business Philosophy” and “Management Principles.” The Sumitomo Corporation Corporate Governance Principles were established based on our view that the essence of corporate governance is “improving management efficiency” and “maintaining sound management,” as well as “ensuring management transparency” to secure the first two. Following the Sumitomo Corporation Corporate Governance Principles, we are always seeking to establish the most appropriate managerial system for the Company and are strengthening our corporate governance to realize management that serves the interests of shareholders and all other stakeholders.

System and features of corporate governance

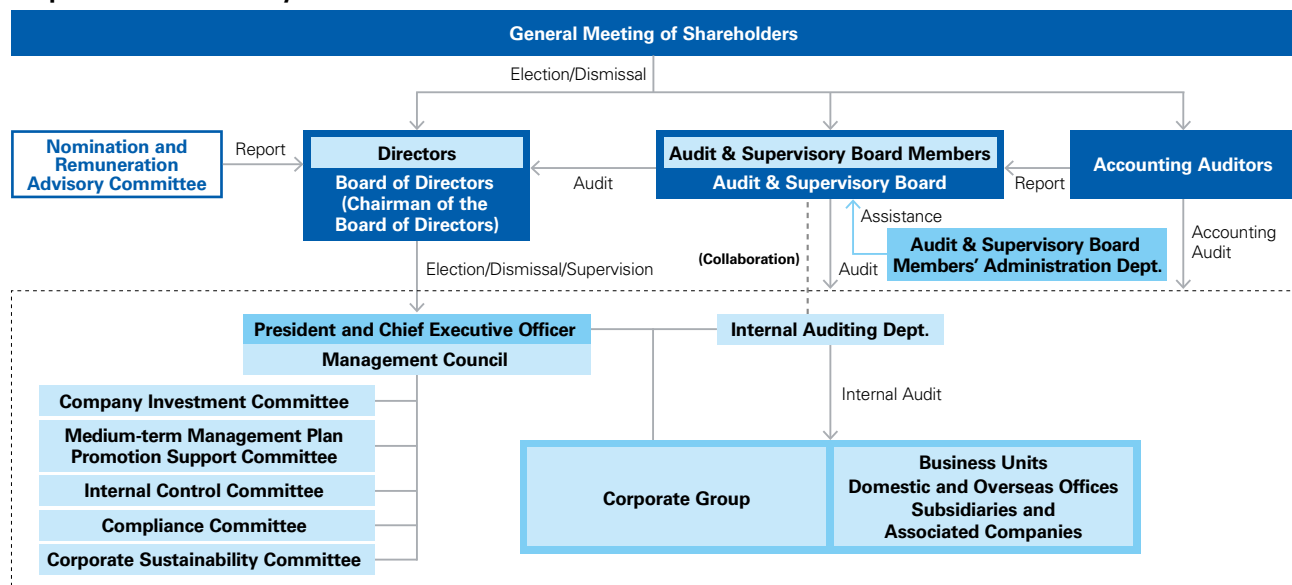
We have adopted a company with Audit & Supervisory Board Member system, as we believe that strengthening and enhancing this system is the most effective means of improving the effectiveness of corporate governance. In addition, we have appointed five Outside Directors with a view to ensuring appropriate decision-making by the Board of Directors and further strengthening supervision.

Our “Medium-Term Management Plan 2020,” which began in fiscal 2018, also includes initiatives for strengthening functions for monitoring by the Board of Directors, such as more thorough reporting in relation to business portfolio strategy, with the aim of further enhancing corporate governance.

Overview of Corporate Governance System (As of August 1, 2018)

Form of organizational structure	Company with Audit & Supervisory Board
Number of Directors	11 (5 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 Audit & Supervisory Board Members	5 (3 of whom are Audit & Supervisory Board Members); 4-year term
Executive Officers	Executive officer system adopted
Voluntarily established bodies as advisory bodies to the Board of Directors	Nomination and Remuneration Advisory Committee
Sumitomo Corporation Corporate Governance Principles	www.sumitomocorp.com/en/-/media/Files/hq/about/governance/detail/principle.pdf
Corporate Governance Report	www.sumitomocorp.com/jp/-/media/Files/hq/about/governance/detail/cgr.pdf?la=en
Standards for Appointment and Independence of Outside Directors and Outside Audit & Supervisory Board Members	www.sumitomocorp.com/jp/-/media/Files/hq/about/governance/detail/outdirec_independ.pdf?la=en
Accounting auditors	KPMG AZSA LLC

Corporate Governance System



Directors and the Board of Directors

Composition of the Board of Directors

The composition of the Board of Directors ensures diversity in experience, knowledge, expertise, gender, and so on. In June 2018, the number of Outside Directors was raised from three to five (of which two are female), and this increase in the ratio of Outside Directors resulted in the further reinforcement of functions for supervising the execution of management.

Improvement of deliberation and enhancement of monitoring function at the Board of Directors

We carefully select agenda items requiring discussion by the Board of Directors so that the Board of Directors can concentrate on the deliberation of important matters regarding the Companywide management such as the business policy and management plan. At the same time, we have increased the matters to be reported to the Board of Directors to make it possible for the Board of Directors to concentrate more on supervising the execution of operations, so that the Board of Directors can enhance its monitoring function. We have also established opportunities for free exchange of opinion before decisions on important matters.

Qualifications of outside directors and implementing regular meetings for exchanges of opinions

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

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 Audit & Supervisory Board Members, and Outside Audit & Supervisory Board Members once a month, in principle.

Reasons for appointing outside directors

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

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

Kimie Iwata: Wide-ranging knowledge and a wealth of experience in business management, corporate governance, corporate social responsibility, and diversity accumulated in managerial and outside director positions for private companies, before which she served in a succession of key positions in the Ministry of Labour (now the Ministry of Health, Labour and Welfare) over the course of many years

Hisashi Yamazaki: Highly specialized knowledge and a wealth of experience in law accumulated over the course of many years as a judge and an attorney at law

Establishment of the Nomination and Remuneration Advisory Committee

The Nomination and Remuneration Advisory Committee, of which a majority of members are Outside Directors, and which is also chaired by an Outside Director, has been established as an advisory body to the Board of Directors. This Committee nominates candidates for Director, Audit & Supervisory Board Member, and Management Council Member (including deciding Representative Directors and Executive Directors and nominating successors to the President and Chief Executive Officer). In addition, the Committee discusses the structure and level of remuneration and bonuses for Directors and Executive Officers, as well as the revision of limits for remuneration of Audit & Supervisory Board Members, and reports the outcome to the Board of Directors. In April 2018, a new President and Chief Executive Officer was appointed by a resolution of the Board of Directors that had received the report of the Committee.

With the previous President and Chief Executive Officer approaching the limit of his six-year term as prescribed in the Sumitomo Corporation Corporate Governance Principles, the Nomination and Remuneration Advisory Committee conducted discussions in relation to the qualifications of the new President and Chief Executive Officer, as well as gathering and analyzing information and exchanging opinions in preparation for the nomination process. Having passed a unanimous resolution on a candidate for the new President and Chief Executive Officer, the Committee made its report to the Board of Directors.

Composition of the Nomination and Remuneration Advisory Committee

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

Evaluation of the effectiveness of the Board of Directors

To maintain and heighten the effectiveness of the Board of Directors, each year Directors and Audit & Supervisory Board Members analyze and evaluate its effectiveness through the use of self-evaluations etc. We disclosed a summary of the results.

The evaluation of effectiveness of the Board of Directors and its results for fiscal 2017 is summarized below:

1. Evaluation method

(1) Those covered: All members of the Board of Directors (nine persons) and Audit & Supervisory Board Members (five persons)

(2) Implementation method: Conducted using anonymous questionnaire from March to April 2018.

Note: A third party (external consultant) was used in the conduct of the evaluation.

(3) Items evaluated:

- (i) Roles/responsibilities of the Board of Directors
- (ii) Composition of the Board of Directors
- (iii) Roles of Directors and qualifications for appointment
- (iv) Administration of the Board of Directors

(4) Evaluation process: Questionnaire responses collated by the third party (external consultant) were analyzed and the results reported to the Board of Directors.

2. Overview of the evaluation results

The results were generally positive for all of the items evaluated. The external consultant commented that various reforms have been made with the aim of realizing a more effective Board of Directors and that these

reforms have steadily produced results and that these efforts were also viewed positively by the external executives. On the other hand, to achieve further improvements in effectiveness, the evaluation identified issues such as further enhancement of the deliberations of the Board of Directors and improvement of the information provided to Directors. Going forward, after discussion by the Board of Directors, we will take initiatives to further improve the effectiveness of the Board.

Issues raised by the evaluation of the Board of Directors and key initiatives to be taken

Issues that were raised in the Board of Directors' evaluation for fiscal 2016 included improving the quality of materials distributed at meetings of the Board of Directors and encouraging discussions among internal and outside directors. In fiscal 2017, measures to further improve the effectiveness of the Board of Directors were implemented in response to these issues. The measures included creating a glossary to explain the terminology used in materials distributed to the Board of Directors, and the continuance of giving a briefing on discussion points from the Management Council before presenting an item for deliberation by the Board of Directors.

