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Foundations for Accelerating Transformation

Sustainability, Human Capital, Governance

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Message from CSO and CSDO

Committed to addressing social issues, we will enhance corporate value through business portfolio transformation, organizational reinforcement, and sustainability management.

Makiko Eda

Managing Executive Officer
Chief Sustainability & DE&I Officer
CSO and CSDO

Achieve sustainable growth by addressing social issues

Based on Sumitomo's Business Philosophy and Management Principles, we remain steadfast in our commitment to achieving sustainable growth by leveraging our competitive advantages and addressing social challenges identified as the Material Issues. Contributing to a sustainable society and achieving the growth of the Group are inseparable. For this reason, we will continue creating value from a medium- to long-term perspective.

Accelerate business portfolio transformation

As Medium-Term Management Plan 2026 enters its final year, we are seeing firsthand how the results of two core themes—"Growth leveraged by strengths" and "Strengthen driving force for growth"—are helping us transform our business portfolio.

Under our business portfolio transformation, we use four strategic categories to allocate management resources to growth businesses while accelerating portfolio renewal through asset replacement. This has enabled us to achieve steady growth, particularly in such growth areas as digital, leasing, real estate, and energy solutions. Meanwhile, we are working to improve the profitability of our business portfolio by carefully assessing the business environment and performance of each segment, flexibly adjusting their strategic categories, and steadily delivering higher growth. In addition, we analyze risks and opportunities from multiple perspectives by leveraging intelligence from our offices around the world. We are also advancing discussions aimed at further transforming our business portfolio through Management Council meetings and Board meetings.

Elevate organizations to support self-directed and disciplined decision-making

To support this business portfolio transformation, we must establish a framework that enables our sales teams—who know our business best—to engage relevant stakeholders and make sophisticated, self-directed decisions. By introducing our SBU system, we have clarified our strategy and accelerated the pace of strategy execution. Moreover, even groups overseeing multiple SBUs have begun to adapt their organizational structures in an agile manner, including consolidation or reorganization of SBUs in line with strategic reviews.

At meetings of the Management Council, our principal management decision-making body, discussions have become more robust following a review of its membership and decision-making processes. From a company-wide optimization perspective, we strive to make timely and appropriate decisions by focusing on management resource allocation, business portfolio transformation, and discussions on investment and divestment opportunities. These organizational changes, combined with past discussions and initiatives, have helped us steadily implement large-scale investments and asset replacements in recent years. Furthermore, new combinations of SBUs within the Diverse Urban Development Group and the Energy Transformation Business Group—both established under the current medium-term management plan—have enabled us to integrate diverse experiences and insights as well as enhance our ability to identify and develop new projects. We are seeing tangible results in these business expansion efforts.

Coordinate non-financial and financial factors to enhance corporate value

I am convinced that addressing issues like climate change, respect for human rights, and the protection of natural capital—while taking a holistic view of the entire supply chain—goes beyond mere risk management and will lead to new business opportunities for integrated trading companies. For this reason, we aim to embed sustainability initiatives into our frontline operations and establish a system where each organizational unit identifies sustainability-related risks and opportunities as well as addresses them appropriately. As a first step, in FY2025 we introduced a process across our various business units to identify climate-related risks and opportunities, develop strategies, and formulate and monitor action plans. Through disciplined execution of the PDCA cycle, we will continue entrenching these initiatives.

The growth strategies of each business organization are rooted in Sumitomo's Business Philosophy and our belief that sustainable growth is achieved through businesses that help address social issues. Ensuring that this principle is consistently reflected in our business strategies and investment decisions is critical. Through these initiatives, we will drive business portfolio transformation and work to enhance corporate value over the medium to long term. Drawing on the trust we have built up over Sumitomo's long history, we will continue to engage in sincere dialogue with our stakeholders and strive to incorporate their feedback into our management decisions.

Sustainability Management

Implementing sustainability management

Decision-making and execution of important Group sustainability-related management matters are performed by the Management Council and Executive Officers in accordance with internal regulations. To evaluate and manage varying sustainability-related risks and opportunities and support effective decision-making, the Management Council makes comprehensive decisions after consulting with advisory bodies. These include the Corporate Sustainability Committee, the Global HR Committee, the Compliance Committee, and the IT Strategy Committee. Our sustainability initiatives and responses to sustainability-related risks and opportunities are advanced through close collaboration among specialized bodies responsible for planning initiatives and promoting organization-wide implementation in their respective topic areas. These include the Corporate Sustainability Department, the HR Strategy Department, the HR Solutions Department, the Legal Department, the Information Technologies Planning & Promotion Department, and the Disaster Response & Safety Management Department, as well as related corporate bodies, such as the Corporate Planning & Coordination Department, which is responsible for formulating the Group's overall management plans and key strategic initiatives. These functions work together with the topic leaders in each business group and overseas regional organization. Based on information gathered from the Group's research organizations, business units, overseas offices, and other sources, they formulate and implement Group-wide policies and initiatives. 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.

Function of the Board of Directors

The Board of Directors, guided by "Sumitomo's Business Philosophy" and a shared commitment to building a sustainable society, engages in strategic and focused discussions on important matters, such as business policies and management plans. Through appropriate delegation of authority to the executive side, the Board of Directors narrows down matters requiring resolution. Via an "agenda-setting" process, in which all Directors discuss and determine key management issues to be addressed over the coming year, the Board of Directors identifies important themes such as sustainability and the human resource strategy.

At its regular meetings and in off-site sessions, the Board of Directors deliberates and decides on sustainability-related policies and measures. It also actively exchanges views on various matters, such as the progress of each SBU's medium-term targets, the status of human rights due diligence, social contribution activities, and disclosure policies based on the Sustainability Disclosure Standards (SSBJ Standards) and the Taskforce on Nature-related Financial Disclosures (TNFD). In these ways, the Board of Directors works to enhance the effectiveness of sustainability management.

Main topics discussed and reported in FY2025

Board of Directors

[Climate change] Updating of carbon neutrality targets
[Natural capital] Risk management status in high-risk businesses and TNFD-aligned disclosures
[Social and environmental risk cases] Engagement with NGOs and other stakeholders
[Social contribution activities] Participation in 100SEED and global activity outcomes

Corporate Sustainability Committee

- Progress of each SBU's initiatives based on material issues
- Updating of carbon neutrality targets
- Climate change initiatives
- Natural capital initiatives
- Human rights initiatives
- Status of social and environmental risk management
- Progress toward compliance with SSBJ Standards
- ESG ratings
- Environmental management activities
- Social contribution activities

Sustainability Advisory Board

- Strengthen the sustainability promotion framework
- Updating of carbon neutrality targets
- Natural capital initiatives
- Human rights initiatives
- Climate change initiatives

▸ Climate change | https://sumitomocorp.disclosure.site/en/themes/24

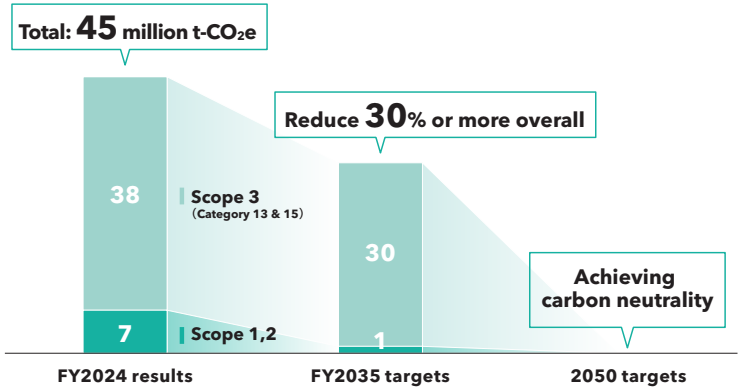
Climate change initiatives

The Group's path to carbon neutrality

Attaching importance to the global consensus reflected in the Paris Agreement, we established our Policies on Climate Change Issues to actively promote the Agreement's objective of building a carbon-neutral society. Guided by these policies, we are advancing various business activities. The policies clearly state our commitment to an early exit from coal-fired power plants and coal mine development projects in anticipation of energy transition. Regarding natural gas, they also clarify that we will engage only in projects that contribute to society's energy transition.

In 2025, we completed the calculation of Scope 3 emissions across all categories of our supply chain and obtained third-party assurance. To prepare for the adoption of the SSBJ Standards, we also updated the scope of the Group's carbon neutrality targets defined in the above policies in February 2026 to align with the GHG Protocol. Under the updated scope, the Group's carbon neutrality target covers Scope 1 and Scope 2 emissions from Sumitomo Corporation and its subsidiaries, together with Scope 3 Category 13 (Downstream Leased Assets) and Category 15 (Investments). Thermal power generation business and fossil fuel upstream business are also included within the target boundary. We also revised the baseline year and the FY2035 interim emission reduction target to reflect the updated scope.

Updated carbon neutrality targets (set in February 2026)



Supporting society's transition to carbon neutrality

Regarding one of its Material Issues, "Overcome climate change," the Group has established "Contribute to carbon neutrality of society" as a long-term goal. Guided by this goal, we are engaged in a broad range of businesses that support the transition to a decarbonized and low-carbon society.

In the short term, we are leveraging green transformation (GX) to further enhance businesses where we already have strengths and competitive advantages. At the same time, we are working across a wide range of industries to build new sources of competitive advantage over the medium to long term. For example, the Energy Innovation Initiative SBU within the Energy Transformation Business Group, which leads our cross-functional efforts to create energy and decarbonization businesses, has identified three strategic focus areas: Developing carbon-free energy, Expanding power and energy services, and Carbon management. Through these initiatives, we are expanding existing businesses and creating new ones across a range of time frames, from those expected to generate returns in the near term to those with medium- to long-term growth potential.

In FY2025, we continued to quantify our avoided emissions and disclosed the results for our renewable energy businesses. We use the avoided emissions as a metric to visualize the Group's contribution to society's transition to carbon neutrality. We also utilize it in internal discussions.

Avoided emissions from renewable energy businesses

We set a policy of continuously shifting to a power generation portfolio with lower environmental impact, and since the 2000s we have continuously engaged in the development of renewable energy projects, mainly wind power generation projects. (As of March 31, 2026, our net ownership generation capacity for renewable energy projects was approximately 2 GW). Our avoided emissions (stock basis) from the operation of our renewable energy businesses in FY2025 are shown below.

Details of contribution	Baseline	Energy mix of each country	Avoided emissions
Contribution through generation of renewable energy	Country-specific energy mix	Power generating facility capacity [MW/year] × Annual operating hours × Emission factor [t-CO_2/MWh] × Sumitomo Corporation's ownership percentage	3,265 thousand t-CO_2e

Photo credit: @EMYN - Christophe Beyssier

▸ Natural Capital | https://sumitomocorp.disclosure.site/en/themes/27
▸ Respect for Human Rights | https://sumitomocorp.disclosure.site/en/themes/30

Sustainability Management

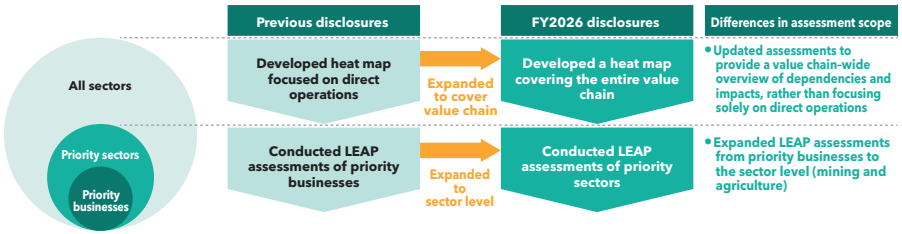
Natural capital initiatives

The Group operates various businesses, including infrastructure, mining, forestry, and agriculture, that are heavily dependent on nature. Therefore, we believe that making decisions with natural capital in mind is essential to ensuring the sustainability of our businesses while minimizing environmental impacts. Based on our medium-term targets for natural capital under our Material Issue, in FY2024, we clarified our definition of what it means to become "nature positive" as follows: "Minimize the impact of our businesses on natural capital and continue to transform our business to preserve and regenerate natural capital." We are also working to embed this concept across our organization. Through our businesses, we will accelerate efforts to both reduce risks and create opportunities aimed at conserving and restoring natural capital.

Risk mitigation

We made disclosures in September 2025 in accordance with recommendations of the Taskforce on Nature-related Financial Disclosures (TNFD). For our FY2026 disclosure, we expanded the scope of our analysis to cover our entire value chain. We also assessed our dependencies and impacts on nature, together with the related risks and opportunities, to support risk reduction across the value chain.

Key changes from previous disclosures



For further details, please refer to our Sustainability Disclosure website.

Creating opportunities

We note the existence of business opportunities for products and services that promote the shift toward a nature-positive and circular economy. In addition to pursuing businesses with near-term commercialization potential, we are undertaking proof-of-concept projects, as shown below, with a view to future commercialization.

- Joint research into commercialization of domestic production technology for recycled yellow phosphorus
- Feasibility study for commercial production of silicon carbide (semiconductor material) from CO_2 and silicon-based waste
- Feasibility study for battery recycling business development in Oceania

Human rights initiatives

Revision of Human Rights Policy

In response to changing international expectations and business conditions, we revised our Human Rights Policy in 2026. We added two new priority areas—"Technology and Human Rights" and "Environment and Human Rights"—and reorganized our most significant human rights issues into nine priority areas. We also incorporated information on our remediation efforts and the implementation and operation of our grievance mechanism. In addition, we clarified the Management Council's approval process and oversight responsibilities. At the same time, we renamed the Supply Chain CSR Action Guidelines, revised in 2013, the Sustainable Supply Chain Policy and added provisions on corrective guidance for business partners. We will continue our efforts to promote understanding and adoption of the policy.

