

The following is an unofficial English translation of the Notice of Convocation of the 151st 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 CONVOCATION OF THE 151st ORDINARY GENERAL MEETING OF SHAREHOLDERS

April 1, 2018 through March 31, 2019

To All Shareholders,

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

Sumitomo Corporation will celebrate its 100th anniversary in December 2019. I would like to take this opportunity to express my sincere gratitude to all of you including our shareholders for your dedicated continuous support and encouragement.

It is my great pleasure to send you the Notice of Convocation of our 151st Ordinary General Meeting of Shareholders (for the fiscal year from April 1, 2018 to March 31, 2019), to be held on June 21, 2019.

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.

May 2019
Masayuki Hyodo
President and Chief Executive Officer

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To All Shareholders

Sumitomo Corporation
3-2, Otemachi 2-chome
Chiyoda-ku, Tokyo

NOTICE OF CONVOCATION OF
THE ORDINARY GENERAL MEETING OF SHAREHOLDERS

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

We have the pleasure of extending to you a cordial invitation to attend the 151st 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, etc.) (please refer to pages 3 and 4 for more details). Please take the time to review 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 20, 2019.

With highest regards,

Masayuki Hyodo

Representative Director, President & Chief Executive Officer

- 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 <https://www.sumitomocorp.com/en/jp/ir/stock/stmt>

1. Date & Time: Friday June 21, 2019, 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 Audit & Supervisory Board regarding the Consolidated Financial Statements for the 151st Fiscal Year (April 1, 2018 through March 31, 2019)

No. 2: Non-consolidated Financial Statements for the 151st Fiscal Year (April 1, 2018 through March 31, 2019)

Propositions:

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

Proposition No. 2: Election of Ten Directors

Proposition No. 3: Election of One Audit & Supervisory Board Member

Proposition No. 4: Paying 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 21, 2019, at 10:00 a.m. (Open at 9:00 a.m.)

Please bring the enclosed Proxy Card to the meeting and submit it to any of 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 20, 2019.

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 “Smart Voting”

Deadline for exercise of voting rights: 5:45 p.m. on Thursday June 20, 2019.

Scan the “Smartphone use voting right exercise website login QR code” on the lower right of the enclosed Proxy Card with a smartphone or tablet. Accessing the URL that appears causes the voting right exercise website screen to appear. There are two methods for exercise of voting rights: (i) Separate indication for each proposition; and (ii) indication of “approval” for all propositions recommended by the Company. Please follow the screen instructions to exercise your voting rights.

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

Deadline for exercise of voting rights: 5:45 p.m. on Thursday June 20, 2019.

To exercise your voting rights, please use a personal computer, smartphone, or other Internet-capable device to access the website for exercising voting rights, <https://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 Duplicate Exercising of Voting Rights

- (1) In the event of dual exercising of voting rights both in writing and via the Internet (including "Smart Voting") or other means, only use of the Internet (including "Smart Voting") will be treated as the valid exercising of voting rights.
- (2) In the event of multiple exercising of voting rights via the Internet (including "Smart Voting") or other means, only the final exercising of voting rights will be treated 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 : 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- to long-term earnings growth while adhering to its fundamental policy of paying shareholders a stable dividend over the long term. Under the “Medium-Term Management Plan 2020,” the Company’s medium-term management plan addressing the three-year period from fiscal 2018, the company has established the policy of determining the amount of dividends through considerations for basic profit, cash flow and other aspects of performance, targeting a consolidated dividend payout ratio of approximately 30%.

With profit attributable to owners of the parent gaining 320.5 billion yen for fiscal 2018, it is proposed that the following payments of year-end dividends be made to shareholders pursuant to the aforementioned dividend policy.

(1) Type of dividend assets

Cash

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

- 38 yen per common share of the Company

- Total amount: 47,458,762,476 yen

Annual dividends for the fiscal 2018 will be 75 yen per share, which is the sum of the amount of the interim dividend (37 yen per share) and the amount of the said year-end dividend (38 yen per share).

(3) Effective date of distribution of the dividend

June 24, 2019

Proposition No. 2: Election of Ten Directors

The term of all of the eleven incumbent Directors will expire as of the close of the Meeting. Accordingly, this proposition calls for the election of ten Directors. The candidates for Directors are as described below.


Four of the ten Director candidates are candidates for the position of Outside Director as provided for in Article 2, Paragraph 3, Item 7 of the Ordinance for Enforcement of the Companies Act. All four candidates satisfy the Standards for Appointment and Independence of Outside Directors and Outside Audit & Supervisory Board Member set by the Company. (Please refer to pages 20 and 21 regarding the standards for appointment of Directors and Audit & Supervisory Board Members [including the Standards for Appointment and Independence of Outside Directors and Outside Audit & Supervisory Board Members].)

Candidate No.	Name		Present Positions	Term as a Director	Nomination and Remuneration Advisory Committee ^{*3}	Outside Director's Areas of Expertise and Experience				
						Business Management	Investment	Finance	Law	Government Agency
1	Re-election	Kuniharu Nakamura	Chairman of the Board of Directors	10 years	○					
2 ^{*1}	Re-election	Masayuki Hyodo	Representative Director, President & Chief Executive Officer	1 year ^{*2}	○					
3 ^{*1}	Re-election	Koichi Takahata	Representative Director, Executive Vice President, Chief Financial Officer	3 years	—					
4 ^{*1}	Re-election	Hideki Yamano	Representative Director, Managing Executive Officer, Chief Strategy Officer and Chief Information Officer	1 year	—					
5 ^{*1}	New-election	Toshikazu Nambu	Senior Managing Executive Officer, General Manager, Media & Digital Business Unit, Chief Digital Officer	—	—					
6 ^{*1}	New-election	Takayuki Seishima	Managing Executive Officer, Chief Administration Officer and Chief Compliance Officer	—	—					

7	Re-election	Nobuyoshi Ehara	Outside Director Candidate	Outside Director	3 years	◎	●	●	●	—	—
			Independent Director								
8	Re-election	Koji Ishida	Outside Director Candidate	Outside Director	2 years	○	●	—	●	—	●
			Independent Director								
9	Re-election	Kimie Iwata	Outside Director Candidate	Outside Director	1 year	—	●	—	—	—	●
			Independent Director								
10	Re-election	Hisashi Yamazaki	Outside Director Candidate	Outside Director	1 year	—	—	—	—	●	●
			Independent Director								

(Notes)

- *¹ 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.
- *² Apart from the above, Mr. Masayuki Hyodo, served a one-year term as Director from June 2016 to June 2017.
- *³ ○ denotes Member and ◎ denotes Chair (both as of April 1, 2019). The Nomination and Remuneration Advisory Committee consists of five Members (of which three Members are Outside Directors) and as of April 1, 2019, Ms. Yayoi Tanaka, the Outside Director also serves as the Member apart from the above four Members. The number of Outside Directors serving as the Member will be three even after this Ordinary General Meeting of Shareholders.


Candidate No. 1	Kuniharu Nakamura (Born August 28, 1950)		Re-election
	Shares owned in the Company	124,200	
	Term as a Director	10 years (as of the close of this General Meeting of Shareholders)	
	Attendance at Meetings of the Board of Directors in fiscal 2018	20 of 20 meetings (100%)	

●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 (<i>Change in Japanese only; English Unchanged</i>)
June 2017	Representative Director, President & Chief Executive Officer
April 2018	Representative Director, Chairman of the Board of Directors
June 2018	Chairman of the Board of Directors (present position)

●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. From 2012 to March 2018 he served as President & CEO and President & Chief Executive Officer, and since 2018 has been serving as the Chairman of the Board of Directors. 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. 2	Masayuki Hyodo (Born June 26, 1959)		Re-election
	Shares owned in the Company	39,800	
	Term as a Director	1 year (as of the close of this General Meeting of Shareholders) (*)	
	Attendance at Meetings of the Board of Directors in fiscal 2018	16 of 16 meetings (100%) (Since appointed Director on June 22, 2018)	


(*) Apart from the above, Mr. Masayuki Hyodo served a one-year term as Director from June 2016 to June 2017.

●Work History, Positions and Responsibilities

April 1984	Entered the Company
June 2016	Representative Director & Managing Executive Officer
April 2017	Representative Director & Senior Managing Executive Officer
June 2017	Senior Managing Executive Officer
April 2018	President & Chief Executive Officer
June 2018	Representative Director, President & Chief Executive Officer (present position)

●Reasons for proposing Mr. Masayuki Hyodo as a candidate for Director

Since entering the Company, Mr. Hyodo has worked primarily in electric power infrastructure-related businesses in Japan and overseas, serving as President and CEO, PT. Sumitomo Indonesia, General Manager, Corporate Planning & Coordination Dept., and General Manager, Environment & Infrastructure Business Unit, among other roles. Since 2018 he has been serving as President & Chief Executive Officer. Through these roles Mr. Hyodo 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	Koichi Takahata (Born February 24, 1956)		Re-election
	Shares owned in the Company	47,100	
	Term as a Director	3 years (as of the close of this General Meeting of Shareholders)	
	Attendance at Meetings of the Board of Directors in fiscal 2018	20 of 20 meetings (100%)	

●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) <i>(Change in Japanese only; English Unchanged)</i>
April 2019	Representative Director & Executive Vice President (Chief Financial Officer) (present position)

●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 Executive Vice President (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. 4	Hideki Yamano (Born February 23, 1960)		Re-election
	Shares owned in the Company	14,252	
	Term as a Director	1 year (as of the close of this General Meeting of Shareholders)	
	Attendance at Meetings of the Board of Directors in fiscal 2018	16 of 16 meetings (100%) (Since appointed Director on June 22, 2018)	


●Work History, Positions and Responsibilities

April 1983	Entered the Company
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April 2016	Executive Officer
April 2018	Managing Executive Officer (Chief Strategy Officer and Chief Information Officer)
June 2018	Representative Director & Managing Executive Officer (Chief Strategy Officer and Chief Information Officer) (present position)

●Reasons for proposing Mr. Hideki Yamano as a candidate for Director

Since entering the Company, Mr. Yamano has worked primarily in infrastructure-related businesses in Japan and overseas, serving as General Manager, Environment & Infrastructure Project Business Division, and General Manager, Corporate Planning & Coordination Dept., among other roles. He currently serves as Managing Executive Officer (Chief Strategy Officer and Chief Information Officer). Through these roles Mr. Yamano 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	Toshikazu Nambu (Born January 21, 1959)		New-election
	Shares owned in the Company	46,400	
	Term as a Director	—	
	Attendance at Meetings of the Board of Directors in fiscal 2018	—	

●Work History, Positions and Responsibilities

April 1982	Entered the Company
April 2006	General Manager, Tubular Products International Trade Dept., No.1 General Manager, OCTG Business Dept. General Manager, Tubular Products Group in Sumitomo Corporation of America Corporate Officer (General Manager, Tubular Products Group in Sumitomo Corporation North America Group, Assistant General Manager for the Americas) Corporate Officer (General Manager, Tubular Products Division)
April 2012	Executive Officer (General Manager, Tubular Products Division)
April 2014	Executive Officer (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)
April 2015	Managing Executive Officer (General Manager for the Americas, President and CEO of Sumitomo Corporation of Americas Group, Director and President of Sumitomo Corporation of Americas)
April 2017	Senior Managing Executive Officer (General Manager, Media, ICT, Lifestyle Related Goods & Services Business Unit)
April 2018	Senior Managing Executive Officer (General Manager, Media & ICT Business Unit)
October 2018	Senior Managing Executive Officer (General Manager, Media & Digital Business Unit)
April 2019	Senior Managing Executive Officer (General Manager, Media & Digital Business Unit, Chief Digital Officer) (present position)

●Reasons for proposing Mr. Toshikazu Nambu as a candidate for Director

Since entering the Company, Mr. Nambu has worked primarily in metal-related businesses in Japan and overseas, serving as General Manager, Tubular Products Division, Director and President of Sumitomo Corporation of Americas, General Manager, Media, ICT, Lifestyle Related Goods & Services Business Unit, among other roles. He currently serves as Senior Managing Executive Officer (General Manager, Media & Digital Business Unit, Chief Digital Officer). Through these roles Mr. Nambu 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 election to that position.


Candidate No. 6	Takayuki Seishima (Born January 1, 1962)		New-election
	Shares owned in the Company	16,000	
	Term as a Director	—	
	Attendance at Meetings of the Board of Directors in fiscal 2018	—	

●Work History, Positions and Responsibilities

April 1984	Entered the Company
April 2012	Corporate Officer (General Manager, Planning & Administration Dept., Infrastructure Business Unit)
	Corporate Officer (General Manager, Planning & Administration Dept., Environment & Infrastructure Business Unit)
	Corporate Officer (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)
April 2016	Executive Officer (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)
April 2018	Executive Officer (Assistant CAO, Secretary & Human Resources)
April 2019	Managing Executive Officer (Chief Administration Officer and Chief Compliance Officer) (present position)

●Reasons for proposing Mr. Takayuki Seishima as a candidate for Director

Since entering the Company, Mr. Seishima has worked primarily in risk management-related business and planning and administration of infrastructure-related businesses in Japan and overseas, serving as General Manager, Planning & Administration Dept, Environmental & Infrastructure Business Unit, Executive Vice President and CFO of Sumitomo Corporation of Americas, Assistant CAO, Secretary & Human Resources, among other roles. He currently serves as Managing Executive Officer (Chief Administration Officer and Chief Compliance Officer). Through these roles Mr. Seishima 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 election to that position.

Candidate No. 7	Nobuyoshi Ehara (Born October 17, 1951)		Re-election
			Outside Director Candidate
			Independent Director
	Shares owned in the Company	0	
	Term as a Director	3 years (as of the close of this General Meeting of Shareholders)	
	Attendance at Meetings of the Board of Directors in fiscal 2018	20 of 20 meetings (100%)	

●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)

●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

The Company holds an equity interest in Community Healthcare Coordination Platform, Inc. (CHCP), a corporate entity in which Unison Capital Inc. (Representative Director: Mr. Nobuyoshi Ehara) invests, and thus has entered into a shareholders agreement with the shareholders of CHCP (including Unison Capital) in relation to such equity investment. However, the value of the Company's investment is negligible – less than 0.001% of the Company's total consolidated assets, and less than 0.1% of the total value of capital managed by Unison Capital. In addition, the Company holds an equity interest in CHCP Pharmacy Inc., a corporate entity in which a fund managed by Unison Capital invests, and thus has entered into a shareholders agreement with the said fund in relation to such equity investment. However, the value of the Company's investment is negligible – less than 0.01% of the Company's total consolidated assets, and less than 1% of the total value of capital managed by the fund. It has therefore been judged that this situation exerts no impact on the independence of Mr. Ehara with respect to the Company.

Candidate No. 8	Koji Ishida (Born June 22, 1947)	Re-election
		Outside Director Candidate
		Independent Director
	Shares owned in the Company	0
	Term as a Director	2 years (as of the close of this General Meeting of Shareholders)
	Attendance at Meetings of the Board of Directors in fiscal 2018	20 of 20 meetings (100%)

●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)
July 2016	Member of the Management Advisory Committee, KPMG AZSA LLC
June 2017	Outside Director, Sumitomo Corporation (present position)
July 2017	Member of the Public Interest Oversight Committee, KPMG AZSA LLC (present position)

●Significant positions concurrently held

Member of the Public Interest Oversight 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 re-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 13 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 judged 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 7 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 0.5% of both SMFL's annual consolidated net sales and the Company's annual consolidated revenues. We have therefore judged that his independence is unaffected.

Mr. Ishida also holds a concurrent position as a member of the Public Interest Oversight Committee (an oversight body established by KPMG AZSA LLC as of July 1, 2017 in place of its Management Advisory Committee) at KPMG AZSA, the Company's Accounting Auditor. We have confirmed with KPMG AZSA that it set up the Public Interest Oversight Board as an oversight body with the aim of reinforcing oversight functions from the perspective of public interest, and that Mr. Ishida, as an external third party serving on this committee, is not an executive of KPMG AZSA and is therefore not involved in auditing or non-auditing services for individual companies, including the Company. We have therefore judged that this concurrent position does not affect his independence with respect to the Company.

Candidate No. 9	Kimie Iwata (Born April 6, 1947)	Re-election
		Outside Director Candidate
		Independent Director
	Shares owned in the Company	0
	Term as a Director	1 year (as of the close of this General Meeting of Shareholders)
	Attendance at Meetings of the Board of Directors in fiscal 2018	16 of 16 meetings (100%) (Since appointed Director on June 22, 2018)

●Work History, Positions and Responsibilities

April 1971	Entered the Ministry of Labour (currently Ministry of Health, Labour and Welfare)
July 1996	Deputy Director-General, Human Resource Development Bureau, Ministry of Labor
October 1998	Assistant Minister of Labor for International Affairs
January 2001	Director-General of Equal Employment, Children and Families Bureau (retired in August 2003)
June 2004	Director, Corporate Officer, Shiseido Company, Limited
January 2007	Member, Council for Gender Equality, the Cabinet Office
April 2007	Director, Corporate Executive Officer, Shiseido Company, Limited
April 2008	Director and Vice President, Shiseido Company, Limited
June 2008	Representative Director, Executive Vice President, Shiseido Company, Limited
March 2012	Outside Audit & Supervisory Board Member, Kirin Holdings Company, Limited
April 2012	Director, Shiseido Company, Limited
June 2012	Adviser, Shiseido Company, Limited (Retired in June 2016)
July 2012	Outside Director, Japan Airlines Co., Ltd. (Retired in June 2018) President, Japan Institute for Women's Empowerment & Diversity Management (Retired in June 2018)
September 2013	Commissioner, the Consumer Commission, the Cabinet Office
October 2015	Audit and Inspection Commissioner, the Tokyo Metropolitan Government (present position)
March 2016	Outside Director, Kirin Holdings Company, Limited (Retired in March 2019)
April 2016	Outside Director, Stripe International Inc. (Retired in April 2019)
June 2018	Outside Director, Sumitomo Corporation (present position)

●Significant positions concurrently held

Audit and Inspection Commissioner, the Tokyo Metropolitan Government


●Reasons for proposing Ms. Kimie Iwata

Ms. Iwata served in several key positions for many years at the Ministry of Labour (currently Ministry of Health, Labour and Welfare), and after retiring from the ministry served in various executive and outside director positions for private companies. Through these and other roles, Ms. Iwata has accumulated wide-ranging knowledge and a wealth of experience in business management, corporate governance, corporate social responsibility, and diversity, etc.; she is also honest in character, as well as highly insightful and capable. Ms. Iwata 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.

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

Ms. Iwata engaged in the execution of operational duties as a Representative Director of Shiseido Company, Limited through March 2012. There are no existing business relationships between the Company and Shiseido Company, Limited.

Ms. Iwata served as an Outside Director of Japan Airlines Co., Ltd. from July 2012 until June 2018. In September 2014, Japan Airlines experienced leaks in customer information due to unauthorized access to its customer information system. Although Ms. Iwata was unaware of this situation until the incident came to light, she had made comments and had given opinions from the perspective of compliance and information security in fulfilling her duties. After the incident surfaced, a verification committee comprised of Japan Airlines independent officers was formed in October of that same year. Appointed chairman of that committee, Ms. Iwata made efforts to prevent the recurrence of such circumstances.

Candidate No. 10	Hisashi Yamazaki (Born November 14, 1948)		Re-election
			Outside Director Candidate
			Independent Director
	Shares owned in the Company	0	
	Term as a Director	1 year (as of the close of this General Meeting of Shareholders)	
	Attendance at Meetings of the Board of Directors in fiscal 2018	16 of 16 meetings (100%) (Since appointed Director on June 22, 2018)	

●Work History, Positions and Responsibilities

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

●Significant positions concurrently held

Attorney at Law
Supervisory Board Member, National Federation of Agricultural Cooperative Associations
Outside Director, Tokyo Commodity Exchange, Inc.

