



Sustainability management

Sustainability management embodying Sumitomo's Business Philosophy

"Enriching lives and the world" is the corporate message of the Group. We are developing our business around the world with the aim of realizing a sustainable society and enriching people's lives. The background to this message is a phrase that conveys the Group's business philosophy: "Benefit for self and others, private and public interests are one and the same." It means that Sumitomo's business, while benefiting Sumitomo, must also benefit the nation and benefit society. This philosophy is the source of the Group's sustainability management, and under this philosophy, we strategically allocate management resources in anticipation of the long-term shifting business landscape impacted by these social issues, and we leverage our strengths to continue creating the value that society truly needs. We promote sustainability management in the belief that each of these actions will create a sustainable society and achieve sustainable growth for Sumitomo Corporation.

Note: In this sustainability section, our primary focus is to provide a deeper understanding of the Group's unique approach to value creation and sustainability. We continuously disclose and update our specific sustainability initiatives and related data on our corporate website.

◆ Sustainability Governance and Oversight

The board of directors renders decisions concerning key management matters in the Group's wide range of business activities. In addition, the board of directors oversees the decision-making and the business execution by the Management Council and executive officers.

The Management Council and executive officers are responsible for decision-making and business execution of important sustainability-related management matters of the Group. The Management Council makes comprehensive decisions after consulting with the Corporate Sustainability Committee and other committees that are advisory bodies of the Management Council in order to make effective decisions.

In addition, the Corporate Sustainability Department and related corporate organizations, as well as sustainability promotion personnel in each business group and overseas regional organization, work closely together to formulate and promote company-wide sustainability plans and measures. Moreover, we have established the Sustainability Advisory Board, consisting of external experts on ESG issues, to obtain advice and recommendations on our overall sustainability management.

Corporate Sustainability Committee

Main topics discussed and reported in FY2023

- New medium-term management plan and revision of the Material Issues
- Monitoring of medium-term sustainability goals
- Operation of the Corporate Sustainability Committee and the Sustainability Advisory Board
- Disclosure based on the TCFD recommendations
- Status of social and environmental risk management
- Social contribution activities
- Environmental management activities
- Initiatives related to natural capital
- Initiatives related to respect for human rights
- Initiatives for enhancing disclosure of non-financial information
- Results of the ESG rating

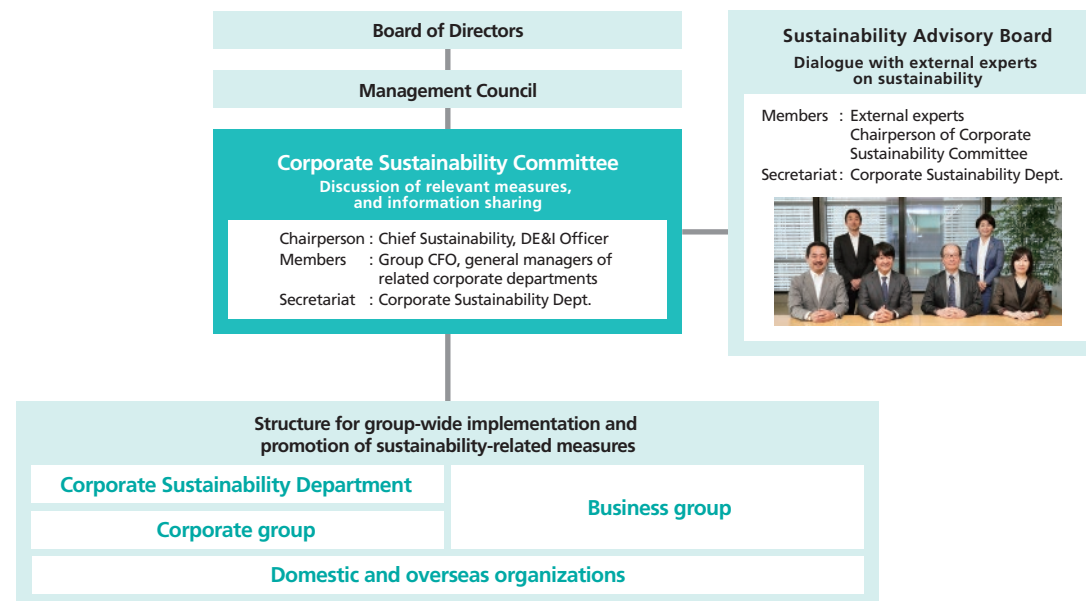
Sustainability Advisory Board

Discussion on the new medium-term management plan

- Expectations toward integrated trading and the business investment company for addressing key social issues
- Internal proliferation of sustainability management
- Structure and evaluation mechanism
- Individual topics: climate change, natural capital, respect for human rights