Implementation and progress of human rights due diligence

To identify, prevent, and mitigate adverse human rights impacts arising from the Group's business activities and value chain, and to provide appropriate remediation and remedy, we began conducting human rights due diligence in 2020 and developed a Group-wide high-risk business map in FY2024. In FY2025, we began conducting focused human rights due diligence on the electronic materials (EMS*1) business, one of the businesses identified as high risk. Sumisho Global Electronics, which operates this business, is involved in a wide range of processes, from design support and electronic component procurement to printed circuit board assembly and final product assembly, and operates in 10 countries. Given the breadth of these operations, we determined that this business warranted priority attention in order to gain a more detailed understanding of human rights risks and consider appropriate response measures. In FY2026, we plan to conduct on-site assessments and consider necessary response measures based on the findings.

*EMS: Electronics Manufacturing Services

High-risk business map

Target businesses	Salient human rights issues related to business activities*2								
	Adequate wages and working hours	Safe, hygienic, and healthy working environment	Discrimination, violence, and harassment	Forced labor and child labor	Freedom of association and the right to collective bargaining	Rights of people affected by business activities	Privacy and personal information	Technology and human rights	Environment and human rights
Agriculture and food distribution	○	○	○	○	-	○	○	-	○
EPC and power generation	-	○	○	○	○	○	○	-	○
Apparel and fashion accessories	○	○	○	○	○	○	-	-	-
Mining (including minerals trading)	-	○	○	○	○	○	-	-	○
Marine transportation	○	○	-	○	○	○	-	-	-
EMS*1	○	○	-	○	○	-	-	-	-
Forestry (including forestry products trading)	-	○	-	○	-	○	-	-	○
Oil and gas (including trading)	-	○	-	-	○	○	-	-	○

*1 EMS: Electronics Manufacturing Services
*2 For details, please refer to the Human Rights Policy

▸ Annual Financial Report | https://www.sumitomocorp.com/-/media/Files/hq/ir/report/yuho/2025/202603yuho.pdf?sc_lang=en

Initiatives for Disclosure

Initiatives for disclosing sustainability information

We are working to enhance our sustainability-related disclosures based on international disclosure frameworks.

In FY2025, we began conforming with Japan's sustainability disclosure standards developed by the Sustainability Standards Board of Japan (SSBJ), which are consistent with the international standards developed by the International Sustainability Standards Board (ISSB). Specifically, we are progressively disclosing information in line with the Theme-based Sustainability Disclosure Standard No. 1 "General Disclosures" and the Theme-based Sustainability Disclosure Standard No. 2 "Climate-related Disclosures."

Based on these standards, we identify businesses that are material from a financial impact perspective and analyze the financial impacts, strategies, and mitigation measures associated with the selected risks and opportunities. At the same time, we are strengthening our governance and risk management frameworks to ensure that these risks and opportunities are addressed in a timely and effective manner. We are also steadily advancing our natural capital disclosures by building on our TNFD-based reporting and beginning to prepare disclosures in anticipation of future SSBJ disclosure requirements.

Going forward, we will strengthen our intelligence capabilities to accurately capture social trends, deepen dialogue with our stakeholders, and pursue approaches to disclosure that foster the sustainable enhancement of corporate value.

Initiatives to date

Climate change:

- Identified opportunities and confirmed business strategies for wide-ranging sectors significantly affected by changing business conditions

Boundary of Scenario analysis:
Expanded to 22 businesses in 6 sectors to disclose

- Disclosed financial impact indicators for selected sectors

Coal-fired power generation:
Investment/guarantee balances
LNG upstream interests: Exposure
Thermal coal and coking coal upstream interests: Exposure

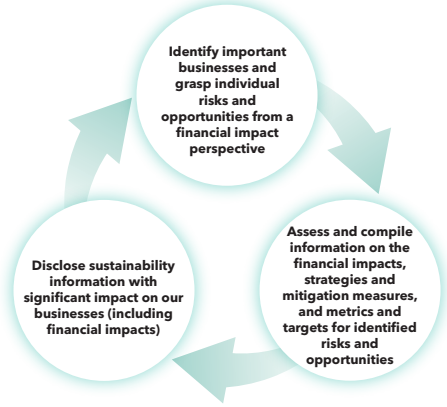
- Completed Scope 3 calculations

Nature: Early adoption of TNFD and trial disclosure

Human rights: Conducted human rights due diligence and disclosed progress

Built and strengthened information-gathering processes related to the above

Initiatives toward FY2026



Strengthen risk management and governance
frameworks to ensure timely and appropriate execution of the above

Climate-related disclosures ahead of mandatory reporting under the SSBJ Standards

To appropriately identify climate-related risks and opportunities and incorporate them into our business activities, we endorsed the recommendations of the TCFD in March 2019. We are now enhancing our disclosures in preparation for mandatory disclosure requirements under the SSBJ Standards. For further details, please refer to our FY2025 Annual Financial Report.

Governance

The Board of Directors is responsible for making key management decisions and supervising business execution, taking into account risks and opportunities related to climate change. In accordance with the Company's internal regulations, the Management Council and Executive Officers evaluate and manage climate-related risks and opportunities across the business portfolio and individual businesses. They also make decisions and execute business operations based on those assessments.

Strategy

In light of the global consensus reflected in the Paris Agreement, we established our Policies on Climate Change Issues to support society's transition to carbon neutrality, and we promote our business activities accordingly. In February 2026, we updated our carbon neutrality targets to align with emission categories in the GHG Protocol in order to strengthen accountability, reflecting progress in the calculation and disclosure of Scope 3 emissions and in anticipation of adopting the SSBJ standards. Taking into account the business model of each Group business, we identify climate-related risks and opportunities that could reasonably be expected to affect the Group's outlook (see the following page for details).

Risk management

We identify and assess various physical risks, such as reduced crop yields and operational disruptions due to flooding. We also identify transition risks, such as business contraction associated with the transition to a decarbonized society, as well as the financial impacts of carbon pricing and rising energy prices. We regularly report the monitoring results, response measures, and implementation status for such climate-related risks to the Management Council and the Board of Directors. These risks are also discussed and managed appropriately in accordance with the Company's internal regulations.

Metrics and targets

Based on its Policies on Climate Change Issues and the Material Issues, the Group has set a goal of achieving carbon neutrality by 2050. Covering Scope 1, Scope 2, and Scope 3 (Category 13 and 15), we have also established an interim target of reducing total emissions by at least 30% by FY2035 (compared with the FY2024 baseline level).

▸ Annual Financial Report | https://www.sumitomocorp.com/-/media/Files/hq/ir/report/yuho/2025/202603yuho.pdf?sc_lang=en

Initiatives for Disclosure

We identify the time frames over which climate-related risks and opportunities could arise and quantify their potential financial impacts. We recognize that, even if these risks materialize, their impact on the Group's business continuity would be limited because our business portfolio is diversified across a broad range of industries and geographic regions. With respect to transition risks, we believe the Group's business will remain resilient throughout the transition to a decarbonized society, even after taking into account the total estimated financial impact under the Net Zero Emissions by 2050 (NZE) Scenario. Through these disclosures, we aim to enhance transparency and comparability for investors while promoting a better understanding of the effectiveness and progress of our climate change strategy.

Climate-related risks and opportunities by individual businesses

The climate-related risks and opportunities that could affect our business outlook are as follows.

■ Positive impact ■ Negative impact

Business	Category	Details	Time Horizons/Financial impact		
			Short term	Medium term	Long term
Tubular products business	Transition risks	Risk of business contraction associated with the transition to a decarbonized society		Slight	Moderate
		Financial impact of carbon pricing		Slight	Slight
Shipping business	Transition risks	Risk of business contraction associated with the transition to a decarbonized society		Slight	Slight
	Business opportunities	Opportunity for business expansion associated with the transition to a decarbonized society			
Automotive business	Transition risks	Financial impact of carbon pricing		Slight	Moderate
Retail business	Transition risks	Financial impact of carbon pricing		Slight	Slight
		Financial impact of rising energy prices		–	–
Food business	Transition risks	Financial impact of carbon pricing		Slight	Slight
Copper business	Transition risks	Financial impact of carbon pricing		Slight	Slight
	Business opportunities	Opportunity for business expansion associated with the transition to a decarbonized society		+	+
Aluminum business	Transition risks	Financial impact of carbon pricing		Slight	Moderate
Thermal coal and coking coal business	Transition risks	Risk of business contraction associated with the transition to a decarbonized society		Slight	Slight
		Financial impact of carbon pricing	Slight		
Iron ore business	Transition risks	Risk of business contraction associated with the transition to a decarbonized society		Slight	Slight
Chemicals business	Business opportunities	Opportunity for business expansion associated with the transition to a decarbonized society		Slight	Slight
Agricultural materials distribution business	Physical risks	Risk of crop yield decline	Moderate	Moderate	Moderate
Power generation business	Physical risks	Operational disruption due to flooding	Moderate	Moderate	
	Transition risks	Risk of business contraction associated with the transition to a decarbonized society	Slight	Slight	Slight
Natural gas/LNG business (upstream interests)	Transition risks	Risk of business contraction associated with the transition to a decarbonized society		Slight	–
		Financial impact of carbon pricing		Significant	
Natural gas/LNG business (trading)	Transition risks	Risk of business contraction associated with the transition to a decarbonized society			Slight
	Business opportunities	Opportunity for business expansion associated with the transition to a decarbonized society		Slight	Slight
		Opportunity for shifting to low-carbon products		Slight	Slight
Offshore oil and gas production facility and chartering business	Transition risks	Risk of business contraction associated with the transition to a decarbonized society	Slight	Slight	Slight

Notes: 1. A positive impact / a negative impact on the Group's individual business.
2. In cases where "+" or "-" is indicated, this refers to risks or opportunities for which the financial impact has not been calculated.

Time frames

Short term : Through 2026, aligned with the Group's Medium-Term Management Plan (FY2026 is the final year of the current plan)

Medium term : Through 2035, aligned with the period covered by the Group's interim emission reduction targets

Long term : Through 2050, aligned with the Group's goal of achieving carbon neutrality by 2050

Financial impact on the relevant business (impact on profit for the year attributable to owners of the parent)*

Significant: ±¥30 billion to less than ±¥50 billion; Moderate: ±¥10 billion to less than ±¥30 billion; Slight: Less than ±¥10 billion

* The financial impact on the relevant business does not take into account mitigation measures implemented by the Company

Total assets of businesses exposed to climate-related risks and opportunities (as of the end of FY2025)*

	Amount (millions of yen)	Share of Group total (%)
Physical risk	564,893	4.1
Transition risk	796,029	5.8
Business opportunity	328,956	2.4

* Assets vulnerable to physical risk: Total assets of businesses exposed to physical risks
Assets vulnerable to transition risk: Non-current assets of businesses exposed to transition risks
Businesses for which the expected financial impact is considered limited are excluded.

Message from CAO and CCO

Bringing Together the Strengths of Our Global Talent to Enhance Medium- to Long-Term Corporate Value

Yasuhiro Yoshida
Representative Director, Senior Managing Executive Officer, Chief Administration Officer and Chief Compliance Officer

Our people: the driving force behind our growth strategy

We aim to achieve sustainable value creation by enabling each SBU to grow into a "No. 1 in Each Field" and contributing to the resolution of social issues. Our people are the greatest driving force behind realizing this goal. Their importance has become even greater as we advance our business portfolio transformation, execute our SBU strategies globally, and achieve significant growth under Medium-Term Management Plan 2026.

Enhancing our capabilities to address a changing business environment

The Group operates in a rapidly changing business environment shaped by rising geopolitical risks and technological advances, including generative AI. Accordingly, the social challenges we are expected to address are themselves evolving. Against this backdrop, the Group is working to optimize its business portfolio, and the roles and functions that each business provides are becoming more advanced. Meanwhile, the need for people with strong strategic execution capabilities has never been greater. Furthermore, the capabilities required are becoming increasingly diverse and sophisticated in both breadth and depth. These include the ability to envision businesses from a medium- to long-term perspective, lead business management by inspiring entire organizations, and drive continuous operational improvement and advancement.

Even if investment decisions and strategies are sound, the value created depends on the capabilities of the people responsible for driving the business on the ground. We believe the key is not simply the size of the workforce, but how effectively the organization develops and secures the breadth and depth of the capabilities it needs.

Enhancing talent management globally

To secure these capabilities across our global SBUs, we must enable our people around the world to further develop their individual strengths. As an organization, we must also maximize the value of those diverse strengths and combine them effectively. To make our SBU structure truly effective—one that manages everything from strategy formulation to execution and value creation on a globally integrated basis—we are expanding our talent management framework beyond Sumitomo Corporation in Japan to a global basis that includes our overseas offices. Among the personnel systems and practices that vary across regions, we will progressively aim to harmonize those that hinder integrated global management, while increasing the visibility of each individual's capabilities, skills, and experience. Our aim is to strategically deploy the "best talent" on a global basis.

