



May 13, 2025

To whom it may concern

Sumitomo Corporation
Shingo Ueno
Representative Director, President and Chief Executive Officer
(Code No: 8053, [Prime, Tokyo Stock Exchange])
Contact: Taketsugu Abe
Head of Corporate Communications Department
Tel: +81-3-6285-3100

Notice Concerning the Opinions of the Board of Directors of the Company on the Shareholder Proposals

Sumitomo Corporation (the “Company”) received shareholder proposals (the “Shareholder Proposals”) dated April 11, 2025 in writing for the agenda items of the 157th Ordinary General Meeting of Shareholders scheduled to be held on June 20, 2025 (the “Ordinary General Meeting of Shareholders”) from one of our shareholders, proposing that the following be stipulated in the Company’s Articles of Incorporation: (1) disclosure of financial risk audit by Audit & Supervisory Board, and (2) disclosure of the financial impact of failing to meet a 1.5 degree Celsius target under the Paris Agreement, as stated in Appendix 1.

The Company hereby announces that its Board of Directors resolved to oppose the Shareholder Proposals at the meeting held today.

1. Details of the Shareholder Proposals

Please refer to Appendix 1.

2. Opinions of the Board of Directors of the Company

Shareholder Proposal No.1: Partial amendment to the Articles of Incorporation (Disclosure of financial risk audit by Audit & Supervisory Board)

We oppose this Shareholder Proposal.

We believe that the content of this Shareholder Proposal should not be stipulated in the Articles of Incorporation since, at the Company, Audit & Supervisory Board Members annually establish the audit policy and audit plan,

determine the priority audit items based on important issues for the Company, conduct audits accordingly, and appropriately disclose the audit activities and their results. In addition, it is inappropriate to always require detailed disclosure in audit report on specific matters regarding audits to be conducted in light of important issues identified in accordance with changes in the business environment.

The details of the opinion are as described in (1) and (2) below. It has been confirmed that there are no objections in the Audit & Supervisory Board.

(1) Audits conducted in light of important issues and disclosure of audit activities

- Relying on Sumitomo's Business Philosophy as the fundamental and ultimate value standard of our group's business activities, we have established our group's Management Principles and important issues such as "Material Issues." In our business execution and at meetings of the Board of Directors, we always deliberate from the perspectives of these philosophy, principles and issues. We have also specified in the medium-term management plan those issues identified by the Board of Directors as management issues to be addressed, and are implementing various measures to address such issues alongside our growth strategy. (Please refer to Appendix 2 for Sumitomo's Business Philosophy, our group's Management Principles and Material Issues.)
- Our group's business activities span various industries and extensive regions, and amid accelerating changes in the external environment, we aim to realize continuous enhancement of our corporate value by appropriately controlling various risks, including financial risks. In order to achieve it, we have established and are implementing a governance system including an internal control system and are further working on continuously deepening such governance system. (Please refer to Appendix 2 for governance and risk management systems regarding sustainability management.)
- The Audit & Supervisory Board establishes the "Audit Policy and Audit Plan" annually while keeping in mind such important issues and management issues, and considering the governance system above, and conducts audit after determining priority audit items that require particular attention at any given time. The priority audit items are updated annually because they depend on multiple interrelated factors, such as changes in the social environment, and it is inappropriate to conduct audits solely based on standardized evaluation criteria or frameworks.
- In accordance with the audit standards established by the Audit & Supervisory Board and in cooperation with directors, the internal audit department and the accounting auditor, Audit & Supervisory Board Members audit and evaluate the appropriateness of management execution and the decision-making and supervision of the Board of Directors through attending important meetings including those of the Board of Directors and Management Council, reviewing important decision-making documents, interviewing executive persons in charge, and conducting other activities.
- In order to conduct the above audits appropriately, Audit & Supervisory Board Members are appointed from among individuals with advanced expertise in the areas of "corporate management," "finance and accounting," and "legal affairs and risk management," which are considered important in audits.
- The status of audits, priority audit items, and other audit details are disclosed in our annual securities reports,

corporate governance reports, and other disclosure materials. In addition, the activities of Audit & Supervisory Board for fiscal year 2024, including the audit policy, audit plan, and priority audit items, are described in Appendix 3.