Meanwhile, the Nomination and Remuneration Advisory Committee discussed ideas for a remuneration system and a set of performance evaluation standards for Directors and officers taking into account incentives for medium- to long-term increase in corporate value and sustained growth. Based on the Committee's report, the Board of Directors resolved to revise the directors' and officers' remuneration systems.

Management Council

Changing the Management Council to the decision-making body

In July 2015, the Management Council was reorganized to become the highest executive level decision-making body, with the aim of enabling decisions that take into account diverse opinions and multifaceted discussions in regard to specific key matters related to management, within the scope of the mandate conferred by the Board of Directors.

The Management Council, which meets in principle once a week, consists of the President and Chief Executive Officer,

all chief officers of the Corporate Group, and the general manager of each of the business units. In addition, in regard to specific issues that are extremely important from a Companywide perspective, the Company has established, as advisory bodies to the President and Chief Executive Officer and to the Management Council, committees such as the Company Investment Committee, the Medium-term Management Plan Promotion Support Committee, the Internal Control Committee, the Compliance Committee, and the Corporate Sustainability Committee.

Audit & Supervisory Board Members and the Audit & Supervisory Board

Enhancement of auditing capabilities

In order to reinforce the audit function from an external perspective, three of the five Audit & Supervisory Board Members are Outside Audit & Supervisory Board Members. Of these, two are legal experts, and one is a specialist in accounting, such that the audit system incorporates diverse perspectives. Moreover, our three Outside Audit & Supervisory Board Members satisfy standards on independence stipulated by TSE 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 Audit & Supervisory Board Members.

Collaboration between the Internal Auditing Department and accounting auditors

To ensure audit efficiency, Audit & Supervisory Board Members interact closely with the Internal Auditing Department, receiving reports on internal audit plans and their results in a timely manner. In addition, Audit & Supervisory Board Members exchange information with and monitor the auditing activities of the accounting auditors through regular meetings.

By attending audit review meetings and observing inventory audits with the accounting auditors, the Audit & Supervisory Board Members constantly work to improve audit efficiency and quality. Furthermore, Audit & Supervisory Board Members 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 requiring their cooperation on audits.

Ensuring Audit Effectiveness

Audit & Supervisory Board Members attend meetings of the Board of Directors and all other important internal meetings, to obtain the information necessary for proper auditing. Audit & Supervisory Board Members also meet the Chairman of the Board of Directors and the President and Chief Executive Officer, in principle once a month, to exchange opinions on material issues regarding management policy and auditing. Moreover, the Audit & Supervisory Board Members' Administration Department is assigned to assist Audit & Supervisory Board Members, so that the auditing system functions effectively and without hindrance.

Initiatives to Ensure Transparency of Business Management

Establishment of disclosure policy

To ensure that all stakeholders correctly understand its business management policy and business activities, the Company not only discloses statutorily required information but also actively discloses information on a voluntary basis. Moreover, the Company established the Corporate Disclosure Policy in July 2016.

Measures relating 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-language translation of the notice on our website in advance of sending a Notice of Convocation. We have allowed 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 operated by Investor Communication Japan, Inc. (ICJ) a body established by TSE and other parties. The new platform allows institutional investors sufficient time to thoroughly examine the propositions to be resolved at the meeting. In addition, we stream video of the General Meeting of Shareholders on our website for a period of one year after the close of the meeting.

• For details on the Corporate Disclosure Policy, please visit the following website.
www.sumitomocorp.com/en/-/media/Files/hq/about/governance/detail/disclosurepolicy160701.pdf

Senior Advisors, Honorary Advisors

(1) Appointment of former President and Chief Executive Officers, etc., as Senior Advisors or Honorary Advisors. In some cases, individuals with experience as President and Chief Executive Officer or Chairman of the Board of Directors are appointed as Senior Advisors. There are also cases where such persons are appointed as Honorary Advisors after resigning as Senior Advisor.

(2) Duties and remuneration of Senior Advisors and Honorary Advisors

Neither Senior Advisors nor Honorary Advisors engage in any execution of the Company's business or its management

decision-making.

In order that the President and Chief Executive Officer or Chairman of the Board of Directors can concentrate on corporate management with a view to enhancing corporate value, Senior Advisors are engaged full-time in external activities in place of the President and Chief Executive Officer or Chairman of the Board of Directors, and are paid remuneration appropriate to such duties.

Honorary Advisors engage in external activities on a part-time basis as required, and are paid remuneration appropriate to such duties.

Remuneration of Directors and Audit & Supervisory Board Members

The details of the structure and level of remuneration and bonuses for Directors, as well as the limits for remuneration of Audit & Supervisory Board Members, are evaluated by the Nomination and Remuneration Advisory Committee, an advisory body to the Board of Directors of which a majority of members are Outside Directors, and which is chaired by an Outside Director. The Committee reports the results of its deliberations to the Board of Directors.

In this way we strive to further improve the transparency and objectivity of remuneration.

Based on these reports, the specific composition and decision methods related to remuneration have been established as follows.

Director remuneration (excluding that of the chairman of the Board of Directors and outside directors)

With the goal of enhancing the corporate governance of the Sumitomo Corporation Group and enhancing the corporate value of the Company over the medium to long term, the following has been established in order to implement a remuneration system that supports sustainable growth in line with management strategies.

Basic policy

- By setting an appropriate ratio of fixed compensation (monthly remuneration) to variable compensation

(performance-linked bonuses reflecting short-term results, and stock compensation keyed to medium- to long-term results and shareholder value), the remuneration system provides a sound incentive toward sustainable growth.

- Through strengthening the relationship between performance-linked bonuses and the management strategies of the Sumitomo Corporation Group, we encourage the execution of duties compatible with management strategies and generate strong motivation to achieve specific management goals.
- With regard to a stock compensation plan, by further reinforcing the linkage to shareholder value, we promote initiatives to enhance corporate value over the medium to long term, and deepen the sharing of values with shareholders.

Remuneration ratios and levels

- In order to strengthen incentives for corporate performance based on management strategies, and improved corporate value over the medium to long term, the ratio of fixed compensation to variable compensation is set to an appropriate level.
- Referring to objective market survey data on remuneration provided by external specialist institutions, appropriate remuneration levels are set after considering the management environment of the Company.

Ratios of Remuneration (Hypothetical Impression)



This chart is a hypothetical impression computed on the basis of a prescribed corporate performance and the share prices of the Company's stock, with the aforementioned ratios subject to fluctuation pursuant to changes in corporate performance and the Company's share price.

Overall Picture of the Executive Remuneration System

(●, ○, and ◎ show the respective recipients of the remuneration, etc.)

Type of remuneration		Details of remuneration, etc.	Recipient			
			Directors / Executive Officers (Note 1)	Chairman of the Board of Directors	Outside Directors	Audit & Supervisory Board Members
Fixed	Monthly remuneration (Note 2)	A fixed amount paid monthly in accordance with position	●	●	●	○
Variable	Performance-linked bonuses (Note 3)	From the perspective of strengthening the relationship between the management strategies of the Sumitomo Corporation Group and performance-linked bonuses, an amount equivalent to a certain ratio of the "basic profit cash flow" and "consolidated net income" performance management indicators that are emphasized in the medium-term management plan is deemed to be the total amount payable, and is allocated in accordance with positions and individual evaluations.	◎	—	—	—
	Restricted stock-based compensation (Restricted stock) (Notes 2 and 4)	Restricted-transfer common shares of the Company are allocated every year, in principle. In order to accomplish the sharing of values with shareholders over the medium to long term, which is one of the purposes of implementing the system, the period of transfer restrictions is deemed to hold from the date on which the stock is allocated to the date on which the individual retires or resigns from any of the posts of Director, Executive Officer, or some other positions prescribed by the Board of Directors.	●	●	—	—
	Performance share unit-based stock compensation (Performance share unit) (Notes 2 and 4)	Every year (in principle), a number of common shares of the Company decided according to the growth rate of the Company's shares (calculated during the three-year evaluation period by dividing the Company's total shareholder return (TSR) by the growth rate of Tokyo Stock Exchange Stock Price Index (TOPIX)) shall be allocated at the end of the evaluation period.	●	●	—	—

Notes:

- Excluding the Chairman of the Board of Directors and Outside Directors.
- With regard to monthly remuneration, restricted stock-based compensation and performance share unit-based stock compensation for Directors (marked with ● above), at the 150th Ordinary General Meeting of Shareholders held on June 22, 2018, it was resolved that the upper limit be set to ¥1.2 billion per year (of which the remuneration for Outside Directors was set to ¥100 million per year), based on which the amount paid to each Director is to be resolved at a meeting of the Board of Directors. In addition, in relation to the monthly remuneration for Audit & Supervisory Board Members (marked with ○ above), it was resolved at the 145th Ordinary General Meeting of Shareholders held on June 21, 2013, that the upper limit be set to ¥180 million, based on which the amount of remuneration for individual Audit & Supervisory Board Members is resolved by discussions of the Audit & Supervisory Board.
- With regard to performance-linked bonuses for Directors (marked with ◎ above), because the linkage to performance is strong, it shall be paid every year after a resolution of the General Meeting of Shareholders. Moreover, the Chairman of the Board of Directors and Outside Directors shall not receive performance-linked bonuses.
- The total value of monetary remuneration receivables in order to allocate stock compensation, and the upper limit to the total number of common shares of the Company issued or disposed of, are as follows. In addition, the first occasion on which common shares of the Company will be allocated as performance share unit-based stock compensation will be at the end of the first evaluation period (around August 2021).