●Reasons for proposing Mr. Hisashi Yamazaki

Mr. Yamazaki has highly specialized knowledge and a wealth of experience in law based on his career over many years as a judge and attorney at law. He is also honest in character, as well as highly insightful and capable. Mr. Yamazaki 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

The Company has business transactions with the National Federation of Agricultural Cooperative Association, in which Mr. Hisashi Yamazaki serves as a Supervisory Board Member. However, the transaction amount between the Company and the National Federation of Agricultural Cooperative Association is negligible – less than 0.1% of the association's total consolidated operating earnings and the Company's total consolidated revenues respectively. It has therefore been judged that this situation exerts no impact on the independence of Mr. Yamazaki with respect to the Company.

(Notes)

1. Special Interest between Candidates and the Company

The Company has an equity interest in Community Healthcare Coordination Platform, Inc. (CHCP), in which Unison Capital, Inc. (Representative Director: Mr. Nobuyoshi Ehara) invests, and thus has entered into a shareholders agreement with the shareholders of CHCP (including Unison Capital) in relation to such equity investment. In addition, the Company holds an equity interest in CHCP Pharmacy, Inc., a corporate entity in which a fund managed by Unison Capital Inc. invests, and thus has entered into a shareholders agreement with the said fund in relation to such equity investment.

In addition, the Company has business transactions with the National Federation of Agricultural Cooperative Associations, in which Mr. Hisashi Yamazaki serves as Supervisory Board Member.

None of the other candidates have any particular interests in the Company.

2. Independent Directors

Mr. Nobuyoshi Ehara, Mr. Koji Ishida, Ms. Kimie Iwata and Mr. Hisashi Yamazaki fulfill the standards related to independence set by the financial instruments exchanges that the Company is listed on. The Company has designated Mr. Nobuyoshi Ehara, Mr. Koji Ishida, Ms. Kimie Iwata, and Mr. Hisashi Yamazaki as independent directors 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. Kuniharu Nakamura, Mr. Nobuyoshi Ehara, Mr. Koji Ishida, Ms. Kimie Iwata and Mr. Hisashi Yamazaki 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.

Proposition No. 3: Election of One Audit & Supervisory Board Member

Of the Company's five incumbent Audit & Supervisory Board Members, Mr. Takuro Kawahara will resign from its position as of the close of the Meeting. Accordingly, this proposition calls for the election of One Audit & Supervisory Board Member. The candidate for Audit & Supervisory Board Member is as follows.

The Audit & Supervisory Board has given its consent with regard to the submission of this proposition.

Candidate	Michihiko Hosono (Born January 20th, 1958)	New-election
	Shares owned in the Company	38,500
	Attendance at Meetings of the Board of Directors and Audit & Supervisory Board in fiscal 2018	—

●Work History and Positions

April 1981	Entered the Company
August 2008	General Manager, Corporate Legal & General Affairs Dept. Corporate Officer (General Manager, Corporate Legal & General Affairs Dept.)
April 2013	Executive Officer (General Manager, Legal Dept.)
April 2015	Executive Officer (Assistant CAO, General Affairs & Legal, General Manager, Legal Dept.)
August 2015	Executive Officer (Assistant CAO, General Affairs & Legal)
April 2016	Managing Executive Officer (Assistant CAO, General Affairs & Legal)
April 2019	Adviser (present position)

●Reasons for proposing Mr. Michihiko Hosono as a candidate for Audit & Supervisory Board Member

Since entering the Company, Mr. Hosono has worked primarily in general affairs and legal-related operations, serving as General Manager, Corporate Legal & General Affairs Dept., General Manager, Legal Dept., and as Managing Executive Officer (Assistant CAO, General Affairs & Legal), among other roles. He has a wealth of knowledge and experience in corporate governance and compliance, and other areas of the Company's management and all aspects of business administration, and is also honest in character, as well as highly insightful and capable. He is thus judged to be able to perform his duties properly as an Audit & Supervisory Board Member. For these reasons, we propose him as a candidate for election to that position.

(Notes)

1. Special Interest between Candidates and the Company
Mr. Michihiko Hosono does not have any particular interest with the Company.
2. Conclusion of Limitation of Liability Contracts
If the election of Mr. Michihiko Hosono is approved, pursuant to Article 427, Paragraph 1 of the Companies Act, the Company intends to conclude a limitation of liability contract with him, limiting his liability to the amount stipulated by law provided he has acted in good faith and without gross negligence.

Proposition No. 4: Paying Bonuses to the Company's Directors

The Company proposes that an amount calculated based on the formula for determining bonuses, being linked to the Company's consolidated performance as determined by the Board of Directors, totaling no more than 327 million yen, be paid as Director's bonuses to the five Directors serving in those posts at the end of fiscal 2018 (excluding the Chairman of the Board of Directors and Outside Directors at the end of the said fiscal year).

(Reference) Standards for Appointment of Directors and Audit & Supervisory Board Members

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 Audit & Supervisory Board Members shall be honest in character, highly insightful and capable, and must have expert business knowledge and extensive experience. Candidates for Outside Audit & Supervisory Board Members 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 Audit & Supervisory Board Members are selected in accordance with the Company's internal rules, the Standards for Appointment and Independence of Outside Directors and Outside Audit & Supervisory Board Members, Article 4, as referenced below.

Candidates for Directors and Audit & Supervisory Board Members are deliberated 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 Audit & Supervisory Board Members established by the Committee. The Board of Directors approves the appointment of nominated Directors and Audit & Supervisory Board Members based on the results of the deliberation reported by the Committee.

Standards for Appointment and Independence of Outside Directors and Outside Audit & Supervisory Board Members

Article 4

- (1) Outside Directors or Outside Audit & Supervisory Board Members 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 Audit & Supervisory Board Member'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 Audit & Supervisory Board Member
- (2) Outside Director or Outside Audit & Supervisory Board Member 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) Overview of Executive Remuneration Plan

1. Remuneration of Directors (excluding Outside Directors) and Executive Officers

(1) Objective

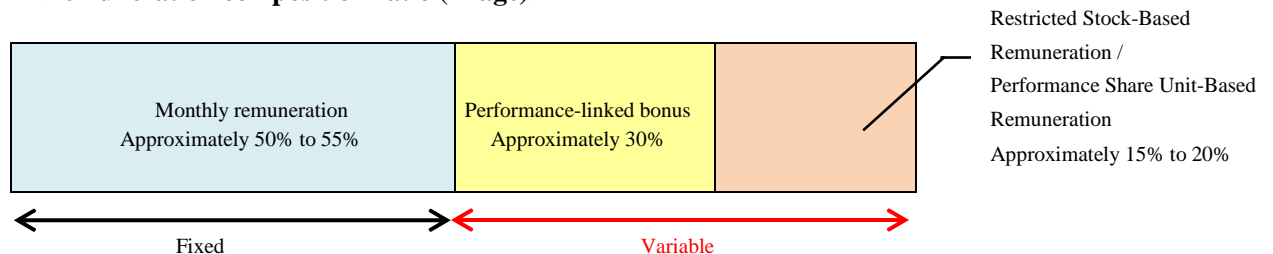
The Company has formulated its executive remuneration plan according to the following basic policy to realize a plan with the aim of reinforcing our group's governance and increasing our corporate value over medium- to long-term, and promoting the Company's sustainable growth in link with our management strategy.

- By appropriately setting the ratio of fixed remuneration (monthly remuneration) and variable remuneration (performance-linked bonus which is linked to short-term results and share-based remuneration which is linked to medium- to long-term results and shareholder value), the plan shall function as a robust incentive for achieving sustainable growth.
- By reinforcing the relation between our group's management strategy and performance-linked bonus, the plan shall promote the execution of duties that coincide with our management strategy and offer strong motivation for achieving specific business objectives.
- By further reinforcing the interrelation with shareholder value regarding the stock remuneration plan, the plan shall promote efforts to improve our corporate value over medium- to long term and create greater shared values with our shareholders.

(2) Remuneration composition ratio and remuneration level

In order to increase incentives for enhancing company performance based on management strategies as well as our corporate value over medium- to long-term, the Company has appropriately set the ratio of fixed remuneration and variable remuneration. Furthermore, the Company has set an appropriate remuneration level with reference to objective remuneration market survey data provided by external specialized agencies and in light of the Company's business environment.

<Remuneration composition ratio (image)>



(Note1) The aforesaid chart is an image calculated based on a certain level of company performance and stock price, and the above ratios will change according to fluctuations in such company performance and stock price.

(Note 2) The Chairman of the Board of Directors is not eligible for the performance-linked bonus.

2. Remuneration of Outside Directors and Audit & Supervisory Board Members

The remuneration of Outside Directors and Audit & Supervisory Board Members consists only of “monthly remuneration” in light of their independence and professional roles, and a fixed amount is paid on a monthly basis.

3. Remuneration Governance

The Company has established, as the advisory body of the Board of Directors, the Nomination and Remuneration Advisory Committee (chairperson: Outside Director) in which a majority of its members is Outside Directors. The structure and the level of remuneration of Directors and the total amount of remuneration of Audit & Supervisory Board Members are deliberated in the Nomination and Remuneration Advisory Committee and the results thereof are reported to the Board of Directors meeting as a part of our efforts to further enhance transparency and objectivity.

[Overall image of executive remuneration plan]

(●, ○, ◎ indicate the persons eligible for each type of remuneration, etc.)

Type of remuneration, etc.		Description of remuneration, etc.	Eligibility			
			Directors / Executive Officers (Note 1)	Chairman of the Board of Directors	Outside Directors	Audit & Supervisory Board Members
Fixed	Monthly remuneration (Note 2)	Fixed amount according to their position is paid on a monthly basis.	●	●	●	○
Variable	Performance-Linked Bonus (Note 3)	From the perspective of reinforcing the relation between our group’s management strategy and performance-linked bonus, a certain rate of “consolidated net income” and “basic profit cash flow” – which are adopted as the performance management index to be emphasized in our medium-term management plan – is equivalent to the total amount to be paid, and it is distributed according to their position and personal evaluation.	◎	-	-	-
	Restricted Stock-Based Remuneration (Notes 2, 4)	In principle, the Company’s common shares subject to transfer restriction are granted each year. In order to realize the sharing of shareholder value, which is one objective of introducing the plan, over medium- to long term, the restriction period is set from the date that such shares are allotted until the date that an eligible person resign or retire from all his/her position as the Company’s Director, Executive Officer or any other position determined by the Board of Directors.	●	●	-	-
	Performance Share Unit-Based Remuneration (Notes 2, 4)	In principle, the Company’s common shares in number determined according to the Company’s stock growth rate (calculated by dividing the Company’s TSR (Total Shareholder Return) by the growth rate of TOPIX (Tokyo Stock Exchange Stock Price Index) during the evaluation period) in a 3-year’s evaluation period are granted each year upon conclusion of such evaluation period.	●	●	-	-

- (Note 1) Excluding the Chairman of the Board of Directors and Outside Directors.
- (Note 2) The total amount of remuneration of Directors (excluding bonuses) was resolved to be an annual amount of 1.2 billion yen or less (including an annual amount of 60 million yen or less for Outside Directors) at the 145th Ordinary General Meeting of Shareholders held on June 21, 2013. For the total amount of remuneration of Outside Directors, however, it was subsequently resolved to be amended from an annual amount of 60 million yen or less to an annual amount of 100 million yen or less at the 150th Ordinary General Meeting of Shareholders held on June 22, 2018. In addition, it was resolved at the 150th Ordinary General Meeting of Shareholders to provide monetary remuneration receivables to Directors (excluding Outside Directors) in order to offer restricted stock-based remuneration and performance share unit-based remuneration as a substitute for stock options (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) within the range of the aforementioned total amount of remuneration. The amount of the monetary remuneration receivables was also resolved to be an annual amount of 130 million yen or less for restricted stock-based remuneration and an annual amount of 430 million yen or less for performance share unit-based remuneration (total annual amount of 560 million yen or less). Consequently, the upper limit of the “monthly remuneration,” “restricted stock-based remuneration” and “performance share unit-based remuneration” of Directors (indicated with ● above) has been an annual amount of 1.2 billion yen (including an annual amount of 100 million yen for Outside Directors), and the amount of remuneration to be actually paid to the respective Directors has been resolved by the Board of Directors based on the aforesaid upper limit. Furthermore, with regard to the “monthly remuneration” of Audit & Supervisory Board Members (indicated with ○ above), the upper limit has been resolved to be an annual amount of 180 million yen in the 145th Ordinary General Meeting of Shareholders held on June 21, 2013. The amount of remuneration to be paid to the respective Audit & Supervisory board members has been decided based on the aforesaid upper limit upon consultation among the Audit & Supervisory Board Members.
- (Note 3) As the “performance-linked bonus” of Directors (indicated with ◎ above) is highly linked to performance, it is paid upon resolution of the General Meeting of Shareholders each year. The Chairman of the Board of Directors and Outside Directors are not eligible for the performance-linked bonus.
- (Note 4) The upper limits of the total amount of monetary remuneration receivables and the total number of common shares to be issued or disposed for granting the share-based remuneration are as follows: The timing of granting the Company’s common shares as the initial “performance share unit-based remuneration” is upon conclusion of the initial Evaluation Period (around August 2021).

	Directors (excluding Outside Directors) and Executive Officers		Directors (excluding Outside Directors) among those indicated on the left	
	Total amount of monetary remuneration receivables	Total number of Company’s common shares	Total amount of monetary remuneration receivables	Total number of Company’s common shares
Restricted Stock-Based Remuneration	Annual amount of 520 million yen or less	490,000 shares or less per year	Annual amount of 130 million yen or less	120,000 shares or less per year
Performance Share Unit-Based Remuneration	Annual amount of 1,700 million yen or less	730,000 shares or less per year	Annual amount of 430 million yen or less	180,000 shares or less per year
Total	Annual amount of 2,220 million yen or less	1,220,000 shares or less per year	Annual amount of 560 million yen or less	300,000 shares or less per year

- The “total amount of monetary remuneration receivables” and “total number of Company’s common shares” (upper limit) in the foregoing “performance share unit-based remuneration” have been set upon anticipating a case where the total number of the Company’s common shares (and the total amount of monetary remuneration receivables to be consequently paid) will be maximum in light of the Company’s stock growth rate during the 3-year’s evaluation period and other factors.

Business Report (April 1, 2018 through March 31, 2019)

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

1. Course of Operations and Operating Results

(1) Economic Environment

The global economy remained generally firm during the fiscal year under review. In the United States, the economy continued to grow on the back of increases in consumer spending and capital investments. In Europe, the trend of economic recovery turned out to be sluggish. China remained on its stable growth trajectory, which resulted in a continued trend of economic recovery among other Asian countries. As for the international commodities market, crude oil prices dropped in the latter half of the fiscal year under review as the effects of crude oil production cutbacks started to diminish. In addition, in the wake of the expansion of the trade issue and the risk of it becoming drawn out, the prices of commodities such as nickel, aluminum and copper remained sluggish.

In the Japanese economy, consumer spending remained firm, underpinned by the lower unemployment rate, and capital investments continued a recovery. Meanwhile, while exports were generally stable, Japan recorded a trade deficit as a result of a surge in imports due to a rise in energy prices during the first half of the fiscal year under review.

(2) Operating Results and Financial Status

(A) Operating results

For the fiscal 2018, profit for the year attributable to owners of the parent¹ totaled 320.5 billion yen, representing an increase of 12.0 billion yen from the previous fiscal year. One-off profits/losses totaled a loss of approximately 8.0 billion yen, representing a decrease of approximately 31.0 billion yen from the previous fiscal year, owing to the impairment loss posted in the nickel mining and refining business in Madagascar etc. and the absences of one-off profits such as the U.S. tax reform of approximately 23.0 billion yen in the previous fiscal year.

Profit for the year attributable to owners of the parent excluding one-off profits/losses totaled approximately 329.0 billion yen, representing an increase of approximately 44.0 billion yen from the previous fiscal year. The profit from mineral resources businesses² increased due to the robust performance of the coal mining projects in Australia with mainly higher mineral resources prices. The profit from non-mineral resources businesses³ increased due to the increase of profit of the tubular products business in North America owing to the market recovery, the progress in construction of the EPC projects in the power infrastructure business as well as the solid performance of the real estate business.

¹ "Profit for the year attributable to owners of the parent" means the net profit attributes to the shareholders of Sumitomo Corporation.

² "Mineral resources business" refers to the businesses conducted by Mineral Resources Division No.1, Mineral Resources Division No.2 and Energy Division.

³ "Non-mineral resources business" refers to all businesses of the Company except for the Mineral resources business.

(Unit: Billions of yen)	150th year Fiscal 2017	151st year Fiscal 2018	Increase/ Decrease
Profit for the year (attributable to owners of the parent)	308.5	320.5	+ 12.0
One-off profits/(losses)	Approx. 23.0	Approx. (8.0)	Approx. (31.0)
Excl. one-off profits/(losses)	Approx. 285.0	Approx. 329.0	Approx. + 44.0
(Mineral resources business)	(56.0)	(61.0)	(+ 5.0)
(Non-mineral resources business)	(229.0)	(268.0)	(+39.0)
Basic profit ⁴ (excl. impairment losses)	323.7	331.2	+ 7.5
Basic profit cash flow ⁵	273.9	290.0	+ 16.1

(B) Financial position

(a) Total assets, liabilities, and equity

Total assets stood at 7,916.5 billion yen, representing an increase of 145.9 billion yen from the previous fiscal year-end due mainly to an increase of assets by Japanese yen depreciation and of trade receivables and inventories, despite a decrease resulting from reorganization of the tire business in the U.S. etc.

Equity attributable to owners of the parent⁶ totaled 2,771.5 billion yen, representing an increase of 213.3 billion yen from the previous fiscal year-end, due to an increase in retained earnings.

Interest-bearing liabilities (net) decreased by 94.4 billion yen from the previous fiscal year-end, to 2,427.1 billion yen.

In consequence, the net debt-equity ratio⁷ was 0.9.

(b) Cash flows

Net cash provided by operating activities totaled 268.9 billion yen, as basic profit cash flow totaled to an inflow of 290.0 billion yen since our core businesses performed well in generating cash while working capital increased, alongside the expansion of businesses.

Net cash used in investment activities totaled 51.3 billion yen. In this fiscal year, we recovered funds of approx. 240.0 billion yen through the asset replacement such as reorganization of the tire business

⁴ “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.

⁵ “Basic profit cash flow” = Basic profit – Share of profit (loss) of investments accounted for using the equity method + Dividend from investments accounted for using the equity method.

⁶ “Equity attributable to owners of the parent” stands for the equity attributable to shareholders of Sumitomo Corporation.

⁷ “Debt-equity ratio (net)” is calculated by dividing Interest-bearing liabilities (net) by “equity attributable to owners of the parent.”

in the U.S. and the sale of interests in the Indonesian commercial bank. On the other hand, we made investments and loans of approx. 300.0 billion yen primarily for participation in the specialty steel business in India and acquisition of the Chilean Quebrada Blanca copper mine interests.

As a result, free cash flows totaled 217.6 billion yen inflow.

Net cash used by financing activities totaled 233.2 billion yen, due primarily to dividend payment.

In consequence of the foregoing, cash and cash equivalents stood at 660.4 billion yen as of March 31, 2019, representing a decrease of 6.8 billion yen from the previous fiscal year-end.

(C) Dividend policy for “Medium-Term Management Plan 2020”

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

During “Medium-Term Management Plan 2020” which covers the three-year period from fiscal 2018, we decide the dividend amount in view of the situations regarding basic profit and cash flow, with a consolidated payout ratio of 30% as our guideline.

Due to the fact that our consolidated profits for fiscal 2018 resulted 320.5 billion yen, the annual dividend for the fiscal 2018 will be 75 yen per share (Annual dividend of the previous fiscal year was 62 yen per share). The year-end dividend will be 38 yen per share since the interim dividend was 37 yen per share, which will be proposed to the Ordinary General Meeting of Shareholders scheduled in June.

Please refer to page 40 “2.Management Challenges” “Medium-Term Management Plan 2020” “(D) Dividend policy” for the annual dividend forecast of the fiscal 2019.

(3)Segment Information

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

In April 2018, we increased the number of our product-based business units from five to six after strategically reviewing them from the perspectives of business fields and functions, in order to develop a system that will implement the growth strategy of Medium-term Management Plan 2020 forcefully in view of global mega trends and changes in the business environment. We will accelerate cooperation between organizations to further enhance our revenue pillars while business units respond flexibly to changes in the business environment.