(2) Importance of audits in response to changes in the business environment

- As described above, Audit & Supervisory Board Members are conducting audits appropriately. Furthermore, if no significant facts are identified through the audits in accordance with laws, regulations, and standard practices, the evaluation results are disclosed concisely in the audit report. The audit report is an important disclosure that enables various stakeholders, including shareholders and investors, to verify the reliability of a company's financial information and business conditions. They are intended to provide necessary and appropriate information in an easy-to-understand manner in accordance with the circumstances of the company.
- External environment surrounding our group's businesses is changing rapidly with acceleration, and as a result, the risks to be controlled are diversifying. Therefore, it is necessary to timely and flexibly change our governance system, including our internal control system.
- Along with the above change, audit items that the Audit & Supervisory Board should focus on will also change. Consequently, always requiring detailed disclosure in the audit report on specific matters among a wide range of audit subjects may detract from the flexibility and disrupt the balance of priorities of the contents of the audit report in response to changes in the business environment.

Shareholder Proposal No. 2: Partial amendment to the Articles of Incorporation (Disclosure of the financial impact of failing to meet a 1.5 degree Celsius target under the Paris Agreement)

We oppose this Shareholder Proposal.

We believe that the content of this Shareholder Proposal regarding the disclosure of specific matters should not be stipulated in the Articles of Incorporation since, (i) the systems to conduct initiatives shall be flexible for enhancing our corporate value, (ii) we have already established appropriate governance and risk management systems for addressing climate change, and (iii) we are already making efforts towards extensive disclosure of sustainability information.

The details of the opinion are as described in (1) through (3) below.

(1) Importance of flexible systems for enhancing our corporate value

- Placing Material Issues (key social issues to be undertaken by our group identified in light of Sumitomo's Business Philosophy and our group's Management Principles) as a core pillar of our management, we are promoting sustainability management that aims to achieve sustainable growth together with society through solving social issues. (Please refer to Appendix 2 for Material Issues.) We have set mid- and long-term goals for each Material Issue, and believe that flexibly drawing up and promptly implementing measures will lead to

continuous enhancement of our corporate value, while continuing initiatives toward achieving the goals.

- The Articles of Incorporation provides fundamental matters regarding the company's organization, and is not intended to provide detailed individual matters related to disclosure of specific issues. To deal with topics that may rapidly change, such as sustainability-related scenarios, we will maintain agile and flexible systems and enrich relevant initiatives by continuously seeking opinions from our stakeholders, including shareholders and investors.

(2) Appropriate governance and risk management systems for addressing climate change

- We discuss important matters of our group related to sustainability, including those related to climate change, at the Corporate Sustainability Committee, which serves as an advisory body to the Management Council. These matters are then decided after discussions by the Management Council and the Board of Directors.
- In 2023, we established the Sustainability Advisory Board composed of external experts in ESG, and we are advancing our sustainability management by seeking advice and recommendations from this board.
- To enhance the awareness of our executives, including directors, regarding their commitment to sustainability management, we revised our stock-based compensation system for executives in 2023 to reflect the performance of "response to climate change" in the stock-based compensation for executives as one of the non-financial indicators.
- If the proposition with respect to the transition to a company with the Audit & Supervisory Committee is approved as proposed by the Board of Directors at the Ordinary General Meeting of Shareholders, we will transit to a company with the Audit & Supervisory Committee and will further strengthen the monitoring functions of the Board of Directors by having outside directors to become the majority of the Board of Directors.
- From a risk management perspective, we regularly monitor the status of sustainability-related risks and opportunities, including those related to climate change, at the Management Council and the Board of Directors. For individual businesses, we have a system to make decisions based on assessments of social and environmental impacts prior to executing new investments and loans. Also for existing businesses, we regularly monitor social and environmental risks in each business. (Please refer to Appendix 2 for the governance and risk management systems for sustainability management.)