External Advisors

Sadayosi Tobai	Chief Executive Officer, WWF Japan
Hidemi Tomita	Chief Executive Officer, Institute for Sustainability Management
Takashi Nawa	Professor, Kyoto University of Advanced Science, and Visiting Professor, Hitotsubashi University Graduate School
Junko Watanabe	Attorney-at-Law, Nishimura & Asahi (Gaikokuho Kyodo Jigyo)



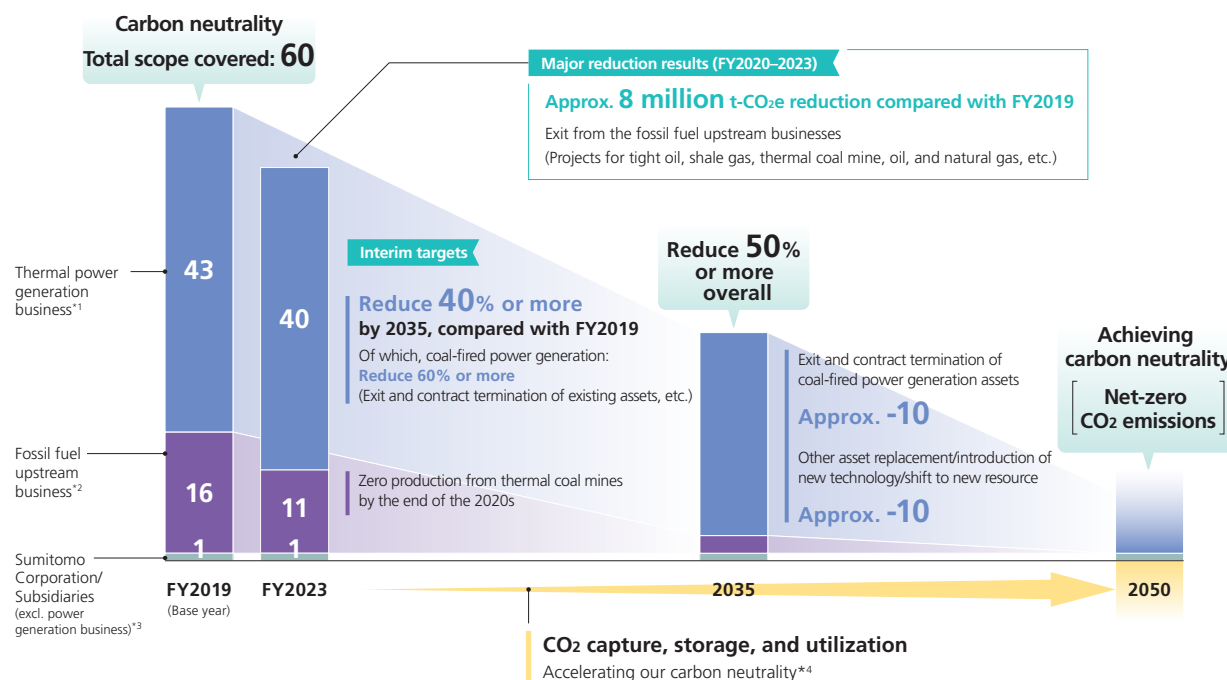
Addressing global environmental issues

Overcoming climate change

One of the Group's Material Issues is to "Overcome climate change." Recognizing that climate change is a pressing issue to be undertaken globally, we put an importance on the international determinations stipulated in the Paris Agreement and set our Policies on Climate Change Issues in order to play a more active role in achieving the carbon neutrality goal of society in aligned with the Agreement and are conducting business activities.

Specifically, we have set milestones for CO₂ emission reduction to achieve our goal of carbon neutrality of our own business by 2050 as well as our medium-term goal of reducing CO₂ emissions by 50% or more by 2035. To overcome climate change, on top of the reduction of CO₂ emissions of our own business, it is essential to contribute to realize a carbon-neutral society. Accordingly, we will work together with stakeholders to decarbonize society and promote the realization of a carbon-neutral and resilient society, while taking into consideration the unique characteristics of respective industry and region.

Milestones for CO₂ emission reduction toward carbon neutrality of the Group (Millions of t-CO₂e)



Based on this thought, in May 2024, in response to recent changes in the external environment, including climate change countermeasures and energy security, we updated our equity generation capacity-based ratio target among the Group's climate-related targets. In addition, we have added commitments to reduce indirect CO₂ emissions from thermal coal mines to zero by the end of 2020s and to work with natural gas only in projects that contribute to the realization of a carbon-neutral society.

