Corporate Governance

Policy and Concept

Corporate Governance Principles

Sumitomo Corporation established the Sumitomo Corporation Corporate Governance Principles while keeping in mind that the backbone of our corporate ethics is in Sumitomo’s Business Philosophy and Management Principles. The Sumitomo Corporation Corporate Governance Principles were established based on our view that the essence of corporate governance is “improving management efficiency” and “maintaining sound management”, as well as “ensuring management transparency” to secure the first two. Following the Sumitomo Corporation Corporate Governance Principles, we are always seeking to establish the most appropriate managerial system for the Company and are continuously strengthening our corporate governance to realize management that serves the interests of shareholders and all other stakeholders.

System

Corporate Governance System and Characteristics

We have developed an effective corporate governance system by implementing a range of measures. Having adopted an audit & supervisory board member system, we have reinforced the supervisory and monitoring function of management oversight by electing independent Outside Directors and Outside Audit & Supervisory Board Members and by establishing the Nomination and Remuneration Advisory Committee, comprised mainly of independent Outside Directors. We have also taken steps to make decision-making and execution of operations faster and more efficient by introducing an executive officer system and establishing the Management Council, among other measures. We will continuously review our corporate governance system as needed in response to changes in global trends, the social environment, legal systems and other relevant issues in order to further improve and enhance the system.

- Sumitomo Corporation Corporate Governance Principles
- Corporate Governance Report
Corporate Governance

Directors and the Board of Directors

Composition of the Board of Directors

The composition of the Board of Directors ensures diversity in experience, knowledge, expertise, gender, and so on. Persons with a sincere character, deep insight, and high-level skills as well as specialized business knowledge and a broad range of experience including managerial experience are selected as candidates for internal directors, and they are appointed without regard for gender, nationality, and other such characteristics. Candidates for outside directors must also have a sincere character, deep insight, and high-level skills as well as broad-ranging knowledge and experience from diverse perspectives and an established track record in their field, and they too are appointed without regard for gender, nationality, and so on. In addition, multiple independent outside directors with different experience and expertise are selected with the aim of reinforcing appropriate decision making and supervisory functions from a variety of perspectives by the Board of Directors. The Board currently comprises 11 members, of which five are independent outside directors (including two women).

Improvement of Deliberations and Enhancement of Monitoring Functions by the Board of Directors

We carefully select agenda items requiring discussion by the Board of Directors so that the Board can concentrate on the deliberation of important matters regarding the Companywide management such as the business policy and management plan. In addition, the Board of Directors further enhances its monitoring functions regarding the execution of operation by the management by receiving reports on the status of progress, issues, and responses to those issues concerning division strategies in each Business Unit and by its deliberation focusing on those issues. Moreover, the Board of Directors regularly monitors its status of implementation of the Company’s overall business by receiving activity reports concerning main committees, and portfolio reports on market change risks, country risks, and other intensive risks. Furthermore, the Board of Directors open-mindedly discusses various key management issues including ESG (environment, social, governance) at off-site sessions to enhance the deliberations at the Board meetings.

Independence of Outside Directors

Our five outside directors satisfy the standards on independence set by Tokyo Stock Exchange, Inc. (TSE), and other financial instruments exchanges on which the Company is listed, as well as our in-house rules on Standards for Appointment and Independence of Outside Directors and Outside Audit & Supervisory Board Members. Leveraging a different type of experience and expertise, each Outside Director contributes to our corporate governance by providing a variety of independent viewpoints.

Standards for Appointment and Independence of Outside Directors and Outside Audit & Supervisory Board Members
Respective outside directors have the expertise and experience shown below. They make decisions from diverse perspectives at the Board of Directors' meetings and are engaged in effective supervision.