Aligning individuals and organizations to deliver sustainable growth

To further develop the strengths of each individual within our global SBUs, it is essential that our people continue growing with self-discipline and self-direction, guided by their own "WILL"—their personal aspirations. Sharing Sumitomo's Business Philosophy and the Group's Management Principles as our common foundation, we align each individual's "WILL" with the Company's aspiration embodied in our corporate message, "Enriching lives and the world." This enables our people to approach their work with pride and a sense of purpose, set ambitious goals for themselves, embrace new challenges, and become "No. 1 in Each Field." We will continue investing in the "five fundamentals of human capital" to strengthen employee engagement and foster a virtuous cycle in which the growth of each of our people drives the growth of the Group's business, with the resulting achievements returned to our people as new opportunities for growth. Through this cycle, we aim to enhance corporate value over the medium to long term.

Human Capital

Our people

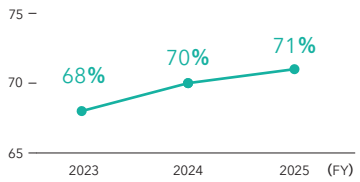
Human capital is the greatest driving force behind the Group's efforts to execute its management strategy of achieving "No. 1 in Each Field" and creating sustainable value. This approach is rooted in Sumitomo's Business Philosophy of "Business is People," which has been passed down through more than 400 years of our history. Building on this, we set forth our aspirations for both individuals and the organization in our Global HR Management Policy, which serves as our shared global vision for human capital management.

- Aspiration for individuals: Individuals who embrace the Group's vision and mission, have high aspirations, pursue continuous self-directed growth, and embrace the challenge of creating new value on a global scale.
- Aspiration for the organization: A Great Place to Work, where individuals maximize their abilities and continuously create new value, and an organization recognized for nurturing talent who continue to take on new challenges.

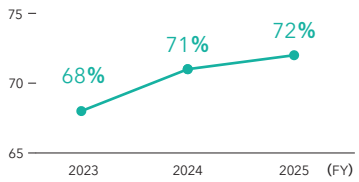
The Group's business operations are becoming increasingly diverse across regions, industries, and business models, while the external environment is undergoing rapid and discontinuous change. Against this backdrop, we are advancing human capital management to strengthen our strategy execution capabilities. To this end, we are enhancing the value of our human capital—the knowledge, skills, and experience of our diverse talent around the world—as well as the time and passion each individual devotes to their work.

To enhance the value of our human capital, we have identified five fundamentals of human capital as targets for investment and are making ongoing investments in them. Through investing in these fundamentals, we are enhancing employee engagement and fostering a virtuous cycle in which the growth of each of our people drives the growth of the Group's businesses and ultimately enhances corporate value. The resulting achievements are then returned to our people through the five fundamentals as new opportunities for growth.

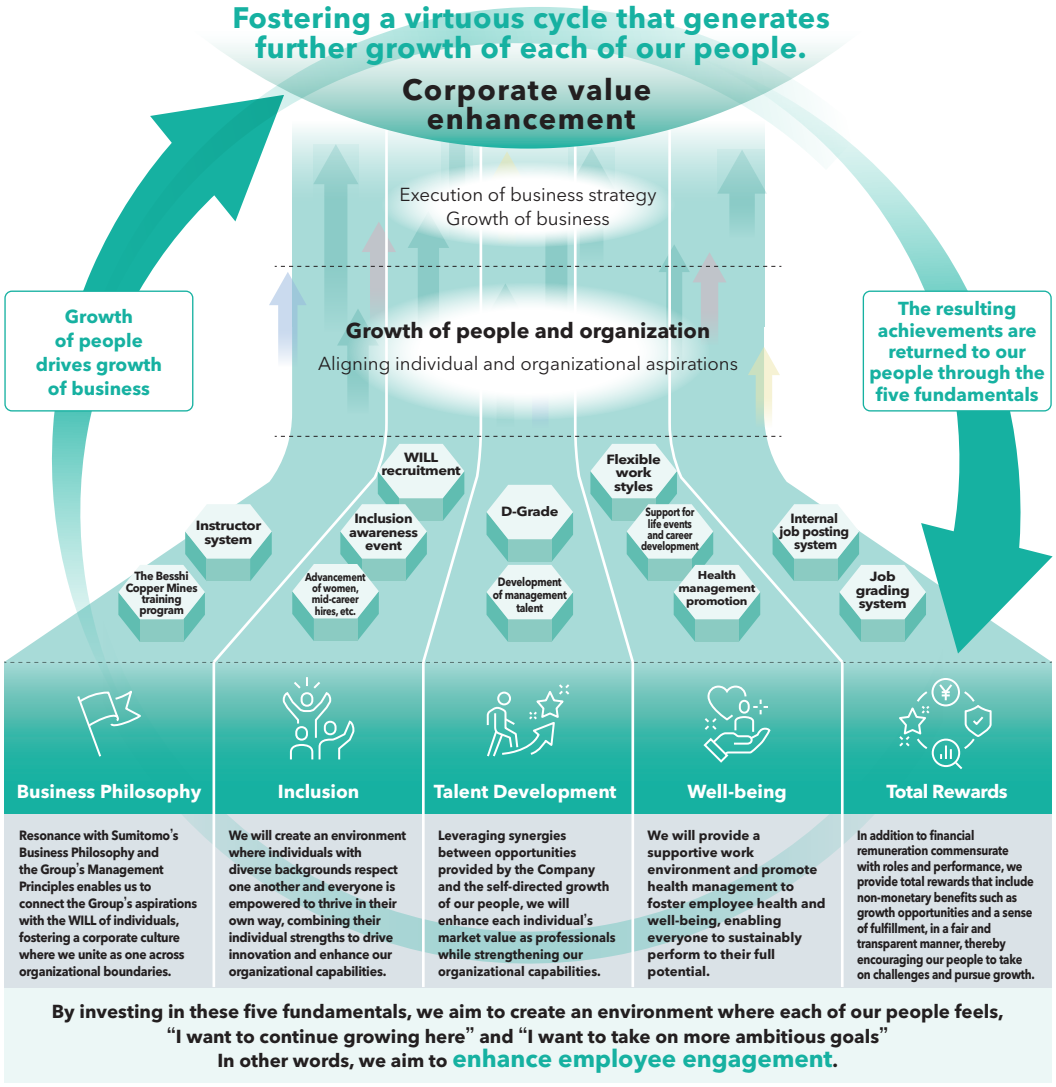
Employee engagement



Work environment



Five fundamentals of human capital investment and the corporate value enhancement cycle



By investing in these five fundamentals, we aim to create an environment where each of our people feels, "I want to continue growing here" and "I want to take on more ambitious goals" In other words, we aim to enhance employee engagement.

p.17 Value Creation Model

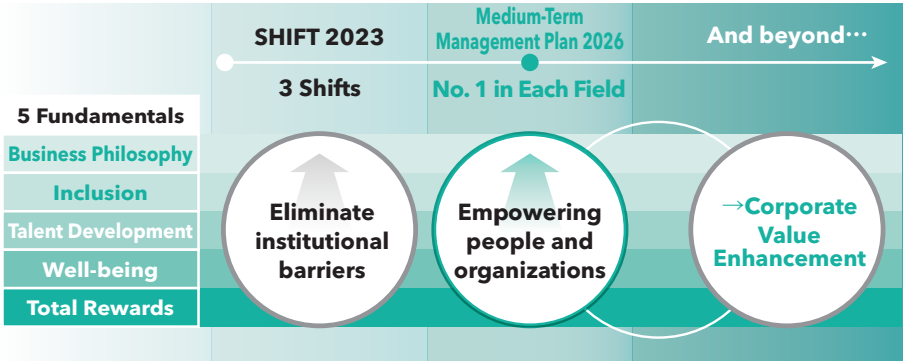
Human Capital

"Strategy Powered by People" —Realizing Medium-Term Management Plan 2026 and looking beyond

Alongside continuous medium- to long-term investment in the five fundamentals, we identify priority areas of human capital for each stage of our strategy and take measures to strengthen our strategy execution capability.

Under our previous medium-term management plan, SHIFT 2023, we pursued structural reforms to strengthen downside resilience and raise our earnings power. These included exiting low-profit businesses, implementing turnarounds, and reallocating management resources to steady business growth where we could better leverage our strengths. As a foundation for these initiatives, we overhauled our HR system and eliminated institutional barriers, such as seniority and job classification. This laid the groundwork for pursuing optimal talent deployment on a global basis, grounded in the principles of "Pay for job, Pay for performance," without being constrained by personal attributes, while focusing on each person's individuality, strengths, and values. Under Medium-Term Management Plan 2026, which marks a major shift toward a growth phase, we are building on the foundation established in the previous plan to achieve our goal of becoming "No. 1 in Each Field." To this end, we are focusing on "Empowering people and organizations," where individuals hone their own strengths, while our organizations maximize those strengths and combine diverse talents. We are also advancing and enhancing human capital management on a global basis to further strengthen our ability to execute global SBU strategies. We will expand the initiatives and achievements from our previous medium-term management plan—which focused on removing barriers in Japan—to a more global scale going forward. For example, goal management processes and evaluation systems vary by region, presenting a challenge for members around the world trying to work as a unified team to advance strategies toward a common goal. To remove these obstacles, we will progressively establish systems and frameworks that should be standardized globally, while enhancing the visibility of each talent's capabilities, skills, and experience to enable the strategic deployment of the best talent on a global basis.

HR roadmap for the future: Priorities aligned with the strategic stage



Initiatives to empower people and organizations

We conduct an annual engagement survey globally, including at regional organizations in Japan and overseas, to monitor the effectiveness of our initiatives to "empower people and organizations." When we look at initiatives in our current medium-term management plan by engagement survey item, we find that "Understanding of Business Philosophy" and "Respect & Recognition" have remained at consistently high levels. This reflects the results of our ongoing efforts, including the Besshi Copper Mine training program for employees hired overseas, the practice of Sumitomo's Business Philosophy and Group Management Principles in day-to-day operations, expanded programs that support diverse approaches to life and career, and raising awareness of inclusion. These efforts provide a strong foundation for an organizational culture where everyone is empowered to thrive in their own way. We also advanced operational reforms, including the delegation of authority over personnel-related matters to the front lines under each business group's autonomous management, as well as our global rollout of Microsoft 365 Copilot. These have led to significant improvements in "Quality & Customer Focus," "Authority & Empowerment," and "Work, Structure & Process" compared with the previous medium-term plan. They have also encouraged faster decision-making at the front lines and reduced internally focused work, leading to a mindset shift toward greater speed and a stronger focus on creating added value. Meanwhile, despite improvements in the areas of "Leadership" and "Development Opportunities," these still require further enhancement. In addition to nurturing organizational leaders through management talent development, we are working to foster self-leadership and empowering individuals to think and act on their own initiative. Going forward, we will further deepen these initiatives and accelerate the development of talent capable of envisioning and driving businesses on a global basis.

Engagement survey items	Compared with previous medium-term plan	
Understanding of Business Philosophy	Maintaining high levels	Strengths already demonstrated through long-standing efforts
Respect & Recognition		
Work, Structure, & Process	+9	Areas showing improvement
Quality & Customer Focus	+6	
Authority & Empowerment	+5	
Leadership	+2	Areas for further improvement
Development Opportunities	+2	

Human Capital

Enhancing individual growth and organizational capabilities

Diverse growth opportunities

With businesses in wide-ranging industries around the world, the Group offers diverse growth opportunities across a variety of roles and fields. These opportunities span a variety of business models, including trading and business investment; business stages ranging from start-up to growth and maturity; and roles in business and corporate functions, as well as secondments to offices and Group companies in Japan and overseas. By combining these experiences, individuals can hone their strengths and achieve significant growth.

To foster the self-directed growth of each individual and translate that into enhanced organizational capabilities, frontline organizations engage directly with employees to promote carefully planned development and placement. Through one-on-one meetings and career assessment interviews, for example, we align the Company's expectations regarding job responsibilities and development needs with each individual's career goals and the skills and experience required to achieve them, thereby ensuring that each person's career aspirations and our strategy are aligned.

Under our current medium-term management plan, certain authority over personnel transfers has been delegated from Corporate HR to the frontlines under our SBU structure. We are now able to promote more flexible, frontline-led development and placement tailored to individual employees in alignment with our business strategy.

We have also expanded our internal job posting system, which allows employees to apply directly for positions in departments where they want to take on new challenges, by increasing posting frequency and easing application requirements. This enables individuals to pursue careers aligned with their WILL, while allowing organizations to acquire the skills and capabilities they need from elsewhere in the Company.

Column: Talent development in the Energy Transformation Business Group

The Energy Transformation Business Group creates diverse growth opportunities by facilitating cross-organizational talent mobility among people with knowledge, experience, and expertise in different business domains, while taking into account each individual's aspirations and career goals. Specifically, we actively promote cross-organizational assignments, including by assigning personnel with expertise in market risk management and trading in the LNG business to our domestic retail electricity operations and creating opportunities for personnel with experience in power EPC and IPP to contribute to new business development within our Energy Innovation Initiative SBU. These initiatives strengthen both individuals and organizations. In deploying talent, we emphasize optimal Group-wide allocation, taking into account changes in the business portfolio and growth opportunities. Through these initiatives, we are creating a virtuous cycle of individual growth and enhanced organizational capabilities while strengthening the talent foundation that supports our efforts to become "No. 1 in Each Field."

