

# ESG Communication Book 2022

Disclosure Book

Ver. 1

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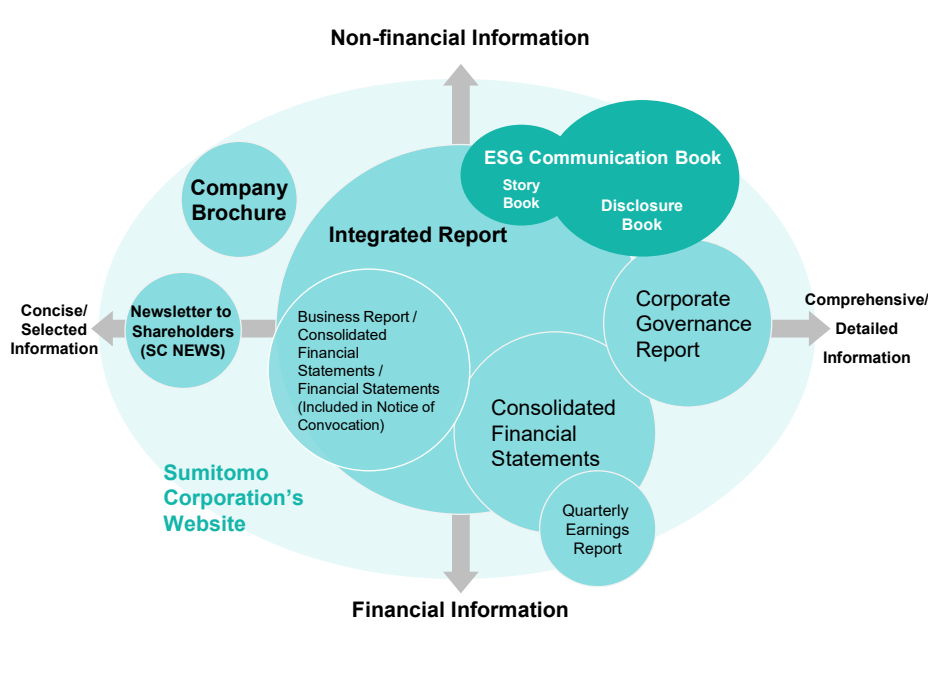
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## Editorial Policy

At Sumitomo Corporation Group, to respond to the interests of our stakeholders, we are working to provide both financial and non-financial corporate information by utilizing various information disclosure tools. Of these tools, the ESG Communication Book summarizes detailed information about our activities related to sustainability from the perspective of ESG (Environment, Society, and Governance). The below diagram is an overview that shows the information listed in each disclosure tool and its position. Please also refer to the tools other than this book, such as the Integrated Report.

### Sumitomo Corporation Group's Information Disclosure Tools



#### Integrated Report

As a communication tool for all stakeholders, this is an annual report that integrates our financial and non-financial information. This Integrated Report helps stakeholders understand the overview of our value creation and the enhancement of corporate value in the short, medium, and long term as well as corporate strategy and the overall progress of our business.

[Sumitomo's Business Philosophy](#)



#### ESG Communication Book

Of non-financial information, the ESG Communication Book summarizes detailed information about our activities related to sustainability from the perspective of environmental, social, and governance (ESG). We provide the latest related information by disclosing it on our corporate website and updating it as necessary. Starting with the 2022 edition, we are breaking it up into two books, namely "the Story Book," which communicates our mechanisms of value creation, and "the Disclosure Book," which provides comprehensive information. The information necessary for stakeholders is disclosed in an easy-to-understand manner.



#### Business Report / Consolidated Financial Statements / Financial Statements (Included in Notice of Convocation)

The Business Report conveys important matters related to business results and status of each fiscal year. The Consolidated Financial Statements disclose our corporate group's consolidated financial position and profit/loss. The Financial Statements disclose our non-consolidated financial position and profit/loss. (All three are in accordance with the Japanese Companies Act.)

[Sumitomo's Business Philosophy](#)



#### Reporting boundary of this book

Sumitomo Corporation and group companies

#### Reporting Period of this book

Business activities mainly in FY2021 (April 2021-March 2022), including some policies and activities before March 2021 and after April 2022.

#### Date of Issue

Ver.1 September 30, 2022

#### Conformed Guidelines

- Final Report: Recommendations of the Task Force on Climate-related Financial Disclosures
- World Economic Forum: Stakeholder Capitalism Metrics

#### Referenced Guidelines

- Ministry of Economy, Trade and Industry: Guidance for Collaborative Value Creation
- ISO26000: Guidance on social responsibility
- Ministry of the Environment: Environmental Accounting Guidelines. 2005
- METI / MOE: Calculation and Reporting Manual for Greenhouse Gas Emissions



#### Contact

Sumitomo Corporation

Corporate Sustainability Department

TEL: 03-6285-5000

WEB: Sustainability Contact Form

<https://www.sumitomocorp.com/en/jp/info/sustainability>

## Our Approach to Sustainability


Sumitomo Corporation Group will take a step forward in its sustainability management utilizing its strengths. We will create the value that society truly needs by further clarifying the roles we play in achieving a sustainable society and strategically allocating management resources as we anticipate the shifting business landscape impacted by these social issues.

### Sumitomo Corporation Group's Sustainability initiatives

Sumitomo Corporation Group has grown into an integrated trading company over the past 100 years since it was originally founded as the Osaka North Harbor Company Limited in 1919. The history of Sumitomo, which formed the basis of Sumitomo's Business Philosophy, can be traced back to some 430 years ago when its business focused on copper refining which later advanced to copper mining.

All employees of Sumitomo Corporation learn the history of the Besshi Copper Mines. Through its modern business management, the Besshi Copper Mines contributed in leading industrial development in Japan, however, there were negative impacts on local communities including deforestation of nearby forests and damage to agricultural crops from sulfur dioxide emitted by smelters. Management at that time took measures including reforestation of the Besshi Copper Mines and relocation of the smelting plant to an uninhabited island off the coast.

"Benefit for self and others, private and public interests are one and the same", which is one of the credos of Sumitomo's Business Philosophy, and the actions taken by our predecessors to prioritize the sustainability of natural environment and the local community over short-term profit, are deeply rooted in heart of every employee at Sumitomo Corporation. We are confident that our business serves the public interest.

 [Sumitomo's Business Philosophy](#)

Today, after 100 years since the Osaka North Harbor Company Limited has established, we have 70,000 employees working at more than 900 group companies in 81 countries and regions and we do our business by engaging with multiple stakeholders including customers, local communities, business partners and employees. Our business as well as our relationship with the stakeholders have expanded to a global scale and we believe that our mission is to protect the planet and pursuing development for the world and better lives for our stakeholders.

 [Corporate Mission Statement](#)

### What Actions We Need to Take Now

Today, we face many social challenges that threaten the sustainability of society including climate change, loss of biodiversity, and human rights issues.

Global goals and guidelines are adopted such as the Paris Agreement, the UN's Social Development Goals (SDGs), and the Business and Human Rights Guiding Principles, and various players including corporations are making efforts to achieve these goals.

In 2017, based on Sumitomo's Business Philosophy and Sumitomo Corporation Group's Corporate Mission Statement, the Group identified the six material issues for achieving sustainable growth with society. Of the six material issues, four were identified as how each of our business contributes to society and two were added as our important management topics. We have been placing the six material issues at the core of our management to constantly be aware that the business strategies and each business align with the material issues and making sure that Sumitomo Corporation Group is contributing to society.

 [Sumitomo Corporation Group's Material issues](#)

However, social issues such as the climate change have become increasingly serious and have become a major threat to the sustainability of society. We believe that we now need to make an even stronger commitment to further identifying the issues that we should address and the roles that we should take for the development of a sustainable society, and the Sumitomo Corporation Group has commenced initiatives to enhance its sustainability management.

 [Enhancing sustainability management](#)

⇒ **For more information on the value creation story, please see the [ESG Communication Book \(Story Book\)](#).**

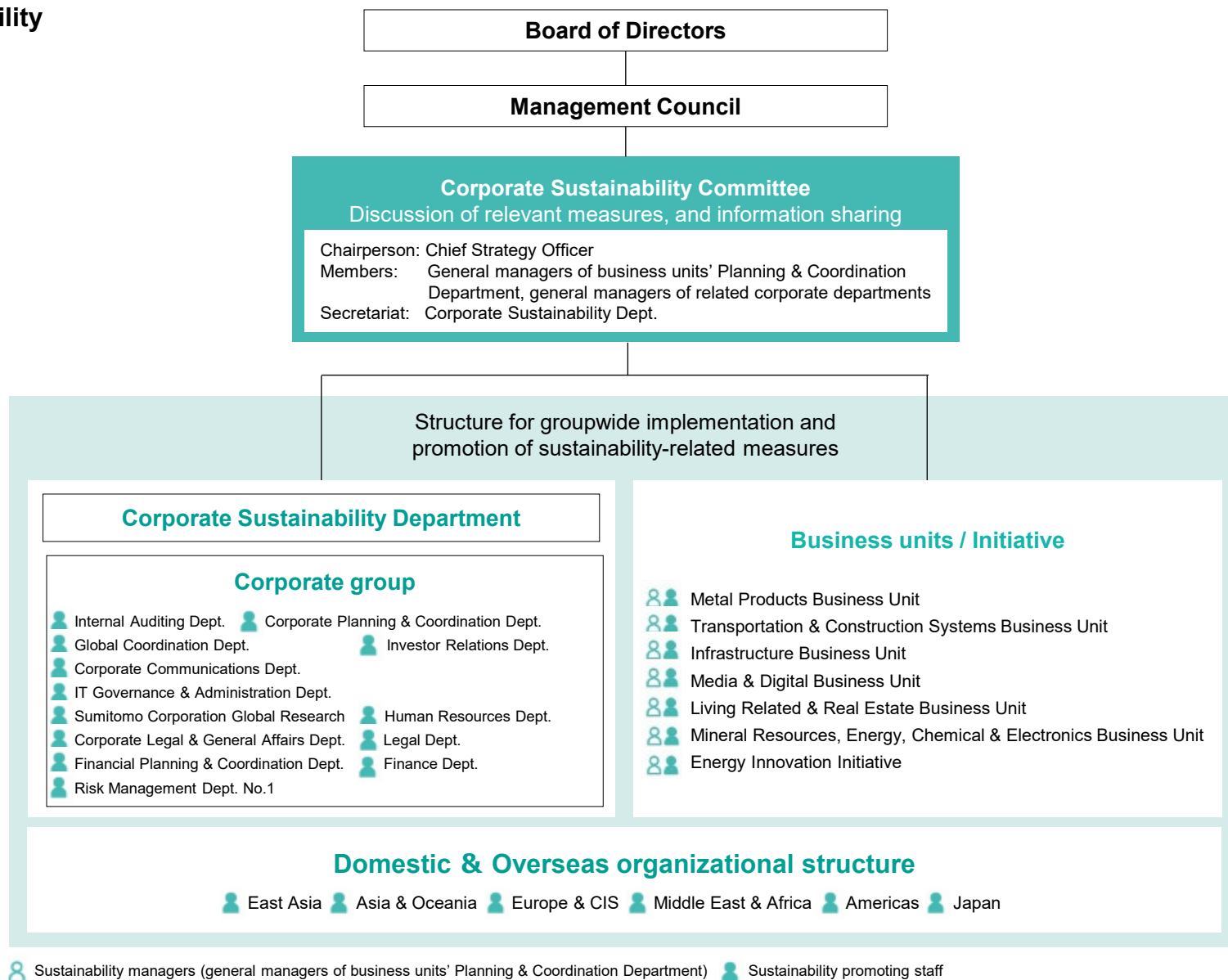
# Sustainability Promotion System

## Organization for Promoting Sustainability

Sumitomo Corporation has established the Corporate Sustainability Department, which is responsible for the planning of measures to promote sustainability and ensuring their implementation throughout the organization.










































































Meanwhile, the department coordinates with general managers, who are responsible for promoting sustainability within each business unit, and with the sustainability promoting staff of each business unit's Planning & Coordination Department. The department also works with the sustainability promoting staff of relevant corporate departments and overseas regional organizations to ensure that sustainability promotion measures are fully implemented groupwide and also that the different business units/initiative and regional organizations pursue measures tailored to the specifics of their business or region.

The Corporate Sustainability Committee acts as an advisory body to the Management Council and discusses important policies, measures, and initiatives relating to the promotion of sustainability. Important initiatives relating to sustainability promotion are referred by the committee to the Management Council and the Board of Directors for further discussion. Some important initiatives are subject to the decisions of the Management Council and the supervision of the Board of Directors.



## Relationship between Various Social Issues and the Company's Business

At present, international organizations, national governments, local governments, private enterprises, and other groups and individuals throughout the world are cooperating to achieve common goals for sustainable development: The Sustainable Development Goals (SDGs). The SDGs are becoming the common language for people who are addressing many social issues to achieve sustainable societies. Our Group has risks and opportunities for various social issues in our business activities covering different countries and industries, and aims to contribute to the achievement of the SDGs through addressing material issues and to realize a sustainable society.

	Major Risks (enhancement of competitiveness)	Major Opportunities (expansion of earning opportunities)	SDGs	Material Issues
Climate Change	Decreased demand for coal fuel due to GHG emissions regulations, etc.	Promotion of renewable energy business and environmentally conscious business, etc.	  	   
Water Resources	Continuity risks for business involving production processes in water shortage areas, etc.	Promotion of water supply and sewerage/freshwater generation business to contribute to addressing water issues around the world, etc.	  	   
Biodiversity	Impact of shortage of raw materials due to destruction of natural ecosystems, reputation loss due to manifestation of adverse impacts, etc.	Creation and development of business opportunities by maintaining and protecting ecosystems, improvement of employee motivation, etc.	 	  
Prevention of Pollution	Reputation loss and decreased trust due to the occurrence of environmental problems, etc.	Development and stability of business through harmonious coexistence with the global environment, etc.	  	  
Resource Use	Business continuity risk due to the loss of the public value of forests, etc.	Expansion of forest management business by securing and using sustainable forest resources, etc.	  	  
Human Rights	Hollowing out of human resources, reputation loss and decreased trust as a result of human rights violation, etc.	Development and stability of local communities and business through harmonious coexistence with local residents, etc.	   	   
Work Health and Safety/Health and Productivity Management	Decreased labor productivity, hollowing out of human resources, and business continuity risk due to inappropriate risk management, etc.	Improvement of labor productivity and employee motivation by giving due consideration to health, etc.	 	  
Human Resources Management	Hollowing out of talented human resources, decreased labor productivity, decreased motivation of employees, and business continuity risk due to lack of appropriate measures and inappropriate working environment, etc.	Human resources retention, enhanced labor productivity, increase in employee motivation, and opportunities to enter new business areas through providing appropriate human resource development programs and realizing a fulfilling working environment, etc.	    	   
Supply Chains	Business continuity risk and reputation loss as a result of the occurrence of problems related to the environment, human resources and labor practices in supply chains, etc.	Development and stability of business by resilient value chains, etc.	 	  
Industrial/ Technological Innovation	Deterioration of existing business and hollowing out of human resources as a result of the shift to ICT, the disappearance of borders for all industries, and complexity, etc.	Enhancement of existing business and creation of new business models through the shift to ICT, etc.		  
Healthcare	Medical malpractice-related risks, etc.	Improvement of access to better medical care, enhancement of efforts to respond to increased demand for drugs, etc.	 	  
Local infrastructure/ Community Planning	Business continuity risks as a result of the occurrence of problems related to the environment, human resources and labor practices at sites of urban development and infrastructure construction, etc.	Promotion of urban development and infrastructure projects mainly in emerging countries, etc.	  	  

