

The following is an unofficial English translation of the Notice of Convocation of the 149th Ordinary General Meeting of Shareholders of Sumitomo Corporation (hereinafter referred to as the "Company"). The Company provides this translation for your reference and convenience only and without any warranty as to its accuracy or otherwise. Please also refer to "Terms and Conditions of Use" on Sumitomo Corporation website.

**Cautionary Statement Concerning Forward-Looking Statements**

Certain statements contained in this notice relating to our future plans, targets, objectives, expectations, operations, performance and other developments, economic prospects, projections of revenue, income, earnings, expenditures or other financial results and intentions constitute forward-looking statements. The forward-looking statements can be identified by the use of words such as "believes," "expects," "anticipate," "should," "will," "would," "plan," "estimate," "potential," "goal," "outlook," "may," "predicts," "could," "seek," "intend," or the negative of those words and other comparable expressions. The forward-looking statements are based on management's current assumptions and expectations of future events, and are subject to a number of factors and uncertainties that may result in changes in circumstances. Actual results may differ materially from those the Company expected for a wide range of possible reasons, including general industry and market conditions, general international economic conditions and the risk factors identified in our public filings. In light of the many risks and uncertainties, you are advised not to put undue reliance on these statements. The Company may be unsuccessful in implementing its business strategies, and management may fail to achieve its targets. Although the Company believes that the expectations reflected in the forward-looking statements are reasonable, it cannot guarantee future results, events or performances. These forward-looking statements are made as of the date of this notice and the Company is under no obligation -- and expressly disclaims any such obligation -- to update or alter its forward-looking statements.

**NOTICE OF CONVOCAION OF THE 149th ORDINARY GENERAL MEETING OF  
SHAREHOLDERS**

April 1, 2016 through March 31, 2017

**SUMITOMO CORPORATION**

To All Shareholders,

I wish to express my sincere thanks for the exceptional favor you have always given us.

It is my great pleasure to invite you to our 149th Ordinary General Meeting of Shareholders (for the fiscal year from April 1, 2016 to March 31, 2017), to be held on June 23, 2017.

I humbly ask that you review the Notice of Convocation which includes the present status of the Sumitomo Corporation Group during the above fiscal year, and explains the propositions that will be put before the Meeting.

June 2017  
Kuniharu Nakamura  
President and CEO

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To All Shareholders

Sumitomo Corporation  
8-11, Harumi 1-chome  
Chuo-ku, Tokyo

NOTICE OF CONVOCAION OF  
THE ORDINARY GENERAL MEETING OF SHAREHOLDERS

We wish to express our sincere thanks for the exceptional favor you have always shown us.

We have the pleasure of extending to you a cordial invitation to attend the 149th Ordinary General Meeting of Shareholders of the Company (hereinafter referred to as the “Meeting”), which will be held as set forth below.

**If you will be unable to attend the Meeting in person, you can exercise your voting rights in writing or by electronic means (the Internet) (please refer to pages 3 and 4 for more details). Please take the time to examine the Reference Documents for the Meeting on the following pages and exercise your voting rights no later than 5:45 p.m. on Thursday June 22, 2017.**

With highest regards,  
Kuniharu Nakamura  
Representative Director, President & CEO

- If you attend the Meeting in person, please submit the enclosed Proxy Card to the receptionists.
- If any of the items included in the following Business Report, Consolidated Financial Statements, Financial Statements, or Reference Documents for the Meeting require amendment up to and including the day before the Meeting, the amended items will be posted on the Sumitomo Corporation website.

Sumitomo Corporation Website <http://www.sumitomocorp.co.jp/english/ir/stock/stmt/>

**1. Date & Time:** Friday June 23, 2017, at 10:00 a.m. (Open at 9:00 a.m.)

**2. Venue:** Grand Ballroom  
Grand Hyatt Tokyo, 3rd floor  
6-10-3 Roppongi, Minato-ku, Tokyo

**3. Purpose of the Meeting**

**Presentation of Reports:**

No. 1: Business Report, Consolidated Financial Statements, and Audit Reports by the Accounting Auditor and the Board of Corporate Auditors regarding the Consolidated Financial Statements for the 149th Fiscal Year (April 1, 2016 through March 31, 2017)

No. 2: Non-consolidated Financial Statements for the 149th Fiscal Year (April 1, 2016 through March 31, 2017)

**Propositions:**

Proposition No. 1: Distribution of Retained Earnings as Cash Dividends

Proposition No. 2: Partial Amendment of Articles of Incorporation

Proposition No. 3: Election of Nine Directors

Proposition No. 4: Election of One Corporate Auditor

Proposition No. 5: Issuing Bonuses to the Company's Directors

## Guidance Notes on the Exercise of Voting Rights

### 1. Methods

Please refer to the Reference Documents for the General Meeting of Shareholders attached from page 5 onward and exercise your voting rights by any of the following methods:

(1) Attendance at the General Meeting of Shareholders

Date and time: Friday June 23, 2017, at 10:00 a.m. (Open at 9:00 a.m.)

Please bring the enclosed Proxy Card to the meeting and submit it to the receptionists.

Please arrive at the venue in plenty of time, since the reception desk will be very congested immediately before the meeting begins.

(2) Exercise of Voting Rights in Writing

Deadline for exercise of voting rights: 5:45 p.m. on Thursday June 22, 2017.

Please indicate your approval or disapproval of each proposition on the enclosed Proxy Card and return it to reach our Registrar of Shareholders no later than the deadline noted above.

(3) Exercise of Voting Rights by Electronic Means (the Internet)

Deadline for exercise of voting rights: 5:45 p.m. on Thursday June 22, 2017.

To exercise your voting rights, please use a personal computer, smartphone, or other Internet-capable device to access the website for exercising voting rights, <http://www.web54.net>, and register your approval or disapproval of each proposition, by using the code and password for the exercise of voting rights indicated on the Proxy Card enclosed herewith and following the directions on the screen.



The website can be accessed from smartphones or other devices equipped with a barcode reader by scanning the QR code on the left.

Notes:

- Provider access fees, telecommunication fees, and any other fees for usage of the website to exercise voting rights shall be borne by the shareholders.
- Ability to use the website for exercising voting rights may depend on the user's Internet environment, ISP contract, or device model.

### 2. Treatment of Voting Rights Exercised Repeatedly

- (1) If you exercise your voting rights both in writing and via the Internet, we will only accept the exercise of your voting rights via the Internet as valid.
- (2) If you exercise your voting rights more than once via the Internet, we will only accept the last exercise of your voting rights as valid.

### **3. Institutional Investors**

If you have already registered for the electronic voting platform operated by ICJ, please exercise your voting rights via this platform.

Please call the following number if you have any questions relating to this guidance.

Stock Transfer Agency Business Planning Department, Sumitomo Mitsui Trust Bank, Limited

Inquiries about exercising voting rights via the Internet: 0120-652-031 (9:00 a.m.–9:00 p.m., toll-free)

Other inquiries: 0120-782-031 (9:00 a.m.–5:00 p.m. Mon.–Fri., toll free)

## REFERENCE DOCUMENTS FOR THE GENERAL MEETING OF SHAREHOLDERS

### Propositions to be Voted on and Reference Matters Relating thereto

#### **Proposition No. 1:** Distribution of Retained Earnings as Cash Dividends

We aim to increase dividends by achieving medium and long term earnings growth while adhering to its fundamental policy of paying shareholders a stable dividend over the long term.

“Be the Best, Be the One 2017,” our medium-term management plan launched in April 2015, sets forth that the dividend amount would be decided in view of the situations regarding basic profit and cash flow, with 50 yen per share as the minimum amount of annual dividend and a consolidated payout ratio of 25% or more as our reference. Although profit for the year attributable to owners of the parent<sup>1</sup> for fiscal 2016 was 170.9 billion yen, in accordance with the above dividend policy, we would like to propose that the year-end dividends for fiscal 2016 be paid to shareholders as set forth below.

##### (1) Type of dividend assets

Cash

##### (2) Matters related to the allotment of dividend assets to shareholders and total amount thereof

- 25 yen per common share of the Company

- Total amount: 31,206,679,375 yen

Annual dividends for fiscal 2016 will be 50 yen per share, which is the sum of the amount of the interim dividend (25 yen per share) and the amount of the said year-end dividend (25 yen per share).

##### (3) Effective date of distribution of retained earnings

June 26, 2017

#### **Proposition No. 2:** Partial Amendment of Articles of Incorporation

The Company proposes that its current Articles of Incorporation be amended as follows.

The Company introduced an executive officer system in 2003 with the aim of clarifying responsibilities and authority for business execution and strengthening the supervisory function of the Board of Directors. The Company has now decided to improve the soundness and efficiency of its management by separating decision-making and business execution so that the Board of Directors makes decisions on important management matters and supervises business execution, while the Executive Officers are given responsibility for conducting business execution.

The proposition relates to amendment of provisions in the current Articles of Incorporation concerning Directors or Executive Officers, as well as other related provisions, so that the Articles of Incorporation clearly stipulate the fact that the President and CEO is an Executive Officer.

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<sup>1</sup> “Profit for the year attributable to owners of the parent” stands for the net profit attributes the shareholders of Sumitomo Corporation.



The specific wording is set out below.

(Changes are underlined)

Current Articles of Incorporation	Proposed Amendments
<p>ARTICLE 14. CHAIRMAN</p> <p>A General Meeting of Shareholders <u>shall be convened by the President and CEO*, and he/she shall preside as chairman at the meeting.</u> Should <u>the President and CEO*</u> be unable to preside as chairman, <u>another Representative Director</u> shall preside at the meeting in his/her place, in accordance with the order determined in advance by the Board of Directors.</p>	<p>ARTICLE 14. CHAIRMAN</p> <p><u>At a General Meeting of Shareholders, the President and Chief Executive Officer shall preside as chairman. Should the President and Chief Executive Officer be unable to preside as chairman, a representative shall preside at the meeting in his/her place, in accordance with the order determined in advance by the Board of Directors.</u></p>
<p>ARTICLE 20. REPRESENTATIVE DIRECTORS AND EXECUTIVE DIRECTORS</p> <p>(1) The Board of Directors shall elect one or more Representative Directors by its resolution.</p> <p>(2) The Board of Directors may appoint the Chairman of the Board of Directors, <u>the Vice Chairman of the Board of Directors, and the President and CEO*</u> by its resolution.</p>	<p>ARTICLE 20. REPRESENTATIVE DIRECTORS AND EXECUTIVE DIRECTORS</p> <p>(1) (Unchanged)</p> <p>(2) The Board of Directors may appoint the Chairman of the Board of Directors by its resolution.</p>
<p>ARTICLE 21. MEETINGS OF THE BOARD OF DIRECTORS</p> <p>(1) A meeting of the Board of Directors shall be convened by the Chairman of the Board of Directors, and he/she shall preside as chairman at the meeting. Should no Chairman of the Board of Directors have been appointed, or should the Chairman of the Board of Directors be unable to act, <u>the President and CEO* shall act in his/her place, and should the President and CEO* be unable to act,</u> another Director shall act in his/her place, in accordance with the order determined in advance by the Board of Directors.</p> <p>(2) Notice of a meeting of the Board of Directors shall be given to each Director and Corporate Auditor three (3) days before the date of the meeting, provided that this period may be shortened in case of urgent necessity.</p> <p>(3) When the requirements of Article 370 of the Companies Act have been met, the Corporation shall deem that a resolution by the Board of Directors has been adopted.</p>	<p>ARTICLE 21. MEETINGS OF THE BOARD OF DIRECTORS</p> <p>(1) A meeting of the Board of Directors shall be convened by the Chairman of the Board of Directors, and he/she shall preside as chairman at the meeting. Should no Chairman of the Board of Directors have been appointed, or should the Chairman of the Board of Directors be unable to act, another Director shall act in his/her place, in accordance with the order determined in advance by the Board of Directors.</p> <p>(2) (Unchanged)</p> <p>(3) (Unchanged)</p>

Current Articles of Incorporation	Proposed Amendments
<p>ARTICLE 24. EXECUTIVE OFFICERS</p> <p>(1) The Board of Directors <u>may</u> appoint Executive Officers and assign the execution of a portion of the Corporation's operations to them by its resolution.</p> <p>(2) The Board of Directors may appoint a <u>President and CEO*</u>, Executive Vice Presidents, Senior Managing Executive Officers, Managing Executive Officers and other titled Executive Officers.</p>	<p>ARTICLE 24. EXECUTIVE OFFICERS</p> <p>(1) The Board of Directors <u>shall</u> appoint Executive Officers and assign the execution of a portion of the Corporation's operations to them by its resolution.</p> <p>(2) The Board of Directors may appoint a <u>President and Chief Executive Officer</u>, Executive Vice Presidents, Senior Managing Executive Officers, Managing Executive Officers and other titled Executive Officers.</p>

*\* A member of the Board of Directors.*

**Proposition No. 3: Election of Nine Directors**

The term of all of the twelve incumbent Directors will expire as of the close of the Meeting. Accordingly, this proposition calls for the election of nine Directors. The candidates for Directors are as follows.

Three of the nine Director candidates are candidates for the position of Outside Director as specified in Article 2, Paragraph 3, Item 7 of the Ordinance for Enforcement of the Companies Act. All three candidates satisfy the Standards for Appointment and Independence of Outside Directors and Outside Corporate Auditors specified by the Company. (Please refer to page 18 regarding the standards for appointment of Directors and Corporate Auditors [including the Standards for Appointment and Independence of Outside Directors and Outside Corporate Auditors].)

Candidate No.	Name			Present Positions
1	Re-election	Kazuo Ohmori		Chairman of the Board of Directors
2*	Re-election	Kuniharu Nakamura		Representative Director, President & Chief Executive Officer
3*	Re-election	Naoki Hidaka		Representative Director, Executive Vice President, General Manager, Transportation & Construction Systems Business Unit
4*	Re-election	Hideki Iwasawa		Representative Director, Executive Vice President, Chief Administration Officer and Chief Compliance Officer
5*	Re-election	Koichi Takahata		Representative Director, Senior Managing Executive Officer, Chief Financial Officer
6*	Re-election	Masao Tabuchi		Representative Director, Senior Managing Executive Officer, Chief Strategy Officer and Chief Information Officer
7	Re-election	Yayoi Tanaka	Outside Director Candidate Independent Director	Outside Director
8	Re-election	Nobuyoshi Ehara	Outside Director Candidate Independent Director	Outside Director
9	New-election	Koji Ishida	Outside Director Candidate Independent Director	

(Note)

Each candidate denoted by an asterisk is supposed to be appointed as Representative Director at the Board of Directors meeting which will be held after this Ordinary General Meeting of Shareholders if this resolution is approved.

Candidate No.

1

**Kazuo Ohmori** (Born November 11, 1948)

Re-election

**●Work History, Positions and Responsibilities**

April 1971	Entered the Company
June 2006	Representative Director & Managing Executive Officer
April 2007	Representative Director & Senior Managing Executive Officer
April 2009	Representative Director & Executive Vice President
April 2012	Representative Director & Assistant to the President's Office
June 2012	Special Advisor
June 2013	Chairman of the Board of Directors (present position)

**●Shares owned in the Company**

88,200

**●Attendance at Meetings of the Board of Directors in fiscal 2016**

18 of 18 meetings (100%)

**●Reasons for proposing Mr. Kazuo Ohmori as a candidate for Director**

Since entering the Company, Mr. Ohmori has worked primarily in transportation systems-related businesses in Japan and overseas, serving as General Manager, Ship, Aerospace & Transportation Systems Division and General Manager, Transportation & Construction Systems Business Unit, among other roles. He also served as Executive Vice President from 2009 to 2012, and since 2013 has served as Chairman of the Board of Directors. Through these roles Mr. Ohmori has accumulated expert knowledge and a wealth of experience, including management experience, and he is also honest in character, as well as highly insightful and capable. Having judged that he will be able to perform his duties properly as Director of the Company, we propose him as a candidate for re-election to that position.

Candidate No.

2

**Kuniharu Nakamura** (Born August 28, 1950)

Re-election

**●Work History, Positions and Responsibilities**

April 1974	Entered the Company
June 2009	Representative Director & Senior Managing Executive Officer
April 2012	Representative Director & Executive Vice President
June 2012	Representative Director, President & CEO
April 2017	Representative Director, President & CEO (present position) <i>(Change in Japanese only; English Unchanged)</i>

**●Shares owned in the Company**

87,800

**●Attendance at Meetings of the Board of Directors in fiscal 2016**

18 of 18 meetings (100%)

**●Reasons for proposing Mr. Kuniharu Nakamura as a candidate for Director**

Since entering the Company, Mr. Nakamura has worked primarily in automotive-related businesses in Japan and overseas, serving as General Manager, Corporate Planning & Coordination Group and General Manager, Mineral Resources, Energy, Chemical & Electronics Business Unit, among other roles. Since 2012 he has served as President & CEO. Through these roles Mr. Nakamura has accumulated expert knowledge and a wealth of experience, including management experience, and he is also honest in character, as well as highly insightful and capable. Having judged that he will be able to perform his duties properly as Director of the Company, we propose him as a candidate for re-election to that position.

Candidate No.

3

**Naoki Hidaka** (Born May 16, 1953)

Re-election

**●Work History, Positions and Responsibilities**

April 1976	Entered the Company
April 2007	Executive Officer
April 2009	Managing Executive Officer
April 2012	Senior Managing Executive Officer
June 2013	Representative Director & Senior Managing Executive Officer (General Manager, Transportation & Construction Systems Business Unit)
April 2015	Representative Director & Executive Vice President (General Manager, Transportation & Construction Systems Business Unit) (present position)

**●Shares owned in the Company**

61,200

**●Attendance at Meetings of the Board of Directors in fiscal 2016**

18 of 18 meetings (100%)

**●Reasons for proposing Mr. Naoki Hidaka as a candidate for Director**

Since entering the Company, Mr. Hidaka has worked primarily in metal product-related businesses in Japan and overseas, serving as General Manager, Rolled Steel Division in Sumitomo Corporation of America; General Manager, Metal Products for Automotive Industries Division; and General Manager, Kansai Regional Business Unit, among other roles. He currently serves as Executive Vice President (General Manager, Transportation & Construction Systems Business Unit). Through these roles Mr. Hidaka has accumulated expert knowledge and a wealth of experience, including management experience, and he is also honest in character, as well as highly insightful and capable. Having judged that he will be able to perform his duties properly as Director of the Company, we propose him as a candidate for re-election to that position.

Candidate No.

4

**Hideki Iwasawa** (Born November 1, 1954)

Re-election

**●Work History, Positions and Responsibilities**

April 1977	Entered the Company
April 2009	Executive Officer
April 2011	Managing Executive Officer
April 2014	Senior Managing Executive Officer
June 2015	Representative Director & Senior Managing Executive Officer (Chief Administration Officer)
April 2016	Representative Director & Executive Vice President (Chief Administration Officer)
April 2017	Representative Director & Executive Vice President (Chief Administration Officer and Chief Compliance Officer) (present position)

**●Shares owned in the Company**

40,200

**●Attendance at Meetings of the Board of Directors in fiscal 2016**

18 of 18 meetings (100%)

**●Reasons for proposing Mr. Hideki Iwasawa as a candidate for Director**

Since entering the Company, Mr. Iwasawa has worked primarily in finance and risk management-related operations in Japan and overseas, serving as Assistant General Manager, Financial Resources Management Group and Executive Vice President and CFO of Sumitomo

Corporation of America, among other roles. He currently serves as Executive Vice President (Chief Administration Officer and Chief Compliance Officer). Through these roles Mr. Iwasawa has accumulated expert knowledge and a wealth of experience, including management experience, and he is also honest in character, as well as highly insightful and capable. Having judged that he will be able to perform his duties properly as Director of the Company, we propose him as a candidate for re-election to that position.

Candidate No.

5

**Koichi Takahata** (Born February 24, 1956)

Re-election

#### ●Work History, Positions and Responsibilities

April 1978	Entered the Company
April 2010	Executive Officer
April 2012	Managing Executive Officer
April 2015	Senior Managing Executive Officer
June 2016	Representative Director & Senior Managing Executive Officer (Chief Financial Officer)
April 2017	Representative Director & Senior Managing Executive Officer (Chief Financial Officer) (present position) <i>(Change in Japanese only; English Unchanged)</i>

#### ●Shares owned in the Company

24,600

#### ●Attendance at Meetings of the Board of Directors in fiscal 2016

15 of 15 meetings (100%) (Since appointed Director on June 24, 2016)

#### ●Reasons for proposing Mr. Koichi Takahata as a candidate for Director

Since entering the Company, Mr. Takahata has worked primarily in accounting-related operations in Japan and overseas, serving as General Manager, Investor Relations Dept.; General Manager, Accounting Controlling Dept.; and Assistant CFO, among other roles. He currently serves as Senior Managing Executive Officer (Chief Financial Officer). Through these roles Mr. Takahata has accumulated expert knowledge and a wealth of experience, including management experience, and he is also honest in character, as well as highly insightful and capable. Having judged that he will be able to perform his duties properly as Director of the Company, we propose him as a candidate for re-election to that position.

Candidate No.

6

**Masao Tabuchi** (Born July 14, 1957)

Re-election

#### ●Work History, Positions and Responsibilities

April 1980	Entered the Company
April 2012	Executive Officer
April 2015	Managing Executive Officer
June 2015	Representative Director & Managing Executive Officer
April 2016	Representative Director & Managing Executive Officer (Chief Strategy Officer)
April 2017	Representative Director & Senior Managing Executive Officer (Chief Strategy Officer and Chief Information Officer) (present position)

#### ●Shares owned in the Company

21,100

#### ●Attendance at Meetings of the Board of Directors in fiscal 2016

18 of 18 meetings (100%)

## ●Reasons for proposing Mr. Masao Tabuchi as a candidate for Director

Since entering the Company, Mr. Tabuchi has worked primarily in transportation systems-related businesses in Japan and overseas, serving as General Manager, Automotive Division, No.1 and General Manager, Ship, Aerospace & Transportation Systems Division, among other roles. He currently serves as Senior Managing Executive Officer (Chief Strategy Officer and Chief Information Officer). Through these roles Mr. Tabuchi has accumulated expert knowledge and a wealth of experience, including management experience, and he is also honest in character, as well as highly insightful and capable. Having judged that he will be able to perform his duties properly as Director of the Company, we propose him as a candidate for re-election to that position.

Candidate No.  
7

**Yayoi Tanaka** (Born March 20, 1960)

Re-election
Outside Director Candidate
Independent Director

Term as an Outside Director:

2 years (as of the close of this General Meeting of Shareholders)

## ●Work History, Positions and Responsibilities

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

The institution marked with an asterisk (\*) was renamed “National Institution for Academic Degrees and Quality Enhancement of Higher Education” on April 1, 2016.

## ●Shares owned in the Company

1,300

## ●Attendance at Meetings of the Board of Directors in fiscal 2016

16 of 18 meetings (88.9%)

### ●Reasons for proposing Ms. Yayoi Tanaka as a candidate for Outside Director

For many years Ms. Tanaka has engaged in specialist research in the fields of evaluation studies and civil society organizational theory at institutions including universities and the National Institution for Academic Degrees and University Evaluation (currently the National Institution for Academic Degrees and Quality Enhancement of Higher Education), and has served on various government committees including the Administrative Reform Promotion Council (private-sector member) and the Ministry of Finance Fiscal System Council (member). Through these roles, Ms. Tanaka has accumulated highly specialized knowledge and a wealth of experience, and she is also honest in character, as well as highly insightful and capable. Ms. Tanaka will contribute to the Company's aims of ensuring appropriate decision-making from diverse perspectives in board meetings and further enhancing supervisory functions, and is thus judged to be qualified for the role of Outside Director of the Company and to be able to perform her duties properly in that position. For these reasons, we propose her as a candidate for re-election to the position of Outside Director.