	Directors (excluding Outside Directors) and Executive Officers		Directors (excluding Outside Directors) among those indicated on the left	
	Total value of monetary remuneration receivables	Total number of common shares of the Company	Total value of monetary remuneration receivables	Total number of common shares of the Company
Restricted stock-based compensation	Up to ¥520 million per year	Up to 490,000 shares per year	Up to ¥130 million per year	Up to 120,000 shares per year
Performance share unit-based stock compensation	Up to ¥1,700 million per year	Up to 730,000 shares per year	Up to ¥430 million per year	Up to 180,000 shares per year
Total	Up to ¥2,200 million per year	Up to 1,220,000 shares per year	Up to ¥560 million per year	Up to 300,000 shares per year

Note: In setting the total value of monetary remuneration receivables and the total number of common shares of the Company (upper limit) referred to above with reference to the performance share unit-based stock compensation, the growth rate of the Company's shares during the three-year evaluation period, among other factors, is taken into account and it is assumed that the total number of common shares of the Company allocated (and the total value of monetary remuneration receivables paid in that regard) shall be the maximum possible.

Details of Executive Remuneration, etc.

Classification	Number of recipients (persons)	Total amount of remuneration pertaining to fiscal 2017 (millions of yen)	Breakdown (millions of yen)		
			Monthly remuneration	Directors' bonuses	Stock options
Directors (of which Outside Directors)	15 (5)	810 (41)	571 (41)	174 (—)	64
Audit & Supervisory Board Members (of which Outside Audit & Supervisory Board Members)	5 (3)	124 (38)	124 (38)	— (—)	— (—)

Notes:

- As of the end of fiscal 2017, there were nine Directors and five Audit & Supervisory Board Members (including three Outside Directors and three Outside Audit & Supervisory Board Members).
- The numbers in the table above include one Outside Director who passed away (and thus effectively resigned) on April 6, 2017, and one Outside Director who resigned on April 30, 2017.
- No Director of the Company is concurrently an employee of the Company.
- 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 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.
- The amounts in "Directors' bonuses" above are the upper limit of the total amounts payable approved at the 150th Ordinary General Meeting of Shareholders held on June 22, 2018.
- The maximum amount of monthly remuneration to Audit & Supervisory Board Members is ¥180 million per year, as resolved at the 145th Ordinary General Meeting of Shareholders held on June 21, 2013.
- In the value given in the "Breakdown" for Directors, amounts below ¥1 million are rounded off, as a result of which the total for these figures and the total value of remuneration, etc., for Directors do not match.

Directors, Audit & Supervisory Board Members, and Executive Officers

(As of August 1, 2018, Executive Officers : As of October 1, 2018)

* Shares owned in the Company (As of March 31, 2018) [Attendance at Meetings of the Board of Directors in fiscal 2017](#)

Directors



Kuniharu Nakamura

Chairman
*100,600 shares
21/21

April 1974:
Entered the Company
June 2012:
Representative Director,
President and CEO
June 2017:
Representative Director,
President and
Chief Executive Officer
June 2018:
Chairman of
the Board of Directors



Masayuki Hyodo

Representative Director
*24,400 shares
—

April 1984:
Entered the Company
June 2018:
Representative Director,
President and
Chief Executive Officer



Hideki Iwasawa

Representative Director
*55,800 shares
21/21

April 1977:
Entered the Company
April 2017:
Representative Director,
Executive Vice President,
Chief Administration Officer
and Chief Compliance Officer



Masahiro Fujita

Representative Director
*44,300 shares
—

November 2010:
Executive Officer,
Sumitomo Corporation
June 2018:
Representative Director,
Executive Vice President,
General Manager,
Mineral Resources, Energy,
Chemical & Electronics
Business Unit



Koichi Takahata

Representative Director
*33,400 shares
21/21

April 1978:
Entered the Company
April 2017:
Representative Director,
Senior Managing
Executive Officer,
Chief Financial Officer



Hideki Yamano

Representative Director
*5,952 shares
—

April 1983:
Entered the Company
June 2018:
Representative Director,
Managing Executive Officer,
Chief Strategy Officer and
Chief Information Officer



Yayoi Tanaka Independent Director

Outside Director
*1,600 shares
21/21

April 1982: Entered Nippon Kogaku K.K.
(currently Nikon Corporation)
September 2006: Associate Professor, Center for International
Relations, National Institution for Academic
Degrees and University Evaluation*1
January 2007: Member, Fiscal System Council, Ministry of
Finance (present position)
April 2007: Associate Professor, Department of Evaluation and
Research, National Institution for Academic Degrees
and University Evaluation*1
Part-time Lecturer, Graduate School of Public Policy,
The University of Tokyo
(present position)
February 2013: Private sector member, Administrative Reform
Promotion Council, Cabinet Secretariat
(present position)
April 2013: Professor, Research Development Department,
National Institution for Academic Degrees and
University Evaluation*1
April 2015: Member, Policy Evaluation Committee, Ministry of
Internal Affairs and Communications (present position)
June 2015: Outside Director, Sumitomo Corporation
(present position)
April 2017: Special Appointed Professor, Research Development
Department, National Institution for Academic
Degrees and Quality Enhancement of Higher
Education (present position)
Guest Professor, Osaka University (present position)
President, Social Governance Research Institute
(present position)
Public Governance Advisor, Ministry of Internal
Affairs and Communications (present position)
June 2017: Outside Director, IHI Corporation (present position)
April 2018: Special Appointed Professor, Shibaura Institute of
Technology (present position)

*1 The name was changed to "National Institution for Academic
Degrees and Quality Enhancement of Higher Education" on April 1, 2016.



Nobuyoshi Ehara Independent Director

Outside Director
*0 share
20/21

September 1978:
Entered Morgan Guaranty Trust Company
October 1980:
Entered Goldman Sachs & Co.
October 1988:
Partner, Goldman Sachs & Co.
November 1996:
Limited Partner, Goldman Sachs & Co.
January 1999:
Representative Director, Unison Capital, Inc.
(present position)
June 2016:
Outside Director, Sumitomo Corporation
(present position)

**Koji Ishida** Independent Director

Outside Director

*0 share

17/17

- May 1970:** Entered The Sumitomo Bank, Limited
- June 1997:** Director, The Sumitomo Bank, Limited
- June 1999:** Executive Officer,
The Sumitomo Bank, Limited
- January 2001:** Managing Executive Officer, General Manager
of Corporate Planning Dept.,
The Sumitomo Bank, Limited
- April 2001:** Managing Executive Officer, General Manager
of Corporate Planning Dept., Sumitomo Mitsui
Banking Corporation (SMBC)
- June 2002:** Managing Executive Officer, Head of Tokyo
Corporate Banking Division I, SMBC
- June 2003:** Representative Director, Managing Director,
Sumitomo Mitsui Financial Group, Inc. (SMFG)
- April 2004:** Representative Director, Senior Managing
Director, SMFG
- June 2005:** Standing Corporate Auditor, SMFG
(retired in June 2006)
Corporate Auditor, SMBC
(retired in June 2006)
- June 2006:** President & CEO, SMBC Leasing Co., Ltd.
- October 2007:** President, Sumitomo Mitsui Finance and
Leasing Co., Ltd. (SMFL; retired in June 2011)*2
- June 2011:** Member of the Policy Board, the Bank of
Japan (retired in June 2016)
- June 2017:** Outside Director, Sumitomo Corporation
(present position)
- July 2017:** Member of the Public Interest Oversight
Committee, KPMG AZSA LLC (present position)

*2 In October 2007, SMBC Leasing Co., Ltd. merged with Sumisho Lease Co., Ltd. to become SMFL. Mr. Ishida continued in office as president of SMFL, retiring in June 2011.

**Kimie Iwata** Independent Director

Outside Director

*0 share

—

- April 1971:** Entered the Ministry of Labour (currently
Ministry of Health, Labour and Welfare)
- July 1996:** Deputy Director-General, Human Resource
Development Bureau, Ministry of Labor
- October 1998:** Assistant Minister of Labor for International
Affairs
- January 2001:** Director-General of Equal Employment,
Children and Families Bureau
(retired in August 2003)
- June 2004:** Director, Corporate Officer,
Shiseido Company, Limited
- January 2007:** Member, Council for Gender Equality,
the Cabinet Office
- April 2007:** Director, Corporate Executive Officer,
Shiseido Company, Limited
- April 2008:** Director and Vice President,
Shiseido Company, Limited
- June 2008:** Representative Director, Executive Vice
President, Shiseido Company, Limited
- April 2011:** Member, Administrative Council, the
University of Tokyo (present position)
- March 2012:** Outside Audit & Supervisory Board Member,
Kirin Holdings Company, Limited
- April 2012:** Director, Shiseido Company, Limited
- June 2012:** Adviser, Shiseido Company, Limited
(retired in June 2016)
- July 2012:** Outside Director, Japan Airlines Co., Ltd.
President, Japan Institute for Women's
Empowerment & Diversity Management
- August 2012:** Director, Japan Corporate Governance
Network (present position)
- June 2013:** Director, Tsuda University (present position)
- September 2013:** Commissioner, the Consumer Commission,
the Cabinet Office
- October 2015:** Audit and Inspection Commissioner, the
Tokyo Metropolitan Government
(present position)
- March 2016:** Outside Director, Kirin Holdings Company,
Limited (present position)
- April 2016:** Outside Director, Stripe International Inc.
(present position)
- June 2018:** Outside Director, Sumitomo Corporation
(present position)

