Concept Concerning the Use of Security Companies

In the operation of its business in countries around the globe, the Sumitomo Corporation Group uses security companies to protect the safety and security of its employees. When necessary, we may use armed security personnel, recognizing the human rights risks involved and complying with laws and regulations of the countries in which we operate. We select security companies in accordance with the Voluntary Principles on Security and Human Rights and the Basic Principles on the Use of Force and Firearms by Law Enforcement Officials.

For more information on human policy, see page 27.

Respect for the Rights of Children

As the world population is mostly made up of children and younger generations, the Sumitomo Corporation Group is aware that its corporate activities have an impact on the lives of children both directly and indirectly. For companies, children are family members of employees, as well as important stakeholders who will play future roles in the sustainable development of society. Based on this recognition, we signed the United Nations Global Compact in its support of the Ten Principles, and respect Children’s Rights and Business Principles. We are committed to preventing the violation of children’s rights through our business and social contribution activities.

Respect for the Rights of Indigenous Peoples

As part of its commitment to respect human rights, the Sumitomo Corporation Group respects global standards pertaining to the rights of indigenous peoples, including the United Nations Declaration on the Rights of Indigenous Peoples, and the principle of “free, prior and informed consent (FPIC).” In business operations in areas where indigenous peoples reside, we recognize their unique culture and history and comply with applicable laws and regulations of each country or region.

Concept Concerning the Use of Security Companies

In the operation of its business in countries around the globe, the Sumitomo Corporation Group uses security companies to protect the safety and security of its employees. When necessary, we may use armed security personnel, recognizing the human rights risks involved and complying with laws and regulations of the countries in which we operate. We select security companies in accordance with the Voluntary Principles on Security and Human Rights and the Basic Principles on the Use of Force and Firearms by Law Enforcement Officials.

For more information on social and environmental risk management, see page 97.

We have put in place a companywide framework to apply when starting new businesses, including review and periodic monitoring, in order to appropriately manage the social and environmental impacts including human rights.

Sumitomo Corporation Group Statement for UK Modern Slavery Act 2015

We set out the steps Sumitomo Corporation Group has taken to help ensure that modern slavery and human trafficking are not taking place in SC Group’s business or supply chains. The statement is approved by the board of directors of Sumitomo Corporation as the parent company of Sumitomo Corporation Group.

Training Seminars on Human Rights

Sumitomo Corporation Group’s business activities cover a wide range of countries, regions and industrial fields. We therefore consider that it is necessary for the Group to cooperate with suppliers, customers and business partners, instead of acting alone, in promoting the entire supply chain to promote CSR throughout the entire supply chain. Since FY2014, we have held seminars with external experts and e-learning on human rights issues that need special attention in business activities.

The seminars cover a wide range of topics, including the relationship between companies and human rights issues, actual cases of reputational risks from human rights and how to assess the influence of human rights. Comments from seminar participants include “Since the Group is engaged in diverse business activities all around the world, we should continue awareness-raising activities so that as many employees as possible can better understand relevant issues.”
Work Health and Safety/Health and Productivity Management

Basic Policy

“To achieve prosperity and realize dreams through sound business activities” is one of the management principles of the Sumitomo Corporation Group. Based on this principle, our mission is to ensure the economic and spiritual prosperity of people around the world, including our employees, shareholders, clients, and local communities, and to fulfill their dreams. We also believe that in order for every employee to maximize his/her performance, good physical and mental health is essential, without which it is not possible to continuously create new value. Based on this, the Sumitomo Corporation Group formulated the Declaration of Iki-iki Waku-waku Health and Productivity Management. The Group implements various efforts based on this declaration and by taking into account the actual situation of each group company. We will continue to promote health management with a focus on three aspects: “improvement of health literacy” to enable employees to continue working in good health, “reassurance in emergencies” to be well-prepared for unexpected illness, and “global medical support,” which is unique to integrated trading companies.

Safety Measures in Uranium Mining

Our Groups development of uranium mines, production and sales of uranium concentrates※1, and trading of various kinds of nuclear fuels containing radioactive materials comply with each country’s laws and regulations based on the IAEA (International Atomic Energy Agency) standards. With our highest priority on HSSE (Health, Safety, Security and Environment), we place the utmost importance in ensuring the safety of onsite employees and local residents. Specific measures taken in production and sales of uranium concentrates include the measurement of radiation exposure of all those entering and leaving the plant, and the management and monitoring of cumulative radiation doses in employees※2. Furthermore, the uranium concentrates and various kinds of nuclear fuels we deal in are all used for peaceful purposes such as power generation. Our relevant activities comply with security trade control-related laws and regulations.

(※1)Products manufactured in the said business are natural uranium concentrates, and waste materials produced in mines and refining plants are limited to a small amount of low-level (naturally occurring) radioactive waste derived from the refining process. Such waste materials are appropriately treated in accordance with IAEA standards and Kazakhstan’s laws. Furthermore, no high-level radioactive waste or medium-level radioactive waste has been produced in the business for the three years from 2016 to 2018. In addition, a management structure for ensuring safety and quality has been put in place.

(※2)We have established an internal standard for the maximum permissible exposure of workers that is stricter than the laws and regulations of Kazakhstan, where we conduct the business, and we are compliant with such standard. Further, no external radiation leaks have occurred in the three years from FY2016 to FY2018.

Declaration of Iki-iki Waku-waku Health and Productivity Management

The Sumitomo Corporation Group aims to be a company in which all employees work with energy (Iki-iki), excitement (Waku-waku), and in good health, taking on challenges to create new value.

Our Group’s Corporate Mission is: “To achieve prosperity and realize dreams through sound business activities.” In order to fulfill this mission, it is necessary for all employees to perform at their highest level and to continue to create new value. To this end, it is crucial that each employee maintain good health.

As a human resources strategy, the Sumitomo Corporation Group will engage in “health and productivity management” that allows employees to work with energy, excitement, and good health, and creates value by further enhancing existing measures for maintaining and promoting employee health.
Work Health and Safety/Health and Productivity Management

Health Management Promotion Systems

Health management is carried out through the following system to maintain and enhance the health of employees under the direction of the manager of the Employee Relations & Compensation who serves as the Safety and Health Manager.

Sumitomo Corporation holds a monthly health and safety committee meeting, which is attended by labor union officials on behalf of employees, to receive reports on worksite patrols by an industrial physician and discuss health promotion for employees and better work environments. A roundtable conference on work styles is also held twice a year by management and the union, where participants exchange opinions with a view to improving work styles qualitatively and quantitatively in terms of working hours for union members.

Crisis Management System

Sumitomo Corporation has 22 offices in Japan and 114 offices overseas (in 81 countries and regions) (as of March 31, 2020). On a consolidated basis, the Company employs around 73,000 workers around the world. In order to prepare for the incidents, accidents and disasters that will inevitably continue to occur within and outside Japan, each employee needs to be aware of crises and proper safety measures on a day-to-day basis. Meanwhile, each organization also needs to develop infrastructure for safety measures to prepare for an emergency. Also, in the event of an emergency, we need to understand the situation with speed as it is critical to build a support system and promptly resume business operations.

We have therefore centralized reports on all emergency cases, within and outside Japan, within the Safety Promotion Division and ensure speedy reporting to the president by appointing the executive in charge of human resources, general affairs and legal affairs as its general manager. This system also enables provision of necessary support in a timely and unified manner. Seminars on overseas safety measures are held each year, and in FY2019, a total of 505 persons attended them.

Employee Engagement: Health and Safety Committee

Sumitomo Corporation holds a monthly health and safety committee meeting, which is attended by labor union officials on behalf of employees, to receive reports on worksite patrols by an industrial physician and discuss health promotion for employees and better work environments. A roundtable conference on work styles is also held twice a year by management and the union, where participants exchange opinions with a view to improving work styles qualitatively and quantitatively in terms of working hours for union members.

Excellent Health and Productivity Management Enterprise

Sumitomo Corporation’s efforts relating to employee health have been recognized, and the company was certified as a member of the White 500 category by the Ministry of Economy, Trade and Industry and the Nippon Kenko Kaigi for the fourth consecutive year.

解决了_Iki-Iki_Waku-waku_Observer_page_51.png

Recognized as an excellent health and productivity management enterprise in the White 500 category
Reporting of Work-related Accidents

We take measures to prevent work-related accidents. If an accident occurs, it must be immediately reported to the Employee Relations & Compensation Department. The numbers of work-related accidents reported in Sumitomo Corporation alone are as follows:

Number of work-related accidents

<table>
<thead>
<tr>
<th></th>
<th>FY2015</th>
<th>FY2016</th>
<th>FY2017</th>
<th>FY2018</th>
<th>FY2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>accidents</td>
<td>3</td>
<td>1</td>
<td>2</td>
<td>1</td>
<td>3</td>
</tr>
</tbody>
</table>

No fatal accidents were reported. If a work-related accident or disaster occurs at Sumitomo Corporation or any of its affiliated companies despite our prevention efforts, it must be immediately reported to the Safety Promotion Division led by Representative Director/Executive Vice President as Director. Managers of major departments of the Corporate Group serve as members of the Safety Promotion Division. At the end of every month, they are required to submit a monthly report to the Manager of the Planning & Coordination Department of each Business Unit (Executive Officers, Directors) to keep executives informed of the current situation. Measures to address work-related accidents, such as investigations and responses to relevant issues, and prevent them from recurring are taken appropriately. Important issues are determined by the Safety Measures Implementation Headquarters and particularly important ones are reported to the Management Council by the Headquarters' Director (Director, Managing Executive Officer) to discuss and decide upon.

OHSAS 18001-certified Facilities

Sumitomo Corporation's consolidated subsidiaries that have been certified to OHSAS 18001 are as follows:

(As of October 2018)

- Nanjing CMSCL Co., Ltd.
- FUJIWA MACHINERY INDUSTRY (HUBEI) CO., LTD.
- SCE (Steel Center Europe)
- SMTL (Sumisho Metal Thailand)
- Changchun FBS Steel Processing & Distribution Co., Ltd.
- Nanjing Baosteel Summit Metal Products Co., Ltd.
- THAI SUMILOX CO.LTD.
- Shanghai Summit Metal Products Co., Ltd.
- Dalian Bao-Summit Metal Products Co., Ltd.
- EDGEN (Sites other than those in USA have been certified.)
- HOWCO (Sites other than those in USA have been certified.)
- MINERA SAN CRISTOBAL S.A.
- SC Foods Co., Ltd.
Work Health and Safety/Health and Productivity Management

Activities: Employee Health Management

Clinic

Sumitomo Corporation has set up an in-house clinic (internal medicine and dentistry) to support employees’ health management on a day-to-day basis. The internal medicine department is open five days a week for outpatients, with specialists in lifestyle diseases such as diabetes and hyperlipidemia, infectious diseases, and the liver, kidney and respiratory organs. The department also provides employees at high risk of developing lifestyle diseases with ongoing support, including nutrition counseling by registered dietitians and collaboration between specialists in diabetes and nurses, as well as regular blood tests. At the dentistry department, checkups are provided twice a year in addition to regular treatment. Dental and oral hygiene education is also offered on an individual basis as needed.