Candidate No.  
8

**Nobuyoshi Ehara** (Born October 17, 1951)

Re-election
Outside Director Candidate
Independent Director

Term as an Outside Director:

1 year (as of the close of this General Meeting of Shareholders)

### ●Work History, Positions and Responsibilities

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

### ●Shares owned in the Company

0

### ●Attendance at Meetings of the Board of Directors in fiscal 2016

15 of 15 meetings (100%) (Since appointed Director on June 24, 2016)

### ●Significant positions concurrently held

Representative Director, Unison Capital, Inc.

### ●Reasons for proposing Mr. Nobuyoshi Ehara as a candidate for Outside Director

Mr. Ehara has wide-ranging knowledge and a wealth of experience in finance and business management accumulated through his many years working in important positions at a major US financial institution and managing a private equity firm, among other roles. He is also honest in character, as well as highly insightful and capable. Mr. Ehara will contribute to the Company's aims of ensuring appropriate decision-making from diverse perspectives in board meetings and further enhancing supervisory functions, and is thus judged to be qualified for the role of Outside Director of the Company and to be able to perform his duties properly in that position. For these reasons, we propose him as a candidate for re-election to the position of Outside Director.

### ●Item warranting special mention related to candidacy for Outside Director's position

While Mr. Nobuyoshi Ehara is engaged in the execution of the operations of Unison Capital, Inc. as its Representative Director, no business relationship existed between Sumitomo Corporation and Unison Capital, Inc.



**●Work History, Positions and Responsibilities**

May 1970	Entered The Sumitomo Bank, Limited
June 1997	Director, The Sumitomo Bank, Limited
June 1999	Executive Officer, The Sumitomo Bank, Limited
January 2001	Managing Executive Officer, General Manager of Corporate Planning Dept., The Sumitomo Bank, Limited
April 2001	Managing Executive Officer, General Manager of Corporate Planning Dept., Sumitomo Mitsui Banking Corporation (SMBC)
June 2002	Managing Executive Officer, Head of Tokyo Corporate Banking Division I, SMBC
June 2003	Representative Director, Managing Director, Sumitomo Mitsui Financial Group, Inc. (SMFG)
April 2004	Representative Director, Senior Managing Director, SMFG
June 2005	Standing Corporate Auditor, SMFG (retired in June 2006) Corporate Auditor, SMBC (retired in June 2006)
June 2006	President & CEO, SMBC Leasing Co., Ltd.
October 2007	President, Sumitomo Mitsui Finance and Leasing Co., Ltd. (SMFL; retired in June 2011) (*)
	(*)In October 2007, SMBC Leasing Co., Ltd. merged with Sumisho Lease Co., Ltd. to become SMFL. Mr. Ishida continued in office as president of SMFL, retiring in June 2011.
June 2011	Member of the Policy Board, the Bank of Japan (retired in June 2016)
June 2016	Senior Fellow, The Japan Research Institute, Limited (present position)
July 2016	Member of the Management Advisory Committee, KPMG AZSA LLC (present position)

**●Shares owned in the Company**

0

**●Attendance at Meetings of the Board of Directors in fiscal 2016**

—

**●Significant positions concurrently held**

Member of the Management Advisory Committee, KPMG AZSA LLC

**●Reasons for proposing Mr. Koji Ishida as a candidate for Outside Director**

Mr. Ishida has wide-ranging knowledge and a wealth of experience in finance and business management, accumulated through his many years working in important positions in a major financial institution, and serving as a member of the Policy Board at the Bank of Japan, among other roles. He is also honest in character, as well as highly insightful and capable. Mr. Ishida will contribute to the Company's aims of ensuring appropriate decision-making from diverse perspectives in board meetings and further enhancing supervisory functions, and is thus judged to be qualified for the role of Outside Director of the Company and to be able to perform his duties properly in that position. For these reasons, we propose him as a candidate for election to the position of Outside Director.

## ●Item warranting special mention related to candidacy for Outside Director's position

Mr. Koji Ishida served until June 2003 as an executive at Sumitomo Mitsui Banking Corporation (SMBC), one of the Company's principal lenders; until June 2005 as an executive at Sumitomo Mitsui Financial Group, Inc. (SMFG), SMBC's parent company; and until June 2006 as a corporate auditor at SMBC and SMFG. However, more than 11 years have now passed since Mr. Ishida's retirement from his positions as an executive at SMBC and SMFG, and he has not engaged in the execution of operations since his retirement. We have therefore determined that his independence is unaffected.

Mr. Ishida also served until June 2011 as an executive at SMFL, an associated company of the Company. However, more than five years have now passed since Mr. Ishida's retirement from that position, and he has not engaged in the execution of operations since his retirement. Furthermore, the value of transactions between SMFL and the Company are negligible, amounting to less than 0.1% of both SMFL's annual consolidated net sales and the Company's annual consolidated revenues. We have therefore determined that his independence is unaffected.

Mr. Ishida also holds a concurrent position as a member of the Management Advisory Committee(\*) at KPMG AZSA LLC, the Company's Accounting Auditor. We have confirmed with KPMG AZSA that it set up the Management Advisory Committee as an advisory body comprising external third-party experts with the aim of reinforcing its governance and enhancing management transparency, and as an external third-party expert serving on this committee, Mr. Ishida is not an executive of KPMG AZSA, and is not therefore involved in auditing or non-auditing services for individual companies, including the Company. We have therefore determined that this concurrent position does not affect his independence with respect to the Company.

(\*) On July 1, 2017, Mr. Ishida is due to take up a position as an external third-party member of the Public Interest Oversight Board that KPMG AZSA will set up to replace its Management Advisory Committee. We have confirmed with KPMG AZSA that it intends to set up the Public Interest Oversight Board as an oversight body with the aim of reinforcing its oversight functions from the perspective of public interest, and as an external third party serving on this board, Mr. Ishida will not be an executive of KPMG AZSA, and will not therefore be involved in auditing or non-auditing services for individual companies, including the Company. We have therefore determined that this concurrent position will not affect his independence with respect to the Company.

### (Notes)

1. Special Conflict of Interest between Candidates and the Company  
None of the above candidates have any special conflict of interest with the Company.
2. Independent Directors  
Ms. Yayoi Tanaka, Mr. Nobuyoshi Ehara and Mr. Koji Ishida fulfill the standards related to independence set by the Tokyo Stock Exchange, Inc. and other financial instruments exchanges that the Company is listed on. The Company has designated Ms. Yayoi Tanaka and Mr. Nobuyoshi Ehara as independent directors under the respective provisions of the exchanges, and the Company also intends to designate Mr. Koji Ishida as an independent director under the respective provisions of the exchanges.
3. Conclusion of Limitation of Liability Contracts  
Pursuant to Article 427, Paragraph 1 of the Companies Act, the Company has concluded a limitation of liability contract with each of Mr. Kazuo Ohmori, Ms. Yayoi Tanaka and Mr. Nobuyoshi Ehara limiting the liability of each of them to the amount stipulated by law provided each of them has acted in good faith and without gross negligence. If their elections are approved, the Company will continue said limitation of liability contract with each of them, and will conclude a limitation of liability contract on the same terms and conditions with Mr. Koji Ishida.

#### **Proposition No. 4: Election of One Corporate Auditor**

Of the Company's five incumbent Corporate Auditors, Mr. Haruo Kasama will reach the end of his term as of the close of the Meeting. Accordingly, this proposition calls for the election of One Corporate Auditor. The candidate for Corporate Auditor is as follows.

The Corporate Auditor candidate is candidate for the position of Outside Corporate Auditor as specified in Article 2, Paragraph 3, Item 8 of the Ordinance for Enforcement of the Companies Act. The candidate fulfills the Standards for Appointment and Independence of Outside Directors and Outside Corporate Auditors specified by the Company. (Please refer to page 18 regarding the standards for appointment of Directors and Corporate Auditors [including the Standards for Appointment and Independence of Outside Directors and Outside Corporate Auditors].)

The Board of Corporate Auditors has given its consent with regard to the submission of this proposition.

Candidate	<b>Haruo Kasama</b> (Born January 2, 1948)	Re-election
		Outside Corporate Auditor Candidate
		Independent Corporate Auditor

Term as an Outside Corporate Auditor:

4 years (as of the close of this General Meeting of Shareholders)

#### **●Work History and Positions**

April 1974	Public Prosecutor Chief Public Prosecutor of the Kofu Public Prosecutor's Office Deputy Public Prosecutor of the Tokyo District Public Prosecutor's Office Deputy Public Prosecutor of the Tokyo High Public Prosecutors Office Director of Criminal Division in Supreme Public Prosecutors Office Deputy Prosecutor-General Superintendent Public Prosecutor of the Hiroshima High Public Prosecutors Office Superintendent Public Prosecutor of the Tokyo High Public Prosecutors Office
December 2010	Prosecutor-General (Retired in July 2012)
October 2012	Attorney at Law (present position)
June 2013	Outside Corporate Auditor of the Company (present position)

#### **●Shares owned in the Company**

10,300

#### **●Attendance at Meetings of the Board of Directors and Corporate Auditors in fiscal 2016**

Meetings of the Board of Directors :16 of 18 meetings (88.9%)

Meetings of the Board of Corporate Auditors :15 of 15 meetings (100%)

#### **●Significant positions concurrently held**

Attorney at Law  
Outside Corporate Auditor, Sompo Holdings, Inc.  
Outside Corporate Auditor, Kewpie Corporation

#### **●Reasons for proposing Mr. Haruo Kasama as a candidate for Outside Corporate Auditor**

Mr. Kasama has highly specialized knowledge and a wealth of experience in law based on his career over many years as a public prosecutor and attorney at law. He is also honest in character, as well as highly insightful and capable. Mr. Kasama will contribute to the Company's aim of conducting audits from diverse perspectives, and is thus judged to be qualified for the role of Outside Corporate Auditor of the Company and to be able to perform his duties properly in that position. For these reasons, we propose him as a candidate for re-election to the position of Outside Corporate Auditor.

(Notes)

1. Special Conflict of Interest between Candidates and the Company  
Mr. Haruo Kasama does not have any special conflict of interest with the Company.
2. Independent Corporate Auditors  
Mr. Haruo Kasama fulfills the standards related to independence set by the Tokyo Stock Exchange, Inc. and other financial instruments exchanges that the Company is listed on, and the Company has designated Mr. Haruo Kasama as an independent corporate auditor under the respective provisions of the exchanges.
3. Conclusion of Limitation of Liability Contracts  
Pursuant to Article 427, Paragraph 1 of the Companies Act, the Company has concluded a limitation of liability contract with Mr. Haruo Kasama limiting the liability of him to the amount stipulated by law provided he acted in good faith and without gross negligence. If his election is approved, the Company will continue said limitation of liability contract with him.

**Proposition No. 5: Issuing Bonuses to the Company's Directors**

The Company proposes that as bonuses, an amount which is calculated in accordance with the formula linked to the Company's consolidated operating results decided at the Board of Directors meeting, totaling up to 149 million yen, be paid to the nine Directors serving as of the end of fiscal 2016 (excluding Chairman of the Board of Directors and Outside Directors).

(Please refer to page 20 regarding the Policy for Deciding Remuneration for Directors and Corporate Auditors [including the detailed formula of the directors' bonuses].)

\*\*\*

### **(Reference) Standards for Appointment of Directors and Corporate Auditors**

Candidates for internal directors shall be honest in character, highly insightful and capable and must have expert business knowledge and extensive experience, including management experience. Candidates for outside directors shall be honest in character, highly insightful and capable and with a view to bringing in diverse perspectives, shall have knowledge of their particular area of business as well as extensive knowledge and experience.

Candidates for internal corporate auditors shall be honest in character, highly insightful and capable, and must have expert business knowledge and extensive experience. Candidates for outside corporate auditors shall be honest in character, highly insightful and capable, and hold a high degree of specialized knowledge and a wealth of experience in specific fields such as law, accounting, business management, and the like.

Gender and nationality etc. shall be of no consequence.

Outside directors and outside corporate auditors are selected in accordance with the Company's internal rules, the Standards for Appointment and Independence of Outside Directors and Outside Corporate Auditors, Article 4, as referenced below.

Candidates for directors and corporate auditors are studied by the Nomination and Remuneration Advisory Committee (comprised of a majority of outside directors and chaired by an outside director), acting as an advisory body to the Board of Directors, in accordance with the standards for selecting directors and corporate auditors established by the Committee. The Board of Directors approves the appointment of nominated directors and corporate auditors based on the results of the study reported by the Committee.

#### **Standards for Appointment and Independence of Outside Directors and Outside Corporate Auditors**

##### **Article 4**

- (1) Outside directors or outside corporate auditors of the Company shall be judged to be independent provided none of the following descriptions apply.
  1. A major shareholder of the Company (holding 10% or more of the total voting rights in the Company at the end of the most recent fiscal year) or an individual who serves as an executive in an entity that is a major shareholder of the Company
  2. An individual for whom the Company is a major business partner or who serves as an executive in an entity for which the Company is a major business partner

3. An individual who is a major business partner of the Company or who serves as an executive in an entity that is a major business partner of the Company
  4. An accounting auditor of the Company or its consolidated subsidiary, or an individual who is responsible for auditing the Company or its consolidated subsidiary as an employee at an auditing firm
  5. An attorney, judicial scrivener, patent agent, certified public accountant, certified tax accountant, consultant, or other professional who receives more than JPY 10 million in cash or other assets annually from the Company in addition to director's or corporate auditor's remuneration (or if the entity receiving such assets is an organization such as a corporation or association, an individual belonging to an entity receiving assets from the Company exceeding 2% of annual income)
  6. A major lender for the Company (a lender whose personal or corporate name is stated as a major lender in the Company's business report for the most recent fiscal year) or who serves as an executive in an entity that is a major lender for the Company
  7. An individual who receives more than JPY 10 million in donations annually from the Company (or if the entity receiving such donations is an organization such as a corporation or association, an individual who serves as an executive in an entity receiving assets from the Company exceeding 2% of annual income).
  8. An individual to whom any of the items numbered 1 to 7 above applied within the last three years
  9. A relative within the second degree of kinship or closer of an individual described in any of the items numbered 1 to 8 above (applies only to key individuals)
  10. A relative within the second degree of kinship or closer of a director, executive officer, corporate officer, manager, employee, or accounting advisor (in the case of a corporation, this includes corporate employees required to perform work for the corporation) of the Company or its consolidated subsidiary
  11. A relative within the second degree of kinship or closer of an individual who was a director, executive officer, corporate officer, manager, employee, or accounting advisor (in the case of a corporation, this includes corporate employees required to perform work for the corporation) of the Company or its consolidated subsidiary within the last three years
  12. An individual subject to any exceptional circumstances other than those described in the items above that might potentially cause a conflict of interest with the Company or otherwise make it impossible to fulfill duties as an independent outside director or outside corporate auditor
- (2) Outside director or outside corporate auditor judged to be independent pursuant to this Article shall notify the Company immediately once they no longer qualify as independent.
- (3) Within this Article "major business partner" denotes a business partner accounting for more than 2% of annual consolidated net sales (or in the case that a business partner adopts the International Financial Reporting Standards, annual consolidated revenues) of that business partner for the most recent fiscal year.

## **(Reference) Policy for Deciding Remuneration for Directors and Corporate Auditors**

The Company has established the Nomination and Remuneration Advisory Committee comprising a majority of outside directors (chairperson: outside director) to serve as an advisory body to the Board of Directors. The Nomination and Remuneration Advisory Committee studies the formula and level of remuneration of the Company's Directors and the limit of remuneration of Corporate Auditors, and reports the results of its studies to the Board of Directors in order to make the processes more transparent and objective. Based on this report, the specific structures of remuneration and how they should be determined are decided as follows.

### **1. Directors' Remuneration**

#### **(1) Structure**

Remuneration for an individual Director (excluding the Chairman of the Board of Directors and Outside Directors) is comprised of: monthly remuneration, directors' bonuses, new share acquisition rights in the form of stock options (hereinafter, "New Share Acquisition rights"), and new share acquisition rights in the form of stock options for the stock-linked compensation plan (hereinafter, "New Share Acquisition Rights (stock-linked compensation)") as detailed on the right.

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

#### **(2) Method of Deciding Remuneration**

The maximum amount of remuneration for Directors comprising monthly remuneration, New Share Acquisition Rights, and New Share Acquisition Rights (stock-linked compensation) is 1.2 billion yen per year (the maximum amount of remuneration for Outside Directors is 60 million yen per year), as resolved at the 145th Ordinary General Meeting of Shareholders held on June 21, 2013. Specific amounts of such remuneration paid to individual Directors are decided by a resolution of the Board of Directors within this limit.

Payment of Directors' bonuses is subject to approval by a resolution of the ordinary general meeting of shareholders held each year, as they are strongly linked with the business performance of the Company.

### **2. Corporate Auditors' Remuneration**

#### **(1) Structure**

The remuneration for Corporate Auditors is comprised only of a fixed amount of monthly remuneration, which is paid on a monthly basis.

#### **(2) Method to Decide Remuneration**

The maximum amount of monthly remuneration for Corporate Auditors is 180 million yen per year, as resolved at the 145th Ordinary General Meeting of Shareholders held on June 21, 2013. Specific amounts for individual Corporate Auditors are decided by the conference between the Corporate Auditors within this limit.

Remuneration for Directors (excluding the Chairman of the Board of Directors and Outside Directors)

Remuneration for Directors (excluding the Chairman of the Board of Directors and Outside Directors)																				
Type of remuneration	Description of remuneration				Payment mode															
Monthly remuneration	A fixed amount of remuneration paid to each Director every month; decided based on the standard amount designated for each director position and adjusted by quantitative and qualitative evaluation of the performance of each Director				Cash															
Directors' bonuses	<p>Calculated by using the following calculation formula decided by the Board of Directors after receiving a Corporate Auditors' statement confirming appropriateness of the formula, and paid to Directors after the closing of each fiscal year of the Company, subject to being proposed and approved at the ordinary general meeting of shareholders each year.</p> <p>(1) Total amount</p> <p>The total amount to be paid to Directors shall be as follows, whichever is lower:</p> <ul style="list-style-type: none"><li>◆ Profit for the year attributable to owners of the parent) x 0.09% x (total position points of all Directors divided by 10.5) (any fractional amount less than one million yen shall be rounded down), or</li><li>◆ 400 million yen</li></ul> <p>If the profit for the year attributable to owners of the parent is negative (i.e. a net loss), the total amount of directors' bonuses is 0.</p> <p>(2) Specific amount of bonus paid to each Director</p> <p>The total amounts of directors' bonuses will be distributed to individual Directors proportionately according to the following points designated to individual positions (any fractional amount less than 1,000 yen shall be rounded down):</p> <p>(Bonus for each Director = Total amount of directors' bonuses x position points of each Director / total position points of all Directors)</p> <table><tr><th></th><th>Representative Director, President &amp; CEO</th><th>Representative Director, Executive Vice President</th><th>Representative Director, Senior Managing Executive Officer</th><th>Representative Director, Managing Executive Officer</th></tr><tr><td>Position points</td><td>2.2</td><td>1.2</td><td>1.0</td><td>0.9</td></tr><tr><td>Upper limit (based on the constituents of Directors as of March 31, 2017)</td><td>¥86.3 million</td><td>¥47.1 million</td><td>¥39.2 million</td><td>¥35.3 million</td></tr></table>					Representative Director, President & CEO	Representative Director, Executive Vice President	Representative Director, Senior Managing Executive Officer	Representative Director, Managing Executive Officer	Position points	2.2	1.2	1.0	0.9	Upper limit (based on the constituents of Directors as of March 31, 2017)	¥86.3 million	¥47.1 million	¥39.2 million	¥35.3 million	Cash
	Representative Director, President & CEO	Representative Director, Executive Vice President	Representative Director, Senior Managing Executive Officer	Representative Director, Managing Executive Officer																
Position points	2.2	1.2	1.0	0.9																
Upper limit (based on the constituents of Directors as of March 31, 2017)	¥86.3 million	¥47.1 million	¥39.2 million	¥35.3 million																
New Share Acquisition Rights	Granted each year to Directors according to their positions				Shares (new share acquisition rights)															
New Share Acquisition Rights (stock-linked compensation)	Granted each year to Directors according to their positions				Shares (new share acquisition rights)															



## **Business Report (April 1, 2016 through March 31, 2017)**

### **I. Particulars Regarding the Present Status of the Sumitomo Corporation Group**

#### **1. Course of Operations and Operating Results**

##### **(1) Economic Environment**

During the period under review (fiscal 2016, i.e., April 1, 2016 through March 31, 2017), on the global economic front, economic growth rates generally showed some hint of recovery although economic growth remained low in some countries. Among developed economies, economic activities, particularly investment, in the United States were weaker than initially expected while Europe and Japan maintained their strong performance. Slowdown continued in emerging economies, but Chinese financial policy underpinned the economy, resulting in a continued recovery trend. However, policy changes resulting from Brexit and the administration change in the United States increased uncertainty about the outlook for the global economy.

In the Japanese economy, the improvement of the employment and income environment and the increase in the number of foreign travelers visiting Japan stabilized consumption activity. As for investment, housing investment was strong due to the low interest rates but capital investment became sluggish as the cycle of capital investment ended by the previous fiscal year.

##### **(2) Operating Results and Financial Status**

###### **(A) Operating results**

For fiscal 2016, profit for the year attributable to owners of the parent<sup>1</sup> totaled 170.9 billion yen, representing an increase of 96.3 billion yen from the previous fiscal year. One-off profits/losses increased by approximately 74.0 billion yen, while the impairment loss for Copper and molybdenum mining business in Chile was posted in this fiscal year, there were larger impairment losses posted in the previous fiscal year for several businesses such as Nickel mining and refining business in Madagascar and others. “Basic profit<sup>2</sup>”, which excludes extraordinary gains and losses including impairment losses, totaled 226.7 billion yen, representing an increase of 33.5 billion yen from the previous fiscal year. Although tubular products business decreased due to slow recovery of the demand affected by lower oil price, mineral resources businesses increased due to commodity prices increase, cost reduction and sales volume increase. In addition, non-mineral resources businesses also increased. The increase resulted from the robust performance of domestic major group companies of Media, ICT, Lifestyle Related Goods & Services Business Unit<sup>3</sup>, real estate business and leasing

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<sup>1</sup> “Profit for the year attributable to owners of the parent” stands for the net profit attributes to the shareholders of Sumitomo Corporation.

<sup>2</sup> “Basic profit” = (Gross profit + Selling, general and administrative expenses (excluding provision for doubtful receivables) + Interest expense, net of interest income + Dividends) × (1-Tax rate) + Share of profit (loss) of investments accounted for using the equity method.

<sup>3</sup> Segment (Business Unit) name has been changed from Media, Network, Lifestyle Related Goods & Services segment on October 1, 2016. (The same applies hereafter in this material.)

business.

(Unit: Billions of yen)	148th year Fiscal 2015	149th year Fiscal 2016	Increase/ Decrease
Profit for the year (attributable to owners of the parent)	74.5	170.9	+ 96.3
Basic profit (excl. impairment losses)	193.2	226.7	+ 33.5
One-off profits/(losses)	Approx. (120.0)	Approx. (46.0)	Approx. + 74.0

## **(B) Financial status**

### **(a) Total assets, liabilities, and equity as of March 31, 2017**

Total assets stood at 7,761.8 billion yen, representing a decrease of 56.0 billion yen from the previous fiscal year-end, due mainly to a decrease from asset replacement despite an increase resulting from execution of investment and loan.

Equity attributable to owners of the parent<sup>4</sup> totaled 2,366.5 billion yen, increased by 115.0 billion yen from the previous fiscal year-end, due primarily to an increase in retained earnings.

Interest-bearing liabilities (net) decreased by 142.4 billion yen from the previous fiscal year-end, to 2,627.9 billion yen.

In consequence, debt-equity ratio (net)<sup>5</sup> was 1.1.

### **(b) Cash flows**

Net cash provided by operating activities totaled 345.8 billion yen, as our core businesses including major businesses of Media, ICT, Lifestyle Related Goods & Services segment performed well in generating cash.