**Hisashi Yamazaki** Independent Director

Outside Director

*0 share

—

- April 1974:** Assistant Judge
- April 1995:** Presiding Judge, Tokyo District Court
- December 2000:** Chief, Training and Research Institute for
Family Court Probation Officers
- December 2002:** Chief, Family Bureau, General Secretariat,
Supreme Court
- December 2005:** Chief Judge, Maebashi District Court
- February 2007:** Chief Judge, Yokohama Family Court
- December 2008:** Presiding Judge, Tokyo High Court
- August 2009:** President, Tokyo Family Court
- February 2011:** President, Sapporo High Court
(retired in March 2013)
- March 2013:** Commissioner, Japan Fair Trade Commission
(retired in December 2015)
- August 2016:** Attorney at Law (present position)
- July 2017:** Supervisory Board Member, National Federation of
Agricultural Cooperative Associations
(present position)
- June 2018:** Outside Director, Sumitomo Corporation
(present position)
Outside Director, Tokyo Commodity Exchange, Inc.
(present position)

*Shares owned in the Company (As of March 31, 2018)

Attendance at Meetings of the Board of Directors in fiscal 2017 Attendance at Meetings of Audit & Supervisory Board in fiscal 2017

Audit & Supervisory Board Members



Takuro Kawahara

Senior Audit & Supervisory Board Member (Full-Time)

*92,700 shares

21/21 14/14

April 1975: Entered the Company

June 2016: Senior Audit & Supervisory Board Member



Toshiaki Murai

Audit & Supervisory Board Member (Full-Time)

*7,300 shares

— —

April 1980: Entered the Company

June 2018: Audit & Supervisory Board Member



Haruo Kasama

Independent Audit & Supervisory Board Member

Outside Audit & Supervisory Board Member (Lawyer)

*12,600 shares

19/21 14/14

April 1974: Public Prosecutor

June 2001: Chief Public Prosecutor of the Kofu Public Prosecutor's Office

October 2002: Deputy Public Prosecutor of the Tokyo District Public Prosecutor's Office

June 2005: Deputy Public Prosecutor of the Tokyo High Public Prosecutors Office

June 2006: Director of Criminal Division in Supreme Public Prosecutors Office

October 2007: Deputy Prosecutor-General

January 2009: Superintendent Public Prosecutor of the Hiroshima High Public Prosecutors Office

June 2010: Superintendent Public Prosecutor of the Tokyo High Public Prosecutors Office

December 2010: Prosecutor-General (retired in July 2012)

October 2012: Attorney at Law (present position)

June 2013: Outside Audit & Supervisory Board Member, Sumitomo Corporation (present position)
Outside Director, JAPAN POST HOLDINGS Co., Ltd. (retired in June 2016)

Outside Audit & Supervisory Board Member, Sampo Holdings, Inc. (retired in June 2017)

February 2014: Outside Corporate Auditor, Kewpie Corporation (retired in February 2018)

June 2018: Outside Audit & Supervisory Board Member, Toppan Printing Co., Ltd. (present position)



Toshio Nagai

Independent Audit & Supervisory Board Member

Outside Audit & Supervisory Board Member (Lawyer)

*0 share

21/21 14/14

April 1974: Assistant Judge

April 1986: Judicial Research Official, Supreme Court

April 1997: Presiding Judge, Tokyo District Court

September 2001: Senior Judicial Research Official, Supreme Court

December 2006: Chief Judge, Kofu District/Family Court

December 2007: Presiding Judge, Tokyo High Court

November 2008: Chief Judicial Research Official, Supreme Court

March 2012: President, Hiroshima High Court

March 2013: President, Osaka High Court (retired in July 2014)

September 2014: Attorney at Law (present position)

June 2015: Outside Corporate Auditor,

Toray Industries, Inc. (present position)

June 2016: Outside Audit & Supervisory Board Member, Sumitomo Corporation (present position)



Yoshitaka Kato

Independent Audit & Supervisory Board Member

Outside Audit & Supervisory Board Member

(Certified Public Accountant)

*0 share

21/21 14/14

November 1974: Entered Tetsuzo Ota & Co.*³

September 1978: Certified Public Accountant (present position)

May 1998: Representative Associate, Showa Ota & Co.*³

June 2006: Executive Director, Ernst & Young ShinNihon*³

August 2008: CEO, Ernst & Young ShinNihon LLC (retired from Ernst & Young ShinNihon LLC in June 2014)

June 2015: Outside Corporate Auditor, Sumitomo Chemical Company, Limited (present position)
Outside Corporate Auditor, Mitsui Fudosan Co., Ltd. (present position)

Auditor, the General Insurance Rating Organization of Japan (present position)

June 2016: Outside Audit & Supervisory Board Member, Sumitomo Corporation (present position)

*³ The name was changed to "Ernst & Young ShinNihon LLC" on July 1, 2018.

Executive Officers

President and Chief Executive Officer

Masayuki Hyodo

Executive Vice Presidents

Hideki Iwasawa

Chief Administration Officer and
Chief Compliance Officer

Masahiro Fujita

General Manager, Mineral Resources,
Energy, Chemical & Electronics
Business Unit

Senior Managing Executive Officers

Koichi Takahata

Chief Financial Officer

Masao Sekiuchi

General Manager for Asia & Oceania;
CEO of Sumitomo Corporation Asia &
Oceania Group;
President and CEO, Sumitomo
Corporation Asia & Oceania Pte. Ltd.

Masato Sugimori

Director, Executive Vice President,
Jupiter Telecommunications Co., Ltd.

Akira Satake

Director, Executive Vice President,
Sumitomo Precision Products Co., Ltd.

Makoto Horie

General Manager, Metal Products
Business Unit

Toshikazu Nambu

General Manager,
Media & Digital Business Unit

Fumihiro Koba

General Manager for East Asia;
CEO of Sumitomo Corporation China Group;
General Manager, Sumitomo Corporation (China)
Holding Ltd.

Shingo Ueno

General Manager for the Americas;
President and CEO of Sumitomo Corporation
of Americas Group;
Director and President of Sumitomo Corporation
of Americas

Managing Executive Officers

Hiroki Inoue

General Manager for Japan Region;
General Manager, Kansai Office

Kiyoshi Sunobe

President and CEO, Sumitomo
Corporation Global Research Co., Ltd.

Michihiko Hosono

Assistant CAO, General Affairs & Legal

Hideo Ogawa

Assistant CFO, Risk Management

Daisuke Mikogami

Representative Director, Executive
Vice President, SCSK Corporation

Shoichiro Oka

General Manager, Transportation &
Construction Systems Business Unit

Tsutomu Akimoto

General Manager, Infrastructure
Business Unit

Masato Ishida

General Manager for Europe,
Middle East, Africa & CIS;
Chairman of Sumitomo Corporation
Europe Holding Limited

Nobuki Ando

General Manager, Living Related &
Real Estate Business Unit

Hideki Yamano

Chief Strategy Officer and
Chief Information Officer

Executive Officers

Shuichi Suzuki

General Manager, Energy Division

Tsuyoshi Oikawa

General Manager, Planning &
Coordination Dept.,
Mineral Resources, Energy,
Chemical & Electronics Business Unit

Takeshi Murata

Managing Director, Sumitomo Mitsui
Finance and Leasing Co., Ltd.

Keiji Tanaka

President and CEO,
Jupiter Shop Channel Co., Ltd.

Reiji Morooka

Managing Director,
Sumitomo Mitsui Finance and
Leasing Co., Ltd.

Takayuki Seishima

Assistant CAO, Secretary &
Human Resources

Toyoaki Funakoshi

General Manager, Planning &
Coordination Dept.,
Infrastructure Business Unit

Masaki Nakajima

Assistant General Manager for the
Americas;
Executive Vice President and
CFO of Sumitomo Corporation
of Americas Group;
Executive Vice President and
CFO of Sumitomo Corporation
of Americas

Keigo Shiomi

General Manager, Metal Products for
Automotive Industry Division;
Deputy General Manager, Automotive
Manufacturing Business Division

Masatoshi Deguchi

General Manager, Internal Auditing Dept.

Koji Tamefusa

Director, Senior Managing Executive Officer,
SCSK Corporation

Yasushi Fukuda

General Manager, Logistics Infrastructure
Business Division

Yoshiyuki Sakamoto

General Manager, Basic Chemicals &
Electronics Division

Kei Sato

General Manager, Lifestyle &
Retail Business Division

Norihiko Nonaka

General Manager, Global Power
Infrastructure Business Division

Masaru Shiomi

Assistant CFO, Finance

Iehisa Nakamura

General Manager, Media Division

Bin Haga

General Manager, Corporate Planning &
Coordination Dept.

Kenji Shinmori

General Manager,
Corporate Communications Dept.