Subsidies for Costs of Health Checkups and Complete Physical Examination

The in-house clinic provides services such as periodic health checkups (for those under 35), health checkup immediately after joining the company, and health checkup before and after overseas transfer. Employees aged 35 and older are required to undergo a complete physical examination at an external medical facility. Its cost can be covered by the corporate health insurance society. The percentage of those who received a periodic health checkup, including complete physical examination at an external medical facility, in FY2018 was 100%. Based on results of a periodic health checkup and complete physical examination at an external medical facility, the internal clinic provides detailed follow-up care, and the corporate health insurance society provides specific health guidance. These services help employees prevent disease and detect disease at an early stage.

Reimbursement of Influenza Vaccination Expenses

As a part of efforts to prevent infectious disease, the corporate health insurance society reimburses the full amount of flu vaccination expenses for insureds and their dependents.

Health Results Indicators

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Target</th>
<th>FY2015</th>
<th>FY2016</th>
<th>FY2017</th>
<th>FY2018</th>
<th>FY2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percentage of Employees Undergoing Health Checkups</td>
<td>Keep 100% every year</td>
<td>97.9%</td>
<td>98.7%</td>
<td>100%</td>
<td>100%</td>
<td>-</td>
</tr>
<tr>
<td>Stress check Implementation rate</td>
<td>90% by the fiscal year ending March 2021</td>
<td>-</td>
<td>92.2%</td>
<td>90.2%</td>
<td>88.1%</td>
<td>88.5%</td>
</tr>
<tr>
<td>Smoking rate</td>
<td>10% by the fiscal year ending March 2021</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>18.0%</td>
</tr>
<tr>
<td>Rate of female employees under 35 years old who undergo gynecological exams</td>
<td>15% by the fiscal year ending March 2022</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>4.6%</td>
</tr>
</tbody>
</table>
Health Guidance Process

Initial Interview (Goal Setting)  Observation Over Time (1st month)  Continuous Over Time (2nd month)  Final Interview (3rd month)

Employee Health Awareness Survey Conducted

After the Declaration of Iki-iki Waku-waku Health and Productivity Management was announced in October 2018, a health awareness survey was conducted in February 2019 to measure the effects of performing health management and to measure presenteeism. The survey covered all employees and the response rate was 78%. The survey starkly revealed that a decline in productivity as a result of mental disorders, poor sleep, and general malaise or fatigue is a particular problem. Countermeasures to eliminate these causes including health seminars are being implemented. The survey will be conducted periodically in the future to verify the effects of health management.

(※) A condition where an employee reports to work but experiences a decline in the work performance that should be demonstrated as a result of some physical or psychological problem.

Health Guidance for Younger Employees by Public Health Nurses Expanded

Health guidance is provided by a public health nurse from the clinic to younger officers and employees (under 35 years old) who have shown deterioration of health data or physical changes since joining the Company or in conjunction with changes in their living environments. A program is being created so that pre-symptomatic personnel at high risk of developing lifestyle diseases can independently change their lifestyles through discussions with a public health nurse.

Expansion of Health Management Seminars

The health awareness survey starkly revealed that a decline in productivity as a result of mental disorders, poor sleep, and general malaise or fatigue is a particular problem. Seminars are held to eliminate these causes. Seminars on six topics were held through October 2019, with about 100 persons attending each session. These seminars will continue to be held to raise employee health literacy.

List of Seminars Conducted

<table>
<thead>
<tr>
<th>Seminar Title</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stretching Seminar</td>
<td>January 2018</td>
</tr>
<tr>
<td>Women’s Health Seminar</td>
<td>March 2019</td>
</tr>
<tr>
<td>Smoking Cessation Seminar</td>
<td>May 2019</td>
</tr>
<tr>
<td>Eyestrain Seminar</td>
<td>July 2019</td>
</tr>
<tr>
<td>Acidophilus Seminar</td>
<td>August 2019</td>
</tr>
<tr>
<td>Sleep Improvement Seminar</td>
<td>October 2019</td>
</tr>
</tbody>
</table>

Healthy Lunches Offered at Tokyo Head office Building Employee Cafeteria

The employee cafeteria began offering healthy lunches in July 2019. The specific meal compositions and value settings were supervised by a clinic nutritionist based on the Smart Meal* standards. In September 2019, the company received three-star Healthy Meal and Food Environment certification, the highest level, as a business enterprise the provides healthy meals (smart meals).
Mental Healthcare

We provide training on mental health several times a year, including self-care education and training for managers. Through these comprehensive programs taught by external instructors, trainees are able to comprehensively learn key points about their own mental healthcare and that of others. About 450 employees (including those from Group companies), mainly young employees and managers, take this training in the form of 10 sessions per year. We have also set up a counseling center “for everything, with confidentiality totally protected,” which is used by a total of over 1,200 employees annually. In addition, we conduct an annual stress checkup, which is extended to employees working overseas. The health consultation office within the in-house clinic, also covering mental health, is also available to employees working abroad. To prevent the progression of mental illness and help employees return to work, the in-house clinic also has a specialist in psychosomatic medicine available three days a week.

Expanded Measures Supporting Women’s Health

Since the incidence and death rates of breast cancer and uterine cancer have been increasing among younger women in recent years, and we started providing information on a gynecological exam subsidy program during periodic health checkups. In conjunction with Pink Ribbon month, in October 2019 we distributed information on health issues unique to women to all domestic female employees. Other informational measures include setting up a Woman’s page on the intranet health management site to provide information on women’s health.

Measures Against Smoking

On the occasion of the relocation of the Head Office in September 2018, we designated office floors of the Head Office as non-smoking areas. We have also taken measures against smoking, including a subsidy to those who want to quit smoking to buy antismoking gums and an anti-smoking support program provided by the clinic.

SCG Counseling Center

The Sumitomo Corporation Group is an organization that supports its employees so they can work with enthusiasm, and provides the SCG Counseling Center in the Harumi Triton Square, where Sumitomo Corporation’s Head Office is located. This center is staffed with multiple counselors to help solve various problems and concerns. Since its establishment in April 2005, confidentiality has been well protected, and employees have become used to consulting staff about any problems at this center with ease of mind. (Approximately 1,200 consultation inquiries are made annually.)

<table>
<thead>
<tr>
<th>Service provider</th>
<th>Services</th>
<th>Eligible users</th>
<th>Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>SCG Counseling Center</td>
<td>Counseling in person</td>
<td>Mainly for employees in Tokyo</td>
<td>Qualified counselors provide counseling to employees in Japan and overseas. Qualifications of the counselors include senior industrial counselors, clinical psychotherapists, career consultants, and family consultants.</td>
</tr>
<tr>
<td></td>
<td>Counseling by phone</td>
<td>All employees</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Counseling by visiting the employee’s site</td>
<td>Employees outside of Tokyo including overseas</td>
<td></td>
</tr>
<tr>
<td>Various seminars</td>
<td>All employees</td>
<td>Implementing seminars for managers, general employees, employees overseas, and employees’ families</td>
<td></td>
</tr>
<tr>
<td>Consultation</td>
<td>Management</td>
<td>Consultation for managers regarding how to respond to their subordinates</td>
<td></td>
</tr>
<tr>
<td>External contracting company</td>
<td>Counseling in person</td>
<td>All employees</td>
<td>Contracting external companies to provide counseling in person, by e-mail, phone, and visiting the employee’s site.</td>
</tr>
<tr>
<td></td>
<td>Counseling by phone, by visiting the employee’s site</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Advanced Healthcare Expense Program Introduced

An advanced healthcare expense program (the “Program”) was introduced in October to cover conditions that give rise to substantial economic burdens as a result of treatment not covered by insurance. The Program was introduced as a part of efforts to provide “reassurance during emergencies,” of the three pillars of the health management declaration, so that employees can feel reassured even if they become ill. The program is not limited to specific conditions such as cancer, but also covers advanced medical treatment* and treatment not approved as advanced medical treatment (treatment requested by the patient). By broadly covering treatment not covered by health insurance, the program is intended to support employees who become ill receive treatment with reassurance and return to work at the earliest possible time or continue working while receiving treatment.

* Advanced medical treatment refers to cutting-edge and advanced treatment methods that have been determined by the Ministry of Health, Labour and Welfare to be effective and safe and are under consideration for coverage by health insurance. Treatments are currently limited to 88 types. Patient requested treatment is a program whereby healthcare institutions can use unapproved medications and so on at the request of the patient.

Activities: Health Management Declaration (3): Global Medical Support

Health Support Services to Employees Stationed Overseas

Sumitomo Corporation has its offices in 66 countries. A total of about 1,150 employees are stationed around the world along with about 1,160 family members of theirs. We provide these expatriates working in an environment different from Japan with health care services to maintain their health, such as an annual health checkup. Counseling services provided by a clinic and the SCG Counseling Center are also available for those with mental and physical disorders. We have a contract with Emergency Medical Assistance Services, which cover a wide range of support services from health counseling offered by an external doctor, public health nurse and other healthcare professionals to emergency transfers. We provide information on necessary vaccinations, local safety conditions, how to prevent infectious disease and other important issues to employees before overseas business trip and transfer and their family members.

Measures Against Global Health Problems

Currently, many countries around the world are struggling with serious health issues, including HIV (AIDS), tuberculosis and malaria. The Sumitomo Corporation Group is determined to take active measures against these global health problems. In order to ensure that officers and employees of our Group have accurate information about and protect themselves from these infectious diseases, the Company provides health checkups in advance for officers and employees who are assigned overseas and, when necessary, encourages them to be vaccinated against infectious diseases. We also provide a variety of training before their assignments. Moreover, we started organizing e-learning and seminars on safety measures in FY2017 in response to requests by employees about to go on their first overseas business trip as well as those looking for the latest information on infectious diseases. These programs aim to enhance awareness of crisis management and disseminate accurate and up-to-date information. We make these programs available to officers and employees not only of Sumitomo Corporation but also of the entire Group within and outside Japan. Through these activities, we support employees’ health and safety while they are overseas.
Work Health and Safety/Health and Productivity Management

**Education on Crisis Management**

Sumitomo Corporation provides a series of seminars on safety measures in order to encourage each employee to become more aware of crises and to learn how to ensure their own safety. We organize over 90 seminars a year, dividing the programs into 4 grades and 6 courses according to the participants’ experience and learning levels. Also, each office has prepared its own manual on safety measures, which is shared with the Safety Promotion Division, in order to ensure a prompt and effective initial response when a contingency occurs. We have built a system to provide prompt and effective relief and support through cooperation within and outside the country in times of emergency.

We also develop safety net systems as part of our regular practice. For example, we have a system that obtains real-time information on troubles around the world (e.g., terrorism, major accidents, severe weather, natural disasters, etc.) and forwards it to employees who are working on assignment in or taking a business trip to various places. Another example is a system to provide support when emergency medical care is needed.

**Measures Taken in Logging of Raw Wood**

The incidence of occupational accidents in the forestry industry is higher than those in other industries. The ratio of serious accidents, including deaths, is also very high. To cope with this situation, we comply with the international safety management standards required for Forest Stewardship Council (FSC) certification by OAO Terneyles in Russia in which we invest. If we receive instructions as a result of an audit for the renewal of the certificate, we take improvement measures immediately. We have thus been certified consecutively since 2004. We have also implemented various measures to prevent occupational accidents. Our efforts to reduce occupational safety and health-related risks include: inclusion of safety management rules into the internal regulations; inclusion of safety-related items in a job description contract with an employee; establishment of the Safety Management Department; and onsite inspection by the Safety Management Department at plants and work sites of the company.