Development of management talent

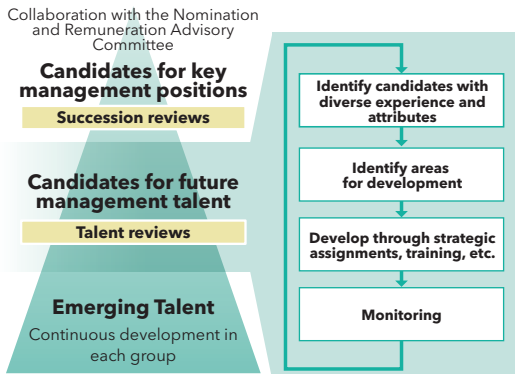
Looking ahead, we are placing particular emphasis on the planned development of management talent. In addition to conducting specific succession reviews for current key positions, we identify high-potential talent at an early stage to develop the next generation of management talent who will lead the realization of our medium- to long-term strategies. Through this approach, we are strengthening our pipeline of talent capable of leading our diverse businesses. This Group-wide initiative is driven collaboratively by the CEO and the heads of organizations in Japan and overseas. Together, we are clarifying the capabilities required of future management talent, based on the business outlook five to 10 years ahead.

We are also globally integrating the talent reviews and talent pools developed across individual regions and businesses. Through this, we are building and expanding a talent management platform that takes an integrated approach to identifying, developing, and deploying management talent. In addition, we are enhancing the global visibility of management talent candidates, including employees hired overseas and talent at Group companies, and linking them to succession plans and development initiatives. Through a seamless cycle of talent reviews and development, we aim to continuously build a talent pipeline to lead the Group in the future.

For future management talent candidates, we promote the acquisition and enhancement of capabilities through strategic assignments, including transfers across Group boundaries, experience in organizations operating in different segments (industries), and opportunities to take on larger assignments. In addition to selective development programs for management talent candidates, we conduct leadership programs for organizational leaders and senior executives entirely in English, providing opportunities for talent from Japan and overseas to learn and grow together.

We also combine mentoring and executive coaching to provide development tailored to each individual's growth needs. In this way, we are accelerating the development of management talent capable of succeeding globally.

Cycle of developing management talent and quantitative targets



Indicator	FY2025 results	Target
Strategic reassignment rate for next-generation management talent*	24.5%	Complete strategic reassignment of eligible talent within three years
Total number of participants in the management talent development program	23 participants	Maintain or increase number of participants

* Percentage of eligible talent who underwent strategic reassignment, such as transfers across Group boundaries, experience in organizations in different segments (industries), or opportunities to take on larger assignments

Human Capital

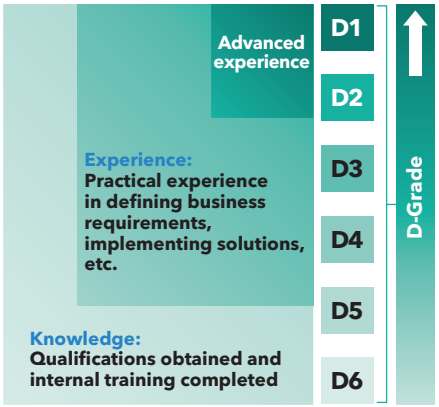
D-Grade: Digital skills certification system to support talent development for DAIS

Under our Digital & AI Strategy (DAIS; see p.30 for details), we aim to leverage digital technologies and AI across all of our Group's business operations to build new value creation models and lead the social and industrial transformation. Driving this strategy are our people, who bring knowledge and experience from diverse business operations. Enhancing the digital skills of each employee and deploying digital technologies and AI in the workplace will be the driving force that accelerates our transformation.

Based on this approach, we introduced D-Grade* in April 2026 as our unique digital skills certification system to enhance and visualize the employees' digital skills. D-Grade certification covers not only "knowledge" acquired through qualifications and training but also "experience" gained through practical application, such as defining requirements and implementing solutions. The system is designed to help employees progress step by step from acquiring knowledge to gaining practical experience in business operations, thereby supporting continuous growth.

While all employees are expected to acquire a certain level of digital skills, the system enables them to pursue higher levels based on their individual WILL and deepen their expertise in the digital domain. This allows employees to broaden their career potential by advancing their work, engaging in business development, and managing digital-related projects. On the organizational level, we will use our internal system to identify employees who have achieved higher-level certifications, enabling us to optimally allocate talent to support the execution of our strategy. We are also preparing for the global rollout of initiatives aimed at further enhancing digital skills.

* D-Grade: A six-level system consisting of four levels that certify knowledge and experience and two levels that certify advanced experience. Grades are based on training completed, qualifications obtained, and practical experience in implementing digital solutions.



Leading the social and industrial transformation through DAIS

- **Work with digital and AI partners (such as SCSK) on business planning, requirements definition, and implementation to create new value creation models**
- Require all officers and employees to attain a specified grade through knowledge acquisition and practical implementation experience
- D-Grade certifies a broad range of digital skills tailored to diverse business frontlines

Creating environments that empower our diverse talent

The Group believes that leveraging the strengths of talent with diverse backgrounds and experiences and combining those strengths leads to new value creation and innovation. Based on this belief, we are creating environments that enable diverse talent to fully realize their potential.

Inclusion & Connection Weeks

Since 2022, we have held annual company-wide awareness-raising events to help each officer and employee around the world recognize "inclusive actions they can take starting today" and reflect on their own attitudes and behavior. Our aim is to co-create an inclusive organizational culture rooted in "connections" by sharing the value of inclusion with each business group and our overseas regional organizations.

Global Connect Chat (one-on-one sessions in participants' native languages)

Family Day (visits to the CEO's office)

Regional initiatives in the Americas

Americas Week is Sumitomo Corporation of Americas' annual employee engagement event, bringing together colleagues from across North, Central, and South America to strengthen connections, share insights, and celebrate our collective impact.

Now in its ninth year, the hybrid program combines regional virtual sessions with local in-person activities, fostering a strong One Team mindset across geographies.

This year's highlights included the "Enrich & Nourish" volunteer campaign supporting local organizations in honor of World Food Day, a leadership panel featuring regional leaders discussing emerging business challenges, a professional development session open to all employees, and the always-popular "Americas Got Talent" competition showcasing the unique talents and creativity of teams across the region.

Mexico City

New York

▸ Sumitomo Corporation Corporate Governance Principles | https://sumitomocorp.disclosure.site/pdf/CorporateGovernance/principle_en.pdf
▸ Group Governance | https://sumitomocorp.disclosure.site/en/themes/38

Corporate Governance

Basic principles

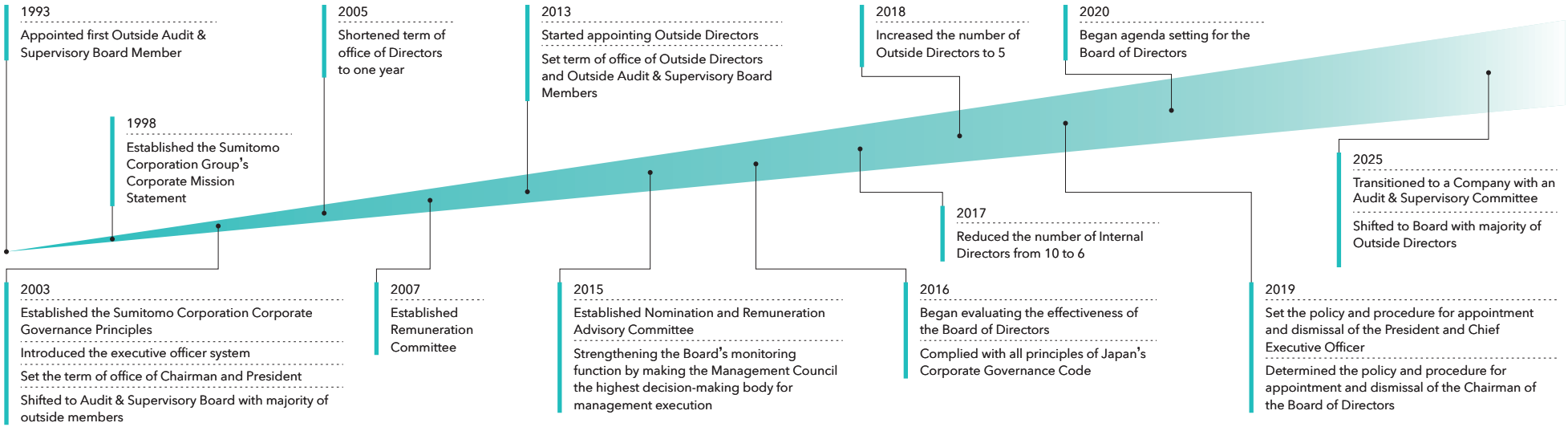
We believe that "Sumitomo's Business Philosophy" and the "Sumitomo Corporation Group's Corporate Mission Statement" form the backbone of our corporate ethics and serve as the foundation supporting our corporate governance. Based on this, we established the Sumitomo Corporation Corporate Governance Principles, recognizing that the essence of corporate governance is enhancing management efficiency and maintaining sound management, as well as ensuring management transparency to secure the first two. In accordance with these Principles, we strive to build a better governance framework and conduct our business activities appropriately. We believe that these efforts contribute to the Company's sustainable growth and the enhancement of corporate value over the medium to long term, while enabling us to fulfill our responsibilities to society and serve the interests of all stakeholders, including shareholders. We therefore remain committed to continuous improvement to further enhance our corporate governance.

Progress in transitioning to a Company with an Audit & Supervisory Committee and enhancing corporate governance

To accelerate the execution of growth strategies outlined in the current medium-term management plan, we transitioned to a Company with an Audit & Supervisory Committee in June 2025. The purpose of this transition was to ensure timely and accurate management execution while strengthening the effectiveness of the Board of Directors, which is responsible for decision-making on important matters and overseeing execution. As a result, Outside Directors now constitute a majority of the Board of Directors, further enhancing the diversity of perspectives represented on the Board. Under the new structure, we have steadily advanced the following initiatives.

(1) To enable more effective and efficient discussions focused on matters of importance to the Group, we reviewed the Board agenda and reorganized its monitoring priorities. The Board now monitors our business portfolio from both regional and time-horizon perspectives, as well as geopolitical risks and changes in the macroeconomic environment, from multiple viewpoints.
(2) By revising the Board's approval criteria, we expanded the authority delegated to management for decision-making on individual business matters, enabling more autonomous and agile execution. The Board of Directors has since focused its discussions on key management issues and major business transactions, including the full acquisition of SCSK Corporation, the acquisition of a U.S. aircraft leasing business, and the divestiture of the Ambatovy nickel project.

History of strengthening corporate governance

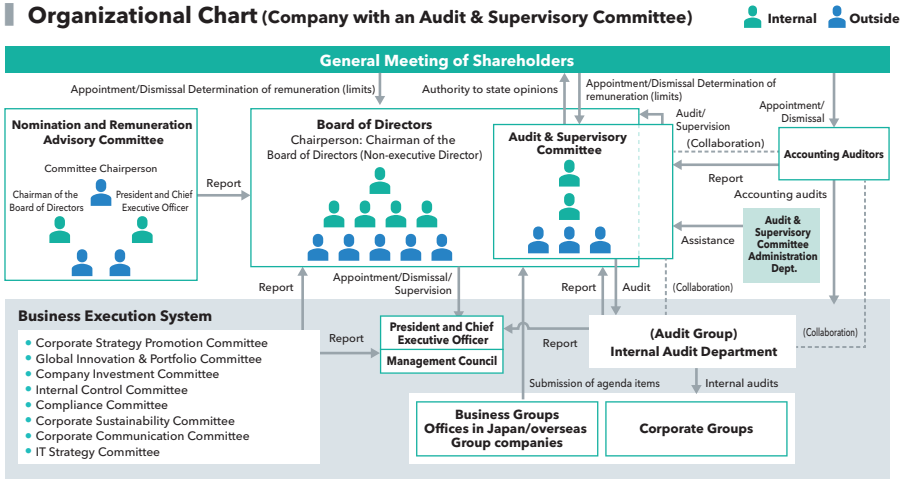


Corporate Governance

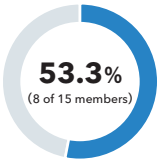
Corporate Governance Structure

Our Board of Directors now includes eight independent Outside Directors—constituting a majority of the 15-member Board of Directors—with a wealth of experience and a high degree of specialized knowledge and expertise in different fields. This structure enables more well-informed decision-making by the Board and further strengthens its supervision of management. We have also kept in place the Nomination and Remuneration Advisory Committee, an advisory body to the Board of Directors. The majority of the Committee's members are Outside Directors, and it is chaired by an Outside Director. This structure enhances the independence, objectivity, and transparency of the Board related to the nomination and remuneration of senior management. To strengthen supervision from an external perspective, three of the five members of the Audit & Supervisory Committee are independent Outside Directors. The Committee also includes one person with corporate management experience, one legal expert, and one accounting specialist, ensuring a multifaceted audit framework. Furthermore, Directors serving as Audit & Supervisory Committee Members are allowed to attend all key internal meetings, giving them access to all essential information required for effective audits. As a result, we believe we have established a highly effective and robust corporate governance framework.