Shinji Nakano

Assistant General Manager for
Asia & Oceania;
President and CEO,
Sumitomo Corporation Thailand, Ltd.,
President and CEO,
Sumi-Thai International Limited

Mitsuhiro Takeda

Assistant General Manager for the
Americas;
Executive Vice President and
Deputy CFO of Sumitomo Corporation
of Americas Group;
Executive Vice President and
Deputy CFO of Sumitomo Corporation
of Americas

Shinichi Kato

General Manager,
Automobility Business Division

Hirokazu Higashino

General Manager, Materials,
Supplies & Real Estate Division

Internal Control

Basic Principles and System

Basic principles of internal control system (definitions/purpose)

The Sumitomo Corporation Group comprises six 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.

In order to realize sustainable growth and development for the Sumitomo Corporation Group, as well as enhance the operational quality of each of the Group companies, we stipulate basic regulations for internal control, and practice the construction, management, evaluation, and revision of appropriate internal control systems.

To rationally ensure compliance with laws and regulations throughout the entire Group in relation to business activities, preservation of assets, efficiency and efficacy of operations, and trustworthiness of financial reporting, initiatives are being taken to improve Group governance.

Internal Control System



Compliance

Basic policy

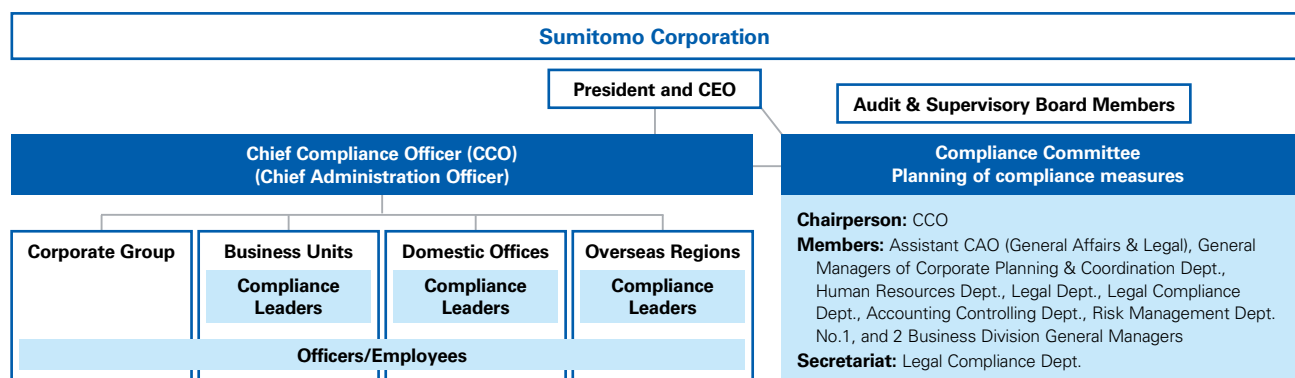
The basis for the Sumitomo Corporation Group's compliance is to win the trust of society by practicing the Activity Guideline that states "to comply with laws and regulations while maintaining the highest ethical standards."

Accordingly, we follow our principles of "Giving First Priority to Compliance," which means compliance takes priority over all activities of the Group and that we must never violate compliance as a result of giving priority to the pursuit of profit, and "Reporting Compliance Issues Immediately," which means, in the event of a compliance problem, employees must report the situation without delay to their line manager or to the relevant department of the Corporate Group.

Compliance management system

Aiming for more agile responses to compliance issues which arise in the Group, Sumitomo Corporation appoints a Chief Compliance Officer (CCO), who has ultimate responsibility for compliance. Further, the Compliance Committee, which plans compliance measures, includes the general managers not only of the Corporate Group but also of the business divisions, enabling it to examine such measures in a multifaceted way that reflects our actual business operations. Our Group will continuously aim to establish and improve the internal systems that realize our principle of "Giving First Priority to Compliance."

Compliance Management System

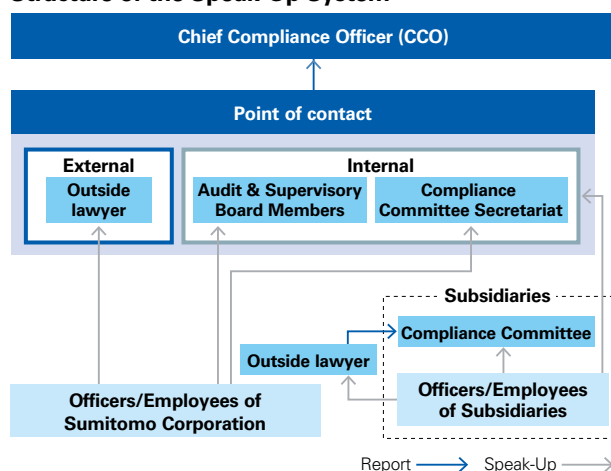


Speak-Up System

In case of a compliance problem, such as a violation of antitrust or anti-bribery/corruption regulations as well as workplace misconduct, we have put in place a Speak-Up System that enables employees to contact the CCO through a hotline in addition to the respective organizational reporting lines.

Under the System, the fact and details of the report are maintained in the strictest confidence, and it is ensured that the whistle-blower is not subject to disadvantageous treatment for making the report. Further, we work to promote and raise awareness of the system by conducting seminars and publishing internal guidelines. We also distribute to all employees a “Speak-Up Card” with an overview of the system and contact details.

Structure of the Speak-Up System



Initiatives to ensure compliance

Appropriate responses to compliance violations and preventive measures

In case of a compliance problem, the Company, primarily through the Legal Dept. and Legal Compliance Dept., promptly takes steps to establish the facts and clarify the causes of the incident, including the appointment of external specialists when necessary. Based on the outcome, we take corrective measures, disciplinary action, and preventive measures.

The Compliance Committee Secretariat keeps records of the details and number of cases occurring in the Group, and other information such as measures taken to prevent recurrence. These are evaluated and used to plan future compliance measures. The results are deliberated at meetings of the Compliance Committee, and reports are made periodically to the Management Council and the Board of Directors. Through this process of repeatedly improving and enhancing such measures, we strive to further encourage thorough compliance throughout the Group.

Continuous education program initiatives

We have summarized into 19 separate themes the issues that we consider important, such as antitrust, security trade control, and anti-bribery/corruption, and we have disclosed our policies regarding these in the form of our Compliance Guiding Principles. The Compliance Manual, which adds commentary on the Principles, and summarizes the laws, regulations, and internal rules on which it is based, is distributed to all employees of Sumitomo Corporation.

Furthermore, both in Japan and overseas, we implement various education programs for each class of employee, such as newcomers, newly appointed general managers, and newly appointed corporate officers, as well as provide e-learning programs for all employees. In addition to these regular activities, we hold seminars and training sessions on an ongoing basis as required.

Anti-bribery/corruption initiatives

Based on the principle of “Giving First Priority to Compliance,” the Group implements strict measures to prevent all forms of corruption. Specifically, we have established the Rules for Prevention of Bribery of Public Officials, which regulates the provision of entertainment, gifts, invitations, and donations to domestic and foreign public officials as well as the selection of agents. In addition, taking into account revisions to the laws and regulations of each country, and advice from various external specialists, we continuously review our internal rules and guidelines. Further, we extend these rules and guidelines to overseas offices and Group companies, and we also offer ongoing employee education and work constantly to prevent bribery and corruption.

In 2017, we announced the Sumitomo Corporation Group Anti-Corruption Policy, which summarizes the Group’s principles and policies in this regard. This Policy includes the following statement. “The Sumitomo Corporation Group will not commit bribery or conduct any activity raising the suspicion of bribing Japanese government or other public officials; and will as a principle prohibit its officers and employees from providing such officials with entertainment, gifts, or the equivalent. It will not make any offer, payment, promise to pay, or authorize the payment of any money or anything of value to any foreign government or other public official, for the purpose of influencing any act or decision of such official in order to assist it in obtaining or retaining business.” This statement declares the Group’s principles in relation to preventing bribery. Furthermore, through this Policy we explain our anti-bribery system and our initiatives for the prevention of bribery to our business partners, and request their understanding and cooperation.

Risk Management

Basic policy and framework

We define “risk” as “the possibility of losses due to the occurrence of anticipated or unanticipated situations,” and also as “the possibility of not achieving the expected return on business activities.” We have set the following three items as the goals of our risk management activities.

1. Stabilize Performance
2. Strengthen Financial Base
3. Maintain Corporate Reputation

In addition, we classify our risks into two categories:

Quantifiable risk and Non-quantifiable risk and have frameworks appropriate for each type of risk.

We have created an effective risk management framework that anticipates changes in the external environment by studying advanced methods and processes. Our goal is to implement the best practice in risk management while maintaining the flexibility to adapt to changes in the business environment. The business environment is continually changing, and new business models that we could never have imagined are emerging on a daily basis. In order to respond to such situations in a timely and effective manner, our risk management has continued to evolve under the leadership of top management.

Definition of Risk

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

Goals of Our Risk Management

Stabilize Performance

Minimize discrepancies between the plan and actual results and secure stable profits

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 Investment Committee

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

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

Investment Risks

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

Credit Risks

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

Market Risks

- Loss limit monitoring
- Separation and control of front, middle, and back office duties

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 the Internal Control Committee

Legal risks

Fraud or illegal acts by officers or employees

IT system management risks

.....