### Expertise and experience of Outside Directors

<table>
<thead>
<tr>
<th>Name</th>
<th>Reason for appointment</th>
<th>Term of office as Director</th>
<th>Member of the Nomination and Remuneration Advisory Committee</th>
<th>Expertise and experience</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nobuyoshi Ehara</td>
<td>Wide-ranging knowledge and a wealth of experience in finance and business management accumulated during many years of engagement in a major U.S. Investment Bank and the management of a private equity firm.</td>
<td>4 years</td>
<td>●</td>
<td>Business Management</td>
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<td>Information and Communications</td>
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<tr>
<td>Koji Ishida</td>
<td>Wide-ranging knowledge and a wealth of experience in finance and business management accumulated during many years of engagement in a major financial institution and past position as a member of the Policy Board at the Bank of Japan.</td>
<td>3 years</td>
<td>●</td>
<td>Business Management</td>
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<td>Information and Communications</td>
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<tr>
<td>Kimie Iwata</td>
<td>Wide-ranging knowledge and a wealth of experience in business management, corporate governance, corporate social responsibility, and diversity accumulated in managerial and Outside Director positions for private companies, before which she served in a succession of key positions in the Ministry of Labour (currently the Ministry of Health, Labour and Welfare) over the course of many years.</td>
<td>2 years</td>
<td>●</td>
<td>Business Management</td>
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<td>Information and Communications</td>
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<tr>
<td>Hisashi Yamazaki</td>
<td>Highly specialized knowledge and a wealth of experience in law accumulated over the course of many years as a judge and an attorney at law.</td>
<td>2 years</td>
<td>–</td>
<td>Business Management</td>
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<td>Investment</td>
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<td>Information and Communications</td>
</tr>
<tr>
<td>Akiko Ide</td>
<td>Wide-ranging knowledge and a wealth of experience in information and communications, business management, and corporate governance accumulated during many years of engagement in a major telecommunications carrier, the management of a group company and a full time audit &amp; supervisory board member of the parent (holding) company.</td>
<td>New-election</td>
<td>–</td>
<td>Business Management</td>
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<td>Information and Communications</td>
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Corporate Governance

System

Directors and the Board of Directors

Evaluation of the Effectiveness of the Board of Directors

To maintain and heighten the effectiveness of the Board of Directors, each year Directors and Audit & Supervisory Board Members analyze and evaluate its effectiveness through the use of self-evaluations and other means. We disclosed a summary of the results.

The evaluation of effectiveness of the Board of Directors and its results for FY2019 is summarized below:

1. Evaluation Methods

<table>
<thead>
<tr>
<th>Those covered</th>
<th>All members of the Board of Directors (10 persons) and Audit &amp; Supervisory Board Members (5 persons)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Implementation method</td>
<td>Anonymous questionnaire and interviews carried out in December 2019 and January 2020 Note: A third party (external consultant) was used in the conduct of the evaluation.</td>
</tr>
</tbody>
</table>
| Evaluation Items           | 1. Composition of the Board of Directors  
2. Administration of the Board of Directors  
3. Enhancement of discussions at meetings and reinforcement of the monitoring function of the Board of Directors  
4. System for providing support, including information provision, to Outside Directors  
5. Own initiatives, etc.  
6. Evaluation of improvement measures, etc. |
| Evaluation process         | The results of analysis of the questionnaire survey and interview responses as evaluated by a third party (external consultant) were reported to the Board of Directors. |

2. Evaluation Results Overview

The overall evaluation and analysis by a third party concluded that the Board of Directors has generally been functioning effectively.

With regard to the items (please refer to below), which had been identified as issues in FY2018’s evaluation and we worked on improvement in FY2019, it was confirmed that the majority of evaluations were positive, citing that improvement has been seen in each of them.

At the same time, regarding the composition of the Board of Directors, enhancement of deliberations on matters to be focused on, and further enhancement of the monitoring function of the Board of Directors, various opinions and proposals were presented to improve the effectiveness of the Board of Director, and it was confirmed that there was an awareness of issues.

Based on this, in order to further improve the effectiveness of the Board of Directors of the Company, the Board of Directors will discuss issues and priority matters that the Board of Directors should address in the future.

Major Initiatives in Response to Issues Raised by Board of Directors Evaluation

The FY2018 Board of Directors evaluation recommended reviewing the way in which business units conduct regular reporting on strategy, specific initiatives, and their progress, and also reviewing the duration of related discussions, while it also recommended improvements to materials distributed at Board meetings. With regard to these recommendations, we carried out the following measures to further improve the effectiveness of the Board of Directors in FY2019:

(i) In Board meetings, discussions are required to be limited to important points on the agenda in order to secure more time for discussing agenda that are to be focused on and to enhance discussions.