(3) Initiatives towards enhancement of sustainability information disclosure

- We are working to enhance our disclosure of information related to climate change, natural capital, and human rights based on international disclosure frameworks, and are also progressively aligning our disclosure standards with domestic sustainability disclosure standards established by the Sustainability Standards Board of Japan (SSBJ) based on the standards of the International Sustainability Standards Board (ISSB).
- Regarding climate change, we began making disclosures in accordance with the frameworks of the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) in 2020. We have been conducting scenario analysis on transition risks and opportunities as well as physical risks that could form the basis for disclosing financial impacts regarding climate change. Furthermore, we have been adding and updating additional scenarios and expanding the scope of businesses subject to physical risk analysis. For coal-fired power

generation business, upstream business in thermal coal and coking coal, and upstream business in gas and LNG, we are disclosing relevant indicators such as equity-based power generation capacity and exposure.

- Anticipating the introduction of the standards established by the Sustainability Standards Board of Japan (SSBJ), which are consistent with international standards, we began sustainability disclosure in accordance with these standards to the extent possible in our annual securities report for the fiscal year ended March 2024. In addition to providing an overview of our sustainability management and our initiatives to address climate change issues, we are analyzing and reporting our activities on respect for human rights and our human capital based on four elements: “governance,” “strategy,” “risk management,” and “indicators and targets.”
- As part of our efforts to enhance sustainability disclosure, we are also progressively addressing the SSBJ’s “General Disclosures Standard” (Theme-based Sustainability Disclosure Standard No. 1) and “Climate-related Disclosures Standard” (Theme-based Sustainability Disclosure Standard No. 2). In addition to identifying material businesses from a financial impact perspective, examining and gathering information on the four elements mentioned above in relation to sustainability risks and opportunities, and establishing governance and risk management systems, we plan to begin disclosing sustainability-related information (including financial impacts) that has significant impacts on our business in our annual securities report for the fiscal year ending March 2027.

Our group has identified “solving climate change issues” as one of Material Issues and is working on achieving the medium- to long-term goals. Please refer to the following for details of our initiatives.

(i) Mid- to long-term goals and our major achievements

- Our group adopted and established the “Policies on Climate Change Issues” by the Board of Directors in 2019 and aims to achieve carbon neutrality by 2050. Under these policies, the scope of carbon neutrality includes Scope 1 and 2 emissions of the Company and its subsidiaries, as well as power generation and fossil fuel upstream businesses. As an interim target toward 2050, we have set a goal to reduce emissions by 50% or more compared to the base year (fiscal year 2019) in 2035, and we are monitoring and disclosing progress toward this goal by setting specific milestones.
- For example, in addition to having sold all of our upstream business in oil sector, in May 2024, we revised the climate-related policies of our group to pursue various paths toward achieving carbon neutrality, taking into account recent changes in the external environment, such as climate change measures and energy security. We have revised our target of power generation portfolio, and clarified that we will bring forward the timing for achieving zero indirect CO₂ emissions from our conventional thermal coal mining operations to the late 2020s. Also we have specified that in our natural gas development business, we will only engage in projects that contribute to the energy transition of society.

(ii) Laying the groundwork for the future

- Recognizing the changes brought about by climate change as an opportunity, we are working on expanding our supply of renewable energy to 5 GW by 2030. For example, in the renewable energy business, we are expanding

our operations in wind, solar, and geothermal power generation, primarily in Japan, Europe, North America, and Asia. In 2025, we commenced commercial operation of Japan's largest onshore wind power plant in the Abukuma region of Fukushima Prefecture. In addition to power generation operations, in large-scale energy storage operations that contribute to the stable supply and widespread adoption of renewable energy, we commenced operation of Japan's first large-scale grid-connected energy storage facility in Chitose City, Hokkaido in 2023. In the offshore wind power sector, we made investments in the leading manufacturer of foundation structures for bottom-fixed offshore wind power plants in fiscal year 2024. We are also expanding our operations across a wide range of areas, including the ownership and operation of construction support vessels and heavy-lift transport vessels for power generators, as well as the development of supply chains for floating structures.

- In addition, we calculated GHG emissions (Scope 3) across our entire group's supply chain in fiscal year 2024. We will continue working with our stakeholders to contribute to the realization of a carbon-neutral society and accelerating growth through green transformation to maximize our corporate value.