When the Safety Management Department determines it necessary to make improvements, each onsite manager is required to develop an improvement plan and report it to the president. After completing the improvement, the manager also must report its result. The Safety Management Department is required to make a list of occupational accidents that have occurred in the last month based on reports provided by each site and report it to the president. If necessary, the department develops an improvement plan and gives each site an instruction to implement improvement measures.

**Business description**

**PT FUMAKILLA INDONESIA**

Under the slogan of “protecting people’s lives,” Fumakilla Limited entered the Indonesian market where protection of people from infections is a major concern in their living environment. Over the last 30 years, the company has made slow but steady efforts in spreading its mosquito repellent coils with high medical effects in every corner of the region. As a result, it has now the largest share in the Indonesian market, contributing to the Indonesian market, contributing to addressing one of the major local social issues. In terms of social contribution, not only the product performance but also the marketing method applied there (a business model called BOP to deliver products directly to general users in emerging countries) are significant. Since its foundation in 1990, we have been continuing our investment (current share of 20%). Our employees assigned there also support the local operation of Fumakilla.
Work Health and Safety/Health and Productivity Management

Activities

Business description

Stable Supply of Tubular Products Based on Strict HSSE Management

As one of the major suppliers of pipes for the Oil & Gas industry, Tubular Products Division is engaged in diverse pipe supplying activities around the world. At Tubular Products Division, Health, Safety, Security and Environment is more than just a priority, it is a core value. We promote a culture that drives exemplary behavior, incorporating HSSE as part of our everyday lives. To achieve this, we have developed a robust management system, fully supported by strong leadership engagement, disseminated throughout all our operations. At the outset of our HSSE journey and to improve our performance by way of reducing our occupational Health, Safety, Security and Environmental accidents the company introduced the "Zero Harm" initiative. Since 2014 we have established and spread HSSE as our corporate culture under the “Beyond Zero Harm” framework, focusing on continual improvement and recognizing HSSE is not a process in its own right, but an outcome of business decisions, strategy, culture and performance.

We developed an HSSE management system that applies to all global activities based on continuous improvement through the PDCA cycle. We also assigned staff specializing in OHSAS 18001 and ISO 45001 to major overseas offices and established a global HSSE network connecting all five regions in the world. Through these efforts, we are enhancing HSSE management taking into account regional business activities.

The General Manager of the Tubular Products Division demonstrates strong leadership and commitment by publicizing an annual HSSE Policy and Objectives, these are compatible with the strategic direction of the organization. The policy places emphasis on our commitment to ensuring HSSE as a core value for all, from managers and employees to customers, contractors and suppliers. The most impactful HSSE management program is one that equips any employee to quickly access the information they need and report any issue. Whether that information is reporting an incident, accessing a training record, or reviewing the results of a safety audit. Tubular Products are now leveraging advancements in HSSE management software, as well as mobile solutions, to improve the timeliness and consistency of reporting ensuring better efficiency and greater compliance.

Through continued consultation and stakeholder engagement we strive to enhance and further strengthen our HSSE management system to go "Beyond Zero Harm". Simultaneously we will work with our Supply Chain, Subsidiaries and Partners to meet and exceed our customers’ expectations and fulfil our social mission as the top supplier through stable supply of tubular products.
Human Resources Management

Policy and Concept

Basic Policy on Human Resources Management

The Sumitomo Corporation Group is addressing human rights issues. While complying with laws and regulations in our countries of operation, we support and respect the Ten Principles of the UN Global Compact, as well as the International Labour Organization’s core labor standards of eight conventions in four areas: freedom of association and the effective recognition of the right to collective bargaining, elimination of all forms of forced or compulsory labor, effective abolition of child labor, and elimination of discrimination in employment and occupation. With regard to the elimination of discrimination in particular, we have clearly stated that no person should be discriminated against due to human race, nationality, gender, religion, creed, age, origin, physical or mental disability, or other reasons that are not related to business operations. We are also complying with minimum wage requirements based on the labor standards and labor conventions of each country.

<table>
<thead>
<tr>
<th>Freedom of association and the effective recognition of the right to collective bargaining</th>
<th>Freedom of Association and Protection of the Right to Organise and Collective Bargaining Convention (No. 87) Right to Organise and Collective Bargaining Convention (No. 98)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Elimination of all forms of forced or compulsory labor</td>
<td>Forced Labour Convention (No. 29) Abolition of Forced Labour Convention (No. 105)</td>
</tr>
<tr>
<td>Effective abolition of child labor</td>
<td>Minimum Age Convention (No. 138) Worst Forms of Child Labour Convention (No. 182)</td>
</tr>
<tr>
<td>Elimination of discrimination in employment and occupation</td>
<td>Equal Remuneration Convention (No. 100) Discrimination (Employment and Occupation) Convention (No. 111)</td>
</tr>
</tbody>
</table>

Relations with Employees (Labor Union)

Based on the collective agreement with the Sumitomo Corporation Labor Union, Sumitomo Corporation provides its employees with explanations of its management policy and the status of its business, as well as opportunities to discuss wages, labor conditions, personnel affairs, safety and health, and employee benefits on a regular basis. The agreement defines that the company must maintain and improve employment conditions and ensure stable lives for employees, and the labor union must keep order and discipline at work and make an effort to increase labor efficiency, and both parties must cooperate with each other in developing the company’s business. To achieve this objective, we make every effort to have serious and sufficient discussions on each specific project, while ensuring mutual understanding and trust. In addition to matters for collective bargaining and negotiations on an official level, we hold various meetings to share opinions on a wide range of issues, such as informal meetings with the president, round-table discussions on business performance and related issues, personnel systems, and work styles, and work style improvement seminars and town hall meetings with the president organized jointly with the labor union. Sumitomo Corporation adopts a union shop system in which all employees are required to participate, excluding executives above a certain level and employees classified as non-union members based on an individual agreement taking into account the nature of their jobs. As of March 2020, the number of members of the Sumitomo Corporation Labor Union is 3,038, accounting for 59.0% of all employees of Sumitomo Corporation.

Activities

Employee Awareness Survey Results

The Sumitomo Corporation Employee Awareness Survey conducted in 2019 determined that items indicating a high level of satisfaction with the company remained at high levels and that engagement remains high.

<table>
<thead>
<tr>
<th></th>
<th>5th Survey (FY2016)</th>
<th>6th Survey (FY2019)</th>
<th>Comparison to Previous Survey</th>
</tr>
</thead>
<tbody>
<tr>
<td>Feeling of satisfaction with the company</td>
<td>3.9</td>
<td>3.9</td>
<td>±0</td>
</tr>
<tr>
<td>Work-life management (level of satisfaction &amp; practice)</td>
<td>3.3</td>
<td>3.4</td>
<td>+0.1</td>
</tr>
</tbody>
</table>

* Subjects: All employees (excluding employees on leave, etc.)
* Respondents selected the response that they believe most closely applies on a five-point scale (five is the highest score).
Basic Policy on Hiring

As a company that engages in global business, Sumitomo Corporation requires human resources who can work effectively in the global arena and are highly motivated. Consequently, our basic policy is to conduct fair recruitment that respects fundamental human rights, and hires employees based solely on the aptitude and abilities of applicants regardless of gender or nationality. In addition to hiring new graduates, we consider mid-career hiring as an integral part of strategic recruitment, and we continue to hire talented employees throughout the year.

Activities

Basic Measures Relating to Hiring: Internships

The company holds various seminars relating to hiring and creates numerous opportunities to support career development by students. The company holds seminars to support career development by students.

Internships for University and Graduate Students

We offer internships for university and graduate students every year in order for them to experience business of an integrated trading company. In FY2019, we conducted a program on the subject of new business planning focusing on telecommunication business in Myanmar dealt by Sumitomo Corporation. We introduce “design thinking” as one of the ways of thinking to avoid being caught up in the existing framework so that they can make their original ideas commercialized under new ideas. Furthermore, we ask them to create business planning from the viewpoint of our Material issues. Through this program, we expect them to have a deep understanding of our new value creation process.

<Number of Past Participants>

Recruitment of Mid-career Human Resources

The business environment surrounding us is changing rapidly. In order to survive the competition in this age of tremendous changes, we need to take on the challenge of doing business in new fields while expanding and advancing our existing businesses. To this end, we recruit mid-career workers who have great expertise and knowledge from outside the company, in addition to making effective use of our in-house human resources. Our mid-career hires have different backgrounds and include lawyers, public accountants, and those with other qualifications, as well as those who have experience in the manufacturing, financial, media, IT, and other industries. They are making use of the expertise they have gained in their respective fields for the benefit of our company. Sumitomo Corporation recruits mid-career workers not only for their expertise, however. We expect these employees who have diverse backgrounds, to revitalize the company with their ways of thinking, work methods, out-of-box ideas, and different viewpoints and help us enhance our competitive strength. Sumitomo Corporation will continue to foster mid-career recruitment along with the employment of new graduates for the retention of a diverse workforce.

<Number of Past Participants>
Human Resources Management: Human Resources Development

Policy and Concept

Basic Concept

For the Sumitomo Corporation Group, human resources are the most important managerial resource. Based on its understanding and implementation of the Management Principles and Activity Guidelines, the Sumitomo Corporation Group is committed to contributing to society across a broad range of areas by leveraging its diverse workforce of people from all walks of life who are constantly creating new value on a medium- to long-term basis. To meet this commitment, the Group is striving to enhance the abilities of individual employees and speed up human resource development while fostering strategic and planned employment as well as the development and empowerment of its workforce as a whole. For the development of its human resources, the Sumitomo Corporation Group traditionally provides both OJT and OFF-JT. OFF-JT supplements OJT, which forms the foundation of the Group’s human resource development. In OFF-JT programs, participants look back on their job successes and failures, generalize/conceptualize their experiences, and acquire the skills and knowledge required for their jobs in preparation for taking on more difficult tasks.

Activities

Our Personnel Development Programs

As Sumisho Business College (SBC), we organize 330 courses of OFF-JT training a year and offer programs that cover the knowledge and skills necessary for business. In particular, we are focusing on training programs that will contribute to enhancing the abilities of individuals such as change and creativity, logical thinking, execution/realization capability.

We also offer Long-Term Programs for Selected Employees that allows employees to acquire the knowledge and skills necessary for business management. Many of those completing the program have been playing a leading role in managing associated companies in Japan and abroad. In our efforts to enhance the development of human resources, we make effective use of external training programs, such as overseas executive programs, in addition to in-house training programs.

We also constantly conduct a study tour to visit Besshi Copper Mine where the business of the Sumitomo Corporation Group started to give employees an opportunity to feel Sumitomo’s Business Philosophy, which is the source of the Group’s Management Principles. Since FY2017, we have increased the frequency of the program and expanded the eligibility requirements to further instill the Sumitomo Business Philosophy.