## Enhancing Sustainability Management

### The Enhancement of Sustainability Management that We Seek

In addition to clear commitment to the role we play in achieving a sustainable society, it is necessary that we focus on the optimal status of companies and their business that will be needed in a sustainable society, such as carbon neutrality, circular economy and zero violation of human rights. We need to recognize the paths to achieve them and the challenges to be overcome, and consider the strategies and allocation of management resources that we should implement from a long-term perspective.

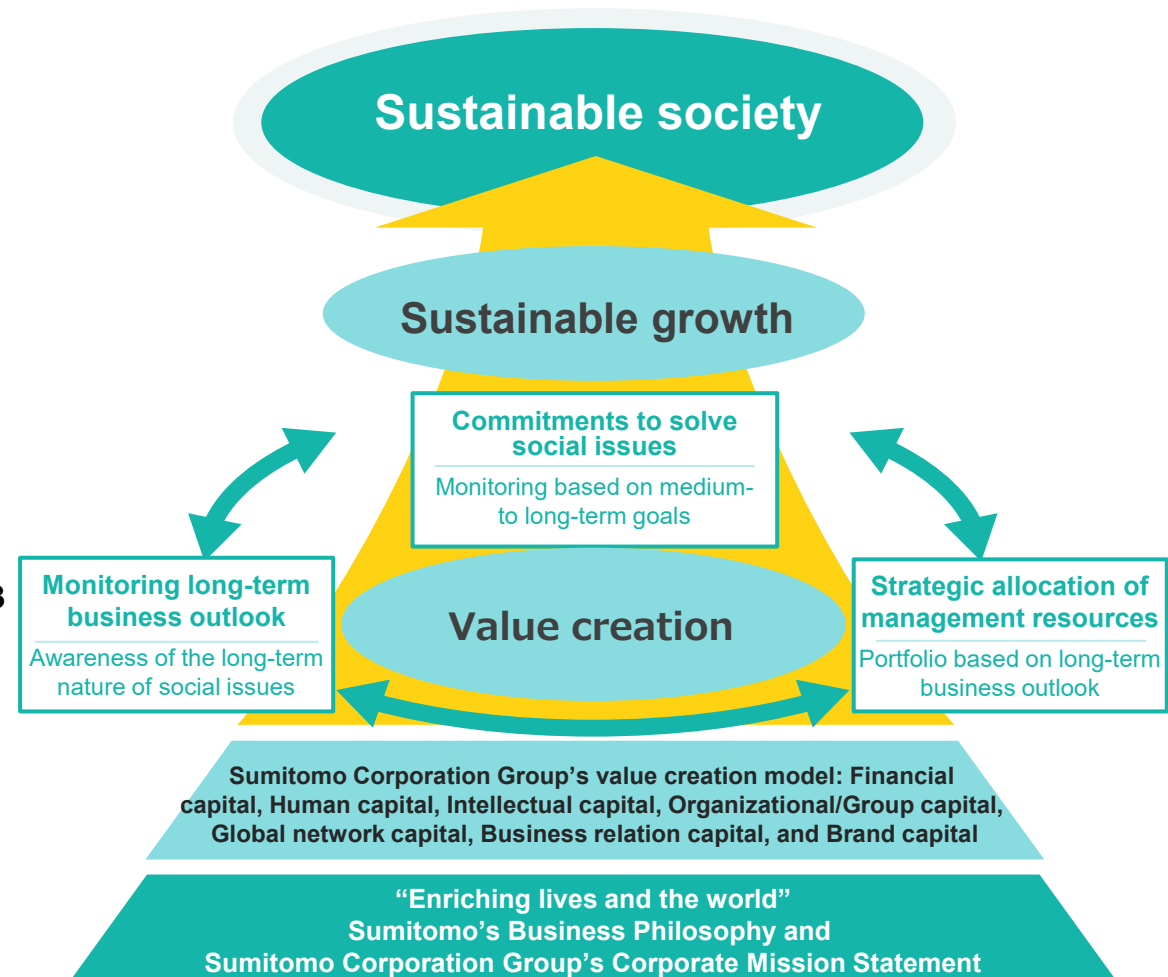
We believe that capturing and pursuing the ideal state of society will bring more business opportunities. The Sumitomo Corporation Group's sustainability management is about perfectly aligning the vision of a sustainable society with the Group's value creation and sustainable growth, and we continue to work on establishing a management framework to achieve the vision.

### Positioning in the Medium-Term Management Plan SHIFT 2023

Within the Medium-Term Management Plan “SHIFT 2023” that we formulated in May 2021, we have identified three “SHIFTS”: Business Portfolio SHIFT, Framework SHIFT, and Management Base SHIFT. In particular, we consider “enhancement of sustainability management” along with DX important elements to be incorporated in promoting Business Portfolio SHIFT to one that is both highly profitable and resilient to changes in the business environment while firmly grasping the two major social trends of digitization and the demand for sustainability.

 [Medium-Term Management Plan SHIFT 2023](#)

## Pursue sustainable growth with society



## Enhancing Sustainability Management

### What the Group Will Bring about for the Development of a Sustainable Society

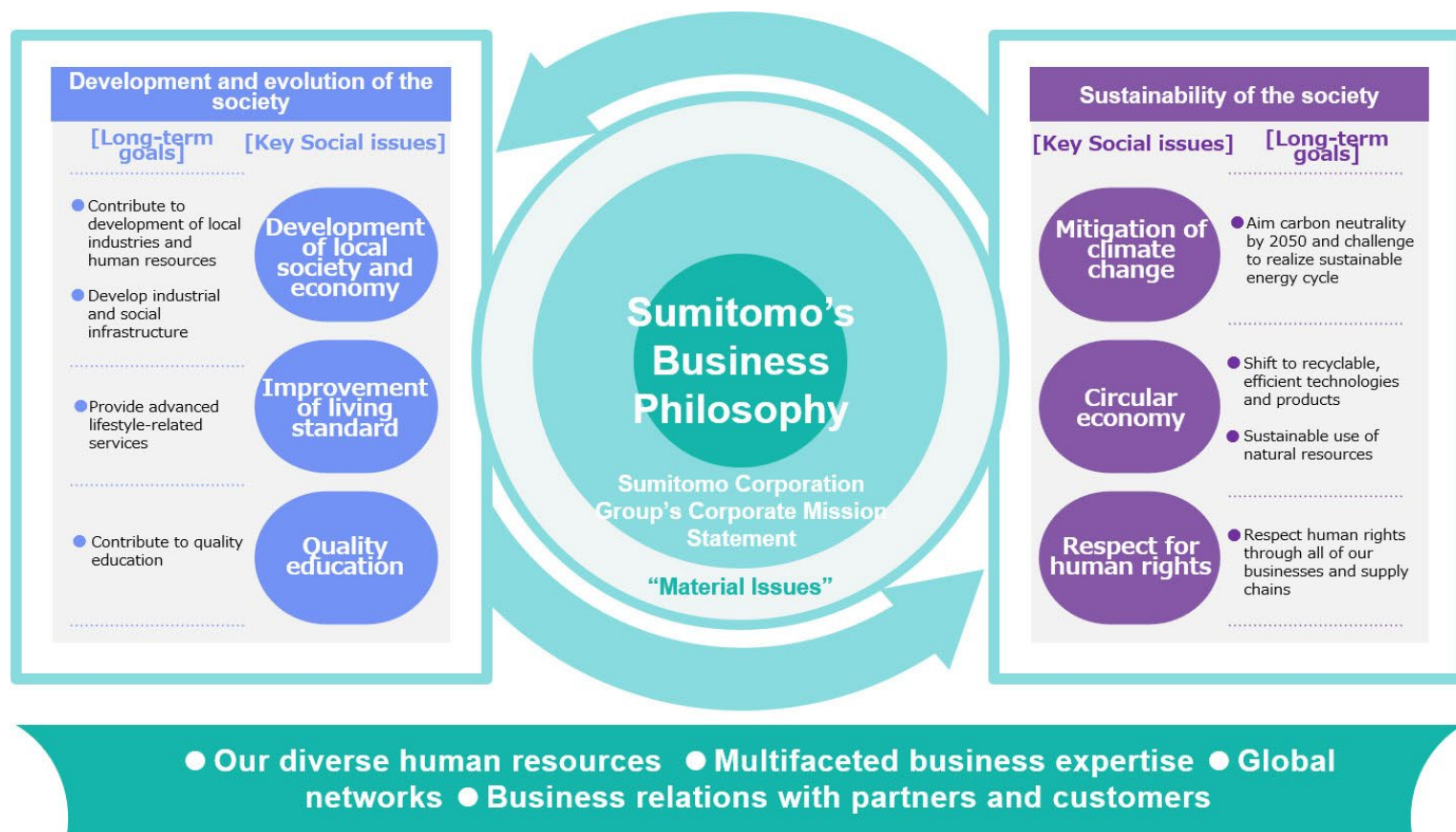
As Sumitomo Corporation works to enhance its sustainability management, it has identified “Mitigation of climate change”, “Circular economy”, “Respect for human rights”, “Development of local society and economy”, “Improvement of living standard” and “Quality education” as the six key social issues it needs to address, and has set long-term goals and medium-term goals for each issue. As we pursue these lofty goals, it will be necessary for us to demonstrate our strengths as an integrated trading company. The Group will make use of its human resources, business expertise as well as networks and business relationships.

The six social issues will demonstrate our role in the society and become our guideline to the Group’s entire business operations.

The six social issues have two themes: the sustainability of society and development and advancement of society.

The sustainability of society is a globally shared goal as well as a major premise of the Group’s business. On the other hand, the solutions for pursuing the sustainability of society will be generated from further social and economic development and therefore, we believe that these two themes are mutually complementary.

Also, we will pursue to achieve these goals through business activities, however, we will contribute to providing quality education through our philanthropy as well as human resources development initiatives.





# Sumitomo Corporation Group's Key Social Issues and Goals / Progress

## Setting Long-term and Medium-term Goals to Address Key Social Issues

	Key social issues	Long-term goals	Medium-term goals
Sustainability of society	Mitigation of climate change	<ul style="list-style-type: none"> <li>Aim for carbon neutrality by 2050 and challenge to realize sustainable energy cycle</li> </ul>	<ul style="list-style-type: none"> <li><b>Reduce the Group's CO<sub>2</sub> emissions 50% or more by 2035 (compared to 2019)</b> <ul style="list-style-type: none"> <li>Reduce CO<sub>2</sub> emissions of the power generation business by <b>40%</b> or more by 2035 (of which reduce 60% or more for coal-fired power generation business); power generation portfolio in 2035 to comprise <b>20%</b> coal-fired, <b>50%</b> gas-fired and <b>30%</b> renewables (*1) in terms of net ownership generation capacity.</li> <li>Reduce indirect CO<sub>2</sub> emissions (*2) associated with the fossil fuel upstream business by 90% or more by 2035.</li> <li>Reduce CO<sub>2</sub> emissions in all other businesses (*3).</li> </ul> </li> <li><b>Establish businesses that will form the foundation for a sustainable energy cycle in society</b> <ul style="list-style-type: none"> <li>Develop hydrogen and other forms of carbon-free energy, increase supply of renewable energy (3GW or more by 2030)(*4), and expand new power and energy services.</li> <li>Expand businesses encouraging electrification, fuel conversion, improved energy and coal efficiency, and energy conservation.</li> <li>Capture, store and utilize CO<sub>2</sub> via carbon recycling, forestry business, CCS, and emissions credit trading, etc.</li> </ul> </li> </ul>
	Circular economy	<ul style="list-style-type: none"> <li>Shift to recyclable, efficient technologies and products</li> <li>Sustainable use of natural resources</li> </ul>	<ul style="list-style-type: none"> <li><b>Use renewable and recyclable raw materials, collect waste, and promote improved efficiency of product usage</b> <ul style="list-style-type: none"> <li>Expand use of raw materials derived from recycled or renewable resources.</li> <li>Improve efficiency of product usage and expand businesses that promote longer product life (sharing, sales of used items, leasing, rentals, etc.) .</li> </ul> </li> <li><b>Reinforce the sustainable procurement system for major natural resources used by the Group</b> <ul style="list-style-type: none"> <li>Identify major natural resource-related commodities requiring sustainable procurement, establish procurement policy, promote certification, and strengthen voluntary auditing system.</li> </ul> </li> </ul>
	Respect for human rights	<ul style="list-style-type: none"> <li>Respect human rights through all of our businesses and supply chains</li> </ul>	<ul style="list-style-type: none"> <li><b>Promote and ensure respect for human rights in accordance with the United Nations Guiding Principles on Business and Human Rights and Sumitomo Corporation Group's Human Rights Policy</b> <ul style="list-style-type: none"> <li>By 2023, achieve <b>100%</b> participation rate in human rights education based on the Guiding Principles, and <b>100%</b> implementation rate in regional organizations and subsidiaries.</li> <li>Strengthen risk analysis in human rights due diligence to accurately assess risks in all businesses, including the supply chain, and implement risk mitigation measures by 2025. Establish a more effective grievance mechanism(*5) based on assessment results.</li> </ul> </li> <li><b>Ensure a safe workplace environment</b> <ul style="list-style-type: none"> <li>Strengthen efforts to achieve zero accidents at major business workplaces, focusing on manufacturing, processing, and projects involving large-scale construction.</li> </ul> </li> <li><b>Achieve a diverse organization grounded in mutual respect</b> <ul style="list-style-type: none"> <li>Provide a safe working environment that is free from discrimination and harassment.</li> <li>Promote human resource management that enables individuals to demonstrate their abilities regardless of nationality, age, gender, sexual orientation, gender identity, or any other attributes or values.</li> </ul> </li> </ul>

(\*1) As of 2020 : coal 50%, gas 30%, renewables 20% (\*2) Indirect CO<sub>2</sub> emissions generated by others with the use of fossil fuel (\*3) Contribute to CO<sub>2</sub> reduction by setting targets for individual businesses

(\*4) As of 2020 : 1.5GW (1GW = 1 billion W) (\*5) A process that employees, local residents or other stakeholders can use to lodge complaints regarding human rights violations and other issues related to enterprise's business activities including its supply chain, for resolving such issues

## Sumitomo Corporation Group's Key Social Issues and Goals / Progress

### Setting Long-term and Medium-term Goals to Address Key Social Issues

	Key social issues	Long-term goals	Medium-term goals
Development and evolution of society	Development of local society and economy	<ul style="list-style-type: none"> <li>Contribute to development of local industries and human resources</li> <li>Develop industrial and social infrastructure</li> </ul>	<ul style="list-style-type: none"> <li><b>Develop local industries, create jobs, and develop human resources through the Group's global business operations</b> <ul style="list-style-type: none"> <li>Promote sustainable, highly productive and value-added industries, and coexist with local communities through business.</li> <li>Create employment and develop management and highly skilled human resources at the Group's business sites.</li> </ul> </li> <li><b>Establish industrial and social infrastructure that contributes to the sustainable development of society</b> <ul style="list-style-type: none"> <li>Promote infrastructure that enables access to high-quality energy, water, transportation, logistics, communications, and financial services, as well as businesses that enhance urban functions.</li> </ul> </li> </ul>
	Improvement of living standard	<ul style="list-style-type: none"> <li>Provide advanced lifestyle-related services</li> </ul>	<ul style="list-style-type: none"> <li><b>Deliver advanced lifestyle services that help to solve social issues such as urbanization and aging populations</b> <ul style="list-style-type: none"> <li>Provide more advanced services and new functions that improve the standard of living, such as mobility, media and telecommunications, healthcare services, and smart city development, based on new technologies and concepts.</li> </ul> </li> </ul>
	Quality education	<ul style="list-style-type: none"> <li>Contribute to quality education</li> </ul>	<ul style="list-style-type: none"> <li><b>Provide quality and equal learning opportunities through 100SEED(*) activities</b> <ul style="list-style-type: none"> <li>Quantitatively expand the scope of learning opportunities.</li> <li>100% satisfaction of beneficiaries.</li> <li>Continue to have at least 5% of all employees participate annually (scope is Sumitomo Corporation, regional organizations and Group companies).</li> </ul> </li> </ul>

(\*) Social contribution activity program with employee participation at Sumitomo Corporation Group

### Identification Process of Key Social Issues

In FY2019, we launched an internal project team to enhance the sustainability management. Based on the characteristics of our business activities as an integrated trading company, the project team came up with hypotheses related to important issues deeply involving the Group and picked out several issues from the long list. At the same time, they conducted surveys and interviews with the general managers of each business unit and division concerning opportunities and risks related to social issues within the strategies and business activities of each organization based on the long list. They then analyzed the relationship of our businesses to each issue. Finally, after comparing their hypotheses with the survey results and organizing them into categories, the team identified six key social issues. The key social issues and long-term goals were decided in June 2020 after resolutions by the Management Council and the Board of Directors. We also decided on medium-term goals in May 2021. In this series of processes, opinions were exchanged with experts on the environment and human rights, institutional investors, international organizations, and others to verify that the expectations of our various stakeholders have been properly reflected.