End

Appendix 1: Details of the Shareholder Proposals

Appendix 2: Sumitomo's Business Philosophy, our group's Management Principles, Material Issues, and governance and risk management systems for sustainability management

Appendix 3: Activities of the Audit & Supervisory Board

Details of the Shareholder Proposals

Proposal 1

Partial amendment to the Articles of Incorporation (Disclosure of financial risk audit by Audit & Supervisory Board)

The following clause shall be added to the Articles of Incorporation: In the case of the Company's transition from a company with an Audit & Supervisory Board to a company with an Audit & Supervisory Committee, 'Audit & Supervisory Board Members and the Audit & Supervisory Board' shall be amended to 'Audit & Supervisory Committee'.

CHAPTER V: AUDIT & SUPERVISORY BOARD MEMBERS AND THE AUDIT & SUPERVISORY BOARD

ARTICLE 31: DISCLOSURE OF FINANCIAL RISK BY AUDIT & SUPERVISORY BOARD MEMBERS AND THE AUDIT & SUPERVISORY BOARD

Noting the Company's increasing acute and systemic financial risks due to material issues such as corporate accountability and climate change, and the duties of the audit and supervisory board and its members to oversee the effectiveness of the execution of duties by the Directors in order to enhance long-term value, the Company shall disclose the following in the Audit Report, and the disclosure should be produced at reasonable costs and omit proprietary information.

- (i) the audit and supervisory board's assessment of the appropriateness of our company's strategy, policies and processes to mitigate financial risks associated with material issues (including, the appropriateness of the process and results of reviewing the financial risks to which our company may be exposed, both when risk management is properly implemented and when it is inadequate) and the reasons of the assessment; and,
- (ii) the framework, including the criteria for the assessment, for auditing the oversight of the Company's risk controls with respect to identified material issues.

Reasons for proposal:

This proposal requests the Company disclose the necessary information in the Audit Report for shareholders to determine whether the Directors of the Company are effectively monitoring risk.

Shareholders are unable to assess whether the board and its current processes are adequately monitoring the management's use of risk controls. Given the recent cases of malfeasance abroad, shareholders have legitimate concerns over the effectiveness of the current board oversight system. This doubt extends to whether the oversight system for other material risks (such as climate-related financial risks) is effective.

The Audit & Supervisory Board's report for FY2023 identified no issues with the oversight by the Directors, for example.

However, shareholders are not advised of the basis of such an assessment. The Company should disclose the basis of its conclusion, given that they are accountable under the Companies Act and the Corporate Governance Code to the shareholders.

This proposal would improve the corporate governance of the Company and lead to the enhancement of mid- to long-term corporate value. It would benefit all shareholders, including the shareholders who are not given access to the Directors.

Proposal 2

Partial amendment to the Articles of Incorporation (Disclosure of the financial impact of failing to meet a 1.5 degree Celsius target under the Paris Agreement)

The following Chapter shall be created and added to the Articles of Incorporation

Chapter Y: “Climate-risk management”

Clause Z: Disclosure of the financial impact of failing to meet a 1.5 degree Celsius target under the Paris Agreement

Noting the Company’s carbon neutral in 2050 target, the Paris Agreement’s commitment to pursue efforts to limit global warming to 1.5 degrees Celsius, the projected economic costs of physical climate change risks, and the Company’s current business trajectory, the Company shall disclose quantitative assessments of the following, and the disclosure should be produced at reasonable costs and omit proprietary information.

- (i) the projected financial impacts of transition risks facing the Company’s current strategy and operations under a 1.5 degree Celsius warming scenario, including potential asset impairments;
- (ii) the projected financial impacts of physical risks facing the Company’s current strategy and operations under a scenario in which warming overshoots the Paris Agreement's temperature goals, such as the Network for Greening the Financial System (NGFS) Current Policies scenario or other reasonable scenario, including potential asset impairments; and
- (iii) the degree to which the projected financial impacts described in i) and ii) will affect capital expenditure assessments and decisions.

Reasons for proposal:

This proposal requests the Company disclose the financial impact facing the Company, including significant capital expenditure plans under key climate scenarios, including a 1.5°C warming scenario and the overshoot scenarios.