❖ Milestones for CO₂ emission reduction toward carbon neutrality of the Group

The scope of business targeted for carbon neutralization includes the power generation business and fossil energy concession businesses in addition to Scope 1 and 2 of Sumitomo Corporation and its subsidiaries. For these, we have established specific milestones for CO₂ emission reduction as shown below and are actively working on them to achieve carbon neutrality by 2050. The progress of our efforts is monitored and reported regularly to the Management Council and the Board of Directors.

Coal-fired power generation business

Sumitomo Corporation policy

- No involvement in any new coal-fired power generation business, neither in IPP nor EPC, without any exception
- End all coal-fired power generation business by the late 2040s

Approach to efforts

From the perspective of our social responsibility, including the development of local communities and economies and our obligation to supply, we will pursue every option, not eliminating the possibility of accelerated withdrawal from the business, while implementing the following efforts to accelerate the decarbonization of our Company and society as a whole.

- Consensus building based on sincere dialogue with host countries, local communities, and other stakeholders
- Pursuit of consideration and efforts toward the decarbonization and low carbonization of existing facilities
- Maximum support for host countries to shift power sources to renewable energy and other sources

*¹ Includes estimated figures after the construction and operation of the businesses for projects still under construction and emissions from equity-method affiliates

*² Indirect CO₂ emissions from the use of energy resources produced by fossil energy concession of Sumitomo Corporation, its subsidiaries, and affiliated companies under the equity method

*³ Direct CO₂ emissions of Sumitomo Corporation and its subsidiaries and indirect CO₂ emissions of the generation of energy used by them

*⁴ Through means recognized by international standards such as capture and storage by forests and other technical methods

Addressing global environmental issues

Contributing to the carbon neutrality of society

An important component of our Material Issues related to “Overcoming climate change” is to contribute to the carbon neutrality of society. To achieve this goal, we believe that, as Sumitomo Corporation Group with a diverse range of business operations, we must actively contribute toward low carbonization and decarbonization of the related entire supply chain. Specifically, we will strive to build a decarbonized, recycling-oriented energy system. This effort will be led by our Energy Transformation Business Group, which unites SBUs with a shared focus on creating such a system. We will also strive to establish a sustainable carbon cycle, contribute to creating a prosperous and visionary society, and enhance our competitive advantages to achieve our sustainable growth.

● Hydrogen pilot plant for the world’s first trial lower-carbon alumina refining in Australia: Development of the next-generation business

In Australia, Sumitomo Corporation, in collaboration with U.K.-based Rio Tinto, has initiated the building of a pilot plant at Rio Tinto’s Yarrowalbie alumina refinery to test using hydrogen to replace natural gas in the alumina refining process. If successful, this project could result in a significant reduction of CO₂ emissions from alumina refining in the future. It also represents the first step in our phased approach to achieving our goal of establishing a global hydrogen supply chain. We are committed to expanding our business and commercializing this initiative.

News

Creating business opportunities through improved Scope 3 accounting

The primary objective of our Scope 3 calculations is to accurately pinpoint areas within our supply chain where we can collaborate with suppliers and other partners to reduce CO₂ emissions. In addition, these calculations aim to identify new business opportunities and potential avenues for emission reductions. In FY2023, we focused on a limited number of target subsidiaries and projects for which CO₂ (Scope 3) emissions are large in order to gain expertise in calculating CO₂ (Scope 3) emissions. Utilizing the expertise acquired, we expanded the scope of subsidiaries and projects to encompass the entire company in FY2024, thereby deepening our efforts.



Trial Analysis Based on TNFD’s Beta Framework ▶ <https://sumitomocorp.disclosure.site/en/themes/27#52>
Disclosure Based on the TCFD Recommendations ▶ <https://sumitomocorp.disclosure.site/en/themes/24#26>

Preserving and regenerating natural capital

The Sumitomo Corporation Group is conducting business activities across multiple sectors, including infrastructure, mining, forestry, and agriculture, and its business activities are largely dependent on nature. We believe it is essential to foster the sustainability of both our business and the global environment by making decisions with natural capital in mind. To achieve a world living in harmony with nature, we avoid or minimize the impact on natural capital caused by our business activities and go beyond preservation to also pursue regeneration and effective use of natural capital through the building of a circular economy and other measures.