## Sumitomo Corporation Group's Key Social Issues and Goals / Progress

Specific initiatives for the long-term and medium-term goals set for each issue and the progress of those initiatives are monitored by the Corporate Sustainability Committee, an advisory body to the Management Council. Please see below for the main examples of initiatives for each key social issue.

### Mitigation of Climate Change - Representative Initiatives

#### Long-term goals: Aim for carbon neutrality by 2050 and challenge to realize sustainable energy cycle

#### Medium-term goals: Reduce the Group's CO2 emissions 50% or more by 2035 (compared to 2019)

Business unit	Field	Goals	Progress
<ul style="list-style-type: none"> <li>● Reduce CO2 emissions of the power generation business by 40% or more by 2035 (of which reduce 60% or more for coal-fired power generation business); power generation portfolio in 2035 to comprise 20% coal-fired, 50% gas-fired and 30% renewables in terms of net ownership generation capacity.</li> </ul>			
Infrastructure	Generation	Reduce CO2 emissions of the power generation business by 40% or more by 2035 (of which reduce 60% or more for coal-fired power generation business) (compared to 2019)	Reduced CO2 emissions of the power generation business by 4.1% (of which, reduced 3.6% or more for coal-fired power generation business) (compared to 2019)
Infrastructure	Generation	Power generation portfolio in 2035 to comprise 20% coal-fired, 50% gas-fired and 30% renewables in terms of net ownership generation capacity	Power generation portfolio at end of FY2021 comprised 53% coal-fired, 31% gas-fired and 16% renewables in terms of net ownership generation capacity
<ul style="list-style-type: none"> <li>● Reduce indirect CO2 emissions associated with the fossil fuel upstream business by 90% or more by 2035.</li> </ul>			
Mineral Resources, Energy, Chemical & Electronics	Upstream of fossil fuels	Reduce indirect CO2 emissions associated with the fossil fuel upstream business by 90% or more by 2035 (compared to 2019)	Reduced indirect CO2 emissions associated with the fossil fuel upstream business by 16.7% (compared to 2019)
<ul style="list-style-type: none"> <li>● Reduce CO2 emissions in all other businesses.</li> </ul>			
Metal Products	Steel products	Measure CO2 emissions in the supply chain, improve measurement accuracy, visualize emissions, verify methods for reducing emissions, and run proofs of concept	Completed visualization of CO2 emissions (Scope 1/2) at two coil center plants, aiming for greener procurement of electricity
Metal Products	Tubular products	Aim to go carbon neutral at the next-generation distribution center in West Texas, United States	Completed shift to renewable energy (solar power) for own power consumption
Transportation & Construction Systems	Automotive parts	Reduce CO2 emissions at KIRIU by 30% by FY2024 (compared to FY2019)	Reduced CO2 emissions and power consumption following factory refurbishment and installation of storage battery systems
Transportation & Construction Systems	Construction & mining systems sales	Reduce direct/indirect CO2 emissions from own operations (Scope 1/2), reduce CO2 emissions from customer operations (Scope 3), and promote sales of electric machinery and automated machinery	Completed confirmation of method for calculating CO2 emissions. Reduced electricity consumption by capturing sunlight, reused used water, constructed an environmentally friendly facility, continued promoting the sales of autonomous construction machinery, and began selling electric trucks.
Infrastructure	Logistics	At SGL, visualize the transportation part of CO2 emissions (categories 4 and 9 of GHG Protocol Scope 3) indirectly emitted by the company and operating companies	Calculated and visualized CO2 emissions for domestic and international transportation handled by SGL (acquired assurance from an external organization), and began supporting sales and the operating companies of the Group
Living Related & Real Estate	Retail	Reduce energy consumption and CO2 emissions at SUMMIT stores	Installed energy-efficient refrigeration, freezing equipment and adopted to LED lighting
Living Related & Real Estate	Fresh Produce	Reduce Fyffes GHG emissions to achieve the Science-Based Target in line with the 1.5°C scenario, representing a 25% reduction for scope 1 and 2 in CO2 eq./kg of fruit harvested by 2025, and a 10% reduction for scope 3 in CO2 eq./kg of fruit harvested and distributed by Fyffes and its suppliers, from a 2020 base year.	Set a CO2 emissions reduction target and obtained SBT validation and identified projects which will deliver 21% reduction in Scope 1 and 2 (as of 2022)

## Sumitomo Corporation Group's Key Social Issues and Goals / Progress

### Mitigation of Climate Change - Representative Initiatives

Business unit	Field	Goals	Progress
Living Related & Real Estate	Real estate	Aim to obtain CASBEE evaluation and rating (a type of green building certification) at logistics facilities and office buildings owned and developed by Sumitomo Corporation	Obtained new assessments for eight office buildings owned by Sumitomo Corporation (grades: six S and two A)
Living Related & Real Estate	Real estate	At the fund and REIT managed by our group, obtain GRESB, an ESG assessment specific to the real estate sector	Obtained GRESB 4 Stars for SOSiLA Logistics REIT, Inc. and SC Realty Private Investment Corporation
Living Related & Real Estate	Real estate	Develop projects that meet the "ZEH-M Oriented" standard (reduce primary energy consumption of entire condominium, including common areas, by at least 20%)	Completed registration as a ZEH developer under the ZEH Developer Program
Media & Digital	IT	Reduce electricity consumption and CO <sub>2</sub> emissions at SCSK data centers, etc.	Set a CO <sub>2</sub> emissions reduction target and obtained SBT certification

### Long-term goals: Aim for carbon neutrality by 2050 and challenge to realize sustainable energy cycle

#### Medium-term goals: Establish businesses that will form the foundation for a sustainable energy cycle in society

Business unit	Field	Goals	Progress
● Develop hydrogen and other forms of carbon-free energy, increase supply of renewable energy (3GW or more by 2030)(*4), and expand new power and energy services.			
Infrastructure	Renewable energy	Increase supply of renewable energy (3GW or more by 2030)	Renewable energy: 1.5GW (as of end of FY2021)
Infrastructure	Thermal power generation	Promote a business model utilizing carbon offset technologies (CCUS, hydrogen, etc.) to achieve carbon neutrality by 2050	Support for host countries to shift power sources to renewable energy, etc. Considering how to decarbonize and low-carbonize existing coal-fired power generation businesses such as through new technologies and new fuels
● Expand businesses encouraging electrification, fuel conversion, improved energy and coal efficiency, and energy conservation.			
Metal Products	Steel products	Participate in trading activities and related businesses for direct reduced iron and electric furnace materials that contribute to decarbonization of the steel supply chain	Currently considering participation in both trade and business, examining functions that can be provided for the industry-wide goal of decarbonization
Metal Products	Oil & gas drilling	Provide services that contribute to the reduction of direct CO <sub>2</sub> emissions in oil and gas drilling operations	Supported drilling automation and operational optimization in oil and gas well development by introducing SEKAL's software
Transportation & Construction Systems	Mobility	Promote the widespread use of EVs/PHVs/FCVs and the development of EV infrastructure	Entered the electric bus service business (completed a retrofit EV bus), entered the electric taxi service business (tried an EV taxi operation), and launched a trial of an EV car sharing service for corporate clients
Transportation & Construction Systems	Leasing	Promote sustainability-related businesses in SMFL (cumulative value of contracts from FY2020 to FY2029: 1 trillion yen)	Increased the cumulative balance in FY2021, including by expanding the solar power generation business

## Sumitomo Corporation Group's Key Social Issues and Goals / Progress

### Mitigation of Climate Change - Representative Initiatives

Business unit	Field	Goals	Progress
Transportation & Construction Systems	Ship	At Oshima Shipbuilding, continue selling new ships with 30% reduction in CO2 emissions (compared to 2008). Continue developing new ships with 40% reduction in CO2 emissions	Selling fuel-efficient ships to be constructed by Oshima Shipbuilding and have started development of ammonia fueled ships together with Oshima
Transportation & Construction Systems	Ship	Contribute to the reduction of CO2 emissions from both coastal and ocean-going ships by promoting Corvus Energy marine batteries	Established joint venture with marine battery manufacturer, Corvus Energy. Will expand sales of battery systems and provide a maintenance service
Transportation & Construction Systems	Commercial aviation	Build and expand next-generation air mobility services utilizing electric vertical take-off and landing (eVTOL) aircraft and other methods	Conducted proofs of concept in Japan and overseas to facilitate drone-based mobility services
Transportation & Construction Systems	Commercial aviation	In the aircraft leasing and engine leasing portfolio, increase the portion of more fuel-efficient and more environment-friendly aircraft and engines (target: 70% for aircraft and 50% for engines, of the total portfolio, respectively)	Reached c. 65% for aircraft and c. 50% for engines, respectively
Transportation & Construction Systems	Mobility hub	Install 1,000 EV chargers at parking spaces in Nordic Countries by the end of FY2024 as a way of supporting the expanded use of EVs through the deployment of EV chargers at parking spaces.	Number of EV chargers installed: In FY2021, installed 101 new EV chargers as planned. Will continue to promote installations while ascertaining demand
Transportation & Construction Systems	Fleet management	Build up an EV life cycle management model in which EV is owned over the long term, from use in a vehicle to use as a reused battery, utilizing them for both mobility and energy	Invested in DriveElectric, an EV leasing and fleet management business based in the UK
Transportation & Construction Systems	Aerospace manufacturing	Efforts for hydrogen-fueled aircraft businesses, realizing carbon neutral	At Sumitomo Precision Products, continued to develop technologies for next-generation (hydrogen-powered, electric) aircraft
Transportation & Construction Systems	Aerospace manufacturing	Contribute to the reduction of CO2 emissions by achieving lightweight aircraft using metal 3D printing technologies	Invested in Sintavia, a US-based company with strengths in metal 3D printing technologies. Promoted the widespread use of parts manufactured with these technologies
EII	Green energy	Build a combined clean energy services model that leverages our integrated corporate strength, creating new demand and synergies with mobility, DX, smart infrastructure, etc.	Established the Energy Innovation Initiative (EII). Formulated overarching strategy, and began considering clean energy platform businesses (hydrogen, green power, energy storage, thermal)
● Capture, store and utilize CO2 via carbon recycling, forestry business, CCS, and emissions credit trading, etc.			
EII	Forests	Acquire and expand the scale of forest resources and improve the value of forest assets	Acquired additional forest assets in New Zealand
EII	Green energy	Promote carbon credit businesses that contribute to real CO2 emission reductions	Built a cross-organizational collaboration platform to promote carbon solutions businesses, and established a dedicated organization

# Sumitomo Corporation Group's Key Social Issues and Goals / Progress

## Circular Economy - Representative Initiatives

### Long-term goals: Shift to recyclable, efficient technologies and products

### Medium-term goals: Use renewable and recyclable raw materials, collect waste, and promote improved efficiency of product usage

Business unit	Field	Goals	Progress
● Expand use of raw materials derived from recycled or renewable resources.			
Infrastructure	PET bottle recycling	Expand the PET bottle recycling business (Tomra Japan)	Increased resource recovery by 6% (compared to 2020)
Infrastructure	Logistics	Accelerate considerations for switching to biotech inner bags attached to the inside of containers used for transportation and storage	Decided on specifications for biotech liner bags. Currently performing various verifications, such as transportation tests and storage tests
Living Related & Real Estate	Fresh Produce	At Fyffes, all packaging will be compostable, recyclable or reusable by 2025	Completed introduction of compostable, recyclable, and reusable packaging for 98.1% of all products
Mineral Resources, Energy, Chemical & Electronics	Chemical	Expand sales volume of high value-added resins, demand for which is expected to grow with the shift to lighter weight automobiles and EVs	Made steady progress against the planned schedule
Mineral Resources, Energy, Chemical & Electronics	Chemical	Expand product sales volumes for a manufacturer of plastic substitute materials (plant-derived materials) in which Sumitomo Corporation has invested	Investee commenced construction of a mass-production plant (scheduled for completion during FY2022)
Mineral Resources, Energy, Chemical & Electronics	agricultural chemical distribution	Increase the sales ratio of biopesticides (including mixtures with chemical pesticides) to 20%	Increased the sales ratio of biopesticides in FY2021 to 8.5% (actual) (Sales: USD 56.2 million)
EII	Storage battery	Promote the reuse of EV batteries and develop technologies. Create reuse opportunities	Currently developing technologies to build large-scale stationary storage systems based on the secondary use of EV batteries
● Improve efficiency of product usage and expand businesses that promote longer product life (sharing, sales of used items, leasing, rentals, etc.) .			
Transportation & Construction Systems	Automotive sales & marketing	Promote product lifetime extension through used car sales and after-sales services	Increased used car sales by 24% and vehicle service, maintenance and repair by 18% compared with the previous fiscal year
Transportation & Construction Systems	Mobility hub	Promote the EV car-sharing service business	In addition to car sharing, commenced a subscription service for corporate and private customers in the second half of FY2021 (16 vehicles) As for the existing car sharing service, on average, 3,000 users made 9,000 trips per month Cumulative registered users reached 60,000 for 460,000 trips
Media & Digital	Communications	Achieve resource savings through the handset lifecycle management businesses (new device sales, collection, refurbishing and redistribution)	Used handsets collection and redistribution to domestic and overseas markets