Net cash used in investing activities totaled 180.7 billion yen. In this fiscal year, we executed investments and loans of approx. 340.0 billion yen primarily for acquisition of office buildings in the U.S and Fyffes plc, an international produce marketer and distributor in Ireland. On the other hand, we recovered funds of approx. 180.0 billion yen through asset replacement such as the sale of interests in Batu Hijau Copper Gold Mine in Indonesia and shares in Soukai Drug Co., Ltd.

<sup>4</sup> "Equity attributable to owners of the parent" stands for the equity attributable to shareholders of Sumitomo Corporation.

<sup>5</sup> "Debt-equity ratio (net)" is calculated by dividing Interest-bearing liabilities (net) by "equity attributable to owners of the parent."

As a result, Free cash flow totaled 165.1 billion yen inflow.

Net cash used by financing activities totaled 254.4 billion yen, due primarily to debt repayment and dividend payment.

In consequence of the foregoing, cash and cash equivalents stood at 776.5 billion yen as of March 31, 2017, representing a decrease of 92.3 billion yen from the previous fiscal year-end.

**(C) Dividend policy for the medium-term management plan “Be the Best, Be the One 2017”**

Sumitomo Corporation aims to increase dividends by achieving medium and long-term earnings growth while adhering to its fundamental policy of paying shareholders a stable dividend over the long term.

During “Be the Best, Be the One 2017 (BBBO2017),” the medium-term management plan launched in April 2015, we decide the dividend amount in view of the situations regarding basic profit and cash flow, with 50 yen per share as the minimum amount of annual dividend and a consolidated payout ratio of 25% or more as our reference.

Although the consolidated profits for fiscal 2016 resulted in 170.9 billion yen, the year-end dividend for fiscal 2016, as we announced in the most recent forecast, will be 25 yen per share, which will be submitted to the Ordinary General Meeting of Shareholders scheduled for June. If this is resolved, the annual dividend for the fiscal year will be 50 yen per share, adding the interim dividend for fiscal 2016 of 25 yen per share. (The annual dividend for the previous fiscal year was 50 yen per share)

The annual dividend forecast for fiscal 2017, is projected to be 50 yen per share (interim dividend: 25 yen, year-end dividend: 25 yen per share) based on our dividend policy during BBBO2017.

### (3) Segment Information

#### (A) Profit (loss) for the year (attributable to owners of the parent) of each Segment (Global basis)

[Prepared on the basis of IFRSs]

Sumitomo Corporation and Subsidiaries  
For fiscal 2016 and fiscal 2015

Fiscal 2016:	Billions of Yen	
	Profit (loss) for the year (attributable to owners of the parent)	As of March 31
Segment		
Metal Products	¥ 1.8	
Transportation & Construction Systems	56.3	
Environment & Infrastructure	29.1	
Media, ICT, Lifestyle Related Goods & Services	77.0	
Mineral Resources, Energy, Chemical & Electronics	(6.6)	
Total	157.6	
Corporate and Eliminations	13.3	
Consolidated	¥ 170.9	

Fiscal 2015:	Billions of Yen	
	Profit (loss) for the year (attributable to owners of the parent)	As of March 31
Segment		
Metal Products	¥ 1.1	
Transportation & Construction Systems	84.0	
Environment & Infrastructure	39.6	
Media, ICT, Lifestyle Related Goods & Services	63.9	
Mineral Resources, Energy, Chemical & Electronics	(148.1)	
Total	40.5	
Corporate and Eliminations	34.1	
Consolidated	¥ 74.5	

#### Notes:

- Figures are presented on a global basis starting from fiscal 2016. Figures on a global basis are reference figures calculated after including the results of the Overseas Subsidiaries and Branches segment, which were presented separately until last year, in the results of each business segment.
- Profit (loss) for the year (attributable to owners of the parent) figures above are rounded to the nearest tenth. Therefore, the sum of the breakdown figures and the total figure may not necessarily coincide.

## **(B) Activities of Business Units**

### **(a) Metal Products Business Unit**

#### **[Business Overview]**

- Trade of steel products (steel sheets, plates, wires, tubular products such as Oil Country Tubular Goods [OCTG] and line pipes, etc.) and non-ferrous metals (aluminum, titanium, etc.)
- Processing of steel sheets, tubular products, and non-ferrous metals, and other related businesses

#### **[Profit for the Year Attributable to Owners of the Parent]**

Metal Products Business Unit posted profit of 1.8 billion yen, an increase of 0.7 billion yen from the previous fiscal year. Although tubular products business in North America decreased in earnings, the operation of overseas steel service centers showed stable performances.

#### **[Fiscal 2016 Summary]**

The Metal Products Business Unit changed from supply-side thinking of “selling metals” to demand-side thinking of “using metals,” and focused on providing new value that meets the diverse needs of customers by, among other initiatives, reinforcing its processing function. For example, in the steel sheet field, the unit entered the railcar axle machining business on the west coast of the United States and invested in a German automotive parts manufacturer. The unit made efforts to further increase earnings and reinforce the functions of the operation of existing steel service centers. In the tubular product field, a pipe threading service company in Brunei, commenced commercial operation. In the OCTG pipe business, the unit worked on the enhancement of its customer base through sophistication of supply chain management. In the field of non-ferrous metals, the unit continued to push ahead with the aluminum smelting business in Malaysia etc., seeing a business opportunity in the aluminum market where stable growth is expected.

### **(b) Transportation & Construction Systems Business Unit**

#### **[Business Overview]**

- Trade of ships, aircraft, railway cars, transportation systems, automobiles, motorcycles, construction and mining equipment, agricultural machinery, and industrial vehicles, and their related equipment and components as well as other associated businesses
- Leasing and financing businesses
- Airport PFI (Private Finance Initiative) businesses

### **[Profit for the Year Attributable to Owners of the Parent]**

Transportation & Construction Systems Business Unit posted profit of 56.3 billion yen, down by 27.7 billion yen. While leasing business and construction equipment rental business showed robust performances, there was a decrease in earnings of ship business due to lackluster shipping market. In addition, there were profits on sale and revaluation of stocks stemming from the business reorganization of the automobile financing business in Indonesia in the previous fiscal year.

### **[Fiscal 2016 Summary]**

In the field of ships, aerospace, and transportation systems, efforts continued to be made to expand the aircraft leasing business, which is expected to maintain steady growth. In Brazil, a joint venture with Japan Steel Works, Ltd. and a local company Gerdau S.A. started large-scale forged parts manufacturing. In the automobile field, the unit promoted integrated financial service business by using the management base of its Indonesian automotive retail finance companies and commercial bank, in which Sumitomo Corporation holds shares. In Japan, the unit further strengthened cooperation with an automotive leasing subsidiary, Sumitomo Mitsui Auto Service Company, Limited, to launch an initiative in the new area of mobility service<sup>6</sup>. In the construction equipment field, Sumitomo Corporation acquired the remaining interest in a steadily growing U.S. construction equipment company, Sunstate Equipment Co., LLC, making it a wholly owned subsidiary.

## **(c) Environment & Infrastructure Business Unit**

### **[Business Overview]**

- Social infrastructure businesses such as electric power, water supply, and sewerage systems
- Renewable energy businesses such as solar photovoltaic power generation and wind power generation ventures
- Environmental businesses such as next-generation batteries and recycling
- Industrial infrastructure businesses such as industrial facilities and equipment
- Logistics, insurance, and overseas industrial-park-related businesses

### **[Profit for the Year Attributable to Owners of the Parent]**

Environment & Infrastructure Business Unit posted profit of 29.1 billion yen, a decrease of 10.5 billion yen. Although overseas IPP/IWPP businesses showed stable performance in this fiscal year, there were profits from value realization in renewable energy power generation businesses in the previous fiscal year.

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<sup>6</sup> Business of not just providing conventional auto leasing but providing diverse value related to mobility by combining auto leasing with new services, such as car sharing and shared parking.

### **[Fiscal 2016 Summary]**

In the overseas power infrastructure business, the Environment & Infrastructure Business Unit has been promoting initiatives that respond to increasing demand for power in emerging economies. Commercial operation of natural gas-fired combined cycle power plant water desalination plant started in Kuwait, construction of a combined cycle power plant progressed in Ghana, and construction of the Tanjung Jati B coal-fired power plant expansion project commenced in Indonesia. In the field of low environmental impact renewable power generation, the unit participated in an offshore wind farm in the UK and a solar power project in Minamisoma City, Fukushima Prefecture while starting the construction of a geothermal power plant in Indonesia. In overseas industrial park-related business, the unit has contributed to local economic development through development and operation of industrial parks, primarily in Southeast Asia. This fiscal year, the unit decided the additional development of an industrial park in Thilawa Special Economic Zone in Myanmar.

### **(d) Media, ICT, Lifestyle Related Goods & Services Business Unit**

#### **[Business Overview]**

- Media businesses in cable television, television programming distribution, and other business segments
- ICT (Information and Communication Technology) businesses in mobile solution, IT service, and other business segments
- Lifestyle/Retail businesses in TV shopping channel, supermarket, and other business segments
- Food/food product businesses
- General materials and supplies (including wood, other building materials and biomass materials) and real estate ventures

#### **[Profit for the Year Attributable to Owners of the Parent]**

Media, ICT, Lifestyle Related Goods & Services Business Unit posted profit of 77.0 billion yen, an increase of 13.1 billion yen, owing to factors such as robust performances of domestic major group companies and real estate business, while the impairment loss in Grain business in Australia was posted in the previous fiscal year.

#### **[Fiscal 2016 Summary]**

As a unit providing products and services familiar to consumers, the Media, ICT, Lifestyle Related Goods & Services Business Unit worked on projects with the aim of making people's lives comfortable and enriching and further increasing earnings. This fiscal year saw steady growth in key businesses, including Jupiter Telecommunications Co., Ltd. (cable

television), SCSK Corporation (IT services), Jupiter Shop Channel Co., Ltd. (TV shopping channel), SUMMIT, INC. (supermarket), TOMOD'S INC. (drugstore) and real estate business. By enhancing cooperation within the unit particularly for these key businesses, the unit expanded its revenue base. Additionally, the unit worked on the acquisition of an Irish produce marketer and distributor Fyffes plc, the completion of an office/retail facility GINZA SIX in the Ginza 6-chome district, and the purchase of overseas office buildings.

**(e) Mineral Resources, Energy, Chemical & Electronics Business Unit**

**[Business Overview]**

- Businesses related to coal, iron ore, non-ferrous metal materials, petroleum, natural gas, battery materials, carbon-related materials, and their semi-finished/finished products
- Businesses related to petrochemicals, inorganic/performance chemicals, pharmaceuticals, agricultural chemicals, fertilizers, and electronic materials

**[Profit (loss) for the Year Attributable to Owners of the Parent]**

Mineral Resources, Energy, Chemical & Electronics Business Unit posted a loss of 6.6 billion yen, an increase of 141.5 billion yen, due to the factors such as earnings improvement by the higher mineral resources prices though having an impairment loss for Copper and molybdenum mining business in Chile. In addition, there were impairment losses in total posted in the previous fiscal year for several businesses including Nickel mining and refining business in Madagascar, Iron ore mining projects in South Africa and Brazil.

**[Fiscal 2016 Summary]**

In the field of resources and energy, the Mineral Resources, Energy, Chemical & Electronics Business Unit focused on the stable operation and cost reduction of existing projects, including Nickel mining and refining business in Madagascar. A manganese alloy production and marketing project in Malaysia, in which the unit is participating, started production and sales. In Indonesia, the unit decided to expand an LNG facility, in which the Sumitomo Corporation Group has an interest, to help stable production and supply. In the field of chemicals, the unit established a crop protection distribution company in Vietnam, by using its wealth of experience in crop protection sales in Western countries, to create a new revenue base and expand its crop protection distribution channels in Asia. Meanwhile, taking advantage of the increasing demand for lithium-ion batteries, production of electrolyte material for lithium-ion batteries, in which the unit is participating in China, continued to be promoted.



**(Reference) CSR in the Sumitomo Corporation Group**

The Sumitomo Corporation Group works hard to contribute to the development of a sustainable society by creating and providing new social value through its business and social contribution activities, all the while fully respecting human rights and ensuring environmental protection (response to climate change).

Please visit our website below for the Group's views on CSR and specific activities.

<http://www.sumitomocorp.co.jp/english/csr/>

**[TOPIC (Social Contribution Activities) ]**

**20th Anniversary of Sumitomo Corporation Scholarship Program (Developing the Next Generation of Human Resources)**

Fiscal 2016 marked the 20th anniversary of the Sumitomo Corporation Scholarship Program.

The scholarship program was established in 1996 for undergraduate and graduate students in developing countries in Asia to help educate future leaders and promote private-sector exchanges between these countries and Japan.

The program has since been improved in terms of range of the eligibility, the amount and details of the scholarship, in response to changes in the economic environment in each country. The total number of students receiving scholarships, to date, amounts to about 16,000. Those people who completed their education through the scholarships are now demonstrating their expertise and leadership in a wide range of fields, including the political and business worlds.

Proclaiming “developing the next generation of human resources” in its Basic Principles on Social Contribution Activities, Sumitomo Corporation will continue to contribute to the development of human resources who will become leaders in Asian countries through initiatives taking advantage of its network of offices and operation bases around the globe.

## **2. Management Challenges**

### **(1) Economic Prospects**

On the global front, developed countries are expected to continue on the path of gradual economic growth while emerging countries are likely to maintain the trend toward recovery after slowdown. However, changes in policies in European countries as a result of elections and in the U.S. due to the advent of a new administration may constrain the growth of emerging economies.

The Japanese economy will be underpinned by economic measures undertaken by the government and the Bank of Japan, and the employment and income environment is likely to continue to improve. It is also expected that the positive trend toward economic recovery will continue with higher consumption activity generated by increasing numbers of foreign travelers visiting Japan and investment activity for the Tokyo Olympic Games. However, if exports decrease due to falling business confidence in the United States or emerging economies in Asia or if revenue from investment declines due to sharp appreciation of the yen, it will pose a risk that may hold the economy back.

### **(2) Promoting the medium-term management plan, “Be the Best, Be the One 2017”**

In its medium-term management plan “Be the Best, Be the One 2017 (BBBO2017),” Sumitomo Corporation has been pursuing measures including promotion of managerial reforms and growth strategies based on the theme of making group-wide efforts in overcoming issues and outlining a path toward the realization of “What We Aim to Be in 2019, Our Centennial Year,” in light of changes in the environments that surround our businesses as well as managerial issues that manifested in large-scale impairment losses in fiscal 2014. In May 2016, we revised the “BBBO2017” targets to reflect changes in our business environment, setting a new target of 220 billion yen or more for consolidated net income<sup>7</sup> in fiscal 2017 and a target of securing a total of 500 billion yen in post-dividend free cash flow over the three years. The funds recovered will be used to repay interest-bearing liabilities.

Major progress made during “BBBO2017” is described below:

#### **(A) Promoting managerial reforms**

We instituted various internal systems to further reinforce our corporate governance, revise the decision-making process, and radically strengthen and revamp our risk management. We changed the Management Council from the President and CEO’s advisory body to the highest decision-making body at the operational execution level, putting in place a system to incorporate multilateral discussions into the process for making decisions on key matters. In the

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<sup>7</sup> “Consolidated net income” is equivalent to the “profit attributable to owners of the parent” set out in the International Financial Reporting Standards (IFRSs).

Board of Directors, we have increased the number of Outside Directors and amended the standards for matters to be discussed by the Board of Directors so that the Board can concentrate on the deliberation of important matters regarding company-wide management such as the business policy and management plan. At the same time, we have increased the matters to be reported to the Board of Directors to strengthen the Board's supervisory function over the execution of operations. Meanwhile, to make the processes for deciding on the nomination and remuneration of Directors more transparent and objective, we established the Nomination and Remuneration Advisory Committee to serve as an advisory body to the Board of Directors. The committee is chaired by an Outside Director and Outside Directors comprise the majority of its members. With regard to the risk management system, Loan and Investment Committee meetings were held at the business unit and Company-wide levels and a framework established whereby discussions can be conducted from a variety of angles both when considering investments and when executing them, and we revised our hurdle rate for investments and our post-investment monitoring system.

In fiscal 2017 we are further improving the soundness and efficiency of our management by seeking to increase the separation between management execution and supervision. To that end, we are clearly defining the respective roles of the Board of Directors, which makes decisions on important management matters and supervises operational execution, and the Executive Officers, who undertake operational execution. Specifically, we are planning to increase the ratio of Outside Directors within the Board of Directors and to clearly stipulate that the President and CEO is an Executive Officer. To put these plans into effect, we are submitting Proposition No. 2 (Partial Amendment of Articles of Incorporation) and Proposition No. 3 (Election of Nine Directors) to the Ordinary General Meeting of Shareholders scheduled for June 23, 2017 (please also see pages 5-15 for further details of these propositions).

#### **(B) Promoting growth strategies**

In promoting Company-wide growth strategies, we are focusing on three fields in which the Company enjoys advantages: automobiles, infrastructure, and lifestyle and information services. In the automotive field we are investing in parts manufacturing and other businesses, as well as working on next-generation mobility services such as shared parking. In the infrastructure field we are focusing on electric power businesses in Japan and overseas, including power generation using renewable energy sources. In the lifestyle and information services field we are investing primarily in real estate businesses in Japan and overseas, ICT businesses in Japan, and mobile communications-related businesses overseas. We also undertook cross-organizational collaboration to become better at handling businesses in the energy-related field, the IoT and AI-related field, and other fields with high growth potential as Company-wide projects. We will continue to actively promote growth strategies as a means of enhancing the value of existing businesses and creating new value throughout the Company.

## **(C) Quantitative targets**

### **(a) Fiscal 2016 results**

With regard to fiscal 2016 results, while the impairment loss for Copper and molybdenum mining business in Chile was posted and tubular products business decreased due to slow recovery of the demand affected by lower oil price, mineral resources businesses increased due to commodity prices increase, cost reduction and sales volume increase. In addition, domestic major group companies of Media, ICT, Lifestyle Related Goods & Services Business Unit, real estate business and leasing business maintained their strong performance. Consequently, consolidated net income came to 170.9 billion yen vis-à-vis our target of 130 billion yen.

### **(b) Forecasts for fiscal 2017**

With regard to our forecasts for fiscal 2017, we expect recovery in profitability of tubular products business after the second half of fiscal 2017 and increase in the profit of mineral resources businesses due to commodity prices increase comparing with the previous fiscal year. In addition, in our non-mineral resources businesses, robust performance of major group companies of Media, ICT, Lifestyle Related Goods & Services Business segment is expected to continue. In addition to these elements, we are factoring in approximately 20 billion yen in cost needs for steady asset replacements and improvement of our financial structure. As a result, a consolidated net income of 230 billion yen is forecast for fiscal 2017.

### **(c) Securing financial soundness**

Under “BBBO2017,” we are aiming to generate 500 billion yen in post-dividend free cash flow as the basis for progressing steadily with efforts to reinforce financial soundness through the reduction of interest-bearing liabilities. By these means we are also aiming to regain the balance between the core risk buffer and risk-adjusted assets<sup>8</sup> by the end of fiscal 2017, which is the final year of “BBBO2017.”

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<sup>8</sup> Our core risk buffer represents the sum of “common stock,” “additional paid-in capital,” “retained earnings” and “exchange difference on translating foreign operations” minus “treasury stock, at cost.” Our basic management policy is to keep risk-adjusted assets, which are our maximum possible losses, within our core risk buffer.

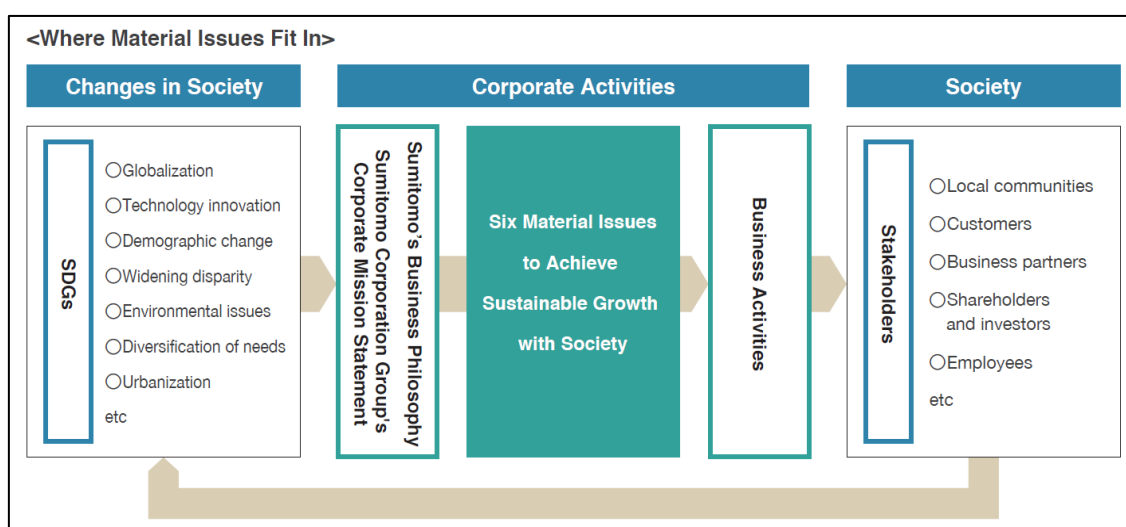
The present quantitative targets for “BBBO2017” reflecting above-mentioned matters are as follows:

		Fiscal year /period	Initial plan	Revised plan (May 2017)
Profit targets	Consolidated net income	Fiscal 2015	¥230 billion	¥74.5 billion (actual results)
		Fiscal 2016	—	¥170.9 billion (actual results)
		Fiscal 2017	¥300 billion or more	¥230 billion
	ROA	Fiscal 2017	3% or more	2.5% or more
	Risk-adjusted return ratio	Fiscal 2017	10% or more	9.0% or more
	ROE	Fiscal 2017	Around 10%	Around 9.0%
Financial policies	Balance between the core risk buffer and risk-adjusted assets	By the end of Fiscal 2017	Regain balance	Regain balance
	Free cash flow	3-year total	¥200 billion	¥700 billion
	Post-dividend free cash flow	3-year total	Positive	¥500 billion
Investment plan		3-year total	¥1.2 trillion	¥1.0 trillion

In Fiscal 2017 we will steadily execute the growth strategies for each business set out in “BBBO2017” and strive to improve our financial structure to return to a growth track.

### (3) Efforts to Sumitomo Corporation Group's Material Issues

With growing expectations for businesses to play a role in addressing social issues, as well as the movement toward environment, society, and governance (ESG) factors having influence on the evaluation of and investment in businesses, Sumitomo Corporation identified its “Six Material Issues to Achieve Sustainable Growth with Society,” a set of issues that it should prioritize addressing through its business activities taking advantage of its strengths, based on Sumitomo’s Business Philosophy and the Sumitomo Corporation Group’s Management Principles <sup>9</sup>.



Note: SDGs is an abbreviation of Sustainable Development Goals comprising 17 goals encompassing global challenges to be achieved by 2030. These goals were embraced by all 193 UN member states at a UN General Assembly held in 2015.

Positioning these material issues as an important factor in developing business strategies and in the decision-making process for individual businesses, Sumitomo Corporation will address the issues through its business activities for sustainable growth.

#### [Six Material Issues to Achieve Sustainable Growth with Society]

##### - Achieving Harmony with the Global Environment

To realize recycling-oriented society and mitigate climate change, we are working to establish frameworks for the efficient use of resources and stable supply of renewable energy. In doing so, we will achieve growth in harmony with the global environment.

##### - Contributing to the Development of Local Communities and Industries

<sup>9</sup> Please see page 86 on Sumitomo Corporation Group's Management Principles.

We steadily procure and provide goods and services to meet the needs of people in various countries and regions and contribute to developing industrial platforms. Through these means, we will create a virtuous cycle in which we can grow and develop together with local communities.

**- Establishing a Foundation for Comfortable and Enriching Lifestyles**

We strive to realize more convenient and comfortable lifestyles by providing goods and services for daily use while also responding to needs for high-quality lifestyles in order to support the physical and mental health of people around the world.