(ii) Recognizing that management strategy, the management plan, and the business portfolio are matters to be focused on in discussions, regular reporting by business units on strategy, specific initiatives, and their progress is required to provide an explanation with a focus on issues in promoting the Medium-term Management Plan 2020, and solutions and policies to address the issues; and

(iii) Material distributed at Board meetings are required to explain technical terms in the main body with footnotes, etc. and clarify key points of discussions.
Establishment of the Nomination and Remuneration Advisory Committee

The Nomination and Remuneration Advisory Committee, of which a majority of members are Outside Directors, and which is also chaired by an Outside Director, has been established as an advisory body to the Board of Directors. The Committee meets as necessary, and is in charge of reviewing (1) policies and procedures regarding appointment and dismissal of the President and Chief Executive Officer, (2) policies and procedures regarding appointment and dismissal of the Chairman of the Board of Directors, (3) nomination criteria for directors and audit & supervisory board members, (4) appointment and dismissal of the President and Chief Executive Officer (including the nomination of a successor of the President and Chief Executive Officer), (5) nominations of candidates for directors and audit & supervisory board members (including determination of Representative Directors and Executive Directors), (6) appointment of Management Council members, (7) the structures/levels of remuneration and bonuses for Directors and Executive officers and the limit of remuneration for Audit & Supervisory Board Members, and (8) the advisor system, and will submit the results thereof as recommendations to the Board of Directors. In FY2019, the Nomination and Remuneration Advisory Committee met five times to deliberate the abovementioned matters, and submitted the results thereof as recommendations to the Board of Directors.

Composition of the Nomination and Remuneration Advisory Committee

<table>
<thead>
<tr>
<th>Total Members</th>
<th>Internal Directors</th>
<th>Outside Directors</th>
<th>Committee Chairman</th>
</tr>
</thead>
<tbody>
<tr>
<td>5 persons</td>
<td>2 persons (President and Chief Executive Officer, Chairman of the Board of Directors)</td>
<td>3 persons (See P88)</td>
<td>Outside Director</td>
</tr>
</tbody>
</table>

Review of the Senior Advisor and Honorary Advisor System

In May 2019, the senior advisor and honorary advisor system was amended by resolution of the Board of Directors based on the results of deliberation by the Nomination and Remuneration Advisory Committee. Henceforth, former President and Chief Executive Officers and Chairmen of the Board of Directors shall be appointed as special advisors with a fixed term instead of senior advisors or honorary advisors. Special advisors shall receive compensation commensurate with their duties.

Management Council

Recognizing Management Council as Decision-making Body

In July 2015, the Management Council was reorganized to become the highest executive level decision-making body, with the aim of enabling decisions that take into account diverse opinions and multifaceted discussions in regard to specific key matters related to management, within the scope of the mandate conferred by the Board of Directors.

The Management Council, which meets in principle once a week, consists of the President and Chief Executive Officer, all chief officers of the Corporate Group, and the general manager of each of the business units. In addition, in regard to specific issues that are extremely important from a companywide perspective, the Company has established, as advisory bodies to the President and Chief Executive Officer and to the Management Council, committees such as the Company Investment Committee, the Medium-term Management Plan Promotion Support Committee, the Internal Control Committee, the Compliance Committee, and the Corporate Sustainability Committee.
Corporate Governance

Audit & Supervisory Board Members and the Audit & Supervisory Board

Enhancement of auditing capabilities

The Audit & Supervisory Board comprises five members—two internal fulltime corporate auditors and three external corporate auditors. The internal corporate auditors are persons with a sincere character, deep insight, and high-level skills as well as specialized business knowledge and a broad range of experience, and they are appointed without regard for gender, nationality, and other such characteristics. The external corporate auditors must also have a sincere character, deep insight, and high-level skills as well as advanced specialized knowledge, particularly in fields such as law, accounting, or corporate management, and extensive experience, and they too are appointed without regard for gender, nationality, and so on. Two of the external corporate auditors are legal experts (one is a former prosecutor-general and the other former chief justice of the Osaka High Court) and one is a certified public accountant with considerable knowledge of finance and accounting. All of the external corporate auditors satisfy the criteria on independence set by the Tokyo Stock Exchange as well as the Standard for Independence established by Sumitomo Corporation.

Ensuring audit effectiveness

The corporate auditors attend meetings of the Board of Directors and other important bodies, receive reports on the execution of duties from directors, employees, and others, request explanations as necessary, review material decision-making and other documents, and survey the status of business and resources at the Head Office and main offices. With respect to subsidiaries, the corporate auditors communicate and exchange opinions subsidiary directors and corporate auditors and receive business reports from subsidiaries as necessary.

The Audit & Supervisory Board Members’ Administration Department (four employees) was established as a specialized organization to support the work of the corporate auditors. The corporate auditors participate in personnel evaluations and transfers and so on regarding these employees to ensure their independence from the Board of Directors.