# Sumitomo Corporation Group's Key Social Issues and Goals / Progress

## Circular Economy - Representative Initiatives

### Long-term goals: Sustainable use of natural resources

#### Medium-term goals: Reinforce the sustainable procurement system for major natural resources used by the Group

Business unit	Field	Goals	Progress
<ul style="list-style-type: none"> <li>Identify major natural resource-related commodities requiring sustainable procurement, establish procurement policy, promote certification, and strengthen voluntary auditing system.</li> </ul>			
Living Related & Real Estate	Food distribution	Promote the sustainable procurement of palm oil	Obtained the Roundtable on Sustainable Palm Oil (RSPO) Mass Balance certification
Living Related & Real Estate	Food distribution	Procure and promote the widespread use of Bird Friendly <sup>®</sup> -certified coffee	Maintained Bird Friendly <sup>®</sup> certification
EII	Forests	Obtain forest certification for most of our forested land holdings, and implement sustainable management	Maintained FSC certification for our forested lands and logging concessions, continued to obtain CDP forest assessments, and established and operated our Forest Management Policy and Sourcing Policy for Forest Products
EII	Forests	Procure only forestry products managed in accordance with internationally recognized certification programs, of which legality and sustainability have been certified, and monitor reforestation using remote sensing technologies (satellite image analysis)	Conducted a monitoring trial using satellite image analysis. Conducted an independent questionnaire for suppliers to ensure the legality and sustainability of their products

## Respect for Human Rights - Representative Initiatives

### Long-term goals: Respect human rights through all of our businesses and supply chains

#### Medium-term goals: Promote and ensure respect for human rights in accordance with the United Nations Guiding Principles on Business and Human Rights and Sumitomo Corporation Group's Human Rights Policy

Business unit	Field	Goals	Progress
<ul style="list-style-type: none"> <li>By 2023, achieve 100% participation rate in human rights education based on the Guiding Principles, and 100% implementation rate in regional organizations and subsidiaries.</li> </ul>			
Company-wide	—	By 2023, achieve 100% participation rate in human rights education based on the Guiding Principles, and 100% implementation rate in regional organizations and subsidiaries.	Completed development of content for human rights education tool (e-learning) (commenced rollout from FY2022)
<ul style="list-style-type: none"> <li>Strengthen risk analysis in human rights due diligence to accurately assess risks in all businesses, including the supply chain, and implement risk mitigation measures by 2025. Establish a more effective grievance mechanism based on assessment results.</li> </ul>			
Media & Digital/ Living Related & Real Estate	—	By 2025, accurately assess risks for all operations, including supply chains	Commenced human rights due diligence on a business-unit basis with the aim of covering all businesses by 2025. (In FY2021, covered the Media & Digital Business Unit and the Living Related & Real Estate Business Unit.) Established a consultation desk on our corporate website as part of our grievance mechanism

## Sumitomo Corporation Group's Key Social Issues and Goals / Progress

### Respect for Human Rights - Representative Initiatives

Business unit	Field	Goals	Progress
Living Related & Real Estate	Food distribution	In industries with high human rights risks, understand the human rights risk situation of suppliers	In the area of food distribution, surveyed four suppliers in countries and of products identified as having high human rights risks
Media & Digital	Communications	Ensure that business operations comply with our Human Rights Policy	In overseas telecommunications business, we have carried out a human rights impact assessment. And we will tackle and consider further actions to mitigate and prevent risks.

### Medium-term goals: Reinforce the sustainable procurement system for major natural resources used by the Group

Business unit	Field	Goals	Progress
● Strengthen efforts to achieve zero accidents at major business workplaces, focusing on manufacturing, processing, and projects involving large-scale construction.			
Company-wide	–	Strengthen efforts to achieve zero accidents	Implemented e-learning on emergency responses in the event of an accident or a natural disaster, conducted lifesaving courses, and introduced a system for sharing damage situations
Metal Products	Steel products	Implement intrinsic safety assurance activities and employee training, and improve activities through PDCA cycle (utilizing TQM management techniques)	Conducted self-audits based on a safety self-checklist (150 items) and promoted efforts for improvement based on the audit results
Metal Products	Tubular products	Under a division slogan of "ZERO Harm," aim to measure and minimize the Lost Time Incident Rate (LTIR) and Total Recordable Incident Rate (TRIR) at each work site	There was 1 LTI, LTIR and TRIR were 0.2%, and awareness-raising activities, including e-learning and preparation of a disaster prevention rulebook, were continuously conducted with an aim of zero lost time and zero work-related accidents
Transportation & Construction Systems	Automotive manufacturing	Reduce the number of work-related accidents	Reduced work-related accidents at KIRIU and achieved zero work-related accidents at SDV
Transportation & Construction Systems	Construction & mining systems sales/construction equipment rental	Aim for LTIR of 0.25 or less at 50% of operating companies in 2021, 1.0 or less at all companies in 2022, and 0.25 or less at all companies in 2023	Total LTIR was 0.44. 57.1% of operating companies achieved the target LTIR of less than 0.25 Follow-up provided to further reduce accidents
Infrastructure	Power plant infrastructure EPC	Aim for zero Lost Time Injuries (LTI) through establishing HSE rules and through on-sight training and meetings	HSE rules completed for each project
Living Related & Real Estate	Fresh Produce	At Fyffes, by 2025 no work-related fatalities and no severe work-related injuries	Started to have awareness campaigns aiming to encourage behaviour and culture change among the people who use a motorcycle to get to and from the workplace. Developed and implemented a road safety training program, and began reinforcing the preventive theme on road. Fyffes has begun the roll out of a companywide safety management system, beginning in Latin America to replace individual systems
Mineral Resources, Energy, Chemical & Electronics	Electronic parts	Maintain zero work-related accidents at Sumitronics (in factories)	Achieved zero work-related accidents
Mineral Resources, Energy, Chemical & Electronics	Upstream of metal resources	Reduce work-related accidents in the upstream mineral resources and energy business (Ambatovy Project)	Total recordable injury frequency (TRIF) was 0.09, achieving the annual safety target for the worksite. Highest value since the start of the Ambatovy Project. Identified causes at the time of the work-related accidents, took thorough measures to prevent recurrence, and alerted employees. To foster a culture of safety, also continued efforts to formulate a process safety management system, and define and implement appropriate standard operating procedures



# Sumitomo Corporation Group's Key Social Issues and Goals / Progress

## Respect for Human Rights - Representative Initiatives

**Long-term goals: Respect human rights through all of our businesses and supply chains**

**Medium-term goals: Achieve a diverse organization grounded in mutual respect**

Business unit	Field	Goals	Progress
● Provide a safe working environment that is free from discrimination and harassment.			
Company-wide	—	Provide a safe working environment that is free from discrimination and harassment	As part of activities raising awareness for human rights and Dowry issues, conducted training for Group executives and employees led by an outside expert Organized awareness-raising activities, such as training for the prevention of sexual harassment and power harassment, in order to eliminate all forms of harassment Launched a company-wide working group to enhance employee engagement
● Promote human resource management that enables individuals to demonstrate their abilities regardless of nationality, age, gender, sexual orientation, gender identity, or any other attributes or values.			
Company-wide	—	Promote human resource management that enables individuals to demonstrate their abilities regardless of nationality, age, gender, sexual orientation, gender identity, or any other attributes or values	Planned and hosted Diversity Week—an intensive period of diversity and inclusion (D&I) programs—as part of our ongoing internal awareness-raising efforts to instill D&I in the organization In Japan, numerical targets were set, mainly for promoting women's participation and advancement in the workplace, and efforts are being made to permeate and instill D&I through measures and actions aimed at achieving those targets. Coordination has also been strengthened at overseas regional organizations, such as by supporting the promotion of D&I measures tailored to the actual circumstances of the sites in each country (holding Global D&I Meetings on a regular basis)

## Development of Local Society and Economy - Representative Initiatives

**Long-term goals: Contribute to development of local industries and human resources**

**Medium-term goals: Develop local industries, create jobs, and develop human resources through the Group's global business operations**

Business unit	Field	Goals	Progress
● Promote sustainable, highly productive and value-added industries, and coexist with local communities through business.			
Transportation & Construction Systems	Leasing	Expand efforts for the MIRAI 2030™ SDGs lease and introduce sustainability-related products	Began handling sustainability-linked leases and loans compliant with the Poseidon Principles
Infrastructure	Overseas industrial park	Promote the overseas industrial park business, continue to attract companies, create jobs, and achieve regional development	Promoted the overseas industrial park business
Living Related & Real Estate	Supermarket	Expand the introduction of new service menus, with stores functioning as local community hubs	Maintained contributions to local communities through participation in those communities and events and handling locally grown vegetables, as well as tree-planting activities and acceptance of technical trainees from overseas Expanded introduction of the "Health Community Corner," commonly known as "Kenkomi,"* as a new service based on a theme of food and health

\* A collaborative service by Summit and Tomod's designed to provide a "food and health" themed community space that is accessible to local customers.

## Sumitomo Corporation Group's Key Social Issues and Goals / Progress

### Development of Local Society and Economy - Representative Initiatives

Business unit	Field	Goals	Progress
Mineral Resources, Energy, Chemical & Electronics	Upstream of metal resources	Contribute to development of industries in Madagascar	Continued to trade with local suppliers and developed human resources by providing training opportunities
Mineral Resources, Energy, Chemical & Electronics	Agricultural input	Improve productivity by making agricultural production more stable and efficient	Helped improve agricultural productivity through the business of direct sales of agricultural materials providing farming services and agricultural materials. Promoted business value improvement through geographical expansion and functional enhancement.
● Create employment and develop management and highly skilled human resources at the Group's business sites.			
Transportation & Construction Systems	Automotive sales & marketing	Develop human resources in Iraq and Libya	Iraq: 93 graduates of job training. Conducted job training in collaboration with UN's IOM. Libya: 48 people completed online training.
Mineral Resources, Energy, Chemical & Electronics	Electronic parts	Provide job training and worker education to employees (factories)	Maintained 100% job training rate at Sumitronics

### Long-term goals: Develop industrial and social infrastructure

#### Medium-term goals: Establish industrial and social infrastructure that contributes to the sustainable development of society

Business unit	Field	Goals	Progress
● Promote infrastructure that enables access to high-quality energy, water, transportation, logistics, communications, and financial services, as well as businesses that enhance urban functions.			
Transportation & Construction Systems	Commercial aviation	Build and expand the helicopter leasing portfolio, mainly focused on the helicopters for emergency medical services and disaster relief missions	SMFL has grown its helicopter leasing portfolio by 40% year-on-year from 2020, mainly focused on the helicopters for emergency medical services and disaster relief missions
Infrastructure	Generation	Contribute to local community and economic development through the steady execution of existing projects	Maintained stable operations at existing power plants currently in operation
Infrastructure	Water/ railroads	Expand high-quality social infrastructure (water, railroads)	Increased treatment capacity by 56% (compared to FY2020) by expanding the water business Received orders for new rolling stock and railway systems, steadily fulfilled contracts, and worked to resolve the social issue of traffic congestion by expanding the railroad business
Media & Digital	Communications	Develop telecommunications infrastructure in emerging countries and roll out value-added services on these platforms	Began developing telecommunications infrastructure in Ethiopia

# Sumitomo Corporation Group's Key Social Issues and Goals / Progress

## Improvement of Living Standard - Representative Initiatives

### Long-term goals: Provide advanced lifestyle-related services

### Medium-term goals: Deliver advanced lifestyle services that help to solve social issues such as urbanization and aging populations

Business unit	Field	Goals	Progress
● Provide more advanced services and new functions that improve the standard of living, such as mobility, media and telecommunications, healthcare services, and smart city development, based on new technologies and concepts.			
Transportation & Construction Systems	Mobility	Improve convenience for consumers through the mobile shop services business that capitalizes on mobility and provide mobile shop services to revitalize communities	Began demonstration of the mobile shop services business that capitalizes on mobility
Infrastructure	Smart city	Developing infrastructure that contributes to better lifestyles for people through the smart city development	The North Hanoi Smart City: Progress being made in land expropriation; drafted a town management business plan and concept
Infrastructure	Overseas industrial park	Provide a variety of welfare services to build local infrastructure for employees working at our industrial parks	Provided a variety of welfare services (sales of daily necessities, sales of medical insurance, provision of healthcare services, etc.) via a digital platform for tenant companies and employees at Thang Long Industrial Parks in Vietnam
Media & Digital	5G	Promote businesses aimed at realizing a 5G society and sustainable cities (base station sharing, local 5G)	Established additional local 5G base stations; conducted a proof of concept with cable TV operators and railroad operators for the development of use cases
Media & Digital	CATV	Through JCOM, provide online entertainment and lifestyle services that make life more convenient and contribute to a comfortable and exciting life	Provided entertainment and lifestyle services, such as CATV, Internet, fixed phone, electric power, and mobile phone, to 5.58 million households
Media & Digital	CATV	Through Telemedicine service through cable television(J:COM), provide services that help resolve social issues in community healthcare services, aging, and other areas	Launched telemedicine service through cable television(J:COM)
Media & Digital	TV shopping	Through Shop Channel, provide products and services that contribute to comfortable and exciting lifestyles	Providing carefully curated products and services such as fashion items and beauty-related products via Shop Channel, and launching a live commerce business
Living Related & Real Estate	Health Care	Build a domestic healthcare platform to support Japan's aging society	Provided sales of pharmaceuticals and daily necessities with the functions of a dispensing pharmacy through the Tomod's model of drugstore with dispensing function (237 stores as of the end of FY2021), and enhanced the functions of dispensing pharmacies by offering home dispensing and online dispensing services
Living Related & Real Estate	Health Care	Provide optimal medical care in optimal locations and help keep the costs of healthcare down in each country	Entered the managed care business in Vietnam
Mineral Resources, Energy, Chemical & Electronics	Agri	Leverage new technologies to optimize agricultural inputs, improve productivity, and further stabilize incomes for crop producers	Through collaboration with operating companies and new business partners, examined precision agriculture technologies and services that contribute to improved crop yields, and began demonstration projects

## Sumitomo Corporation Group's Key Social Issues and Goals / Progress

### Quality Education - Representative Initiatives

#### Long-term goals: Contribute to quality education

#### Medium-term goals: Provide quality and equal learning opportunities through 100SEED activities

Business unit	Field	Goals	Progress
Company-wide	—	Quantitatively expand the scope of learning opportunities	Through the "Mirai School" career education support program, provided career education to 3,800 students at 24 high schools Through "Pro Bono Educational Support," assisted eight non-profit organizations (NPOs) strengthen their organizational foundations Through "Educational Support for a Multi-cultural Symbiotic Society," provided support to eight NPOs and children with foreign roots
Company-wide	—	100% satisfaction of beneficiaries	Achieved nearly 100% satisfaction among beneficiary NPOs and high school students
Company-wide	—	Continue to have at least 5% of all employees participate annually (Boundary is Sumitomo Corporation, regional organizations and Group companies).	More than 5% of employees participated at the Head Office and regional organizations in Japan and overseas. 100SEED received a special award at the 19th Corporate Philanthropy Award in recognition of company-wide efforts involving both employees and management

# Environmental Management

## Policy and Concept

Throughout its 400-year history, Sumitomo Group has pursued industrial development in harmony with local communities and the natural environment. Based on this foundation, Sumitomo Corporation Group pursues business activities in such a way as to promote environmental conservation. Recognizing that various initiatives such as creating a low-carbon society that alleviates climate change, preserving biodiversity and the global environment, using energy, water and resources sustainably, preventing pollution and controlling waste emissions are the most important and long-term concerns that all individuals and organizations must address, we have established our Environmental Policy as detailed on the right. Sharing this policy, Sumitomo Corporation Group companies are committed to reducing the environmental impacts of their business activities as well as to improving the environment through their business activities, based on the ISO 14001 environmental management system.

