

Notice Concerning Revision of Executive Remuneration System

Sumitomo Corporation (Head Office: Chiyoda-ku, Tokyo; Representative Director, President and Chief Executive Officer: Masayuki Hyodo; hereinafter "the Company") has resolved at a meeting of its Board of Directors to revise its executive remuneration plan as described below. These revisions are subject to the approval of shareholders of the agenda items pertaining to directors' remuneration on which it is premised at the 156th Ordinary General Meeting of Shareholders to be held in June 2024.

1. Purpose of revising the executive remuneration system

With the current medium-term management plan "SHIFT 2023" ending in FY2023 and the Company moving to the next stage of growth from FY2024, the Company will be reviewing the levels and component ratios of remuneration for executive directors and executive officers and revising the performance-linked bonus system. No revisions will be made to the stock compensation plan.

o: Executive Remuneration System

Type of remuneration, etc.		Eligibility			
		Executive Directors/ Executive Officer	Chairman of the Board of Directors	Outside Directors	Audit & Supervisory Board Members
Fixed	Monthly remuneration	●	●	●	●
Variable	Performance-linked bonuses	●	-	-	-
	Restricted performance share unit-based remuneration	●	●	-	-

(The scope of this revision is indicated by the black frame. ● indicates an executive to whom the respective type of remuneration is paid)%

2. Overview of revisions to executive remuneration system

(1) Remuneration levels and component ratios

The Company will review the total remuneration levels for executive directors and executive officers in light of the Company's current performance and the level of performance it aims to achieve in future. The Company will also refer to objective market survey data on remuneration (the Willis Towers Watson "Executive Remuneration Database") and other data from outside professional organizations to determine remuneration levels that will contribute to the acquisition, retention, and motivation of the Company's management personnel, giving due consideration to the roles required of executive directors and executive officers.

(2) Expansion of stock compensation ratio

We will expand the ratio of restricted performance share unit-based remuneration to further strengthen incentives for improving the Company's performance and medium- to long-term corporate value. This will make management more conscious of the share price and value sharing with shareholders. The revised component ratio is as shown in the table below.

o: Component ratios for President/Executive Officer/CEO remuneration

	Fixed	Variable	
	Monthly remuneration	Performance-linked bonus	Restricted performance share unit-based remuneration
Current	34%	33%	33%
	Total 34%	Total 66%	



	Fixed	Variable	
	Monthly remuneration	Performance-linked bonus	Restricted performance share unit-based remuneration
After revision	27%	33%	40%
	Total 27%	Total 73%	

(Note) The above ratios are calculated based on a certain level of corporate performance, the Company's stock price and other factors, and may change depending on the performance figures.

(3) Performance-linked bonuses

Under the new system, the performance management indicators in the medium-term management plan will still be used as a guide, but target performance figures will be set for each single fiscal year and will be the higher of the full-year forecast (net income) or net income at 12% ROE for the respective fiscal year.

The range will be $\pm 50\%$ of the target performance set each year and the level of total pay will be set at 100% when the target performance is achieved, with a fluctuation range of 25% to 175% depending on the performance range. If performance does not fall within the said range, the total amount to be paid shall be determined separately by the Board of Directors based on a report from the Nomination and Remuneration Advisory Committee.

(Reference) the Current System

Current system: Amount calculated from consolidated net income and basic profit cash flow x the Company's stock price growth rate (80-120%), which in principle applies to the period of the medium-term management plan.

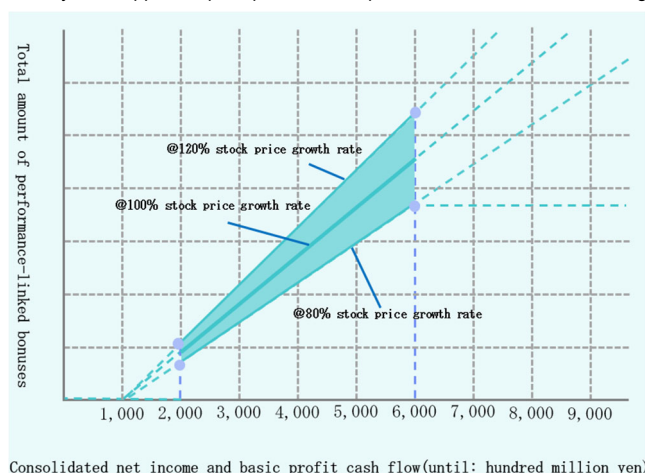
The performance range is set between 200 billion yen and 600 billion yen.

The current system incorporated the stock price growth rate as a factor in calculating performance-linked bonuses in order to promote the qualitative initiatives of "SHIFT 2023," but this will not be applied to the new formula in light of the stage the Company is aiming to achieve. In addition to continuing to consider the Company's stock growth rate when determining the number of stocks to be granted in the stock compensation plan, the Company will increase the proportion of stock compensation as a proportion of total remuneration described in (2) above to further raise awareness of the Company's stock price and value sharing with shareholders.

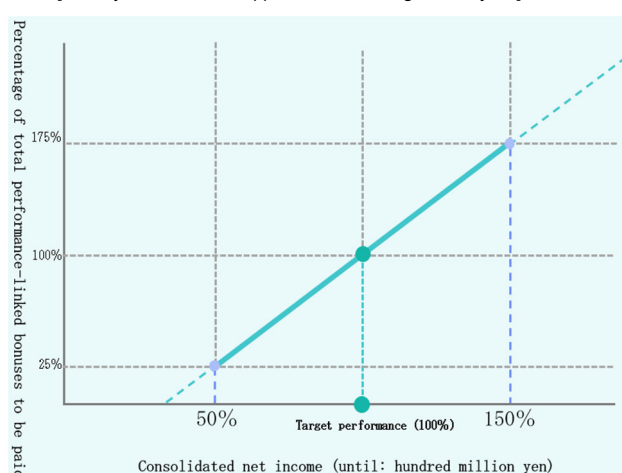
There will be no changes made in the individual evaluation indicators (financial and non-financial indicators) for executives as factors used to calculate the amounts to be paid to individual executives.

○ Setting target performance and performance range

[Current system: Applied in principle for the full period of the medium-term management plan]



[New system: Set and applied for each single fiscal year]



3. Other

The revisions have been reviewed by the Nomination and Remuneration Advisory Committee, an advisory body to the Board of Directors, which is composed, in the majority, of Outside Directors and chaired by an Outside Director, and the Board of Directors has passed a resolution based on the results of the Committee's deliberations.

○ Reference: Stock compensation plan

To further promote management that emphasizes medium- to long-term improvement of the Group's corporate value and value sharing with shareholders, the Company each year grants executives a number of shares of the Company's common stock as transfer-restricted shares calculated in accordance with the Company's stock growth rate (the ratio of the Company's stock growth rate to the Tokyo Stock Exchange Stock Price index (TOPIX) growth rate) and the evaluation results for non-financial indicators (measures taken to address climate change issues, promotion of female advancement, and engagement with employees) over the three-year evaluation period. To realize the sharing of shareholder value over the medium to long term, the restricted transfer period starts from the date of delivery of the shares and extends to the date of retirement or resignation by the director, executive officer or other Company official in a position determined by the Board of Directors.

[Evaluation periods for Company's stock growth rate and non-financial indicators]

	2024	2025	2026	2027	2028	2029
2024 Plan	Evaluation period			● Stock delivery		
2025 Plan		Evaluation period			● Stock delivery	
2026 Plan			Evaluation period			● Stock delivery

[Method for calculating the number of shares to be delivered]

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

[Stock delivery ratio based on the Company's stock growth rate and non-financial indicator evaluations]