● Registration as a TNFD Early Adopter

We registered as a TNFD* Early Adopter to accelerate our efforts to preserve and regenerate natural capital, which we both benefit from and impact through our business activities across the world. We will properly assess risks and opportunities related to natural capital, conduct our initiatives toward a nature-positive world by 2030, and disclose information in accordance with the TNFD recommendations by the end of FY2025.

*Taskforce on Nature-related Financial Disclosures

● Efforts to build a circular economy: Solar panel reuse and recycling business

Seeking to build a sustainable circular economy, we are leveraging diverse internal and external expertise to develop businesses that transcend conventional regional and industry boundaries. As part of these efforts, we are collaborating with four partner companies on a demonstration experiment to establish a solar panel reuse and recycling business. Through this initiative, we aim to promote the sustainable recycling of solar panels, which are presumed for disposal in large quantities in the 2030s.

Disclosure based on the TCFD recommendations

In March 2019, Sumitomo Corporation announced its support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and made disclosures in line with the framework on our Sustainability Disclosure Site. For further details, please visit our Sustainability Disclosure Site.



Respect for human rights

Our approach to respect for human rights

Through the implementation of human rights due diligence, stakeholder dialogue, internal education, and other such efforts based on the Sumitomo Corporation Group's Human Rights Policy established in May 2020, the Group strives to demonstrate respect for human rights as part of its corporate social responsibility and achieve sustainable growth together with society.

Goals and progress

Long- and medium-term goals	<p>Long-term goals</p> <ul style="list-style-type: none"> ● Respect the human rights of all stakeholders in all businesses and supply chains <p>Medium-term goals</p> <ul style="list-style-type: none"> ● Promote and ensure respect for human rights in accordance with the United Nations Guiding Principles on Business and Human Rights and Sumitomo Corporation Group's Human Rights Policy ● Ensure a safe workplace environment
Progress in FY2023	<p>Promote and ensure respect for human rights</p> <ul style="list-style-type: none"> ● Carried out human rights due diligence for two business units (Transportation & Construction Systems, Metal Products). This brings the cumulative total to six business units. ● Rolled out e-learning on business and human rights to regional organizations and subsidiaries in Japan and overseas <p>Ensure a safe workplace environment</p> <ul style="list-style-type: none"> ● We are promoting the following initiatives with the aim of establishing common sense attention to safety <ul style="list-style-type: none"> ...Visit by members of our Disaster Response and Safety Management Department to our Top Priority Companies in Japan and overseas to conduct safety seminars and site inspections ...Started an e-learning program on occupational safety in Japan, with 554 employees enrolled

Sumitomo Corporation Group's Human Rights Policy

Sumitomo Corporation declares in its Management Principles that it aims to be a global organization that contributes broadly to society and places prime importance on utmost respect for the individual.

We will respect human rights to fulfill our corporate social responsibility, and pursue sustainable growth with society.

Sumitomo Corporation became a signatory in 2009 to the "Ten Principles of the United Nations Global Compact," which advocates for values common to its own Management Principles, including those regarding human rights and labor.

We also respect the "International Bill of Human Rights" and the International Labour Organization's "Declaration on Fundamental Principles and Rights at Work," and we operate in accordance with the "United Nations Guiding Principles on Business and Human Rights."

1. Scope of application

Sumitomo Corporation endeavors to ensure that all executives and employees within the Group fulfill their responsibility to respect human rights.

In addition, we encourage our suppliers and business partners to accept, understand, and practice this policy so that we can work together to fulfill our social responsibilities, including respect for human rights in the relevant value chain.

2. Human rights due diligence

Sumitomo Corporation strives to identify and to prevent or mitigate any adverse impact on human rights through the application of human rights due diligence processes. Where we identify that our Group's practices have caused or contributed to an adverse impact on human rights, we will endeavor to take appropriate remedial measures.

3. Compliance with relevant laws

Sumitomo Corporation will comply with national and regional laws and regulations applicable to its group operations.

When those laws and regulations are incompatible with internationally recognized human rights, we will seek to employ measures to respect international human rights norms.

4. Stakeholder engagement

Sumitomo Corporation will seek to improve and progress human rights measures through engagement and dialogue with relevant stakeholders.

5. Education

Sumitomo Corporation will appropriately educate its executives and employees within the Group in order to ensure that this human rights policy is understood and implemented effectively.