**- Providing Diverse “Accessibility”**

We provide diverse accessibility to open up the possibility of creating new value. To this end, we will improve mobility for safe and efficient flow of people and goods, and expand the network connecting information and finance.

**- Developing Human Resources and Promoting Diversity**

In order to create new value and innovation by allowing our diverse personnel to fully exercise their abilities in a variety of fields, we will promote the development and empowerment of human resources, which represent our most important management resources.

**- Enhancing Governance**

We will enhance our ability to draft and implement strategies for achieving sustainable growth and to provide appropriate supervision of these strategies, all while maintaining transparency. In this manner, we will improve management efficiency and maintain sound management.

**(Reference) Principles and Policies Supporting Corporate Activities**

We have established our own principles and policies while respecting international conduct standards. In accordance with these principles, policies and standards, we are addressing the Six Material Issues to Achieve Sustainable Growth with Society.

Environment

- Environmental Policy
- ISO 14001 Management System Certification

Society

- Human Resource Management Policy
- Work-Life Management Policy and Action Policies
- CSR Action Guidelines for Supply Chain Management
- Support for the UN Global Compact’s 10 Principles
- Basic Principles on Social Contribution Activities

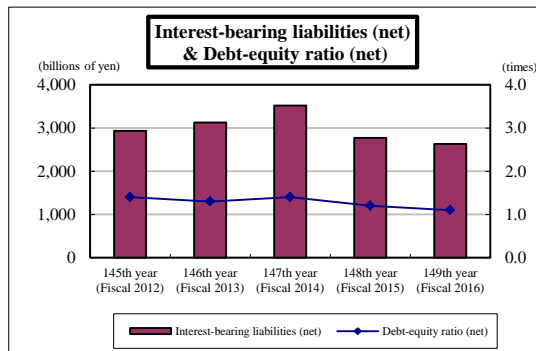
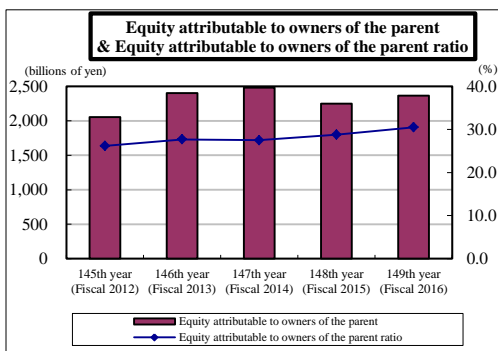
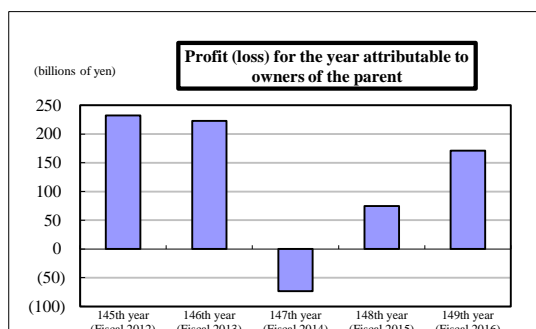
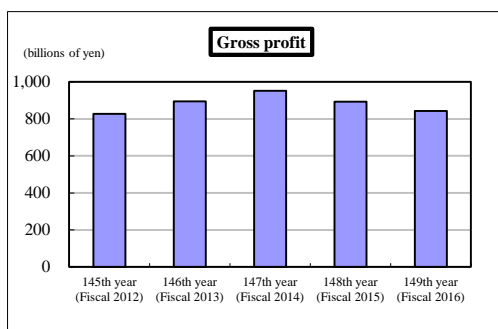
Governance

- Corporate Governance Principles
- Compliance Guiding Principles
- Risk Management Basic Policy
- Corporate Disclosure Policy
- Privacy Policy
- Anti-Corruption Policy

### 3. Trend of Financial Status and Profit and Loss [Prepared on the basis of IFRSs]

	145th year (Fiscal 2012)	146th year (Fiscal 2013)	147th year (Fiscal 2014)	148th year (Fiscal 2015)	149th year (Fiscal 2016)
Revenues (billions of yen)	3,016.2	3,317.4	3,762.2	4,010.8	3,997.0
Gross profit (billions of yen)	827.0	894.4	952.9	894.1	842.7
Profit (loss) for the year attributable to owners of the parent (billions of yen)	232.5	223.1	(73.2)	74.5	170.9
Earnings (loss) per share attributable to owners of the parent (yen)	185.92	178.59	(58.64)	59.73	136.91
Total assets (billions of yen)	7,832.8	8,668.7	9,021.4	7,817.8	7,761.8
Equity attributable to owners of the parent (billions of yen)	2,052.8	2,404.7	2,481.4	2,251.5	2,366.5
Equity per share attributable to owners of the parent (yen)	1,641.60	1,927.37	1,988.62	1,803.95	1,895.81
ROE (%)	12.4	10.0	(3.0)	3.2	7.4
ROA (%)	3.1	2.7	(0.8)	0.9	2.2
Equity attributable to owners of the parent ratio (%)	26.2	27.7	27.5	28.8	30.5
Interest-bearing liabilities (net) (billions of yen)	2,930.3	3,123.5	3,517.5	2,770.3	2,627.9
Debt-equity ratio (net) (times)	1.4	1.3	1.4	1.2	1.1

- Notes: 1. We have ceased representation of Total trading transactions, which was presented in a manner customarily used in Japan solely for Japanese investors' purposes, and present Revenues in accordance with the International Financial Reporting Standards ("IFRSs") starting from fiscal 2016.
2. Interest-bearing liabilities (net) excludes cash and cash equivalents and time deposits from interest-bearing liabilities.
3. Amounts in billions of yen are rounded to the nearest tenth.





#### 4. Principal Lines of Business (as of March 31, 2017)

Through its worldwide network, the Sumitomo Corporation Group engages in diverse business activities in a wide variety of fields, such as Metal Products; Transportation & Construction Systems; Environment & Infrastructure; Media, ICT, Lifestyle Related Goods & Services; Mineral Resources, Energy, Chemical & Electronics. These activities include engaging in domestic and overseas transactions, import and export of various goods and commodities, providing wide range of services, and investing in businesses.

#### 5. Status of Principal Operating Locations and Work Force (as of March 31, 2017)

##### (1) Domestic

The Company's head office	Chuo-ku, Tokyo	
The Company's regional main offices	6 offices	Hokkaido (Sapporo), Tohoku (Sendai), Chubu (Nagoya), Kansai (Osaka), Chugoku (Hiroshima), Kyushu (Fukuoka)
The Company's branch offices	5 offices	Hamamatsu, Shikoku (Takamatsu), Niihama, Nagasaki, Okinawa (Naha)

Note: In addition to the above, there is 1 sub-branch office of the Company.

The Company's domestic incorporated subsidiaries	3 subsidiaries	Sumitomo Corporation Hokkaido Co., Ltd., Sumitomo Corporation Tohoku Co., Ltd., Sumitomo Corporation Kyushu Co., Ltd.
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Note: There are 9 head, branch or other offices of these 3 domestic incorporated subsidiaries of the Company.

## (2) Overseas

The Company's branch offices and sub-branch offices	4 offices	Johannesburg Branch, Kiev Branch, Almaty Branch, Astana Sub-Branch Office
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Note: In addition to the above, there are 26 overseas representative offices of the Company.

The Company's overseas locally-incorporated subsidiaries	38 subsidiaries	Sumitomo Corporation of Americas (US), Sumitomo Corporation do Brasil S.A., Sumitomo Corporation Europe Holding Limited (UK), Sumitomo Corporation Europe Limited (UK), Sumitomo Corporation Africa Pty. Ltd. (South Africa), Sumitomo Corporation Middle East FZE (UAE), Sumitomo Corporation (Central Eurasia) LLC (Russia), Sumitomo Corporation Asia & Oceania Pte. Ltd. (Singapore), Sumitomo Corporation (China) Holding Ltd., etc.
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Note: There are 79 head, branch or other offices of these 38 overseas locally-incorporated subsidiaries of the Company.

## 6. Status of Work Force (as of March 31, 2017)

### (1) Number of employees of the Sumitomo Corporation Group

	Number of employees
Metal Products	6,352
Transportation & Construction Systems	10,647
Environment & Infrastructure	2,886
Media, ICT, Lifestyle Related Goods & Services	23,434
Mineral Resources, Energy, Chemical & Electronics	5,323
Overseas Subsidiaries and Branches	20,466
Others	1,792
Total	70,900 (increase of 4,040 compared with the end of the previous fiscal year)

### (2) Number of employees of the Company

Total 5,342<sup>10</sup> (decrease of 47 compared with the end of the previous fiscal year)

<sup>10</sup> It includes 180 persons whom overseas offices of the Company employ.

## 7. Status of Important Subsidiaries

### (1) Status of Consolidated Subsidiaries and Other Associated Companies

	146th year (Fiscal 2013)	147th year (Fiscal 2014)	148th year (Fiscal 2015)	149th year (Fiscal 2016)
Number of consolidated subsidiaries	606	596	577	664
Number of associated companies	254	266	269	286

### (2) Status of Major Consolidated Subsidiaries and Associated Companies

	Company name	Major lines of business
Metal Products	Edgen Group Inc. (C)	Global distributor of metal and tubular products for energy industry
	Sumisho Metalex Corporation (C)	Sale of non-ferrous metal products
Transportation & Construction Systems	TBC Corporation (C)	Distribution and retailing of tires in the U.S.
	Sumitomo Mitsui Finance and Leasing Company, Limited (A)	Leasing business
Environment & Infrastructure	PT. Central Java Power (C)	Leasing operations of power plants in Indonesia
	Summit Energy Corporation (C)	Development, ownership and management of power plants, and electric power sales in Japan
Media, ICT, Lifestyle Related Goods & Services	SCSK Corporation (C)	System integration, IT infrastructure implementation, and IT management
	Jupiter Telecommunications Co., Ltd. (A)	Integrated cable TV operation and management of TV programming and content providing business for multi-channel broadcasting
Mineral Resources, Energy, Chemical & Electronics	Minera San Cristobal S.A. (C)	Operation of silver/zinc/lead mine in Bolivia.
	Sumisho Coal Australia Pty Ltd. (C)	Investment in coal mines in Australia
Overseas Subsidiaries and Branches	Sumitomo Corporation of Americas (C)	Export, import and wholesale
	Sumitomo Corporation Europe Holding Limited (C)	Holding company of European subsidiaries

Note: (C) and (A) stand for “consolidated subsidiaries” and “associated companies,” respectively.

## 8. Principal Lenders and Loans Payable (as of March 31, 2017)

Name of lender	Loans payable (in millions of yen)
Development Bank of Japan Inc.	160,094
Meiji Yasuda Life Insurance Company	151,000
Sumitomo Life Insurance Company	138,000
Nippon Life Insurance Company	114,000
Sumitomo Mitsui Banking Corporation	94,062
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	87,919
Sumitomo Mitsui Trust Bank, Limited	82,826
Mizuho Bank, Ltd.	80,326
Japan Bank for International Cooperation	69,137
Dai-ichi Life Holdings, Inc.	68,000
Others	925,079
Total of loans payable by the Company	1,970,443
Total of loans payable by consolidated subsidiaries of the Company	1,011,247
Total of consolidated loans payable	2,981,690

Note: “Others” presented above includes syndicate loans of a total of 129,500 million yen which were arranged by one or plural of banks of Sumitomo Mitsui Banking Corporation, The Bank of Tokyo-Mitsubishi UFJ, Ltd. and Mizuho Bank, Ltd.

## 9. Status of Fund Raising<sup>11</sup>

With respect to fund raising, in addition to using means such as long-term and short-term borrowing and the issuance of commercial paper, the Sumitomo Corporation Group has been issuing unsecured debentures by the consolidated subsidiaries as follows:

### By the consolidated subsidiaries

Unsecured debentures; approximately 8 billion yen in accordance with the Euro MTN Programme established jointly by Sumitomo Corporation Capital Europe plc (UK), Sumitomo Corporation of Americas and Sumitomo Corporation Asia Pte. Ltd. (Singapore)

<sup>11</sup> In accordance with Article 120, Paragraph 1, Item 5 of the Enforcement Regulations promulgated under the Companies Act, the Company shall provide the status of significant fund raising, corporate spending on equipment and facilities, etc., but since the Company does not have other significant items to report regarding this clause, the following information is only regarding the status of fund raising.

## II. Particulars regarding the Shares of the Company (as of March 31, 2017)

1. Number of Shares Authorized for Issuance 2,000,000,000 shares  
 2. Number of Issued Shares 1,250,602,867 shares  
 (no change compared with the end of the previous fiscal year/  
 including treasury stock 2,335,692 shares)

3. Number of Shareholders 155,720 persons  
 (decrease of 22,453 compared with the end of the previous fiscal year)

4. Number of Shares in One Voting Unit 100 shares

### 5. Major Shareholders

Name of shareholder	Ownership of shares of the Company	
	Number of shares (thousand shares)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (trust account)	75,224	6.03
Japan Trustee Services Bank, Ltd. (trust account)	59,669	4.78
Liberty Programming Japan, LLC	45,652	3.66
JP Morgan Chase Bank 385632	44,724	3.58
Sumitomo Life Insurance Company	30,855	2.47
Japan Trustee Services Bank, Ltd. (trust account 9)	25,100	2.01
Japan Trustee Services Bank, Ltd. (trust account 5)	22,825	1.83
Mitsui Sumitomo Insurance Company, Limited	20,000	1.60
State Street Bank West Client – Treaty 505234	16,988	1.36
Japan Trustee Services Bank, Ltd. (trust account 1)	16,805	1.35

- Notes:
1. The treasury stock (2,335,692 shares) includes 2,000 shares issued through the exercise of new share acquisition rights for which the registration of transfer was not completed as of March 31, 2017.
  2. The shareholding ratio is calculated by dividing the number of shares held by the number of shares outstanding—which is derived by deducting treasury stock (2,335,692 shares) from the total number of issued shares—and rounding to the nearest hundredth of a percent.

### III. Particulars regarding the New Share Acquisition Rights, etc. of the Company

#### 1. New Share Acquisition Rights Held by the Company's Directors, etc. as of the Final Day of this Fiscal Year

##### (1) New Share Acquisition Rights

##### (A) Summary of the new share acquisition rights

Date issued	Total number of the new share acquisition rights	Type and number of shares subject to the new share acquisition rights	Number of shares for each new share acquisition right	Issuing price	Exercise price per share	Exercise period
July 31, 2012 (the 11 <sup>th</sup> )	240 rights	Common Shares 24,000 shares	100 shares	Issued without consideration	¥1,125	From April 1, 2013 to June 30, 2017
July 31, 2013 (the 12 <sup>th</sup> )	810 rights	Common Shares 81,000 shares	100 shares	Issued without consideration	¥1,312	From April 1, 2014 to June 30, 2018
August 1, 2014 (the 13 <sup>th</sup> )	1,170 rights	Common Shares 117,000 shares	100 shares	Issued without consideration	¥1,441	From April 1, 2015 to June 30, 2019
July 31, 2015 (the 14 <sup>th</sup> )	1,450 rights	Common Shares 145,000 shares	100 shares	Issued without consideration	¥1,532	From April 1, 2016 to June 30, 2020
August 2, 2016 (the 15 <sup>th</sup> )	1,800 rights	Common Shares 180,000 shares	100 shares	Issued without consideration	¥1,124	From April 1, 2017 to June 30, 2021

- Notes: 1. The amount to be paid for exercising a new share acquisition right shall be the exercise price per share, multiplied by the number of shares for every right.
2. "Total number of the new share acquisition rights" presented above does not include the new share acquisition rights which the holders do not satisfy the condition required to exercise by reason of retirement, etc.

**(B) Total number of persons holding the new share acquisition rights and rights held by such persons (breakdown)**

Date issued	Directors (excluding those who are Outside Directors concurrently)		Executive Officers (excluding those who are Directors concurrently)		Employees (Corporate Officers under the Company's qualification system)	
	Total number of persons holding the new share acquisition rights	Total number of the new share acquisition rights held by persons	Total number of persons holding the new share acquisition rights	Total number of the new share acquisition rights held by persons	Total number of persons holding the new share acquisition rights	Total number of the new share acquisition rights held by persons
July 31, 2012 (the 11 <sup>th</sup> )	0 person	0 right	10 persons	140 rights	10 persons	100 rights
July 31, 2013 (the 12 <sup>th</sup> )	5 persons	230 rights	22 persons	370 rights	21 persons	210 rights
August 1, 2014 (the 13 <sup>th</sup> )	9 persons	370 rights	28 persons	520 rights	28 persons	280 rights
July 31, 2015 (the 14 <sup>th</sup> )	9 persons	470 rights	29 persons	620 rights	36 persons	360 rights
August 2, 2016 (the 15 <sup>th</sup> )	9 persons	480 rights	29 persons	790 rights	53 persons	530 rights

Note: "Total number of the new share acquisition rights" presented above does not include the new share acquisition rights which the holders do not satisfy the condition required to exercise by reason of retirement, etc.

## (2) New Share Acquisition Rights in the Form of Stock Options for a Stock-Linked Compensation Plan

### (A) Summary of the new share acquisition rights

Date issued	Total number of the new share acquisition rights	Type and number of shares subject to the new share acquisition rights	Number of shares for each new share acquisition right	Issuing price	Exercise price per share	Exercise period
July 31, 2006 (the 1 <sup>st</sup> )	10 rights	Common Shares 10,000 shares	1,000 shares	Issued without consideration	¥1	10 years from the day following the day on which the person allocated the new share acquisition right becomes neither a Director nor an Executive Officer
July 31, 2007 (the 2 <sup>nd</sup> )	230 rights	Common Shares 23,000 shares	100 shares	Issued without consideration	¥1	10 years from the day following the day on which the person allocated the new share acquisition right becomes neither a Director nor an Executive Officer
July 31, 2008 (the 3 <sup>rd</sup> )	434 rights	Common Shares 43,400 shares	100 shares	Issued without consideration	¥1	10 years from the day following the day on which the person allocated the new share acquisition right becomes neither a Director nor an Executive Officer
July 31, 2009 (the 4 <sup>th</sup> )	767 rights	Common Shares 76,700 shares	100 shares	Issued without consideration	¥1	10 years from the day following the day on which the person allocated the new share acquisition right becomes neither a Director nor an Executive Officer
July 31, 2010 (the 5 <sup>th</sup> )	982 rights	Common Shares 98,200 shares	100 shares	Issued without consideration	¥1	10 years from the day following the day on which the person allocated the new share acquisition right becomes neither a Director nor an Executive Officer



July 31, 2011 (the 6 <sup>th</sup> )	966 rights	Common Shares 96,600 shares	100 shares	Issued without consideration	¥1	10 years from the day following the day on which the person allocated the new share acquisition right becomes neither a Director nor an Executive Officer
July 31, 2012 (the 7 <sup>th</sup> )	1,245 rights	Common Shares 124,500 shares	100 shares	Issued without consideration	¥1	10 years from the day following the day on which the person allocated the new share acquisition right becomes neither a Director nor an Executive Officer
July 31, 2013 (the 8 <sup>th</sup> )	1,019 rights	Common Shares 101,900 shares	100 shares	Issued without consideration	¥1	10 years from the day following the day on which the person allocated the new share acquisition right becomes neither a Director nor an Executive Officer
August 1, 2014 (the 9 <sup>th</sup> )	1,105 rights	Common Shares 110,500 shares	100 shares	Issued without consideration	¥1	10 years from the day following the day on which the person allocated the new share acquisition right becomes neither a Director nor an Executive Officer
July 31, 2015 (the 10 <sup>th</sup> )	1,134 rights	Common Shares 113,400 shares	100 shares	Issued without consideration	¥1	10 years from the day following the day on which the person allocated the new share acquisition right becomes neither a Director nor an Executive Officer
August 2, 2016 (the 11 <sup>th</sup> )	1,695 rights	Common Shares 169,500 shares	100 shares	Issued without consideration	¥1	10 years from the day following the day on which the person allocated the new share acquisition right becomes neither a Director nor an Executive Officer

Note: The amount to be paid for exercising a new share acquisition right shall be the exercise price per share, multiplied by the number of shares for every right.

**(B) Total number of persons holding the new share acquisition rights and rights held by such persons (breakdown)**

Date issued	Directors (excluding those who are Outside Directors concurrently)		Corporate Auditors (excluding those who are Outside Corporate Auditors concurrently)		Executive Officers (excluding those who are Directors concurrently)		Employees or others	
	Total number of persons holding the new share acquisition rights	Total number of the new share acquisition rights held by persons	Total number of persons holding the new share acquisition rights	Total number of the new share acquisition rights held by persons	Total number of persons holding the new share acquisition rights	Total number of the new share acquisition rights held by persons	Total number of persons holding the new share acquisition rights	Total number of the new share acquisition rights held by persons
July 31, 2006 (the 1 <sup>st</sup> )	1 person	1 right	1 person	1 right	0 person	0 right	4 persons	8 rights
July 31, 2007 (the 2 <sup>nd</sup> )	2 persons	43 rights	1 person	20 rights	0 person	0 right	8 persons	167 rights
July 31, 2008 (the 3 <sup>rd</sup> )	2 persons	61 rights	0 person	0 right	0 person	0 right	11 persons	373 rights
July 31, 2009 (the 4 <sup>th</sup> )	3 persons	191 rights	1 person	72 rights	0 person	0 right	9 persons	504 rights
July 31, 2010 (the 5 <sup>th</sup> )	4 persons	215 rights	2 persons	100 rights	1 person	34 rights	10 persons	633 rights
July 31, 2011 (the 6 <sup>th</sup> )	5 persons	276 rights	2 persons	109 rights	2 persons	62 rights	9 persons	519 rights
July 31, 2012 (the 7 <sup>th</sup> )	8 persons	449 rights	0 person	0 right	6 persons	172 rights	10 persons	624 rights
July 31, 2013 (the 8 <sup>th</sup> )	8 persons	418 rights	0 person	0 right	8 persons	267 rights	8 persons	334 rights
August 1, 2014 (the 9 <sup>th</sup> )	9 persons	457 rights	0 person	0 right	12 persons	344 rights	7 persons	304 rights
July 31, 2015 (the 10 <sup>th</sup> )	9 persons	563 rights	0 person	0 right	16 persons	389 rights	4 persons	182 rights
August 2, 2016 (the 11 <sup>th</sup> )	9 persons	802 rights	0 person	0 right	23 persons	893 rights	0 person	0 right

Note: The Company does not grant new share acquisition rights in the form of stock options for a stock-linked compensation plan to Outside Directors or Corporate Auditors (including Outside Corporate Auditors) or employees or others. The new share acquisition rights held by the above Corporate Auditors and employees or others are rights granted to them when they assumed the position of Directors or Executive Officers.

## 2. New Share Acquisition Rights Issued to the Company's Employees, etc. during this Fiscal Year

	New share acquisition rights	New share acquisition rights in the form of stock options for a stock-linked compensation plan
Date issued	August 2, 2016 (the 15 <sup>th</sup> )	August 2, 2016 (the 11 <sup>th</sup> )
Total number of new share acquisition rights	1,340 rights	893 rights
Total number of the persons to which the new share acquisition rights are issued and rights held by such persons	Executive Officers (excluding those who are Directors concurrently) 29 persons 790 rights	Executive Officers (excluding those who are Directors concurrently) 23 persons 893 rights
	Employees (Corporate Officers under the Company's qualification system) 55 persons 550 rights	Employees (Corporate Officers under the Company's qualification system) 0 person 0 right
Type and number of shares subject to the new share acquisition rights	Common shares 134,000 shares	Common shares 89,300 shares
Number of shares for each new share acquisition right	100 shares	100 shares
Issuing price	Issued without consideration	Issued without consideration
Exercise price per share	¥1,124	¥1
Exercise period	From April 1, 2017 to June 30, 2021	10 years from the day following the day on which the person allocated the new share acquisition right becomes neither a Director nor an Executive Officer

- Notes: 1. The amount to be paid for exercising a new share acquisition right shall be the exercise price per share, multiplied by the number of shares for every right.
2. In addition to the above, the Company has issued 480 new share acquisition rights (the 15<sup>th</sup>) and 802 new share acquisition rights (in the form of stock options for a stock-linked compensation plan) (the 11<sup>th</sup>) to 9 Directors (excluding Chairman of the Board of Directors and Outside Directors).