Collaboration between the Internal Auditing Department and accounting auditors

To ensure audit efficiency, Audit & Supervisory Board Members interact closely with the Internal Auditing Department, receiving reports on internal audit plans and their results in a timely manner. In addition, Audit & Supervisory Board Members exchange information with and monitor the auditing activities of the accounting auditors through regular meetings. By attending audit review meetings and observing inventory audits with the accounting auditors, the Audit & Supervisory Board Members constantly work to improve audit efficiency and quality. Furthermore, Audit & Supervisory Board Members attend meetings of the Internal Control Committee and request reports on the status of internal control systems from other departments responsible for internal control, along with requiring their cooperation on audits.

Training and information provision for Directors and Audit & Supervisory Board Members

On taking office, Outside Directors and Outside Audit & Supervisory Board Members have the opportunity to receive a briefing on areas including the Sumitomo Corporation Group’s Management Principles, management policy, business activities, finances, organization, medium-term management plan, and risk management system. To enable Directors and Audit & Supervisory Board Members to acquire the necessary knowledge and update it as appropriate, we additionally supply books and other materials and provide access to other resources including seminars and e-learning facilities, offering financial support to cover the necessary costs.

To deepen their understanding of Sumitomo’s Business Philosophy, Outside Directors and Audit & Supervisory Board Members, in principle, visit a Sumitomo-related facility during the first fiscal year of their term of office. Outside Directors are also given the opportunity to make an on-site observation visit to a facility in Japan and to an overseas facility at least once a year.
As of June 2020, the Company complies all Principles of the Corporate Governance Code. Please refer to Corporate Governance Report for details.

Establishment of Disclosure Policy

To ensure that all stakeholders correctly understand its business management policy and business activities, the Company not only discloses statutorily required information but also actively discloses information on a voluntary basis.

Policy on Cross-shareholdings and Standards for Exercising Voting Rights

The Company takes various considerations into account when making decisions about whether to hold shares in other listed companies for purposes other than pure investment. It fully considers issues such as whether the shareholding will lead to medium- to long-term growth in profits as a result of maintaining and strengthening the business relationship with the investee company, from the perspective of investment profit, such as a comparison with the capital cost of individual stocks. Based on the above, the Company reviews the significance of its shareholdings and reports the results thereof to the Board of Directors each year. Where the significance of its shareholdings cannot be confirmed, the Company has a policy of reducing the holding. The Company also takes various considerations into account under the internal guidelines when making decisions in exercising its voting rights. Having fully considered issues from both quantitative and qualitative standpoints, it adequately exercises voting rights for each agenda based on whether exercising voting rights will lead to enhanced medium- to long-term corporate value at the investee company and the Company and to enhanced value for its own shareholders. When a company holding the Company's stock for purposes other than pure investment indicates to dispose of its holdings, the Company respects the decision in principle and ensures that their business relationship will not be influenced.

Benefit Pension Plans

The Company has adopted a defined benefit corporate pension plan (contract type). The Company deploys personnel with financial market and investment experience as investment managers and monitors the operations of pension assets. When selecting an external asset manager, the Company makes appropriate checks on its investment performance and management structure including governance and continues to periodically monitor these during the investment management operations. Furthermore, the Pension Management Committee, which is chaired by the Chief Administration Officer and composed of managers in charge of human resources, finance and accounting organizations, verifies the investment performance and the financial position of pension assets, makes reports to the Management Council and also discloses them to the pension holders.

Initiatives to ensure transparency of business management

Establishment of Disclosure Policy

Measures Relating to the General Meeting of Shareholders

We send out a Notice of Convocation to shareholders approximately three weeks prior to each regularly scheduled General Meeting of Shareholders. We also post an English translation on our website prior to the sending of Notice of Convocation. Such early sending and posting of Notice of Convocation ensure sufficient time for shareholders to thoroughly examine the propositions to be resolved at the meeting. In addition, we stream video of the General Meeting of Shareholders on our website for a period of one year after the close of the meeting. This year, the meeting was live-streamed for those shareholders who were unable to attend.