Number of Hours for Ability Development Training in FY2019

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
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</thead>
<tbody>
<tr>
<td>Total number of training participants</td>
<td>14,963 employees</td>
</tr>
<tr>
<td>Total number of training hours</td>
<td>65,652 hours</td>
</tr>
<tr>
<td>Number of training hours per employee</td>
<td>12.7 hours</td>
</tr>
</tbody>
</table>

(*) Training for senior management to discuss ideal decision-making and behavior from a high perspective
Human Resources Management: Human Resources Development

Human Resources Development Programs

1. Level-Specific Programs
Level-Specific Programs are designed to help employees develop leadership mindsets and the skills needed for each level, with the aim of systematic leadership development. From new employee to senior management, Participants in the training will understand what is expected of them and what roles they should fulfill, thereby acquiring tips on how to transform themselves. We hold Level-Specific Programs for the entire Sumitomo Corporation Group. Through the program participation, they build a rich network within the Sumitomo Corporation Group. In these programs, emphasis is placed on fostering leadership that can contribute to society through business, and programs that enable participants to gain awareness for independent personal growth are provided.

2. Elective Programs
More than 70 different selective programs are available, covering comprehensive knowledge and skills, from basic to advanced levels, that will be needed to play a leading role as an executive who can contribute to society through business. After completing the Introductory Seminars and the Basic Seminars where employees can acquire the basic theories and frameworks that they should fulfill, thereby acquiring tips on how to transform themselves. We hold Level-Specific Programs for the entire Sumitomo Corporation Group. Through the program participation, they build a rich network within the Sumitomo Corporation Group. In these programs, emphasis is placed on fostering leadership that can contribute to society through business, and programs that enable participants to gain awareness for independent personal growth are provided.

3. Long-Term Programs for Selected Employees
Participants in the programs will work to establish their own management philosophy and acquire skills to foster self-directed learning and practical leadership, which are difficult to develop under short-term programs. Participants in the programs are selected from among those who are demonstrating their abilities at the forefront of business and those who are expected to take on leadership roles in the future. Programs that hone the leadership skills for contributing to society through business are provided. Also, in some of the programs, lecturers and participants will engage in two-way discussions so that participants can gain a broader perspective on organizations, the entire company, and society as a whole.

- Leadership Cultivation Program
Approximately 30 employees participate in this program each year, during which they review their own leadership style and conduct with a focus on acquisition of an independent attitude. Participants are young managers who will become the next generation of team leaders (department managers). Over the course of six months, they attend 10 lectures on management skills for drawing out the motivation and potential of subordinates and maximizing organizational productivity.

- Workshop with General Managers of Business Units
This workshop targets general manager and assistant general manager class personnel who are expected to hold executive positions in the future and seek companywide managerial perspectives. Participants acquire the broad perspectives, thinking, and attitudes required of management by participating in extensive dialogues and discussions with senior management. Each year, about 30 employees participate, attending eight sessions over four months and giving a companywide presentation on the future of the company.

- Sumitomo Executive Management Program
Targeting team leader (department managers) who have the potential to become executive managers in the future, this program provides the knowledge and skills needed by executives and fosters managerial perspectives and philosophy to create executive management human resources who can contribute to society through business. Approximately 30 employees participate each year, attending 30 sessions over about 10 months. At the conclusion of the program, participants give a presentation to executives on their own managerial vision.

- Overseas training at IMD
As part of the Executive Management Program, a customized program is implemented in Lausanne, Switzerland in collaboration with IMD, an overseas business school, to enable participants to acquire knowledge and skills that are global executive managers.

- Participation in Domestic and Overseas Executive Programs at the Company’s Expense
Department and division managers who are potential candidates for executive management positions in their respective organizations are sent to executive programs at domestic and overseas business schools at the company’s expense. At least 30 employees participate in the domestic program with a focus on business schools in Japan, and for the overseas program, at least 30 employees are sent to leading overseas business schools with the objectives of fostering awareness and thinking as a future executive, acquiring comprehensive management knowledge and executive decision-making capabilities, and growing through interactions with other personnel and executives.
As a global business group, the Sumitomo Corporation Group also conducts many overseas dispatch programs to develop employees who can work effectively around the world. Sumitomo Corporation has various training programs that enable young employees to work overseas including a trainee program that fosters future employees who will be sent on overseas assignment, a language training program that develops language and area specialists, a global intern program that focuses on business in emerging countries, and a study abroad program primarily for acquisition of an MBA. Each year, 80 to 100 young employees are dispatched to different regions of the world to work. The study abroad program in particular sends a small number of employees each year to the world’s top 20 class business school MBA programs and law schools so we can continuously develop employees with advanced specialized knowledge, skills, and personal networks.

As a global organization contributing broadly to society, the Sumitomo Corporation Group employs Management Principles that place prime importance on integrity and sound management with utmost respect for the individual. Based on this principle, the Group developed the CSR Action Guidelines for Supply Chain Management that take into consideration human rights and various other issues. The first provision of the guidelines is to “respect human rights and not to be complicit in human rights abuses.” With the above considered, we have established a committee to promote human rights and Dowa issues, and we have a forum to discuss internal issues on human rights such as Dowa issues, Buraku discrimination, people with disabilities, foreign residents and other issues related to human rights every year. We also invite experts from outside the company to conduct annual human rights training to raise employee awareness of human rights issues. In addition, since FY2015, we have held practical workshops on methods for assessing risks of human rights violations in supply chains. In addition, training seminars on mental health and human resources management are also available, and recently, training on sexual and power harassment has been conducted for all managers. In Level-Specific Programs for managers, programs on harassment have also been added to maintain a harassment-free work environment and to provide suggestions on how to address harassment if it occurs. Through these efforts, we constantly provide employees with correct education and raise their awareness to prevent human rights violations at work.

The Sumitomo Corporation Global HRD Center in Ginza, Tokyo serves as a training center to develop global talent as well as a strategic multipurpose facility. As a training center, it is used to further strengthen the development of a global and diverse talent. It also has a versatile multipurpose space, which is used for Head Office functions. International colleagues from different organizations and countries all over the world meet at this facility for intensive discussions on the future visions and strategies of the Sumitomo Corporation Group.

Career Adviser
Since April 2007, career advisors (CA) have been available at each organization with the aim of improving employees’ career development and reinforcing the organization through providing assistance to individuals and organizations. CAs have three key roles: provision of support and advice to employees (both subordinates and supervisors), and provision of support for communication between individuals and the organization. Through these roles, they support the creation of a good work environment where employees can maximize their abilities and strength.
Business description

**Human Resources Development for a Large-scale purchasing project of Construction Machinery Made in Japan, the First of its Kind in Uganda**

The Republic of Uganda is a landlocked country in East-Central Africa. The agricultural population accounts for 80% and its major industry is agriculture, which accounts for 40% of the GDP and 80% of the export revenues. The Uganda Government promotes economic growth for the purpose of addressing social issues, such as poverty reduction. Its main efforts are concentrated on diversifying export products, mainly agricultural products, and adding value to them. Among the government priority policies to achieve this goal, the highest priority is placed on the construction and maintenance of local roads that are used to deliver and sell domestically produced agricultural products safely and promptly in domestic and international markets. They have developed plans to purchase construction machinery and vehicles necessary for road construction.

In response, based on our wide variety of experience in export sales business over many decades in Africa, we proposed a scheme for which a customer-oriented financing can be used. In September 2015, our company and the Uganda Ministry of Works & Transport signed a contract for large-scale purchases of about 650 construction machines in various kinds and about 500 vehicles. In April 2017, we started delivering them and, in May 2018, all the machines were installed as planned. These machines and vehicles are operated at various places in Uganda. Construction machines and vehicles that have been supplied by our company are being used for constructing road networks as scheduled in Uganda, leading to enhancing the distribution of agricultural products domestically and internationally. Our contribution to supporting the transportation infrastructure of the country and to building a platform that promotes economic development will generate a virtuous circle of growth and development together with local communities.

In this project in Uganda, we placed emphasis not only on delivering construction machines and vehicles but also providing education and instruction on how to operate them correctly. In cooperation with each manufacturer, we trained a total of 47 operator trainers and about more than 1,000 operators. In addition to sales of construction machines and vehicles, we also provide after-delivery services, in cooperation with each manufacturer, including parts supply, to ensure continuous operation without problems. We also provide support programs, including training of machine operators and trainers who educate machine operators. Through these efforts, we believe we can contribute to the development of Uganda.

**Activities**

Training of local operators of supplied machines

*The vehicle in the photo is a motor grader used for ground leveling.*

Business description

**Job Training Programs at Toyota Iraq**

Sumitomo Corporation provides job training programs in Iraq via Toyota Iraq, its consolidated subsidiary. The objective of these programs is to help young internally displaced persons (IDPs) in Iraq acquire technical skills to ensure their stable employment opportunities in the future and to form the basis of independent living. In response, Toyota Iraq, jointly with the UNDP, implemented job training programs for IDPs five times. A total of 52 young people have so far completed these programs. It is the hope of Sumitomo Corporation to achieve the sustainable development of local society. To fulfill this hope, we will continue to support IDPs to improve their living conditions in Iraq through our business activities.

Trainees receiving training on vehicle maintenance, parts warehouse management and customer services
Human Resources Management: Utilization of Human Resources (Allocation)

Activities

Enhancement of Talent Management

Talent cannot be developed overnight. There is a need to envision, develop and deploy human resources required for the growth of each business in the medium-to-long term. In order to allocate human resources strategically in line with business strategies continuously and on a global basis, the Sumitomo Corporation Group implements the measures below to help all employees play an active role, regardless of whether Sumitomo Corporation non-consolidated, overseas offices or associated companies.

Key positions involving Group management needed to execute Group strategy. Portion in blue shaded area: General Manager and above envisioned in the case of Headquarters.

Definition of Key Positions

The abilities required of key positions are defined from three viewpoints, "Experience," "Skill / Knowledge," and "Personal Qualities."

Definition of Key Position Criteria

Preparation of Successor Development Plan

Each key position candidate will be selected not only for the next generation but also the following generations to come, and a successor training plan will then be put in place. Additionally, according to circumstances, candidates are periodically replaced.

Development of Managerial Talent

To enable key position candidates to acquire the necessary experience, skill, and ability, we will effectively combine job rotation, job assignment, and off-the-job training.

Create a global human resources database

To visualize what kind of human resources we have and where, we will build a Group human resources database including overseas human resources.

Introduce the Global Mobility Policy

Common Groupwide rules on employment conditions and welfare packages to be applied in the case of transfer between overseas bases.

Introduce the Global Grading System

To compare what level of human resources are present across the Group, we will consider introducing a common Groupwide personnel grading system.

Advancing Global Measures to Develop Human Resources

Aiming to recruit and develop personnel who can lead global business operations, the Sumitomo Corporation Group is focusing on promoting and developing locally hired employees in its overseas offices and Group companies. As part of these efforts, we conduct training programs for locally hired employees at different career levels, such as senior staffs, managers, and senior executives. Through these training programs, nearly 300 participants each year come from all over the world to the Head Office in Tokyo. The programs establish a shared sense of the Sumitomo Corporation Group's corporate DNA and strengthen the sense of unity among employees as members of the Group by reaffirming participants' understanding of Sumitomo's business philosophy and the Group's Management Principles.