#### IV. Particulars regarding the Company's Directors and Corporate Auditors

##### 1. Name and Other Particulars of the Directors and Corporate Auditors (as of March 31, 2017)

Name	Position in the Company	Particulars of important posts concurrently held (for Outside Directors, including relationships between Sumitomo Corporation and the relevant organizations)
Kazuo Ohmori	Chairman of the Board of Directors	
Kuniharu Nakamura	Representative Director, President and CEO	
Naoki Hidaka	Representative Director	
Hideki Iwasawa	Representative Director	
Masahiro Fujita	Representative Director	
Koichi Takahata	Representative Director	
Masao Tabuchi	Representative Director	
Hirohiko Imura	Representative Director	
Makoto Horie	Representative Director	
Masayuki Hyodo	Representative Director	
Akio Harada	Outside Director <sup>*1</sup>	<p>Attorney at Law Outside Director, Seiko Holdings Corporation Outside Director, Yamazaki Baking Co., Ltd.</p> <p>(Relationships between Sumitomo Corporation and the Relevant Organizations) Sumitomo Corporation has dealings in such items as raw materials for breads and confectioneries with Yamazaki Baking Co., Ltd. Also, as of December 31, 2016, Sumitomo Corporation is the fifth largest shareholder of Yamazaki Baking Co., Ltd.</p> <p>No special relationship exists between Sumitomo Corporation and Seiko Holdings Corporation.</p>
Yayoi Tanaka	Outside Director <sup>*1</sup>	
Hideji Sugiyama	Outside Director <sup>*1</sup>	

Nobuyoshi Ehara	Outside Director <sup>*1</sup>	<p>Representative Director, Unison Capital, Inc.</p> <p>(Relationships between Sumitomo Corporation and the Relevant Organization)</p> <p>No special relationship exists between Sumitomo Corporation and Unison Capital, Inc.</p>
Takuro Kawahara	Standing Corporate Auditor (full-time)	
Nobuhiko Yuki	Corporate Auditor (full-time)	
Haruo Kasama	Outside Corporate Auditor <sup>*2</sup>	<p>Attorney at Law</p> <p>Outside Corporate Auditor, Sompo Holdings, Inc.<sup>*3</sup></p> <p>Outside Corporate Auditor, Kewpie Corporation</p> <p>(Relationships between Sumitomo Corporation and the Relevant Organizations)</p> <p>Sumitomo Corporation has dealings in such items as raw materials for food with Kewpie Corporation.</p> <p>No special relationship exists between Sumitomo Corporation and Sompo Holdings, Inc.</p>
Toshio Nagai	Outside Corporate Auditor <sup>*2</sup>	<p>Attorney at Law</p> <p>Outside Corporate Auditor, Toray Industries, Inc.</p> <p>(Relationships between Sumitomo Corporation and the Relevant Organization)</p> <p>Sumitomo Corporation has dealings in such items as coal with Toray Industries, Inc.</p>
Yoshitaka Kato	Outside Corporate Auditor <sup>*2</sup>	<p>Certified Public Accountant</p> <p>Outside Corporate Auditor, Sumitomo Chemical Company, Limited</p> <p>Outside Corporate Auditor, Mitsui Fudosan Co., Ltd.</p> <p>(Relationships between Sumitomo Corporation and the Relevant Organizations)</p> <p>Sumitomo Corporation has dealings in such items as chemicals with Sumitomo Chemical Company, Limited.</p> <p>No special relationship exists between Sumitomo Corporation and Mitsui Fudosan Co., Ltd.</p>

Notes: 1. Individuals marked with \*1 meet the requirements of an Outside Director specified by Article 2 Item 15 of the Companies Act. The individuals marked with \*1 also meet the

criteria for independence set by the Tokyo Stock Exchange and other exchanges on which the Company is listed, and in the Company's internal rules "Standards for Appointment and Independence of Outside Directors and Outside Corporate Auditors"(please refer to page 18). The Company has designated all these individuals as independent executives based on the exchanges' respective provisions.

2. Individuals marked with \*2 meet the requirements of an Outside Corporate Auditor specified by Article 2 Item 16 of the Companies Act. The individuals marked with \*2 also meet the criteria for independence set by the Tokyo Stock Exchange and other exchanges on which the Company is listed, and in the Company's internal rules "Standards for Appointment and Independence of Outside Directors and Outside Corporate Auditors" (please refer to page 18). The Company has designated all these individuals as independent executives based on the exchanges' respective provisions.
3. The company marked with \*3 changed its name from Sompo Japan Nipponkoa Holdings, Inc. as of October 1, 2016.
4. Mr. Akio Harada resigned from his post of Outside Corporate Auditor of Shiseido Company, Limited as of March 28, 2017. No special relationship exists between Sumitomo Corporation and Shiseido Company, Limited.
5. Mr. Akio Harada ceased to be Outside Director of Sumitomo Corporation due to his passing away on April 6, 2017.
6. Mr. Hideji Sugiyama resigned from his post of Outside Director of Sumitomo Corporation as of April 30, 2017.
7. Mr. Haruo Kasama resigned from his post of Outside Director of Japan Post Holdings Co., Ltd. as of June 23, 2016. No special relationship exists between Sumitomo Corporation and Japan Post Holdings Co., Ltd.
8. Mr. Yoshitaka Kato is qualified as a certified public accountant, and thus has a respectable degree of knowledge regarding finance and accounting.
9. Mr. Takahiro Moriyama resigned from his post of Standing Corporate Auditor of Sumitomo Corporation as of the close of the 148th Ordinary General Meeting of Shareholders on June 24, 2016.

## 2. Total Amount of Remuneration of the Company's Directors and Corporate Auditors in this Fiscal Year

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

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

## 3. Summary of the agreement regarding the exemption of liability

Pursuant to Article 427, Paragraph 1 of the Companies Act, the Company has concluded a limitation of liability contract with each of the Directors (excluding executive directors, etc) and Corporate Auditors limiting the liability of each of them to the amount stipulated by law provided each of them has acted in good faith and without gross negligence.

#### 4. Particulars regarding the Outside Directors and Outside Corporate Auditors

Classification	Name	Attendance in meetings of the Board of Directors (Attendance rate)	Attendance in meetings of the Board of Corporate Auditors (Attendance rate)	Main activities during this fiscal year
Outside Director	Akio Harada	13 of 18 meetings (72.2%)	—	Mr. Akio Harada asked questions and made comments as necessary based on his extensive knowledge and long experience from his career as a legal professional and specialist. He also served as the chair of the Nomination and Remuneration Advisory Committee, in which he played an important role.
Outside Director	Yayoi Tanaka	16 of 18 meetings (88.9%)	—	Ms. Yayoi Tanaka asked questions and made comments as necessary based on her broad knowledge and long years of experience in such fields as research activities mainly in the evaluation studies and the civil society organizational theory, and as a member of government committees. She also served as a member of the Nomination and Remuneration Advisory Committee, in which he played an important role.
Outside Director	Hideji Sugiyama	15 of 15 meetings (100%)	—	Mr. Hideji Sugiyama asked questions and made comments as necessary based on his broad knowledge and many years of experience in such fields as resources, energy, industrial policy, and finance, as well as in business management, accumulated mainly through his service at Japan's Ministry of Economy, Trade and Industry and at a financial institution.
Outside Director	Nobuyoshi Ehara	15 of 15 meetings (100%)	—	Mr. Nobuyoshi Ehara asked questions and made comments as necessary based on his broad knowledge and many years of experience in the fields of finance and business management accumulated mainly through working at a financial institution and managing a private equity firm. He also served as a member of the Nomination and Remuneration Advisory Committee, in which he played an important role.
Outside Corporate Auditor	Haruo Kasama	16 of 18 meetings (88.9%)	15 of 15 meetings (100%)	Mr. Haruo Kasama asked questions and made comments as necessary based on his extensive knowledge and long experience from his career as a legal professional and specialist.
Outside	Toshio	14 of 15 meetings	10 of 10 meetings	Mr. Toshio Nagai asked questions and



Corporate Auditor	Nagai	(93.3%)	(100%)	made comments as necessary based on his extensive knowledge and long experience from his career as a legal professional and specialist.
Outside Corporate Auditor	Yoshitaka Kato	12 of 15 meetings (80%)	10 of 10 meetings (100%)	Mr. Yoshitaka Kato made questions and comments as necessary based on his extensive knowledge and long experience from his career as a professional and specialist in accounting.

- Notes:
1. Of the above, the status of activities of Mr. Hideji Sugiyama, Mr. Nobuyoshi Ehara, Mr. Toshio Nagai and Mr. Yoshitaka Kato apply from June 24, 2016.
  2. Mr. Akio Harada ceased to be Outside Director due to his passing away on April 6, 2017.
  3. Mr. Hideji Sugiyama resigned from his post of Outside Director as of April 30, 2017.

## 5. Name and Other Particulars of the Company's Executive Officers (as of May 1, 2017)

Positions in the Company	Name	Areas of responsibility in the Company
President and CEO <sup>*1</sup>	Kuniharu Nakamura	-
Executive Vice President <sup>*1</sup>	Naoki Hidaka	General Manager, Transportation & Construction Systems Business Unit
Executive Vice President <sup>*1</sup>	Hideki Iwasawa	Chief Administration Officer and Chief Compliance Officer
Executive Vice President <sup>*1</sup>	Masahiro Fujita	General Manager, Mineral Resources, Energy, Chemical & Electronics Business Unit
Senior Managing Executive Officer <sup>*1</sup>	Koichi Takahata	Chief Financial Officer
Senior Managing Executive Officer	Masao Sekiuchi	General Manager for Asia & Oceania
Senior Managing Executive Officer	Masato Sugimori	Executive Vice President, Jupiter Telecommunications Co., Ltd.
Senior Managing Executive Officer	Akira Satake	Assistant CFO, Finance
Senior Managing Executive Officer <sup>*1</sup>	Masao Tabuchi	Chief Strategy Officer and Chief Information Officer
Senior Managing Executive Officer <sup>*1</sup>	Hirohiko Imura	Director, President & Co-CEO, Jupiter Telecommunications Co., Ltd.
Senior Managing Executive Officer <sup>*1</sup>	Makoto Horie	General Manager, Metal Products Business Unit
Senior Managing Executive Officer	Toshikazu Nambu	General Manager, Media, ICT, Lifestyle Related Goods & Services Business Unit
Senior Managing Executive Officer <sup>*1</sup>	Masayuki Hyodo	General Manager, Environment & Infrastructure Business Unit
Managing Executive Officer	Hiroki Inoue	General Manager for Japan Region; General Manager, Kansai Office
Managing Executive Officer	Kiyoshi Sunobe	General Manager for Europe, Middle East, Africa & CIS
Managing Executive Officer	Fumihiko Koba	General Manager for East Asia
Managing Executive Officer	Shingo Ueno	General Manager for the Americas
Managing Executive Officer	Michihiko Hosono	Assistant CAO, General Affairs & Legal
Managing Executive Officer	Hideo Ogawa	Assistant CFO, Risk Management
Managing Executive Officer	Daisuke Mikogami	Advisor, SCSK Corporation <sup>*3</sup>
Managing Executive Officer	Shoichiro Oka	Assistant General Manager, Transportation & Construction Systems Business Unit; General Manager, Automotive Division, No. 2
Executive Officer	Hiroyuki Takai	President, Sumitomo Corporation Global Research Co. Ltd.
Executive Officer	Shuichi Suzuki	General Manager, Energy Division
Executive Officer	Tsuyoshi Oikawa	General Manager, Planning & Coordination Dept., Mineral Resources, Energy, Chemical & Electronics Business Unit
Executive Officer	Tsutomu Akimoto	General Manager, Global Power Infrastructure Business Division
Executive Officer	Masato Ishida	Assistant General Manager for Europe, Middle East, Africa & CIS; General Manager for Middle East
Executive Officer	Takeshi Murata	General Manager, Ship, Aerospace & Transportation Systems Division

Executive Officer	Nobuki Ando	Assistant General Manager, Media, ICT, Lifestyle Related Goods & Services Business Unit; General Manager, Planning & Coordination Dept., Media, ICT, Lifestyle Related Goods & Services Business Unit
Executive Officer	Keiji Tanaka	President and CEO, Jupiter Shop Channel Co., Ltd.
Executive Officer	Reiji Morooka	Managing Director, Sumitomo Mitsui Finance and Leasing Company, Limited
Executive Officer	Takayuki Seishima	Assistant General Manager for the Americas; Executive Vice President and CFO of Sumitomo Corporation of Americas Group; Executive Vice President and CFO of Sumitomo Corporation of Americas
Executive Officer	Toyoaki Funakoshi	General Manager, Social Infrastructure Business Division
Executive Officer	Masaki Nakajima	General Manager, Automotive Division, No.1
Executive Officer	Toshiaki Murai	General Manager, Mineral Resources Division No.1
Executive Officer	Hideki Yamano	General Manager, Corporate Planning & Coordination Dept.
Executive Officer	Keigo Shiomi	General Manager, Metal Products for Automotive Industry Division
Executive Officer <sup>*2</sup>	Masatoshi Deguchi	General Manager, Internal Auditing Dept.
Executive Officer <sup>*2</sup>	Koji Tamefusa	Advisor, SCSK Corporation <sup>*4</sup>
Executive Officer <sup>*2</sup>	Yasushi Fukuda	General Manager, Logistics & Insurance Business Division
Executive Officer <sup>*2</sup>	Yoshiyuki Sakamoto	General Manager, Basic Chemicals & Electronics Division
Executive Officer <sup>*2</sup>	Kei Sato	General Manager, Lifestyle & Retail Business Division
Executive Officer <sup>*2</sup>	Norihiko Nonaka	Assistant General Manager for Asia & Oceania; General Manager, Environment & Infrastructure Business Unit in Sumitomo Corporation Asia & Oceania Group; President and CEO, PT. Sumitomo Indonesia
Executive Officer <sup>*2</sup>	Masaru Shiomi	General Manager, Finance Dept.
Executive Officer <sup>*2</sup>	Iehisa Nakamura	General Manager, Media Division
Executive Officer <sup>*2</sup>	Bin Haga	Assistant General Manager for Europe, Middle East, Africa & CIS; General Manager for Europe

- Notes:
1. Individuals marked with \*1 are Directors (Representative Directors).
  2. Individuals marked with \*2 are Executive Officers who were newly elected and each of them assumed his duty as of April 1, 2017.
  3. Individual marked with \*3 (Mr. Daisuke Mikogami) will be appointed to Representative Director and Executive Officer of SCSK Corporation as of the date of the Ordinary General Meeting of Shareholders of SCSK Corporation to be held on June 2017.
  4. Individual marked with \*4 (Mr. Koji Tamefusa) will be appointed to Director and Executive Officer of SCSK Corporation as of the date of the Ordinary General Meeting of Shareholders of SCSK Corporation to be held on June 2017.

## V. Particulars regarding the Company's Accounting Auditor

### 1. Name of the Accounting Auditor

KPMG AZSA LLC

### 2. Total Remuneration, etc. to Be Paid to the Accounting Auditor

(A) Audit remuneration and other fees to be paid to Accounting Auditors by the Company	¥498 million
(B) Total amount of cash and other financial benefits payable by the Company and its consolidated subsidiaries to Accounting Auditors (including (A))	¥1,086 million

Notes: 1. In line with the "Practical Guidelines for Collaboration with Accounting Auditors" published by the Japan Audit & Supervisory Board Members Association, the Company's Board of Corporate Auditors checks the details of auditing plans, the performance of duties during the preceding fiscal year, the calculation bases for remuneration estimates, etc., and gives due consideration to these findings when approving compensation, etc. for the Accounting Auditor, as stipulated in Article 399, Paragraph 1 of the Companies Act.

2. The Company pays remuneration to the Accounting Auditor for accounting advisory services, etc. in addition to the service defined in Article 2, Paragraph 1 of the Certified Public Accountants Act.

3. The subsidiaries abroad such as Sumitomo Corporation of Americas and Sumitomo Corporation Europe Holding Limited, etc. of the major consolidated subsidiaries described in "I. 7. Status of Important Subsidiaries," is audited by audit firms other than the Company's Accounting Auditor.

4. The audit agreement between the Company and the Accounting Auditor does not differentiate audit remuneration and other fees based on the Companies Act from audit remuneration and other fees based on the Financial Instruments and Exchange Act, and the two types of remuneration cannot actually be differentiated. Therefore, the above amounts show the total of these two types of remuneration and other fees.

### 3. Policy for the Determination of the Dismissal or Non-reappointment of the Accounting Auditor

In the event of a significant adverse effect on the adequate execution of the Company's Accounting Auditor's duties due to reasons such as the emergence of causes detrimental to the eligibility or independence of said Accounting Auditor, and the Board of Corporate Auditors judges that there is no expectancy for such a situation to be resolved, the Board of Corporate Auditors' policy is to dismiss or refuse to reappoint said Accounting Auditor and to decide on an agenda for the election of a new Accounting Auditor. Based on the decision, the Board of Directors shall submit said agenda to the General Meeting of Shareholders.

In addition, in the event the Company's Accounting Auditor falls under any of the situation stipulated in each clause of Article 340, Paragraph 1 of the Companies Act, and the Board of Corporate Auditors judges that there is no expectancy for such situation to be remedied, the Board of Corporate Auditors' policy is to dismiss such Accounting Auditor, in accordance with the consent of all the Corporate Auditors.

## VI. Systems Necessary to Ensure the Properness of Operations of the Company (Internal Control Systems)

The Company's Board of Directors determines and implements the systems (internal control systems) set forth in the Companies Act, Article 362, Paragraph 4, Item 6 to achieve effective internal control. In addition, the Company assesses the implementation of the internal control systems annually and endeavors to establish systems in line with requests made from time to time based on ongoing reevaluations.

An overview of the Company's internal control systems and their implementation status as of March 31, 2017, is provided below. Moreover, in a February 2017 meeting the Internal Control Committee assessed the implementation of the internal control systems during 2016, confirmed that these internal control systems were functioning effectively, and reported this fact at the Board of Directors' meeting held in March 2017.

Further details regarding the internal control systems are posted on the Sumitomo Corporation website ([http://www.sumitomocorp.co.jp/files/user/english/doc/company/governance/e\\_internal\\_control\\_system.pdf](http://www.sumitomocorp.co.jp/files/user/english/doc/company/governance/e_internal_control_system.pdf)).

Internal Control Systems	Current Implementation Status
<b>1. Systems for ensuring that the execution of duties by Directors and employees complies with laws and regulations and the Articles of Incorporation</b>	
<ul style="list-style-type: none"> <li>● Ensuring full compliance with laws and regulations under the Corporate Mission Statement of the Sumitomo Corporation Group</li> <li>● Drawing up Compliance Guiding Principles</li> <li>● Preparing the Compliance Manual and distributing it to all officers and employees</li> <li>● Requiring all officers and employees to provide a written Confirmation of Compliance</li> <li>● Appointing/creating the Chief Compliance Officer, the Compliance Committee, Compliance Leaders, and the Speak-Up System</li> </ul>	<ul style="list-style-type: none"> <li>➤ We included compliance with laws and regulations and maintenance of the highest ethical standards in the Corporate Mission Statement of the Sumitomo Corporation Group, and we are making officers and employees aware of the mission statement.</li> <li>➤ We are instilling the Compliance Guiding Principles throughout our organization by distributing the Compliance Manual to all officers and employees, as well as posting it on the company intranet.</li> <li>➤ We are raising awareness of compliance and providing relevant education through such means as training tailored to various trainee types, and seminars responding to the needs of different business units, subsidiaries, and other consolidated companies.</li> <li>➤ We require all officers and employees to provide a written Confirmation of Compliance when they join the Company and when companywide training is conducted, among other occasions.</li> <li>➤ Through the Speak-Up System we provide a route for officers and employees to communicate information on compliance directly to the Chief Compliance Officer, with the Legal Department, Corporate Auditors, and outside attorneys serving as liaisons.</li> <li>➤ The Compliance Committee was convened three times during 2016. Matters reported and discussed at committee meetings included details of activities</li> </ul>

Internal Control Systems	Current Implementation Status
	undertaken in 2015, as well as compliance measures for 2016 and their implementation status.
<u>2. Systems for retaining and managing information pertaining to the Directors' execution of their duties</u>	
<ul style="list-style-type: none"> <li>● Properly preserving and managing important documents including minutes of meetings of the Board of Directors and information pertaining to the execution of duties and decision-making</li> <li>● Implementing measures to prevent divulgence of information to third parties or other misuse of information</li> <li>● Making important documents pertaining to the Directors' execution of their duties available for review in a timely manner when requested by a Corporate Auditor</li> </ul>	<ul style="list-style-type: none"> <li>➤ We preserve and manage the important documents and information described to the left properly in accordance with internal rules. In addition, the Basic Rules for Information Management stipulate steps to prevent divulgence of information to third parties, which we implement. These include developing an information security system and managing confidential information.</li> <li>➤ We submit documents for review by delivering to Corporate Auditors any documents they request.</li> <li>➤ During 2016, as in previous years, we sought to prevent divulgence of information to third parties or other misuse of information by bolstering information security on our IT system. We also arranged an information security audit by an external organization and offered training on spoof e-mails, among other measures to raise awareness among officers and employees.</li> </ul>
<u>3. Rules and other systems pertaining to the management of risk of loss</u>	
<ul style="list-style-type: none"> <li>● Managing the various risks associated with the Company's business by categorizing them into "quantifiable risk" and "non-quantifiable risk"</li> <li>● Building a framework, conducting monitoring, and implementing necessary improvements regarding risk management through measures such as setting internal rules and formulating risk management policies, methods, and guidelines</li> <li>● Establishing the Internal Control Committee</li> <li>● Establishing the Company-wide Loan and Investment Committee as an advisory organ to the Management Council</li> <li>● Formulating plans for restoration of operations in the event of disaster</li> <li>● Establishing the Internal Auditing Department as an independent body under the direct supervision of the President and CEO and ensuring the results of internal auditing are reported to the President and CEO as well as the Board of Directors</li> </ul>	<ul style="list-style-type: none"> <li>➤ The situation regarding quantifiable risks as described to the left is regularly reported at meetings of the Board of Directors.</li> <li>➤ We have built a framework, and are conducting monitoring and implementing necessary improvements regarding risk management at the company-wide level through measures such as setting internal rules and formulating risk management policies, methods, and guidelines. In addition, we are improving risk management through the preparation and distribution of manuals and conducting training activities as appropriate.</li> <li>➤ The Internal Control Committee was convened four times during 2016; it reviewed the Company's internal control systems and progress with internal control activities.</li> <li>➤ We are enhancing the quality of decision-making in the Management Council by means of the Company-wide Loan and Investment Committee.</li> <li>➤ We set forth plans for restoration of operations and we are implementing training for first-responder teams and making other efforts to enhance our ability to respond in the event of a disaster.</li> <li>➤ We established an Internal Auditing Department</li> </ul>

