



Aim for Carbon Neutrality

of the Sumitomo Corporation Group's Businesses

The Sumitomo Corporation Group set “Aim for the carbon neutrality of the Sumitomo Corporation Group’s businesses by 2050” as a long-term goal for the Material Issue “Overcome climate change” and has been working to reduce greenhouse gas (GHG) emissions. In the Medium-Term Management Plan 2026, the Group is focusing on “expanding viewpoint to the entire supply chain” and “strengthening accountability” as the core of the sustainability management. Upon completion of calculations for all Scope 3 categories, which cover emissions in the supply chain, and acquisition of third-party certification in 2025, we decided in February 2026 to update our carbon neutrality boundary in line with the GHG Protocol.

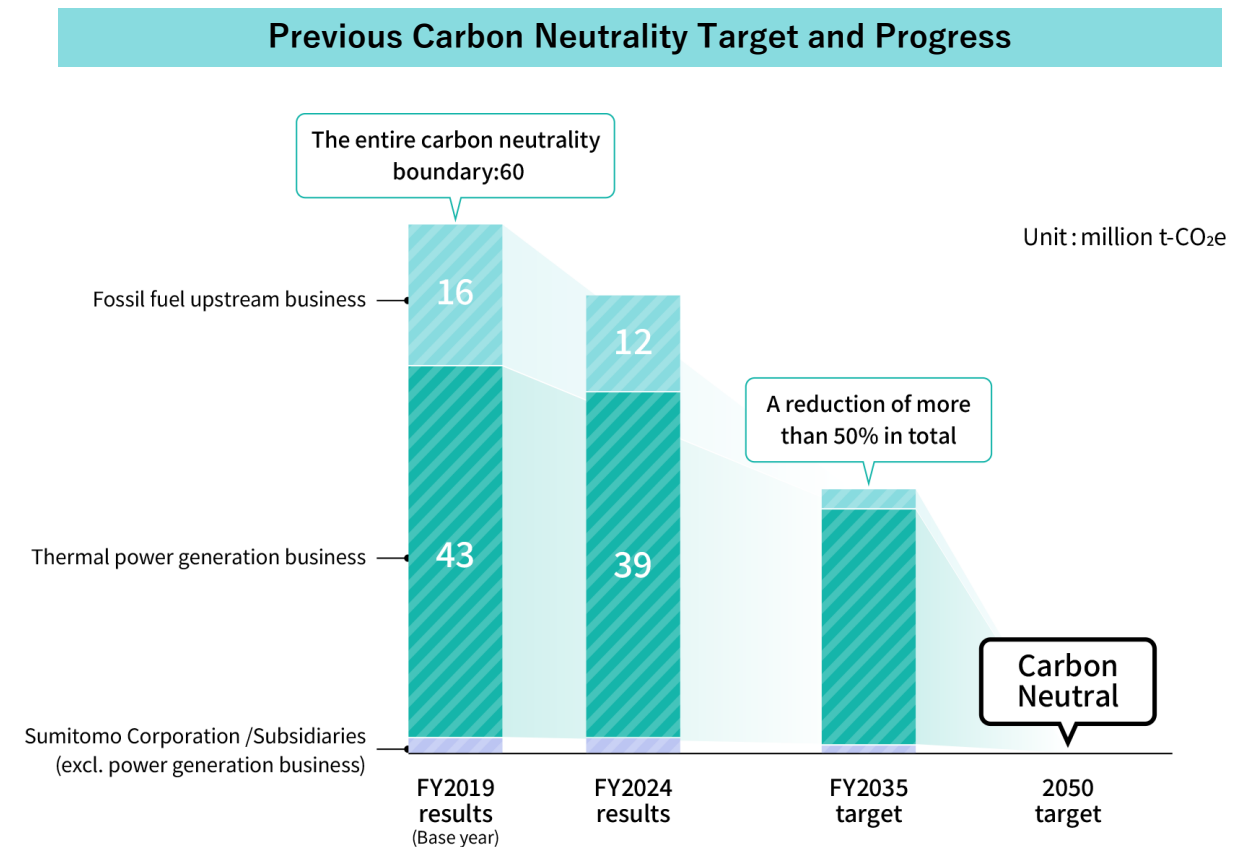
In this document, we explain the progress to date toward achieving the carbon neutrality target of the Sumitomo Corporation Group’s businesses as well as the background and details of setting the new boundary of Scope 1/2 and Scope 3 (Category 13 and 15). In conjunction with the update to the carbon neutrality target, we also revised the related Policies on Climate Change Issues and the medium- and long-term goals under the Material Issue “Overcome climate change,” and information on this can be found at the bottom in the document.