<Profit (loss) for the year (attributable to owners of the parent)>

Segment	Profit (loss) for the year (attributable to owners of the parent) (Unit: Billions of yen)	
	150th year Fiscal 2017	151st year Fiscal 2018
Metal Products	35.4	40.5
Transportation & Construction Systems	70.8	52.0
Infrastructure	35.7	64.4
Media & Digital	59.0	47.5
Living Related & Real Estate	34.5	42.1
Mineral Resources, Energy, Chemical & Electronics	78.5	68.5
Corporate and Eliminations	(5.4)	5.7

- Notes: 1. Profit (loss) for the year (attributable to owners of the parent) figures above are rounded to the nearest tenth. Therefore, the sum of the break down figures and the total figure may not necessary coincide.
2. As of April 1, 2018, the existing five business units were reorganized into six business units. The above segment results of the previous fiscal year are shown rearranged into these six business units.

(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 40.5 billion yen, an increase of 5.0 billion yen

from the previous fiscal year, primarily owing to the recovery in earnings from tubular products business in North America and stable performances of the overseas steel service centers in spite of absence of one-off profit due to the U.S. tax reform in the previous fiscal year.

[Fiscal 2018 Summary]

In the steel sheet segment, Sumitomo Corporation transferred a part of its steel sheet business to Sumitomo Corporation Global Metals Co., Ltd. and Sumisho Metalex Corporation. This change will enable the business unit to push forward its businesses by leveraging its diverse human resources with even more flexibility in the future. In the tubular products segment, Sumitomo Corporation reached an agreement to integrate its tubular products business in Japan with Metal One Corporation with the aim of responding to the operating environment surrounding the tubular products business in Japan even more and achieving sustainable growth. In addition, Sumitomo Corporation invested in a Norwegian venture company that develops oil and gas well equipment systems. With innovative equipment systems developed by this venture company, Sumitomo Corporation will enhance the productivity of its oil and gas wells and provide solutions that will enable safer and more stable operations. In the light metals segment, Sumitomo Corporation participated in an aluminum materials refining project in Australia through an aluminum smelting business operator in Malaysia—in which Sumitomo Corporation invested—in order to stabilize and strengthen the profitability of the aluminum smelting business.

(b) Transportation & Construction Systems Business Unit

[Business Overview]

- Trade of ships, aircraft, 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

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

Transportation & Construction Systems Business Unit posted profit of 52.0 billion yen, a decrease of 18.8 billion yen. Despite of the robust performance of the construction equipment sales & marketing and rental business, the earning decreased due mainly to the absences of one-off profits such as the U.S. tax reform in the previous fiscal year.

[Fiscal 2018 Summary]

In the lease, ships and aerospace segment, Sumitomo Corporation completed the reorganization of a joint leasing partnership (general leasing, auto leasing and aircraft leasing business) with Sumitomo Mitsui Financial Group, Inc. In addition, Sumitomo Corporation entered into an

alliance with a leading U.S.-based company that provides air mobility transportation services⁸ with the aim of developing innovative logistics and transportation services. In the automobile segment, Sumitomo Mitsui Auto Service Company, Limited. entered into a commercial vehicle financing and leasing business that addresses diverse needs and issues faced by customers and established a new company that will provide services allowing members to use passenger vehicles at a fixed monthly fee and to switch over to different new vehicles after a certain period. In the construction equipment segment, while expanding sales and rental businesses by meeting a variety of needs of customers, Sumitomo Corporation participated in business which promotes the telematics⁹ and IT-based precision agriculture¹⁰ businesses in order to pursue greater efficiency and power saving in operational management for vehicles and machinery.

(c) Infrastructure Business Unit

[Business Overview]

- Social infrastructure businesses such as electric power, water supply, sewerage systems, railway, airport and smart city projects
- 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]

Infrastructure Business Unit posted profit of 64.4 billion yen, an increase of 28.7 billion yen, due to progress in construction of the large-scale EPC projects in power infrastructure business and stable performance of the overseas power generation business.

[Fiscal 2018 Summary]

Through the development and expansion of infrastructure that meet the needs of each country, society and industry, the business unit has been promoting initiatives that contribute to the creation of a society where people can live in harmony with the global environment and to the development of industries and local communities across the world. In developed countries, the business unit focused on developing environmentally friendly infrastructure as a key initiative and promoted the renewable energy generation business. In Belgium and France, Sumitomo

⁸ Services that will realize the reduction of transportation time within urban areas, improvement of accessibility within remote areas such as mountainous regions, and enhancement of the speediness of transportation by using small electric vertical take-off and landing aircraft.

⁹ System to remotely transmit and receive information on operating status, etc. by using telecommunication equipment installed in vehicles.

¹⁰ Agriculture that utilizes advanced technologies such as ICT in order to realize automation and efficiency improvement, and enhance productivity for agricultural operation.

Corporation participated in offshore wind farm projects. In Japan, construction work for a biomass power generation plant in Sakata City, Yamagata Prefecture and the second phase of solar power generation facilities in Minamisoma City, Fukushima Prefecture was completed and operations commenced. Meanwhile, in emerging economies, the business unit steadily executed initiatives in order to respond to the increasing infrastructure demand. Specifically, Sumitomo Corporation completed the construction of a gas-fired combined-cycle power plant in Mozambique and commenced operation of Thang Long Industrial Park (TLIP) III. In addition, as initiatives in new segments, Sumitomo Corporation participated in the distributed power sources project in sub-Saharan Africa as well as the port terminal operation project in Myanmar.

(d) Media & Digital Business Unit

[Business Overview]

- Media businesses in the cable television, multi-channel programming distribution, TV shopping business and digital media
- ICT (information and communication technology) platform and IT solution business and digital business such as global CVC (Corporate Venture Capital) business¹¹
- Smart platform business¹² such as smart communications infrastructure business and value-added service business

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

Media & Digital Business Unit posted profit of 47.5 billion yen, a decrease of 11.5 billion yen, due to the absence of gain from stock re-valuation by IPO and capital gain from the sale of QUO CARD Co., Ltd. in the previous fiscal year, while the major domestic group companies and telecommunication business in Myanmar showed stable performance.

[Fiscal 2018 Summary]

While focusing on the reinforcement of existing businesses including Jupiter Telecommunications Co., Ltd. (cable television), Jupiter Shop Channel Co., Ltd. (TV shopping channel), SCSK Corporation (IT services), T-Gaia Corporation (mobile phone sales) and the telecommunications project in Myanmar, the business unit engaged in a wide range of new businesses. In the media segment, Sumitomo Corporation entered into an alliance with a leading U.S.-based partner and established a new company that will train video creators and produce and distribute video-based advertising. In the digital business segment, the business unit established an organization to promote overall digital transformation¹³ across the Company (DX Center) and

¹¹ Business to make venture capital investment in startup companies for the purpose of driving mutual growth of such startup companies and the Company.

¹² Business which forms the foundation for new information and communication services and products using cutting-edge ICT technologies and other technologies.

¹³ The evolution of the innovative digital technologies of IoT, Big Data and AI has helped improve the sophistication

worked on increasing the value of existing businesses as well as the incubation of new businesses by utilizing digital technologies. In the smart platform segment, Sumitomo Corporation formed an alliance with the largest telecommunications group in Southeast Asia and invested in a digital advertising firm¹⁴ belonging to the group.

(e) Living Related & Real Estate Business Unit

[Business Overview]

- Lifestyle/Retail businesses such as supermarkets and healthcare
- Food/food product production, processing and distribution businesses such as fruits, vegetables, meat and sugar
- General materials and supplies such as wood, other building materials and biomass materials and comprehensive real estate ventures

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

Living Related & Real Estate Business Unit posted profit of 42.1 billion yen, an increase of 7.6 billion yen from the previous year. Real estate business has kept solid performance and banana business in Asia increased the profit due to recovery in commodity price, despite stagnant performance of the fresh produce production and wholesale business in Europe and the Americas.

[Fiscal 2018 Summary]

In the lifestyle/retail segment, while focusing on enhancing the value of existing businesses including SUMMIT, INC. (supermarket) and TOMOD's INC. (drugstore), the business unit invested in a managed care operator¹⁵ in Malaysia as an initiative in the healthcare business, which is expected to grow in the future. In addition, SUMMIT, INC. and SC Foods Co., Ltd. jointly established a meat-processing center in Kawasaki City, Kanagawa Prefecture with the aim of strengthening and enhancing services in the meat and ready-made meal category. In the real estate segment, the business unit developed the "PREX" series, a series of mid-size office buildings for which Sumitomo Corporation is involved in processes from site acquisition to design, construction and tenant solicitation while developing the "SOSiLA" urban-style logistics facilities and other commercial facilities which meet the customer needs (known as the BTS¹⁶

of existing businesses and led to the development of new businesses that make use of cutting-edge information and communications technology (ICT).

¹⁴ Business that provides analyses of information on mobile phone customers and behavioral patterns of individuals using mobile devices and the Internet and distributes customized digital advertising to individuals.

¹⁵ A medical-related service provider that creates a scheme to provide medical services with better quality at lower cost and improving health management for individuals in collaboration with private medical insurance companies and medical institutions.

¹⁶ BTS stands for Build-To-Suit. BTS is the practice of building space or property, pre-leased or sold before construction, to suit the needs of a specific tenant.

development). In overseas, the business unit established and commenced investment management for a second private fund that targets real estate assets in the United States.

(f) Mineral Resources, Energy, Chemical & Electronics Business Unit

[Business Overview]

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

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

Mineral Resources, Energy, Chemical & Electronics Business Unit posted profit of 68.5 billion yen, a decrease of 10.1 billion yen, due to the impairment loss posted in the nickel mining and refining business in Madagascar and one-off losses from other projects, while coal mining projects in Australia and other projects showed robust performances due mainly to the higher mineral resources prices.

[Fiscal 2018 Summary]

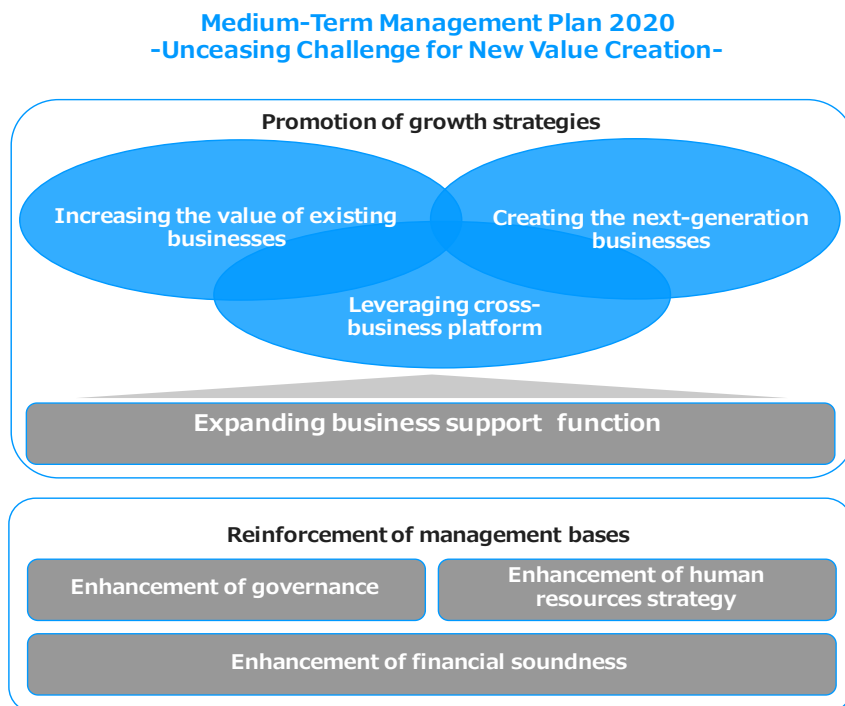
The Mineral Resources, Energy, Chemical & Electronics Business Unit promoted initiatives that contribute to the stable supply of mineral resources, energy, chemicals and electronics as well as the growth of regional economies and industries in an environmentally conscious manner. In the resources and energy segment, the business unit participated in a gold and copper mining project in Peru and a copper mining project in Chile while acquiring tight oil¹⁷ production and development interests in the state of Texas, U.S.A. In addition, an LNG project in the state of Maryland, U.S.A. in which Sumitomo Corporation is involved commenced commercial operations. In the life sciences segment, the business unit promoted overseas business expansion by taking part in the agricultural chemicals and agriculture-related business in India and Ukraine. In Japan, the business unit was also involved in projects that utilize advanced agricultural technologies such as AI systems and drone technologies. Through these efforts, Sumitomo Corporation will seek to contribute to addressing social issues including the decrease in the agricultural worker population.

¹⁷ Crude oil extracted from shale using horizontal drilling and hydraulic fracturing technologies.

2. Management Challenges

Promotion of the “Medium-Term Management Plan 2020”

The Company has formulated the “Medium-Term Management Plan 2020,” which covers the three-year period through fiscal 2020, in May 2018. Under the plan, we have been taking on the unceasing challenge of creating new value by focusing on the promotion of growth strategies, while reinforcing our management bases in a business environment where industrial structure has changed as a result of the fourth industrial revolution, and all industries have become increasingly borderless and integrated.



The status of progress during fiscal 2018 is as follows.

(A) Promotion of growth strategies

(a) Increasing the value of existing businesses

With the aim of “increasing the value of existing businesses,” we have been pursuing and realizing the growth potential of existing businesses in each business unit. During fiscal 2018, in the metals business, for instance, we entered into the specialty steel business in India with the purpose of incorporating automobile related demand in the country. In the electricity business, we endeavored to further strengthen our business portfolio by entering into the offshore wind farm projects in Belgium and France. In addition, in the agriculture related business, we worked on the further reinforcement of business bases in which the Sumitomo Corporation Group possesses strengths by beginning agricultural input and service business in Ukraine and acquiring an agricultural supplies distributor in Brazil as a wholly-owned subsidiary.

We will continue to take active measures to strengthen the pillars of revenues for existing businesses while responding to changes in the business environment.

(b) Creating the next-generation businesses

Amid accelerated changes surrounding our business environment, we will invest our management resources intensively in areas of considerable potential growth. Specifically, we are planning to commit a total of approximately 300 billion yen in funds over three years to the three emerging fields of “Technology x Innovation,” in which we can expect to upgrade business and unleash a business model revolution through the acceleration of digital transformation¹⁸; “Healthcare,” for which rapid market expansion is anticipated due to the aging of society among other factors; and “Social Infrastructure,” for which growth is forecasted for smart city projects, urban development and infrastructure installation as a result of population growth and the advance of urbanization. In fiscal 2018, we invested a total of approximately 10.0 billion yen in these three growth fields with a focus on the healthcare business, etc. in Malaysia.

In addition, with the aim of promoting digital transformation within the Sumitomo Corporation Group, we established the DX Center in April 2018 in an effort to strengthen the system to share and make use of insights and experiences not only within the Group but also in collaboration with a wide range of external partners. Moreover, we continued to work on the establishment and expansion of a system to develop new businesses both in and outside of Japan, including in Silicon Valley, Europe and East Asia, in order to promptly incorporate

¹⁸ The evolution of the innovative digital technologies of IoT, Big Data and AI has helped improve the sophistication of existing businesses and led to the development of new businesses that make use of cutting-edge information and communications technology (ICT).

cutting edge technologies into the Group's businesses.

We also nominated the CDO (Chief Digital Officer) as the officer responsible for planning, preparing and promoting the company-wide digital strategies on April 1, 2019.

By continuing to promote proactive measures in the aforementioned three growth fields, we will aim to create next-generation businesses.

(c)Leveraging cross-business platform

A wide range of business foundations and functions held by the Sumitomo Corporation Group have points of contact with various industries, societies and regions, which are becoming a driving force for new value creation. We have been striving to create new value through the hybridization of multiple businesses and cross-organizational collaboration by utilizing our business foundations and functions such as our "Customer base," "Telecommunications/Broadcasting networks," "Lease/Rental/Sharing" and "Digital platform."

In fiscal 2018, Sumitomo Corporation completed the reorganization of its joint leasing partnership (general leasing, auto leasing and aircraft leasing business) with Sumitomo Mitsui Financial Group, Inc. (SMFG). Specifically, by designating Sumitomo Mitsui Finance and Leasing Company, Limited. (SMFL), in which SMFG and Sumitomo Corporation have a 50% stake each, as a platform for the joint leasing partnership, we have changed the structure whereby SMFL makes investments in Sumitomo Mitsui Auto Service Company, Limited and SMBC Aviation Capital Limited. Through this reorganization, SMFL will reinforce its business bases and functions as a platform by expanding businesses in areas of greater growth potential such as real estate and infrastructures while striving to create new value.

As a scheme for promoting these growth strategies, we have been working on expanding the four "business support functions" of "Support for developing new businesses," "Full potential planning," "Asset cycle management" and "Digital transformation."

As part of "Support for developing new businesses," we have been endeavoring to develop a scheme to nurture next-generation businesses from a company-wide perspective. We have been strengthening a scheme to take on challenges in high growth potential fields such as healthcare and smart cities as company-wide projects through cross-organizational collaboration. In addition, Sumitomo Corporation launched an "intrapreneurship" program named "0→1 Challenge 2018 (Zero to One Challenge 2018)" in fiscal 2018. This program allows individuals to propose new businesses beyond the framework of the organization they belong to and irrespective of their job or length of service. Through these initiatives, we will promote a business model revolution across the Company while responding to significant changes in the outside world.

Under the heading of "Full potential planning," we have been formulating specific measures

to maximize the business value of those subsidiaries and associated companies that have room for improvement but have not yet delivered the expected results, as well as those subsidiaries and associated companies whose further growth is anticipated, and thoroughly monitor the implementation of such measures, thereby aiming to further enhance the value of the investment portfolio.

As part of “Asset cycle management,” we have been providing support to increase the asset efficiency of each business through the utilization of external capital. In fiscal 2018, we established a fund to invest in the overseas offshore wind power generation business through a fund management company jointly established with two domestic financial institutions.

With regard to “Digital transformation,” we have been working on the revolutionary development of our business models by hybridizing knowledge in each field and platform business foundation using technology with a focus on the aforementioned DX Center established in April 2018.

By steadily expanding these four “business support functions,” we will continue to strongly push forward with our growth strategies.

(B) Reinforcement of management bases

(a) Enhancement of governance

We have been expanding the scope of monitoring by the Board of Directors and reinforcing the Board’s monitoring function over the execution of operations by increasing the frequency of the matters to be reported by business units concerning their strategies and the status of progress as well as portfolio reporting related to concentration risks such as market fluctuation risk and country risk. In addition, with the aim of maintaining and improving the effectiveness of Group governance on a global consolidated basis, we have visualized the status of internal control through dialogues with our consolidated subsidiaries using a Group standard tool, thereby taking steps to improve the quality of business operations. Furthermore, we amended the executive remuneration plan in fiscal 2018 by expanding the ratio of performance-linked bonuses and share-based remuneration out of total remuneration for the purpose of reinforcing governance and increasing corporate value over the medium- to long-term. Through these measures, while giving a robust incentive to senior management to increase corporate value over the medium- to long-term and achieve sustainable growth, we will endeavor to create greater shared values with our shareholders.

We will continue to work on the enhancement of governance, thereby realizing sustainable growth and increasing the corporate value.

(b) Enhancement of human resources strategy

Based on the basic concept of “Diversity & Inclusion—Making diverse strengths a source of competitiveness,” we have been pushing forward with our growth strategies by introducing a

wide range of human resources measures. We have developed a system to put the right person in the right position at the right time on a global consolidation basis by implementing strategic personnel deployment in next-generation businesses and rotations across different business units and organizations. In addition, in an effort to push forward with the development of an organization to pursue new value creation, we have introduced the “Medium-Term Management Plan Challenge and Evaluation System.” We also support versatile workstyles by introducing full-scale teleworking and “super- flexible” work hours, while promoting health management in order to ensure that individual employees will be able to exercise their full potential.