6. Reporting

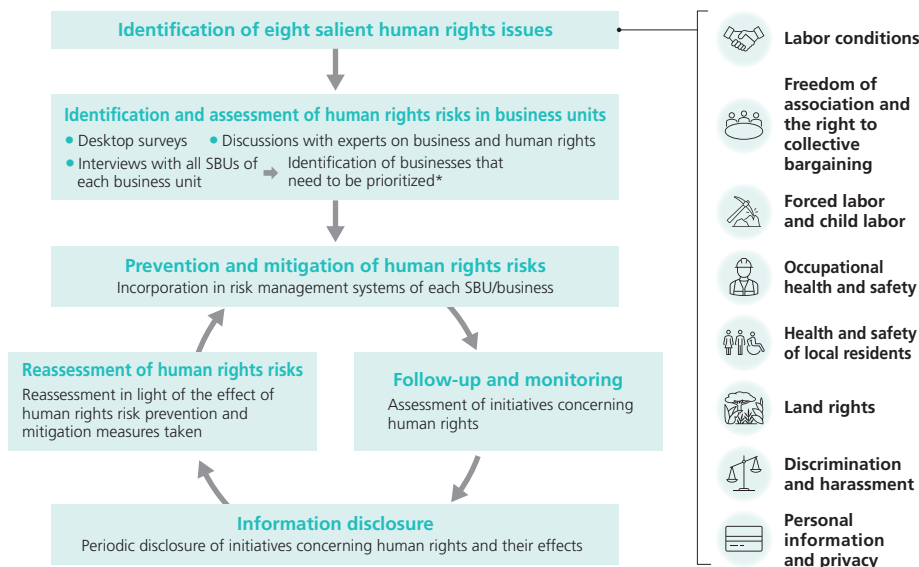
Sumitomo Corporation will disclose appropriate information regarding its efforts to respect human rights.

Respect for human rights

Human rights due diligence in all businesses, including the supply chain

Based on the Sumitomo Corporation Group's Human Rights Policy, we began human rights due diligence in 2020 so that we can identify, prevent, mitigate, and account for how we address risks of human rights related to the Group's business activities and have been conducting such activities on an ongoing basis. Our human rights due diligence is carried out via a process in line with international guidance such as the United Nations Guiding Principles on Business and Human Rights and the United Nations Guiding Principles Reporting Framework. We also identified salient human rights issues that should be prioritized in order to assess the risks on human rights for the entire Group and are currently verifying human rights risks with a focus on the salient through our human rights due diligence in each unit. Specifically, we have positioned the following as our salient issues: "freedom of association and the right to collective bargaining," "forced labor and child labor," "discrimination and harassment," and "occupational health and safety." Those are related to the five core labor standards of the International Labour Organization, as well as "labor conditions," "health and safety of local residents," "land rights," and "personal information and privacy."

Human rights due diligence/process of identification of salient human rights issues



* Also promote human rights due diligence in SBUs/businesses other than those identified in human rights due diligence by department.



Supply Chain Management ▶ <https://sumitomocorp.disclosure.site/en/themes/29>

Implementation and Progress of Human Rights Due Diligence ▶ <https://sumitomocorp.disclosure.site/en/themes/30#74>

FY2023 results and future initiatives

In FY2023, we conducted human rights due diligence at the Transportation & Construction Systems Business Unit and the Metal Products Business Unit. Considering the characteristics of each business, we identified human rights risks of concern and confirmed the status of activities to mitigate them. In FY2024, we will implement the Energy Innovation Initiative to complete our human rights due diligence for all businesses. Human rights risks identified to date are prioritized based on their importance. We incorporate the findings into specific action plans while implementing the plan-do-check-act (PDCA) cycle. In line with our medium-term goals for human rights education, we have conducted e-learning training on business and human rights for all officers and employees of Sumitomo Corporation, and then rolled that out to our regional organizations and subsidiaries. Human rights education is also included in the training of new managers and mid-career hires. Based on the results of human rights due diligence conducted to date, as well as the characteristics and risks concerning our businesses, we will adopt a risk-based approach. This includes selecting businesses that prioritize reinforcement of human rights due diligence and enhancement of human rights education by risk type.

Occupational health and safety

To prevent occupational accidents, we are working to create a common sense of value for safety, establish a safety management system, and improve occupational safety at key sites. Our main achievements in FY2023 are described below. We will continue striving to prevent occupational accidents by stepping up various initiatives, such as education and awareness-raising.

- Held cross-organizational occupational safety liaison meetings to share case studies of workplace accidents and best practices for improvement within the Group
- The Disaster Response & Safety Management Department provided first-response support for occupational accidents that occurred within the Group
- Disaster Response & Safety Management Department members visited our Top Priority Companies in Japan and overseas to provide occupational safety management support by conducting safety seminars and site inspections