Internal Control Committee

Risk Management System for Investments

Decision-making process for investments

Once an investment has been made the decision to withdraw becomes difficult, and in the event of withdrawal, losses tend to be larger. Therefore, we have adopted a unified framework that covers everything from the entry into the investment to the exit and that takes into account changes in the portfolio as a whole, as well as the nature of the risks involved in each individual investment opportunity, while reviewing the process for assessing and following up investment projects as appropriate.

When assessing investment projects, the investment theme is clarified at the initial stage of the process, and is verified as a key point of due diligence. In addition, by applying a discount rate appropriate to each business risk, we are able to calculate an “appropriate price” for the investment, and evaluate the opportunity from both quantitative and qualitative aspects.

With regard to the decision-making process for investments, the Business Unit Investment Committee or the Company Investment Committee meets at each stage of consideration and implementation, depending on the scale and importance of the project.

From an early stage, these committees conduct in-depth discussions regarding the strategic positioning of the project, the background to and the reasoning behind the selection of the project, and the various factors that may affect the success of the investment.

Execution support and monitoring of investments

With regard to post-investment execution support, issues are clarified before the decision to invest is made, and a system has been established to work on resolving smoothly any issues that emerge after the investment has been made. For especially important projects, in addition to the “100-day plan^{*1}” execution support system, which provides integrated support functions, a “Focused Follow Up” system has been established that consists of plans to improve performance, and following up of project execution, provided by the Company Investment Committee.

In fiscal 2018, we introduced a new “full potential plan” investment monitoring system that is intended to improve the quality of the investment portfolio. Investment targets are evaluated mainly using quantitative indicators, and categorized into “Satisfactory,” “Not Satisfactory,” and “Not Good.”

After confirming the positioning within the investment portfolio, a further strengths and weaknesses review of business potential is performed. Depending on the outcome of the review, specific measures may be taken to maximize the value of the business in accordance with the growth strategy of “Increase Value of Existing Business,” but withdrawal will be encouraged for businesses with limited room for growth.

^{*1} Activities, performed mainly in the first 100 days immediately after the investment has been executed, to construct and develop management infrastructure aimed at drawing up a medium-term plan that seeks to maximize business value, including management of the investment, and which management and financial indicators should be used as targets

Investment Risk Management Framework (Decision-making Process for Investments / Investment Evaluation Method & Execution and Management Systems)

Phase I: Consideration of project – Execution of investment

1 Consideration of project

Deliberation by consideration stage committee

- Confirmation of consistency with strategy
- Clarification of investment theme
- Confirmation of level of return
- Discussion of significant risks and countermeasures

2 Decision-making and execution

Deliberation by execution stage committee

- Confirmation of adequateness of stand-alone value, synergies, and full value
- Analysis of downside scenarios
- Discussion of countermeasures to deal with significant risks
- Formulation of proposals for governance/monitoring system

Management system

- **Stage-by-stage multi-aspect scrutiny of major projects**
 - 2-stage scrutiny: Initial consideration and execution stages
 - Scrutiny by Business Unit Investment Committee and Company Investment Committee
- **Setting of quantitative criteria for investment entry**

Phase II: Post-investment follow-up

3 Post-investment follow-up

Drawing up, execution, and regular review of the 100-day plan

- Development of management infrastructure including governance system
- Setting and monitoring of optimal KPIs
- Drawing up of revised medium-term plan

4 Business management

5 Drafting and implementation of full potential plan

Monitoring of investment targets and support for execution

- Identification and evaluation of management status based on quantitative criteria
- Investments judged to have further potential: draft and execute concrete strategy to maximize business value of investment targets; Investments with limited growth potential: move toward withdrawal.

Management system

- **Introduction of Focused Follow-up System**
 - Monitoring of major projects
- **Setting of 100-day plan execution support system**
- **Introduction of full potential plan investment monitoring system**

Financial Reporting

The Sumitomo Corporation Group creates financial reports in accordance with the Accounting Policy Manual that lays out the Group's internal policies for accounting, and discloses information in a timely and appropriate manner and in compliance with relevant laws, regulations, and accounting standards.

For its financial reporting internal control system, the Company acts in accordance with the Internal Control Reporting System stipulated in the Financial Instruments and Exchange Act, by promoting internal control activities as required by the Act, and evaluating and improving its business processes.

Information Security

Basic policy and system

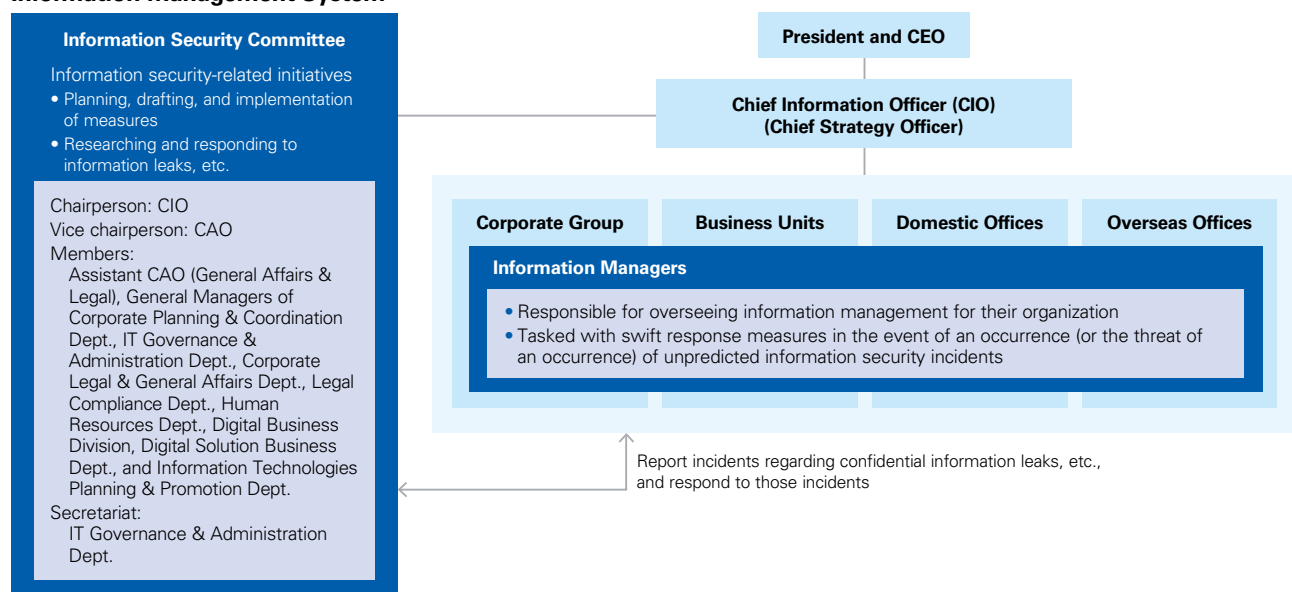
The Company acknowledges the importance of ensuring information security, and maintains appropriate measures including, but not limited to, the establishment and maintenance of relevant rules, primarily through the Information Security Committee, which is chaired by the Chief Information Officer (CIO). In October 2017, a new Information Security Policy was established.

The information managers in each organization categorize information assets based on their importance, give instructions for procedures and methods in order to handle these assets adequately, and work to ensure information security, efficient information-related administrative procedures, and information sharing. For personal

information, in addition to establishing a Privacy Policy to protect this as appropriate, we have put in place relevant rules and organizational structures.

We also work on initiatives to minimize risk related to unexpected situations involving information security, such as external attacks aimed at theft or destruction of corporate information. As well as using system-based safeguards, we conduct ongoing training and drills for employees while establishing and monitoring systems at major subsidiaries and other Group entities. The Company also coordinates with specialized third-party organizations to stay up-to-date on relevant information and to enable swift and appropriate responses.

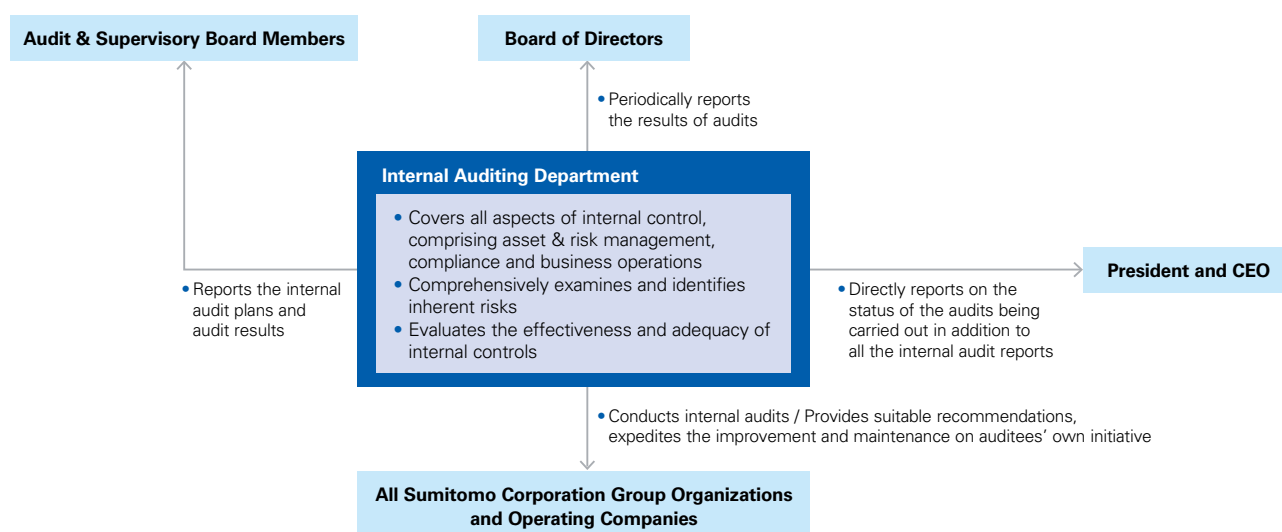
Information Management System



Internal Audits

The Internal Auditing Department, which reports directly to the President and CEO, is an independent organization that monitors the operations of the entire Sumitomo Corporation Group, and audits all organizations and operating companies of the Group. As well as reporting the outcome of all internal audits directly to the President and CEO, periodic reports are also made to the Board of Directors. The Department conducts audits on all aspects of internal control, comprising

asset & risk management, compliance and business operations. Also, by comprehensively examining and identifying the risks inherent in the organization being audited, it provides suitable recommendations based on an evaluation of the effectiveness and adequacy of the internal controls of the organization, thus expedites improvement and maintenance on auditees' own initiative.