Internal Control Systems	Current Implementation Status
	and the results of its internal auditing are reported to the President and CEO as well as to the Board of Directors.
4. Systems for ensuring the efficient execution of the Directors' duties	
<ul style="list-style-type: none"> <li>● Making the number of Directors sufficient to enable full discussions and speedy and reasonable decision-making in the Board of Directors</li> <li>● Electing two or more Outside Directors so that their diverse perspectives can enhance decision-making and supervisory functions</li> <li>● Introducing a system of Executive Officers in order to clarify responsibility and authority for the execution of operations and strengthen the supervisory functions of the Board of Directors</li> <li>● Adopting the business unit system</li> <li>● Term of office for Directors: one year</li> <li>● Terms of office for the Chairman and the President and CEO: not exceeding six years, in principle</li> <li>● Establishing the Nomination and Remuneration Advisory Committee composed of a majority of Outside Directors as an advisory organ to the Board of Directors</li> <li>● Establishing the Management Council as a decision-making body, various committees as advisory organs, and various other conferences for the exchange of information</li> <li>● Specifying in writing the agenda items requiring discussion by the Board of Directors and the decision-making authority of officers and employees regarding important matters</li> </ul>	<ul style="list-style-type: none"> <li>➤ The number of Directors is sufficient to enable a variety of proposals and full discussions in the Board of Directors and we are ensuring speedy and appropriate decision-making and strengthening supervisory functions.</li> <li>➤ The term of office for Directors is set at one year and the terms of office for the Chairman and the President and CEO do not exceed six years.</li> <li>➤ The Nomination and Remuneration Advisory Committee is chaired by an Outside Director.</li> <li>➤ In addition to establishing the Management Council as a decision-making body, we have established various other conferences to discuss and share information. In addition, we have established committees including the Medium-term Management Plan Promotion Support Committee as advisory organs to the Management Council.</li> <li>➤ The Board of Directors Regulations and other internal rules specify agenda items requiring discussion by the Board of Directors, the job responsibilities of each officer and employee, and the decision-making authority of officers and employees regarding important matters.</li> <li>➤ In 2016 we revised the agenda items requiring discussion by the Board of Directors in order to further strengthen the supervisory functions of the Board of Directors.</li> </ul>
5. Systems for ensuring the properness of operations by the corporate group comprising the Company and its subsidiaries	
<ul style="list-style-type: none"> <li>● Using the Corporate Mission Statement of the Sumitomo Corporation Group, which promotes compliance with laws and regulations, to share values to be respected throughout the Group and to guide the development of compliance systems</li> <li>● Determining matters on which subsidiaries and other consolidated companies are to report to and consult with the Company regarding "important management issues" at these companies. In addition, managing subsidiaries and other consolidated companies through Corporate Auditors and other personnel dispatched from the Company</li> <li>● Supporting subsidiaries and other consolidated companies in implementing internal controls and in</li> </ul>	<ul style="list-style-type: none"> <li>➤ We are raising awareness of compliance and providing relevant education by informing everybody in the Group about the Corporate Mission Statement and providing training tailored to various trainee types, among other initiatives.</li> <li>➤ We have determined internal procedures for the implementation of important management issues at each consolidated company. We also provide training for Corporate Auditors we dispatch and share information with them, having clearly defined the criteria for determining the subsidiaries and consolidated companies to which Corporate Auditors will be dispatched, the procedures for their selection, and the minimum duties to be performed</li> </ul>

Internal Control Systems	Current Implementation Status
<p>constructing a framework for risk management and making improvements thereto</p> <ul style="list-style-type: none"> <li>● Setting an internal rule to require internal auditing for subsidiaries and other consolidated companies of which the Company is the managing entity</li> <li>● Ascertaining and managing consolidated performance on a monthly basis</li> </ul>	<p>by them.</p> <ul style="list-style-type: none"> <li>➤ We support subsidiaries and other consolidated companies in a variety of ways, including: educating and raising awareness regarding internal control at subsidiaries; requiring subsidiary employees to participate in risk management training; providing samples of documentation such as selections of rules, and compliance manuals, for subsidiaries to use as examples; and promoting the introduction of Speak Up Systems.</li> <li>➤ The results of auditing subsidiaries and other consolidated companies subject to internal auditing are reported to the President and CEO as well as to the Board of Directors.</li> </ul>
<b>6. Matters regarding personnel assigned to support the operations of Corporate Auditors</b>	
<ul style="list-style-type: none"> <li>● Establishing the Corporate Auditor's Administration Department to support the Corporate Auditors and assigning several full-time staffers to this department</li> <li>● Specifying in writing those persons authorized to issue instructions to the Corporate Auditor's Administration Department and the department's responsibilities, and clearly defining its purpose as an organization for assisting the Corporate Auditors</li> <li>● Conducting personnel evaluations of members of the Corporate Auditor's Administration Department by a Corporate Auditor. Consulting in advance with a Corporate Auditor regarding transfers of the department's personnel</li> </ul>	<ul style="list-style-type: none"> <li>➤ We have assigned several full-time staffers to the Corporate Auditor's Administration Department.</li> <li>➤ We have specified in writing that the Corporate Auditors are authorized to issue instructions to General Manager of the Corporate Auditor's Administration Department and that the Corporate Auditor's Administration Department's area of operational responsibility is assisting the Corporate Auditors in their duties.</li> <li>➤ A Corporate Auditor appointed by the Board of Corporate Auditors conducts the personnel evaluations of members of the Corporate Auditor's Administration Department. An advance consultation is conducted with a Corporate Auditor appointed by the Board of Corporate Auditors to obtain the Corporate Auditor's consent regarding transfers of the department's personnel.</li> </ul>
<b>7. Systems for reporting to Corporate Auditors</b>	
<ul style="list-style-type: none"> <li>● Developing a system that enables Corporate Auditors to attend all meetings, including those of the Management Council</li> <li>● Delivering to the Corporate Auditors important materials pertaining to the execution of operations involving the Company, its subsidiaries and other consolidated companies, and arranging for officers and employees to report and give briefings to the Corporate Auditors</li> <li>● Developing a system to ensure that persons submitting the aforementioned reports and persons making contact via the Speak-Up System will not be subjected to adverse treatment due to such reports/contact</li> </ul>	<ul style="list-style-type: none"> <li>➤ In addition to meetings of the Board of Directors, Corporate Auditors attend other important meetings including those of the Management Council, the Company-wide Loan and Investment Committee, the Internal Control Committee, and the Compliance Committee.</li> <li>➤ We deliver important materials pertaining to the execution of operations when requested to do so by Corporate Auditors, and arrange for officers and employees to report and give briefings.</li> <li>➤ We ensure that persons submitting the aforementioned reports to Corporate Auditors are not subjected to adverse treatment due to such reports/contact. In addition, we have specified in</li> </ul>



Internal Control Systems	Current Implementation Status
	the internal rules that persons making contact via the Speak-Up System should not be subjected to adverse treatment.
<b>8. Other systems for ensuring that auditing will be carried out effectively by the Corporate Auditors</b>	
<ul style="list-style-type: none"> <li>● Appointing experts on law, accounting, and the like, as external Corporate Auditors</li> <li>● Maintaining close contact between the Internal Auditing Department and the Corporate Auditors to contribute to effective auditing, such as by reporting internal auditing plans and results to the Corporate Auditors</li> <li>● Exchanging information between the Corporate Auditors and the Accounting Auditor to improve the efficiency and quality of audit activities</li> <li>● Exchanging information between the Company's Corporate Auditors and subsidiaries' Corporate Auditors</li> <li>● Clearly stipulating the methods for handling the expenses and liabilities incurred by Corporate Auditors in the execution of their duties</li> </ul>	<ul style="list-style-type: none"> <li>➤ The Internal Auditing Department interacts closely with the Corporate Auditors, submitting an internal auditing plan to them prior to the start of the business year and sharing internal audit results with them in a timely manner.</li> <li>➤ Corporate Auditors conduct regular meetings with the Accounting Auditor, as well as liaison meetings and small-group meetings with standing Corporate Auditors at subsidiaries. During 2016, as in previous years, they held several small-group meetings, interacting and exchanging information with standing auditors at subsidiaries and associated companies.</li> <li>➤ Expenses and liabilities incurred by Corporate Auditors in the execution of their duties are handled in accordance with internal rules, including by drawing up budgets and managing their implementation.</li> </ul>

Note: Amounts in billions of yen and those in millions of yen in the business report are rounded to the nearest billion and the nearest million respectively. Also, numbers of shares shown per a unit of thousand shares are rounded down to the nearest thousand.

# Consolidated Statements of Financial Position [Prepared on the basis of IFRSs]

Sumitomo Corporation and Subsidiaries  
As of March 31, 2017 and 2016

	Millions of Yen	
	March 31, 2017	March 31, 2016
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and cash equivalents	¥ 776,464	¥ 868,755
Time deposits	13,996	11,930
Marketable securities	4,647	4,748
Trade and other receivables	1,206,398	1,204,650
Other financial assets	66,550	132,886
Inventories	830,871	807,371
Advance payments to suppliers	169,084	164,669
Other current assets	253,165	192,063
Total current assets	3,321,175	3,387,072
<b>Non-current assets:</b>		
Investments accounted for using the equity method	1,870,935	1,891,768
Other investments	437,162	410,730
Trade and other receivables	472,462	538,855
Other financial assets	91,937	120,737
Property, plant and equipment	795,857	785,009
Intangible assets	357,359	310,789
Investment property	311,115	266,623
Biological assets	12,536	11,911
Prepaid expenses	23,498	22,881
Deferred tax assets	67,758	71,443
Total non-current assets	4,440,619	4,430,746
Total assets	¥ 7,761,794	¥ 7,817,818

Note:

The Consolidated Statement of Financial Position as of March 31, 2016 is not required to be included under the Companies Act, and is included solely for the convenience of shareholders.

# Consolidated Statements of Financial Position [Prepared on the basis of IFRSs]

Sumitomo Corporation and Subsidiaries  
As of March 31, 2017 and 2016

	Millions of Yen	
	March 31, 2017	March 31, 2016
<b>LIABILITIES AND EQUITY</b>		
<b>Current liabilities:</b>		
Bonds and borrowings	¥ 659,257	¥ 737,457
Trade and other payables	1,029,294	933,147
Other financial liabilities	53,264	66,195
Income tax payables	20,737	21,916
Accrued expenses	105,164	103,967
Advances from customers	223,584	186,383
Provisions	4,490	10,940
Other current liabilities	80,129	60,114
Total current liabilities	2,175,919	2,120,119
<b>Non-current liabilities:</b>		
Bonds and borrowings	2,759,069	2,913,486
Trade and other payables	121,126	134,240
Other financial liabilities	40,599	64,384
Accrued pension and retirement benefits	28,076	34,332
Provisions	33,210	38,059
Deferred tax liabilities	116,840	121,253
Total non-current liabilities	3,098,920	3,305,754
Total liabilities	5,274,839	5,425,873
<b>Equity:</b>		
Common stock	219,279	219,279
Additional paid-in capital	263,937	256,500
Treasury stock	(3,113)	(3,344)
Other components of equity	309,094	311,880
Retained earnings	1,577,288	1,467,194
Equity attributable to owners of the parent	2,366,485	2,251,509
<b>Non-controlling interests</b>	120,470	140,436
Total equity	2,486,955	2,391,945
Total liabilities and equity	¥ 7,761,794	¥ 7,817,818

Note:

The Consolidated Statement of Financial Position as of March 31, 2016 is not required to be included under the Companies Act, and is included solely for the convenience of shareholders.

# Consolidated Statements of Comprehensive Income [Prepared on the basis of IFRSs]

Sumitomo Corporation and Subsidiaries  
For the years ended March 31, 2017 and 2016

	Millions of Yen			
	2017		2016	
<b>Revenues:</b>				
Sales of tangible products	¥	3,504,159	¥	3,439,634
Sales of services and others		492,815		571,174
<b>Total revenues</b>		3,996,974		4,010,808
<b>Cost:</b>				
Cost of tangible products sold		(2,951,459)		(2,905,949)
Cost of services and others		(202,817)		(210,802)
<b>Total cost</b>		(3,154,276)		(3,116,751)
<b>Gross profit</b>		842,698		894,057
<b>Other income (expenses):</b>				
Selling, general and administrative expenses		(693,759)		(762,724)
Impairment losses on long-lived assets		(18,803)		(57,228)
Gain (loss) on sale of long-lived assets, net		(876)		23,783
Other, net		(20,132)		15,834
<b>Total other income (expenses)</b>		(733,570)		(780,335)
<b>Finance income (costs):</b>				
Interest income		26,009		29,724
Interest expense		(27,738)		(32,351)
Dividends		9,372		10,623
Gain (loss) on securities and other investments, net		12,873		72,213
<b>Finance income (costs), net</b>		20,516		80,209
<b>Share of profit (loss) of investments accounted for using the equity method</b>		83,457		(53,815)
<b>Profit before tax</b>		213,101		140,116
<b>Income tax expense</b>		(25,896)		(51,549)
<b>Profit for the year</b>		187,205		88,567
<b>Profit for the year attributable to:</b>				
Owners of the parent	¥	170,889	¥	74,546
Non-controlling interests		16,316		14,021
<b>Other comprehensive income:</b>				
<b>Items that will not be reclassified to profit or loss</b>				
Financial assets measured at fair value through other comprehensive income		22,771		(37,004)
Remeasurements of defined benefit pension plans		10,884		(24,894)
Share of other comprehensive income of investments accounted for using the equity method		(541)		96
<b>Total items that will not be reclassified to profit or loss</b>		33,114		(61,802)
<b>Items that may be reclassified subsequently to profit or loss</b>				
Exchange differences on translating foreign operations		(47,621)		(170,348)
Cash-flow hedges		2,495		(7,647)
Share of other comprehensive income of investments accounted for using the equity method		6,061		(5,874)
<b>Total items that may be reclassified subsequently to profit or loss</b>		(39,065)		(183,869)
<b>Other comprehensive income, net of tax</b>		(5,951)		(245,671)
<b>Comprehensive income for the year</b>		181,254		(157,104)
<b>Comprehensive income for the year attributable to:</b>				
Owners of the parent	¥	169,715	¥	(164,394)
Non-controlling interests		11,539		7,290

Note:

The Consolidated Statement of Comprehensive Income for the year ended March 31, 2016 is not required to be included under the Companies Act, and is included solely for the convenience of shareholders.

# Consolidated Statements of Changes in Equity [Prepared on the basis of IFRSs]

Sumitomo Corporation and Subsidiaries

For the years ended March 31, 2017 and 2016

	Millions of Yen	
	2017	2016
<b>Equity:</b>		
<b>Common stock:</b>		
Balance, beginning of year	¥ 219,279	¥ 219,279
Balance, end of year	219,279	219,279
<b>Additional paid-in capital:</b>		
Balance, beginning of year	256,500	260,009
Acquisition (disposal) of non-controlling interests, net	8,865	(294)
Others	(1,428)	(3,215)
Balance, end of year	263,937	256,500
<b>Treasury stock:</b>		
Balance, beginning of year	(3,344)	(3,721)
Acquisition (disposal) of treasury stock, net	231	377
Balance, end of year	(3,113)	(3,344)
<b>Other components of equity:</b>		
Balance, beginning of year	311,880	531,343
Other comprehensive income for the year	(1,174)	(238,940)
Transfer to retained earnings	(1,612)	19,477
Balance, end of year	309,094	311,880
<b>Retained earnings:</b>		
Balance, beginning of year	1,467,194	1,474,522
Transfer from other components of equity	1,612	(19,477)
Profit for the year attributable to owners of the parent	170,889	74,546
Cash dividends	(62,407)	(62,397)
Balance, end of year	1,577,288	1,467,194
<b>Equity attributable to owners of the parent</b>	¥ 2,366,485	¥ 2,251,509
<b>Non-controlling interests:</b>		
Balance, beginning of year	140,436	135,818
Cash dividends to non-controlling interests	(20,117)	(4,762)
Acquisition (disposal) of non-controlling interests and others, net	(11,388)	2,090
Profit for the year attributable to non-controlling interests	16,316	14,021
Other comprehensive income for the year	(4,777)	(6,731)
Balance, end of year	120,470	140,436
<b>Total equity</b>	¥ 2,486,955	¥ 2,391,945
<b>Comprehensive income for the year attributable to:</b>		
Owners of the parent	169,715	(164,394)
Non-controlling interests	11,539	7,290
<b>Total comprehensive income for the year</b>	¥ 181,254	¥ (157,104)

Note:

The Consolidated Statement of Changes in Equity for the year ended March 31, 2016 is not required to be included under the Companies Act, and is included solely for the convenience of shareholders.

# Condensed Consolidated Statements of Cash Flows [Prepared on the basis of IFRSs]

Sumitomo Corporation and Subsidiaries

For the years ended March 31, 2017 and 2016

(Unaudited)

	Millions of Yen	
	2017	2016
<b>Operating activities:</b>		
Profit for the year	¥ 187,205	¥ 88,567
Adjustments to reconcile profit for the year to net cash provided by operating activities:		
Depreciation and amortization	114,266	125,076
Impairment losses on long-lived assets	18,803	57,228
Finance (income) costs, net	(20,516)	(80,209)
Share of (profit) loss of investments accounted for using the equity method	(83,457)	53,815
(Gain) loss on sale of long-lived assets, net	876	(23,783)
Income tax expense	25,896	51,549
(Increase) decrease in inventories	(8,866)	148,190
Decrease in trade and other receivables	21,169	174,890
(Increase) decrease in prepaid expenses	(2,221)	5,552
Increase (decrease) in trade and other payables	105,028	(43,778)
Other, net	(61,680)	(1,478)
Interest received	25,799	29,555
Dividends received	114,333	117,973
Interest paid	(26,999)	(32,121)
Income tax paid	(63,848)	(71,318)
Net cash provided by operating activities	345,788	599,708
<b>Investing activities:</b>		
Proceeds from sale of property, plant and equipment	17,773	9,009
Proceeds from sale of investment property	7,838	45,889
Proceeds from sale of other investments	65,840	149,343
Collection of loan receivables	146,404	404,820
Purchase of property, plant and equipment	(73,004)	(120,442)
Purchase of investment property	(57,947)	(18,522)
Acquisition of other investments	(177,974)	(121,124)
Increase in loan receivables	(109,603)	(434,421)
Net cash used in investing activities	(180,673)	(85,448)
<b>Financing activities:</b>		
Net increase in short-term debt	36,090	(212,719)
Proceeds from issuance of long-term debt	358,743	329,460
Repayment of long-term debt	(547,643)	(563,370)
Cash dividends paid	(62,407)	(62,397)
Capital contribution from non-controlling interests	974	8,175
Payment for acquisition of subsidiary's interests from non-controlling interests	(20,120)	(1,630)
Payment of dividends to non-controlling interests	(20,117)	(4,762)
(Acquisition) disposal of treasury stock, net	32	86
Net cash used in financing activities	(254,448)	(507,157)
<b>Net (decrease) increase in cash and cash equivalents</b>	<b>(89,333)</b>	<b>7,103</b>
<b>Cash and cash equivalents at the beginning of year</b>	<b>868,755</b>	<b>895,875</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>(2,958)</b>	<b>(34,223)</b>
<b>Cash and cash equivalents at the end of year</b>	<b>¥ 776,464</b>	<b>¥ 868,755</b>

Note:

The Condensed Consolidated Statements of Cash Flows are not required to be included under the Companies Act, and are included solely for the convenience of shareholders.

## Notes to Consolidated Financial Statements (For the year ended March 31, 2017)

### Basic Significant Matters Regarding Preparation of Consolidated Financial Statements

1. Accounting standards of consolidated financial statements	<p>The consolidated financial statements including consolidated statements of financial position, consolidated statements of comprehensive income and consolidated statements of changes in equity have been prepared on the basis of International Financial Reporting Standards ("IFRSs"), in compliance with Article 120, paragraph 1 of the Company Accounting Regulations.</p> <p>In compliance with the second sentence of the same paragraph, certain disclosures required on the basis of IFRSs are omitted.</p>
2. The scope of the consolidation	
Number of consolidated subsidiaries	664
Names of principal consolidated subsidiaries	Sumitomo Corporation of Americas SCSK Corporation
3. The application of equity method	
Number of associated companies	286
Names of principal associated companies	Sumitomo Mitsui Finance and Leasing Company, Limited Jupiter Telecommunications Co., Ltd.
4. Significant accounting principles	
(1) Valuation basis and method for assets	
(A) Valuation basis and method for financial assets	<p>The Company and its subsidiaries (the "Companies") apply International Financial Reporting Standard No. 9 <i>Financial Instruments</i> ("IFRS 9").</p>
Financial assets measured at amortized cost	<p>Financial assets measured at amortized cost are initially measured at fair value (plus directly attributable transaction costs). Subsequently, the carrying amount of the financial assets measured at amortized cost is calculated using the effective interest method, less impairment loss when necessary.</p> <p>The impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate, and recognized in profit or loss.</p>
Financial assets which are measured at fair value through profit or loss ("FVTPL")	<p>Financial assets other than equity instruments that do not meet the conditions about amortized cost are measured at FVTPL.</p> <p>Equity investments are measured at fair value with gains or losses on re-measurement recognized in profit or loss unless the Companies make an irrevocable election to measure equity investments at fair value through other comprehensive income on initial recognition.</p> <p>Financial assets measured at FVTPL are initially measured at fair value and transaction costs are recognized in profit or loss when they occur.</p>
Financial assets which are measured at fair value through other comprehensive income ("FVTOCI")	<p>Financial assets measured at FVTOCI are initially measured at their fair value (including directly attributable transaction costs). Subsequently, they are measured at fair value, and gains and losses arising from changes in fair value are recognized in other comprehensive income and presented as "Financial assets measured at fair value through other comprehensive income" in other components of equity.</p> <p>The amount of other components of equity is transferred directly to retained earnings, not to profit or loss, when the equity investment is derecognized or the decline in its fair value compared to its acquisition cost is significant and other-than-temporary.</p> <p>However, dividends on financial assets measured at FVTOCI are recognized in profit or loss as finance income.</p>
(B) Valuation basis and method for non-financial assets	
Inventories	<p>Inventories are measured at the lower of cost and net realizable value.</p> <p>Net realizable value represents the estimated selling price in the ordinary course of business less any estimated costs of completion and the estimated costs necessary to make the sale.</p> <p>Inventories acquired with the purpose of generating profits from short-term fluctuations in price are measured at fair value less costs to sell, and changes in fair value are recognized in profit or loss.</p> <p>The cost of inventories other than acquired with the purpose of generating profits from short-term fluctuations in price is determined based on either specific identification basis when inventories are not ordinarily interchangeable, or mainly moving average basis when inventories are ordinarily interchangeable.</p>
Property, plant, equipment and investment property	<p>Property, plant, equipment and investment property are measured at cost less any accumulated depreciation and accumulated impairment losses.</p>
Intangible assets	<p>Intangible assets are measured at cost less any accumulated amortization and accumulated impairment losses.</p>

Impairment	<p>At the end of each reporting period, the carrying amounts of non-financial assets, excluding inventories, biological assets and deferred tax assets, are assessed whether there is any indication of impairment. If any such indication exists, the recoverable amount of the non-financial asset is estimated.</p> <p>Regarding goodwill and intangible assets with indefinite useful lives, and intangible assets not yet available for use, the recoverable amount is estimated at the same time every year.</p>
(2) Depreciation and amortization method of assets	
(A) Property, plant and equipment	<p>Buildings, leasehold improvements, machinery and equipment</p> <p>Mining rights</p>
(B) Intangible assets except goodwill	
(C) Investment property	
(3) Provisions	<p>Depreciation is principally computed by the straight-line method.</p> <p>Depreciation is computed by the unit-of-production method.</p> <p>Amortization is computed by the straight-line method.</p> <p>Depreciation is principally computed by the straight-line method.</p> <p>Provisions are recognized when the Companies have present legal or constructive obligations as a result of past events, it is probable that outflows of resources embodying economic benefits will be required to settle the obligations, and reliable estimates can be made of the amount of the obligations. Provisions are discounted to their present value using a pre-tax rate that reflects the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance costs.</p>
(4) Defined benefit plans	<p>The Companies' net defined benefit obligations are calculated separately for each plan by estimating the future amount of benefit that employees have earned in exchange for their service for the previous years. The benefits are discounted to determine the present value, and fair value of plan assets is deducted. When plan amendments are made, the change in defined benefit obligations related to past service by employees is recognized in profit or loss immediately.</p> <p>The Companies recognize remeasurements of the net defined benefit liability (asset) in other comprehensive income and immediately reclassify them from other components of equity to retained earnings.</p>
(5) Derivatives including hedge accounting	<p>At the initial designation of the hedging relationship, the Companies document the relationship between the hedging instrument and the hedged item, along with their risk management objective and strategy for undertaking the hedge, the hedging instrument, the hedged item, the nature of the risk being hedged, and how the hedging instrument's effectiveness in offsetting the hedged risk will be assessed.</p> <p>At the inception of the hedge and on an ongoing basis, the Companies assess whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk throughout the period for which the hedge is designated.</p> <p>To qualify as a cash flow hedge of a forecast transaction, the transaction must be highly probable.</p> <p>Derivatives are initially recognized at fair value with transaction costs recognized in profit or loss when they occur. Subsequently derivatives are measured at fair value, and gains and losses arising from changes in the fair values are accounted for as follows:</p>
(A) Fair value hedges	<p>The changes in the fair value of the hedging instrument are recognized in profit or loss. The carrying amounts of the hedged items are measured at fair value and the gains or losses on the hedged items attributable to the hedged risks are recognized in profit or loss.</p>
(B) Cash flow hedges	<p>When derivatives are designated as hedging instrument to hedge the exposure to variability in cash flows that are attributable to a particular risk associated with recognized assets or liabilities or a highly probable forecast transactions which could affect profit or loss, the effective portion of changes in the fair value of derivatives is recognized in other comprehensive income and included in cash flow hedges in the other components of equity. The balances of cash flow hedges are reclassified to profit or loss from other comprehensive income in the periods when the cash flows of hedged items affect profit or loss, in the same line items of the consolidated statement of comprehensive income as those of hedged items. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss.</p>
(C) Hedges of a net investment in foreign operations	<p>Exchange differences arising from the retranslation of financial instruments designated as hedging instruments for a net investment in foreign operations are recognized in other comprehensive income to the extent that the hedge is effective, and are presented as "Exchange differences on translating foreign operations" in other components of equity.</p>
(6) Consumption tax	<p>Consumption tax is accounted for by the segregated method under which consumption tax is excluded from presentation of sales, cost of sales and expenses.</p>

#### Notes to changes in accounting estimates

The significant changes in accounting estimates for the year ended March 31, 2017 are described in "Notes to Consolidated Statements of Comprehensive Income 1. Impairment loss" and "Notes to Consolidated Statements of Comprehensive Income 2. Other".