Previous Carbon Neutrality Boundary and Emissions Reduction Target (Set in 2020)

The Sumitomo Corporation Group set a carbon neutrality target in 2020. The boundary targeted for carbon neutrality focuses on businesses with high priority for CO₂ reduction among the Group's wide-ranging business activities and covers the thermal power generation business and fossil fuel upstream business as well as Scope 1/2 of Sumitomo Corporation and its subsidiaries.

In conjunction with this, we clarified our stance on investment and financing, including not engaging in new thermal coal mine development projects or coal-fired thermal power generation projects, and conducted individual discussions, including early withdrawal, for each project.

We took steady action to reduce Group's emissions, as defined above, from 60 million t-CO₂e in the base year (FY2019) to 51 million t-CO₂e in FY2024. We have made steady progress, in line with our plan, toward achieving our interim emission reduction target by 50% or more by FY2035 and achieving carbon neutrality by 2050.

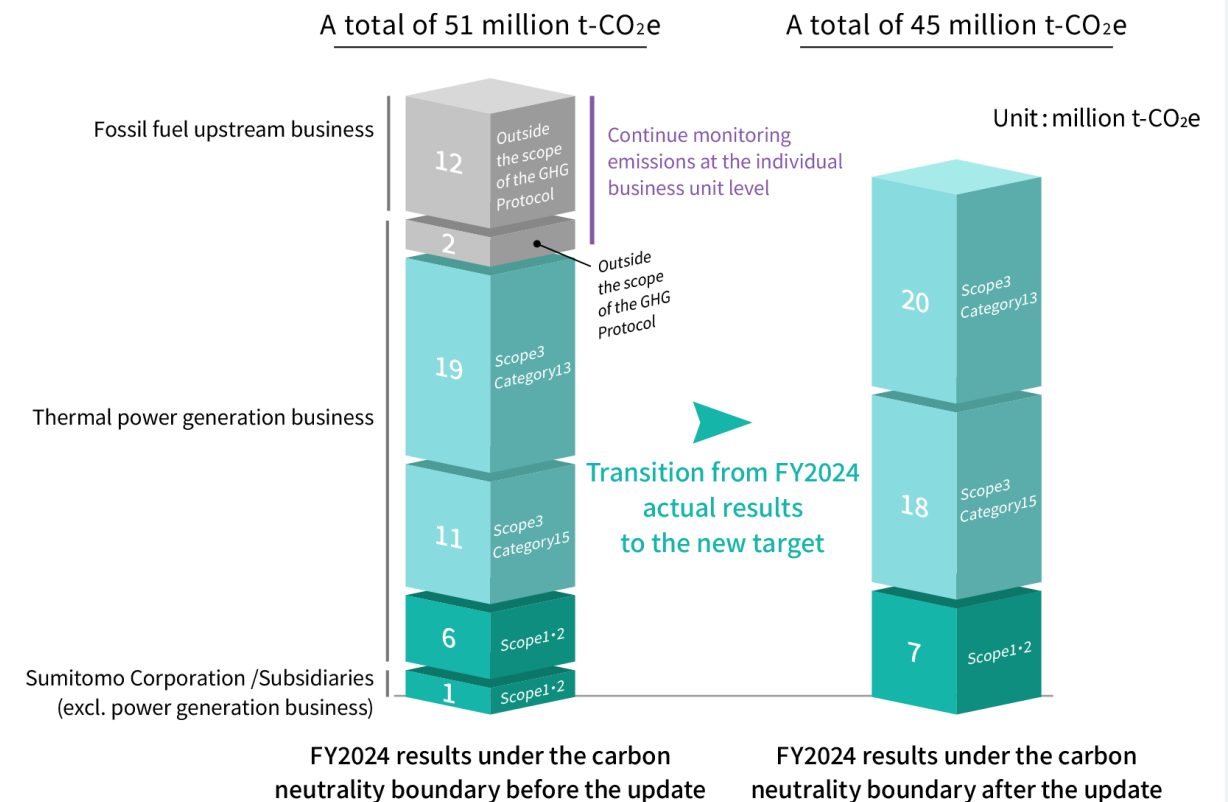


Transition of Carbon Neutrality Boundary

In recent years, the GHG Protocol has become the de facto standard for calculating GHG emissions. Against this backdrop, following the completion of calculations for all Scope 3 categories, which cover emissions across the Group's supply chain, for FY2024 and the obtaining of third-party assurance, we designated FY2024 as a transition year and updated the Group's carbon neutrality boundary in February 2026 