Organizational Chart (Company with an Audit & Supervisory Committee)



Outside Directors on the Board



Female Directors on the Board

Board of Directors

Enhancing deliberations through effective agenda setting

The Board of Directors engages in careful discussions to determine the key management themes that should be prioritized for deliberation over the coming year, a process known as "agenda setting." As part of the agenda-setting process for the first year following our transition to a Company with an Audit & Supervisory Committee, we reorganized the Board agenda around the four monitoring themes shown below. This was intended to further strengthen the Board's monitoring function and facilitate more effective and efficient discussions focused on matters of strategic importance from a broader, company-wide perspective.

Compared with the previous year, a greater proportion of Board discussion time was devoted to company-wide management, stakeholder engagement, and internal control and risk management. This enabled the Board to engage in more in-depth discussions on a broad range of key company-wide management issues aimed at further strengthening its monitoring function. For individual business matters, our revision of the approval criteria expanded the authority delegated to management for decision-making. As a result, both the number of agenda items and the total discussion time decreased year on year, while the average discussion time per agenda item increased. This enabled the Board to devote more focused discussions to major business transactions, including the full acquisition of SCSK, the acquisition of a U.S. aircraft leasing company, and the divestiture of the Ambatovy nickel project.

Main topics discussed by the Board in FY2025

Topic		Examples of key agenda items
Company-wide management items	Progress of medium-term management plan	● Overall management review ● Business portfolio transformation
	Financial results and finance	● Annual quantitative plan ● Annual and quarterly financial results ● Funding plan ● Shareholder returns
	Sustainability*	● Updated carbon neutrality targets ● Partial revision of climate change policy and medium- to long-term materiality targets ● Social/environmental risk matters, including NGO-related issues ● Implementation of SSBJ Sustainability Disclosure Standards
	Human capital	● Global talent management ● Development of management/DX talent ● Fostering self-leadership ● Promoting generational diversity and women's advancement
	DX & IT	● Promoting Group-wide DX ● Strengthening corporate IT
Stakeholder engagement		● IR/SR activities ● Market and analyst evaluations ● Action to implement management conscious of the cost of capital and the stock price ● Corporate communications
Internal control and risk management		● Internal control and internal audit ● Enhancing the internal audit function ● Compliance
Individual business matters		● Major investment and acquisition transactions (including full acquisition of SCSK and the acquisition of a U.S. aircraft leasing company) ● Monitoring of businesses facing significant challenges (including the Ambatovy nickel project)

* p.40 For details, see the "Sustainability Management" section

Corporate Governance

Evaluation of the effectiveness of the Board of Directors

To maintain and enhance the effectiveness of the Board of Directors, we analyze and evaluate its effectiveness each year through assessments and multiple discussions by Directors, and we disclose a summary of the results. Our FY2025 Board effectiveness evaluation—the first since our transition to a Company with an Audit & Supervisory Committee—indicated that the transition had mostly achieved its intended objectives, namely, improving the agility and speed of management decision-making and strengthening the Board's monitoring function. In addition, both the survey responses and subsequent discussions confirmed that there are no major concerns regarding the effectiveness of the Board of Directors, which we consider to be functioning effectively.

Evaluation method

- Named (non-anonymous) questionnaire (covering all 15 Directors)

Function and role of the Board of Directors	Composition of the Board of Directors	Agenda items	Quality and content of discussions

12 evaluation items, including the above

- Based on the survey results, the Board held multiple discussions to evaluate and analyze the results, as well as to identify issues and discuss initiatives for improvement.

Some of the issues identified through the survey had already been recognized as areas requiring attention in FY2024. The Board considers these to be ongoing priorities and will continue addressing them in FY2026. We will steadily implement measures to address these issues, further enhance the effectiveness of the Board of Directors, and support the Group's sustainable growth and long-term corporate value creation.

FY2025 key priorities	FY2025 progress	FY2026 key priorities and planned actions
Stabilize operations under the new structure following institutional design changes	Revised submission criteria and reorganized agenda	Enhance the Board's monitoring function
Set agendas to enhance discussions on company-wide management themes		
Review the size of the Board and the desired backgrounds of Directors	Made Outside Directors a majority of the Board	Review and optimize the composition of the Board (skills, diversity, and size)
Review and implement the post-transition audit framework	Conducted in-person reporting on the annual audit policy and plan and established opportunities to share audit status and significant matters	Further leverage insights from the Audit & Supervisory Committee's activities and enhance the Board's monitoring of management execution
Strengthen coordination between the Nomination and Remuneration Advisory Committee and the Board of Directors	Established opportunity for semiannual activity report Observer attendance by the full-time Audit & Supervisory Committee Members	Improve nomination and remuneration governance through expanded reporting by the Nomination and Remuneration Advisory Committee

Further enhance the Board's effectiveness

Pursue sustainable growth and medium- to long-term corporate value enhancement

Support system for Outside Directors

We have established a dedicated department to help Outside Directors gain a deeper understanding of the Company and maximize their contribution to enhancing the effectiveness of the Board of Directors. We provide ongoing support for Outside Directors by summarizing key points of agenda items for Board meetings, facilitating communication between the Board and management, and providing the information and practical assistance necessary for the performance of their duties.

Orientation briefings

Newly appointed Outside Directors receive structured orientation briefings covering the Group's Management Principles, management policies, businesses, financial position, organizational structure, medium-term management plan, and risk management framework. They also receive a handbook that provides a comprehensive overview of the Group's management execution and corporate governance framework, as well as the relevant internal rules and procedures.

Site visits

We arrange site visits in Japan and overseas to help Outside Directors deepen their understanding of our business (FY2025: two domestic and one overseas site visit). For newly appointed Outside Directors, we also provide opportunities to visit Sumitomo-related facilities to enhance their understanding of Sumitomo's Business Philosophy.

Site visit to Oshima Shipbuilding Co., Ltd.

Site visit to Cove Point LNG facility (the United States)

Business strategy briefing by Group CEOs

To help Outside Directors better understand the strategies of each business group, Group CEOs are called to provide briefings on their respective group's strategies and execution status as well as hold dialogue sessions with the Outside Directors.

Pre-meeting briefings for the Board of Directors

To improve the efficiency of Board discussions, we provide Outside Directors with pre-meeting briefings on the outline and key points of each agenda item (FY2025: 12 sessions for Directors at the time, totaling around 21 hours). We also provide explanations of each agenda item to Audit & Supervisory Committee Members during their meetings, which are held prior to Board meetings. From FY2026 onward, we will continue arranging pre-meeting briefings on each Board agenda item to all Outside Directors, including Audit & Supervisory Committee Members.

Discussions at Outside Directors' meetings

To encourage active participation by Outside Directors in Board discussions, we hold a monthly Outside Directors' Meeting, consisting of Outside Directors, where they engage in robust discussion. In FY2025, the meetings included discussions on digital and intelligence-related topics, as well as exchanges of views with the Chairman, Vice Chairman, President and Chief Executive Officer, and securities analysts.

▸ Management | https://www.sumitomocorp.com/en/jp/about/company/officer
▸ Notice of Convocation | https://www.sumitomocorp.com/-/media/Files/hq/ir/stock/doc/ir/2025/158_e_shoshututi.pdf

Corporate Governance

Composition of the Board of Directors

The membership of the Board of Directors is appropriate in numerical terms to facilitate adequate discussion and speedy and rational decision-making, and provides diversity in terms of experience, knowledge, specialization, gender, and other characteristics. Moreover, out of the 15 Directors appointed, eight are independent Outside Directors with differing experience and specializations to ensure appropriate decision-making from more diverse perspectives and to further strengthen the supervisory functions of the Board of Directors. The Chairman of the Board of Directors, who convenes meetings of the Board of Directors and presides over them as chairperson, supervises management but does not engage in routine operations and has no authority to represent the Company. Furthermore, to allow mutual checks and balances, the posts of the Chairman of the Board of Directors and President and Chief Executive Officer are in principle separate and not to be held concurrently by the same individual. Skills (such as knowledge, experience, and competencies) that the Board of Directors is required to possess and the skills of each Director are listed below.

Skills of each Director

The skills of each Director are determined through discussions with the individual, taking into account their career background, knowledge, competencies, qualifications, and specific achievements in a comprehensive manner.

	Directors (excluding those who are Audit & Supervisory Committee Members)										Directors who are Audit & Supervisory Committee Members				
	Masayuki Hyodo Director, Chairman (Nomination and Remuneration Advisory Committee Member)	**Toshikazu Nambu** Director Vice Chairman	**Shingo Ueno** Representative Director, President and Chief Executive Officer (Nomination and Remuneration Advisory Committee Member)	**Reiji Morooka** Representative Director Executive Vice President	**Yasuhiro Yoshida** Representative Director Senior Managing Executive Officer	**Takashi Mitachi** Outside Director (Chair of the Nomination and Remuneration Advisory Committee)	**Takahisa Takahara** Outside Director	**Haruyasu Asakura** Outside Director (Nomination and Remuneration Advisory Committee Member)	**Nana Otsuki** Outside Director (Nomination and Remuneration Advisory Committee Member)	**Yasuko Gotoh** Outside Director	**Daisuke Mikogami** Director (Full-Time Audit & Supervisory Committee Member)	**Mitsuhiro Takeda** Director (Full-Time Audit & Supervisory Committee Member)	**Yukiko Nagashima** Outside Director (Audit & Supervisory Committee Member)	**Nobuo Inada** Outside Director (Audit & Supervisory Committee Member)	**Taisei Kunii** Outside Director (Audit & Supervisory Committee Member)
Attendance at Board meetings (FY2025)	16/16 (100%)	16/16 (100%)	16/16 (100%)	16/16 (100%)	–*1	16/16 (100%)	16/16 (100%)	16/16 (100%)	16/16 (100%)	–*1	16/16 (100%)	–*1	16/16 (100%)	16/16 (100%)	16/16 (100%)
Attendance at Nomination and Remuneration Advisory Committee meetings (FY2025)	8/8 (100%)		8/8 (100%)			8/8 (100%)	8/8 (100%)	–*1	–*1						
Attendance at Audit & Supervisory Committee meetings (FY2025)											17/17*2 (100%)	–*1	17/17*2 (100%)	17/17*2 (100%)	17/17*2 (100%)
Term of office	8 years*3	2 years*4	3 years	4 years	–	4 years	3 years	2 years	2 years	–	3 years*5	–	5 years*5	2 years*5	2 years*5
Shares owned in the Company (As of March 31, 2026)	253,900	85,600	113,800	77,500	18,200	0	0	0	0	0	38,800	60,800	0	0	0
Corporate Management	●	●	●	●	●	●	●	●		●	●	●	●		●
Investment/M&A	●	●	●			●	●	●	●		●	●	●		
IT/DX/Technology		●	●		●						●				
Sustainability	●		●			●	●		●	●				●	
Finance/Accounting	●	●		●	●			●	●	●		●			●
Legal/Risk Management	●			●	●	●				●		●		●	
HR Management & Development	●	●	●		●	●					●		●	●	

*1 Appointed in June 2026 *2 Of these, 6 meetings (April–June 2025) were convened as Audit & Supervisory Board meetings *3 Served as a Director of the Company for one year (June 2016–June 2017) in addition to above
*4 Served as a Director of the Company for 4 years (June 2019–June 2023) in addition to above *5 Includes period served as an Audit & Supervisory Board Member

Corporate Governance

Skills of Directors

Types of Skills, such as knowledge, experience, and competencies, that the Board of Directors is required to possess

All Directors of the Company, regardless of whether they are internal or Outside Directors, are required to be honest in character, as well as highly insightful and capable, in accordance with their respective qualifications. Also, the Company raises "No. 1 in Each Field" as a theme under Medium-Term Management Plan 2026, and the Company is transforming its business portfolio by leveraging the strengths of individual businesses to reinforce them and strengthening people and organizations, which are the driving forces for growth. Through such initiatives, the Company will strive to enhance the Group's competitive advantages and achieve growth by addressing social challenges. "Governance" and "Global perspective" are Skills that all Directors are required to possess, while we believe that the Board of Directors as a whole should possess the other seven Skills. Of these seven Skills, for Directors who are Audit & Supervisory Committee Members we place a particularly high priority on "Corporate Management," "Finance/Accounting," and "Legal/Risk Management." As the Skills that the Directors are required to possess might vary according to business strategies or changes in the external environment, the Board of Directors will continue to discuss the skills required, make necessary changes, and disclose such changes.

Skills that all Directors are required to possess and the reasons why these Skills are necessary

Governance

We believe that in order to fulfill our mandate from shareholders while at the same time managing our business in the interests of all stakeholders, it is essential for all Directors to be well-equipped with a high level of knowledge regarding governance. The essence of corporate governance based on our view is defined in the Sumitomo Corporation Corporate Governance Principles as "improving management efficiency" and "maintaining sound management," as well as "ensuring management transparency."

Global Perspective

From the perspective that the Company conducts business transactions and investments throughout the world, we believe that all Directors should have keen insight from a global perspective. We view that this Skill entails the ability to plan and implement an optimal business strategy that combines caution with flexibility even under extremely uncertain situations, taking into account different cultures, different industrial structures, the latest geopolitical developments, and so forth. We also view that this Skill includes the ability to appropriately supervise the execution of related management duties.