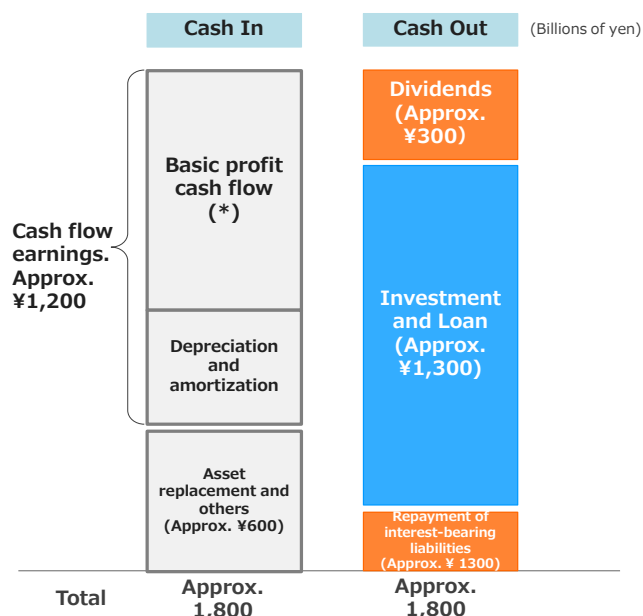
Through the enhancement of human resources strategy, we will continue to develop a system to support the promotion of our growth strategy.

(c)Enhancement of financial soundness

With the aim of further reinforcing management bases, we have been taking measures for the enhancement of financial soundness. In light of a steady increase in our cash-generating capability, we anticipate that cash inflow will be 1,800 billion yen in total through the active pursuit of asset replacement. Meanwhile, based on this cash inflow forecast, we plan to execute investments and loans totaling 1,300 billion yen. In addition, by securing an incremental 200 billion yen or more in three-year total post dividends free cash flow and allocating this to the repayment of interest-bearing liabilities, we will take further steps to enhance our financial soundness. Furthermore, we will continue our efforts to maintain a balance between core risk buffer and risk-adjusted assets¹⁹.

¹⁹ Our core risk buffer represents the sum of “common stock,” “additional paid-in capital,” “retained earnings” and “exchange difference on translating foreign operation,” 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.

**Projection of cash allocation during
“Medium-Term Management Plan 2020”
(three years)**



- (*) “Basic Profit cash flow” = Basic profit – Share of profit (loss) of investments accounted for using the equity method + Dividend from investments accounted for using the equity method

“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.

(C) Quantitative targets

(a) Fiscal 2018 Results

With regard to fiscal 2018 results, while the impairment loss posted in the nickel mining and refining business in Madagascar, the coal mining projects in Australia showed robust performances due mainly to the higher mineral resources prices. In addition, the tubular products business in North America increased profit due to a recovery in the market, the construction of the EPC projects in power infrastructure business progressed and the real estate business has kept solid performance. Consequently, consolidated net income²⁰ came to 320.5 billion yen vis-à-vis our target of 320.0 billion yen. The ROA and the ROE were 4.1%

²⁰ “Consolidated net income” is equivalent to the “profit attributable to owners of the parent” set out in the International Financial Reporting Standards (IFRSs).

and 12.0%, respectively.

(b) Forecasts for fiscal 2019

With regard to our forecasts for fiscal 2019, we anticipate the decrease in the profit of mineral resources businesses due to the decrease in the amount of production in the silver, zinc and lead business in Bolivia as well as lower mineral resources prices such as thermal coal. However, it is expected that the profit of non-mineral resources businesses will boost by the reorganization of the leasing business as well as the tire business in the U.S., and that existing businesses such as the real estate business will continue to show robust performance. As a result, a consolidated net income of 340.0 billion yen is forecasted for fiscal 2019. During “Medium-Term Management Plan 2020,” we also forecast that the ROA and the ROE will be 4% or higher and 10% or higher, respectively.

(D) Dividend policy

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

During “Medium-Term Management Plan 2020” which covers the three-year period from fiscal 2018, we decide the dividend amount in view of the situations regarding basic profit and cash flow, with a consolidated payout ratio of 30% as our guideline.

The annual ordinary dividend for fiscal 2019 is projected to be 80 yen per share (the interim and the year-end dividend: 40 yen per share respectively) as we forecast our profit for fiscal 2019 as 340.0 billion yen. In addition to the ordinary dividend, we will award a commemorative dividend of 10 yen per share to commemorate the 100th anniversary of the Company’s establishment. As a result, the total annual dividend for fiscal 2019 is projected to be 90 yen per share (the interim dividend: 50 yen per share, the year-end dividend: 40 yen per share).

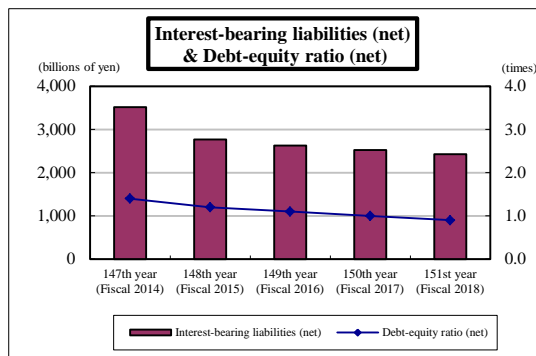
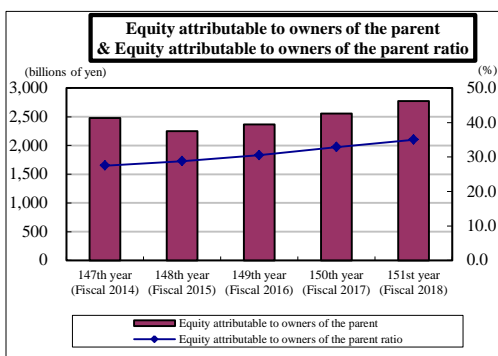
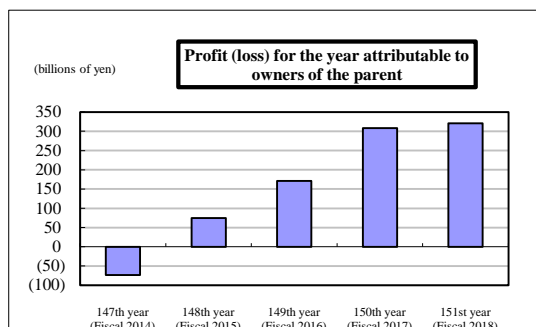
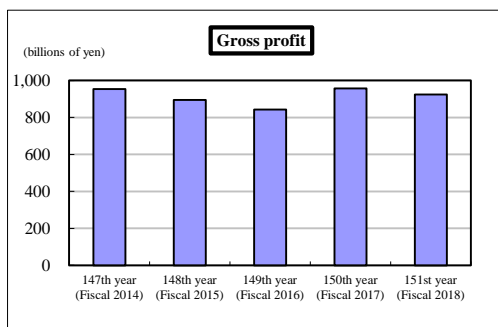
2019 marks the 100th Anniversary of the Sumitomo Corporation. By recognizing this as a significant milestone, we will take on the “Unceasing Challenge for New Value Creation” together as the Group in order to continue to grow with society in a sustainable manner in the future with an eye to the next 100 years.

We sincerely ask for the further support and encouragement of our shareholders as we take on future challenges.

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

	IFRSs				
	147th year (Fiscal 2014)	148th year (Fiscal 2015)	149th year (Fiscal 2016)	150th year (Fiscal 2017)	151st year (Fiscal 2018)
Revenues (billions of yen)	3,762.2	4,010.8	3,997.0	4,827.3	5,339.2
Gross profit (billions of yen)	952.9	894.1	842.7	956.5	923.2
Profit (loss) for the year attributable to owners of the parent (billions of yen)	(73.2)	74.5	170.9	308.5	320.5
Earnings (loss) per share attributable to owners of the parent (yen)	(58.64)	59.73	136.91	247.13	256.68
Total assets (billions of yen)	9,021.4	7,817.8	7,761.8	7,770.6	7,916.5
Equity attributable to owners of the parent (billions of yen)	2,481.4	2,251.5	2,366.5	2,558.2	2,771.5
Equity per share attributable to owners of the parent (yen)	1,988.62	1,803.95	1,895.81	2,048.93	2,219.11
ROE (%)	(3.0)	3.2	7.4	12.5	12.0
ROA (%)	(0.8)	0.9	2.2	4.0	4.1
Equity attributable to owners of the parent ratio (%)	27.5	28.8	30.5	32.9	35.0
Interest-bearing liabilities (net) (billions of yen)	3,517.5	2,770.3	2,627.9	2,521.5	2,427.1
Debt-equity ratio (net) (times)	1.4	1.2	1.1	1.0	0.9

Notes: 1. Interest-bearing liabilities (net) excludes cash and cash equivalents and time deposits from interest-bearing liabilities.
2. Amounts in billions of yen are rounded to the nearest tenth.



4. Principal Lines of Business (as of March 31, 2019)

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; Infrastructure; Media & Digital; Living Related & Real Estate; 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, 2019)

(1) Domestic

The Company's head office	Chiyoda-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)

Notes: 1. In addition to the above, there is 1 sub-branch office of the Company.
2. The Company's head office was relocated from Chuo-ku, Tokyo to Chiyoda-ku, Tokyo as of September 18, 2018.

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 24 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., Sumitomo Corporation (Shanghai) Limited, etc.
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Note: There are 83 head, branch or other offices of these 38 overseas locally-incorporated subsidiaries of the Company.

6. Status of Work Force (as of March 31, 2019)

(1) Number of employees of the Sumitomo Corporation Group

	Number of employees
Metal Products	8,485
Transportation & Construction Systems	16,681
Infrastructure	3,539
Media & Digital	12,835
Living Related & Real Estate	13,980
Mineral Resources, Energy, Chemical & Electronics	7,331
Others	2,811
Total	65,662 (decrease of 7,354 compared with the end of the previous fiscal year)

Note: The number of employees of "Overseas Subsidiaries and Branches," which was presented separately until the previous fiscal year, is included in the number of employees of each business segment or "others" as shown above.

(2) Number of employees of the Company

Total 5,295 (increase of 34 compared with the end of the previous fiscal year)

Note: It includes 169 persons whom overseas branch offices, sub-branch offices and representative offices of the Company employ.

7. Status of Important Subsidiaries

(1) Status of Consolidated Subsidiaries and Other Associated Companies

	148th year (Fiscal 2015)	149th year (Fiscal 2016)	150th year (Fiscal 2017)	151st year (Fiscal 2018)
Number of consolidated subsidiaries	577	664	654	626
Number of associated companies	269	286	293	305

(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
	Sumitomo Corporation Global Metals Co., Ltd. (C)	Domestic and International trading of steel products/nonferrous metal products and related business
Transportation & Construction Systems	Sumitomo Mitsui Finance and Leasing Company, Limited (A)	Leasing business
	Sumitomo Mitsui Auto Service Company, Limited (A)	Auto leasing business and related services
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 & Digital	SCSK Corporation (C)	System Integration, IT infrastructure implementation, IT management, BPO (Business Process Outsourcing) , and IT hardware software sales
	Jupiter Telecommunications Co., Ltd. (A)	Operation of multiple cable TV systems (Multiple System Operator) and channels (Multiple Channel Operator)
Living Related & Real Estate	Summit, Inc. (C)	Supermarket chain
	Fyffes Limited (C)	Fresh produce production and wholesale business operator in Europe and the Americas
Mineral Resources, Energy, Chemical & Electronics	Minera San Cristobal S.A. (C)	Operation of silver/zinc/lead mine in Bolivia
	Sumisho Coal Australia Holdings Pty Ltd. (C)	Investment in coal mines in Australia
Others	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, 2019)

Name of Lender	Loans payable (in millions of yen)
MUFG Bank, Ltd.	181,071
Development Bank of Japan Inc.	145,328
Sumitomo Life Insurance Company	120,000
Sumitomo Mitsui Banking Corporation	111,902
Meiji Yasuda Life Insurance Company	111,000
Nippon Life Insurance Company	104,000
Mizuho Bank, Ltd.	87,376
Sumitomo Mitsui Trust Bank, Limited	82,119
Shinkin Central Bank	60,000
The Norinchukin Bank	50,000
Others	734,530
Total of loans payable by the Company	1,787,326
Total of loans payable by consolidated subsidiaries of the Company	859,855
Total of consolidated loans payable	2,647,181

Note: "Others" presented above includes syndicate loans of a total of 75,500 million yen which were arranged by one or plural of banks of Sumitomo Mitsui Banking Corporation, MUFG Bank, Ltd. and Mizuho Bank, Ltd.

9. Status of Fund Raising

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 straight bonds as follows:

By the Company

Issue	Issue Amount (Billions of yen)	Issue Date	Maturity Date	Annual rate (%)
55th series Unsecured Straight Bond	10	April 2018	April 2028	0.330
56th series Unsecured Straight Bond	20	September 2018	September 2028	0.435
57th series Unsecured Straight Bond	10	September 2018	September 2038	0.889

By the consolidated subsidiaries

The 10 billion yen unsecured straight bond issued by SCSK Corporation

II. Particulars regarding the Shares of the Company (as of March 31, 2019)

1. Number of Shares Authorized for Issuance 2,000,000,000 shares

2. Number of Issued Shares 1,250,787,667 shares

(increase of 184,800 compared with the end of the previous fiscal year/
including treasury stock 1,872,865 shares)

Note: The increase in the number of issued shares is due to the issuance of common shares as restricted stock-based remuneration on August 17, 2018.

3. Number of Shareholders 157,060 persons

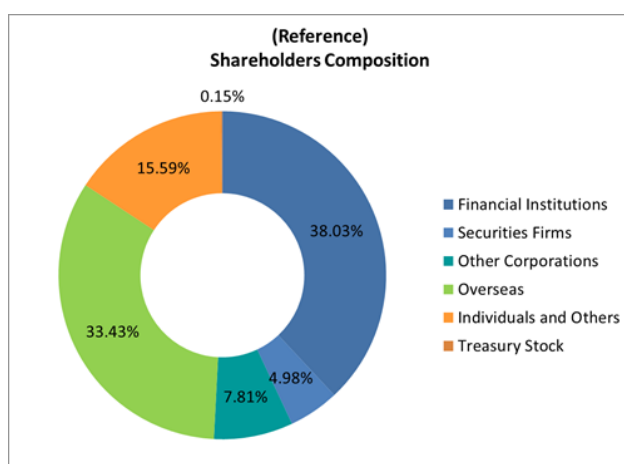
(increase of 19,043 compared with the end of the previous fiscal year)

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)	97,744	7.83
Japan Trustee Services Bank, Ltd. (trust account)	66,383	5.32
Sumitomo Life Insurance Company	30,855	2.47
Japan Trustee Services Bank, Ltd. (trust account 5)	22,883	1.83
Japan Trustee Services Bank, Ltd. (trust account 9)	21,130	1.69
Mitsui Sumitomo Insurance Company, Limited	20,000	1.60
State Street Bank West Client – Treaty 505234	17,450	1.40
JP Morgan Chase Bank 385151	17,372	1.39
Japan Trustee Services Bank, Ltd. (trust account 4)	16,954	1.36
JP Morgan Chase Bank 385632	16,211	1.30

Note: 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 (1,872,865 shares) from the total number of issued shares—and rounding to the nearest hundredth of a percent.



(Note) The total is not 100% as the ratio is rounded to the nearest hundredth of a percent.

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

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
August 1, 2014 (the 13 th)	420 rights	Common Shares 42,000 shares	100 shares	Issued without consideration	¥1,441	From April 1, 2015 to June 30, 2019
July 31, 2015 (the 14 th)	710 rights	Common Shares 71,000 shares	100 shares	Issued without consideration	¥1,532	From April 1, 2016 to June 30, 2020
August 2, 2016 (the 15 th)	710 rights	Common Shares 71,000 shares	100 shares	Issued without consideration	¥1,124	From April 1, 2017 to June 30, 2021
July 31, 2017 (the 16 th)	1,730 rights	Common Shares 173,000 shares	100 shares	Issued without consideration	¥1,516	From April 1, 2018 to June 30, 2022

- 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
August 1, 2014 (the 13 th)	2 persons	150 rights	12 persons	210 rights	6 persons	60 rights
July 31, 2015 (the 14 th)	2 persons	150 rights	23 persons	460 rights	10 persons	100 rights
August 2, 2016 (the 15 th)	1 person	40 rights	17 persons	450 rights	22 persons	220 rights
July 31, 2017 (the 16 th)	6 persons	340 rights	36 persons	960 rights	43 persons	430 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 st)	5 rights	Common Shares 5,000 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 nd)	81 rights	Common Shares 8,100 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 rd)	191 rights	Common Shares 19,100 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 th)	571 rights	Common Shares 57,100 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 th)	690 rights	Common Shares 69,000 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, 2011 (the 6 th)	717 rights	Common Shares 71,700 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, 2012 (the 7 th)	1,139 rights	Common Shares 113,900 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
July 31, 2013 (the 8 th)	992 rights	Common Shares 99,200 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
August 1, 2014 (the 9 th)	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 th)	1,111 rights	Common Shares 111,100 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 th)	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
July 31, 2017 (the 12 th)	1,370 rights	Common Shares 137,000 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

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)		Audit & Supervisory Board Members (excluding those who are Outside Audit & Supervisory Board Members 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 st)	1 person	1 right	1 person	1 right	0 person	0 right	1 person	3 rights
July 31, 2007 (the 2 nd)	1 person	29 rights	1 person	20 rights	0 person	0 right	2 persons	32 rights
July 31, 2008 (the 3 rd)	1 person	39 rights	0 person	0 right	0 person	0 right	5 persons	152 rights
July 31, 2009 (the 4 th)	2 persons	134 rights	1 person	72 rights	0 person	0 right	7 persons	365 rights
July 31, 2010 (the 5 th)	3 persons	154 rights	1 person	66 rights	1 person	34 rights	7 persons	436 rights
July 31, 2011 (the 6 th)	4 persons	216 rights	1 person	78 rights	2 persons	62 rights	7 persons	361 rights
July 31, 2012 (the 7 th)	4 persons	282 rights	0 person	0 right	7 persons	202 rights	11 persons	655 rights
July 31, 2013 (the 8 th)	4 persons	254 rights	0 person	0 right	8 persons	268 rights	11 persons	470 rights
August 1, 2014 (the 9 th)	5 persons	324 rights	0 person	0 right	10 persons	296 rights	13 persons	485 rights
July 31, 2015 (the 10 th)	5 persons	335 rights	0 person	0 right	14 persons	371 rights	9 persons	405 rights
August 2, 2016 (the 11 th)	6 persons	551 rights	1 person	31 rights	19 persons	791 rights	6 persons	322 rights

July 31, 2017 (the 12 th)	6 persons	388 rights	1 person	23 rights	26 persons	797 rights	3 persons	162 rights
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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 Audit & Supervisory Board Members (including Outside Audit & Supervisory Board Members) or employees or others. The new share acquisition rights held by the above Audit & Supervisory Board Members and employees or others are rights granted to them when they assumed the position of Directors or Executive Officers.

IV. Particulars regarding the Company's Directors and Audit & Supervisory Board Members

1. Status of the Directors and Audit & Supervisory Board Members (as of March 31, 2019)

Name	Position in the Company	Particulars of important posts concurrently held	
Kuniharu Nakamura	Chairman of the Board of Directors		
Masayuki Hyodo	Representative Director, President and Chief Executive Officer		
Hideki Iwasawa	Representative Director, Executive Vice President		
Masahiro Fujita	Representative Director, Executive Vice President		
Koichi Takahata	Representative Director, Senior Managing Executive Officer		
Hideki Yamano	Representative Director, Managing Executive Officer		
Yayoi Tanaka	Outside Director ^{*1}	Outside Director, IHI Corporation ^{*9}	
	Attendance in meetings of the Board of Directors		Main activities
	19 of 20 meetings (95%)		Ms. Yayoi Tanaka asked questions and made comments as necessary from an objective and independent perspective 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 she played an important role.
Nobuyoshi Ehara	Outside Director ^{*1}	Representative Director, Unison Capital, Inc. ^{*6}	
	Attendance in meetings of the Board of Directors		Main activities
	20 of 20 meetings (100%)		Mr. Nobuyoshi Ehara asked questions and made comments as necessary from an objective and independent perspective 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 the chairman of the Nomination and Remuneration Advisory Committee, in which he played an important role.