## Sumitomo Corporation Group Environmental Policy

### **I . Basic Policy**

The Sumitomo Corporation Group recognizes that environmental issues are global in scale and that they are long-range concerns affecting future generations. As a global organization, the Sumitomo Corporation Group, through sound business activities, will strive to achieve sustainable development aimed at both social and economic progress and environmental preservation.

### **II . Basic Guidelines**

In pursuing its diversified business activities both within Japan and overseas, the Sumitomo Corporation Group shall comply with the following guidelines, and, through cooperation between its Group companies, work to achieve the aims of its environmental Basic Policy.

#### **1 Basic stance with regard to the environment:**

To place great importance on protecting the global environment as a good corporate citizen in accordance with the Sumitomo Corporation's Activity Guidelines.

#### **2 Compliance with environmental legislation:**

To strictly observe legislation related to environmental matters not only in Japan but also overseas, and to abide by any agreements made.

#### **3 Caring for the natural environment:**

To place great importance on preserving the environment, including the natural ecosystem and biodiversity.

#### **4 Response to climate change:**

To place great importance on mitigating climate change and adapting to its impact.

#### **5 Efficient use of resources and energy:**

To be mindful of the finite availability of resources and energy and strive to use them both efficiently and effectively.

#### **6 Contributing to the building of a recycling-oriented society:**

To endeavor to help build a recycling-oriented society by reducing waste and reusing and recycling resources.

#### **7 Promotion of businesses that contribute to environmental preservation:**

To utilize our integrated corporate strength to promote businesses and projects, which contribute to environmental preservation and reduction of the impact of society on the natural environment.

#### **8 Establishment of environmental management:**

To use an environmental management system to prevent environmental pollution and set environmental objectives and targets which are regularly reviewed and continuously upgraded.

#### **9 Disclosure of the environmental policy:**

To communicate this Environmental Policy to all people who are working for or on behalf of the Sumitomo Corporation Group, as well as disclosing it externally.

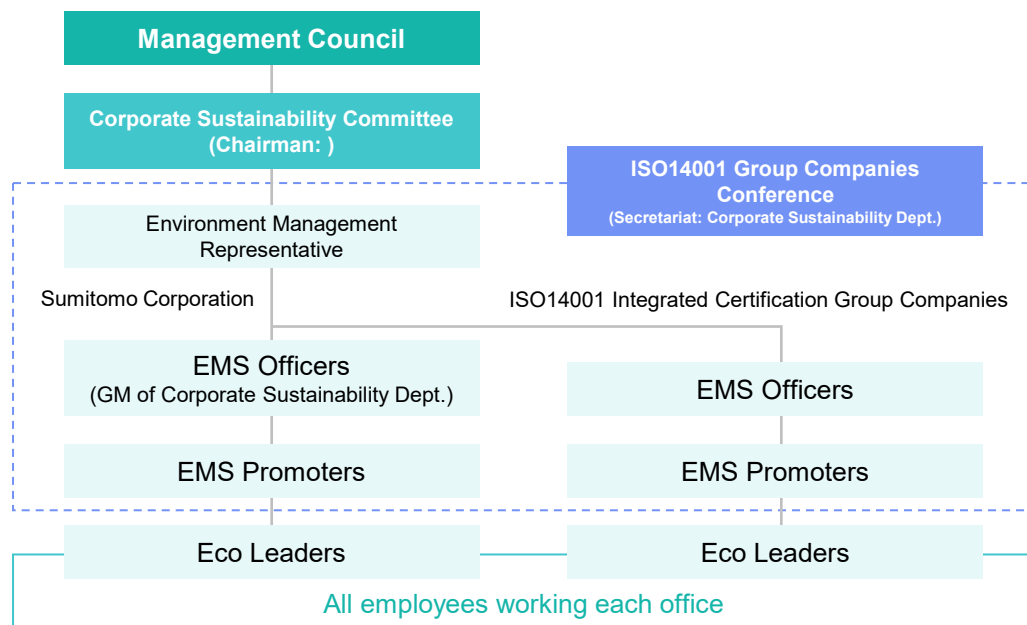
# Environmental Management

## System

### Environment Management Structure

Sumitomo Corporation Group has established, based on the environmental policy, the environmental management structure with the Corporate Sustainability Committee as the center of the structure. As for the ISO 14001 Environmental Management System (EMS), since Tokyo and Osaka offices of Sumitomo Corporation acquired the Group's first ISO 14001 certification in June 1999, the coverage of the system has been extended continuously. About 20,000 employees in domestic locations of Sumitomo Corporation and certain group companies participate in these environmental management activities. At the ISO 14001 Group Companies Conference, which consists of Sumitomo Corporation and ISO 14001 integrated certification group companies, we share the environmental activities, and report to Corporate Sustainability Committee if necessary. Depending on the importance of the subject, Corporate Sustainability Committee discusses and reports to the Management Council and the Board of Directors.

### ISO14001 Environmental Management System



 ISO14001 Integrated Certification Group Companies  
(Sumitomo Corporation and 25 Group companies as of April 2022)

## Target and Result

To achieve carbon neutrality and a circular economy by 2050, Sumitomo Corporation (non-consolidated in Japan) has set a base year and long-term goals for electricity consumption, water withdrawal and waste emissions on Non-consolidated in Japan and is promoting environmental improvement activities.

### Long-term goals (Non-consolidated in Japan)

Electricity Consumption	To reduce electricity consumption per square meter by an average of at least 1% annually and at least 20% until FY2035 both from base year of FY2013.
Water Withdrawal	To reduce water consumption per employee by an average of at least 1% annually from base year of FY2010.
Waste Emissions	To reduce waste emissions per employee by an average of at least 1% annually from base year of FY2010.

The targets converted from long-term goals, results of FY2021, targets of FY2022 are as follows.

	Index	Results of the Base year	Targets of FY2021	Results of FY2021	Targets of FY2022
Electricity Consumption	Consumption (MWh)	7,859	5,553	3,368	5,486
	Intensity (MWh/m <sup>2</sup> )	0.1079	0.0996	0.0605	0.0986
Water Withdrawal	Withdrawal (m <sup>3</sup> )	32,191	20,190	6,711	20,393
	Intensity (m <sup>3</sup> /employee)	6.93	6.20	2.02	6.14
Waste Emissions	Emissions (t)	508	319	46	322
	Intensity (t/employee)	0.109	0.098	0.014	0.097

The figures in the table below are calculated from the fuel, heat and electricity consumption data on non-consolidated in Japan with appropriate GHG emission factors, and the GHG emissions of FY2013 (the base year) are calculated as 5,626t-CO<sub>2</sub>e and targets and results for FY2021 and FY2022 are as follows.

	Index	Results of the Base year	Targets of FY2021	Results of FY2021	Targets of FY2022
GHG Emissions (Scope1/2)	Total (t-CO <sub>2</sub> e)	5,626	3,514	1,793	2,208

# Environmental Management

## Targets

Sumitomo Corporation Group promotes activities that are beneficial to the environmental improvement and reduce environmental negative impact. Further, as the whole Sumitomo Corporation Group, we follow to a policy related to climate change that stated in Medium-Term Management Plan “SHIFT 2023”, in which we aim to achieve carbon neutrality in 2050. At Sumitomo Corporation, Eco Leader identifies the environmental aspects of each department and evaluates their impacts, and defines risks and opportunities considering relevant compliance obligations. Based on the results, EMS Promoters specify significant environmental aspects, risks and opportunities for each Business Unit and the Corporate Sustainability Department reviews them for the entire company. At the Corporate Sustainability Committee, we review the achievement of the environmental targets and decide new objectives for the following year.

### Environmental Objectives

### FY2021 Major Environmental Achievements

Comply with environmental laws and regulations	<ul style="list-style-type: none"> <li>Implement continuing education program on the Waste Disposal and Public Cleansing Act and other environment-related laws/regulations</li> </ul>	<ul style="list-style-type: none"> <li>Held trainings featuring outside instructors by Corporate Sustainability Department</li> <li>Conducted education of legal compliance in e-learning environmental course</li> </ul>
Pursue environmentally-sound projects	<ul style="list-style-type: none"> <li>Expand renewable energy businesses</li> <li>Promote businesses that help create a recycling-oriented society</li> <li>Promote other businesses to reduce environmental burden</li> </ul>	<ul style="list-style-type: none"> <li>Promoted renewable energy businesses both in Japan and abroad: participated in an offshore wind power generation project in Europe, implemented the solar power project in Australasia and in Minamisoma City in Fukushima Prefecture, Japan, in Thang Long Industrial Park II, Vietnam, geothermal power plant in Indonesia and New Zealand, use of renewable energy fund, etc</li> <li>Promoted businesses to create a recycling-oriented society, to reduce environmental burden: Sustainable forest management, verification of a large-scale power storage system utilizing reused EV batteries in Satsumasendai City in Kagoshima Prefecture, initiatives to expand the introduction of electric buses, promotion of hydrogen-related businesses including efforts for Japan-Australia Hydrogen Supply Chain Development, Sales of lithium carbonate produced in the U.S, etc</li> </ul>
Manage and reduce environmental burden	<ul style="list-style-type: none"> <li>Measure and reduce electricity consumption/gas consumption/water withdrawal and waste generation at all sites in Japan</li> <li>Measure and reduce the environmental burden/impact of business activities</li> <li>Assess environmental impact in relevant supply chains and work to reduce such impact</li> </ul>	<ul style="list-style-type: none"> <li>Electricity consumption/gas consumption/water withdrawal and waste generation decreased in FY2020 due to COVID-19 lockdown or working from home. In FY2021, office work increased and those environmental burdens increased compared to the previous year.</li> <li>Measured consolidated environmental data</li> <li>Conducted environment assessments on mine development and mining operation businesses abroad and on domestic construction and real estate businesses, as well as Environmental Management</li> </ul>
Promote environmental education and communication related to environmental issues	<ul style="list-style-type: none"> <li>Hold events, including awareness-raising seminars related to environmental conservation</li> <li>Promote effective use of environmental management systems</li> <li>Expand disclosure of non-financial information</li> </ul>	<ul style="list-style-type: none"> <li>Continued to hold trainings on environment-related laws/ordinances</li> <li>Held seminar on climate change measures</li> <li>Conducted e-learning environmental course which was completed by 100% of new employees</li> <li>Publication of ESG Communication Book 2021</li> </ul>

# Environmental Management

## Activities

### Internal Environmental Audit

Sumitomo Corporation conducts internal environmental audits on an annual basis to ensure the environmental management system of Sumitomo Corporation and group companies with ISO14001 integrated certification are properly functioning.

<Audit Priority Items>

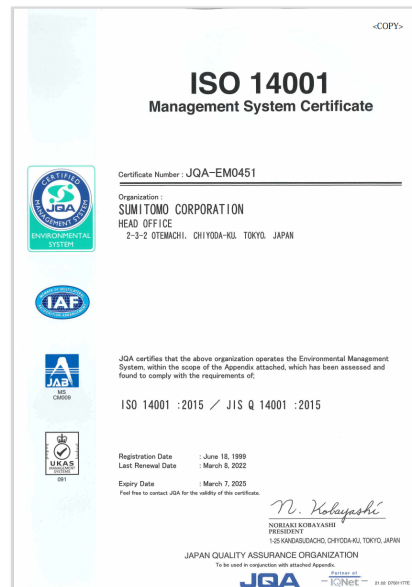
- (1) proper establishment of environmental targets,
- (2) management of progress in implementing the environmental action plan,
- (3) evaluation of compliance with legal requirements and
- (4) implementation and enhancement of environmental training.

As a result of the audits in 2021, serious nonconformity was not found.

### External Audit

In February 2022, the third-party audits were conducted by an independent auditing organization, Japan Quality Assurance Organization, for the renewal of the current ISO 14001 certification status. We received approval as a result of the audits.

 [ISO14001 Management System Certificate](#)



### Environmental Educational Activities

Sumitomo Corporation Group develops a variety of educational programs to help its employees engage in environmental conservation. We raise environmental awareness among all Group employees by organizing such programs as trainings on environmental laws and regulations as well as global environmental issues given by outside experts.

Theme	Summary	Number of Activities
Training on the ISO 14001 Environmental Management System (release of video)	The management principles, environmental contribution activities and the processes of an environmental management system in accordance with the ISO 14001 international standard.	All year round
Training for internal environmental audits	The basics and processes of internal environmental audits, through exercises, to be able to conduct audits effectively.	Twice a year
Trainings on industrial waste disposal	Practical knowledge, including responsibilities of industrial waste generators, contract criteria and proper disposal methods.	Twice a year
Trainings on environmental laws and regulations	The latest trends in environmental laws and regulations, basic knowledge on these, and points to note to comply with the laws and regulations.	Twice a year
Basic environmental education (e-learning)	Sumitomo Corporation Group's environmental policy and its environmental management system.	once a year



## Our Climate Change Initiatives: Disclosure Based on TCFD

The issue of climate change is an important issue that must be overcome to bring about a sustainable society. Global efforts towards the faster realization of a carbon neutral society are accelerating. We value the global consensus of the Paris Agreement, and in order to play a more active role in achieving the carbon neutralization goals of society set forth in the agreement, we reviewed our “Policies on Climate Change Issues” in May 2021. We have set medium-term goals that show a clearer action plan for “Climate Change Mitigation” and its long-term goals, one of our six important social issues. (For medium-term goals, please refer to P.8 and P.43) Subsequently, in February 2022, we reviewed our “Policies on Climate Change Issues” again, and we now state that we will not be involved in any new coal-fired power generation business neither IPP (Independent Power Producer) nor EPC (Engineering, Procurement, Construction).

### Policies on Climate Change Issues

#### Basic Policy

- Aim to make the Sumitomo Corporation Group carbon neutral in 2050\*1.  
Develop technologies and business models for creating a sustainable energy cycle by reducing CO2 emissions and achieving negative emissions\*2 for society as a whole.
- In addition to reducing and absorbing CO2 emissions from our business, we will contribute to the carbon neutralization of society through cooperative initiatives and recommendations made with business partners and public institutions.

#### Policy on Business Activities

- Promote renewable energy, efficient energy utilization and fuel conversion that contributes to reducing CO2 emissions throughout society. We will also work to offer new energy management and mobility services utilizing renewable energy and also to materialize hydrogen technologies and applications.
- In the power generation business, we provide a stable supply of the energy, essential for the economic and industrial development of local communities. At the same time, we continuously shift management resources to renewables and other energy sources with low environmental burden in the power generation portfolio. (in 2035: 20% for coal-fired, 50% for gas-fired, and 30% for renewables in terms of net ownership generation capacity\*3)
- Regarding the development of thermal power generation and fossil energy concession, we will work on the premise of carbon neutralization in 2050.  
We will not be involved in any new coal-fired power generation business neither IPP (Independent Power Producer) nor EPC (Engineering, Procurement, Construction).  
For IPP business, we aim to reduce CO2 emissions by 60% or more by 2035 (compared to 2019) and we will end all the coal-fired power generation business in the late 2040s.  
We will not make any further investment in the thermal coal mining interest and aim to achieve zero production from thermal coal mines by 2030.