System

Corporate Disclosure Policy

Benefit Pension Plans

Third-party Assessment

ESG Quantitative Data

Feature

Environment

Social

Governance

Sustainability of Sumitomo Corporation Group

Ordinary General Meeting of Shareholders

Corporate Governance Report
Corporate Governance

Remuneration of Directors and Audit & Supervisory Board Members

The details of the structure and level of remuneration and bonuses for Directors, as well as the limits for remuneration of Audit & Supervisory Board Members, are evaluated by the Nomination and Remuneration Advisory Committee, an advisory body to the Board of Directors of which a majority of members are Outside Directors, and which is chaired by an Outside Director. The Committee reports the results of its deliberations to the Board of Directors. In this way we strive to further improve the transparency and objectivity of remuneration.

The specific composition and decision methods related to remuneration have been established as follows.

Director Remuneration (Excluding that of the Chairman of the Board of Directors and Outside Directors)

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

Basic Policy

- In order to retain and acquire superior management personnel who will drive the Group’s sustainable growth and increase its corporate value over the medium to long term, competitive remuneration levels shall be established.
- By appropriately setting the ratio of fixed remuneration (monthly remuneration) and variable remuneration (performance-linked bonus which is linked to short-term results and share-based remuneration (Restricted Stock-based remuneration and Performance Share Unit-based remuneration) which is linked to medium- to long-term results and shareholder value), the plan shall function as a robust incentive for achieving sustainable growth.
- By focusing on the relationship between the Group’s management strategy and the performance-linked bonus, the plan shall promote the execution of duties that coincide with its management strategy and offer strong motivation for achieving specific business objectives.
- By further focusing on the interrelationship with shareholder value regarding the stock remuneration plan, further efforts shall be made to share value with shareholders while promoting the optimization of business portfolios as well as the improvement of corporate value over the medium to long term.

Remuneration Standards and Remuneration Composition Ratios of Executive Directors and Executive Officers

- The Company has established appropriate remuneration standards and remuneration composition ratios based on its business environment, management strategy and human resources strategy, with reference to objective remuneration market research data, etc. provided by external specialized agencies such as the Willis Towers Watson “Executive Compensation Database.”
- The remuneration composition ratio for Executive Directors is set so that when consolidated net income and basic profit cash flow are 300 billion yen and the stock growth rate reaches 100% monthly remuneration, performance-linked bonus and stock-based remuneration are 50:30:20, respectively. The following is a visual representation of each performance achievement scenario.

※“Stock growth rate” = \( \frac{(Average \ price \ of \ Company\'s \ common \ shares \ in \ the \ month \ of \ termination \ of \ Evaluation \ Period + \ Total \ amount \ of \ dividends \ during \ Evaluation \ Period)}{(Average \ price \ of \ Company\'s \ common \ shares \ in \ the \ month \ of \ commencement \ of \ Evaluation \ Period)} \div \frac{(Average \ of \ TOPIX \ in \ the \ month \ of \ termination \ of \ Evaluation \ Period)}{(Average \ of \ TOPIX \ in \ the \ month \ of \ commencement \ of \ Evaluation \ period)} \)
Basic Compliance Policy

The basis for the Sumitomo Corporation Group's compliance is to win the trust of society by practicing the Activity Guideline that states “to comply with laws and regulations while maintaining the highest ethical standards.” Accordingly, we follow our principles of “Giving First Priority to Compliance,” which means compliance takes priority over all activities of the Group and that we must never violate compliance as a result of giving priority to the pursuit of profit, and “Reporting Compliance Issues Immediately,” which means, in the event of a compliance problem, employees must report the situation without delay to their line manager or to the relevant department of the Corporate Group.

Sumitomo Corporation Group Compliance Policy

The Sumitomo Corporation Group Compliance Policy was developed in March 2019 based on the existing Compliance Guiding Principles to clarify and adopt the basic policy above throughout the group. Educational programs, such as seminars, are being provided on a continuing basis with the aim of spreading and ensuring the adoption of the policy throughout the group.

Compliance Management System

Aiming for more agile responses to compliance issues which arise in the Group, Sumitomo Corporation appoints a Chief Compliance Officer (CCO), who has ultimate responsibility for compliance. Further, the Compliance Committee, which plans compliance measures, includes the general managers not only of the Corporate Group but also of the business divisions, enabling it to examine such measures in a multifaceted way that reflects our actual business operations.