Skills that the Board of Directors as a whole is required to possess and the reasons why these Skills are necessary

Corporate Management

The Company engages in a range of business activities, aiming for stable and sustainable increases in its corporate value. The Board of Directors is the body that sets the overall direction of management, exercises effective oversight of management execution from a broad and diverse perspective and makes decisions on the Company's important business matters which may affect company-wide management. It also implements an optimal business strategy for creating value in accordance with the Company's Management Principles while also meeting our stakeholders' expectations in a constantly changing operating environment.

Investment/ M&A

The Company invests in a diverse range of business domains. To identify investment opportunities that align with the Company's strategy and oversee their progress, we place particular importance on skills in investments and M&As. These skills include identifying investment themes, assessing alignment with the Company's strategy, appropriately valuing investment targets, monitoring investments after execution, and determining the optimal timing for asset replacement. Based on these skills, the Board of Directors makes and oversees key decisions relating to investment projects.

IT/DX/ Technology

As accelerating technological advancements transform societies and industrial structures, the Company will continue to create value by responding with agility to such change, by anticipating change to pursue business innovation, and by creating new businesses. We will also reform our own business foundation by making effective use of new digital technologies such as AI in our business activities in line with our own values. The Board of Directors is responsible for making key decisions in these areas and overseeing their implementation.

Sustainability

Having identified certain important challenges that need to be prioritized as Material Issues, and placed these issues at the core of its business management, the Company always pays attention to whether its businesses are contributing to society. We are pursuing sustainability management, which entails anticipating long-term changes in our operating environment relating to social issues and allocating management resources strategically to contribute to a sustainable society and achieve sustainable growth for the Company. Taking into account the awareness of international trends and an understanding of the relevant issues, the Board of Directors supervises the implementation of sustainability management.

Finance/ Accounting

To enhance its corporate value sustainability, the Company endeavors to achieve medium-to long-term earnings growth and increase its returns to shareholders while maintaining a healthy balance between investment for growth and a solid financial position. To enable us to make appropriate decisions and properly inform the Company's initiatives to stakeholders as we work forward toward these goals, we need to provide accurate, timely financial reporting.The Board of Directors also oversees these matters.

Legal/Risk Management

We consider three goals to be of key importance in ensuring that the Company achieves sustainable, robust growth: stabilizing performance, strengthening our financial base, and maintaining our corporate reputation. To achieve these goals, we conduct appropriate risk management using various means. These include assessing and analyzing the risks that accompany commercial transactions, business investments, and other business opportunities; keeping the Company's total Risk-weighted Assets to within our buffer (shareholders' equity); and maximizing Risk-adjusted Return. To this end, the Board of Directors oversees management execution by reviewing and monitoring transactions as well as investment and financing matters, considering compliance, legal risk, and other risk management factors.

HR Management & Development

Regarding human capital as its most important form of business capital, the Company provides each individual with opportunities for self-disciplined growth and self-realization and strives to upgrade its HR management cycle. Through such efforts, we are maximizing the performance of our diverse talents and the organization as a whole, thereby creating new value. We particularly emphasize DE&I, which we recognize as the core enabler for value creation, innovation, and competitiveness. The Board of Directors is responsible for making these important decisions and overseeing them.

Corporate Governance

Nomination and Remuneration Advisory Committee

Committee activities

Committee composition

The Nomination and Remuneration Advisory Committee is chaired by an Outside Director, and three of its five members are Independent Outside Directors, ensuring the Committee's objectivity. The primary reason for including Internal Directors on the Committee is to enhance the quality of its deliberations. In addition to merely providing information, senior internal executives, who are thoroughly familiar with the Company's business characteristics and corporate culture, offer their opinions on the design of the system in their capacity as Committee members. Their involvement helps reduce information asymmetry between internal and outside members while creating a highly effective framework that integrates external indicators with internal realities. When matters concerning an individual member are discussed, that member does not participate in the deliberations.

<Key matters reviewed by the Committee>

- FY2026 Director and Executive Officer appointments (including Management Council appointments and talent deployment based on the succession plan)
- FY2024 individual performance evaluations of Executive Officers
- President and CEO succession plan
- Restricted performance share unit-based remuneration for executives (review of non-financial indicators, performance levels, and remuneration structure)
- Systematization/implementation of the President and CEO evaluation system

Succession planning

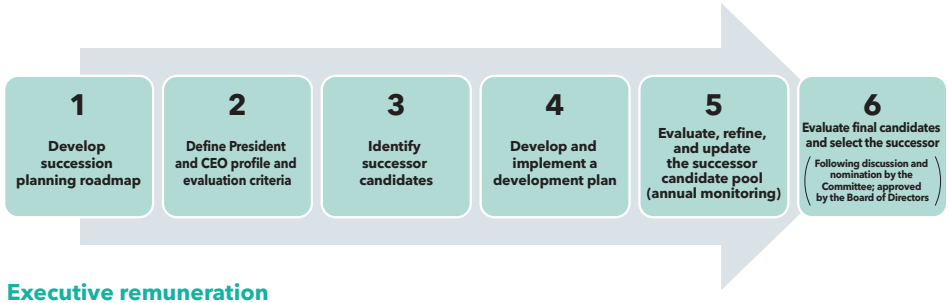
President and CEO requirements and qualities

The Company defines the criteria for selecting its President and Chief Executive Officer as embodying Sumitomo's Business Philosophy and possessing the necessary qualities and capabilities. To systematically develop a pool of such talent, the Company actively provides a range of opportunities, including job rotations and assignments that offer global and diverse business and management experience, as well as training programs.

President and CEO selection criteria	
Qualities	Being fair and impartial and being disciplined and self-controlled
	Having leadership and the ability to get messages across
	Having foresight and the ability to develop strategies
	Having the ability to get things done and to make innovative changes
	Possessing perseverance and mental fortitude
Experience	Global and diverse experience and achievements in business operation
	Global and diverse experience and achievements in company management
Other (if any)	

Selection process

Taking into account the President's term of office (which, in principle, does not exceed six years), Nomination and Remuneration Advisory Committee Members and other relevant parties share a schedule leading up to the anticipated transition period following the President's appointment. The current President prepares the candidate list, and the Nomination and Remuneration Advisory Committee monitors succession planning by reviewing and updating the list each December. The Nomination and Remuneration Advisory Committee, chaired by an Outside Director, deliberates on the selection criteria and succession plan, with the Board of Directors making final decisions. This process ensures objectivity and transparency.



Executive remuneration

Remuneration structure

- Executive remuneration (within the maximum amount approved by the General Meeting of Shareholders) is reviewed by the Nomination and Remuneration Advisory Committee and submitted to the Board of Directors for resolution.
- Remuneration for Executive Directors and Executive Officers consists of (1) Monthly remuneration, (2) Performance-linked bonus, and (3) Restricted performance share unit-based remuneration. Remuneration of the Director, Chairman, whose main role is management supervision and engaging in external relations activities as stipulated in the Sumitomo Corporation Corporate Governance Principles, consists of restricted performance share unit-based remuneration designed to enhance shareholder value, in addition to monthly remuneration. Remuneration of the Director, Vice Chairman is structured in the same manner. Remuneration of Outside Directors who are not Audit & Supervisory Committee Members consists solely of fixed monthly remuneration, reflecting their role in supervising management with a high degree of objectivity and independence.
- Remuneration of Directors who are Audit & Supervisory Committee Members also consists solely of fixed monthly remuneration, reflecting their role in supervising management with a high degree of objectivity and independence. The specific remuneration amount is determined through discussions among the Directors who are Audit & Supervisory Committee Members, within the maximum amount approved by the General Meeting of Shareholders.

Corporate Governance

Executive remuneration

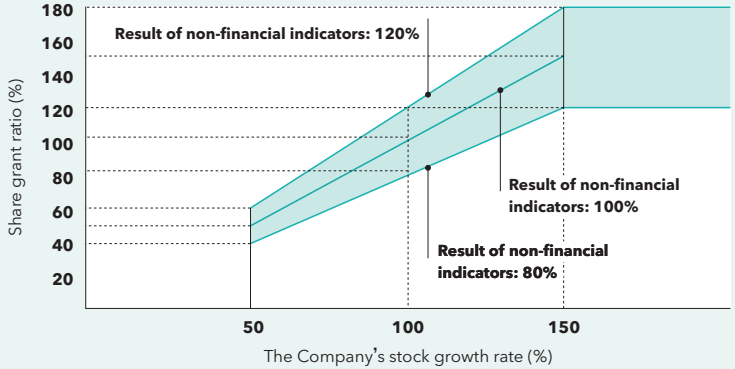
Remuneration structure

Remuneration types and purposes		Eligibility	Annual maximum amount (total)	CEO's remuneration (illustrative)*1	Summary
Fixed	**Monthly remuneration**	10 Directors who are not Audit & Supervisory Committee Members (5 Internal Directors and 5 Outside Directors)	¥700 million*2	22%	Payment determined by the recipient's title
Variable	**Performance-linked bonus** Purpose: Enhance alignment of remuneration with business strategy and performance	3 recipients (President and CEO, 1 Executive Vice President, and 1 Senior Managing Executive Officer)	¥750 million	27%	【Total amount】 The Company sets a performance target as either the full-year forecast for consolidated net income for each fiscal year or consolidated net income corresponding to an ROE of 12%, whichever is higher. The total performance-linked bonuses to be paid are determined based on the rate of achievement against this target. 【Amount paid to individuals】 The total bonus pool is allocated to each recipient based on his/her title and individual performance evaluation. Individual performance is assessed using a 50:50 weighting of financial and non-financial indicators. Key Group-wide priorities—including DX, sustainability, and DE&I—represent 20% of the overall evaluation, with the specific weighting differing depending on each executive's area of responsibility.
Variable (shares)	**Restricted performance share unit–based remuneration** Purpose: Promote management with a focus on enhancing the Group's medium- to long-term corporate and shareholder value	5 recipients (Chairman, Vice Chairman, President and CEO, 1 Executive Vice President, and 1 Senior Managing Executive Officer)	600 thousand shares/ ¥2,600 million	51%	Each year, the number of shares to be granted is determined based on the Company's share growth rate over the three-year evaluation period. The number of shares is then adjusted to reflect the evaluation results for environmental and social non-financial indicators and granted as restricted stock.

*1 The above breakdown is calculated on the assumption that the rate of achievement of business results, the stock growth rate, and the results based on non-financial indicators are all 100%. The composition ratios for each type of remuneration vary according to changes in these rates.
Share price growth rate: Reflects price changes over a three-year period. Calculation method: {(Average price of the Company's common shares in the month of termination of Evaluation Period) / (Average price of the Company's common shares in the month of commencement of Evaluation Period)} / {(Average of TOPIX in the month of termination of Evaluation Period) / (Average of TOPIX in the month of commencement of Evaluation Period)}
*2 Separately, remuneration of Directors who are Audit & Supervisory Committee Members is set at an annual maximum of ¥250 million, as approved by a resolution of the General Meeting of Shareholders.

Method for calculating the number of shares to be delivered

Number of shares to be delivered = Standard number of shares by position × Percentage of shares to be delivered based on the Company's stock growth rate (0% to 150%) × Percentage of shares to be delivered based on evaluation of non-financial indicators (80% to 120%)



Non-financial indicators for determining the share grant ratio under restricted performance share unit-based remuneration

Indicator	Evaluation criteria	Evaluation ratio
Measures to tackle climate change	Reduction of the Group's CO_2 emissions (achievement of annual targets) and progress in developing businesses that support the energy cycle through social infrastructure transformation (overall performance is assessed at the Group level based on the achievement of SBU-specific targets and related initiatives)	Reflected in evaluation using a ratio of 1:1:1*3
Advancement of women into leadership roles	Results versus the quantitative targets set every year to achieve the target ratio of women in FY2030	
Employee engagement	Quantitative results of "employee engagement" and "work environment" in engagement surveys (improved year on year and achieved the Group average)	

*3 Performance against these indicators is reviewed and determined by the Nomination and Remuneration Advisory Committee, which is chaired by an Outside Director and composed of a majority of Outside Directors, then reported to the Board of Directors.

Corporate Governance

Audit & Supervisory Committee

Following shareholder approval at the General Meeting of Shareholders held on June 20, 2025, the Company transitioned to a Company with an Audit & Supervisory Committee. The Audit & Supervisory Committee is an independent statutory body that, together with the Board of Directors, performs the Company's oversight function. Acting on behalf of shareholders, it also supervises the execution of duties by Directors. To protect the interests of shareholders and other stakeholders, the Committee will diligently fulfill its responsibilities to further strengthen the corporate governance of the Company and the Group. In doing so, it will support sound and sustainable growth, create corporate value over the medium to long term, and earn the trust of society.

Focus of audits

In an uncertain global environment, the Group seeks to enhance sustainable corporate value over the medium to long term by effectively managing a wide range of risks while aligning its business activities with its material issues. As the Group strives to achieve this objective, the Audit & Supervisory Committee will conduct audits focusing on the following priority areas to ensure that the soundness of its business activities is maintained and enhanced.