Human Resources Globally Playing a Leading Role

Sumitomo Corporation Group promotes placing the right person in the right position at the right timing on a global basis, regardless of nationality and affiliation. Based on this policy, locally hired staff and employees of associated companies are transferred beyond the borders of countries and companies. We positively appoint local staff to executive positions of overseas offices to promote our policy of placing the right person in the right place on a global basis.
Human Resources Management : Utilization of Human Resources (Allocation)

Activities

Key Allocation of Human Resources to Drive the Growth Strategy

Amid the Fourth Industrial Revolution, as innovation and Digital Transformation (DX) lead to constantly emerging new business models, the promotion of our growth strategy requires cross-organizational collaboration transcending the boundaries of industry and geographical location that are reflected in the divisional and regional structure of existing businesses.

To accelerate this movement, we are making key allocation of talents to organizations promoting businesses that transcend existing divisions and frameworks. Such organizations include our Corporate Planning & Coordination Department’s Connect & Innovation Center (CIC), the DX Center responsible for promoting DX companywide, and departments responsible for business development both in Japan and overseas.

Allocation of talents with varied ranges of experience in promoting new value creation will drive powerfully both the Expansion of Business Support Functions and Management Base Enhancement to support the growth strategy of our Medium-Term Management Plan 2020.

Succession Plans/Enhancement of Human Resources Database

To continuously realize strategic HR allocation on a global basis, HR development and appointment of managerial talents according to our business strategies, we undertake succession planning covering the next and subsequent generations for key positions (approximately 380 positions equivalent to the level of general manager in HQ and above) including overseas regional offices and group companies. To ensure that candidates for key positions are equipped with the necessary experience, skills, and other requirements, we develop their capabilities accordingly, so that we can enhance the talent pool both quantitatively and qualitatively.

In addition, we are working to create a job grading system on a global basis and a HR database including overseas regional offices and group companies. We have also formulated the Global Mobility Policy as our groupwide rule stipulating allowances and benefits packages for international assignment. This will serve as a platform to promote deployment of talents across countries and regions.

Active Use of Interdivisional Job Rotation

In the current business environment, where increasing diversification and complexity leads to discontinuous change into a new dimension, we believe that talents equipped with diverse sets of experience is essential. As one of the HR strategies in the Medium-Term Management Plan 2020, we are promoting interdivisional job rotation with the aim of developing talents as future executive candidates. Going forward, we will continue to implement interdivisional job rotation to develop talents with a wider range of experience and perspectives, and thereby expand the talent pool of management candidates for coming generations.
The business environment surrounding the Sumitomo Corporation Group has been rapidly changing and the regions and business fields in which we operate and business models have also been rapidly diversified. In order for the Group to address such changes and continue to develop in a sustainable way in an era called the fourth industrial revolution, it is essential to include diversity promotion in its management strategy. Furthermore, in response to expanding overseas markets, it has become urgently necessary to develop human resources for management who can take a leadership role in driving business growth globally.

The basic concept of human resources strategy defined in the Medium-Term Management Plan 2020 is “Diversity & Inclusion: Make diversity a source of competitiveness.” It consists of four elements: “Expand the strength of individuals,” “Capitalize on the strength of individuals,” “Encourage individuals to challenges,” and “Value, respect and include individual differences.” The last element supports the preceding three elements.

To survive this revolutionary world where business is becoming diverse and sophisticated, it is essential to effectively use a mixture of diverse kinds of knowledge from diverse human resources to improve our competitiveness. In this context, with a focus on the diversity of our human resources on a global basis, particularly on individuals’ strengths, we will combine their strengths to further accelerate our growth strategies. What is important here is the concept of inclusion, or creating an atmosphere that recognizes different individualities and respects and accepts the differences. Based on this concept, we need to practice inclusion and make effective use of differences as a source of competitiveness.

Simply focusing on visible diversity, such as gender, nationality, race, and age, is not enough. It is also crucial to recognize invisible diversity, different opinions, thoughts, ideas, values, abilities, skills and experience. Our aim is to unite the organization through managing invisible diversity and to use differences as a source of competitiveness to add value and accelerate growth.

In promoting the growth strategy, we need to involve all the employees of the Group. To use them effectively, it is necessary to take into account invisible diversity and allocate the right person in the right place at the right time on a global basis and provide them with the right training. We also recognize the necessity of creating the right organization and nurturing culture and awareness to support it. To do so, both top-down from the management and bottom-up are important. One of the bottom-up initiatives is the launch of the Diversity & Inclusion Promotion Project in FY2017 as an advisory body reporting to the president. Executives in charge of human resources, general affairs and legal affairs serve as project leaders and project members with different backgrounds discuss on-site issues and potential.

Opinions and suggestions from members of this project are reflected on the human resources strategy in the Medium-Term Management Plan 2020. In cooperation with overseas organizations that have launched similar projects, we will pursue diversity in the Group on a global basis.

**Basic Concept of Human Resources Strategy**

- Encourage individuals to challenges
- Expand the strength of individuals
- Capitalize on the strengths of individuals
- Value, Respect, Include individual differences

“Diversity & Inclusion”
—Make diversity a source of competitiveness—

[Basic Concept of Human Resources Strategy]
Human Resources Management : Utilization of Human Resources (Diversity & Inclusion)

Activities

**Encouraging More Active Involvement of Female Employees in Business**

Promoting active involvement of female employees in business is one of our important management strategies, and we are supporting these efforts through various measures. Aware of the support required for achieving a satisfying work-life balance, Sumitomo Corporation has introduced programs to encourage employees to work vibrantly and positively following maternity and childcare leave in addition to the systems of support that exceed requirements under the Child Care and Family Care Leave Law and related laws. For example, Sumitomo Corporation established the Triton Sukusuku Square in-house daycare center in 2008 to provide childcare services for Sumitomo Corporation Group employees, distributed a handbook that supports the achievement of balancing a professional career and childcare, and introduced a program that supports employees who only take their children with them while working overseas. We made an action plan of promoting women in March 2016 prescribed by The Act on Promotion of Women's Participation and Advancement in the Workplace. [Action Plan (Japanese) (PDF/74KB)]

**Support for Balancing Work and Child-rearing**

Sumitomo Corporation offers various options that are available both for men and women with the aim of creating a work environment where diversified employees who have entered the life stage of child-rearing can exert their maximum performance abilities. The Human Resources Department's staff interviews an employee who is to take a child care leave and her direct supervisor to provide information on relevant programs to facilitate her taking the leave and returning to work.

**Childcare Consulting Services**

As part of our efforts to support employees to achieve childcare-work balance, we have adopted childcare consulting services provided by Poppins to which we outsource the operation of the in-house nursery.

**Re-employment of Former Employees who had to Leave the Company due to their Spouse's Transfer**

A re-employment program is available for former employees who had to leave the company due to their spouses overseas transfer if they meet certain conditions.

**Maternity and Child-Care Related Programs at Sumitomo Corporation**

Attaching great importance to diverse values and lifestyles in personal WLM fulfillment, we offer various optional programs and are flexible and supportive in helping employees eliminate any problems or concerns.
Support for Balancing Work and Long-term Care

Sumitomo Corporation offers various programs to help its caregiving employees work without anxiety. We are working to create a work environment where employees who have entered the life stage of caregiving can play an active role at work. We hold seminars on caregiving issues and individual consultation sessions on caregiving issues (once a month). In 2014, we distributed the “Handbook for Managing Work-Caregiving Balance” to all employees.

### Activities

<table>
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<tr>
<th>Program</th>
<th>Eligibility criteria</th>
<th>Frequency/period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consultation on caregiving issues</td>
<td>Sumitomo Corporation employees</td>
<td>Once or twice/year</td>
</tr>
<tr>
<td>Consultation sessions on caregiving issues</td>
<td>When any of the following people needs long-term care: spouse, parent, child, grandparent, sibling, grandchild, or spouse’s parent</td>
<td>Once monthly</td>
</tr>
<tr>
<td>Flex-time work system</td>
<td>Under the flex-time work system, daily work hours can be shortened by a maximum of 120 minutes.</td>
<td></td>
</tr>
<tr>
<td>Short working hours</td>
<td>Thirty days for one case as a rule</td>
<td></td>
</tr>
<tr>
<td>Exemption of overtime work</td>
<td>Five days annually for one person</td>
<td></td>
</tr>
<tr>
<td>Exemption of late night work</td>
<td>Ten days annually for two or more persons</td>
<td></td>
</tr>
<tr>
<td>A leave of absence for nursing care</td>
<td>When any of the following people needs care: spouse, parent or child</td>
<td>Three times/person</td>
</tr>
<tr>
<td>Long-term leave</td>
<td>When any of the following people needs long-term care: spouse, parent, child, grandparent, sibling, grandchild, or spouse’s parent</td>
<td>Three times/person Up to 365 days in total</td>
</tr>
</tbody>
</table>

### Other services available

- **Long-term care-related support services**
  
  [http://www.seacare.or.jp](http://www.seacare.or.jp)

  Free consultation services for issues related to long-term care, such as how to use long-term care insurance services, how to get along with care managers and professional caregivers, and how to choose care facilities; and support services for long-distance care and balancing work and long-term care.

- **Elderly home monitoring services**
  
  (Reference: HR intranet > Work-life management)

  For those with a family member living separately who needs long-term care or those stationed in an overseas office who have a family member living in Japan who needs long-term care, home monitoring services provided by SECOM Co., Ltd. or CENTRAL SECURITY PATROLS Co., Ltd. are available.

- **Cafeteria Plan**
  
  (Reference: HR intranet > Employee benefits > Cafeteria Plan > User’s manual)

  “Cafeteria Plan” points can be used for the purposes below:
  - To partially cover caring costs
  - To partially cover costs for care products
**Support for Senior Employees' Activities**

In terms of securing human resources to ensure the sustainable growth of the organization, Sumitomo Corporation has been improving the work environment to achieve active involvement of all employees regardless of age. The aim is to provide all employees with opportunities to play an active role at work. As part of this effort, we adopted in April 2006 an employment extension system that is available for all employees who reach the mandatory retirement age of 60 and want to continue working to the age of 65.

**CLP (Career & Life Planning) Training**

CLP training is provided to employees 50 years of age or older to give them an opportunity to look back on their experience of working at Sumitomo Corporation and develop their career and life plans for further improvement in the future, regardless of internally or externally. In this training, we explain the company’s employment extension system and retirement benefits, public pension plans, long-term care and other insurance systems, and other relevant programs, thereby providing information on financial planning, which is necessary when considering life planning.

**Career Assessment Interviews**

Employees 50 or older can consult on post-retirement career and life planning when they conduct their annual interview with their supervisor. In interviews conducted two years before mandatory retirement, employees who wish to continue working after the mandatory retirement age are informed by a supervisor about their likely assignment and salary. By creating an early opportunity to compare the desires of the employee with the expectations of the organization, we provide support so that employees can make independent decisions regarding the flexible work styles that they want after retirement.

**Support to Find a New Job Outside the Company**

For employees looking for new job opportunities outside the company, we provide re-employment support services such as consulting with a specialist career consultant from a re-employment support firm under contract with the company.