Koji Ishida	Outside Director ^{*1}	Member of the Public Interest Oversight Committee, KPMG AZSA LLC ^{*7}	
	Attendance in meetings of the Board of Directors		Main activities
	20 of 20 meetings (100%)		Mr. Koji Ishida asked questions and made comments as necessary from an objective and independent perspective based on his broad knowledge and many years of experience in the fields of finance and business management accumulated mainly through managing a financial institution and serving as a member of the Policy Board at the Bank of Japan. He also served as a member of the Nomination and Remuneration Advisory Committee, in which he played an important role.
Kimie Iwata ^{*3}	Outside Director ^{*1}	Audit and Inspection Commissioner, the Tokyo Metropolitan Government ^{*10} Outside Director, Stripe International Inc. ^{*10}	
	Attendance in meetings of the Board of Directors ^{*4}		Main activities ^{*4}
	16 of 16 meetings (100%)		Ms. Kime Iwata asked questions and made comments as necessary from an objective and independent perspective based on her broad knowledge and many years of experience in such fields as business management, corporate governance, corporate social responsibility, and diversity accumulated mainly through serving as a government official, and as an executive, outside director or audit & supervisory board member for private companies.
Hisashi Yamazaki	Outside Director ^{*1}	Attorney at Law Supervisory Board Member, National Federation of Agricultural Cooperative Associations ^{*9} Outside Director, Tokyo Commodity Exchange, Inc. ^{*8}	
	Attendance in meetings of the Board of Directors ^{*4}		Main activities ^{*4}
	16 of 16 meetings (100%)		Mr. Hisashi Yamazaki asked questions and made comments as necessary from an objective and independent perspective based on his broad knowledge and many years of experience mainly as a judge and attorney at law.
Takuro Kawahara	Senior Audit & Supervisory Board Member (full-time)		
Toshiaki Murai	Audit & Supervisory Board Member (full-time)		
Haruo Kasama	Outside Audit & Supervisory Board Member ^{*2}	Attorney at Law Outside Audit & Supervisory Board Member, Toppan Printing Co., Ltd. ^{*10}	
	Attendance in meetings of the Board of Directors	Attendance in meetings of Audit & Supervisory Board	Main activities
	19 of 20 meetings (95%)	17 of 17 meetings (100%)	Mr. Haruo Kasama asked questions and made comments as necessary from an objective and independent perspective based on his broad knowledge and many years of experience mainly as a public prosecutor and attorney at law.

Toshio Nagai	Outside Audit & Supervisory Board Member ^{*2}	Attorney at Law Outside Audit & Supervisory Board Member, Toray Industries, Inc. ^{*9}	
	Attendance in meetings of the Board of Directors	Attendance in meetings of Audit & Supervisory Board	Main activities
	20 of 20 meetings (100%)	17 of 17 meetings (100%)	Mr. Toshio Nagai asked questions and made comments as necessary from an objective and independent perspective based on his broad knowledge and many years of experience mainly as a judge and attorney at law.
Yoshitaka Kato ^{*5}	Outside Audit & Supervisory Board Member ^{*2}	Certified Public Accountant Outside Audit & Supervisory Board Member, Sumitomo Chemical Company, Limited ^{*9} Outside Audit & Supervisory Board Member, Mitsui Fudosan Co., Ltd. ^{*10}	
	Attendance in meetings of the Board of Directors	Attendance in meetings of Audit & Supervisory Board	Main activities
	20 of 20 meetings (100%)	17 of 17 meetings (100%)	Mr. Yoshitaka Kato made questions and comments as necessary from an objective and independent perspective based on his broad knowledge and many years of experience mainly as a certified public accountant.

- 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 Audit & Supervisory Board Members"(please refer to pages 20 and 21). The Company has designated all these individuals as independent directors based on the exchanges' respective provisions.
 2. Individuals marked with *2 meet the requirements of an Outside Audit & Supervisory Board Member 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 Audit & Supervisory Board Members" (please refer to pages 20 and 21). The Company has designated all these individuals as independent Audit & Supervisory Board Members based on the exchanges' respective provisions.
 3. ^{*3} Ms. Kimie Iwata resigned from her position of Outside Director of Kirin Holdings Company, Limited ^{*10} on March 28, 2019. Ms. Iwata likewise resigned from her position of Outside Director of Stripe International Inc. on April 23, 2019.
 4. ^{*4} The above details regarding attendance in meetings of the Board of Directors and main activities of Ms. Kimie Iwata and Mr. Hisashi Yamazaki apply from June 22, 2018, when they were appointed as Outside Directors of the Company.
 5. ^{*5} Mr. Yoshitaka Kato is qualified as a certified public accountant, and thus has a respectable degree of knowledge regarding finance and accounting.
 6. ^{*6} The Company has an equity interest in Community Healthcare Coordination Platform, Inc. (CHCP), a corporate entity in which Unison Capital, Inc. invests, and thus has entered into a shareholders agreement with the shareholders of CHCP (including Unison Capital) in relation to such equity investment. In addition, the Company holds an equity interest in CHCP Pharmacy, Inc., a corporate entity in which a fund managed by Unison Capital invests, and thus has entered into a shareholders agreement with the said fund in relation to such equity investment.
 7. ^{*7} KPMG AZSA LLC is the Company's accounting auditor.
 8. ^{*8} The Company owns shares of Tokyo Commodity Exchange, Inc.
 9. ^{*9} The Company has business transactions with IHI Corporation, National Federation of Agricultural Cooperative Associations, Toray Industries, Inc. and Sumitomo Chemical Company, Limited.
 10. ^{*10} No special relationship exists between the Company and the Tokyo Metropolitan Government, Stripe International Inc., Toppan Printing Co., Ltd., Mitsui Fudosan Co., Ltd. and Kirin Holdings Company, Limited.

2. Total Amount of Remuneration of the Company's Directors and Audit & Supervisory Board Members 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	Restricted stock-based remuneration	Performance share unit-based remuneration
Directors	14 persons	¥1,026 million	¥547 million	¥327 million	¥14 million	¥73 million	¥66 million
(particulars relating to Outside Directors)	(5 persons)	(¥67 million)	(¥67 million)	(-)	(-)	(-)	(-)
Audit & Supervisory Board Members	6 persons	¥125 million	¥125 million	-	-	-	-
(particulars relating to Outside Audit & Supervisory Board Members)	(3 persons)	(¥38 million)	(¥38 million)	(-)	(-)	(-)	(-)

- Notes:
1. As of the end of this fiscal year, we had 11 Directors and 5 Audit & Supervisory Board Members (including 5 Outside Directors and 3 Outside Audit & Supervisory Board Members).
 2. No Director of the Company is concurrently an employee of the Company.
 3. The amounts in the Bonuses above are the upper limit of the total payments to be proposed at the 151st Ordinary General Meeting of Shareholders scheduled on June 21, 2019.
 4. The above stock options are the total amounts recorded as expenses in this fiscal year for granting the Twelfth New Share Acquisition Rights (stock-linked compensation) (issued on July 31, 2017).
Pursuant to the introduction of restricted stock-based remuneration and performance share unit-based remuneration pursuant to the resolution of the 150th Ordinary General Meeting of Shareholders held on June 22, 2018, the Company will not newly issue stock options (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).
 5. The above restricted stock-based remuneration are the total amounts recorded as expenses in this fiscal year for granting restricted stock-based remuneration pursuant to the resolution of the 150th Ordinary General Meeting of Shareholders held on June 22, 2018.
 6. The above performance share unit-based remuneration are the total amounts that should be recorded as expenses in this fiscal year based on the calculation of the estimated amounts to be provided as monetary remuneration receivables in accordance with the estimated number of shares to be granted in 2021 pursuant to the resolution of the 150th Ordinary General Meeting of Shareholders held on June 22, 2018.
 7. The total amount of remuneration of Directors (excluding bonuses) was resolved to be an annual amount of 1.2 billion yen or less (including an annual amount of 60 million yen or less for Outside Directors) at the 145th Ordinary General Meeting of Shareholders held on June 21, 2013. For the total amount of remuneration of Outside Directors, however, it was subsequently resolved to be amended from an annual amount of 60 million yen or less to an annual amount of 100 million yen or less at the 150th Ordinary General Meeting of Shareholders held on June 22, 2018. In addition, it was resolved at the 150th Ordinary General Meeting of Shareholders to provide monetary remuneration receivables to Directors (excluding Outside Directors) in order to offer restricted stock-based remuneration and performance share unit-based remuneration as a substitute for stock options (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) within the range of the aforementioned total amount of remuneration. The amount of the monetary remuneration receivables was also resolved to be an annual amount of 130 million yen or

less for restricted stock-based remuneration and an annual amount of 430 million yen or less for performance share unit-based remuneration (total annual amount of 560 million yen or less).

8. The maximum amount of monthly remuneration to Audit & Supervisory Board Members is 180 million yen per year, as resolved at the 145th Ordinary General Meeting of Shareholders held on June 21, 2013.
9. The figures for breakdown of director remuneration have been rounded up or down to the nearest million yen. Therefore, the sum of those figures does not add up to the “Total amount of remuneration” for directors.

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 Audit & Supervisory Board Members 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. Name and Other Particulars of the Company’s Executive Officers (as of April 1, 2019)

Positions in the Company	Name	Areas of responsibility in the Company
President and Chief Executive Officer ^{*1}	Masayuki Hyodo	Chief Executive Officer
Executive Vice President ^{*1}	Koichi Takahata	Chief Financial Officer
Senior Managing Executive Officer	Masato Sugimori	Director, Executive Vice President, Jupiter Telecommunications Co., Ltd.
Senior Managing Executive Officer	Makoto Horie	Assistant to President and CEO
Senior Managing Executive Officer	Toshikazu Nambu	General Manager, Media & Digital Business Unit, Chief Digital Officer
Senior Managing Executive Officer	Fumihiro Koba	General Manager, Metal Products Business Unit
Senior Managing Executive Officer	Shingo Ueno	General Manager, Mineral Resources, Energy, Chemical & Electronics Business Unit
Senior Managing Executive Officer	Shoichiro Oka	General Manager, Transportation & Construction Systems Business Unit
Managing Executive Officer	Kiyoshi Sunobe	President and CEO, Sumitomo Corporation Global Research Co. Ltd.
Managing Executive Officer	Hideo Ogawa	General Manager, Internal Auditing Dept.
Managing Executive Officer	Daisuke Mikogami	General Manager for East Asia
Managing Executive Officer	Tsutomu Akimoto	General Manager, Infrastructure Business Unit
Managing Executive Officer	Masato Ishida	General Manager for Europe, Middle East, Africa & CIS
Managing Executive Officer	Nobuki Ando	General Manager, Living Related & Real Estate Business Unit
Managing Executive Officer ^{*1}	Hideki Yamano	Chief Strategy Officer and Chief Information Officer
Managing Executive Officer	Keiji Tanaka	General Manager for Japan Region, General Manager, Kansai Office
Managing Executive Officer	Takayuki Seishima	Chief Administration Officer and Chief Compliance Officer

Managing Executive Officer	Masaki Nakajima	General Manager for the Americas
Managing Executive Officer	Keigo Shiomi	General Manager for Asia & Oceania
Managing Executive Officer	Koji Tamefusa	Assistant CFO, Risk Management
Executive Officer	Reiji Morooka	Director, Managing Executive Officer, Sumitomo Mitsui Finance and Leasing Company, Limited
Executive Officer	Toyoaki Funakoshi	General Manager, Planning & Coordination Dept., Infrastructure Business Unit
Executive Officer	Yasushi Fukuda	General Manager, Logistics Infrastructure Business Division
Executive Officer	Yoshiyuki Sakamoto	General Manager, Planning & Coordination Dept., Mineral Resources, Energy, Chemical & Electronics Business Unit
Executive Officer	Kei Sato	General Manager, Lifestyle & Retail Business Division
Executive Officer	Norihiko Nonaka	General Manager, Global Power Infrastructure Business Division
Executive Officer	Masaru Shiomi	Assistant CFO, Finance
Executive Officer	Iehisa Nakamura	General Manager, Media Division
Executive Officer	Bin Haga	General Manager, Corporate Planning & Coordination Dept.
Executive Officer	Kenji Shinmori	President and CEO, Jupiter Shop Channel Co., Ltd.
Executive Officer	Shinji Nakano	Assistant General Manager for Asia & Oceania, Sumitomo Corporation Asia & Oceania Group, President and CEO, Sumitomo Corporation Thailand, Ltd., President, Sumi-Thai Holdings Limited, President and CEO, Sumi-Thai International Limited
Executive Officer	Mitsuhiro Takeda	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	Shinichi Kato	General Manager, Automobility Business Division
Executive Officer	Hirokazu Higashino	General Manager, Planning & Coordination Dept., Living Related & Real Estate Business Unit
Executive Officer ^{*2}	Haruo Matsuzaki	Assistant General Manager for the Americas, General Manager for South America, President of Sumitomo Corporation do Brasil S.A.
Executive Officer ^{*2}	Katsuya Inubushi	Assistant General Manager For Japan Region, General Manager, Chubu Office
Executive Officer ^{*2}	Yoshinori Mukaida	General Manager, Finance Dept.
Executive Officer ^{*2}	Hiroyuki Sugai	Assistant CFO, Accounting, General Manager, Accounting Controlling Dept.
Executive Officer ^{*2}	Haruhiko Aritomo	General Manager, Mineral Resources Division No.2
Executive Officer ^{*2}	Eiji Ishida	General Manager, Lease, Ship & Aerospace Business Division
Executive Officer ^{*2}	Nobuhiro Yoshida	General Manager, Planning & Coordination Dept., Transportation & Construction Systems Business Unit
Executive Officer ^{*2}	Hiroyuki Koike	General Manager, Planning & Coordination Dept., Media & Digital Business Unit
Executive Officer ^{*2}	Tomonori Wada	Assistant General Manager, Living Related & Real Estate Business Unit

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, 2019.

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	¥505 million
(B) Total amount of cash and other financial benefits payable by the Company and its consolidated subsidiaries to Accounting Auditors (including (A))	¥1,102 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 Audit & Supervisory Board 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 Audit & Supervisory Board judges that there is no expectancy for such a situation to be resolved, the Audit & Supervisory Board's 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 Audit & Supervisory Board judges that there is no expectancy for such situation to be remedied, the Audit & Supervisory Board's policy is to dismiss such Accounting Auditor, with the consent of all the Audit & Supervisory Board Members.

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, 2019, is provided below. Moreover, in a February 2019 meeting the Internal Control Committee assessed the implementation of the internal control systems during 2018, confirmed that these internal control systems were functioning effectively, and reported this fact at the Board of Directors' meeting held in March 2019.

Further details regarding the internal control systems are posted on the Sumitomo Corporation website (https://www.sumitomocorp.com/jp/-/media/Files/hq/about/governance/detail/internal_control_system.pdf?la=en).

Internal Control Systems	Current Implementation Status
1. Systems for ensuring that the execution of duties by Directors and employees complies with laws and regulations and the Articles of Incorporation	
<ul style="list-style-type: none"> ● Ensuring full compliance with laws and regulations under the Corporate Mission Statement of the Sumitomo Corporation Group ● Drawing up the Sumitomo Corporation Group Compliance Policy ● Preparing the Compliance Manual and distributing it to all officers and employees ● Requiring all officers and employees to provide a written Confirmation of Compliance ● Appointing/creating the Chief Compliance Officer, the Compliance Committee, Compliance Leaders, and the Speak-Up System 	<ul style="list-style-type: none"> ➤ 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. ➤ By formulating the Sumitomo Corporation Group Compliance Policy and distributing the Compliance Manual to all officers and employees as well as making it available on the company intranet, we strive to ensure thorough awareness of the said Policy and implementation of compliance. ➤ 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. ➤ 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. ➤ Based on the Speak-Up System, we have secured a route by which our officers and employees can directly communicate compliance information to the Chief Compliance Officer (CCO) via the Legal Compliance Department, Audit & Supervisory Board Members, outside professionals and outside attorneys serving as liaisons. ➤ In order to promote the active use of the Speak-Up System, we put up posters about the system on bulletin boards in the office floors of the new head

Internal Control Systems	Current Implementation Status
	<p>office building upon the relocation of the head office in September 2018, newly added an external contact point by appointing a professional, and formulated detailed regulations that specify the operational procedures of the system.</p> <p>➤ The Compliance Committee was convened two times during 2018. Matters reported and discussed at the committee meetings included details of activities undertaken in 2017, as well as compliance measures for 2018 and their implementation status. As one such compliance measure, a seminar on regulation of insider trading and prevention of bribery was held.</p>
2. Systems for retaining and managing information pertaining to the Directors' execution of their duties	
<ul style="list-style-type: none"> ● 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 ● Implementing measures to prevent divulgence of information to third parties or other misuse of information ● Making important documents pertaining to the Directors' execution of their duties available for review in a timely manner when requested by an Audit & Supervisory Board Member 	<p>➤ 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.</p> <p>➤ We revised the Basic Rules for Information Management and specified obligations including the documentation of information classifications within the organization and the reporting of information security incidents.</p> <p>➤ We continued to implement measures aimed at information security awareness in 2018, including "seminars for information managers," which targeted information managers in each organization, and "training on targeted email attacks" for all officers and employees.</p> <p>➤ We submit documents for review by delivering to Audit & Supervisory Board Members any documents they request.</p>
3. Rules and other systems pertaining to the management of risk of loss	
<ul style="list-style-type: none"> ● Managing the various risks associated with the Company's business by categorizing them into "quantifiable risk" and "non-quantifiable risk" ● 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 ● Establishing the Internal Control Committee ● Establishing the Company-wide Loan and Investment Committee as an advisory organ to the 	<p>➤ The situation regarding quantifiable risks as described to the left is regularly reported at meetings of the Board of Directors.</p> <p>➤ 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</p>

Internal Control Systems	Current Implementation Status
<p>Management Council</p> <ul style="list-style-type: none"> ● Formulating plans for restoration of operations in the event of disaster ● Establishing the Internal Auditing Department as an independent body under the direct supervision of the President and Chief Executive Officer and ensuring the results of internal auditing are reported to the President and Chief Executive Officer as well as the Board of Directors 	<p>manuals and conducting training activities as appropriate.</p> <ul style="list-style-type: none"> ➤ Given the fact that a number of inadequacies in relation to quality issues taken place in recent years, in 2018, we conducted voluntary inspections on quality at relevant business units, domestic and overseas entities, and consolidated subsidiaries both inside and outside Japan. In addition, we conducted internal training and seminars on anti-trust law and prevention of bribery of public officials. ➤ The Internal Control Committee was convened three times during 2018; it reviewed the Company's internal control systems and progress with internal control activities. ➤ We are enhancing the quality of decision-making in the Management Council by means of the Company-wide Loan and Investment Committee. ➤ In formulating operational recovery plans, we convene regular meetings of initial response teams. In 2018, as a measure to improve disaster response capabilities in particular, we held a seminar on the formulation and review of the BCP (business continuity plan). ➤ We established an Internal Auditing Department and the results of its internal auditing are reported to the President and Chief Executive Officer as well as to the Board of Directors.
<p><u>4. Systems for ensuring the efficient execution of the Directors' duties</u></p>	
<ul style="list-style-type: none"> ● Making the number of Directors sufficient to enable full discussions and speedy and reasonable decision-making in the Board of Directors ● Electing two or more Outside Directors so that their diverse perspectives can enhance decision-making and supervisory functions ● 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 ● Adopting the business unit system ● Term of office for Directors: one year ● Terms of office for the Chairman and the President and Chief Executive Officer: not exceeding six years, in principle ● Establishing the Nomination and Remuneration Advisory Committee composed of a majority of Outside Directors as an advisory organ to the Board of Directors ● Establishing the Management Council as a decision-making body, various committees as advisory organs, and various other conferences for 	<ul style="list-style-type: none"> ➤ 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. ➤ The term of office for Directors is set at one year and the terms of office for the Chairman and the President and Chief Executive Officer do not exceed six years. ➤ The Nomination and Remuneration Advisory Committee is chaired by an Outside Director. In 2018, we formulated policies and procedures for the appointment and dismissal of the President and Chief Executive Officer and those for the appointment and dismissal of the Chairman of the Board of Directors, and reviewed the matters to be deliberated by the Nomination and Remuneration Advisory Committee. In addition, the Committee conducted deliberations with regard to the nomination of candidates for Directors and Audit &