The Company fails to disclose such assessments despite facing significant financial risks. Its current business is aligned with a 2.6°C outcome according to MSCI analysis. This leaves the Company vulnerable to transition risks, including potential asset impairments, due to market and policy shifts needed to meet the Paris Agreement’s climate goals.

Climate science demonstrates that a 1.5°C warming outcome presents less climate-related financial risk than higher warming scenarios. By contrast, under a 2.3°C scenario, physical impacts could cost Japan’s economy US\$9.2 trillion by 2050.

The disclosure requested by this proposal would enable investors to better assess how climate change may affect the Company’s financial stability and future profitability. In addition, enhanced transparency will support constructive engagement with shareholders and contribute to strengthening the Company’s medium- and long-term corporate value.

Sumitomo's Business Philosophy, our group's Management Principles, Material Issues, and governance and risk management systems for sustainability management


(1) Sumitomo's Business Philosophy, our group's Management Principles and Activity Guidelines

- Sumitomo's Business Philosophy, which has been maintained for approximately 400 years, is the fundamental and ultimate value standard of our group's business activities. One of the phrases in the philosophy, "Benefit for oneself and others, public and private interests are one and the same" (bring value to oneself while also bringing value to the surrounding society and achieve mutual growth), embodies our approach of placing great importance on public interest and public benefit, such as environmental issues and contributions to local communities.
- Our group's Management Principles were compiled based on Sumitomo's Business Philosophy mentioned above and today's global perspective, in a simple and systematic way. The Activity Guidelines provide guidance on how the company as well as its executives and employees should behave to realize the Management Principles in the course of daily business activities.
- As declared in our group's Management Principles, our corporate mission is to support our shareholders, clients, local communities, employees, and everyone else around the world in their endeavors to achieve economic and spiritual prosperity and realize their dreams through our sound business activities. We also maintain—throughout our business practices—a unique management style that respects the personality of each individual and places prime importance on integrity and sound management, which represent the essence of Sumitomo's Business Philosophy, while cherishing a corporate culture that allows each employee to take the initiative and demonstrate creativity that is conducive to continuous reform and innovation.
- By sharing the values presented in the Management Principles and the Activity Guidelines across the 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.


Corporate Vision	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	<p>〈Corporate Mission〉 To achieve prosperity and realize dreams through sound business activities</p> <p>〈Management Style〉 To place prime importance on integrity and sound management with utmost respect for the individual</p> <p>〈Corporate Culture〉 To foster a corporate culture full of vitality and conducive to innovation</p>
Activity Guidelines	<ul style="list-style-type: none"> ● To act with honesty and sincerity on the basis of Sumitomo's business philosophy and in keeping with the Management Principles ● To comply with laws and regulations while maintaining the highest ethical standards ● To set high value on transparency and openness ● To attach great importance to protecting the global environment ● To contribute to society as a good corporate citizen ● To achieve teamwork and integrated corporate strength through active communication ● To set clear objectives and achieve them with enthusiasm

(2) Material Issues


- Material Issues are our mid- to long-term commitment that goes one step further toward addressing key social issues which our group must undertake. In May 2024, discussions with stakeholders—both within and outside our group—were conducted anew for approximately one year from the perspective of value creation, taking into consideration the further aggravation of social issues such as climate change and the loss of biodiversity, our group’s strengths, and expectations from stakeholders. Based on such discussions, Material Issues were updated after approval by the Management Council and the Board of Directors. The updated Material Issues are as follows.

**Build resilient and prosperous society**


We create a virtuous circle in which all people can enjoy physically and mentally enriched lives, and we can grow and develop together with local communities by stepping ahead in dealing with the needs of people in various countries and regions.

**Overcome climate change**


We work together with stakeholders to decarbonize society and promote the realization of a carbon-neutral and resilient society, while taking into consideration the characteristics of the respective industry and region.

**Preserve and regenerate natural capital**


To achieve a world living in harmony with nature, we avoid or minimize the impact on natural capital caused by our business activities and go beyond preservation to also pursue regeneration and effective use of natural capital through the building of a circular economy and other measures.