## Notes to Consolidated Statements of Financial Position

(Millions of yen)

### 1. Pledged assets and secured liabilities

Pledged assets		Secured liabilities	
Cash and deposits	52,714	Bonds, borrowings and others	375,391
Marketable securities and investments	153,135		
Trade and other receivables	350,247		
Inventories	23,471		
Property, plant and equipment	70,554		
Investment property	21,249		
Total	671,370	Total	375,391

### 2. Allowance for doubtful receivables directly deducted

from trade and other receivables

26,645 millions of yen

### 3. Tax receivables included in other current assets

45,140 millions of yen

### 4. Accumulated depreciation and impairment losses of property, plant and equipment

813,162 millions of yen

### 5. Accumulated depreciation and impairment losses of investment property

47,897 millions of yen

### 6. Guarantees of indebtedness

(Millions of yen)

Associated companies	117,259
Others	49,652
Total	166,911

## Notes to Consolidated Statements of Comprehensive Income

### 1. Impairment loss

The significant impairment loss for the year ended March 31, 2017 is as follow.

The Company recognized the impairment loss of 33,601 millions of yen relating to Copper and molybdenum mining business in Chile, as a result of revising the long-term business plan based on the current performance of mining operation and the medium and long-term trend in copper prices. The impairment loss is included in “Share of profit (loss) of investments accounted for using the equity method” in the Consolidated Statements of Comprehensive Income.

(Reference)

The significant impairment losses for the year ended March 31, 2016 were as follows.

Nickel mining and refining business in Madagascar	77,031 millions of yen
Edgen Group	19,884 millions of yen
Iron ore mining project in South Africa	18,338 millions of yen
Iron ore mining project in Brazil	14,572 millions of yen
Copper and molybdenum mining business in Chile	14,039 millions of yen
Grain business in Australia	12,104 millions of yen
Coal-mining projects in Australia	12,079 millions of yen

The impairment losses relating to Nickel mining and refining business in Madagascar, Iron ore mining project in South Africa, Iron ore mining project in Brazil, and Copper and molybdenum mining business in Chile are included in “Share of profit (loss) of investments accounted for using the equity method” and others are included in “Impairment losses on long-lived assets” in the Consolidated Statements of Comprehensive Income.

### 2. Other

On December 30, 2011, Minera San Cristobal S.A. (“MSC”), which is a consolidated subsidiary of the Company in Plurinational State of Bolivia (“Bolivia”), received a correction notice relating to its withholding tax returns from Bolivian Tax Authority. MSC appealed to the Supreme Court for the revocation of corrected amount of tax payment order issued by the General Authority of Taxes. In addition, MSC offered the appropriate fixed assets as a collateral in accordance with the procedure stipulated in the related Bolivian law. The estimated corrected tax amount in the year ended March 31, 2016 was approximately 185 millions of US dollars. On July 4, 2016, the amended tax code and its regulations, including measures for the reduction and exemption of delayed interests and penalties, were promulgated in Bolivia. Based on the consideration among the local specialists, MSC withdrew its appeal to the Supreme Court in order to apply the amended tax code and its regulations. Consequently, in the fiscal year ended March 31, 2017, the loss of the corrected tax amount approximately 106 millions of US dollars (10,886 millions of yen) was recognized as “Other, net” in the Consolidated Statements of Comprehensive Income and the same amount was already paid.

## Notes to Consolidated Statements of Changes in Equity

1. Number of issued shares (Common shares)		1,250,602,867 shares
2. Dividends for the year ended March 31, 2017	<p>The year-end ordinary dividends were resolved in the ordinary general meeting of shareholders held on June 24, 2016 as follows:</p> <p>Total amount of dividends (yen) 31,202,400,625</p> <p>Dividends per share (yen) 25</p> <p>Record date March 31, 2016</p> <p>Effective date June 27, 2016</p> <p>The interim dividends were resolved by the board of directors on November 1, 2016 as follows:</p> <p>Total amount of dividends (yen) 31,204,365,075</p> <p>Dividends per share (yen) 25</p> <p>Record date September 30, 2016</p> <p>Effective date December 1, 2016</p>	
3. Dividends after March 31, 2017	<p>The year-end ordinary dividends will be resolved in the ordinary general meeting of shareholders held on June 23, 2017 as follows:</p> <p>Total amount of dividends (yen) 31,206,679,375</p> <p>Source of dividends Retained earnings</p> <p>Dividends per share (yen) 25</p> <p>Record date March 31, 2017</p> <p>Effective date June 26, 2017</p>	
4. Number of shares subject to new share acquisition rights authorized by the ordinary general meeting of shareholders or the board of directors	<p>In the ordinary general meeting of shareholders held on June 23, 2006 (Stock-Linked compensation plan) 10,000 shares</p> <p>In the ordinary general meeting of shareholders held on June 22, 2007 (Stock-Linked compensation plan) 23,000 shares</p> <p>In the ordinary general meeting of shareholders held on June 20, 2008 (Stock-Linked compensation plan) 43,400 shares</p> <p>In the ordinary general meeting of shareholders held on June 19, 2009 (Stock-Linked compensation plan) 76,700 shares</p> <p>In the ordinary general meeting of shareholders held on June 22, 2010 (Stock-Linked compensation plan) 98,200 shares</p> <p>In the ordinary general meeting of shareholders held on June 24, 2011 (Stock-Linked compensation plan) 96,600 shares</p> <p>In the ordinary general meeting of shareholders held on June 22, 2012 24,000 shares</p> <p>In the ordinary general meeting of shareholders held on June 22, 2012 (Stock-Linked compensation plan) 124,500 shares</p> <p>In the ordinary general meeting of shareholders held on June 21, 2013 81,000 shares</p> <p>In the ordinary general meeting of shareholders held on June 21, 2013 (Stock-Linked compensation plan) 101,900 shares</p> <p>In the meeting of the board of directors held on July 31, 2014 117,000 shares</p> <p>In the meeting of the board of directors held on July 31, 2014 (Stock-Linked compensation plan) 110,500 shares</p> <p>In the meeting of the board of directors held on July 30, 2015 145,000 shares</p> <p>In the meeting of the board of directors held on July 30, 2015 (Stock-Linked compensation plan) 113,400 shares</p> <p>In the meeting of the board of directors held on August 1, 2016 180,000 shares</p> <p>In the meeting of the board of directors held on August 1, 2016 (Stock-Linked compensation plan) 169,500 shares</p> <p>Total <u>1,514,700 shares</u></p>	

"Total" includes 744,600 shares for which the exercise period has not commenced at March 31, 2017.

## Notes to Financial Instruments

### 1. Qualitative information of financial instruments

The Companies' basic policy for fund raising activities is to secure stable, medium- to long-term funds and liquidity for our operations.

Marketable securities and other investments are mainly strategic investments in stocks and others issued by financial institutions, customers and suppliers. The Companies are exposed to equity price risk inherent in these securities. On a continuous basis, but no less frequently than at the end of each quarterly period, the Companies evaluate the cost basis of these securities for possible impairment.

Trade and other receivables are mainly accounts receivable and loans from customers. Credit risk of customers is managed through the credit line approved by management and by monitoring the credibility of counterparties periodically based on the internal credit rating model. On a continuous basis, but no less frequently than at the end of each quarterly period, the Companies make provisions for doubtful receivables based on assessments about the possibility of collection.

The Companies operate internationally, exposing them to the risk of changes in foreign exchange rates, interest rates and commodity prices. Derivative financial instruments are comprised principally of foreign exchange contracts, foreign currency swaps, interest rate swaps and commodity future contracts utilized by the Company and certain of its subsidiaries to reduce these risks. The Companies assess foreign currency exchange rate risk, interest rate risk and commodity price risk by continuously monitoring changes in these exposures and by evaluating hedging opportunities. The Companies hold or issue commodity derivatives for trading purposes.

Management has been monitoring liquidity risk by setting various worst case scenarios including financial market turmoil. The Companies secure necessary liquidity from the cash flows from operations and borrowing from financial institutions. The Companies deposit these funds at the highly creditable financial institutions.

### 2. Fair values of financial instruments

Carrying amounts of financial instruments, fair values and the differences as of March 31, 2017 are as follows:

#### Financial instruments measured at amortized cost

(Millions of yen)			
	Carrying amount	Fair value	Difference
Assets :			
Securities and other investments	5,987	5,987	—
Trade and other receivables	1,654,154	1,660,537	6,383
Liabilities :			
Bonds and borrowings	3,418,326	3,430,437	12,111
Trade and other payables	1,071,638	1,071,691	53

#### Financial instruments measured at fair value

(Millions of yen)			
	Carrying amount	Fair value	Difference
Assets :			
Securities and other investments	435,822	435,822	—
Trade and other receivables	24,706	24,706	—
Other financial assets	158,487	158,487	—
Liabilities :			
Trade and other payables	78,782	78,782	—
Other financial liabilities	93,863	93,863	—

The fair values of financial assets and liabilities are determined as follows:

Quoted market prices, if available, are used as fair values of financial instruments. If quoted market prices are not available, fair values for such financial instruments are measured by using appropriate measurement techniques such as a discounted future cash flow method or others.

#### (1) Cash and cash equivalents, time deposits and marketable securities

The carrying amounts of these instruments approximate their fair value due to their short-term maturities.

#### (2) Other investments

The fair values of marketable securities are estimated using quoted market prices.

Fair values of unlisted investments in common stock are determined by discounted future cash flow method, valuation models based on revenue, profitability and net assets of investees, market values of comparable companies, and other valuation approaches.

#### (3) Trade and other receivables, trade and other payables

The fair values of current and non-current trade receivables and payables, except for loans with floating rates whose carrying amounts approximate fair value, are estimated by discounted future cash flow analysis, using interest rates currently being offered for loans or accounts receivables with similar terms to borrowers or customers of similar credit quality and remaining maturities.

#### (4) Bonds and borrowings

The fair values of bonds and borrowings, except for debt with floating rates whose carrying amount approximates fair value, are estimated by discounted future cash flow analysis using interest rates currently available for similar types of borrowings with similar terms and remaining maturities.

#### (5) Other financial assets, other financial liabilities

The fair values of interest rate swaps, currency swap agreements and currency option contracts are estimated by obtaining quotes from brokers and other appropriate valuation techniques based on information available to the Companies.

The fair values of foreign exchange forward contracts are estimated based on quoted market prices for contracts with similar terms.

The fair values of interest rate future contracts, bond future contracts, commodity forwards, futures and swap contracts are estimated by using quoted market prices and others.

## Notes to Investment Property

1. Qualitative information of investment property

The Companies own office buildings for rent in Tokyo, and other areas.

2. Fair values of investment property

(Millions of yen)

Carrying amount	Fair value
311,115	361,388

Notes: 1. Investment property is measured at cost less any accumulated depreciation and accumulated impairment losses.

2. The fair value as of March 31, 2017 is based on valuation conducted by independent valuation appraisers having recent experience in the locations and categories of the investment property being valued and the appropriate and recognized professional qualifications, such as a registered appraiser. The valuation, which conforms to the standards of the country where the investment property is located, is based on market evidence of transaction prices for similar properties.

## Notes to per Share Information

1. Equity per share attributable to owners of the parent

1,895.81 yen

2. Earnings per share attributable to owners of the parent

136.91 yen

## Note to Significant Subsequent Events

There are no significant subsequent events to be disclosed.

Note : Consolidated results' amounts in millions of yen are rounded to the nearest million.

# Non-consolidated Balance Sheets

## Sumitomo Corporation

[Prepared on the basis of accounting principles generally accepted in Japan]

(Unit: millions of yen)

Assets	As of March 31, 2017	As of March 31, 2016	Liabilities and net assets	As of March 31, 2017	As of March 31, 2016
<b>Current assets</b>	<b>1,533,854</b>	<b>1,495,643</b>	<b>Current liabilities</b>	<b>1,165,461</b>	<b>1,071,431</b>
Cash and deposits	188,213	216,575	Notes payable, trade	9,653	9,471
Notes receivable, trade	16,061	20,141	Accounts payable, trade	457,831	388,650
Accounts receivable, trade	480,535	453,739	Short-term loans	239,070	396,125
Marketable securities	211,006	246,000	Bonds and notes (Due within one year)	35,000	35,000
Merchandise	102,319	112,197	Accrued expenses	17,415	15,424
Real estate held for development and resale	96,097	77,354	Income taxes	942	1,569
Advances to suppliers	162,405	165,398	Advances from customers	184,417	159,572
Prepaid expenses	14,815	11,629	Deposits received	188,305	35,320
Short-term loans receivable	118,452	25,933	Deferred income	1,368	1,366
Deferred tax assets	4,139	6,908	Other current liabilities	31,456	28,929
Other current assets	140,509	160,263			
Allowance for doubtful receivables	(700)	(500)			
<b>Fixed assets</b>	<b>2,618,739</b>	<b>2,476,807</b>	<b>Long-term liabilities</b>	<b>2,025,005</b>	<b>2,027,068</b>
Tangible fixed assets, at cost less accumulated depreciation	260,069	261,584	Long-term loans	1,731,372	1,695,432
Buildings	58,247	51,878	Bonds and notes	250,000	285,000
Other structures	1,271	1,032	Other long-term liabilities	43,632	46,635
Machinery and equipment	649	737			
Vehicles and transportation equipment	197	227	<b>Total liabilities</b>	<b>3,190,466</b>	<b>3,098,500</b>
Furniture and fixtures	2,850	2,945			
Land	193,032	194,385	<b>Shareholders' equity</b>	<b>831,931</b>	<b>782,185</b>
Construction in progress	3,821	10,376	Common stock	219,278	219,278
Intangible fixed assets	14,038	14,974	Capital surplus	230,412	230,412
Software	8,219	9,157	Additional paid-in capital	230,412	230,412
Other intangible fixed assets	5,819	5,817	Retained earnings	385,352	335,837
Investments and other assets	2,344,630	2,200,248	Appropriated for legal reserve	17,696	17,696
Investment securities	346,968	315,585	Other retained earnings	367,656	318,141
Investment securities in subsidiaries and associated companies	1,340,000	1,232,436	General reserve	65,042	65,042
Other investment securities in subsidiaries and associated companies	5,066	2,524	Retained earnings brought forward	302,613	253,098
Other equity interests	8,106	13,595	Treasury stock	(3,112)	(3,343)
Other equity interests in subsidiaries and associated companies	368,656	372,776	<b>Difference of appreciation and conversion</b>	<b>129,094</b>	<b>90,708</b>
Long-term loans receivable	178,978	144,513	Net unrealized holding gains on securities and others	134,721	105,022
Long-term trade receivables, over due	109,674	104,115	Net deferred profits on hedges	(5,627)	(14,313)
Long-term prepaid expenses	52,572	60,512	<b>New shares acquisition rights</b>	<b>1,101</b>	<b>1,056</b>
Deferred tax assets	34,910	43,509			
Other investments and assets	45,738	54,179	<b>Total net assets</b>	<b>962,127</b>	<b>873,950</b>
Allowance for doubtful receivables	(146,044)	(143,498)	<b>Total liabilities and net assets</b>	<b>4,152,593</b>	<b>3,972,450</b>
<b>Total assets</b>	<b>4,152,593</b>	<b>3,972,450</b>			

Note:

The Non-consolidated Balance Sheet as of March 31, 2016 is not required to be included under the Companies Act, and is included solely for the convenience of shareholders.

# Non-consolidated Statements of Income

## Sumitomo Corporation

[Prepared on the basis of accounting principles generally accepted in Japan]

(Unit : millions of yen)

	For the years ended March 31	
	2017	2016
Sales	2,523,023	2,758,832
Cost of sales	(2,400,136)	(2,615,401)
Gross trading profit	122,887	143,431
Selling, general and administrative expenses	(167,494)	(162,036)
Operating loss	(44,607)	(18,604)
Non-operating income	227,233	259,834
Interest income	12,278	10,098
Dividends	181,694	205,903
Gain on sale of investment securities	27,325	36,175
Other non-operating income	5,934	7,658
Non-operating expense	(80,770)	(240,072)
Interest expense	(8,887)	(10,084)
Loss on sale of investment securities	(1,876)	(1,674)
Valuation loss on investment securities	(57,013)	(206,375)
Provision for bad debts reserve of affiliates and others	(8,741)	(19,185)
Other non-operating expense	(4,250)	(2,752)
Ordinary income	101,855	1,157
Extraordinary gain	72	18,721
Gain on sale of fixed assets	72	18,721
Extraordinary loss	(2,375)	(576)
Loss on sale of fixed assets	(2,375)	(576)
Net income before income taxes	99,552	19,301
Income taxes-current	7,300	3,000
Income taxes-deferred	5,100	2,500
Net income	111,952	24,801

Note:

The Non-consolidated Statement of Income for the year ended March 31, 2016 is not required to be included under the Companies Act, and is included solely for the convenience of shareholders.

## Non-consolidated Statements of Changes in Shareholders' Equity

Sumitomo Corporation

[Prepared on the basis of accounting principles generally accepted in Japan]

For the year ended March 31, 2017

(Unit: millions of yen)

	Shareholders' equity								Difference of appreciation and conversion			New share acquisition rights	Total net assets
	Common stock	Capital surplus	Retained earnings				Treasury stock	Total shareholders' equity	Net unrealized holding gains on securities and others	Net deferred profits on hedges	Total difference of appreciation and conversion		
		Additional paid-in capital	Appropriated for legal reserve	Other retained earnings		Total retained earnings							
				General reserve	Retained earnings brought forward								
Balance, beginning of year	219,278	230,412	17,696	65,042	253,098	335,837	(3,343)	782,185	105,022	(14,313)	90,708	1,056	873,950
Changes in the year													
Cash dividends					(62,406)	(62,406)		(62,406)					(62,406)
Net income					111,952	111,952		111,952					111,952
Acquisition of treasury stock							(3)	(3)					(3)
Disposal of treasury stock					(30)	(30)	234	204					204
Changes of items other than shareholders' equity (Net)								-	29,699	8,686	38,386	44	38,430
Total Changes in the year	-	-	-	-	49,515	49,515	231	49,746	29,699	8,686	38,386	44	88,176
Balance, end of year	219,278	230,412	17,696	65,042	302,613	385,352	(3,112)	831,931	134,721	(5,627)	129,094	1,101	962,127

For the year ended March 31, 2016

(Unit: millions of yen)

(Unit: millions of yen)													
	Shareholders' equity								Difference of appreciation and conversion			New share acquisition rights	Total net assets
	Common stock	Capital surplus	Retained earnings				Treasury stock	Total shareholders' equity	Net unrealized holding gains on securities and others	Net deferred profits on hedges	Total difference of appreciation and conversion		
		Additional paid-in capital	Appropriated for legal reserve	Other retained earnings		Total retained earnings							
				General reserve	Retained earnings brought forward								
Balance, beginning of year	219,278	230,412	17,696	65,042	290,739	373,478	(3,721)	819,448	147,464	(37,959)	109,504	1,137	930,090
Changes in the year													
Cash dividends					(62,396)	(62,396)		(62,396)					(62,396)
Net income					24,801	24,801		24,801					24,801
Acquisition of treasury stock							(6)	(6)					(6)
Disposal of treasury stock					(45)	(45)	384	338					338
Changes of items other than shareholders' equity (Net)								-	(42,442)	23,646	(18,796)	(80)	(18,876)
Total Changes in the year	-	-	-	-	(37,640)	(37,640)	377	(37,263)	(42,442)	23,646	(18,796)	(80)	(56,140)
Balance, end of year	219,278	230,412	17,696	65,042	253,098	335,837	(3,343)	782,185	105,022	(14,313)	90,708	1,056	873,950

Note:

The Non-consolidated Statement of Changes in Shareholders' Equity for the year ended March 31, 2016 is not required to be included under the Companies Act, and is included solely for the convenience of shareholders.

## Notes to Non-consolidated Financial Statements (For the year ended March 31, 2017)

### Significant Accounting Principles

#### 1. Valuation basis and method for assets

##### (1) Valuation basis and method for securities

Trading securities

Stated at fair value. The cost of securities sold is determined based on the average cost of all shares of such security held at the time of sale.

Held to maturity securities

Stated at amortized cost

Other securities

- Marketable securities

Stated at fair value based on quoted market prices and others at the end of the fiscal year. Unrealized holding gains and losses are excluded from earnings and reported in a separate component of net assets. The cost of securities sold is determined based on the average cost of all shares of such security held at the time of sale.

- Non-marketable securities

Stated at average cost

Investment securities in subsidiaries and associated companies

Stated at average cost

##### (2) Valuation basis and method for derivatives

Stated at fair value

##### (3) Valuation basis and method for inventories

Inventories held for ordinary transaction

Stated at cost based on moving average basis or specific identification basis (book-value is stated lower according to the decline of profitability)

Inventories held for trading purpose

Stated at fair value

#### 2. Depreciation method of fixed assets

##### (1) Tangible fixed assets

Tangible fixed assets acquired before April 1, 2007

Depreciation is computed by the straight-line method under pre-revised Corporate Tax Law.

Tangible fixed assets acquired on and after April 1, 2007

Depreciation is computed by the straight-line method.

##### (2) Intangible fixed assets

Depreciation is computed by the straight-line method.

Depreciation of internal-use software is based on the estimated useful life in the Company (5years).

#### 3. Allowance and provisions

##### (1) Allowance for doubtful receivables

An allowance for doubtful receivables is maintained at the level which is adequate to provide for probable losses that can be reasonably estimated.

As for the general receivables, an allowance is computed based on internal credit rating system.

As for the specific receivables, an allowance is computed based on the specific probability of uncollectibility.

##### (2) Accrued pension and severance liabilities

Accrued pension and severance liabilities are to be recognized based upon the estimated benefit obligation and the fair value of plan assets for postretirement benefits.

Since the fair value of plan assets for postretirement benefits exceeds benefit obligation, no accrued pension and severance liabilities were recognized as of March 31, 2017.