in accordance with the GHG Protocol. This update is a key initiative that contributes to expanding our viewpoint to the entire supply chain and strengthening accountability, both of which are the core of the sustainability management in the Medium-Term Management Plan 2026.

From FY2024 onward, in addition to Scope 1/2, we will include Scope 3 Category 13 (downstream leased assets) and Category 15 (investments) within our carbon neutrality boundary. While we had previously focused on our thermal power generation business and fossil fuel upstream business, the new boundary incorporates certain Scope 3 emissions across our supply chain, thereby expanding the carbon neutrality boundary.

Transition to the Carbon Neutrality Boundary in Line with the GHG Protocol



Transition of Carbon Neutrality Boundary

Updated Carbon Neutrality Boundary (Set in February 2026)

At this time, we are updating the carbon neutrality boundary from a “business unit” approach, which emphasized reduction priorities, to a format in line with the scope under the GHG Protocol.

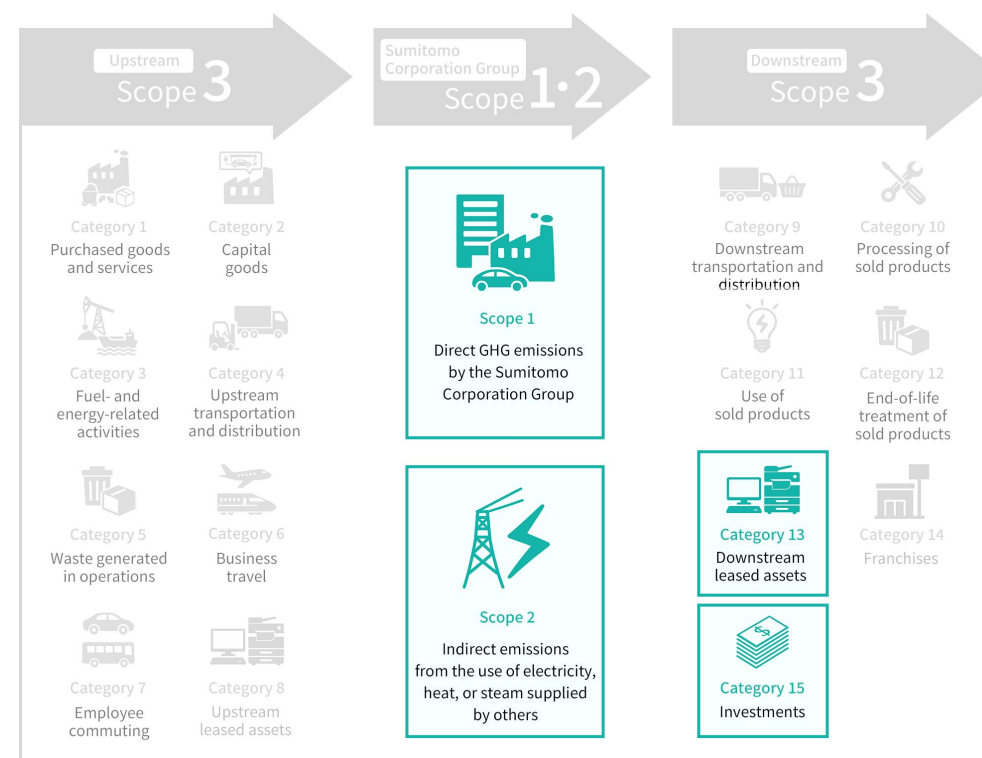
Regarding Scope 3, while maintaining consistency with the GHG Protocol and premised on including businesses with existing high reduction priorities, we comprehensively considered the extent to which we can engage with emitters in the supply chain and reduction priorities, taking into account the diverse business domains of the Sumitomo Corporation Group, and decided to include Category 13 (downstream leased assets) and Category 15 (investments).