\*1 The scope of business targeted for carbon neutralization is as follows

[Scope1・2] Direct CO2 emissions from Sumitomo Corporation and its subsidiaries, as well as indirect CO2 emissions from the generation of energy used by each company (however, for power generation businesses, emissions from those affiliated companies under the equity method are also included)

[Scope3] Indirect CO2 emissions associated with the use of energy resources produced by fossil energy concession of Sumitomo Corporation Group, its subsidiaries, and affiliated companies under the equity method.

Carbon neutrality means net-zero CO2 emissions that combine CO2 emissions from our business and our contributions to CO2 emission reduction.

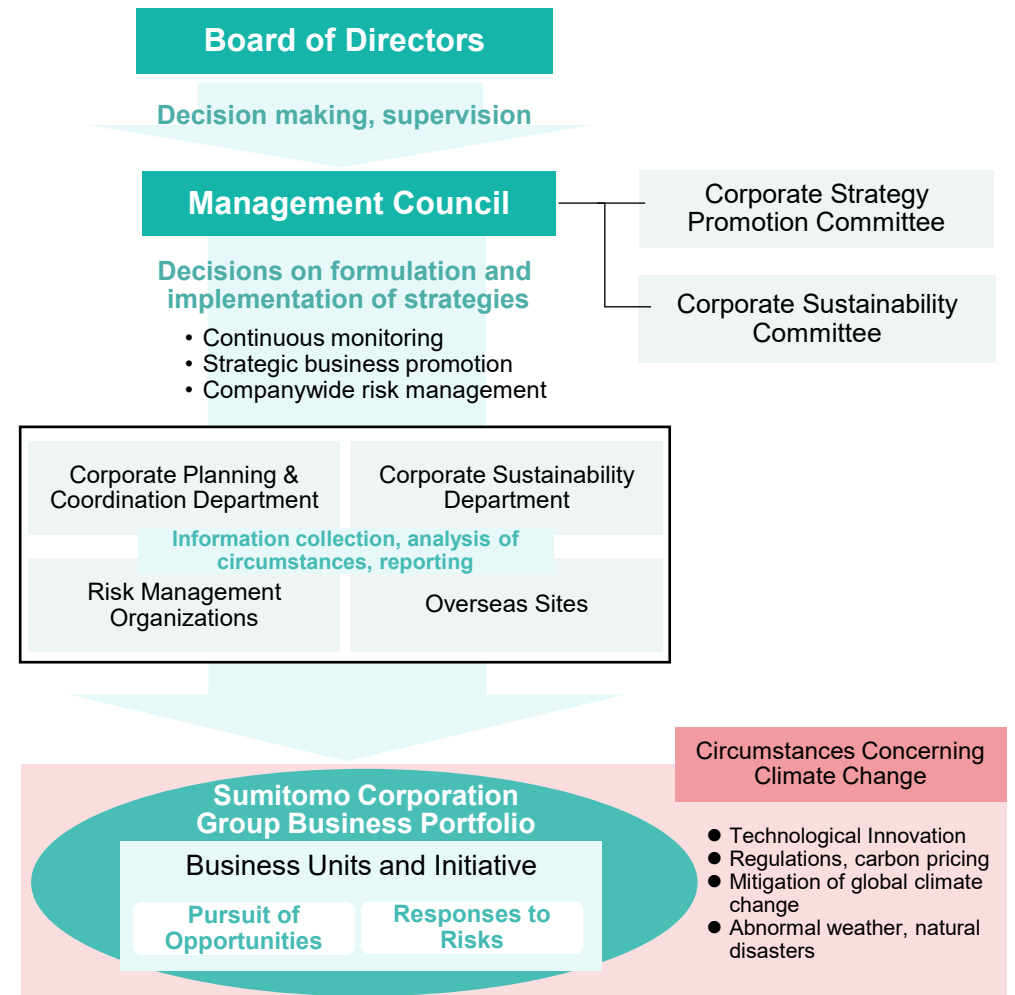
\*2 Negative emission refers to the absorption, capturing, and removal of CO2 emitted in the past and accumulated in the atmosphere.

\*3 As of 2020 : coal 50%, gas 30%, renewables 20%

## Our Climate Change Initiatives: Disclosure Based on TCFD

### Governance (Structure for Responding to Climate Change Issues)

- ◆ With regard to the various opportunities and risks related to climate change issues involved in the Group's diverse business activities, the Board of Directors receives periodic reports on strategies in the Group's diverse activities each business field, their progress, and the status of risks affecting the company's entire business portfolio, and monitors whether appropriate management is being carried out. In addition, the Board of Directors adopts resolutions establishing policies on the Group's responses to climate change problems and discusses the handling of important issues related to policies on responses to climate change issues.
- ◆ For example, our Management Council repeatedly discussed the path for achieving the Group's long-term goal of "Aim for carbon neutrality by 2050 and challenge to realize sustainable energy cycle," the policies of our power generation and energy-related businesses, and the initiatives necessary to realize a carbon neutral society. Based on these discussions, the Board of Directors adopted a resolution to establish medium-term goals for "Climate change mitigation" and to review the "Policies on Climate Change Issues." The Group holds biannual strategic conferences with the participation of Management Council members to discuss strategies in each business field including measures for addressing social problems such as climate change under the Medium-term Management Plan.
- ◆ In addition to the measures taken by individual business units with regard to the opportunities and risks presented by climate change issues, the Corporate Sustainability Department, a dedicated organization for dealing with social problems, the Corporate Planning & Coordination Department, which creates the company's overall management plans and formulates key initiatives, and the risk management organizations work together, formulating company-wide policies and promoting necessary initiatives. Based on information provided by investigative organizations and sales organizations within the Group, overseas sites, and other parties, they deliberate on company-wide measures.
- ◆ The Corporate Sustainability Committee (chairperson: Chief Strategy Officer, secretariat: Corporate Sustainability Department) follows global climate change mitigation trends and the Corporate Strategy Promotion Committee (chairperson: Chief Strategy Officer, secretariat: Corporate Planning & Coordination Department) deliberates on strategies and risk management measures related to climate change. The two committees provide reports and refers issues to the Management Council, which makes critical decisions regarding climate change-related measures.



# Our Climate Change Initiatives: Disclosure Based on TCFD

## Strategy: Climate Change-Related Risks and Opportunities

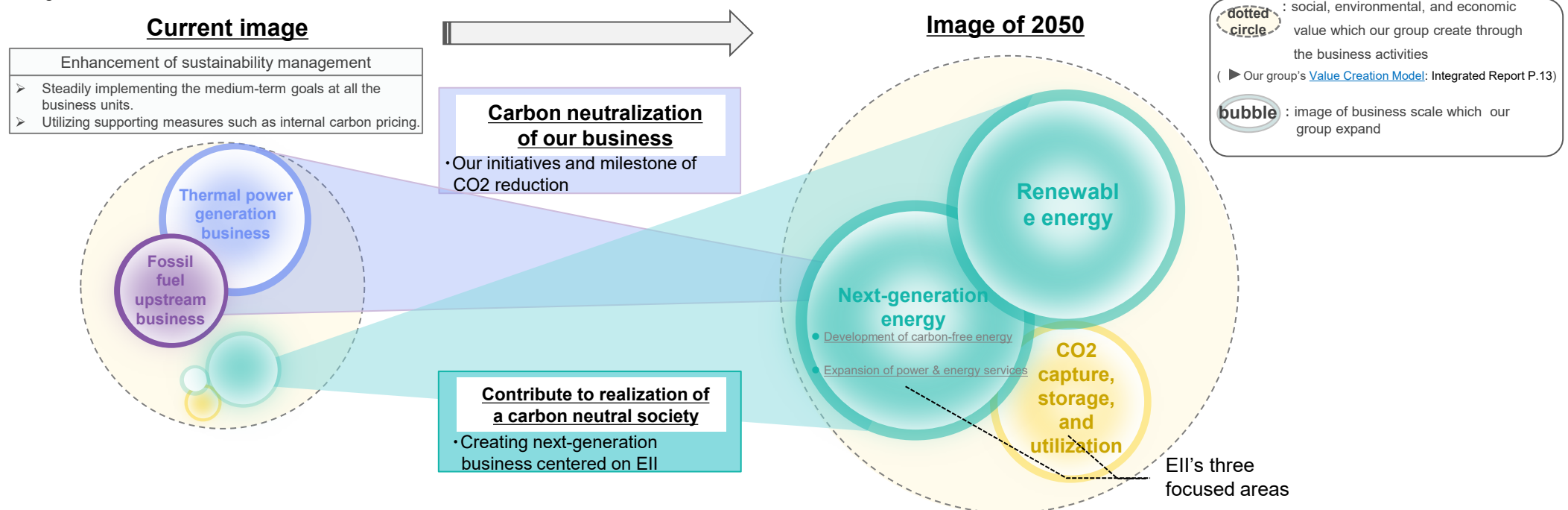
### Steady Advancement of the Business Portfolio SHIFT

To overcome the issue of climate change, it is necessary to bring about a carbon neutral cycle by shifting to decarbonization technology and renewable energy across the industry and utilizing emitted CO2. We will respond to the risks posed by changes in various technologies and business models due to decarbonization as we globally develop businesses in a wide range of industries. At the same time, we will steadily advance the Business Portfolio SHIFT by meeting the new social needs that arise in response to these changes and cultivating diverse business opportunities.

### Vision for our Business Portfolio SHIFT

In April 2021, we established a new business organization, the Energy Innovation Initiative (EII), to create next generation businesses that will contribute to the realization of a carbon neutral society, and we are steadily advancing our initiatives to create the next generation businesses that will contribute to the realization of a carbon neutral

society, and we are steadily advancing our initiatives to create next generation businesses while recognizing the changes in social structure brought by the energy transition in global society as a business opportunity. Specifically, these efforts are being carried out in the three focused areas of “developing carbon-free energy” (such as hydrogen and next generation bio-energy), “expanding power & energy services” (such as large-scale storage batteries and distributed power resources), and “CO2 capture, storage and utilization.” In addition, our existing business units are also making efforts to realize a carbon neutral society, and we will strengthen our cross-organizational efforts with EII, to expand synergies in the future. The Group will not only steadily implement the various measures set forth in the Medium-Term Management Plan “SHIFT 2023” to ensure Business Portfolio SHIFT, but also form a strong portfolio to solve social issues from a long-term and medium-term perspective, thereby creating new value.

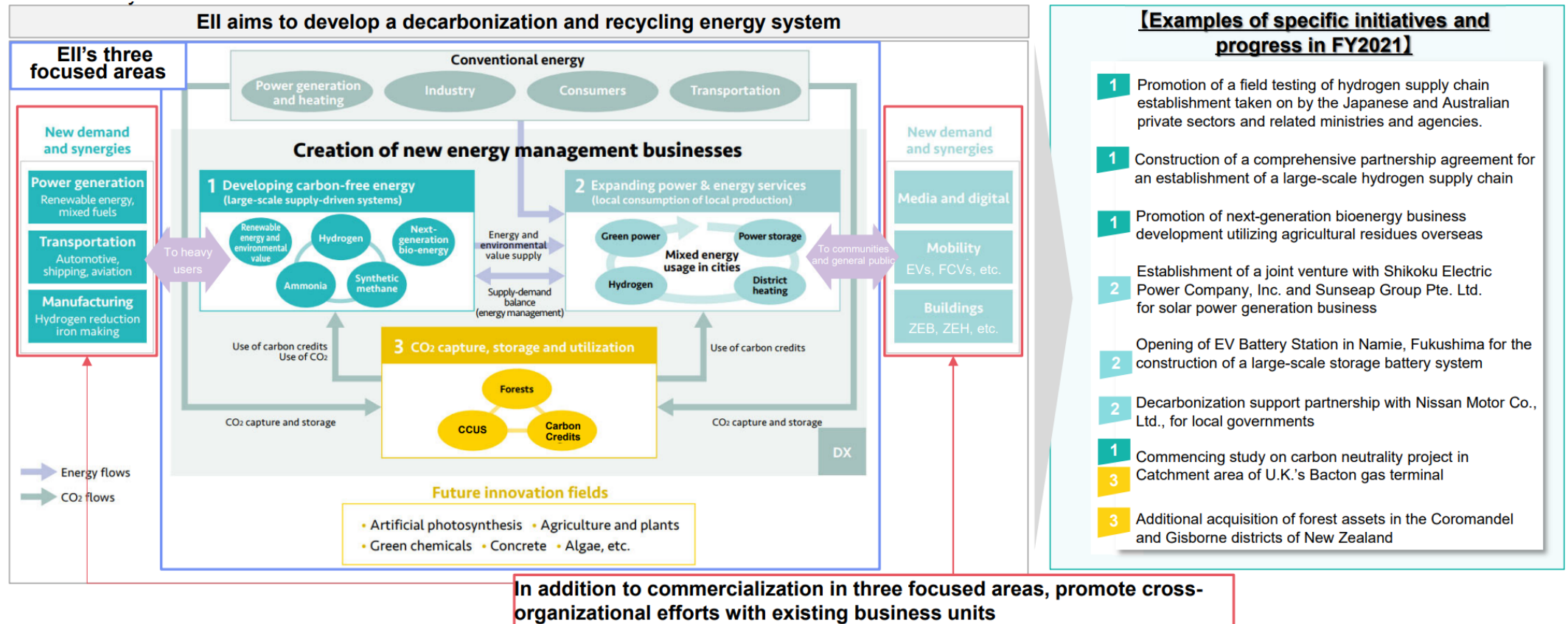


# Our Climate Change Initiatives: Disclosure Based on TCFD

## Strategy: Climate Change-Related Risks and Opportunities

### Contribute to Realization of a Carbon Neutral Society (Creation of Next Generation Businesses Centered Around the EII)

We are promoting business development in the EII's three focused areas and cross-organizational efforts with existing business units to build decarbonized, recycling energy businesses. We are globally advancing various stages of business development to create next generation businesses that contribute to the realization of a carbon neutral society.



\*1 FCV: Fuel cell vehicle

\*2 ZEB: Net zero energy building

A building that aims to reduce the net annual primary energy consumption to zero

\*3 ZEH: Net Zero Energy House

A house that aims to reduce the net annual primary energy consumption to zero

\*4 CCUS: Carbon dioxide Capture, Utilization and Storage

Technology for capturing, effectively utilizing, and storing CO<sub>2</sub>

## Our Climate Change Initiatives: Disclosure Based on TCFD

### Strategy: Transition Risks and Opportunities Related to Climate Change

- ◆ With regard to the problem of climate change, various regulations may be introduced in the future to encourage carbon emissions reductions and decarbonization, in the long term, advances in international deliberations, revisions to the greenhouse gas reduction plans of individual countries, and changes in the technologies and markets of diverse industrial fields may bring about various changes in our Group's business environment.
- ◆ We are analyzing the impact on businesses including power generation/energy and resource-related businesses, automobiles, aircraft, shipping business, steel, chemicals, cement, aluminum smelting, and real estate, which are presumed to be fields that face a relatively high risk of change in the business environment. These include changes in technology related to climate change mitigation and the introduction of regulations. It is assumed that there are risks that affect business activities in these fields. By recognizing the magnitude of the risks through regular scenario analysis and considering appropriate countermeasures, we are working to keep the negative impact on business performance to a minimum. We are also strengthening initiatives that contribute to the development of business opportunities, such as the construction of carbon-free and recyclable energy systems.