Our Group will continuously aim to establish and improve the internal systems that realize our principle of “Giving First Priority to Compliance.”
Continuous Improvement of the Speak-Up System

Our internal rules stipulate that any issues or potential issues in relation to compliance must be reported immediately. Such issues include not only the violation of antitrust/competition laws or anti-bribery/corruption laws but also workplace misconduct, falsification of accounts, or harassment. If reporting through the usual reporting line is difficult for some reason, we maintain a “Speak-Up System” available to officers and employees to report the issue to the Chief Compliance Officer through an internal or external hotline. Under the System, the fact and details of the report are maintained in the strictest confidence, and it is ensured that the whistle-blower is not subject to disadvantageous treatment for making the report.

Efforts to encourage the use of the System include seminars for officers and employees as well as internal Q&A support, which are designed to spread the information on the System throughout the company. Additionally, “Speak-Up Cards” with an overview of the System as well as the contact details for the hotline are distributed to all officers and employees, and posters are put up on all floors of our office to promote the use of the System.

Launch of the SC Global Speak-Up System

The group-based Speak-Up system, which enables officers and employees of group companies both in and outside Japan to report compliance-related issues, has also been developed and launched.

Appropriate Responses to Compliance Violations and Preventive Measures

In case of a compliance problem, the Company, primarily through the Legal Dept. and Legal Compliance Dept. and in cooperation with relevant departments in and outside of Japan, promptly takes steps to establish the facts and clarify the causes of the incident, including the appointment of external specialists when necessary. Based on the outcome, we take corrective measures, disciplinary action, and preventive measures.

The Compliance Committee Secretariat keeps records of the details and number of cases occurring in the Group, and other information such as measures taken to prevent recurrence. These are evaluated and used to plan future compliance measures. The results are deliberated at meetings of the Compliance Committee, and reports are made periodically to the Management Council and the Board of Directors.

Through this process of repeatedly improving and enhancing such measures, we strive to further encourage thorough compliance throughout the Group.

Continuous Education Program Initiatives

The Compliance Manual, which explains particularly important issues, such as antitrust, security trade control, and anti-bribery/corruption, is distributed to all officers and employees of Sumitomo Corporation. Furthermore, both in Japan and overseas, we implement various education programs for each class of employee, such as newcomers, newly appointed general managers, and newly appointed corporate officers, as well as provide e-learning programs for all employees. In addition to these regular activities, we hold seminars and training sessions on an ongoing basis as required.
Compliance

Activities

Anti-bribery/Corruption Initiatives

Based on the principle of “Giving First Priority to Compliance” and as stipulated in the Sumitomo Corporation Group Compliance Policy, the Group implements strict measures to prevent all forms of corruption. Specifically, we have established the Rules for Prevention of Bribery of Public Officials, which regulate the provision of entertainment, gifts, invitations, and donations to domestic and foreign public officials as well as the selection of agents, and conduct required internal review. In addition, taking into account revisions to the laws and regulations of each country, and advice from various external specialists, we continuously review our internal rules and guidelines. Further, we extend these rules and guidelines to overseas offices and Group companies and encourage them to establish and implement a system that takes into account the bribery risk level of each company, and we also offer ongoing employee education and work constantly to prevent bribery and corruption.

In 2017, we announced the Sumitomo Corporation Group Anti-Corruption Policy, which summarizes the Group’s principles and policies in this regard. This Policy includes the following statement. “The Sumitomo Corporation Group will not commit bribery or conduct any activity raising the suspicion of bribing Japanese government or other public officials; and will as a principle prohibit its officers and employees from providing such officials with entertainment, gifts, or the equivalent. It will not make any offer, payment, promise to pay, or authorize the payment of any money or anything of value to any foreign government or other public official, for the purpose of influencing any act or decision of such official in order to assist it in obtaining or retaining business.” This statement declares the Group’s principles in relation to preventing bribery. Furthermore, through this Policy we explain our anti-bribery system and our initiatives for the prevention of bribery to our business partners, and request their understanding and cooperation.

Measures for Ensuring Compliance with Laws Concerning Antitrust and Fair Competition

We stipulate fair competition in the Sumitomo Corporation Group Compliance Policy and our policy for compliance with laws concerning antitrust in the Compliance Manual. We have also published a separate manual concerning antitrust/competition laws for our officers and employees that stipulates key considerations in daily dealings. Additionally, we endeavor to ensure that antitrust/competition laws are observed by measures such as regularly holding internal training.