Internal Control Systems	Current Implementation Status
<p>the exchange of information</p> <ul style="list-style-type: none"> ● 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 	<p>Supervisory Board Members, appointment of members for the Management Council and the structure and level of remuneration and bonuses for Directors and Executive Officers and reported the results of those deliberations to the Board of Directors.</p> <ul style="list-style-type: none"> ➤ 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. ➤ 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.
<p><u>5. Systems for ensuring the properness of operations by the corporate group comprising the Company and its subsidiaries</u></p>	
<ul style="list-style-type: none"> ● 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 ● 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 Audit & Supervisory Board Members and other personnel dispatched from the Company ● Supporting subsidiaries and other consolidated companies in implementing internal controls and in constructing a framework for risk management and making improvements thereto ● Setting an internal rule to require internal auditing for subsidiaries and other consolidated companies of which the Company is the managing entity ● Ascertaining and managing consolidated performance on a monthly basis 	<ul style="list-style-type: none"> ➤ 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. ➤ We have determined internal procedures for the implementation of important management issues at each consolidated company. We also provide training for Audit & Supervisory Board Members we dispatch and share information with them, having clearly defined the criteria for determining the subsidiaries and consolidated companies to which Audit & Supervisory Board Members will be dispatched, the procedures for their selection, and the minimum duties to be performed by them. ➤ 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. ➤ Toward the realization of “enhancement of governance” set forth in the “Medium-Term Management Plan 2020,” we promoted the Group Governance Enhancement Project (Note). In 2018,

Internal Control Systems	Current Implementation Status
	<p>we endeavored to raise awareness of and promote this project by preparing various guidebooks while holding information sessions both inside and outside Japan.</p> <p>(Note) Project that supports the assessment of internal control system at subsidiaries, identification of issues and improvement thereof by specifying basic items that should be developed and operated for the development, operation, assessment and improvement of internal controls at subsidiaries and conducting regular dialogues on such items between the Company and its subsidiaries.</p> <p>➤ The results of auditing subsidiaries and other consolidated companies subject to internal auditing are reported to the President and Chief Executive Officer as well as to the Board of Directors.</p>
6. Matters regarding personnel assigned to support the operations of Audit & Supervisory Board Members	
<ul style="list-style-type: none"> ● Establishing the Audit & Supervisory Board Members' Administration Department to support the Audit & Supervisory Board Members and assigning several full-time staffers to this department ● Specifying in writing those persons authorized to issue instructions to the Audit & Supervisory Board Members' Administration Department and the department's responsibilities, and clearly defining its purpose as an organization for assisting the Audit & Supervisory Board Members ● Conducting personnel evaluations of members of the Audit & Supervisory Board Members' Administration Department by an Audit & Supervisory Board Member. Consulting in advance with an Audit & Supervisory Board Member regarding transfers of the department's personnel 	<ul style="list-style-type: none"> ➤ We have assigned several full-time staffers to the Audit & Supervisory Board Members' Administration Department. ➤ We have specified in writing that the Audit & Supervisory Board Members are authorized to issue instructions to General Manager of the Audit & Supervisory Board Members' Administration Department and that the Audit & Supervisory Board Members' Administration Department's area of operational responsibility is assisting the Audit & Supervisory Board Members in their duties. ➤ An Audit & Supervisory Board Member appointed by the Audit & Supervisory Board conducts the personnel evaluations of members of the Audit & Supervisory Board Members' Administration Department. An advance consultation is conducted with an Audit & Supervisory Board Member appointed by the Audit & Supervisory Board to obtain the Audit & Supervisory Board Member's consent regarding transfers of the department's personnel.
7. Systems for reporting to Audit & Supervisory Board Members	
<ul style="list-style-type: none"> ● Developing a system that enables Audit & Supervisory Board Members to attend all meetings, including those of the Management Council ● Delivering to the Audit & Supervisory Board Members 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 Audit & Supervisory Board Members 	<ul style="list-style-type: none"> ➤ In addition to meetings of the Board of Directors, Audit & Supervisory Board Members 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. ➤ We deliver important materials pertaining to the execution of operations when requested to do so by Audit & Supervisory Board Members, and arrange for officers and employees to report and give

Internal Control Systems	Current Implementation Status
<ul style="list-style-type: none"> ● 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 	<p>briefings.</p> <ul style="list-style-type: none"> ➤ We ensure that persons submitting the aforementioned reports to Audit & Supervisory Board Members are not subjected to adverse treatment due to such reports/contact. In addition, we have specified in the internal rules that persons making contact via the Speak-Up System should not be subjected to adverse treatment.
<p>8. Other systems for ensuring that auditing will be carried out effectively by the Audit & Supervisory Board Members</p>	
<ul style="list-style-type: none"> ● Appointing experts on law, accounting, and the like, as external Audit & Supervisory Board Members ● Maintaining close contact between the Internal Auditing Department and the Audit & Supervisory Board Members to contribute to effective auditing, such as by reporting internal auditing plans and results to the Audit & Supervisory Board Members ● Exchanging information between the Audit & Supervisory Board Members and the Accounting Auditor to improve the efficiency and quality of audit activities ● Exchanging information between the Company's Audit & Supervisory Board Members and subsidiaries' Audit & Supervisory Board Members ● Clearly stipulating the methods for handling the expenses and liabilities incurred by Audit & Supervisory Board Members in the execution of their duties 	<ul style="list-style-type: none"> ➤ The Internal Auditing Department interacts closely with the Audit & Supervisory Board Members, 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. ➤ Audit & Supervisory Board Members conduct regular meetings with the Accounting Auditor, as well as liaison meetings and small-group meetings with standing Audit & Supervisory Board Members at subsidiaries. During 2018, as in previous years, they held several small-group meetings, interacting and exchanging information with standing auditors at subsidiaries and associated companies. ➤ Expenses and liabilities incurred by Audit & Supervisory Board Members in the execution of their duties are handled in accordance with internal rules, including by drawing up budgets and managing their implementation.

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, 2019 and 2018

	Millions of Yen	
	March 31, 2019	March 31, 2018
ASSETS		
Current assets:		
Cash and cash equivalents	¥ 660,359	¥ 667,152
Time deposits	10,492	15,187
Marketable securities	1,989	1,361
Trade and other receivables	1,340,451	1,266,782
Other financial assets	62,692	66,885
Inventories	925,204	877,808
Advance payments to suppliers	161,037	137,675
Assets classified as held for sale	56,034	247,677
Other current assets	329,392	196,759
Total current assets	3,547,650	3,477,286
Non-current assets:		
Investments accounted for using the equity method	2,130,517	1,994,366
Other investments	429,532	462,841
Trade and other receivables	371,420	381,120
Other financial assets	75,576	80,214
Property, plant and equipment	746,647	750,226
Intangible assets	259,759	264,477
Investment property	275,273	278,026
Biological assets	22,858	16,057
Prepaid expenses	21,043	23,817
Deferred tax assets	36,248	42,202
Total non-current assets	4,368,873	4,293,346
Total assets	¥ 7,916,523	¥ 7,770,632

Note:

The Consolidated Statement of Financial Position as of March 31, 2018 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, 2019 and 2018

	Millions of Yen	
	March 31, 2019	March 31, 2018
LIABILITIES AND EQUITY		
Current liabilities:		
Bonds and borrowings	¥ 682,349	¥ 603,249
Trade and other payables	1,190,259	1,038,657
Other financial liabilities	50,787	59,413
Income tax payables	28,467	39,639
Accrued expenses	94,019	89,778
Advances from customers	-	159,896
Contract liabilities	132,693	-
Provisions	8,356	5,711
Liabilities associated with assets classified as held for sale	8,841	74,207
Other current liabilities	82,935	87,599
Total current liabilities	2,278,706	2,158,149
Non-current liabilities:		
Bonds and borrowings	2,415,606	2,600,616
Trade and other payables	114,412	104,108
Other financial liabilities	23,660	33,853
Accrued pension and retirement benefits	34,869	27,362
Provisions	46,364	40,503
Deferred tax liabilities	96,707	111,720
Total non-current liabilities	2,731,618	2,918,162
Total liabilities	5,010,324	5,076,311
Equity:		
Common stock	219,449	219,279
Additional paid-in capital	258,292	265,126
Treasury stock	(2,501)	(2,796)
Other components of equity	234,937	248,564
Retained earnings	2,061,306	1,827,987
Equity attributable to owners of the parent	2,771,483	2,558,160
Non-controlling interests	134,716	136,161
Total equity	2,906,199	2,694,321
Total liabilities and equity	¥ 7,916,523	¥ 7,770,632

Note:

The Consolidated Statement of Financial Position as of March 31, 2018 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, 2019 and 2018

	Millions of Yen			
	2019		2018	
Revenues:				
Sales of tangible products	¥	4,920,772	¥	4,333,190
Sales of services and others		418,466		494,133
Total revenues		5,339,238		4,827,323
Cost:				
Cost of tangible products sold		(4,151,165)		(3,581,975)
Cost of services and others		(264,880)		(288,875)
Total cost		(4,416,045)		(3,870,850)
Gross profit		923,193		956,473
Other income (expenses):				
Selling, general and administrative expenses		(647,553)		(731,616)
Impairment losses on long-lived assets		(7,567)		(7,226)
Gain (loss) on sale of long-lived assets, net		3,581		2,859
Other, net		2,502		9,419
Total other income (expenses)		(649,037)		(726,564)
Finance income (costs):				
Interest income		28,975		27,530
Interest expense		(40,535)		(33,297)
Dividends		12,107		10,652
Gain (loss) on securities and other investments, net		2,204		27,767
Finance income (costs), net		2,751		32,652
Share of profit (loss) of investments accounted for using the equity method		127,110		149,734
Profit before tax		404,017		412,295
Income tax expense		(66,230)		(78,385)
Profit for the year		337,787		333,910
Profit for the year attributable to:				
Owners of the parent	¥	320,523	¥	308,521
Non-controlling interests		17,264		25,389
Other comprehensive income:				
Items that will not be reclassified to profit or loss				
Financial assets measured at fair value through other comprehensive income		(20,646)		21,073
Remeasurements of defined benefit pension plans		(10,799)		3,219
Share of other comprehensive income of investments accounted for using the equity method		(1,453)		1,292
Total items that will not be reclassified to profit or loss		(32,898)		25,584
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translating foreign operations		18,784		(77,122)
Cash-flow hedges		5,183		(2,722)
Share of other comprehensive income of investments accounted for using the equity method		(6,887)		2,399
Total items that may be reclassified subsequently to profit or loss		17,080		(77,445)
Other comprehensive income, net of tax		(15,818)		(51,861)
Comprehensive income for the year		321,969		282,049
Comprehensive income for the year attributable to:				
Owners of the parent	¥	305,075	¥	256,329
Non-controlling interests		16,894		25,720

Note:

The Consolidated Statement of Comprehensive Income for the year ended March 31, 2018 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, 2019 and 2018

For the year ended March 31, 2019

Millions of Yen

	Equity attributable to owners of the parent						Non-controlling interests	Total equity
	Common stock	Additional paid-in capital	Treasury stock	Other components of equity	Retained earnings	Total		
Balance, beginning of year	219,279	265,126	(2,796)	248,564	1,827,987	2,558,160	136,161	2,694,321
Impact of changes in accounting policies					3,270	3,270		3,270
Balance, beginning of year after changes in accounting policies	219,279	265,126	(2,796)	248,564	1,831,257	2,561,430	136,161	2,697,591
Profit for the year					320,523	320,523	17,264	337,787
Other comprehensive income for the year				(15,448)	(15,448)	(15,448)	(370)	(15,818)
Comprehensive income for the year						305,075	16,894	321,969
Transaction with owners:								
Share-based payment transactions	170	170				340		340
Acquisition (disposal) of non-controlling interests, net		(7,760)				(7,760)	(10,319)	(18,079)
Acquisition (disposal) of treasury stock, net			295			295		295
Cash dividends to owners of the parent					(88,653)	(88,653)		(88,653)
Cash dividends to non-controlling interests							(8,020)	(8,020)
Others		756				756		756
Transfer to retained earnings				1,821	(1,821)	—		—
Balance, end of year	219,449	258,292	(2,501)	234,937	2,061,306	2,771,483	134,716	2,906,199

For the year ended March 31, 2018

Millions of Yen

	Equity attributable to owners of the parent						Non-controlling interests	Total equity
	Common stock	Additional paid-in capital	Treasury stock	Other components of equity	Retained earnings	Total		
Balance, beginning of year	219,279	263,937	(3,113)	309,094	1,577,288	2,366,485	120,470	2,486,955
Profit for the year					308,521	308,521	25,389	333,910
Other comprehensive income for the year				(52,192)	(52,192)	(52,192)	331	(51,861)
Comprehensive income for the year						256,329	25,720	282,049
Transaction with owners:								
Acquisition (disposal) of non-controlling interests, net		102				102	(2,332)	(2,230)
Acquisition (disposal) of treasury stock, net			317			317		317
Cash dividends to owners of the parent					(66,160)	(66,160)		(66,160)
Cash dividends to non-controlling interests							(7,697)	(7,697)
Others		1,087				1,087		1,087
Transfer to retained earnings				(8,338)	8,338	—		—
Balance, end of year	219,279	265,126	(2,796)	248,564	1,827,987	2,558,160	136,161	2,694,321

Note:

The Consolidated Statement of Changes in Equity for the year ended March 31, 2018 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, 2019 and 2018

(Unaudited)

	Millions of Yen			
	2019		2018	
Operating activities:				
Profit for the year	¥	337,787	¥	333,910
Adjustments to reconcile profit for the year to net cash provided by operating activities:				
Depreciation and amortization		111,838		118,907
Impairment losses on long-lived assets		7,567		7,226
Finance (income) costs, net		(2,751)		(32,652)
Share of (profit) loss of investments accounted for using the equity method		(127,110)		(149,734)
(Gain) loss on sale of long-lived assets, net		(3,581)		(2,859)
Income tax expense		66,230		78,385
Increase in inventories		(46,038)		(126,008)
Increase in trade and other receivables		(60,634)		(70,468)
Increase in prepaid expenses		(2,831)		(5,939)
Increase in trade and other payables		108,735		90,793
Other, net		(133,370)		(16,925)
Interest received		28,155		26,882
Dividends received		108,909		128,723
Interest paid		(38,933)		(32,079)
Income tax paid		(85,090)		(52,898)
Net cash provided by operating activities		268,883		295,264
Investing activities:				
Proceeds from sale of property, plant and equipment		19,222		4,929
Purchase of property, plant and equipment		(110,028)		(97,762)
Proceeds from sale of investment property		5,100		10,083
Purchase of investment property		(26,310)		(4,341)
Proceeds from sale of other investments		217,846		59,239
Acquisition of other investments		(182,599)		(163,446)
Collection of loan receivables		63,407		110,901
Increase in loan receivables		(37,955)		(75,369)
Net cash used in investing activities		(51,317)		(155,766)
Financing activities:				
Net increase in short-term debt		36,570		(10,974)
Proceeds from issuance of long-term debt		298,841		342,344
Repayment of long-term debt		(454,880)		(484,871)
Cash dividends paid		(88,653)		(66,160)
Capital contribution from non-controlling interests		3,806		348
Payment for acquisition of subsidiary's interests from non-controlling interests		(21,055)		(2,778)
Payment of dividends to non-controlling interests		(8,020)		(7,697)
(Acquisition) disposal of treasury stock, net		195		178
Net cash used in financing activities		(233,196)		(229,610)
Net decrease in cash and cash equivalents		(15,630)		(90,112)
Cash and cash equivalents at the beginning of year		667,152		776,464
Effect of exchange rate changes on cash and cash equivalents		4,821		(14,688)
Net increase (decrease) in cash and cash equivalents resulting from transfer to assets classified as held for sale		4,016		(4,512)
Cash and cash equivalents at the end of year	¥	660,359	¥	667,152

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, 2019)

Basic Significant Matters Regarding Preparation of Consolidated Financial Statements

1. Accounting standards of consolidated financial statements

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.

In compliance with the second sentence of the same paragraph, certain disclosures required on the basis of IFRSs are omitted.

2. The scope of the consolidation

Number of consolidated subsidiaries 626

Names of principal consolidated subsidiaries

Consolidated subsidiaries	Sumitomo Corporation of Americas
	SCSK Corporation

3. The application of equity method

Number of associated companies 305

Names of principal associated companies

Investments accounting for using the equity method	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

Financial assets measured at amortized cost

Financial assets measured at amortized cost are initially measured at fair value (including directly attributable transaction costs).

However, trade receivables and other receivables that do not contain a significant financing component are initially recognized at the transaction price.

Subsequently, the carrying amount of the financial assets measured at amortized cost is calculated using the effective interest method, less impairment loss when necessary.

Debt instruments which are measured at fair value through other comprehensive income ("FVTOCI")

Debt instruments 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.

The accumulated amount recognized as other comprehensive income is reclassified to profit or loss, when the debt instruments are derecognized.

Financial instruments which are measured at fair value through profit or loss ("FVTPL")

Financial assets other than equity instruments that do not meet the conditions for measurement at amortized cost and measurement at FVTOCI are measured at fair value and recognized in profit or loss

Equity instruments are measured at fair value with gains or losses on re-measurement recognized in profit or loss unless the Company and its subsidiaries re-measurement recognized in profit or loss unless the Company and its subsidiaries (the "Companies") make an irrevocable election to measure equity instruments at fair value through other comprehensive income on initial recognition.

Financial instruments measured at FVTPL are initially measured at fair value and transaction costs are recognized in profit or loss when they occur.

Equity instruments which are measured at fair value through other comprehensive income ("FVTOCI")

Equity instruments 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.

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.

However, dividends on financial assets measured at FVTOCI are recognized in profit or loss as finance income.

Impairment loss on financial assets

For financial assets measured at amortized cost, lease receivables, contract assets, and debt instruments measured at fair value through other comprehensive income, the Companies recognize loss allowance based on the expected credit losses for the financial asset.

At each reporting date, if the credit risk on financial assets has not increased significantly the impairment loss is measured at an amount equal to 12-months of expected credit losses. On the other hand, if the credit risk on financial assets has increased significantly since initial recognition, the impairment loss is measured at an amount equal to the lifetime expected credit losses.

However, the impairment loss for trade and other receivables, etc. which do not contain a significant financing component is always at an amount equal to the lifetime expected credit loss.

Credit risk change and calculation of expected credit losses are mainly based on original credit rating model, the Sumisho Credit Rating ("SCR").

"SCR" includes the debtor's past bad debts experience, current financial condition and reasonably available forecast information.

The existence of evidence of credit impairment is judged based on events such as a debtor's serious financial difficulties and breach of contract including overdue. For financial assets that have evidence of credit impairment at the reporting date, expected credit losses are measured individually after comprehensive evaluation of the individual situation of the debtor including collateral and guarantees.

If it is reasonably determined that all or part of a financial asset can not be collected, the companies directly write off the financial assets.

(B) Valuation basis and method for non-financial assets

Inventories

Inventories are measured at the lower of cost and net realizable value.

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.

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.

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.

Property, plant, equipment and investment property

Property, plant, equipment and investment property are measured at cost less any accumulated depreciation and accumulated impairment losses.

Intangible assets

Intangible assets are measured at cost less any accumulated amortization and accumulated impairment losses.

Impairment

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. 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.

(2) Non-current assets held for sale

If the carrying amount of non-current assets or disposal groups will be recovered principally through a sale transaction rather than through continuing use, the Company classifies such non-current assets or disposal groups as held for sale, and reclassifies them into current assets.