High-emission segments of Scope 3 include Category 1 (purchased goods and services) and Category 11 (use of sold products), but these are emissions from trading such products and services. Considering that there are a few cases where the Group manufactures products, they are not included within the carbon neutrality boundary, but we have started implementing countermeasures by reinforcing engagement with suppliers and ascertaining emissions and reduction measures.

The carbon neutrality boundary since 2020 and the new boundary largely overlap, but the fossil fuel upstream business and part of the thermal power generation business are excluded from the new boundary. This is due to strict adherence to the GHG Protocol’s operational control approach and does not indicate that we are curtailing our emission reduction efforts in the Group’s thermal power generation business and fossil fuel upstream business. For both businesses, we will maintain emissions reduction targets on the individual business level based on the previous boundary and continue to disclose CO₂ emission results on an annual basis.

Reduction targets and progress for both businesses can be found on [page 8](#).

Carbon Neutrality Boundary for the Sumitomo Corporation Group



Transition of Carbon Neutrality Boundary

GHG Emissions FY2024 Results

A summary of the Sumitomo Corporation Group’s GHG emissions in FY2024 is indicated below. The boundary of aggregation is on a consolidated basis, and Sumitomo Corporation and its consolidated subsidiaries and joint operations are included. The boundary of aggregation was determined by applying the operational control approach under the GHG Protocol since FY2023. Details can be found on our Sustainability Disclosure Site (see [here](#) for Scope 1/2, and [here](#) for Scope 3).

<Scope 1/2>

Scope 1: Mainly direct emissions from power plants owned and operated by our consolidated subsidiaries

Scope 2: Mainly indirect emissions associated with the use of electricity at manufacturing and storage sites and stores owned by our consolidated subsidiaries

<Scope 3>

Scope 3 comprehensively includes emissions throughout the supply chain in a wide range of the Group’s businesses. The main emission sources by category are indicated below.

Category 1 and 11: Mainly emissions associated with trading of products

Category 13: Mainly emissions from power plants that our consolidated subsidiaries lease out as leased assets

Category 15: Mainly emissions from power plants owned and operated by our affiliated companies under the equity method

In preparation for the application of the Sustainability Standards Board of Japan (SSBJ) standards, the Group has been deliberately assessing and calculating Scope 3 emissions since FY2023. Certain subsidiaries are excluded due to their small business revenue scale and non-compliance with high-emission business criteria. However, the impact of this is limited, accounting for less than 5% of total emissions across all Scope 3 categories. We have obtained third-party certification regarding all Scope 3 categories, and the certificate is available on our Sustainability Disclosure Site.

Within the Group, Business Groups took the initiative in calculating Scope 3 emissions led by sustainability promoting staff within each CFO Office. At each operational level, we concretely identify major emission sources and the potential for reduction and conduct discussions relating to the next actions.