#### Scenario Analysis

- ◆ We see climate change as a major issues faced by the entire world, and we identify businesses on which climate change will have a significant impact and perform scenario analysis based on the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

#### Climate scenario selection

- ◆ In the event of significant changes to the business environment, from the perspective of objectively evaluating new business opportunities and business resilience, we are analyzing the impact on business by 2050 using the below scenarios. In doing so, we primarily reference the IEA's (International Energy Agency) World Energy Outlook 2021, and Energy Technology Perspective 2020, Net Zero by 2050 Roadmap for the Global Energy Sector. These scenarios are referenced as examples of possible changes in the business environment of each sector for long-term trends in global climate change mitigation, and do not necessarily represent assumptions for our management policies or business strategies.



## Our Climate Change Initiatives: Disclosure Based on TCFD

### Identifying the Businesses for Which to Perform Scenario Analysis

- ◆ Our scenario analysis scope encompasses all of our business sectors which will be highly affected by business environment changes related to climate change mitigation, regardless of the scale of the business.
- ◆ This fiscal year, we have conducted scenario analysis for businesses in energy, resources, transportation, materials industry, and real estate after referencing and confirming developments in Climate-related Disclosure Standards\*1 by the International Sustainability Standards Board (ISSB), trends in technological changes, and the introduction of regulations.

\*1 We referred to the draft released on March 31, 2022 (including Climate-related Disclosures). We will continue to monitor the developments of the standards closely.

#### Business sectors selected for scenario analysis

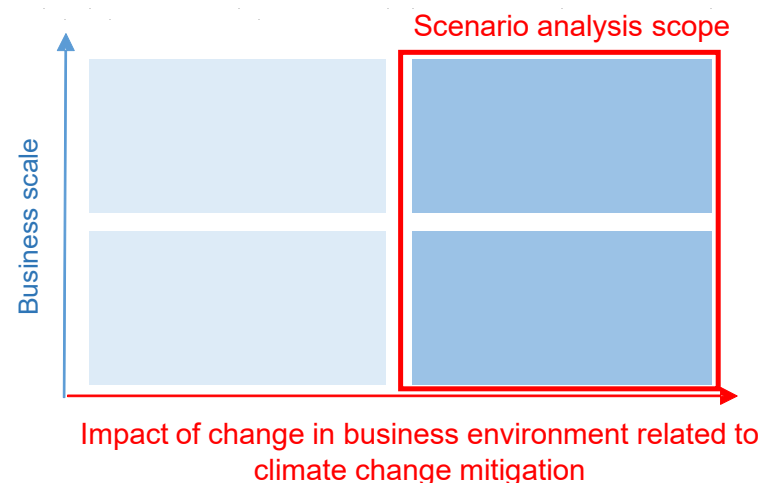
**Energy:** Thermal power generation (coal and gas), Renewable energy power generation, Next generation energy (hydrogen, ammonia, synthetic methane)

**Resources:** Thermal coal and coking coal, Natural gas and LNG, Metals and rare metals (nickel, copper, and iron ore)

**Transportation:** Vehicles (automobile parts manufacturing & sales/finished vehicles sales business), Shipping (shipbuilding business/ship trading business/ship owning business), Aviation (lease business/parts manufacturing)

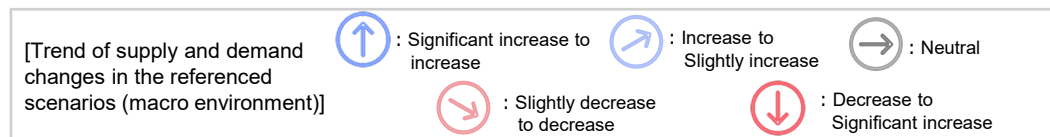
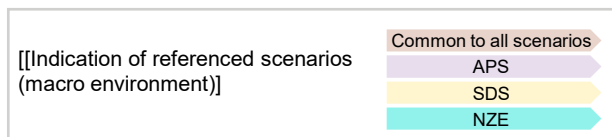
**Material industry sector:** Steel (steel products & tubular products manufacturing & sales business), Cement (distribution business), Chemicals (manufacturing/trade business), Aluminum (smelting business)

**Real estate sector:** Office buildings/residential building sales business



### Results of Scenario Analysis

- ◆ For the trends in supply and demand changes related to the sectors identified for scenario analysis, energy, resources, transportation, materials industry, and real estate, the future market trends for each sector listed in the main scenarios presented by the IEA are evaluated on five levels for 2030 and 2050: “sharp increase to increase”, “increase to moderate increase”, “neutral”, “moderate decrease to decrease” and “decrease to sharp decrease”. The forecasts for demand trends and the business environment shown by these scenarios include many potential risks and uncertainties.
- ◆ Our business environment, policies and initiatives related to each sector describe the policies and initiatives that consider the factors and certainty of various changes in the business environment shown in these scenarios and the circumstances unique to our business. Furthermore, with regard to the development of thermal power generation and fossil energy concession businesses, we are working on the premise of achieving carbon neutrality in 2050, and financial information including exposure\*2 is provided for thermal power generation (coal and gas), thermal coal and coking coal, and natural gas and LNG, which include these businesses.








\*2 Consolidated total assets and guarantee for investments accounted for using equity method































# Our Climate Change Initiatives: Disclosure Based on TCFD

## Results of Scenario Analysis (Summary)

The results of the APS, SDS, and NZE scenario analysis show that in 2030 and 2050, in each scenario, we are taking specific measures to address business risks and opportunities upon examination of our policies on countermeasures. Below is a summary of our business environment, policies, and initiatives in relation to the trends of supply and demand changes under the referenced scenarios (macro environment).

Trends of Supply and Demand Changes in Referenced Scenario (Macro Environment)

-  : Significant increase to increase
-  : Increase to Slightly increase
-  : Neutral
-  : Slightly decrease to decrease
-  : Decrease to Significant increase

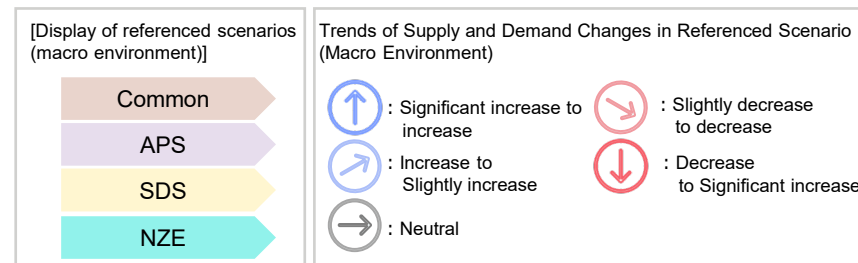
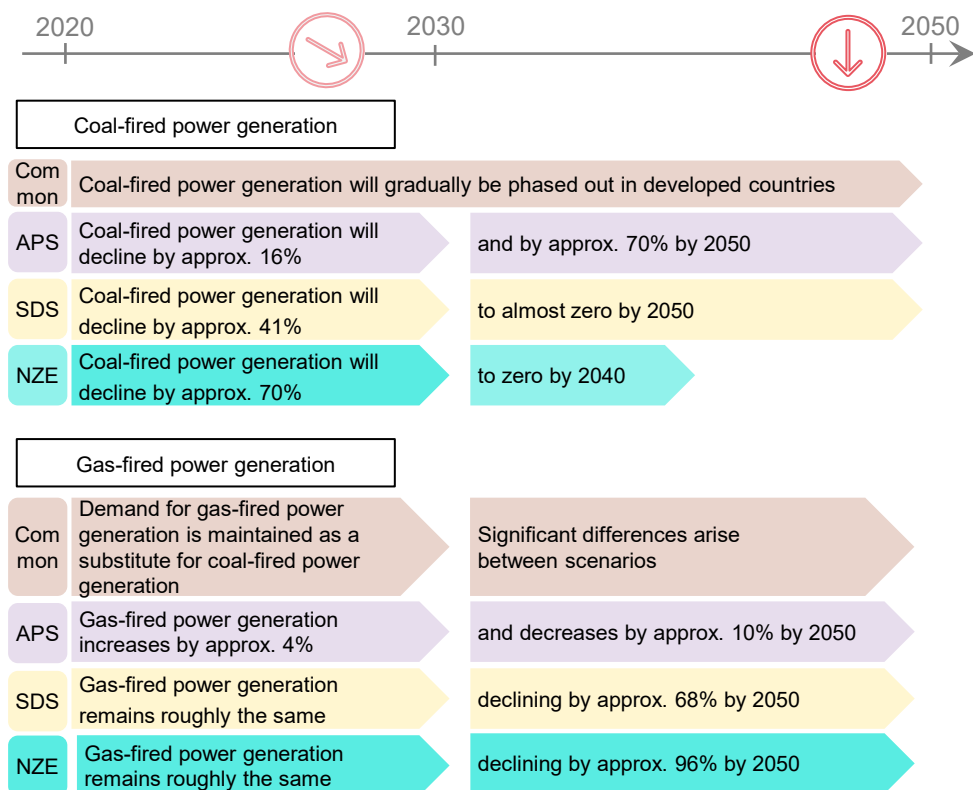
Sector	Business	Trends of Supply and Demand Changes in Referenced Scenario (Macro Environment)		Our business environment, policies and initiatives	
		2030	2050	2030	2050
Energy	Thermal power generation (coal and gas)			The business environment for our business is positioned as neutral or increase for about 90% of the entire business in the year 2050 under NZE/SDS/APS. In addition, we recognize that future supply and demand forecasts for the markets related to our businesses are generally stable or growing. Based on this, we have confirmed that we are steadily advancing our Portfolio SHIFT by identifying and responding to our business risks and opportunities. Below are the main policies and initiatives of our business with “sharp increase to increase” and “decrease to sharp decrease” in supply and demand change trends for the referenced scenarios (see the next page onward for details).	
	Renewable energy power generation				
	Next generation energy (hydrogen, ammonia, synthetic methane)				
Resources	Thermal coal and coking coal			[Trends in Supply and Demand Changes in Reference Scenario: Businesses Indicated as “decrease to sharp decrease”] - Thermal power generation (coal and gas): We have indicated in our climate change policy that we will withdraw from coal-fired power generation and shift the allocation of management resources to power generation projects with lower environmental impact. Most of the existing thermal power generation businesses are based on long-term contracts with governments of host countries, thus the risk of a significant deterioration in the commercial viability of individual projects is not considered low, but we will continue to monitor changes in the business environment. - Thermal coal and coking coal: The weight of thermal coal concession in our resource portfolio is relatively small, and we will maintain a reasonable level of competitiveness, while the thermal coal mine will reach the end of its mine life in the near future. As part of our climate change policy, we aim to achieve zero equity production from thermal coal mines by 2030.	
	Natural gas and LNG				
	Metals and rare metals (nickel, copper, and iron ore)				
Transportation	Vehicles (automobile parts manufacturing & sales/finished vehicles sales business)			[Trends in Supply and Demand Changes in Reference Scenario: Businesses Indicated as “sharp increase to increase”] - Renewable energy power generation: We have set goals to have the scale of our renewable energy provided at over 3GW by 2030 and the net ownership generation capacity ratio to move from 20% to 30% for renewable energy by 2035. - Next generation energy: We promote the expansion of businesses related to carbon-free energy such as hydrogen and ammonia, for which demand is expected to grow in the future. - Shipping/Aviation: We promote the development and introduction of ships and aircraft aimed at improving fuel efficiency and utilizing decarbonized and low-carbon fuels.	
	Shipping (Shipbuilding business/ship trading business/ship owning business)				
	Aviation (lease business/parts manufacturing)				
Material industry sector	Steel (steel products & tubular products manufacturing & sales business)	Steel sheets			In addition, we are not only promoting existing businesses but also working to create new businesses in the businesses indicated as “neutral”, “increase to moderate increase”, or “moderate decrease to decrease”. Regarding the thermal coal and coking coal business, tubular products business, and real estate business, all of which have differing trends in supply and demand changes for each scenario around 2030 in the transition toward 2050, we will continue to closely monitor market trends and other factors while steadily advancing the Portfolio SHIFT.
		Tubular products			
	Cement (distribution business),				
	Chemicals (manufacturing/trade business)				
	Aluminum (smelting and refining business)				
Real estate sector	Office buildings / residential building sales business				

# Our Climate Change Initiatives: Disclosure Based on TCFD

## Strategy: Transition Risks and Opportunities Related to Climate Change (Scenario Analysis)

### ◆ Energy sector: Thermal power generation (Coal and gas)

Referenced scenarios (Macro environment: changes in thermal power generation output)



### Our business environment, policies and initiatives

We will shift our allocation of management resources from coal-fired power to power businesses with low environmental impact, such as renewable energy, and we will not be involved in any new coal-fired power generation business neither IPP (Independent Power Producer) nor EPC (Engineering, Procurement, Construction). Furthermore, we plan to complete all of our contracts and end all the coal-fired power generation business in the late 2040s. \*1 Most of our existing thermal power generation businesses are based on long-term contracts with national power companies in host countries including developing nations where power demand continues to increase. Provisions are included in power sales contracts that hedge against risk of economic losses not attributable to us. We have also obtained guarantees from the host countries regarding the performances of these contracts, and we are covered by NEXI foreign investment insurance as necessary. Thus, we consider that the risks for the significant deterioration of the commercial viability of individual projects to be low. Regarding coal-fired power generation, there is a gradual decline starting in developed countries, as shown in the referenced scenarios (macro environment) on the left, and in either scenario, there is a significant decline by 2050 or 2040. As mentioned above, our coal-fired power generation business is based on long-term contracts with national power companies in host countries. Although it is currently unforeseeable, considering a possibility that significant impacts and incidents could occur to the continuation of the business in the future due to environmental changes toward decarbonization, we regularly monitor the exposure status throughout the company, the outstanding balance of investments, loans, and guarantees for each business, the status of business operations, and various aspects of the environment surrounding coal-fired power generation business at a management level.

While contemplating the development of local communities and economies and our obligation to supply electric power as stabilized power supply, we will pursue various options, without eliminating the possibility of accelerated withdrawal from the business to realize decarbonization of our company and society as a whole, pursuing the decarbonization and low-carbonization of existing facilities and providing maximum support for host countries to shift power sources to renewable energy and other sources.

«Reference values»

	As of Mar. 31, 2022	Estimate for 2035	Latter half of the 2040s
Coal-fired power generation business			
Outstanding investments, loans and guarantees *2	290 billion yen	150 billion yen	Zero
Net ownership generation capacity	5.2GW	About 2GW	Zero

\*1 Regarding coal-fired power generation, we aim to reduce CO2 emissions by 60% or more by 2035 (compared to 2019) and will end all the coal-fired power generation business in the late 2040s.

\*2 Includes all outstanding balances of investments, loans, and guarantees (assumed amount at the peak for a project before completion) for all coal-fired power generation projects, regardless of investment scheme or contract type. Calculations are based on the exchange rate at the end of March 2022 <YEN/US\$>; 122.39 yen.