**Promotion of the Employment of the Disabled and Retention of Disabled Employees**

As part of its efforts in corporate social responsibility and toward diversity, Sumitomo Corporation has been promoting the employment of the disabled. In 2014, we established Sumisho Well Support Co., Ltd., a special subsidiary company, to promote the employment of people with disabilities and retention of disabled employees. Disabled employees of Sumisho Well Support are engaged in various tasks, such as supplying office stationery, in-house mail delivery, making name cards, and converting data into PDF files to promote paperless transactions. They are now indispensable for our company's business activities. In conjunction with the expansion of business, the number of disabled employees has increased, reaching 45 as of November 2019. We will continue to cooperate with disabled persons and help them grow and encourage them to be independent. As the Sumitomo Corporation Group as a whole, while ensuring to meet the legal employment rate for disabled people, we will further increase job opportunities for disabled people.

**Raising Understanding of LGBTQ* Employees**

The Sumitomo Corporation Group Compliance Policy (established March 2019) and the Employment Rules codify that no fear or discomfort shall be caused through sexualized speech or conduct, harassment, slander or defamation, intimidation, violent behavior, or the like on the basis on sexual orientation or gender identity. We believe that acquiring appropriate knowledge concerning LGBTQ individuals is important and provide information to employees through various training. We also created an LGBTQ consultation desk, set out employment rules that enable the same sex partners of employees to enjoy certain employee programs, and are taking various other measures to create work environments free from any discrimination to LGBTQ employees.

* Refers to lesbian, gay, bisexual, transgender, and questioning.
Policy and Concept

Creation of an Environment Where Diverse Individuals can Demonstrate their Fullest Abilities

Sumitomo Corporation formed the company-wide “Work-life Balance Promotion Project Team” in April 2005. Since its launch, the team has implemented various efforts. In December 2015, the team’s name was changed to “Work-Life Management” in order to clarify our underlying idea that employees should promote a smart work style over a medium- to long-term perspective and proactively manage work-life balance. How to manage work-life balance depends on individual values and lifestyles. We believe a fulfilling life as a whole, both at work and in private life, produces vitality, which serves as a driving force to create new value. In this context, Sumitomo Corporation offers various kinds of options to help employees address various issues. We also use and promote an output-oriented approach to work, which generates high added value.

Reduction of Overtime

- Time Management Training sessions held
- Regularly holding labor-management roundtable discussions
- Implementing work-style KAIZEN seminars (labor-management collaboration)
- Awareness raising efforts

Encouragement to Use Entitled Leaves

- Quantitative targets set for paid leave utilization
- Initiatives for “Premium Fridays”
- Spouse maternity leave, Refresher leave, Volunteer leave

Promotion of Flexible Work Styles

- Teleworking system
- Super flexible work hours system
- Dress Code Modified

Activities

Reduction of Overtime

Sumitomo Corporation has promoted a smart work style with smart distinction and switchover between “work with full energy” and “enjoy private life.” As business is becoming diverse and sophisticated, job types and tasks are also becoming diverse. Under these circumstances, the management of working hours by reducing them quantitatively and uniformly does not suit the current situation. Merely working long hours does not necessarily result in better achievement. In terms of improving global competitiveness, company-wide efforts will be continued to pursue a work style that generates added value. We have programs for employees to share information on efforts to raise awareness and other useful information. Examples are shown below:

Time Management Training

Since 2005, we have been providing employees in Class-A key career positions with time management training. We are expanding the target to a wider range of employees, providing it in an ongoing manner as part of our employee awareness-raising activities.

Work-style KAIZEN Seminars

Since 2008, jointly with the labor union, we have held work style kaizen seminars inviting external lecturers a few times annually. Lecturers in the past include Takeru Kaido, Osamu Hayashi, Akihiro Nakatani, Tsuneo Sasaki and Yoshie Komuro.
Encouragement to Use Entitled Leaves

Sumitomo Corporation promotes a smart work style with the aim of improving productivity to achieve the maximum results in a limited time. Efforts to achieve this goal include the setting of a target number of paid leaves to be taken in 2016 and the adoption of “Premium Fridays” in 2017.

### Paid Leaves Taken by Employees

In 2017, a company-wide, quantitative target was set for each employee to take at least 14 days, which was reached by 95.7% of the employees. In 2018, it was set to each employee taking at least 14 days of paid leave and the non-binding target was set to 16 days, and as a result, the targets were achieved by 94.3% of the employees. In 2019, the company-wide, quantitative target was set for each employee to take 16 days off, which was achieved by 82.7% of the employees.

The acquisition rate has been steadily increasing over the last four years since the quantitative targets were first set in 2016, and in order to further cultivate a “self-driven and output-focused work style”, no targets are set for 2020. The paid leaves will be managed by each organization and individuals.

### Premium Fridays

- On the Premium Friday, it is recommended to take all-day or the afternoon off.
- If it is difficult to take a paid day off, it is recommended to use flextime and leave the office earlier than usual.
- In addition to the month-end Friday, which is designated by the Ministry of Economy, Trade and Industry as Premium Friday, it is recommended that employees take a paid day off or use the flex-time work system on other Fridays of the month, which we collectively call “Premium Fridays.”

Creation of a Work Environment to Realize Self-sustaining and Flexible Workstyles

The objective of the teleworking and the super-flexible work hours system is to create a work environment where employees can work proactively and flexibly and to achieve an output-oriented work style that generates high added value. By allowing employees to work proactively and flexibly, it is aimed to help them make the time for themselves to maintain good health and improve their self-value, leading to maximizing their performance.

### Teleworking System

In November 2018, we adopted a teleworking system, which offers three options: working at home, working from a satellite office, and mobile working. This system applies to about 4,000 employees working for Sumitomo Corporation in Japan. As a rule, eligible employees are entitled to up to 14.5 hours (equivalent to the work hours for two days) of teleworking per week. They are allowed to work at home or any of more than 100 satellite offices mainly located in Tokyo, which is helpful for them to expand the work area flexibility. There are no particular restrictions on use, in general. Employees in different circumstances, such as providing childcare and long-term care, throughout the company, are provided an opportunity to work proactively and flexibly.

### Super Flexible Work Hours System

In November 2018, we abolished the flexible work hours system, under which employees were required to be present during the fixed core hours from 11:00 to 15:00, and newly adopted the “super flexible work hours system.” The new system has no core hours. Employees can start and end their work at any time during the flexible time band from 5:00-22:00. This system allows individual employees to design and manage their own work style, leading to further improvement of the performance both of the organization and each employee.
Creation of a Work Environment to Realize Self-sustaining and Flexible Workstyles

Dress Code Modified
As a part of our efforts to develop flexible work environments that promote employee autonomy, we focused on work sites and times and introduced the teleworking system and the Super flexible work hours system 2018. To build on these systems, in April 2020, we reviewed the dress code to promote changes in individual and organizational awareness and further promote autonomous work styles. After organizing current rules on attire, we eliminated dress codes within the scope of common sense appropriate for the work and workplace at the company according to TPO.

Creation of a Work Environment to Realize Self-sustaining and Flexible Workstyles MIC Selects Sumitomo Corporation for Telework Pioneer 100

Sumitomo Corporation introduced the teleworking system in November 2018 as a part of its workstyle reforms and has focused efforts on new work styles. These efforts have been recognized, and the Ministry of Internal Affairs and Communications (MIC) selected Sumitomo Corporation for inclusion in the Top Hundred Telework Pioneers for FY2019. Through Top Hundred Telework Pioneers, MIC recognizes companies and organizations with sufficient achievements that are advancing the introduction and utilization of telecommuting. In 2019, we implemented an initiative entitled Work Style Transformation 2019 with the aim of further promoting new work styles that make use of new systems. A survey conducted after the program ended indicated that more than 96% of employees felt that the program increased individual productivity, supported improved health, and made the working environment more comfortable, and evaluations were extremely high. In addition, the new work styles lead to increased employee engagement, and a majority of respondents indicated that permitting unrestricted work styles indicates that the company trusts employees, and motivation is in turn increased. Going forward, we will implement additional workstyle reforms to promote paperless operations, enhance employee IT literacy, improve operational flows, and make other improvements.
Supply Chain

Policy and Concept

The Sumitomo Corporation Group is engaged in globally-oriented business in a wide range of fields. It is our responsibility to appropriately manage impacts caused by our business activities, including extensive supply chains, on society and environment. The Sumitomo Corporation Group has established the CSR Action Guidelines for Supply Chain Management. Through the implementation of these guidelines, we are aiming to realize a sustainable society by working together with our suppliers and business partners to achieve responsible value chain management. The Company provides numerous opportunities to promote the understanding and entrenchment of these guidelines, including training for new employees and locally hired employees, meetings within business units and domestic and overseas regional organizations, and pre-departure briefings with employees being sent on overseas assignments in order to promote sustainable supply chain management.

Conflict Minerals Policy

The Dodd-Frank Act, which was enacted in July 2010, requires US-listed companies to trace the country of origin of minerals used in their products within their supply chains to determine whether or not "conflict minerals"* produced in and around the Democratic Republic of the Congo are included. The results must be reported annually to the U.S. Securities and Exchange Commission (SEC) and disclosed on their websites.

Such reporting is not mandatory for the Sumitomo Corporation Group itself because it is not US listed. However, if it is revealed that a conflict mineral is used by our partner company, our reputation could be harmed and it may affect customer selections. We therefore gather relevant information regularly and managed it unitarily.

* The Dodd-Frank Act defines conflict minerals as tin, tantalum, tungsten and gold.

The Sumitomo Corporation Group CSR Action Guidelines for Supply Chain Management

The Sumitomo Corporation Group aims to be a global organization that, by constantly staying a step ahead in dealing with change, creating new value, and contributing broadly to society, strives to achieve prosperity and realize the dreams of all our stakeholders through sound business activities in strict adherence to our Corporate Mission Statement, and the management style principle contained therein, wherein prime importance is given to integrity and sound management with the utmost respect being paid to the individual.

In order to promote sustainability and social wellbeing in accordance with our mission, the Sumitomo Corporation Group hereby sets down these CSR Action Guidelines for Supply Chain Management. With a view to further strengthening the global relations which form one of the foundations of our core competence of integrated corporate strength, we request our suppliers and business partners to kindly accept, understand, and practice these guidelines so that together we can achieve responsible value chain management.

Our suppliers and business partners are expected to:

1. Respect human rights and not to be complicit in human rights abuses
2. Prevent forced labor, child labor and the payment of unfairly low wages
3. Not engage in discriminatory employment practices
4. Respect the rights of employees to associate freely in order to ensure open and fair negotiations between labor and management
5. Provide employees with safe and healthy work environments
6. Protect the global environment and give due consideration to biodiversity
7. Ensure the quality and safety of products and services
8. Ensure fair business transactions, to abide by all applicable laws, rules and regulations, and to prevent extortion, bribery and all other forms of corrupt business practices
9. Ensure appropriate information security
10. Cooperate with members of local host communities and contribute to sustainable regional development
11. Disclose information regarding the above in a manner both timely and appropriate.
Supply Chain

Certification

Measures Taken through Sustainable Supply Chain Certification

RSPO: Roundtable on Sustainable Palm Oil
We became an ordinary member of the RSPO in 2019. Further, our consolidated subsidiaries SC Foods Co., Ltd. and Summit Oil Mill Co., Ltd. will obtain RSPO supply chain certification in 2020.

SBP: Sustainable Biomass Program
In September 2019, we became the first Japanese company to obtain SBP certification for CoC (Chain-of-Custody) and Collection and Communication of data. SBP is a certification system providing assurance that woody biomass used in energy production is sourced from legal and sustainable sources.