Group Governance

Project to enhance Group governance

"Medium-Term Management Plan 2020" includes initiatives to enhance governance further as part of its drive to reinforce management bases. The Company considers the internal control system to be the foundation for promoting growth strategies, and in terms of specific measures to enhance governance it has begun working on a project that aims to enhance corporate value and operational quality through the use of the internal control system. This project will identify the

basic risks that should be controlled as part of the operation of the business. With regard to the significance of the risks and their countermeasures, while maintaining dialogues with Group companies, the Company will create an autonomous cycle of PDCA for the improvement of internal control. The Group will standardize this process, and actively promote the use of PDCA cycles in workplaces to open the way to enhance operational quality for the Group as a whole.

Human Resources Management

For the Sumitomo Corporation Group, human resources are one of its most valuable management resources. By understanding and applying our Management Principles and Activity Guidelines, our human resources from diverse backgrounds continue to create new value in the medium to long term and make wide-ranging contributions to society. Here, we present the human resources management measures that we are implementing under “Medium-Term Management Plan 2020” to promote the basic concept of our human resources strategy, “Diversity & Inclusion: Making diverse strengths a source of competitiveness.”

Strategic Human Resources Management on a Global Basis

Strategic allocation of human resources

We will undertake strategic allocation of human resources to the three emerging fields (Technology × Innovation, healthcare, and social infrastructure) identified in “Medium-Term Management Plan 2020” and to the companywide business development regions. In specific terms, we will reach a management-level consensus through discussion at the Talent Management Meeting before carrying out human resources allocation in line with business strategies.

Active use of interdivisional job rotation

As one measure to improve both the quality and quantity of executive management candidates, we will actively implement a system of job rotation that transcends divisional considerations.

Our aim is to develop human resources as executive management candidates who have collected diverse experiences in environments different from the conventional pathway.

Building of the systems required for global human resources operations

We will implement the measures listed below with the aim of ensuring that we have the right person in the right place at the right time on a global basis.

Main measures for the optimization of global human resources operations

Create a global human resources database

To visualize what kind of human resources we have and where, we will build a Group human resources database including overseas human resources.

Enhance succession planning

In the succession plan for major positions on a global basis, which we are currently formulating, candidates will be selected not only for the next generation but also for the generations to come, including overseas human resources. This will promote plan-driven allocation and development of human resources.

Introduce the Global Grading System

To compare what level of human resources are present across the Group, we will consider introducing a common Groupwide personnel grading system.

Introduce the Global Mobility Policy

To support the development and utilization overseas human resources across organizational and regional boundaries, we will introduce common Groupwide rules on employment conditions and welfare packages to be applied in the case of transfer between overseas bases.

Growing as an Organization Unceasingly Challenging for New Value Creation

We will actively implement measures to support the spirit of challenge, which is one of the themes of “Medium-Term Management Plan 2020.”

Diversity & Inclusion as an employee evaluation criteria

Diversity & Inclusion, the foundation for creating new value, has been added to the criteria for individual employee evaluation. Whether the individual respects and has accepted diverse values and approaches has thus been recognized as an important indicator of capability.

Introduction of the Medium-Term Management Plan Challenge and Evaluation System

As a program to promote the comprehensive engagement of all employees with “Medium-Term Management Plan 2020,” we have introduced the Medium-Term Management Plan Challenge and Evaluation System. This system encourages employees to engage in renewed discussion as to what their particular organization needs to do in order to realize the plan’s growth strategies and to reflect this in ambitious individual goals.

(1) Set organizational goals for the implementation of “Medium-Term Management Plan 2020”

(2) Set ambitious individual goals as a step toward meeting the organizational goals

(3) Reflect the difficulty, degree of achievement, and other aspects of the individual goals in employee evaluation

Creating an Environment in Which Diverse Individuals Can Develop Their Capabilities to the Fullest

Human resources who can create new businesses while building relationships of trust with stakeholders are an important Group asset. For Group development going forward, we are working to create an environment in which a diverse range of individuals can display their capabilities to the fullest.

Promotion of health and productivity management

For all Group employees to perform at their highest level and to continue to create new value, it is crucial that each employee maintain good health. In connection, Sumitomo Corporation has set three main pillars for health and productivity management and is implementing a range of measures around them: "Improvement of health literacy," which will enable employees to continue to work energetically, "Reassurance in emergencies," which provides reassurance that employees will be taken care of when they fall ill, and "Global medical support," which is unique to integrated trading companies.



Creating a work environment to realize self-sustaining and flexible workstyles

At the Sumitomo Corporation Group, we seek to realize output-oriented workstyles that help generate high added value. This means, for example, creating environments that encourage self-sustaining and flexible work that is free of conventional restrictions in terms of place, time, and style of work. It also means promoting mental and physical well-being and allocating time for personal development. In fall 2018, a teleworking system and a "super-flexible" work hours system will be introduced for employees in Japan. The teleworking system envisages three work formats: home working, mobile working, and satellite office working. A maximum teleworking time limit corresponding to two working days per week will apply Companywide. The super-flexible system, meanwhile, does away with core time, allowing a more independent and adaptable workstyle within the flexible worktime system. The introduction of the two systems will help to maximize the performance of individual employees.

Enhanced utilization of professional human resources and actively pursuing recruitment of mid-career human resources

To remain successful in a changing world, companies need the input of human resources with diverse strengths. At Sumitomo Corporation, we are therefore introducing a new grading system which is designed to offer highly motivating opportunities to professional human resources, that is human resources with a high level of specialist expertise making strong contributions to their organization. Meanwhile, by relaxing some of the requirements for mid-career human resources recruitment and applying them more flexibly, we will promote recruitment of external professional human resources, leading to enhanced competitiveness.

Enhancement of human resources development measures

Through the Sumitomo Business College (SBC), we offer a total of 320 off-the-job training programs annually to all Group employees, including overseas human resources, on courses covering work-related knowledge and skills. In fiscal 2017, we established the SC MBA, a program for the development of managerial human resources, with a wide selection of courses that are updated with the latest information.

Not only are most of the training programs open to all Group employees, but there are also many dedicated programs for each Group company. In fiscal 2017, a program in managerial human resources development was introduced for Group company employees, one of our initiatives to support strategic human resources management across the Sumitomo Corporation Group.

Main human resources development measures implemented since fiscal 2017

Strengthening of managerial human resources development

- Establishment of SC MBA
- Establishment of strategic professional college

Strengthening of human resources development in line with "Medium-Term Management Plan 2020"

- Introduction of training programs in DX
- Holding of Diversity & Inclusion seminars



SBC offers a total of 320 training programs annually, with an approach focused on three perspectives: Corporate Mission Statement / SC VALUES; Leadership; and Professionalism.

A rich variety of courses has been developed, ranging from the knowledge and interpersonal skills essential for a trading professional to cutting-edge applied programs at the MBA level, reflecting the latest global trends.

• Please visit the website below for detailed information on human resources recruitment and development, as well as examples of how the human resources system is used to offer professional opportunities to employees. www.sumitomocorp.com/en/jp/about/talent

Sustainability Management

Our View on Sustainability

The Sumitomo Corporation Group aims to achieve sustainable growth with society by consistently addressing social issues sincerely through its business activities. Operating businesses in a wide range of fields globally gives us innumerable points of contact with society. At each of these,

we will heighten our awareness of and efforts to address social issues through our business activities. As well as meeting our corporate social responsibilities, including environmental preservation, respect for human rights, and compliance, we work on social contribution activities.