Scope1・2		Unit: thousand t-CO ₂ e
		FY2024
Scope1	Energy-related CO ₂	6,630
Scope1	Non energy-related CO ₂ and GHGs other than CO ₂	36
Scope2	—	490
Total		7,157

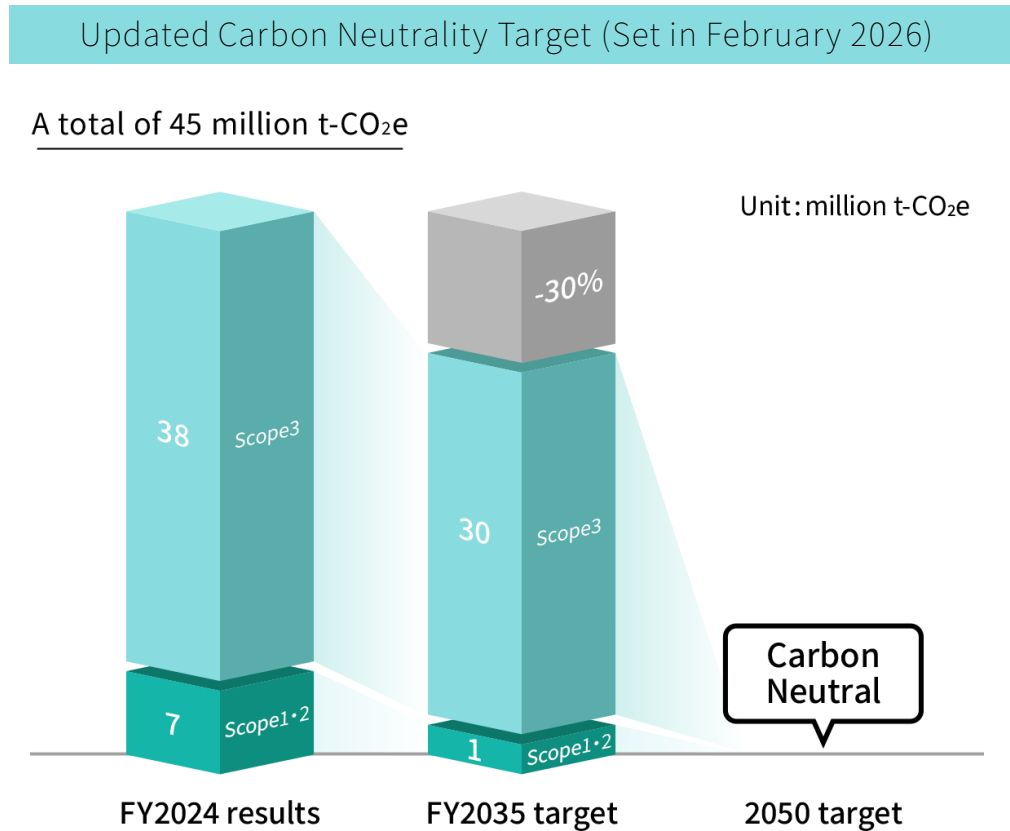
Scope 3			Unit: thousand t-CO ₂ e
Category			FY2024
Upstream	1	Purchased goods and services	32,713
	2	Capital goods	629
	3	Fuel- and energy-related activities	4,542
	4	Upstream transportation and distribution	2,308
	5	Waste generated in operations	21
	6	Business travel	28
	7	Employee commuting	23
	8	Upstream leased assets	—
Downstream	9	Downstream transportation and distribution	301
	10	Processing of sold products	1,031
	11	Use of sold products	38,015
	12	End-of-life treatment of sold products	245
	13	Downstream leased assets	20,052
	14	Franchises	—
	15	Investments	17,778
Total			117,688

Updated Carbon Neutrality Boundary and Emissions Reduction Target (Set in February 2026)

Considering that the calculation of Scope 3 for FY2024 was completed, we set FY2024 as the base year for the new carbon neutrality target so that we can base the target on traceable results data for Scope 1/2, and Scope 3. The interim emission reduction target is a 30% reduction by FY2035 compared to the base year (85% reduction in Scope 1/2 and 20% reduction in Scope 3 (Category 13 and 15)), and the long-term target is to achieve the carbon neutrality of the Sumitomo Corporation Group's businesses by 2050. Carbon neutrality means reducing the GHG emissions of the Sumitomo Corporation Group and neutralizing the residual emissions to net zero through internationally recognized methods such as carbon removal.