**Respect human rights**

Striving to respect the human rights of every stakeholder involved in our supply chain is the foundation of all corporate activities. We work to identify and to prevent or mitigate any adverse impact on human rights, as well as to ensure the safety and security of our stakeholders.

**Develop talent and promote DE&I**

We recognize Diversity, Equity & Inclusion (DE&I) as the core enabler for value creation, innovation and competitiveness. 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 capital.

**Maintain and strengthen governance**

We will develop an autonomous Group management system that responds to changes in the business environment with agility, and maintain and strengthen our efficient, sound, and transparent governance system.

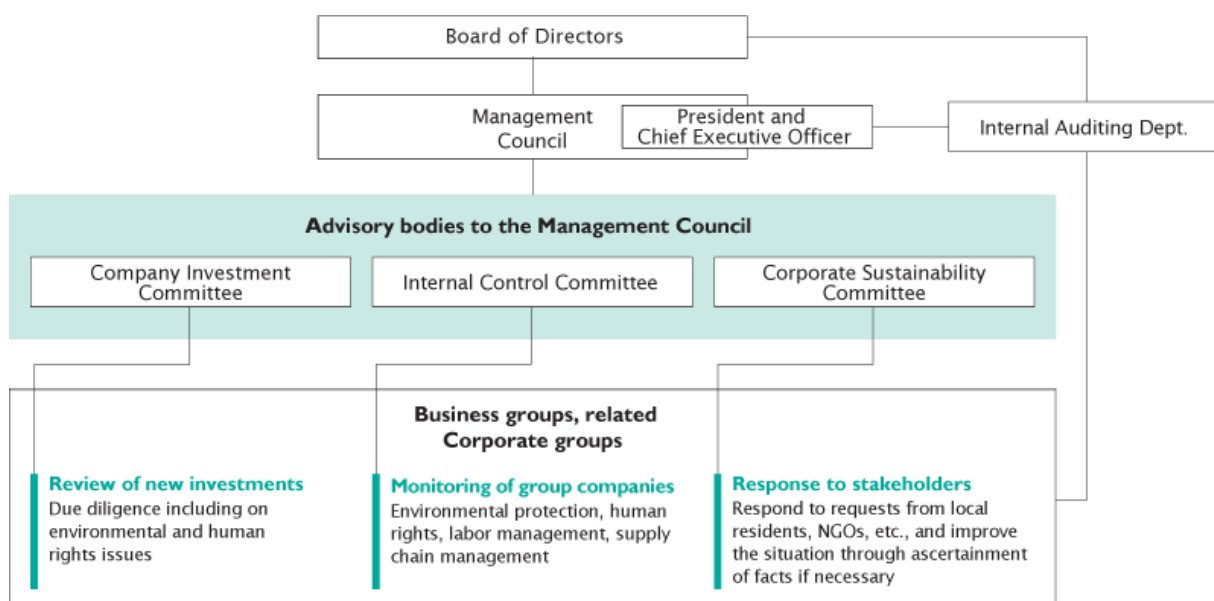
- We have set mid- to long-term goals for each issue identified as a Material Issue, and are promoting initiatives by establishing specific action plans within each organization to achieve these goals. Through solving these issues, we will realize sustainable growth.

(3) Governance and risk management systems for sustainability management

- The Board of Directors decides on important policies related to sustainability and reviews the progress toward mid and long-term goals, while it also monitors the decision-making and business execution made by the Management Council after consultation with the Corporate Sustainability Committee. In 2023, we established the Sustainability Advisory Board composed of external experts in ESG, and we are advancing our sustainability management by seeking advice and recommendations from this board.



- With regard to social and environmental risks, we have a system to make decisions based on assessments of social and environmental impacts prior to executing new investments and loans. We also analyze transition risks and physical risks of climate change and utilize the results to confirm the impact on future businesses when making investment decisions. Regarding existing businesses, we have established a company-wide framework for regular monitoring including internal audits, and are reviewing social and environmental risks including climate change.
- The results of such monitoring and the dealing with significant issues identified in individual projects are reviewed, as necessary, with advice from external experts, and reported to the Management Council and the Board of Directors after deliberation by relevant internal committees. We are working on strengthening such management system under the supervision of the Board of Directors.