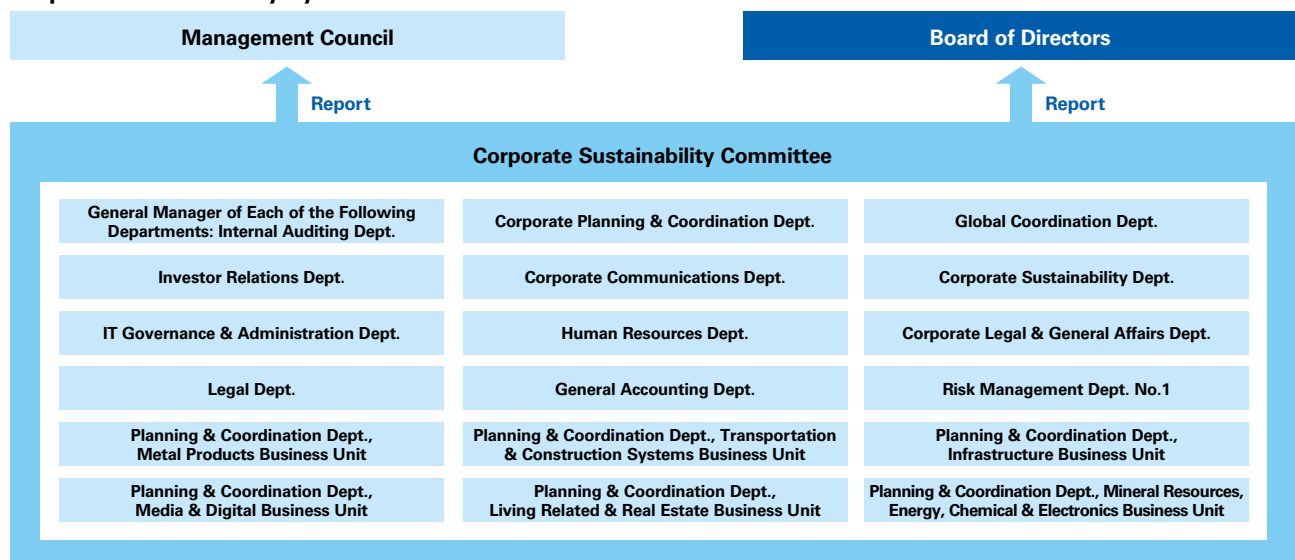
Structure for Promoting Sustainability

Corporate sustainability in the Sumitomo Corporation Group is promoted through a process of coordination between the Corporate Sustainability Department, which undertakes the planning of measures to promote sustainability, the sustainability managers and staff of each Business Unit's Planning & Coordination Department, and the sustainability staff of domestic and overseas regional organizations. In this

process, we take into consideration the social and environmental issues and the needs of our wide range of stakeholders.

The Corporate Sustainability Committee acts as an advisory body to the Management Council and discusses important policies, measures, and initiatives relating to the promotion of sustainability.

Corporate Sustainability System



Sustainability Promotion Initiatives

The Sumitomo Corporation Group places great importance on human rights and environmental issues across all of its business activities, including its supply chain. In the area of human rights issues, in each year since fiscal 2015, we have published a statement, inspired by the United Kingdom's Modern Slavery Act 2015, outlining our policies against modern slavery and human trafficking. In fiscal 2017, we organized related e-learning courses and, for the second consecutive year, drew attention to human rights in the

supply chain by holding seminars with the participation of outside experts. As for the environment, we build and operate environmental management systems compliant with the ISO 14001 international standard. As part of this, we offer e-learning environmental courses and take other measures to raise employee awareness.

In January 2018, to promote action on social issues through our business activities we held seminars on the SDGs with the participation of outside experts.

Dialogue with stakeholders

In October 2017, we organized a meeting for the exchange of opinions on ESG-related initiatives. Meeting with ESG investors and analysts, we discussed the relationship between social issues and our business activities, concepts for a medium- to long-term growth strategy incorporating

non-financial information, and a governance system to deal with ESG-related risk.

Going forward, utilizing dialogues with stakeholders, we will strive to enhance our initiatives for addressing social issues and to raise the level of ESG data disclosure.

Sumitomo Corporation Group's Material Issues

In April 2017, we identified six material issues for the Sumitomo Corporation Group that illustrate the relationship between our business activities and society.



For details on each of the material issues, please see ► **Page 13** "Corporate Mission Statement and Material Issues."

Identification Process

With reference to the SDGs and international guidelines, each business unit first gathered information on and analyzed its relationship with social issues. The next step was to select social issues that we regard as important and that need to be addressed as priorities in light of Sumitomo's Business Philosophy and the Sumitomo Corporation Group's Corporate Mission Statement. After surveys covering all officers and employees and exchange of opinions with outside experts, the selected social issues were outlined. The selected issues and their importance were then reviewed by the CSR Committee (now the Corporate Sustainability Committee). The material issues were finalized following deliberation and approval by the Management Council and the Board of Directors.

By addressing the material issues identified in the above process through our business activities, we believe that the Sumitomo Corporation Group will contribute to realization of the SDGs.



Sustainable Development Goals (SDGs): A set of social issues for resolution by the year 2030 adopted by the United Nations General Assembly in 2015.

Approach to Material Issues and Related Initiatives

The Sumitomo Corporation Group aims to achieve sustainable growth by placing material issues at the foundation of its management strategy and individual business initiatives, which will strengthen its contribution to the realization of a sustainable society. In delivering the value required by society through our businesses, we will consider the long-term trends in a range of social issues, and we will conduct our business activities with a heightened awareness of their impact on society and the environment.

Initiatives



Our telecom service in Myanmar delivers service with Japanese quality standards, contributing to the rapid spread of mobile phone use in the country. Through this business, we are creating telecom networks offering various forms of access.

We will focus on Establishing a Foundation for Comfortable and Enriching Lifestyles through mobile phones and Providing Diverse "Accessibility," which is essential for future value creation. Moreover, through employment creation and ripple effects on peripheral businesses such as electronic payment services, we want to realize the goal of Contributing to the Development of Local Communities and Industries. Our overriding goal is to achieve truly sustainable growth with Myanmar.



Initiatives to address climate change issues

As part of its initiatives to contribute to society and the environment through its business activities, the Sumitomo Corporation Group has a companywide policy for initiatives on climate change issues as well as policies at the individual business level.

The basic policy for Group business activities is that we understand climate change as an important social issue and contribute to its resolution through business activities. By simultaneously tackling the two issues of controlling greenhouse gas emissions and ensuring a stable energy supply, we will work to achieve sustainable growth with society.

At the individual business level, taking as an example the power generation business, we will shift emphasis in the

power generation asset portfolio to gas and renewable energy over medium- to long-term, with the aim of reducing the share of coal from 50% to 30% and increasing the share of renewable energy from 20% to 30% by around 2035 (both figures based on generation capacity). In the upstream resources business, meanwhile, we are looking to build an upstream resources portfolio that will contribute to stable energy supply based on long-term demand projections. In other fields, we will strengthen initiatives on new technologies and business models in areas such as energy management, the storage battery business and hydrogen-related business as a way of contributing to the resolution of social issues.

Social Contribution Activities

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

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

OBJECTIVE

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

ACTIVITIES

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

APPROACH

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

Activity report

Developing the Next Generation of Human Resources



The TOMODACHI Sumitomo Corporation Scholarship Program (since 2014)

Sumitomo Corporation participates in the TOMODACHI Initiative, a program of exchange between Japan and the United States led by the U.S. Embassy in Tokyo and the U.S.-Japan Council (Japan). We organize a scholarship program for university students that are sent to the United States as exchange students. We provide not only financial support but also training opportunities at Sumitomo Corporation of Americas. Program participants have access to experiences not available on campus during an overseas study break.



The Sumitomo Corporation Scholarship (since 1996)

We set up the Sumitomo Corporation Scholarship in 1996 as part of our 50th anniversary in the trading business. Since then, scholarships have been provided to university students in Asian countries including Indonesia, Myanmar, and Pakistan. In this way, we support the development in emerging Asian countries of human resources to build the nation's future. Up to fiscal 2016, the 20th anniversary of its foundation, the number of students who had received the scholarship totaled roughly 16,000.

Contributing to Local Communities in Areas We Do Business



Supporting the “Sankyu Thank You Project” (since 2013)

We support the “Sankyu Thank You Project” operated by the Japanese Red Cross Society to protect infant's lives in southern and eastern Africa. The concept of the project is to protect the lives of as many African mother/infant pairs as the number of babies born to our employees on maternal or childcare leave. Sumitomo Corporation has participated since 2013 through donations and visits to the supported regions.



Activities to Introduce Japanese Culture (since 2015)

With the aim of building good relations with local communities at overseas business bases, we give presentations of traditional Japanese culture. Activities took place in Myanmar in fiscal 2015, in Ghana and Iran in fiscal 2016, and in Mexico and Cuba in fiscal 2017. Our employees visit the locality and give demonstrations of kimono wearing, calligraphy, flower arrangement, and other traditional arts. They also organize hands-on workshops in which they deepen contact with the numerous participants.

Assisting Reconstruction after the Great East Japan Earthquake



Sumitomo Corporation Follow-up Program for the Revitalization of East Japan (since 2017)

In the hope of aiding in the recovery of the areas hit by the Great East Japan Earthquake and the rebuilding of victims' lives, we provided support to young people involved in revitalization projects in eastern Japan for five years from fiscal 2012. However, numerous problems remain. Conditions in the disaster-hit regions and people's situations are constantly changing along with their support needs. To provide ongoing reconstruction support that is closely tailored to local needs, we have revised the program to give more emphasis to in-depth dialogue with grant recipients, drawing at the same time on our past support experience.

• We present our social contribution activities from around the world here: www.sumitomocorp.com/en/jp/sustainability/contribution