Also, the carbon neutrality boundary set in 2020 included only CO₂, but the boundary has been expanded to include all GHGs such as Dinitrogen monoxide. In FY2024, GHG emissions other than CO₂ were 36,000 t-CO₂e, and thus, the impact on total emissions is de minimis.

To achieve these emissions reduction targets, we will continue to make steady efforts to reduce emissions according to the business environment of each sales site including making equipment more energy efficient, replacing equipment, and procuring renewable energy.



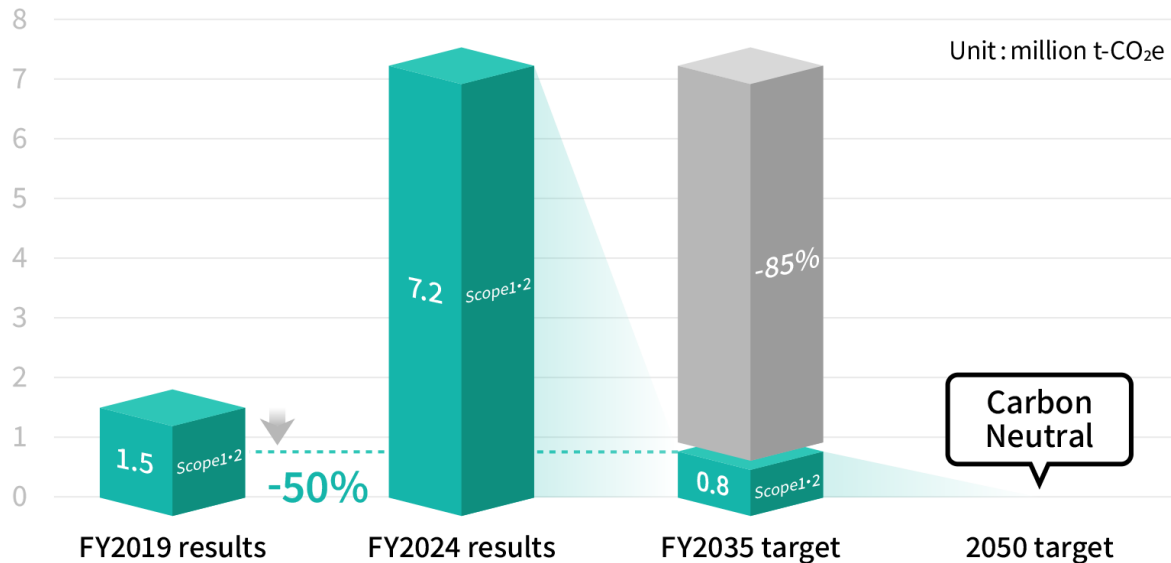
Updated Carbon Neutrality Boundary and Emissions Reduction Target (Set in February 2026)

Scope 1/2

Base year: 7.2 million t-CO₂e in FY2024

Interim target: 0.8 million t-CO₂e in FY2035 (85% reduction from the base year)

Long-term target: Carbon neutrality in 2050



• The emission reduction target of 0.8 million t-CO₂e for FY2035 is a level that maintains the previous interim target of reducing CO₂ by 50% or more from the total of 1.5 million t-CO₂e for Scope 1/2 in FY2019.