Non-current assets or disposal groups classified as held for sale are measured at the lower of their carrying amount of fair value less costs to sell.

(3) Depreciation and amortization method of assets

(A) Property, plant and equipment

Buildings, leasehold improvements, machinery and equipment

Depreciation is principally computed by the straight-line method.

Mining rights

Depreciation is computed by the unit-of-production method.

(B) Intangible assets except goodwill

Amortization is computed by the straight-line method.

(C) Investment property

Depreciation is principally computed by the straight-line method.

(4) Provisions

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.

(5) Defined benefit plans

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.

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.

(6) Derivatives including hedge accounting

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, and the analysis of ineffective portion.

In order to ascertain whether the change in the fair value or cash flow of the hedging instrument has a high offset with the change in the fair value or cash flow of the hedged item, at the beginning and the during the hedge accounting is applied, the companies confirm the existence of an economic relationship between the hedged item and the hedging instrument.

Specifically, the Companies evaluate qualitative assessment of whether the key terms of the hedged item and the hedging instrument are identical or closely related, and evaluate quantitative assessment of whether the value of the hedged item and the hedging instrument are offset by the same risk.

To qualify as a cash flow hedge of a forecast transaction, the transaction must be highly probable.

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:

(A) Fair value hedges

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.

(B) Cash flow hedges

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 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.

(C) Hedges of a net investment in foreign operations

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.

(7) Revenue

The Companies recognize revenue for goods sold and services provided in the ordinary course of business, except for lease and financial instrument transaction, based on the following five-step approach.

Step 1: Identify the contract with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognize revenue when the entity satisfies a performance obligation

(8) 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.

1. IFRS 9 “Financial Instruments” (issued in July 2014)

Accordingly, the Companies have changed accounting policies regarding (1) classification and measurement of financial assets, (2) modifications of financial liabilities that do not result in derecognition, (3) impairment of financial assets, (4) hedge accounting.

(1) Classification and measurement of financial assets

A classification in which debt instruments are subjected to subsequent measurement of fair value through other comprehensive income (FVTOCI) was newly established.

The Companies evaluate the business model holding such financial instruments at the beginning of the current fiscal year, along with the terms of contract involved therein, whereby the financial instruments are, insofar as they meet the following criteria, subjected to subsequent measurement of fair value through other comprehensive income:

- If the financial instruments are held for the purpose of both the contractual collection and eventual sale of cash flows, under the business model of the Companies; and
- If the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(2) Modifications of financial liabilities that do not result in derecognition

Even if the modification or exchanges of financial liabilities do not result in derecognition due to the terms with no substantially different, such modifications are recognized in profit or loss at the date of the modification or exchange.

(3) Impairment loss on financial assets

For financial assets measured at amortized cost, lease receivables, contract assets, and debt instruments measured at fair value through other comprehensive income, the Companies recognize impairment losses based on expected credit losses model on such financial assets instead of incurred loss model that recognizes impairment losses when there is objective evidence which indicates that loss events under IAS 39 “Financial Instruments: Recognition and Measurement.”

At each reporting date, if the credit risk on financial assets has not increased significantly since initial recognition, the impairment loss is measured at an amount equal to 12-months of expected credit losses. On the other hand, if the credit risk on financial assets has increased significantly since initial recognition, the impairment loss is measured at an amount equal to the lifetime expected credit losses.

However, the impairment loss for trade and other receivables, etc. which do not contain any significant financial elements is always at an amount equal to the lifetime expected credit loss.

(4) Hedge accounting

The Companies, pursuant to the provisions of hedge accounting under IFRS 9, treat items that qualify for hedge accounting not only under IAS 39 “Financial Instruments: Recognition and Measurement” but also under IFRS 9 as continuous hedging relationships.

In accordance with the transitional measures under IFRS 9, the cumulative effect is recognized as an adjustment to the opening balance of retained earnings for the year ending March 31, 2019.

Accordingly, compared with the case where the previous accounting standards would be applied, “Retained earnings” and “Investments accounted for using the equity method” are reduced by ¥3,394 million respectively at the beginning of the fiscal year.

2. IFRS 15 “Revenue from Contracts with Customers”

In accordance with IFRS 15, the Companies recognize revenue for goods sold and services provided in the ordinary course of business, except for lease and financial instrument transaction, based on the following five-step approach.

Step 1: Identify the contract with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognize revenue when the entity satisfies a performance obligation

The policies on revenue recognition and principal versus agent considerations are as follows.

(1) Revenue from sales of tangible products

The Companies recognize revenue from sales of tangible products in connection with the Companies’ wholesale, retail, manufacturing and processing operations and real estate operations when the Companies satisfy a performance obligation by a promised good or service to a customer. Depending upon the terms of the contract, this may occur at the time of delivery or shipment or upon the attainment of customer acceptance.

The conditions of acceptance are governed by the terms of the contract or customer arrangement and those not meeting the predetermined specifications are not recognized as revenue until the attainment of customer acceptance.

The Companies’ policy is not to accept product returns unless the products are defective.

The Companies transfer control of a good or service over time and, therefore, satisfy a performance obligation and recognize revenue and costs over time, if certain conditions are met, from sales of tangible products under long-term construction contracts, etc., principally in connection with the construction of power plants in which the Companies provide engineering, procurement and construction service, and software development business in which the Companies customize the software to customer specifications. Progress towards complete satisfaction of a performance obligation is measured by reference to the stage of completion measured based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs. If circumstances arise that may change the original estimates of revenue, costs, or extent of progress toward completion, then, revisions to the estimates are made.

(2) Revenue from sales of services and others

The Companies also generate revenue from sales of services and others in connection with services related to software, loans, finance leases and operating leases of commercial real estate and vessels.

Revenue from maintenance related to software is recognized over the contractual period or as the services are rendered.

Revenue from loans in connection with vessels is recognized using the effective interest method over the terms of the loans.

Revenue from finance leases is calculated using the interest rate implicit in the lease.

Revenue from operating leases is recognized in profit or loss on a straight-line basis over the lease term.

(3) Principal versus agent considerations

In the ordinary course of business, the Companies frequently act as an intermediary or an agent in executing transactions with third parties. In these arrangements, the Companies determine whether to recognize revenue based on the “gross” amount billed to the ultimate customer for tangible products or services provided or on the “net” amount received from the customer after commissions and other payments to third parties. However, the amounts of “Gross profit” and “Profit for the period attributable to owners of the parent” are not affected by whether revenue is recognized on a gross or net basis.

The Companies determine whether the nature of its promise is a performance obligation to provide the specified goods or services controlled by the Companies before the goods or services are transferred to a customer (i.e. the entity is a principal) or to arrange for those goods or services to be provided by the other party (i.e. the entity is an agent). To the extent that the Companies are acting as a principal in a transaction, the Companies recognize revenue on a gross basis when or as the entity satisfies a performance obligation. To the extent that the Companies are acting as an agent in a transaction, the Companies recognize revenue on a net basis in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party when or as the entity satisfies a performance obligation.

Factors that indicate that the Companies act as a principal, and thus recognize revenue on a gross basis include:

- the Companies are primarily responsible for fulfilling the promise to provide the specified good or service;
- the Companies have inventory risk before the specified good or service has been transferred to a customer or after transfer of control to the customer; and
- the Companies have discretion in establishing the price for the specified good or service.

In addition, with the application of IFRS 15, the balance which had previously been included in “Advances from customers” in consolidated statements of financial position is presented as “Contract liabilities.”

In accordance with the transitional measures under IFRS 15, the cumulative effect is recognized as an adjustment to the opening balance of retained earnings for the year ending March 31, 2019.

Accordingly, compared with the case where the previous accounting standards would be applied, “Retained earnings” and “Investments accounted for using the equity method” increased by ¥6,664 million respectively at the beginning of the fiscal year.

Furthermore, as a result of partial review of principal versus agent considerations with the application of IFRS 15,

“Revenues” and “Cost” increased by ¥270,823 million respectively for the year ended March 31, 2019.

Notes to changes in accounting estimates

The significant change in accounting estimate for the year ended March 31, 2019 is described in "Notes to Consolidated Statements of Comprehensive Income Impairment loss".

Notes to Consolidated Statements of Financial Position

1. Pledged assets and secured liabilities

(1) Pledged assets

Cash and deposits	70,210 Millions of yen
Trade and other receivables	284,778 Millions of yen
Inventories	27,271 Millions of yen
Assets classified as held for sale	12,620 Millions of yen
Marketable securities and investments	177,091 Millions of yen
Property, plant and equipment	91,840 Millions of yen
Investment property	3,068 Millions of yen
Total	666,878 Millions of yen

(2) Secured liabilities

Bonds, borrowings and other	227,283 Millions of yen
Total	227,283 Millions of yen

2. Allowance for doubtful receivables directly deducted 20,269 Millions of yen

3. Tax receivables included in other current assets 33,198 Millions of yen

4. Accumulated depreciation and impairment losses of property, plant and equipment 712,447 Millions of yen

5. Accumulated depreciation and impairment losses of investment property 50,015 Millions of yen

6. Guarantees of indebtedness

Associated companies	80,543 Millions of yen
Others	47,456 Millions of yen
Total	127,999 Millions of yen

Notes to Consolidated Statements of Comprehensive Income

Impairment loss

The significant impairment loss for the year ended March 31, 2019 is as follow.

The Company recognized the impairment loss of ¥10,431 millions relating to the Nickel mining and refining business in Madagascar as a result of reassessment of assets based on the latest long-term business plan and the medium and long-term trend in 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 loss for the year ended March 31, 2018 was as follow. ¥15,069 millions

Indonesian commercial bank PT. Bank Tabungan Pensiunan Nasional Tbk

The impairment loss was included in “Share of profit (loss) of investments accounted for using the equity method” in the Consolidated Statements of Comprehensive Income.

Notes to Consolidated Statements of Changes in Equity

1. Number of issued shares (Common shares) 1,250,787,667 shares

The number of common shares outstanding at the end of the current fiscal year increased by 184,800 shares as a result of the issuance of new shares for restricted share remuneration.

2. Dividends for the year ended March 31, 2019

The year-end ordinary dividends were resolved in the ordinary general meeting of shareholders held on June 22, 2018 as follows:

Total amount of dividends (yen)	42,450,091,876
Dividends per share (yen)	34
Record date	March 31, 2018
Effective date	June 25, 2018

The interim dividends were resolved by the board of directors on November 1, 2018 as follows:

Total amount of dividends (yen)	46,206,304,258
Dividends per share (yen)	37
Record date	September 30, 2018
Effective date	December 3, 2018

3. Dividends after March 31, 2019

The year-end ordinary dividends will be resolved in the ordinary general meeting of shareholders held on June 21, 2019 as follows:

Total amount of dividends (yen)	47,458,762,476
Source of dividends	Retained earnings
Dividends per share (yen)	38
Record date	March 31, 2019
Effective date	June 24, 2019

4. Number of shares subject to new share acquisition rights

authorized by the ordinary general meeting of shareholders or the board of directors

In the ordinary general meeting of shareholders held on June 23, 2006 (Stock-Linked compensation plan)	5,000 shares
In the ordinary general meeting of shareholders held on June 22, 2007 (Stock-Linked compensation plan)	8,100 shares
In the ordinary general meeting of shareholders held on June 20, 2008 (Stock-Linked compensation plan)	19,100 shares
In the ordinary general meeting of shareholders held on June 19, 2009 (Stock-Linked compensation plan)	57,100 shares
In the ordinary general meeting of shareholders held on June 22, 2010 (Stock-Linked compensation plan)	69,000 shares
In the ordinary general meeting of shareholders held on June 24, 2011 (Stock-Linked compensation plan)	71,700 shares
In the ordinary general meeting of shareholders held on June 22, 2012 (Stock-Linked compensation plan)	113,900 shares
In the ordinary general meeting of shareholders held on June 21, 2013 (Stock-Linked compensation plan)	99,200 shares
In the meeting of the board of directors held on July 31, 2014	42,000 shares
In the meeting of the board of directors held on July 31, 2014 (Stock-Linked compensation plan)	110,500 shares
In the meeting of the board of directors held on July 30, 2015	71,000 shares
In the meeting of the board of directors held on July 30, 2015 (Stock-Linked compensation plan)	111,100 shares
In the meeting of the board of directors held on August 1, 2016	71,000 shares
In the meeting of the board of directors held on August 1, 2016 (Stock-Linked compensation plan)	169,500 shares
In the meeting of the board of directors held on July 28, 2017	173,000 shares
In the meeting of the board of directors held on July 28, 2017 (Stock-Linked compensation plan)	137,000 shares
Total	<hr/> <hr/> 1,328,200 shares

"Total" includes 553,700 shares for which the exercise period has not commenced at March 31, 2019.

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. 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, 2019 are as follows:

Financial instruments measured at amortized cost

(Millions of yen)

	Carrying amount	Fair value	Difference
Assets:			
Securities and other investments	7,285	7,285	—
Trade and other receivables	1,676,819	1,680,153	3,334
Liabilities:			
Bonds and borrowings	3,097,955	3,113,994	16,039
Trade and other payables	1,206,554	1,206,746	192

Financial instruments measured at fair value

	Carrying amount	Fair value	Difference
Assets:			
Securities and other investments	424,236	424,236	—
Trade and other receivables	35,052	35,052	—
Other financial assets	138,268	138,268	—
Liabilities:			
Trade and other payables	98,117	98,117	—
Other financial liabilities	74,447	74,447	—

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
275,273	321,933

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

2. The fair value as of March 31, 2019 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 2,219.11 yen
2. Earnings per share attributable to owners of the parent 256.68 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, 2019	As of March 31, 2018	Liabilities and net assets	As of March 31, 2019	As of March 31, 2018
Current assets	1,440,070	1,433,455	Current liabilities	1,173,208	1,152,763
Cash and deposits	225,396	210,499	Notes payable, trade	7,269	10,219
Notes receivable, trade	9,964	18,313	Accounts payable, trade	476,198	473,747
Accounts receivable, trade	429,438	484,361	Short-term loans	282,137	242,116
Marketable securities	45,303	57,034	Commercial paper	-	17,000
Merchandise	73,056	104,820	Bonds and notes (Due within one year)	30,000	15,000
Real estate held for development and resale	138,072	122,151	Accrued expenses	17,812	18,605
Advances to suppliers	194,524	197,072	Income taxes	796	621
Prepaid expenses	8,955	15,291	Advances from customers	159,518	197,656
Short-term loans receivable	191,200	109,206	Deposits received	173,738	149,959
Other current assets	126,557	115,504	Deferred income	674	1,033
Allowance for doubtful receivables	(2,400)	(800)	Other current liabilities	25,061	26,803
Fixed assets	2,867,335	2,794,324	Long-term liabilities	1,883,098	1,967,313
Tangible fixed assets, at cost less accumulated depreciation	269,233	256,333	Long-term loans	1,505,188	1,606,050
Buildings	61,003	53,426	Bonds and notes	330,444	318,058
Other structures	822	1,128	Other long-term liabilities	47,465	43,204
Machinery and equipment	783	576			
Vehicles and transportation equipment	299	214	Total liabilities	3,056,307	3,120,076
Furniture and fixtures	3,503	2,961			
Land	196,000	192,755	Shareholders' equity	1,131,595	959,146
Construction in progress	6,818	5,270	Common stock	219,448	219,278
Intangible fixed assets	16,824	14,571	Capital surplus	230,607	230,430
Software	10,501	8,762	Additional paid-in capital	230,582	230,412
Other intangible fixed assets	6,322	5,809	Other capital surplus	25	17
Investments and other assets	2,581,277	2,523,419	Retained earnings	684,039	512,201
Investment securities	324,975	370,059	Appropriated for legal reserve	17,696	17,696
Investment securities in subsidiaries and associated companies	1,548,032	1,421,024	Other retained earnings	666,343	494,504
Other investment securities in subsidiaries and associated companies	1,052	1,249	General reserve	65,042	65,042
Other equity interests	8,283	7,633	Retained earnings brought forward	601,300	429,462
Other equity interests in subsidiaries and associated companies	535,004	484,975	Treasury stock	(2,500)	(2,763)
Long-term loans receivable	91,746	165,683	Difference of appreciation and conversion	118,377	147,360
Long-term trade receivables, over due	16,441	20,391	Net unrealized holding gains on securities and others	116,966	146,907
Long-term prepaid expenses	37,622	46,731	Net deferred profits on hedges	1,410	452
Deferred tax assets	20,082	9,578	New shares acquisition rights	1,125	1,196
Other investments and assets	44,646	47,990			
Allowance for doubtful receivables	(46,609)	(51,899)	Total net assets	1,251,098	1,107,703
Total assets	4,307,405	4,227,780	Total liabilities and net assets	4,307,405	4,227,780

Note:

The Non-consolidated Balance Sheet as of March 31, 2018 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	
	2019	2018
Sales	2,353,642	2,816,180
Cost of sales	(2,188,503)	(2,674,380)
Gross trading profit	165,138	141,800
Selling, general and administrative expenses	(190,016)	(175,175)
Operating loss	(24,878)	(33,375)
Non-operating income	335,824	271,464
Interest income	13,475	15,798
Dividends	264,249	230,710
Gain on sale of investment securities	47,552	13,504
Reversal of provision for bad debts reserve of affiliates and others	-	5,332
Other non-operating income	10,546	6,118
Non-operating expense	(47,737)	(29,877)
Interest expense	(12,663)	(9,727)
Loss on sale of investment securities	(2,418)	(714)
Valuation loss on investment securities	(20,507)	(9,466)
Provision for bad debts reserve of affiliates and others	(881)	-
Other non-operating expense	(11,265)	(9,969)
Ordinary income	263,208	208,211
Extraordinary gain	1,702	2,085
Gain on sale of fixed assets	1,702	2,085
Extraordinary loss	(649)	(295)
Loss on sale of fixed assets	(649)	(295)
Net income before income taxes	264,261	210,001
Income taxes-current	(600)	4,600
Income taxes-deferred	(6,300)	(21,592)
Net income	257,361	193,009

Note:

The Non-consolidated Statement of Income for the year ended March 31, 2018 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, 2019

(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	Other capital surplus	Total capital surplus	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	230,430	17,696	65,042	429,462	512,201	(2,763)	959,146	146,907	452	147,360	1,196	1,107,703
Cumulative effects of change in accounting policies							3,134	3,134		3,134					3,134
Opening Balance reflecting change in accounting policies	219,278	230,412	17	230,430	17,696	65,042	432,596	515,335	(2,763)	962,280	146,907	452	147,360	1,196	1,110,837
Changes in the year															
Issuance of shares	169	169		169						339					339
Cash dividends							(88,656)	(88,656)		(88,656)					(88,656)
Net income							257,361	257,361		257,361					257,361
Acquisition of treasury stock									(6)	(6)					(6)
Disposal of treasury stock			8	8					269	277					277
Changes of items other than shareholders' equity (Net)										-	(29,941)	958	(28,982)	(71)	(29,054)
Total Changes in the year	169	169	8	177	-	-	168,704	168,704	262	169,314	(29,941)	958	(28,982)	(71)	140,260
Balance, end of year	219,448	230,582	25	230,607	17,696	65,042	601,300	684,039	(2,500)	1,131,595	116,966	1,410	118,377	1,125	1,251,098

For the year ended March 31, 2018

(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	Other capital surplus	Total capital surplus	Appropriated for legal reserve	Other retained earnings		Total retained earnings							
						General reserve	Retained earnings brought forward								
Balance, beginning of year	219,278	230,412	-	230,412	17,696	65,042	302,613	385,352	(3,112)	831,931	134,721	(5,627)	129,094	1,101	962,127
Changes in the year															
Cash dividends							(66,161)	(66,161)		(66,161)					(66,161)
Net income							193,009	193,009		193,009					193,009
Acquisition of treasury stock									(6)	(6)					(6)
Disposal of treasury stock			17	17					356	373					373
Changes of items other than shareholders' equity (Net)										-	12,186	6,079	18,265	95	18,361
Total Changes in the year	-	-	17	17	-	-	126,848	126,848	349	127,215	12,186	6,079	18,265	95	145,576
Balance, end of year	219,278	230,412	17	230,430	17,696	65,042	429,462	512,201	(2,763)	959,146	146,907	452	147,360	1,196	1,107,703

Note: □

The Non-consolidated Statement of Changes in Shareholders' Equity for the year ended March 31, 2018 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, 2019)

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, 2019. | |
| 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.