FSC®: Forest Stewardship Council
We obtain FSC® -CoC certification, an international forest management certification system, and provide customers with FSC® -certified products mainly from our group-companies.

PEFC™: Program for the Endorsement of Forest Certification Schemes
We obtain PEFC™ CoC certification, an international forest management.

Activities

Measures Taken in the Textile Industry
Sumitex International Company Ltd. deals in products ranging from fiber material to final secondary products, such as clothing and general merchandise. The company aims to achieve sustainable growth in harmony with society while paying careful consideration to labor and other practices in their supply chains. They conduct work environmental audits of plants where the production is outsourced, based on the standards of some customers. Issues to be audited include not only the work environment but also child labor, forced labor, coercion, harassment, discrimination and occupational safety. The company does not use manufacturing plants that fail to meet the standards and only use those that meet the Sumitomo Corporation Group CSR Action Guidelines for Supply Chain Management and the Code of Conduct (CoC) of our customers.

Measures Taken in the Chemical and Electronics Industries
Sumitomo Shoji Chemicals Co., Ltd. is mainly engaged in trading business of chemical and electronic products, which are involved in various industries and have a multitude of applications. Before starting business transactions, the company confirms that each supplier of raw materials does not use conflict minerals, which are key funding sources for local armed groups, and appropriately manages chemical substances contained in their products in line with customer's demands, to make sure that no issues related to the environment and human rights have been reported. Sumitomo Shoji Chemicals is a member of Sedex, a nonprofit membership organization providing a world’s largest platform to manage and share ethical data within supply chains, with the aim of ensuring ethical and responsible business practices in global supply chains. The company has also passed the human rights and environmental audit of Sedex. Sumitomo Shoji Chemicals agrees on the Green Partner Environmental Quality Approval Program of its clients, whose objectives include the promotion of environmental protection. It also requires its suppliers of raw materials to agree on a green procurement program and other relevant programs and to comply with environment-related laws and regulations, and follows their implementation.
Business description

Participation in a commercial lunar exploration program

Sumitomo Corporation has signed a contract with ispace, a company that aims to create an earth/moon economic sphere by developing a city/resources on the lunar surface. The contract makes Sumitomo Corporation a Corporate Partner of HAKUTO-R, the world’s first commercial lunar exploration program. The HAKUTO-R program managed by ispace aims to create a new market consisting of the earth and the moon as one economic zone by realizing the first commercial lunar exploration and opening up business opportunities on the lunar surface. Water is essential for extending the human presence to space and the existence of resources on the moon such as water has been confirmed. It is expected to create fuel for rockets, etc. by electrically decomposing water into hydrogen and oxygen. Once the development of the lunar surface advances through the utilization of water resources and infrastructure such as an international space station able to accommodate humans is built, the earth and the moon and everything in-between will be opened up as a new sphere of human activity. In addition, Sumitomo Corporation has been involved in space business since 1994 and has participated in government-led international space development through Hamilton Sundstrand Space Systems International, a joint venture with United Technologies Corporation. Hamilton Sundstrand develops, manufactures and markets space suits, environmental control systems, and other products. We have now started tackling the challenges of the next stage of space business and entering the new field of commercial space development.

Venture investments in Silicon Valley

Through a venture investment fund it established in 2017, the Sumitomo Corporation Group has invested in Arevo, Inc. (“AREVO”), a company known for its 3D printing technology using carbon fiber reinforced composite material. 3D printers produce three-dimensional objects from design models by adding materials layer by layer. Originally, 3D printing technology was developed for making prototypes for manufacturers to examine the structure, design, and function of products before mass-producing them. In recent years, however, the performance of 3D printing has improved to the point that the technology is beginning to be used for manufacturing processes themselves. Capable of making an entire product without assembling different parts, 3D printers can reduce production cost, inventory cost, and manufacturing.

AREVO developed a 3D printing technology that uses its unique composite material combining continuous carbon fiber and resin. Being extremely strong, rigid, and lightweight, the carbon fiber composite material is expected to find applications in a broad range of industries such as oil, gas, aerospace and automobiles, as well as in medical and consumer fields. At the same time, with their software algorithms enabling optimum strength and lightness and their robot arms allowing for additive manufacturing from all directions, AREVO 3D printers can now manufacture diverse product lines, including large-size and lightweight products that could not have been made by conventional 3D printing technology.

In July 2017, Sumitomo Corporation Group founded a venture investment fund under Sumitomo Corporation of Americas with an eye to utilizing its experience and networks developed through Presidio Ventures, Inc., a venture capital firm it established in 1998. The recently established fund aims to expeditiously identify investment opportunities in early-stage venture firms, thereby helping the Sumitomo Corporation Group to upgrade its ongoing undertakings and develop new businesses. We have so far executed twelve investment deals (as of the end of April 2020). AREVO is one more such investment financed by the newly established fund.
Business description

Participation in Healthcare Business

The Sumitomo Corporation Group is engaged in operating drugstores that provide prescription dispensing services and in providing healthcare services. By widely disseminating information on home health care and long-term care services and promoting the use of such services, we contribute significantly to improving access to better healthcare and people's quality of life.

Efforts in healthcare services business include investments in eWeLL Co., Ltd., a company that develops and sells business support systems for visiting nursing service providers, and Community Healthcare Coordination Platform, Inc. (CHCP), which provides business support services to medical and nursing care providers in 2017; and Integrity Healthcare Co., Ltd., which develops and sells online medical consultation systems for medical institutions in 2018. In 2019, we entered managed care service in Malaysia.

The iBow, offered by eWeLL, is a cloud service that enables users to manage patient information from PC or tablet. It was developed in response to the increasing importance of and need for visiting nursing services for the purpose of reducing administrative burden on visiting nurses and improving the efficiency of their services.

CHCP aims to create a new integrated community care system, in cooperation with healthcare and nursing care providers, taking into consideration provision of funds, business management expertise, and management personnel; establishment of a cooperative system among healthcare and nursing care providers; and adoption of cutting-edge technology and examples in other industries.

Integrity Healthcare Co., Ltd. offers the YaDoc telemedicine system, which provides an environment where telemedicine by a physician is combined with accumulated data on the daily health condition of the patient, based on which treatment tailored to his/her needs is constantly available.

Managed care service is a system that promotes affordable and better medical services and contributes to people’s healthy life through cooperation between private health insurance companies, managed care providers and medical facilities.

Through these business activities, we will continue to contribute to creating a foundation that ensures healthy living for people.
Access to Better Healthcare and Nutrition

In emerging and developing countries, there has been a rapid increase in the demand for medicines due to increased population and economic development. In many of these countries, however, many people are without sufficient access to healthcare services and medicines due to poor social infrastructure and healthcare environment, and for financial reasons. The Sumitomo Corporation Group has made significant contributions to improving people’s quality of life through providing comprehensive support to players in the pharmaceutical industry, from upstream to downstream, which would not be possible without a global system unique to an integrated trading company. We have also made efforts to make more medicines available to the people in emerging countries.

At present, the world pharmaceutical market is worth about 127 trillion yen, of which about 40% is accounted for by the US market. In the United States, while demand for medicines is expected to rise as the elderly population is increasing, the government has been working to reduce medical costs. In these circumstances, the use of generic drugs is expected to grow. We have acquired a 20% stake in the generic pharmaceutical company Upsher-Smith Laboratories (USL), which is owned by a US subsidiary of Sawai Pharmaceutical Co., Ltd., through Sumitomo Corporation of Americas to enter the U.S. generic pharmaceutical business. USL is engaged in research and development, manufacturing and selling of generics. Its strengths are excellent capabilities in product development, stable supply and sales, and a customer base that have been built through years of business experience.

We take advantage of the strengths unique to integrated trading companies in supplying raw materials and launching new products in order to support USL's business. We will provide high-quality generics to many patients through USL in order to thereby contribute to people's mental and physical health.

In Brazil, Russia, Turkey and other so-called "medically emerging countries," the pharmaceutical market has been expanding significantly as their economy is developing and living standards are improving. Their market growth rates have exceeded the average growth rate of the global pharmaceutical market and are expected to account for about a quarter of the world market in 2021. Sumitomo Corporation will place emphasis on strengthening its relationships with local pharmaceutical manufacturers in these medically emerging countries to promote the introduction of biopharmaceuticals and other medicines and support in local manufacturing on which each government places emphasis. Through these efforts, we will be more active in contributing to people's health and better lives.

Commercialization of Cutting-edge Technologies

The in vivo imaging system device marketed by Summit Pharmaceuticals International Corporation (SPI) enables us to analyze the images of small- to medium-sized animals without killing or injuring them in basic research and the early stage of drug discovery. The device contributes to reducing animal experiments. We provide information on the device and promote its sales in seminars and exhibitions at scientific conferences that are held for university laboratories and other academia, which are major customers of the device. The Sumitomo Corporation Group has introduced cutting-edge technologies of the Medical Research Council (MRC). Sir Gregory P. Winter, a professor at MRC Laboratory of Molecular Biology, was awarded the Nobel Prize in Chemistry 2018. He shared the prize with two other scientists for the development and application of "the phage display of peptides and antibodies." We support the pharmaceutical industry in these aspects to contribute to addressing social issues.
Business description

Telecommunications Business in Myanmar

We, jointly with KDDI and Myanma Posts and Telecommunications (MPT), started telecommunications services in Myanmar in September 2014. The penetration of mobile phones in Myanmar was, at the beginning, about 10%, which has increased rapidly to approximately 150% now. There is no difference in the use of smartphones among young people between Myanmar and Japan. As of the end of March 2020, the number of mobile phone subscribers of MPT was about 27 million people and the company has the highest market share. We are making constant efforts to deliver Japan-quality services to the Myanmar society, as demonstrated by the swift deployment of 4G, fourth-generation wireless technology. The land of Myanmar is 1.8 times larger than that of Japan. As many areas still have insufficient infrastructure, such as roads and railways, it sometimes takes unimaginable hardships to build telecommunications network infrastructure throughout Myanmar. As a result of our untiring efforts, we have deployed stable telecommunications network throughout Myanmar, thereby creating jobs in local areas as well as contributing to eliminating regional disparities in Myanmar. We are aiming to contribute to the enrichment of people’s lives in information-driven society and the development of various industries in Myanmar by building nationwide telecommunications infrastructure and providing new services. Such new services include financial services. Since mobile phones are available throughout the nation, we have launched mobile money transfer and payment services, and micro-loans could be the next. With these services, it is aimed to provide all kinds of financial services at a national level in Myanmar where 80% of the people do not have bank accounts, and to contribute to the Myanmar economic growth by providing operating funds to farmers, individuals, and small and medium businesses, which account for a large proportion in Myanmar. In Myanmar, only 50% of the population have access to commercial power sources. We are therefore planning to provide private power generation systems using solar panels and mobile money, which would enable to expand the use of clean energy and enrich people's lives. Our aim is to achieve sustainable growth together with Myanmar society, thereby “contributing to the development of local communities and industries” by developing essential infrastructure and providing various valued added services through its telecommunication business.
Business description

Car-sharing Business in Stockholm

The urban population in the world is growing. Some estimates show that 68% of the global population will live in urban areas by 2050. Traffic congestion, air pollution and parking shortages have already become social issues in some urban cities. In response, people are paying attention to efforts to optimize transportation networks and energy consumption using IoT technology.