Security Trade Control and Logistics Compliance

As an integrated trading company, Sumitomo Corporation regularly implements various measures to ensure that we comply with treaties and international frameworks related to international trade, as well as Japanese laws and regulations related to trading activities. Our group companies do likewise. We implement various measures related to security trade control to prevent weapons or products and technology for civilian use that could be converted to military use from falling into the hands of states or non-state organizations (terrorists) which may develop weapons of mass destruction. We also provide internal rules, manuals, and guidelines, hold training sessions, and instruct and monitor as needed to ensure compliance with regulations related to tariffs and customs as well as those related to public order and safety.

Prevention of Insider Trading

To prevent violations of insider trading regulations related to our business activities as well as personal dealings by officers and employees, our company has established “Rules for Prevention of Insider Trading” as well as internal checking systems from various perspectives. To ensure compliance with insider trading regulations as well as internal rules, we also continuously provide internal training courses and other activities to raise awareness. In 2019, we held an internal training program for officers and employees of our company to remind the importance of appropriately managing insider information at each organization.
Social and Environmental Risk Management

Basic Principles on Social and Environmental Risk Management

The Sumitomo Corporation Group operates businesses dealing in different products and business models in various regions of the world and its business activities have a variety of impacts on the global environment and on different stakeholders such as local communities, business partners, and our officers and employees. To achieve sustainable growth together with society, we work to control the social and environmental impacts of each business of the Group, and, by monitoring its entire supply chain, to ensure that the impact of the associated business activities is not a threat to people’s lives or the global environment and does not constrict the sustainability of our management.

As the basis for these initiatives, we have established Environmental Policy, Human Rights Policy and CSR Action Guidelines for Supply Chain Management to clarify our approach to social and environmental issues in the Group’s business operation.

Because the impact of each business on society and the environment and the nature of the risks requiring management focus differ depending on the products dealt with, the business type and the region where it operates, risk management needs to be adapted to the specific character of the business. Specifically, for each of our businesses, we obtain the relevant data, including information on its interface with society and the environment and the associated risks. In addition, we ascertain whether serious issues are present by maintaining communication channels with local communities, employees, and other stakeholders, and check not only that the business is legally compliant across the range of social and environmental issues but also that its response in the area complies with international standards on the environment and human rights.

Within the Sumitomo Corporation Group and its diverse range of businesses, the responsible business department of individual businesses and the related corporate departments are working jointly to raise the standard of social and environmental risk management groupwide, utilizing the knowledge of outside experts.
Social and Environmental Risk Management

Framework for Social and Environmental Risk Management

The Sumitomo Corporation Group has 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 from the overall activities of the Group with its wide-ranging business portfolio. When implementing due diligence on a new investment, based on the nature of the business, we carry out an environmental assessment through an environmental consultant and an assessment of human rights and labor issues through a law firm or similar. By taking these steps, we ensure that the business is operating on a sound basis and that the business activities are not seriously impacting the global environment or local communities, employees, and other stakeholders. In April 2020, in order to enhance the effectiveness of risk management for each business, taking into account the nature of the business and the characteristics of the region where it operates, we established a system that considers social and environmental impacts when making decision on a new investment, by utilizing an assessment sheet for social and environmental risks and by having the Corporate Sustainability Department, a specialized organization for social and environmental issues, participate in deliberations according to the risk. After the investment, we confirm the status of social and environmental risk management through processes such as periodical monitoring by dialogue with the group companies and internal audits, and if any issues arise, we work for improvements according to the characteristics of the business. When issues are pointed out by local residents, nongovernmental organizations (NGOs), or other stakeholders regarding the impact of the Sumitomo Corporation Group's business activities, we ascertain the facts and respond by planning and implementing corresponding improvements through dialogue and discussion with them. In addition, following the review and monitoring of new investments outlined above, the response to any significant social or environmental issues in individual cases is referred for further discussion and reported to the Management Council and the Board of Directors through the related committees.
The Company acknowledges the importance of ensuring information security, and maintains appropriate measures including, but not limited to, the establishment and maintenance of relevant rules, primarily through the Information Security Committee, which is chaired by the Chief Information Officer (CIO). In October 2017, a new Information Security Policy was established.

Information Security Policy

1. Recognition of Information Security
Sumitomo Corporation acknowledges the importance of ensuring information security, and wishes to further enhance the company’s trustworthiness in its business operations. Therefore, Sumitomo Corporation shall implement appropriate measures including, but not limited to, the establishment and maintenance of relevant rules and guidelines so as to responsibly manage information assets on a consolidated basis globally and shall review them regularly.

2. Compliance
Sumitomo Corporation shall comply with any applicable local, regional, national and international laws and regulations in relation to information security.