1. Expanding our earnings base

(1) Progress of Medium-Term Management Plan 2026

(2) Business portfolio transformation

(3) Digital & AI Strategy

2. Agile risk management initiatives

(1) Addressing geopolitical risks

(2) Cybersecurity

3. Sustainability initiatives

4. Governance and compliance

(1) Strengthening global and Group governance

(2) Embedding a culture of compliance

5. Corporate culture

(1) Fostering organizational transparency

(2) Engagement of officers and employees

Audit & Supervisory Committee activities (FY2025)

The Audit & Supervisory Committee meets once a month in principle. In FY2025, it met 17 times and discussed a total of 94 agenda items. Main agenda items included 20 matters for resolution or deliberation, such as audit policy, audit plan, and audit report, and 74 reporting items, including reports on internal audits, reports from the independent auditor, and advance briefings on agenda items for the Board of Directors. Separate from the Committee's formal agenda, we held 13 off-site sessions to discuss various topics, including the effectiveness of the Committee.

In addition, the Audit & Supervisory Committee pursued the following initiatives to improve the efficiency and quality of its audit activities.

(1) Dialogue with Management and Executive Officers (Number of people who had dialogues: 139)

The Audit & Supervisory Committee held regular meetings with the Chairperson of the Board of Directors and the President and Chief Executive Officer to exchange views on management policies and issues that the Company should address. In addition, through interviews and other means with the heads of domestic and overseas corporate groups and business groups, as well as presidents of Group companies, the Audit & Supervisory Committee obtained and reviewed information on the status of operations and assets, compliance with laws and regulations, and loss risk management systems, and examined the status of the execution of duties.

(2) Attendance at important meetings (Number of meetings: 197)

Audit & Supervisory Committee Members, in addition to attending meetings of the Audit & Supervisory Committee, attend meetings of the Board of Directors in their capacity as directors. Furthermore, in order to understand the process of important decision-making and the status of the execution of duties by officers and employees, they attended important meetings, including the Management Council, General Managers' Meeting, Management Strategy Meeting, Company Investment Committee, Internal Control Committee, Compliance Committee, Corporate Sustainability Committee, and Nomination and Remuneration Advisory Committee, and expressed their opinions as necessary.

(3) On-site audits of regional organization/group companies (Number of on-site audits: 47)

(Regional organizations) 5 locations in Japan; 14 locations overseas (Subsidiaries) 19 in Japan; 9 overseas

Audit & Supervisory Committee Members conducted on-site audits of domestic and overseas regional organizations and Group companies, and through interviews with heads of those organizations and other relevant personnel, obtained information on the status of organizational management and issues, as well as the development and operation of internal control systems, thereby making efforts to gain a thorough understanding of on-site conditions.

(4) Enhance group governance

The Audit & Supervisory Committee Members exchanged opinions and shared information with statutory auditors of subsidiaries and other Group companies through information briefing sessions and company-specific meetings, and expressed their views as necessary. In addition, by reviewing audit activity reports submitted by statutory auditors dispatched by the Company, they made efforts to understand the management conditions of subsidiaries and other Group companies, as well as the status of audit implementation.

▸ Corporate Governance Report | https://sumitomocorp.disclosure.site/pdf/37/CGR_e_HP.pdf

Corporate Governance

(5) Cooperation with internal control/internal audit organizations

The Audit & Supervisory Committee Members regularly exchanged information with the internal control/internal audit organizations and attended the President's briefing sessions conducted by the Internal Audit Department (held monthly). In addition, by receiving reports on the results of internal audits at meetings of the Audit & Supervisory Committee and utilizing such internal audit results, they enhanced the effectiveness of the audit functions of the Audit & Supervisory Committee.

(6) Cooperation with accounting auditor

Regular meetings were held with the accounting auditor to ensure that audit-related reports could be received in a timely and as-needed manner. In addition, proactive exchanges of views and information were conducted on audit-related matters, including key audit issues concerning major subsidiaries and issues related to audits of internal controls.

Nobuo Inada
Outside Audit & Supervisory Committee Member

Message from Outside Audit & Supervisory Committee Member

Even before the Company transitioned to its current governance structure, we conducted extensive interviews with various internal groups, domestic and overseas offices, and Group companies under the former Audit & Supervisory Board system. The detailed findings were shared among all Audit & Supervisory Board members and have been utilized in our audit activities. Following our transition to a Company with an Audit & Supervisory Committee, we have expanded these initiatives by inviting senior executives from each business group to meet with the full Committee for active exchanges of views. Through these initiatives, we strive to identify issues facing each business group in a timely manner and further enhance the effectiveness of our audit activities. Beginning this fiscal year, we will also invite senior executives from the Corporate Group to participate in these discussions.

We are also enhancing our information sharing and dialogue with the Internal Audit Department and the independent auditor, with the aim of making audit activities across the Group more effective and efficient.

Our approach to holding listed Group companies

Benefits of being a listed Group company include establishing a solid financial basis including better financing capacity; enhancing credibility through the establishment and operation of a governance system, including the transparency of business management and internal control; increasing the corporate presence; increasing brand strength in hiring employees; further developing trust with business partners as well as the higher credibility of its services and businesses; and enhancing motivation among the officers and employees of the Group company.

We believe that by dispatching executives, etc., to each Group company through equity participation, we will be able to have more effective dialogue and collaboration, which will increase each other's corporate value, generate synergies, and ultimately maximize the corporate value of our Group. The significance of holding shares of each listed Group company in our business strategies is disclosed in our Corporate Governance Report. Going forward, the Company will continue to review the significance of holding these shares and the significance of listing them, taking into account changes in the business environment surrounding each listed Group company and the nature of collaboration and cooperation with the Company.

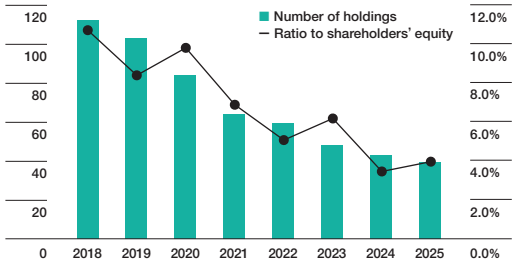
Note: The Group has three listed affiliates: WELLNEO SUGAR (Prime Market, Tokyo Stock Exchange), Mammy Mart (Standard Market, Tokyo Stock Exchange), and Japan Process Development (Standard Market, Tokyo Stock Exchange). The Group has no listed subsidiaries.

Cross-shareholdings

As a general rule, the Company will neither acquire nor hold shares in other listed companies for purposes other than pure investment. However, the Company might decide to hold shares in listed companies in some exceptional cases when the Company determines that it is appropriate. For such determination, the Company will comprehensively assess and verify the cost of capital of individual stocks and economic rationality and the significance of holding the stocks in light of the necessity of partnering or other business needs. Each year, the Board of Directors reviews whether the Company's holding of listed shares is appropriate. If such annual review concludes that specific shareholdings are of little significance, the Company will push ahead with the sale of the shares. In FY2025, the Company sold shares of 11 listed stocks (either in whole or in part), amounting to ¥42.0 billion in total. As of the end of March 2026, the Company's shareholdings in listed companies covered 39 stocks, with a total balance of ¥179.0 billion.

The Company also takes various considerations into account under the internal guidelines when making decisions in exercising its voting rights. Having fully considered issues from both quantitative and qualitative standpoints, it adequately exercises voting rights for each agenda item based on whether exercising voting rights will lead to enhanced medium- to long-term corporate value at the investee company and the Company and to enhanced value for its own shareholders.

When a company holding the Company's stock for purposes other than pure investment indicates intent to dispose of its holdings, the Company respects the decision in principle and ensures that their business relationship will not be influenced.



▸ Sumitomo Corporation's Corporate Governance System | https://sumitomocorp.disclosure.site/en/themes/37

Risk Management

Basic policy and framework

We define "risk" as "the possibility of losses due to the occurrence of anticipated or unanticipated situations" and as "the possibility of not achieving the expected return on business activities." We identify and manage risk factors for each business and have set three items as the goals of our risk management activities: "Stabilize performance," "Strengthen the financial base," and "Maintain our corporate reputation." For each risk factor, in addition to autonomous responses taken by each business group, we implement responses by corporate departments and receive support from various committees consisting of members with specialized expertise.

Regarding major risks that have a significant impact on our business operations, we have established a system for monitoring and making decisions at the Management Council and Board of Directors levels.

In response to the growing macro risks arising from factors such as geopolitical developments and climate change, which can have both short-term concentrated impacts and long-term widespread effects, the Management Council and the Board of Directors continuously discuss the potential implications for the Company's business operations and the corresponding mitigation measures. Through these discussions, we are working to further enhance and strengthen our risk management framework.

Risk factors and key countermeasures

Risk factors	Key countermeasures	Related Committees, Departments, and others
Investment risks	Establish Investment Selection Guidelines, carefully select investments through a two-stage review process (evaluation and execution), and conduct post-investment PMI and monitoring	Company Investment Committee
Credit risks	Credit risk management and monitoring based on the internal credit rating system, and obtaining collateral and guarantees	Company Investment Committee
Commodity market risks	Set position limits and loss limits	Company Investment Committee
Geopolitical risks	Develop and implement Group-wide policies based on monitoring, information gathering, and analysis of specific countries and regions	Intelligence Council
Country risks	Monitor country-specific exposure and maintain appropriate insurance coverage	Company Investment Committee
Interest rate and foreign exchange risks	Monitor interest rate and foreign exchange trends and utilize derivatives for risk management	Finance Dept., Risk Management Dept.
Stock price fluctuation risks	Review of the rationale for holding listed shares and divestment of shares with no recognized strategic holding rationale	Finance Dept., Investment Management Dept. No. 1
Fixed asset impairment risks	Monitor asset and real estate business strategies	Company Investment Committee
Information security risks	Establish an Information Security Policy, implement technical safeguards, maintain incident response capabilities, and provide employee training	IT Strategy Committee
Legal and compliance risks	Implement and maintain a compliance framework based on the Sumitomo Corporation Group Compliance Policy, ensure appropriate case management, and promote ongoing compliance awareness	Compliance Committee
Litigation risks	Manage business operations, transactions, and contracts, as well as legal proceedings, including the initiation, defense, and settlement of litigation	Legal Dept.
Social and environmental risks	Formulate social and environmental policies, leverage external expertise, and review and monitor investment projects	Corporate Sustainability Committee, Company Investment Committee
Natural disaster risks	Develop disaster countermeasure manuals and business continuity plans (BCP), and conduct drills	Disaster Response & Safety Management Dept.
Operational risks	Formulate basic policies for internal controls, and develop, operate, and monitor internal control systems	Internal Control Committee
Fund liquidity risks	Secure sufficient liquidity by utilizing cash and deposits, commitment lines, and to diversify its procurement sources and methods	Finance Dept.
Risks pertaining to deferred tax assets	Assess and monitor recoverability based on projected future taxable income	Accounting Controlling Dept.
Human capital risks	Recruiting, developing, and empowering talent, as well as implementing and monitoring global HR initiatives	Global HR Committee

Investment Risk Management

We have adopted an integrated investment management framework that oversees the entire investment process from origination to exit, with the aim of building "No. 1 in Each Field" under Medium-Term Management Plan 2026.

Depending on the size and strategic importance of an investment opportunity, management deliberations are conducted at both the consideration and execution stages through the Management Council and its advisory body, the Company Investment Committee*1, or the Group Management Council*2 (see Figure 1). Following confirmation of the relevant SBU strategy discussed at the GIPC*3, we then conduct in-depth discussions from an early stage on the investment's strategic rationale and alignment, the assumptions and feasibility of post-investment value-up initiatives, economic evaluations based on our investment criteria, and other key success factors, including ESG considerations (see Figures 2 and 3). In addition, based on lessons learned from past large-scale investments, we have also established investment selection guidelines that are systematically applied to the evaluation of new investment opportunities. Through this disciplined decision-making process, we carefully select investments that leverage our core strengths and contribute to sustainable growth.

Furthermore, we have introduced COMPASS, an AI-powered platform that leverages insights from past investment cases to support the identification of key risks and investment considerations (see Note 4). By leveraging digital technologies and AI, we are enhancing the quality and consistency of our investment decision-making process. Moreover, to strengthen our commitment for value creation at portfolio companies, we have implemented a performance-based evaluation/compensation system linked to portfolio company performance (see Note 5).