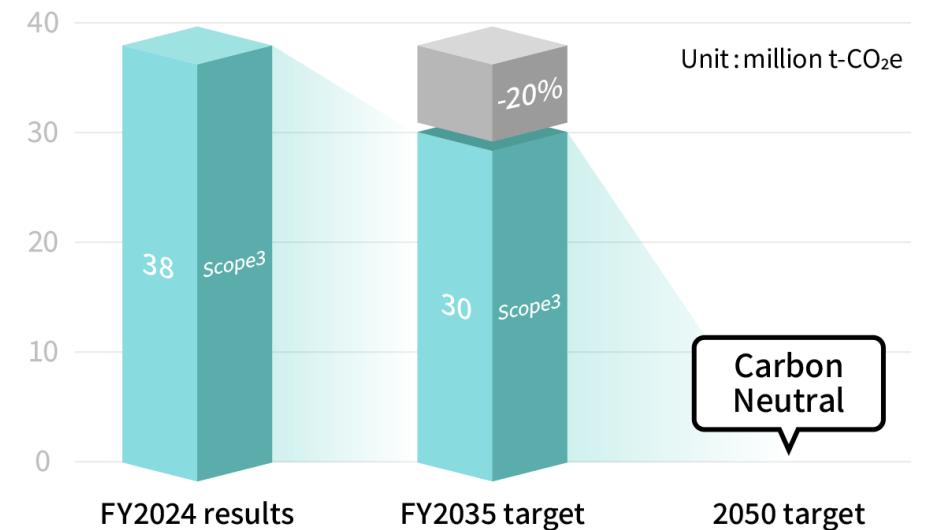
• Scope 1/2 emissions in FY2024 increased by approximately 6 million t-CO₂e compared to FY2019 due to the commencement of operations at the Van Phong thermal power plant (100% owned by Sumitomo Corporation) that was under construction in FY2019. We will transfer 50% of our equity interests in the power plant, and after the transfer, we plan to recognize the equity-share emissions under Scope 3 Category 15. Details can be found [here](#).

Scope 3 (Category 13 and 15)

Base year: 38 million t-CO₂e in FY2024

Interim target: 30 million t-CO₂e in FY2035 (20% reduction from the base year)

Long-term target: Carbon neutrality in 2050



• As of FY2024, the majority of Scope 3 emissions were from the thermal power generation business, and our policy is to stably provide the energy that is essential for economic and industrial development in local communities while continuously shifting management resources to a power generation portfolio with low environmental impact.

• The projected emissions for FY2035 include emissions following the transfer of the 50% stake in the Van Phong thermal power plant.

Our Approach and Emissions Performance for the Thermal Power Generation Business and Fossil Fuel Upstream Business

The thermal power generation business and fossil fuel upstream business are key focus areas for the Sumitomo Corporation Group in advancing emissions reduction. We believe that emission data for both businesses is important information for conveying to stakeholders our stance on investment and financing. Given that the new carbon neutrality boundary pursuant to the GHG Protocol cannot capture all emissions from these two businesses*, we will continue to disclose emission data for both businesses on an annual basis. The base year continues to be FY2019 from the perspective of continuity. The results up to FY2024 are as follows.

Our targets are to reduce emissions in the thermal power generation business by 40% or more by FY2035 including a reduction 60% or more for coal-fired power generation business by FY2035 (compared with FY2019). In the fossil fuel upstream business, we will not make any further investment in the thermal coal mine development projects and aim to achieve zero production from thermal coal mines by the end of the 2020s.

* Approximately 70% of the total emissions from the thermal power generation business and fossil fuel upstream business (total emissions of 50 million t-CO₂e in FY2024) are included in the new boundary (Scope 1/2 and Scope 3 (Category 13 and 15)), but approximately 30% is supply chain emissions from businesses in which the Group has invested as a minority shareholder and thus are not included in Scope 1, 2 and Scope 3.

CO₂ Emissions Associated with the Thermal Power Generation Business and Fossil Fuel Upstream Business*1

Index		FY2019 (Base year)	FY2020	FY2021	FY2022	FY2023	FY2024	Percentage of reduction from the base year	FY2035 target
Thermal power generation business*2		43,126	40,582	41,368	42,613	39,632	38,612	-10.5%	40% or more
	Of which, coal- fired power generation*2	34,452	32,337	33,202	34,853	32,820	32,429	-5.9%	60% or more
Fossil fuel upstream business*3		15,808	13,811	13,162	9,203	11,192	11,564	-26.8%	—
	Of which, thermal coal mine development project	12,538	11,207	11,457	8,035	10,164	10,248	-18.3%	Zero emissions by the end of the 2020s

Unit: thousand t-CO₂e

*1 Figures for active power generation projects and fossil fuel upstream business are calculated with the advice of a third party.