Our Group launched in October 2018 car-sharing business in Stockholm Sweden through Aimo Solution AB. We provide free floating car-sharing services using a fleet of 300 electric vehicles, which allow users to pick up and return cars anywhere within a specified zone. Furthermore, Aimo Park Sweden AB who is the biggest parking operator in Sweden joined our group through acquisition in April 2019 and we are going to provide more convenient customer experience by collaboration with parking and car-sharing. It is aimed in the future to provide, in cooperation with all kinds of mobility services (buses, trams, subways, etc.), seamless and efficient transportation solutions using common smartphone applications to address issues faced by urban cities in advanced countries, such as traffic congestion and parking shortages, as well as to contribute to building active communities where people enjoy active lives.

Retail Finance Business in Indonesia

The number of sales of new vehicles in Indonesia with a population of about 260 million is one million automobiles and about 6.5 million motorcycles. This is one of the largest markets in ASEAN. We provide financing services such as automobile loans and motorcycle loans through PT Oto Mulia Artha and PT Summit Oto Finance, collectively as the OTO Group. The OTO Group has a network of more than 240 branch offices throughout Indonesia, mainly in Java and Sumatra and has provided its services to a cumulative total of more than 8.5 million customers. It helps secure transportation for a wide range of income groups to support local infrastructure.

In Indonesia, the middle-income population will keep increasing and the current population of about 180 million is expected to reach 200 million in 2020. the market is therefore also expected to expand. We will continue our support to help customers achieve prosperity and dreams through automobile and motorcycle financing business.

A series of processes from searching and booking of a vehicle, unlocking and locking of the vehicle, to payment can be completed on the smartphone app.

Services using a fleet of 300 electric vehicles
Social Contribution Activities

Policy and Concept

The Sumitomo Corporation Group work to resolve social issues through its business activities and its social contribution activities with the aim of contributing to create a sustainable society by fulfilling its Management Principles and Activity Guidelines as a global business group.

The Sumitomo Corporation Group’s Basic Principles on Social Contribution Activities

OBJECTIVE

We, as a global organization, will work on social issues through our business activities and social contribution activities with the aim of building a sustainable society by implementing the Sumitomo Corporation Group’s Management Principles and Activity Guidelines.

ACTIVITIES

We will engage in social contribution activities aimed at developing the next generation of human resources who will drive the sustainable development of society, and contributing to local communities in areas we do business all over the world. We will also take part in various activities as a good corporate citizen.

APPROACH

We will perform and seek to continuously improve our activities with modesty and high aspirations and endeavor to maintain a high level of transparency while strengthening our relationships with all our stakeholders.

<Notes>
*The values above were calculated using the inclusion criteria of the Keidanren One Percent Club.
*The values above for local organizations and consolidated subsidiaries were calculated based on questionnaire results.
*Values reported by overseas offices were converted to yen using the exchange rate as of March 2020.
Social Contribution Activities

Activities

Developing the Next Generation of Human Resources

The TOMODACHI Sumitomo Corporation Scholarship Program (since 2014)
Sumitomo Corporation participates in the TOMODACHI Initiative, a program of exchange between Japan and the United States led by the U.S. Embassy in Tokyo and the U.S.-Japan Council (Japan). We organize a scholarship program for university students that are sent to the United States as exchange students. We provide not only financial support but also training opportunities at Sumitomo Corporation of Americas. Program participants have access to experiences not available on campus during an overseas study break.

The Sumitomo Corporation Scholarship (since 1996)
We set up the Sumitomo Corporation Scholarship in 1996 as part of our 50th anniversary in the trading business. Since then, scholarship has been provided to university students in Asian countries including Indonesia, Myanmar, and Pakistan. In this way, we support the development of human resources in emerging Asian countries to build the nation’s future. The total number of students who have benefited from the scholarship reached about 16,500 by the end of FY2019.

Contributing to Local Communities in Areas We Do Business

Introducing Japanese Culture (Since 2015)
With the aim of building good relations with local communities at overseas business bases, we give presentations and demonstrations on traditional Japanese culture. The program was hosted in Myanmar (FY2015), Ghana and Iran (FY2016), Mexico and Cuba (FY2017), and UAE (FY2019). In 2019, we conducted the program at the Kesennuma Shishiori Marine Product Processing Cooperative in Miyagi Prefecture, to which Sumitomo Corporation is providing support of industrial recovery after the devastating tsunami and earthquake of 2011. Indonesian technical trainees working at member businesses of the cooperative were invited to such hands-on experiences as kimono wearing and a traditional Japanese tea ceremony.

Promoting Barrier-free Movies (Since 2004)
Sumitomo Corporation promotes the widespread viewing of barrier-free movies as a part of its initiatives to support community and social participation by persons with disabilities. We provide barrier-free versions of movies at no cost to libraries and volunteer organizations throughout Japan and support screenings so that visually- or hearing-impaired individuals can enjoy movies with their friends and families.

Assisting Reconstruction after the Great East Japan Earthquake

Sumitomo Corporation Follow-up Program for the Revitalization of East Japan (since 2017)
In the hope of aiding in the recovery of the areas hit by the Great East Japan Earthquake and the rebuilding of victims’ lives, we provided support to young people involved in revitalization projects in eastern Japan for five years from FY2012. However, numerous problems remain. Conditions in the disaster-hit regions and people’s situations are constantly changing along with their support needs. To provide ongoing reconstruction support that is closely tailored to local needs, we have revised the program to give more emphasis to in-depth dialogue with grant recipients, drawing at the same time on our past support experience.
Aiming to contribute to private-sector exchange between Japan and Oman and to the development of future leaders in Oman, Sumitomo Corporation and Sumitomo Corporation Middle East TZE have launched the scholarship program and have been supporting Omani students studying at graduate schools in Japan. In FY2019 we supported two students and will continue to support several students annually afterwards.

**EMEA & CIS**

**Sumitomo Corporation Scholarship Program in the Sultanate of Oman**

In China, Chinese and Japanese employees cooperated in collecting donations, which were matched with an equal sum by group companies and then used to support disadvantaged students in Anhui Province. Employees have maintained direct contact with the students that they support by making on-site visits to their home province and inviting them to Shanghai. This activity was launched in 2009 by Sumitomo Corporation (Shanghai) Limited and has now expanded to Sumitomo Corporation China Group.

**EAST ASIA**

**Supporting Education in Poverty Areas**

In Singapore, a diverse range of employees take part as corporate volunteers in activities to support people in need. These activities take many forms, from help with mobility and the provision of meals to sport and art therapy, and attracted the participation of 105 volunteers in FY2019.

**AMERICAS**

**Social Contribution Activities in Americas Week**

Sumitomo Corporation of Americas holds an annual companywide event, Americas Week, during which employees carry out social contribution activities. In 2019, offices across the Americas hold their own Quality Education-focused activities, which included contributing to improvements on the environments within local schools, hosting reading and discussion groups with public school students, holding various school supply and book drives, and much more.

**ASIA & OCEANIA**

**Supporting People in need**

In Singapore, a diverse range of employees take part as corporate volunteers in activities to support people in need. These activities take many forms, from help with mobility and the provision of meals to sport and art therapy, and attracted the participation of 105 volunteers in FY2019.
“100SEED” Social Contribution Program Looks Ahead to the Next 100 Years

100SEED

100SEED Launched with Global Employees to Mark Centennial

On the occasion of the Sumitomo Corporation Group’s 100th anniversary in 2019, Group employees around the world launched the “100SEED” social contribution program to discuss together and carry out globally. By participating in a three-step process—POST (post social issues of interest), DISCUSS (discuss the actions to be taken), and ACT (carry out those actions)—each employee takes ownership of the solutions to social issues, puts the Sumitomo Business Philosophy and Sumitomo Corporation Group Management Principles into practice, and achieves sustainable growth with society.

Three Concepts behind 100SEED

☑ Consider social contribution activities that the Sumitomo Corporation Group should implement by thinking back from what we wish for the future.
☑ Make efforts to resolve the different social issues around the world by making use of diverse ideas suggested by people in the Sumitomo Corporation Group.
☑ Put action plans to work through visiting, communicating and hands-on participation at site.

POST: Discussing Social Issues to be Addressed in each Region Based on Online Posts

A dedicated website was launched in February 2019 to explore the interests of SC group employees around the world. Employees were encouraged to post social issues from among the Sustainable Development Goals (SDGs) that concern them and their reasons, and more than 2,500 posts were made in two months. The posts from Japan; East Asia; Asia & Oceania; Europe, Middle East, Africa, and CIS; and the Americas were then analyzed, and in April, representatives from each region selected from among young employees met to determine the theme on which actions would be taken.

“Quality Education” Selected as Global Grand Theme

#4 of SDGs, Quality Education, received the most votes, but climate change, poverty, and the gender gap also received many votes in some regions. The most urgent issues differ depending on the conditions in each country, but quality education was selected as the global shared theme from a long-term perspective with the hope of making this initiative a social contribution program for discussing together and acting globally. Meanwhile, the participants shared the belief that “education will produce the talent needed for solving many social challenges.”
“100SEED” Social Contribution Program Looks Ahead to the Next 100 Years

100SEED

DISCUSS: Leverage the Sumitomo Corporation Group’s Diverse Ideas to Address Various Social Issues

In May 2019, DISCUSS was commenced to determine the specific actions in each region. In Japan, to reflect the opinions of many employees concerning action proposals on education, 31 workshops were conducted nationwide and 413 proposals were submitted. Based on this, experts including researchers and members of NPOs and government were interviewed and proposals for activities were refined. Employees voted from the perspectives of support for and intent to participate in activities, with a total of 4,610 votes cast nationwide. Through this process, multiculturalism, career education, online education, and ProBono educational support were selected as the activities for carrying out the 100SEED concept.

ACT: Provide Time and Human Resources, our Key Management Resources, with the aim of Creating a Sustainable Society

The ACT phase commenced in 2020. In the 100SEED social contribution program, we will provide our diverse human resources, our most important management resources, and their time on all organizational levels to address quality education with the aim of creating a sustainable society. To encourage participation and voluntary action by employees around the world, we also established the Mission Statement for 100SEED that touch on the significance and objectives of these activities. Education will produce the talent needed for solving many social issues and a base for an enriching future. Sumitomo Corporation Group employees in all regions of the world are going to worksites and working hard in hands-on initiatives so that they can pass on this aspiration to future generations. Information on activities and their progress will be released from time to time on corporate websites and other media.

Mission Statement for 100SEED

We have selected “Quality Education” as the grand theme of the 100SEED (SC Emergent Evolutional Deed) program upheld to mark the Sumitomo Corporation Group’s 100th anniversary. Under this theme, we are committed to develop and support a variety of social contribution activities on a global scale.

Recognizing that “Quality Education” is a vital part of the sustainable development of society, we will continue to inspire ideas for supporting quality education to produce the talent needed to solve the many social challenges facing the world.

By promoting 100SEED, we encourage our SC colleagues around the world to create opportunities and leverage our diverse capabilities and resources so we can engage in activities that will dynamically realize our goal of “Enriching lives and the world.”

100SEED provides us a valuable opportunity for personal growth by learning from others and pursuing individual ideas through collaboration. We will commit time and resources to social action that will benefit any of us seeking to better society through quality education.