Phase I. Strategy formulation → Consideration of individual investment opportunities → Investment execution

Figure 1: Decision-making process

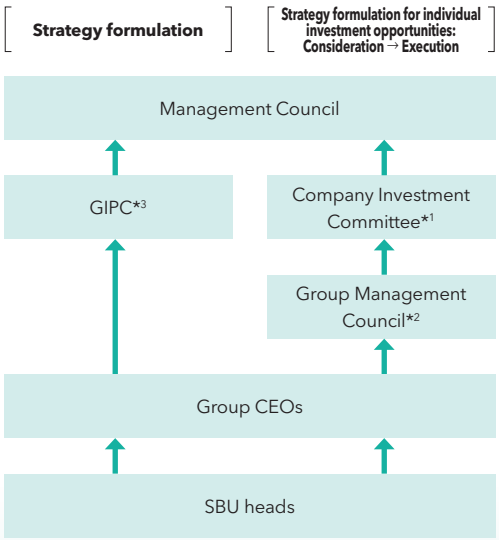


Figure 2: Two-stage review process and evaluation criteria for major investment projects

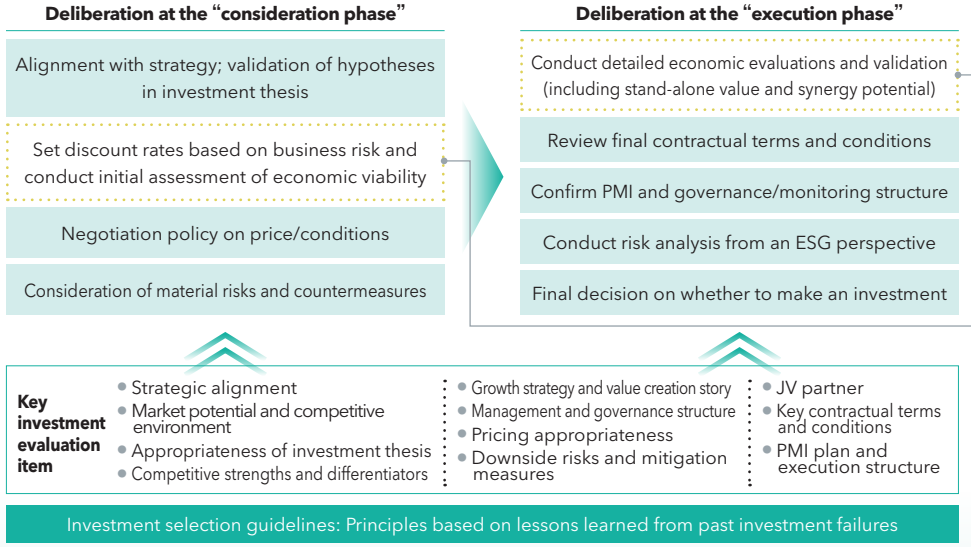


Figure 3: Investment criteria

(quantitative criteria by investee category)

Discount rate used for NPV calculations

WACC*4 or cost of capital, taking into account the investee's business characteristics and country or regional risks

Investment evaluation based on project NPV*5

NPV based on the investee's free cash flow (investee's business plan is closely reviewed by Sumitomo Corporation and, where appropriate, stress-tested)

Investment evaluation based on equity NPV

NPV based on dividend income

Note 4: Introduction of COMPASS, a generative AI-powered investment decision support tool

In 2025, we developed an AI-powered platform that leverages approximately 30 years of data, including around 1,500 Company Investment Committee meeting minutes, to support the identification of key risks and discussion points.

When evaluating new investment opportunities, we seek to enhance the quality of investment decision-making by drawing lessons from comparable past investments and failed cases.

Note 5: Introduction of a new remuneration system linked to the performance of investment

In 2021, we introduced a performance-based evaluation and compensation system linked to portfolio company performance in order to strengthen accountability for the achievement of investment plans and the realization of value creation in new investment projects.

The program primarily applies to managerial-level personnel who are accountable for the execution of business plans and the achievement of performance targets at portfolio companies.

*1 Advisory body to the Management Council that gives recommendations on investment decisions for individual investment opportunities
*2 Decision-making bodies within the business groups
*3 GIPC (Global Innovation & Portfolio Committee): Advisory body to the Management Council that reviews, from a Group-wide perspective, strategies that should be prioritized for allocating management resources, as well as cross-organizational strategic initiatives
*4 WACC: Weighted average cost of capital
*5 NPV (Net present value): Investment value calculated by discounting future cash flows to their present value

Investment Risk Management

Following an investment, we implement a "100-Day Plan" as the initial phase of the PMI*1. This includes establishing business-specific KPIs to enhance management visibility, developing a medium-term management plan to maximize enterprise value, and building a governance structure. We also provide ongoing support to investees based on our GMP*2 (see Figure 6).

Through our investee monitoring framework, meanwhile, we regularly review our portfolio companies with a focus on the growth potential and profitability of each investee. Our business groups periodically assess the strategic rationale for holding each investment, while the Management Council reviews and discusses ownership strategies for large-scale investments. For new investments above a specified threshold, post-investment reviews are conducted against the original investment plan to identify emerging issues at an early stage and implement corrective actions where necessary (see Figure 7). In parallel with identifying exit candidates based on our exit criteria (see Figure 8), we are working to transform our business portfolio and accelerate portfolio turnover.

We also support the enhancement of investment capabilities and know-how through internal training programs based on past investment cases and lessons learned from unsuccessful investments, as well as through the development of investment-related playbooks. In addition, we promote personnel exchanges between business groups and risk management–related departments to develop talent and further strengthen our investment and business management capabilities (see Note 9).

Phase II. Investment execution → Investment monitoring

Figure 6: Formulation and implementation of the 100-Day Plan as PMI

- Development of management infrastructure including the governance system
- Formulation of medium-term management plan
- Development of specific value enhancement initiatives by the Company
- Setting and monitoring of optimal KPIs
- Establishment of an optimal management team to drive value enhancement
- Design of evaluation/compensation system for investee management

We are building a foundation for the early stabilization of our investees and the steady enhancement of their business value.

For large-scale projects, PMI is carried out by cross-functional teams that include relevant corporate functions.

Figure 7: Business portfolio review focusing on the growth potential and profitability of investees and the progress of new investment projects

- All consolidated subsidiaries are classified into four quadrants based on the EBITDA growth rate and EVA*3, and each business group periodically reviews its holding policies.
- For large business companies that have a significant impact on our overall company-wide performance, the Management Council discusses the holding policy for each company, taking into account the category of four quadrants and market value trends.
- For new investment projects above a certain threshold, we review performance and progress against the original investment thesis during the first several years following the investment by comparing actual results with the original investment plan. The results are then reported to the Management Council.

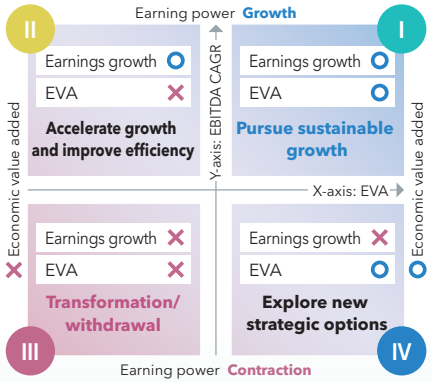
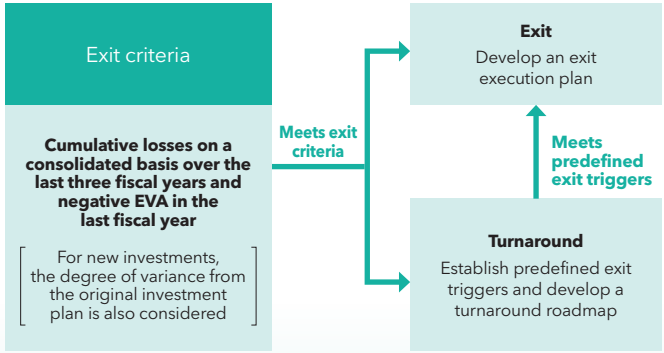


Figure 8: Exit criteria

- In principle, any investee that triggers the exit criteria should be designated for exit. If a turnaround strategy is pursued, a turnaround roadmap with predefined exit triggers must be developed and the necessary internal approvals should be obtained.
- The policy for portfolio companies that trigger the exit criteria, as well as the progress of their exit or business turnaround plans, is reported to the Management Council semiannually.



Note 9: Investment-related training, internal materials, and personnel exchanges

- Leveraging best practices from across the Group and lessons learned from past investment challenges, we deliver internal training programs covering practical aspects of investment execution, including financial modeling, due diligence (DD), documentation, PMI, and governance. In addition, we have developed tools such as M&A playbooks and divestment playbooks to strengthen practical investment capabilities across the organization.
- We also promote personnel exchanges between business groups and the risk management–related departments to cultivate professionals with expertise in both investment execution and portfolio management.

*1 Post-merger integration (PMI): Post-investment integration activities aimed at generating synergies and enhancing corporate value
*2 Group Management Policy (GMP): A policy that sets forth the principles and framework to be respected by Sumitomo Corporation and its Group companies in pursuing the maximization of the Group's overall corporate value. The GMP is founded on three principles: Jiritsu (Self-discipline), Dialogue, and Collaboration.
*3 Economic value added (EVA): Economic value added after deducting the cost of capital applicable to each business

Information Security

- Information Security Policy | https://www.sumitomocorp.com/en/jp/security
- Privacy Policy | https://www.sumitomocorp.com/en/jp/privacy
- Annual Financial Report | https://www.sumitomocorp.com/-/media/Files/hq/ir/report/yuho/2025/202603yuho.pdf?sc_lang=en

Basic policy and framework

To respond appropriately to risks related to information security, we have built a management structure centered on the IT Strategy Committee, which is chaired by Chief Information Officer (CIO). The IT Strategy Committee considers the development and revision of the Information Security Policy and other internal rules and systems related to information security as well as individual information security measures. With respect to personal information, we have established the Privacy Policy and have put in place related rules and an organizational structure to ensure appropriate protection.

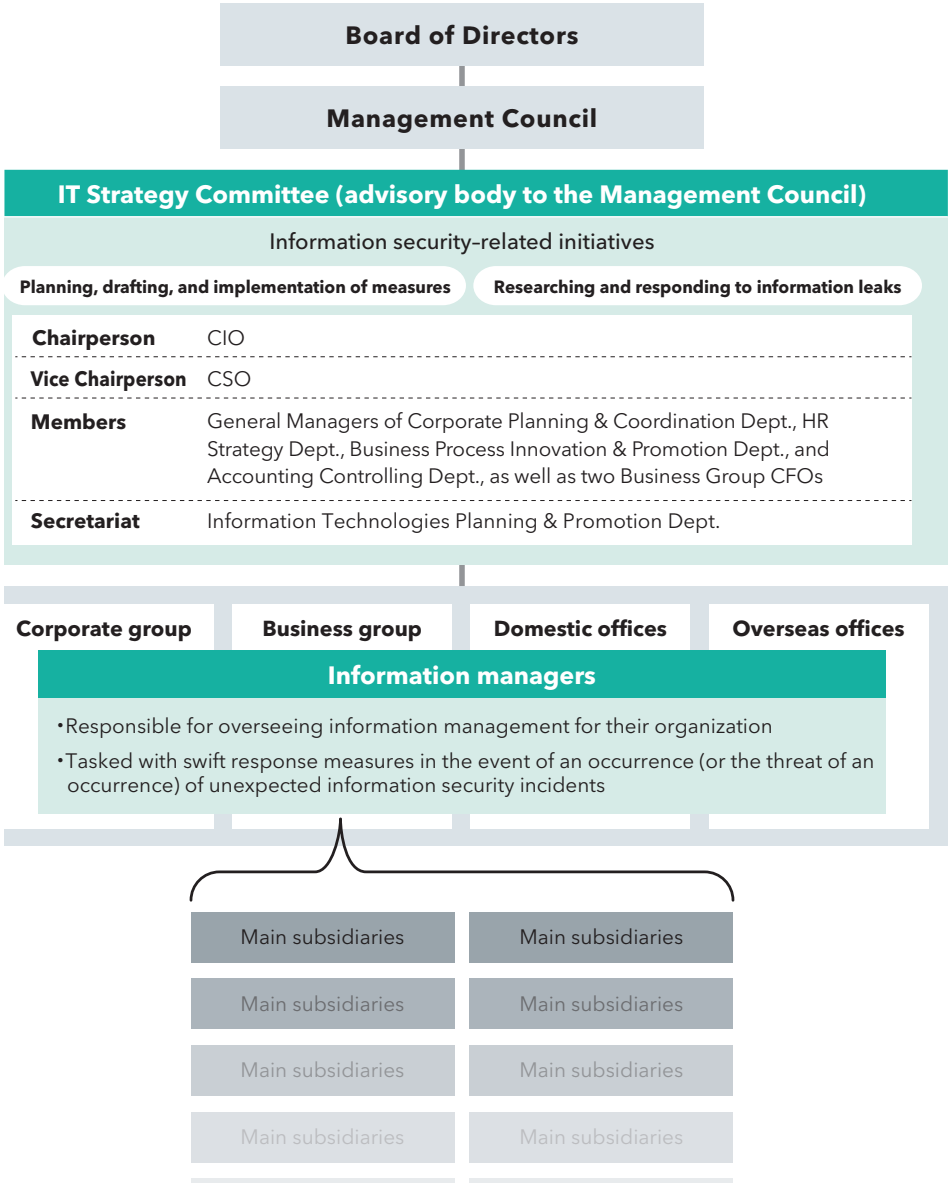
Important matters considered by this committee are submitted to the Management Council for decision-making and supervision. The implementation status of information security measures and the status of information security incidents are reported annually by the IT Strategy Committee to the Management Council and the Board of Directors.

In addition, as information security measures at major subsidiaries, we are continuously working on improvement and monitoring through the Group's internal control framework with respect to such matters as the development of rules on information assets, the provision of education and training for officers and employees, and the establishment of a structure for crisis management response and recovery planning.

Risks and opportunities

As cyberattacks become increasingly sophisticated and advanced, information leakage or business suspensions could have a seriously adverse impact on the Company's business activities and business performance. We also recognize that strengthening information security measures contributes not only to reducing risks related to cyberattacks but also to enhancing trust from customers and business partners, ensuring business continuity, and maintaining and enhancing competitiveness.

In our IT services business, we are creating new opportunities and driving growth by capturing demand for security products and services while expanding solutions that leverage leading-edge technologies.

For more information on our strategy and risk management related to information security risks and opportunities, please refer to our Annual Financial Report.

Information security management system