*2 Includes estimates for projects under construction and emissions from those affiliated companies under the equity method.

*3 Indirect CO₂ emissions associated with the use of energy resources produced by fossil fuel upstream business of Sumitomo Corporation, its subsidiaries, and affiliated companies under the equity method.

Revision of “Policies on Climate Change Issues” and the Medium- and Long-term Goals under the Material Issue “Overcome Climate Change”

The Group promotes its initiatives in line with the “Policies on Climate Change Issues” and the medium- and long-term goals under the Material Issue “Overcome Climate Change.” In conjunction with updating the carbon neutrality boundary, we have revised the related sections accordingly.

Policies on Climate Change Issues

Basic Policy

- Aim to make the Sumitomo Corporation Group carbon neutral in 2050*.
- Develop technologies and business models for creating a sustainable energy cycle by contributing to the reduction of GHG emissions and carbon removal for society as a whole.
- Contribute to the carbon neutralization of society through cooperative initiatives and recommendations made with business partners and public institutions.

Policy on Business Activities

- Promote renewable energy, efficient energy utilization and fuel conversion that contributes to reducing GHG emissions throughout society. We will also work to offer new energy management and mobility services utilizing renewable energy and to materialize hydrogen-based society and related applications.
- In the power generation business, we provide a stable supply of the energy, essential for the economic and industrial development of local communities. At the same time, we continuously shift management resources to renewables and other energy sources with low environmental burden in the power generation portfolio.
- Regarding the development of thermal power generation and fossil energy concession, we will work on the premise of carbon neutralization in 2050.
 - We will not be involved in any new coal-fired power generation business neither IPP (Independent Power Producer) nor EPC (Engineering, Procurement, Construction).
For IPP business, we aim to reduce CO₂ emissions by 60% or more by FY2035 (compared with FY2019) and we will end all the coal-fired power generation business in the late 2040s.
 - We will not make any further investment in the thermal coal mine development projects and aim to achieve zero production from thermal coal mines by the end of the 2020s. We will only undertake upstream gas development that contributes toward society's energy transition.

* The carbon neutrality boundary for the Sumitomo Corporation Group covers Scope 1/2, and Scope 3 (Categories 13 and 15).

Carbon neutrality means reducing the GHG emissions of the Sumitomo Corporation Group and neutralizing the residual emissions to net zero through internationally recognized methods such as carbon removal.

For further information on the Group's climate-related initiatives, including our Policies on Climate Change Issues, please click [here](#).

Medium- and Long-term Goals under the Material Issue “Overcome Climate Change”

Long-term goals

- Aim for the carbon neutrality of the Sumitomo Corporation Group’s businesses by 2050 (*2)
- Contribute to the carbon neutrality of society

Medium-term goals

- Reduce GHG emissions of the carbon neutrality boundary for the Sumitomo Corporation Group by 30% or more by FY2035 (compared with FY2024)
- Promotion of initiatives in individual businesses
 - Reduce CO₂ emissions of the power generation business by 40% or more by FY2035 including a reduction 60% or more for coal-fired power generation business (compared with FY2019)
 - In fossil fuel upstream business, will not make any further investment in the thermal coal mine development projects and aim to achieve zero production from thermal coal mines by the end of the 2020s. For upstream gas development, only undertake those that contribute toward society’s energy transition.
 - Expand the renewable energy power generation business (expand the supply of renewable energy from 1.5 GW in 2019 to 5 GW or more by 2030)
- Build a sustainable energy system and carbon cycle with an overview of supply chains
 - Improve energy and carbon efficiency, and expand businesses that encourage energy conservation
 - Expand renewable energy and new power and energy services, encourage electrification and fuel conversion, and develop and implement hydrogen and other forms of carbon-free energy
 - Promote capture, store and utilize CO₂

*2 The carbon neutrality boundary for the Sumitomo Corporation Group covers Scope 1/2 and Scope 3 (Categories 13 and 15)