Activities of the Audit & Supervisory Board

Audit & Supervisory Board Members conduct audit activities to contribute to the sound development of the Company and its group companies by auditing the execution of duties by directors from an independent position mandated by shareholders. In order to enhance the transparency of audits and the effectiveness of dialogue with stakeholders regarding the audit report issued by the Audit & Supervisory Board, we hereby report the specific activities conducted by the Audit & Supervisory Board during fiscal year 2024.

1. Audit Policy and Audit Plan

The Audit & Supervisory Board annually specifies in the “Audit Policy and Audit Plan” the basic audit policy, priority audit items, audit plan, and allocation of duties among Audit & Supervisory Board Members. When establishing the audit plan, the Audit & Supervisory Board determines those items to which it should pay particular attention in the relevant fiscal year as priority audit items with keeping in mind the matters that the Board of Directors has identified as issues to be addressed.

Fiscal Year 2024 “Audit Policy and Audit Plan” (Excerpt)

Basic Policy

- (1) Confirmation of the legality of the company’s business in accordance with laws and regulations and the Articles of Incorporation.
- (2) Prevention and detection of significant damage to the company or serious obstacles to its business.
- (3) Contribution to the proper operation and sound development of the company’s business.

Priority Audit Items

In light of the fact that our group is updating Material Issues with the aim of becoming a corporate group that grows sustainably together with society through solving social issues, and that we have chosen “No. 1 in each field” as our theme in the “Medium-Term Management Plan 2026,” and are accelerating “business portfolio transformation” to refine our

competitive advantages and achieve exponential growth, and focusing our efforts on “growth leveraged by strength ” and “strengthening the driving force for growth,” Audit & Supervisory Board Members will conduct audits on the following matters:

- (1) Status of compliance with the Companies Act and other laws and regulations, our Articles of Incorporation and internal rules, and the “Sumitomo Corporation Group’s Management Principles and Activity Guidelines;”
- (2) Status of the establishment and implementation of Sumitomo Corporation Group’s internal control system, including the systems for compliance with laws and regulations and risk management systems;
- (3) Establishment and implementation of internal control systems related to financial reporting under the Financial Instruments and Exchange Act; and
- (4) Appropriateness of financial reporting through monitoring and verifying the independence, expertise, and audit quality management system of the accounting auditor.

Audit Plan and Allocation of Duties of Audit & Supervisory Board Members

- (1) Audit the status of business execution and decision-making through, among other measures, attendance at important meetings, review of important decision-making documents, interviews with department heads, exchanges of opinions with Chairman of the Board of Directors and President and Chief Executive Officer, and visits to business sites (or web conferences), and make statements, provide advice, or make recommendations as necessary.
- (2) In addition to the matters described in (1) above, timely receive reports from the internal audit department, relevant departments of the corporate group, and Audit & Supervisory Board Members of group companies, obtain information on the establishment, implementation, evaluation, and status of improvement of internal control systems on a consolidated basis, and provide opinions as necessary.
- (3) Appropriately grasp, through regular meetings with the accounting auditor, the status of accounting audits in a timely manner and confirm whether the independence and audit quality of the accounting auditor are ensured and whether appropriate accounting audits are conducted.
- (4) Full-time Audit & Supervisory Board Members will share information obtained through daily audit activities with outside Audit & Supervisory Board Members as appropriate and strive to improve the effectiveness of Audit & Supervisory Board Members’ audits.

2. Audit & Supervisory Board

At the Audit & Supervisory Board, in addition to discussing and resolving matters so required by law, Audit & Supervisory Board Members share information on the activities of each other and receive prior explanations on matters to be submitted to the Board of Directors, which promotes the efficiency and quality of the audit activities by Audit & Supervisory Board Members.