3. Management of Information Assets
Sumitomo Corporation shall preserve confidentiality, integrity and availability through responsibly managing all information assets including personal data, and shall take all reasonable precautions in order to prevent unapproved disclosure, loss or impairment of such data.

4. Response to Information Security Incidents
Whilst making the utmost endeavor to prevent information security incidents from occurring, in the unlikely event such an incident should occur, Sumitomo Corporation shall respond promptly to the incident and implement whatever preventive measures are necessary to avoid recurrence.

5. Awareness Education of Information Security
Sumitomo Corporation shall regularly promote and maintain the provision of information security education including, but not limited to, further heightening the awareness of the importance of responsibly managing information assets.

System

The information managers in each organization categorize information assets based on their importance, give instructions for procedures and methods in order to handle these assets adequately, and work to ensure information security, efficient information-related administrative procedures, and information sharing. For personal information, in addition to establishing a Privacy Policy to protect this as appropriate, we have put in place relevant rules and organizational structures.

We also work on initiatives to minimize risk related to unexpected situations involving information security, such as external attacks aimed at theft or destruction of corporate information. As well as using system-based safeguards, we conduct ongoing training and drills for employees while establishing and monitoring systems at major subsidiaries and other group entities. The Company also coordinates with specialized third-party organizations to stay up-to-date on relevant information and to enable swift and appropriate responses.

Privacy policy
Stakeholder Engagement

Relationships with Stakeholders

The Sumitomo Corporation Group places importance on dialogue with various stakeholders around us. To build a relationship of trust with each stakeholder, we proactively provide information on our activities and ensure continuous communication with them. Through these efforts, the Group keeps informed of stakeholders' expectations and concerns, based on which we will promote our sustainability and improve our long-term value.

IR/SR Activities

We facilitate direct communication with shareholders and other investors, in addition to enhancing disclosure on our website. An executive officer with responsibility for dialogue with shareholders and other investors exercises overall control of and coordinates such IR initiatives shown below. Also, related in-house departments contribute to IR initiatives by distributing information and collecting feedback from shareholders and other investors. Going forward, the Company will continue to increase the transparency of its management, implementing fair disclosure at all times, integrating financial and non-financial information, and strengthening relationships of trust with shareholders and investors by displaying initiatives to increase the corporate value of the Sumitomo Corporation Group over the medium to long term.

<table>
<thead>
<tr>
<th>Stakeholders</th>
<th>Major means of dialogue</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shareholder/investors</td>
<td>General meeting of shareholders, Investor meeting for annual results, Investor Day, integrated report, annual securities report, business report for shareholders, website, reporting to credit rating agencies, etc.</td>
</tr>
<tr>
<td>Financial institutions</td>
<td>Communication with government agencies and international organizations in Japan and abroad, participation in discussion meetings and round-table conferences with government offices, activities through business and industrial associations, etc.</td>
</tr>
<tr>
<td>Government agencies/economic organizations</td>
<td></td>
</tr>
<tr>
<td>Local communities</td>
<td>Dialogue with local residents in business activities and support for communities, social contribution activities, etc.</td>
</tr>
<tr>
<td>Business partners</td>
<td>Integrated report, website, advertisements, customer information office, supply chain survey, etc.</td>
</tr>
<tr>
<td>Customers/consumers</td>
<td></td>
</tr>
<tr>
<td>NGOs/NPOs</td>
<td>Cooperation and communication with NGOs and NPOs in business activities, cooperation in social contribution activities, responses to surveys, etc.</td>
</tr>
<tr>
<td>Employees</td>
<td>Internal magazine, Intranet, training sessions and seminars, labor/management round-table meeting, employee awareness survey, the speak-up system, etc.</td>
</tr>
</tbody>
</table>

FY2019 IR/SR Activities

Number of individual meetings with institutional investors in FY2019

<table>
<thead>
<tr>
<th>Japan</th>
<th>Europe</th>
<th>Asia</th>
<th>The Americas</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>188</td>
<td>35</td>
<td>21</td>
<td>20</td>
<td>66</td>
</tr>
</tbody>
</table>

Number of participants in briefing meetings for individual investors in FY2019

<table>
<thead>
<tr>
<th>Japan (9 locations in 7 cities)</th>
<th>Online</th>
</tr>
</thead>
<tbody>
<tr>
<td>1,294</td>
<td>1,004</td>
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</table>