Changes in accounting policies

The company has changed its accounting policy to comply “Partial Amendments to Accounting Standard for Tax Effect Accounting” (ASBJ Statement No.28), in which the company do not recognise deferred tax liabilities against temporary difference arising from investments to subsidiaries and affiliates, if the companies can decide to sell the shares of subsidiaries and affiliates and do not intend to sell them in a foreseeable future period, the companies do not recognise a deferred tax liabilities for these shares. This revised accounting standard is applied retroactively, and the cumulative effect of the change in accounting policy is reflected in the carrying value of net assets at the beginning of the current fiscal year.

As a result, the balance at the beginning of the year after retroactive application of retained earnings in the statement of changes in shareholders' equity increased by ¥ 3,134 million.

Changes in Presentation Methods

According to “Partial Amendments to Accounting Standard for Tax Effect Accounting” (ASBJ Statement No.28) , presentation of deferred tax assets and deferred tax liabilities has changed to be included in the category of “investments of other assets” and “non-current liability” respectively.

In the balance sheet of the previous fiscal year described as reference information, the “deferred tax assets” of ¥ 4,145 million in “current assets” is included in the “deferred tax assets” of “investments and other assets” of ¥ 9,578 million.

Notes to Non-consolidated Balance Sheet

1. Pledged assets and secured liabilities

(1) Pledged assets

Buildings	3,369 millions of yen
Land	354 millions of yen
Intangible fixed assets	770 millions of yen
Investment securities	14,457 millions of yen
Investment securities in subsidiaries and associated companies	83,764 millions of yen
Long-term loans receivable	2,138 millions of yen
Total	104,854 millions of yen

(2) Secured liabilities

Other long-term liabilities and others	2,283 millions of yen
Total	2,283 millions of yen

2. Accumulated depreciation of tangible fixed assets 72,943 millions of yen

3. Guarantees of indebtedness

Subsidiaries and associated companies	583,009 millions of yen
Others	29,027 millions of yen
Sub-total	612,037 millions of yen
Keep-well agreement on subsidiaries' financing arrangements	335,213 millions of yen
Total	947,251 millions of yen

4. Discounted trade notes receivable with banks 25,729 millions of yen

5. Monetary receivables and payables to subsidiaries and associated companies

Short-term monetary receivables	467,673 millions of yen	Long-term monetary receivable	101,061 millions of yen
Short-term monetary payables	264,223 millions of yen	Long-term monetary payables	12,643 millions of yen

6. Concerning Notes Maturing on the Last Day of the Fiscal Year

Notes maturing on the last day of the fiscal year are recognized on the clearance date. Since the last day of the fiscal year ended March 31, 2019 was a holiday for financial institutions, the following mature notes are included in the year-end balance for the fiscal year.

Trade notes receivable	1,210 millions of yen
Trade notes payable	234 millions of yen

Notes to Non-consolidated Statements of Income

1. Operating transactions with subsidiaries and associated companies

Sales	957,047 millions of yen
Purchases	375,452 millions of yen

2. Non-operating transactions with subsidiaries and associated companies 318,838 millions of yen

3. Valuation loss on investment securities

In the year ended March 31, 2019, “Valuation loss on investment securities” of 12,406 millions of yen was recognized in relation to the investment in Coal-mining projects in Australia.

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

Number of shares at Balance, beginning of year	2,070,753 shares
Decrease due to sale through exercise of stock options	201,800 shares
Increase due to purchase of less-than-one-voting-unit shares and others	3,912 shares
Balance, end of year	<u>1,872,865 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, 2019
Subsidiary	SWORDUS IRELAND HOLDING LIMITED	Indirectly held 100%	Loan of funds	Collection of funds _(Note 1)	67,146	Long-term loans	—
				Interest received _(Note 1)	2,915	—	—
Subsidiary	SUMITOMO CORPORATION GLOBAL METALS CO., LTD.	Directly held 100%	Loan of funds	Loan of funds _(Note 1)	66,917	Short-term loans	66,917
				Interest received _(Note 1)	201	—	—
Subsidiary	SUMMIT AMBATOVY MINERAL RESOURCES INVESTMENT BV	Directly held 100%	Guarantee of indebtedness	Guarantee of indebtedness _(Note 2)	46,553	—	—
				Receipt of guarantee fee _(Note 2)	732	—	—

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 1,000.85 yen
2. Net income per share 206.10 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 13, 2019

The Board of Directors
Sumitomo Corporation

KPMG AZSA LLC

Toshiya Mori (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

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

Isao Kamizuka (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 during the 151st fiscal year from April 1, 2018 to March 31, 2019 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 misstatement, 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 to express 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 13, 2019

The Board of Directors
Sumitomo Corporation

KPMG AZSA LLC

Toshiya Mori (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

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

Isao Kamizuka (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 during the 151st fiscal year from April 1, 2018 to March 31, 2019 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 misstatement, 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 to express 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 Audit & Supervisory Board

[English translation of the Audit & Supervisory Board Members' report originally issued in the Japanese language]

Audit Report

In accordance with each Audit & Supervisory Board Member's audit report and due deliberation, we, the Audit & Supervisory Board, have made this audit report regarding the Company's Directors' execution of their duties during the 151st fiscal year from April 1, 2018 to March 31, 2019 as follows:

1. Details of the Audit by Each Audit & Supervisory Board Member and the Audit & Supervisory Board

(1) The Audit & Supervisory Board 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 Audit & Supervisory Board Member, 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 Audit & Supervisory Board Member, in accordance with the standard concerning the Audit & Supervisory Board Member's audit, the policies of audit and the manner of dividing roles, which were established by the Audit & Supervisory Board, 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 Audit & Supervisory Board Member 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 Audit & Supervisory Board Member promoted communication and exchange of information with directors and audit & supervisory board members, etc. of the subsidiaries, and received reports on the subsidiaries' business as necessary.
- (ii) 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 Audit & Supervisory Board Member 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 Audit & Supervisory Board Member 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.
- (iii) Each Audit & Supervisory Board Member 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 Audit & Supervisory Board Member 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 15, 2019

The Audit & Supervisory Board
Sumitomo Corporation

Takuro Kawahara (Seal)
Senior Audit & Supervisory
Board Member (full-time)

Toshiaki Murai (Seal)
Audit & Supervisory Board Member (full-time)

Haruo Kasama (Seal)
Audit & Supervisory Board Member

Toshio Nagai (Seal)
Audit & Supervisory Board Member

Yoshitaka Kato (Seal)
Audit & Supervisory Board Member

Note: Haruo Kasama, Toshio Nagai and Yoshitaka Kato are Outside Audit & Supervisory Board Members stipulated by Article 2, Item 16 and Article 335, Paragraph 3 of the Companies Act.

* * *

(Reference) Sumitomo Corporation Group's 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) Sumitomo Corporation Group's Material Issues

1. Six Material Issues to Achieve Sustainable Growth with Society

With growing expectations for businesses to play a role in addressing social issues, as well as the movement towards environment, society, and governance (ESG) factors having influence on the evaluation of and investment in businesses, in April 2017, Sumitomo Corporation identified its “Six Material Issues to Achieve Sustainable Growth with Society,” a set of issues which the Company 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 Principles¹. Sumitomo Corporation positions these material issues as an important factor in developing business strategies and in the decision-making process for individual business.

- Leveraging our trust-based relationships with customers and partners across the globe and utilizing our business expertise, we will secure our sustainable growth and address social issues simultaneously by fulfilling our Corporate Mission, “To achieve prosperity and realize dreams through sound business activities.”



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

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 Excitingly 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.

¹ Please see page 94 for Sumitomo Corporation Group’s Management Principles.

- As a prerequisite for resolving the issues listed above, we strive to maintain and enhance our Management Style that places prime importance on integrity and sound management with utmost respect for the individual and our Corporate Culture full of vitality and conducive to innovation.



Developing Human Resources and Promoting Diversity

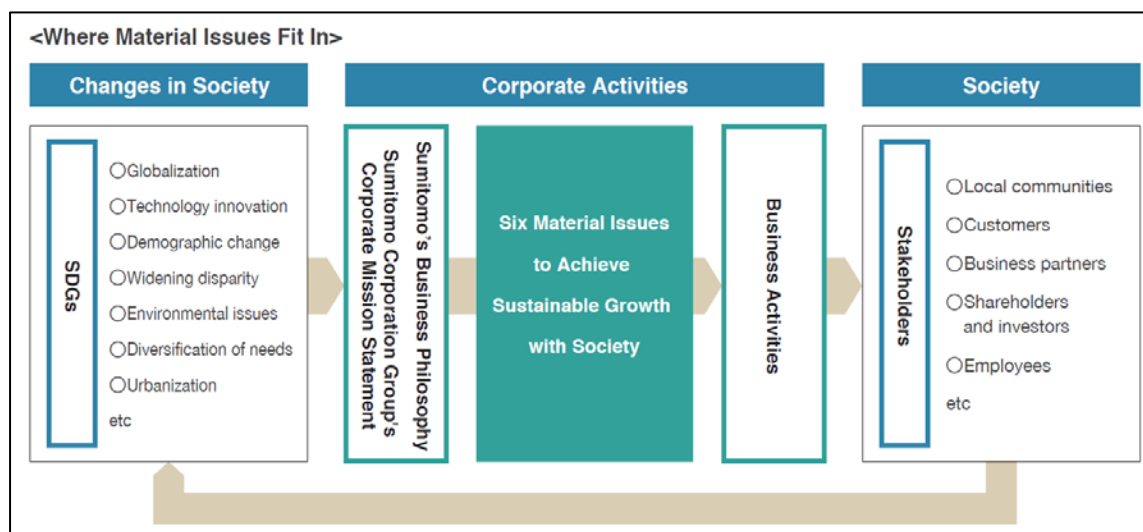
In order to create new value and innovation by allowing our diverse personnel to fully exercise their abilities in a variety of fields, we will promote the development and empowerment of human resources, which represent our most important management resources.



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.

2. Where Material Issues fit in, and its identification process



Note: SDGs is an abbreviation for 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.

<Identification Process>

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

3. Examples of initiatives

<Telecommunication business in Myanmar>



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

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

<Solar power generation project in Minamisoma City, Fukushima Prefecture>



We are contributing to regional reconstruction and its revitalization in Japan's Fukushima Prefecture by developing the land which became incapable to cultivate and to make a living by the 2011 Tohoku earthquake and tsunami, and constructing and operating two photo voltaic power plants which is capable of supplying enough electricity for around 30,000 ordinary households.

In addition to reinforcing the foundation of the industry and the day to day lives by improving electricity self-sufficiency, we are also contributing to Minamisoma's goal of “achieving a 100% renewable-energy adoption rate² by FY 2030” within the city. Moreover, while asking local residents to remove weeds in the power plant, we are also supporting several events for the

² The ratio of renewable energy generated to annual electric power consumption.

restoration of the local community such as Somanomai, Canola Flower Maze, Restoration Fireworks and etc. We will keep contributing to further restoration and the development of Minamisoma City.

4. Dialogue with Stakeholders (ESG-related initiatives)

In October 2017, Sumitomo Corporation organized a meeting for the exchange of opinions on ESG-related initiatives, and this was followed by an “ESG Small Meeting for Investors/Analysts” in October 2018. At such meetings, we discussed with the investors/analysts about our material issues, concepts for a medium- to long-term growth strategy incorporating solution of social issues through business activities and non-financial information, and a governance system to deal with ESG-related risk. The main questions and answers that were brought up, are disclosed on our corporate website along with other related information.

Going forward, utilizing dialogues with stakeholders, we will strive to enhance our initiatives for addressing social issues and enriching disclosures related to such information.

(Reference) Overview of Sumitomo Corporation's Initiatives for Reinforcing Corporate Governance¹

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 an audit & supervisory board member 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 Audit & Supervisory Board Members are Outside Audit & Supervisory Board Members who are legal or accounting experts, ensuring an auditing system that incorporates a diversity of perspectives. In addition, two or more Outside Directors who have a wealth of experience, high degree of specialized knowledge and expertise in different fields are elected, so that through their diverse perspectives they can help ensure appropriate decision-making in board meetings and to reinforce the oversight 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 having independent Outside Directors and Outside Audit & Supervisory Board Members and reinforcing supervisory and monitoring function of management oversight.

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 of Directors 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 improved the matters to be reported to the Board of Directors so that it can concentrate more on supervising execution of operations, with the aim of enhancing its monitoring function.

¹ Specifics of the corporate governance systems of the Company, including the number of Directors and Corporate Audit & Supervisory Board Members(including Outside Directors and Audit & Supervisory Board Members), are as of March 31, 2019.

(B) Term of Directors

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

(C) Limits on the term of Office of the Chairman of the Board of Directors and the President and Chief Executive Officer

In principle, both the Chairman of the Board of Directors and the President and Chief Executive Officer are appointed in order to ensure mutual supervision, and both positions cannot be held simultaneously by the same person. In principle, the Chairman of the Board of Directors and the President and Chief Executive Officer are each limited to terms of up to six years. These limitations on the tenure of top management help eliminate the risk of governance problems occurring as a result of the top management not being changed over for a long period of time.

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

We have established the Nomination and Remuneration Advisory Committee (chaired by an Outside Director) as an advisory body of the Board of Directors in which the majority of members are Outside Directors. In Fiscal 2018, the Nomination and Remuneration Advisory Committee formulated policies and procedures for the appointment and dismissal of the President and Chief Executive Officer and those for the appointment and dismissal of the Chairman of the Board of Directors, and reviewed the matters to be deliberated by the Nomination and Remuneration Advisory Committee. In addition, the Nomination and Remuneration Advisory Committee conducted deliberations with regard to the nomination of candidates for Directors and Audit & Supervisory Board Members, appointment of members for the Management Council and the structure and level of remuneration and bonuses for Directors and Executive Officers and reported the results of those deliberations to the Board of Directors.

(E) Election of Outside Directors

Five Outside Directors are elected in order to ensure appropriate decision-making in board meetings and to reinforce the oversight functions through diverse perspectives². They all meet the standards related to independence set by the Tokyo Stock Exchange and other exchanges, and the Standards for Independence set by Sumitomo Corporation.

² In the event Proposition 2 is resolved in its original form at the General Meeting of Shareholders, the number of Outside Directors will become four.

Evaluation of the Board of Directors

To maintain and enhance the effectiveness of the Board of Directors, each year Directors and Audit & Supervisory Board Members engage in analysis and evaluation of the Board's effectiveness through self-evaluation and other methods. This is followed by the disclosure of overviews of the results. An overview of the Board of Directors' effectiveness evaluation and the results of such evaluation for fiscal 2018 are as follows.

1. Evaluation Methods

(1) Individuals Evaluated

All 11 Directors and 5 Audit & Supervisory Board Members

(2) Implementation method

Questionnaire survey (anonymous) and interviews conducted during the period from December 2018 to January 2019.

Note: Implemented by a third party (external consultant).

(3) Evaluation Items

- (i) Composition of the Board of Directors
- (ii) Administration of the Board of Directors
- (iii) Enhancement of discussions at meetings and reinforcement of the monitoring function of the Board of Directors
- (iv) Systems for providing support, including information provision, to Outside Directors
- (v) Initiatives by Directors and Audit & Supervisory Board Members
- (vi) Evaluation of improvement measures, etc.

(4) Evaluation process

The results of analysis of the questionnaire survey and interview responses as evaluated by a third party (external consultant) were reported to the Board of Directors.

2. Evaluation Results Overview

The overall evaluation concluded that the Board of Directors has generally been functioning effectively. At the same time, with regard to the addition of an executive summary compiling key points of the agenda and the creation of a glossary, which were implemented as measures to improve materials distributed at Board meetings, generally positive results were received; however, the need to improve the content of the main body of the materials was pointed out. With regard to the regular reporting by business units on strategy, specific initiatives, and their progress, which was conducted as a measure to strengthen timely and appropriate monitoring of the situation pertaining to business execution across the Company, a comment was made that the way of reporting and the duration of the discussions should be reviewed. There were also a wide variety of opinions and recommendations for improving the effectiveness of the Board of Directors.

We intend to discuss the evaluation results at the meeting of the Board of Directors, and take measures to further improve the effectiveness of the Board of Directors.

3. Major Initiatives in Fiscal 2018 Addressing Board of Directors Evaluations for Fiscal 2017

With regard to the recommendations at the Fiscal 2017 Board of Directors evaluation to further enhance discussions at Board meetings, and to improve information provided to directors etc., we carried out the following improvement measure in Fiscal 2018:

- (i) At a Board meeting, the proposer of an agenda is required to explain about the content of discussions at the Management Council and the movement of deliberation to reach the resolutions at the Management Council etc.;
- (ii) For the purpose of timely and appropriate monitoring of the situation pertaining to business execution across the Company, business units are required to report on their strategy, specific initiatives and the progress status at Board meetings; and
- (iii) An executive summary, which compiles keypoints, is required to be added to the materials distributed at Board meetings for projects proposed business units in order to clarify discussion points.

(2) Audit & Supervisory Board Members and Audit & Supervisory Board

(A) Enhancement of Corporate Auditing Framework

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

(B) Ensuring Audit Effectiveness

Audit & Supervisory Board Members attend meetings of the Board of Directors and all other important internal meetings, to obtain the information necessary for proper auditing. Audit & Supervisory Board Members also meet the Chairman of the Board of Directors and the President and Chief Executive Officer 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, Audit & Supervisory Board Members interact closely with the Internal Auditing Department, receiving reports on internal audit plans and their results in a timely manner. In addition, the Audit & Supervisory Board Members 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 Audit & Supervisory Board Members shall be prescribed in the Company's internal rules "Standards for Appointment and Independence of Outside Directors and Outside Audit & Supervisory Board Members" Article 4 (please refer to pages 20 and 21).

(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 Chief Executive Officer or the Management Council.

(7) Senior Advisors, Honorary Advisors, etc.

(A) Appointment of former Presidents and Chief Executive Officers/Chairman of the Board of Directors as Senior Advisors or Honorary Advisors³

There are instances when former Presidents and Chief Executive Officers or the Chairman of the Board of Directors are appointed to serve as Senior Advisors, as well as cases where such individuals are appointed to serve as Honorary Advisors upon resigning as Senior Advisors.

(B) Duties and Remuneration of Senior Advisors and Honorary Advisors

Neither Senior Advisors nor Honorary Advisors engage in any execution of the Company's business or its management decision-making. To enable the President and Chief Executive Officer and the Chairman of the Board of Directors to concentrate on company management aimed at increasing corporate value, Senior Advisors act in place of the President and Chief Executive Officer and the Chairman of the Board of Directors and engage in external activities on a full-time basis, and are paid remuneration which commensurate with such duties. Honorary Advisors engage in external activities on a part-time basis as deemed necessary, and are likewise paid remuneration which commensurate with those duties.

³ We have reviewed the policy regarding the Senior Advisors/Honorary Advisors, under which we have appointed former Presidents and Chief Executive Officers or the Chairman of the Board of Directors to serve as Senior Advisors or Honorary Advisors, and decided to appoint such former Presidents and Chief Executive Officers or the Chairman of the Board to serve as Special Advisors instead of Senior Advisors/Honorary Advisors.

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 encouraging 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 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 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 certain 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 Integrated Report and endeavor to ensure proactive disclosure.

(C) Investor Relations and Shareholder 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. Meanwhile, we ensure constructive dialogue (engagement) between the Company and institutional shareholders who hold the Company's shares substantially in Japan, Europe and North America regarding our corporate governance and related issues through meetings with individuals responsible for exercising voting rights on behalf of such institutional investors, etc.

While increasing management transparency, we aim to strengthen our relationships of trust with shareholders and investors, etc.

Further information regarding Sumitomo Corporation's corporate governance efforts is provided on

our website: <https://www.sumitomocorp.com/en/jp/about/governance/detail>