Status of Audit & Supervisory Board Meetings

In fiscal year 2024, meetings of the Audit & Supervisory Board were held 17 times and 82 agenda items were deliberated at the meetings. As the main agenda items, there were 13 items related to resolutions and discussions on audit policies, audit plans, and audit report, and 69 items related to reports on internal audits, reports from the accounting auditor, and prior explanations of agenda items to be submitted to the Board of Directors. In addition to the agenda items deliberated at meeting of the Audit & Supervisory Board, 13 off-site sessions were held to discuss matters such as the governance structure of the company.

3. Major Activities of Audit & Supervisory Board Members (Fiscal Year 2024)

Each Audit & Supervisory Board Member conducted audits in accordance with the allocation of duties set forth in the “Audit Policy and Audit Plan” for fiscal year 2024.

(1) Attendance at important meetings

All Audit & Supervisory Board Members attended meeting of the Board of Directors to understand the process of important decision-making and the execution of duties by directors, and provided their opinions as necessary. At meetings of the Audit & Supervisory Board, Audit & Supervisory Board Members received prior explanations from the relevant executive divisions on matters to be submitted to the Board of Directors, provided their opinions as necessary, and appropriately exchanged opinions among themselves.

Full-time Audit & Supervisory Board Members attended important meetings, such as those of the Management Council,

Strategy Council, Company Investment Committee, Internal Control Committee, Compliance Committee, and Corporate Sustainability Committee, to understand the process of important decision-making and the execution of duties by executives and employees, and expressed their opinions as necessary.

(2) Exchange of opinions with persons in charge of management and business execution

Full-time Audit & Supervisory Board Members held regular meetings with the Chairman of the Board of Directors, President and Chief Executive Officer, group heads of corporate groups, and other persons in charge, and exchanged opinions on management policies and issues to be addressed by the Company.

(3) On-site inspections

Audit & Supervisory Board Members interviewed 64 individuals, including heads of corporate groups and business groups on the execution of duties, such as on the status of operations and assets, compliance systems, and loss and risk management systems, and conducted investigations. They conducted hearings at a total of 16 regional organizations (6 domestic and 10 overseas) and 26 group companies (15 domestic and 11 overseas) and conducted interviews, and heard from persons in charge (including representative directors of subsidiaries) regarding the status of organizational operations and their issues, and establishment and implementation of internal control systems, and conducted on-site inspections. In addition, they reviewed material documents related to business operations, such as documents for seeking approval and reports, and requested explanations from the reporters as necessary.

(4) Cooperation with internal audit organization

Audit & Supervisory Board Members requested the internal audit organization to submit its annual audit plan, conducted regular information exchanges, and received reports at meetings of the Audit & Supervisory Board on the results of internal audits. They utilized internal audits to achieve the objectives of the audits by Audit & Supervisory Board Members.

(5) Cooperation with the accounting auditor

Audit & Supervisory Board Members held regular meetings with the accounting auditor to ensure that they could receive

reports on audits in a timely manner as necessary, and proactively exchanged opinions and information on issues, including audit issues at important subsidiaries and issues related to internal control audit reports.

(6) Cooperation with Audit & Supervisory Board Members of Subsidiaries and other related entities

Audit & Supervisory Board Members exchanged opinions and information with Full-time Audit & Supervisory Board Members dispatched by the Company to its subsidiaries and other related entities through information exchange meetings and individual company meetings. In addition, they reviewed audit activity reports submitted by the dispatched Audit & Supervisory Board Members and made efforts to understand the business conditions and audit implementation status at subsidiaries and other entities.

Transition to a company with the Audit and Supervisory Committee

If the proposition with respect to the transition to a company with the Audit and Supervisory Committee is approved at the Ordinary General Meeting of Shareholders as proposed by the Board of Directors, the Company will transit to a company with the Audit and Supervisory Committee. Concurrently, the Audit & Supervisory Board will transit to the Audit and Supervisory Committee. The Audit and Supervisory Committee is an independent statutory body that shares the supervisory function of the Company in cooperation with the Board of Directors and supervises the execution of duties by directors as mandated by shareholders. By appropriately performing its duties while taking into consideration the interests of various stakeholders, the Audit and Supervisory Committee will strive to further enhance the corporate governance systems of the Company and its group companies, to achieve sound and sustainable growth, and to create mid-and long-term corporate value for living up to the trust from the society.