Estimated retirement benefits are attributed to periods of service under the plan's benefit formula.

Past service costs are recognized over 12 years which is within average remaining service period (straight line).

Unrecognized actuarial losses are recognized over 12 years which is within average remaining service period (straight line).

#### 4. Deferred charges

All items which may be deferred under the Companies Act are charged to earnings when incurred.

#### 5. Hedge accounting

Gains or losses on derivatives are principally deferred until realization of the designated hedged items. Interest rate swaps are not remeasured at fair value, but the differential paid or received under the swap contracts are recognized on an accrual basis and included in interest expense or income to the extent that their nominal amounts, conditions of interest receipts or payments and contractual periods are almost the same as hedged items.

#### 6. Consumption tax

Consumption tax is accounted for by the segregated method under which consumption tax is excluded from presentation of sales, cost of sales and expenses.

#### 7. Other

The Company adopted a consolidated taxation system.



## Notes to Non-consolidated Balance Sheets

### 1. Pledged assets and secured liabilities

(Millions of yen)

Pledged assets		Secured liabilities	
Accounts receivable, trade	602	Long-term loans, including current maturities of long-term loans	578
Land	354	Other long-term liabilities and others	2,225
Investment securities	14,715		
Investment securities in subsidiaries and associated companies	93,095		
Total	108,767	Total	2,803

2. Accumulated depreciation of tangible fixed assets 68,079 millions of yen

### 3. Guarantees of indebtedness

(Millions of yen)

(1) Subsidiaries and associated companies	660,755
(2) Others	49,443
Sub-total	710,198
(3) Keep-well agreement on subsidiaries' financing arrangements	413,732
Total	1,123,931

4. Discounted trade notes receivable with banks 67,197 millions of yen

### 5. Monetary receivables and payables to subsidiaries and associated companies

Short-term monetary receivables	397,089 millions of yen
Short-term monetary payables	312,444 millions of yen
Long-term monetary receivables	279,839 millions of yen
Long-term monetary payables	11,552 millions of yen

## Notes to Non-consolidated Statements of Income

### 1. Operating transactions with subsidiaries and associated companies

Sales	851,660 millions of yen
Purchases	373,828 millions of yen

### 2. Non-operating transactions with subsidiaries and associated companies

266,630 millions of yen

### 3. Valuation loss on investment securities

In the year ended March 31, 2017, "Valuation loss on investment securities" of 31,835 millions of yen was recognized in relation to the investment in Copper and molybdenum mining business in Chile.

(Reference)

In the year ended March 31, 2016, the significant "Valuation loss on investment securities" were as follows.

Nickel mining and refining business in Madagascar	106,125 millions of yen
Indonesian commercial bank	35,790 millions of yen
Copper and molybdenum mining business in Chile	25,470 millions of yen
Iron ore mining project in Brazil	14,385 millions of yen
Grain business in Australia	10,801 millions of yen

# **Note to Non-consolidated Statements of Changes in Shareholders' Equity**

Number of treasury stock (Common shares)	Balance, beginning of year	2,506,842 shares
	Decrease due to sale through exercise of stock options	123,900 shares
	Decrease due to stock exchange agreement	52,052 shares
	Increase due to purchase of less-than-one-voting-unit shares and others	<u>2,802 shares</u>
	Balance, end of year	<u>2,333,692 shares</u>

## **Notes to Deferred Income Tax**

- |   |   |
|---|---|
| 1. Significant components of deferred tax assets      | Valuation loss on investment securities, provision for bad debts reserve and others.        |
| 2. Significant components of deferred tax liabilities | Net unrealized holding gains on securities, securities contributed to the Trust and others. |

## **Notes to Related Party Transactions**

(Millions of yen)

Category	Name of company	Proportion of voting power	Relationship with related party	Transactions	Transaction amount	Account name	As of March 31, 2017
Subsidiary	SUMMIT AMBATOVOY MINERAL RESOURCES INVESTMENT BV	Directly held 100%	Loan of funds	Loan of funds <sub>(Note 1)</sub>	—	Short-term loans	19,467
				Interest received <sub>(Note 1)</sub>	4,192	Long-term loans	68,237
			Guarantee of indebtedness	Guarantee of indebtedness <sub>(Note 2)</sub>	114,586	—	—
				Receipt of guarantee fee <sub>(Note 2)</sub>	1,979	—	—
Subsidiary	SWORDUS IRELAND HOLDING LIMITED	Indirectly held 100%	Loan of funds	Loan of funds <sub>(Note 1)</sub>	67,145	Long-term loans	66,441
				Interest received <sub>(Note 1)</sub>	333	—	—

Transaction terms and policy

Notes: 1. The interest rates are determined by considering market rates.

2. The rate of the guarantee fee is determined by considering the creditworthiness and other factors.

## **Notes to per Share Information**

- |                         |            |
|-------------------------|------------|
| 1. Net assets per share | 769.89 yen |
| 2. Net income per share | 89.69 yen  |

## **Note to Significant Subsequent Events**

There are no significant subsequent events to be disclosed.

Note : Non-consolidated results' amounts in millions of yen are rounded down to the nearest million.

## **Independent Auditor's Report**

May 12, 2017

The Board of Directors  
Sumitomo Corporation

KPMG AZSA LLC

Masahiro Mekada (Seal)  
Designated Limited Liability Partner  
Engagement Partner  
Certified Public Accountant

Atsuji Maeno (Seal)  
Designated Limited Liability Partner  
Engagement Partner  
Certified Public Accountant

Tomoyasu Sugizaki (Seal)  
Designated Limited Liability Partner  
Engagement Partner  
Certified Public Accountant

We have audited the consolidated financial statements, comprising the consolidated statement of financial position, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the related notes of Sumitomo Corporation as at March 31, 2017 and for the year from April 1, 2016 to March 31, 2017 in accordance with Article 444-4 of the Companies Act.

### **Management's Responsibility for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the latter part of Article 120-1 of the Ordinance of Companies Accounting that prescribes some omissions of disclosure items required by International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatements, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on the consolidated financial statements based on our audit as independent auditor. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, while the objective of the financial statement audit is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of

accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the consolidated financial statements referred to above, which were prepared in accordance with the latter part of Article 120-1 of the Ordinance of Companies Accounting that prescribes some omissions of disclosure items required by International Financial Reporting Standards, present fairly, in all material respects, the financial position and the results of operations of Sumitomo Corporation and its consolidated subsidiaries for the period, for which the consolidated financial statements were prepared.

### **Other Matter**

Our firm and engagement partners have no interest in the Company which should be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

### **Notes to the Reader of Independent Auditor's Report:**

The Independent Auditor's Report herein is the English translation of the Independent Auditor's Report as required by the Companies Act.

## **Independent Auditor's Report**

May 12, 2017

The Board of Directors  
Sumitomo Corporation

KPMG AZSA LLC

Masahiro Mekada (Seal)  
Designated Limited Liability Partner  
Engagement Partner  
Certified Public Accountant

Atsuji Maeno (Seal)  
Designated Limited Liability Partner  
Engagement Partner  
Certified Public Accountant

Tomoyasu Sugizaki (Seal)  
Designated Limited Liability Partner  
Engagement Partner  
Certified Public Accountant

We have audited the non-consolidated financial statements, comprising the non-consolidated balance sheet, the non-consolidated statement of income, the non-consolidated statement of changes in shareholders' equity and the related notes, and the supplementary schedules of Sumitomo Corporation as at March 31, 2017 and for the year from April 1, 2016 to March 31, 2017 in accordance with Article 436-2-1 of the Companies Act.

### **Management's Responsibility for the non-consolidated Financial Statements and Others**

Management is responsible for the preparation and fair presentation of the non-consolidated financial statements and the supplementary schedules in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of non-consolidated financial statements and the supplementary schedules that are free from material misstatements, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on the non-consolidated financial statements and the supplementary schedules based on our audit as independent auditor. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the non-consolidated financial statements and the supplementary schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the non-consolidated financial statements and the supplementary schedules. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the non-consolidated financial statements and the supplementary schedules, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the non-consolidated financial statements and the supplementary schedules in order to

design audit procedures that are appropriate in the circumstances, while the objective of the non-consolidated financial statement audit is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the non-consolidated financial statements and the supplementary schedules.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the non-consolidated financial statements and the supplementary schedules referred to above present fairly, in all material respects, the financial position and the results of operations of Sumitomo Corporation for the period, for which the non-consolidated financial statements and the supplementary schedules were prepared, in accordance with accounting principles generally accepted in Japan.

### **Other Matter**

Our firm and engagement partners have no interest in the Company which should be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

### **Notes to the Reader of Independent Auditor's Report:**

The Independent Auditor's Report herein is the English translation of the Independent Auditor's Report as required by the Companies Act.

# Audit Report by the Board of Corporate Auditors

[English translation of the Corporate Auditors' report originally issued in the Japanese language]

## Audit Report

In accordance with each Corporate Auditor's audit report and due deliberation, we, the Board of Corporate Auditors, have made this audit report regarding the Company's Directors' execution of their duties during the 149th fiscal year from April 1, 2016 to March 31, 2017 as follows:

### 1. Details of the Audit by Each Corporate Auditor and the Board of Corporate Auditors

(1) The Board of Corporate Auditors has established the policies of audit, the manner of dividing roles, etc., and in addition to receiving reports on the status of audit and its results from each Corporate Auditor, we received reports from the Directors, etc. and the Accounting Auditor regarding the execution of their duties, and asked them for explanations as necessary.

(2) Each Corporate Auditor, in accordance with the standard concerning the Corporate Auditor's audit, the policies of audit and the manner of dividing roles, which were established by the Board of Corporate Auditors, promoted communications with the Directors and Internal Auditing Department and other employees, strove to collect information and to enhance the environment for auditing, and conducted the audit by the following methods:

- (i) Each Corporate Auditor attended important meetings such as the Meeting of the Board of Directors, received reports from Directors and employees, etc. regarding the execution of their duties, asked them for explanations as necessary, inspected important internal authorization documents and examined the status of operations and the financial status at the head office and important operating locations. As for subsidiaries, each Corporate Auditor promoted communication and exchange of information with directors and corporate auditors, etc. of the subsidiaries, and received reports on the subsidiaries' business as necessary.

On the details of the Board of Directors' resolution regarding the development of systems necessary to ensure that the execution of duties by directors complies with laws and regulations and the articles of incorporation, and other systems prescribed by the Article 100, Paragraphs 1 and 3 of the Enforcement Regulations promulgated under the Companies Act as systems necessary to ensure the properness of operations of the Company and operations of group of enterprises consisting of the Company and its subsidiaries, which is stated in the business report, and the system that is established in accordance with such resolution (the "Internal Control System"), each Corporate Auditor received regular reports from Directors and employees, etc. regarding the status of the development and implementation of the Internal Control System, asked them for explanations as necessary, and stated opinions. As for internal controls over financial reporting, each Corporate Auditor received reports from the Directors, etc. and KPMG AZSA LLC regarding the evaluation and the status of audit on such internal controls, and asked them for explanations as necessary.

- (ii) Each Corporate Auditor monitored and followed up on whether the Accounting Auditor has retained its independent position and has conducted its audit in an adequate manner, and received reports from the Accounting Auditor regarding the execution of its duties, and asked the Accounting Auditor for explanations as necessary. In addition, each Corporate Auditor received notice from the Accounting Auditor that the "System to Ensure the Execution of Duties is Conducted in an Appropriate Manner (the matters set forth in each item of Article 131 of the Enforcement Regulations Regarding Accounting promulgated under the Companies Act)" is established under the "Quality Control Standard Regarding Audit (by the Business Accounting Council, October 28, 2005)," and asked the Accounting Auditor for explanations as necessary.

By the methods set forth above, we inspected this fiscal year's business report and its supporting schedules, non-consolidated financial statements (non-consolidated balance sheet, non-consolidated statement of income, non-consolidated statement of changes in shareholders' equity and notes to the non-consolidated financial statements) and their supporting schedules, and the consolidated financial statements (consolidated statements of financial position,

consolidated statements of comprehensive income, consolidated statements of changes in equity and notes to the consolidated financial statements).

## 2. Results of Our Audit

### (1) Results of the Audit regarding the Business Report, etc.

- (i) We consider that the business report and its supporting schedules comply with the applicable laws and regulations and with the Articles of Incorporation of the Company and that they present fairly the status of the Company.
- (ii) There is no serious violation of any applicable laws and regulations or of the Articles of Incorporation of the Company concerning the Directors' execution of their duties.
- (iii) We consider the contents of the business report and the Board of Director's resolution regarding the Internal Control System to be proper. Furthermore, there is no matter that requires comment, regarding the Directors' execution their duties concerning the Internal Control System including internal controls over financial reporting.

### (2) Results of the Audit regarding the Non-consolidated Financial Statements and their Supporting Documents

We consider the method and results of the audit conducted by the Accounting Auditor, KPMG AZSA LLC, to be proper.

### (3) Results of the Audit regarding the Consolidated Financial Statements

We consider the method and results of the audit conducted by the Accounting Auditor, KPMG AZSA LLC, to be proper.

May 16, 2017

The Board of Corporate Auditors  
Sumitomo Corporation

Takuro Kawahara (Seal)  
Standing Corporate Auditor(full-time)

Nobuhiko Yuki (Seal)  
Corporate Auditor(full-time)

Haruo Kasama (Seal)  
Corporate Auditor

Toshio Nagai (Seal)  
Corporate Auditor

Yoshitaka Kato (Seal)  
Corporate Auditor

Note: Haruo Kasama, Toshio Nagai and Yoshitaka Kato are Outside Corporate Auditors stipulated by Article 2, Item 16 and Article 335, Paragraph 3 of the Companies Act.

\* \* \*



## (Reference) Management Principles

Based on Sumitomo's Business Philosophy, which was devised 400 years ago, Sumitomo Corporation established the following Management Principles in 1998. By sharing the values presented in the Management Principles across Sumitomo Corporation Group to materialize them in specific business activities, we aim to be a global organization that constantly stays a step ahead in dealing with change, creates new value, and contributes broadly to society.

### Management Principles

- To achieve prosperity and realize dreams through sound business activities
- To place prime importance on integrity and sound management with utmost respect for the individual
- To foster a corporate culture full of vitality and conducive to innovation

### Sumitomo's Business Philosophy

Sumitomo's Business Philosophy, which is the basis of our Management Principles, has been handed down through many generations for over 400 years in Sumitomo's businesses, based on the Founder's Precepts "Monjuin Shiigaki," which Masatomo Sumitomo (1585-1652), the founder of the Sumitomo family, wrote and passed on to describe how a merchant should conduct business. The basic points of Sumitomo's Business Philosophy have been embodied in the form of the following two articles on the Business Principles:

#### *Business Principles*

*Article 1. Sumitomo shall achieve strength and prosperity by placing prime importance on integrity and sound management in the conduct of its business.*

*Article 2. Sumitomo shall manage its activities with foresight and flexibility in order to cope effectively with the changing times. Under no circumstances, however, shall it pursue easy gains or act imprudently.*

Article 1 emphasizes the utmost importance of integrity and sound management in the business, while Article 2 advocates the importance of having an enterprising spirit to generate profits quickly and faithfully while adapting to a changing society, and improving business operations while avoiding the pursuit of easy gains or acting carelessly.

Several other credos are also contained in Sumitomo's Business Philosophy. One example is: "Benefit for self and others, private and public interests are one and the same." To put it another way, Sumitomo's business, while benefiting Sumitomo, must also benefit the nation and benefit society. This represents the corporate vision that the Sumitomo Corporation Group as a whole must pursue at all times.

Sumitomo's Business Philosophy thus stresses the need for an enterprising spirit to stay a step ahead in dealing with change, while ascribing importance to maintaining integrity and sound management, avoiding easy gains, and working for the public interest, without being misled by short-term immediate changes. This philosophy has continuously formed the basis of the Sumitomo Corporation Group's business.

## **(Reference) Overview of Sumitomo Corporation's Corporate Governance Efforts<sup>1</sup>**

### **1. Corporate Governance Principles**

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

### **2. Corporate Governance System and Characteristics**

We have adopted a corporate auditor system believing that the most legitimate means of improving the effectiveness of our corporate governance is to enhance and reinforce our corporate auditing framework. More than half of our Corporate Auditors are Outside Corporate Auditors who are legal or accounting experts, ensuring an auditing system that incorporates a diversity of perspectives. In addition, two or more Outside Directors who are diverse in experience and specialty are elected, so that through their diverse perspectives they can help ensure appropriate decision-making in board meetings and further enhancement of supervisory function. We believe that we can better achieve the ultimate goals of corporate governance—"improving management efficiency," "maintaining sound management" and "ensuring management transparency"—by reinforcing supervisory and monitoring function of management oversight by independent Outside Directors and Outside Corporate Auditors.

### **3. Framework for "Improving Management Efficiency" and "Maintaining Sound Management"**

#### **(1) Directors and the Board of Directors**

##### **(A) Improvement of Deliberation and Enhancement of Monitoring Function at the Board of Directors**

We carefully select agenda items requiring discussion by the Board of Directors so that the Board can concentrate on the deliberation of important matters regarding company-wide management such as the business policy and management plan. At the same time, we have increased the matters to be reported to the Board of Directors so it can concentrate more on supervising execution of operations, with the aim of enhancing its monitoring function.

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<sup>1</sup> Specifics of the corporate governance systems of the Company, including the number of Directors and Corporate Auditors (including Outside Directors and Outside Corporate Auditors), are as of March 31, 2017.

**(B) Terms of Directors**

The terms of Directors are one year. We aim to clarify the responsibility of management among members of management each fiscal year. This, in turn, helps ensure fast reaction times to changes in business conditions.

**(C) Limits on Tenure of the Chairman of the Board of Directors and the President and CEO**

In principle, both a Chairman of the Board of Directors and a President and CEO are appointed in order to ensure mutual supervision, and both positions cannot be held simultaneously by the one person. In principle, the Chairman of the Board of Directors and the President and CEO are each limited to terms of six years. These limitations on the tenure of top management help eliminate the risk of governance problems occurring as a result of lack of top management turnover for long periods.

**(D) Establishment of the Advisory Body to the Board of Directors**

We established the Nomination and Remuneration Advisory Committee (chairperson: Outside Director). Functioning as an advisory body to the Board of Directors, more than half of the Committee members are Outside Directors. The Committee is in charge of studying the standards for nomination of Directors and Corporate Auditors, nomination of candidates for Directors (including Outside Directors), members of Management Council and Corporate Auditors, the structure and level of remuneration and bonuses of Directors and Executive Officers, and the limit of remuneration of Corporate Auditors, and it reports the results of its studies to the Board of Directors.

**(E) Election of Outside Directors**

Two or more Outside Directors are elected in order to ensure appropriate decision-making in board meetings and further enhancement of supervisory functions through diverse perspectives. They all fulfill the standards related to independence set by the Tokyo Stock Exchange and other exchanges, and the Standards for Independence set by Sumitomo Corporation.

**Evaluation of the Board of Directors**

To maintain and heighten the effectiveness of the Board of Directors, each year Directors and Corporate Auditors analyze and evaluate its effectiveness through such methods as self-evaluations. We disclose a summary of the results of these efforts. In relation to fiscal 2015, from March to April 2016 we conducted a questionnaire targeting all Directors and Corporate Auditors and had an outside consultant analyze and evaluate the results as a third party. The evaluation recognized that we are implementing a variety of reforms aimed at realizing an effective Board of Directors and that these efforts are producing benefits steadily. On the other hand, the evaluation recommended further enhancing the effectiveness of the Board of Directors by providing Outside Directors and Outside Corporate Auditors with more information about

business management and creating more opportunities for exchanges of opinions among executives.

In light of recommendations such as these, we implemented measures to further improve the effectiveness of the Board of Directors. Such measures included enhancing orientation programs for Outside Directors and Outside Corporate Auditors when they take office and creating more opportunities for them to observe workplaces in Japan and overseas. In addition, we adjusted the scheduling of informal discussions at which executives (including Executive Officers) engage in free exchange of opinions to make it easier for Outside Directors and Outside Corporate Auditors to attend. Going forward, we will continue taking action to improve the effectiveness of the Board of Directors.

## **(2) Corporate Auditors and the Board of Corporate Auditors**

### **(A) Enhancement of Corporate Auditing Framework**

To strengthen our framework for oversight from an external perspective, we appoint Outside Corporate Auditors as three out of the five members of the Board of Corporate Auditors, thereby ensuring an auditing system that incorporates a diversity of perspectives. They all fulfill the standards related to independence set by the Tokyo Stock Exchange and other exchanges, and the Standards for Independence set by Sumitomo Corporation.

### **(B) Ensuring Audit Effectiveness**

Corporate Auditors attend meetings of the Board of Directors and all other important internal meetings, to obtain the information necessary for proper auditing. Corporate Auditors also meet the Chairman of the Board of Directors and the President and CEO every month to exchange opinions on material issues regarding management policy and auditing.

### **(C) Collaboration with Internal Auditing Department and Accounting Auditors**

To ensure audit efficiency, Corporate Auditors interact closely with the Internal Auditing Department, receiving reports on internal audit plans and their results in a timely manner. In addition, the Corporate Auditors constantly work to improve audit efficiency and quality by, for example, exchanging information with and monitoring the auditing activities of the Accounting Auditors through regular meetings.

## **(3) Standards for Independence**

Standards for independence of Outside Directors and Outside Corporate Auditors shall be prescribed in the Company's internal rules "Standards for Appointment and Independence of Outside Directors and Outside Corporate Auditors" (please refer to page 18).

## **(4) Management Council**

We have established the Management Council as a decision-making body that deliberates on and

renders decisions regarding specific key matters related to management within the scope of its mandate from the Board of Directors.

#### **(5) Introduction of an Executive Officer System**

We have introduced an executive officer system with the aim of clarifying the responsibilities and authority for execution and strengthening the monitoring function of the Board of Directors.

#### **(6) Committees**

We have established committees including the Company Investment Committee, the Medium-term Management Plan Promotion Support Committee, the Internal Control Committee, and the Compliance Committee as advisory bodies for the President and CEO or the Management Council.

### **4. System for Ensuring Management Transparency**

#### **(1) Basic Policy on Information Disclosure**

To bring an accurate understanding of the Company's management policies and business activities to all our stakeholders, we strive to make full disclosure, not limiting ourselves to the disclosure of information required by law but also actively pursuing the voluntary disclosure of information.

#### **(2) Communicating with Shareholders and Other Investors**

##### **(A) Measures relating to the General Meeting of Shareholders**

We send out a Notice of Convocation to shareholders approximately three weeks prior to each regularly scheduled General Meeting of Shareholders. We also provide an English-language translation of the notice on our website in advance of sending a Notice of Convocation. We allow shareholders and investors sufficient time to thoroughly examine the propositions to be resolved at the meeting by enabling them to exercise their voting rights via the Internet (including through the Electronic Voting Platform for institutional investors operated by Investor Communication Japan, Inc. [ICJ]). In addition, we stream video of the General Meeting of Shareholders on our website for a set period following the close of the meeting.

##### **(B) Disclosing Various Information**

Our corporate website provides various materials that may be useful in making investment decisions in a timely manner. These materials include financial results, *yukashoken houkokusho* (Japanese annual securities reports) and other Tokyo Stock Exchange filings as well as documents from company briefings. Moreover, we provide our Annual Report and endeavor to ensure proactive disclosure.

##### **(C) Investor Relations**

In order to ensure direct communication with shareholders and other investors, we hold quarterly

meetings attended by top management to provide information on our financial results for analysts and institutional investors in Japan. Also, we periodically visit the United States, the United Kingdom, and other countries in Europe and Asia to hold one-on-one meetings with investors in each region. In addition, we regularly hold company briefings for individual investors in major cities throughout Japan. While increasing management transparency, we aim to strengthen our relationships of trust with shareholders and investors.

Further information regarding Sumitomo Corporation's corporate governance efforts is provided on our website: <http://www.sumitomocorp.co.jp/english/company/governance/detail/>

## Corporate Governance System