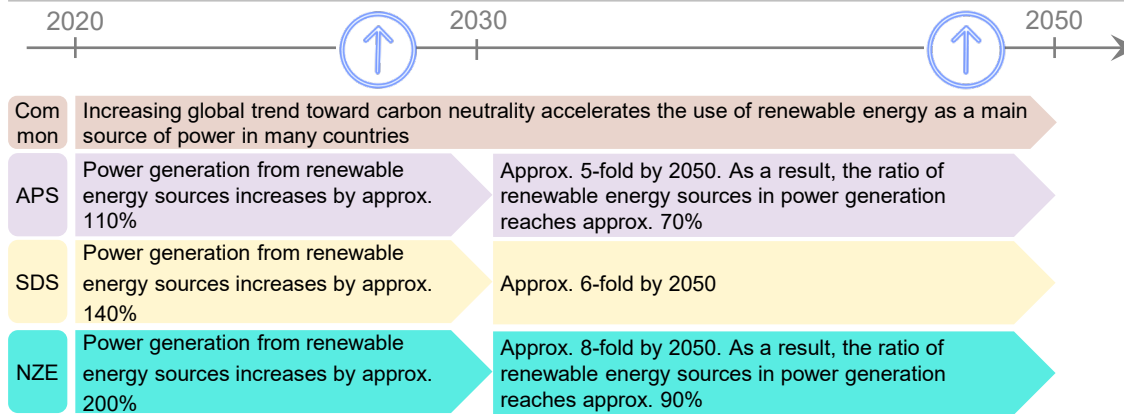


## Our Climate Change Initiatives: Disclosure Based on TCFD

### Strategy: Transition Risks and Opportunities Related to Climate Change (Scenario Analysis)

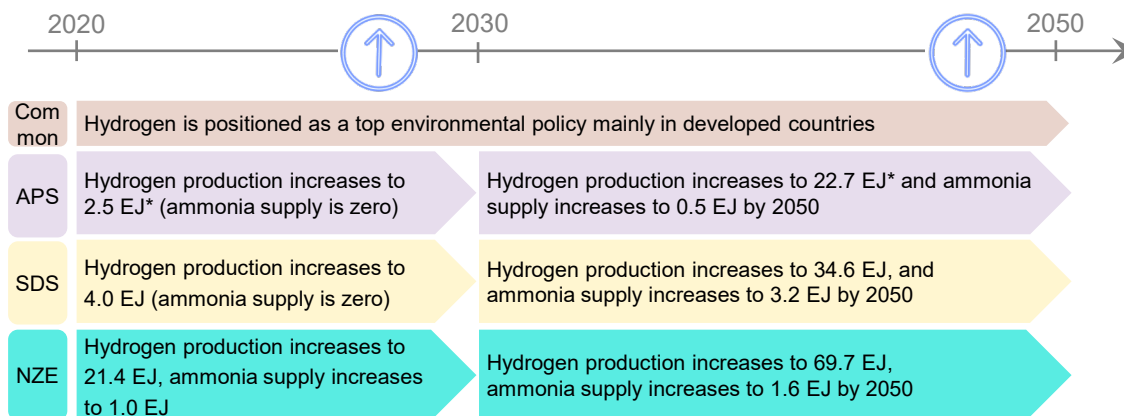
#### ◆ Energy sector: Renewable energy power generation

Referenced scenarios (Macro environment: changes in renewable energy power generation output)

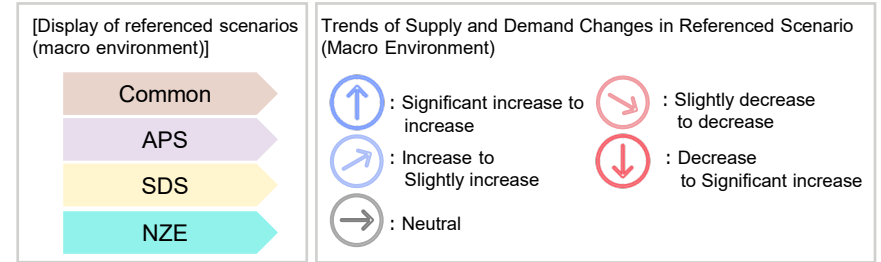


#### ◆ Energy sector: Next generation energy (hydrogen, ammonia, synthetic methane)

Referenced scenarios (Macro environment: changes in hydrogen production and Ammonia supply)



\* 1EJ (=1,018J) is equivalent to the heat value of approximately 25.8 million kL of crude oil (EJ: exajoules)



#### Our business environment, policies and initiatives

To overcome the issue of climate change and bring about a carbon neutral society, the Sumitomo Corporation Group is engaged in various renewable energy businesses such as wind, solar, geothermal, hydroelectric, and biomass. While providing the stable supply of energy essential for the development of economies and industries in local societies, we are putting forward a policy of continuing to shift managerial resources to a power generation portfolio with low environmental impact. We have set goals to have the scale of our renewable energy provided at over 3GW and shift the power generation capacity ratio from 50% to 20% for coal, 30% to 50% for gas, 20% to 30% for renewable energy.

#### Our business environment, policies and initiatives

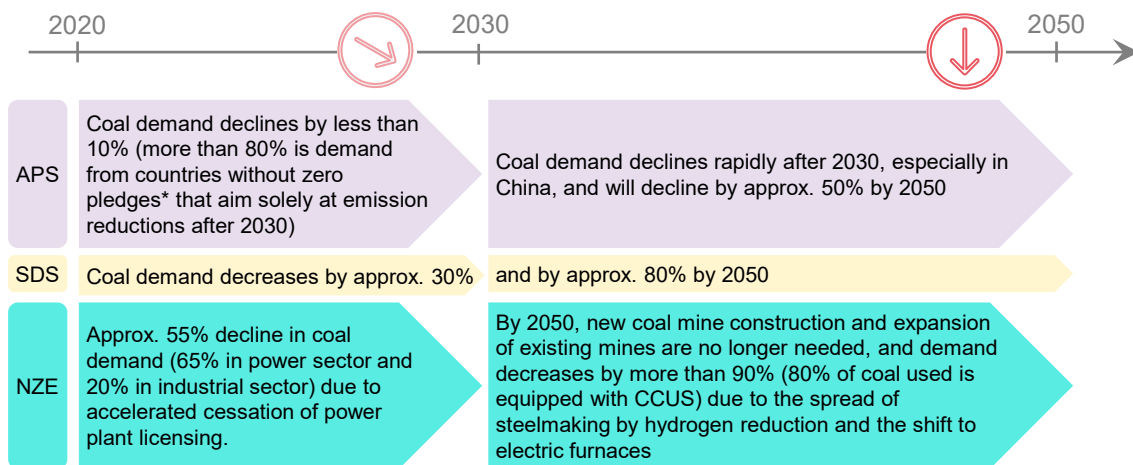
We launched Energy Innovation Initiative (EII) in April 2021 to promote the expansion of businesses related to hydrogen, ammonia, and other carbon-free energies. Through this initiative, we will contribute to the stable supply of hydrogen, ammonia, and other next-generation energies for which demand is expected to increase in the future, thereby expanding our earnings while contributing to the realization of a decarbonized society.

## Our Climate Change Initiatives: Disclosure Based on TCFD

### Strategy: Transition Risks and Opportunities Related to Climate Change (Scenario Analysis)

#### ◆ Resources sector: Thermal coal and coking coal

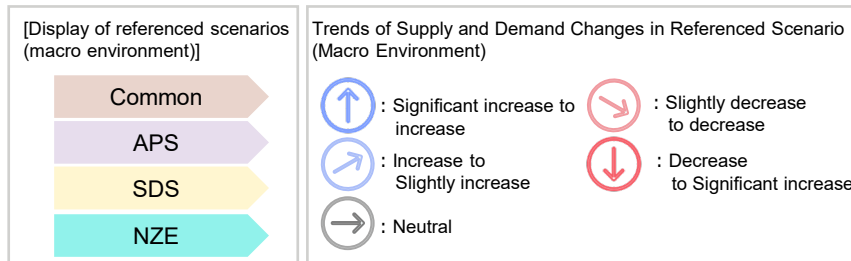
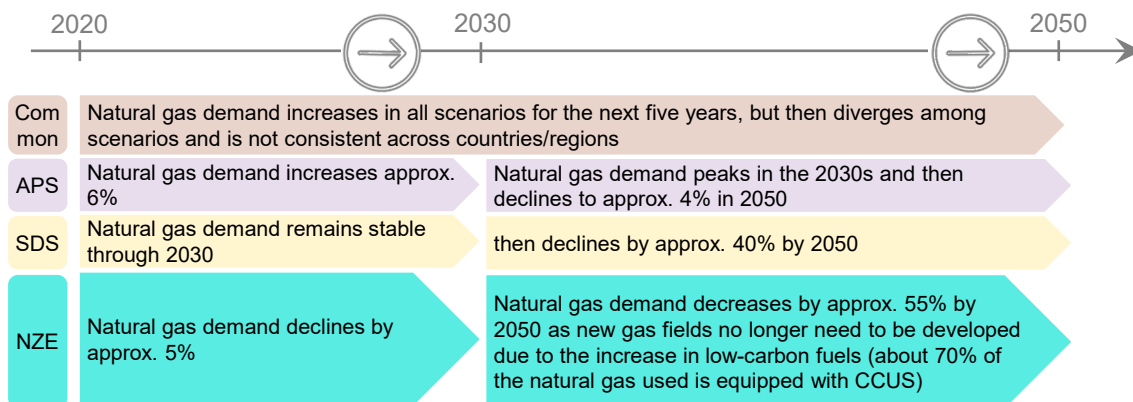
##### Referenced scenarios (Macro environment: changes in coal demand)



\*Countries without net zero targets

#### ◆ Resources sector: Natural gas and LNG

##### Referenced scenarios (Macro environment: changes in natural gas demand)



##### Our business environment, policies and initiatives

We will not acquire new interests in the thermal coal mine development, and we plan to aim for zero equity production volume from thermal coal mines by 2030. The weight of thermal coal interests in our resource portfolio is relatively small. Going forward, mines of currently owned interests are scheduled to reach the end of their mine life in the near future. Also, the concession produces high-grade coal, which is in relatively high demand, and is cost-competitive, making it resistant to price declines even when there is a drop in demand. Regarding coking coal, with the shift to electric furnaces that use scrap and the practical application of iron-making process with low CO2 emissions, it is forecast that demand for coking coal will decrease in the long term. However, it is predicted that steel businesses that use blast furnaces with CCUS technology installed will be preserved for the time being. In addition, we believe that a certain level of demand will be maintained for the interests we hold as they produce hard coking coal, which is considered rare among coking coals.

As of March 31, 2022 Thermal / coking coal Exposure: 80 billion yen

##### Our business environment, policies and initiatives

In the transition phase to a low-carbon society, gas will be used as a replacement power fuel for coal. It will continue to play an important role as chemical raw material and fuel for transportation. In particular, it is anticipated that LNG demand will increase focused on China, India (which does not have a pipeline for import), and the ASEAN nations. It is expected that business opportunities will increase in the Asian Pacific (including India). Going forward, we will focus on strategic regions in the medium-to-long term perspective, and we will work to create a natural gas and LNG value chain. Furthermore, we will contribute to the stable supply of energy to the appropriate regions while securing the demand of Transition Fuel as a necessary energy source by introducing environmental technologies such as CCS/CCUS and by promoting the best mix of renewable energy sources in response to changes in the external environment and the transition to a decarbonized society.

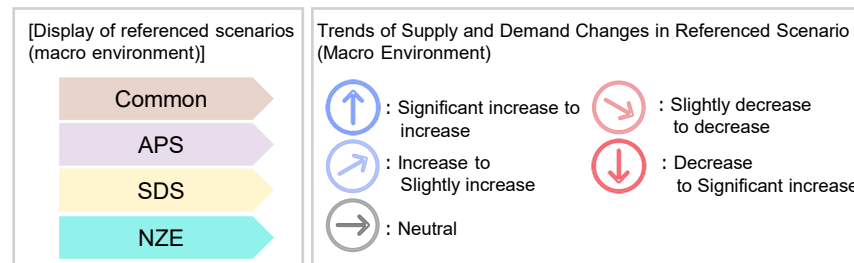
As of March 31, 2022 Crude oil, gas, LNG Exposure: 70 billion yen

## Our Climate Change Initiatives: Disclosure Based on TCFD

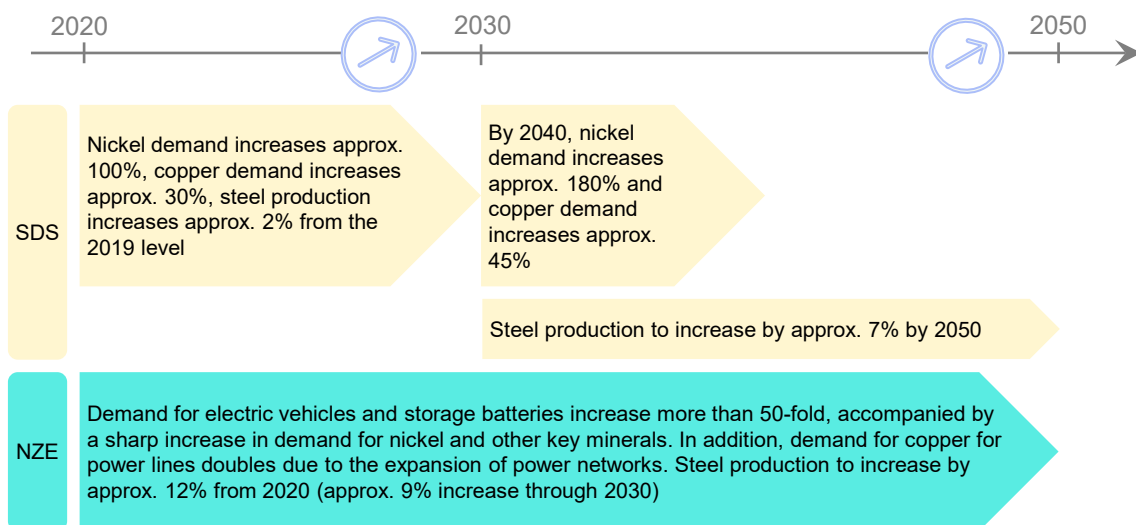
### Strategy: Transition Risks and Opportunities Related to Climate Change (Scenario Analysis)

#### ◆ Resources sector: Metals and rare metals (nickel, copper, and iron ore)

Referenced scenarios (Macro environment: Changes in nickel and copper demand and Steel production)



#### Our business environment, policies and initiatives



Regarding nickel, to respond to growing global demand, we are proceeding with projects as a producer in the Republic of Madagascar. We sell the products to Japan, Europe, North America, and Asia, and we are aiming to create further business opportunities.

Regarding copper, through investing in copper mines overseas, we are involved in copper refining and the sale and production of copper bullion which are the upstream of the copper production value chain.

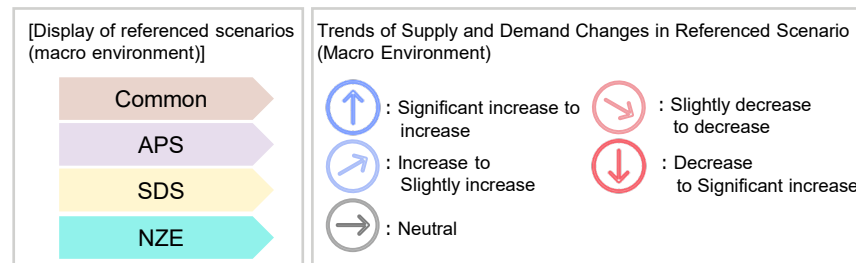
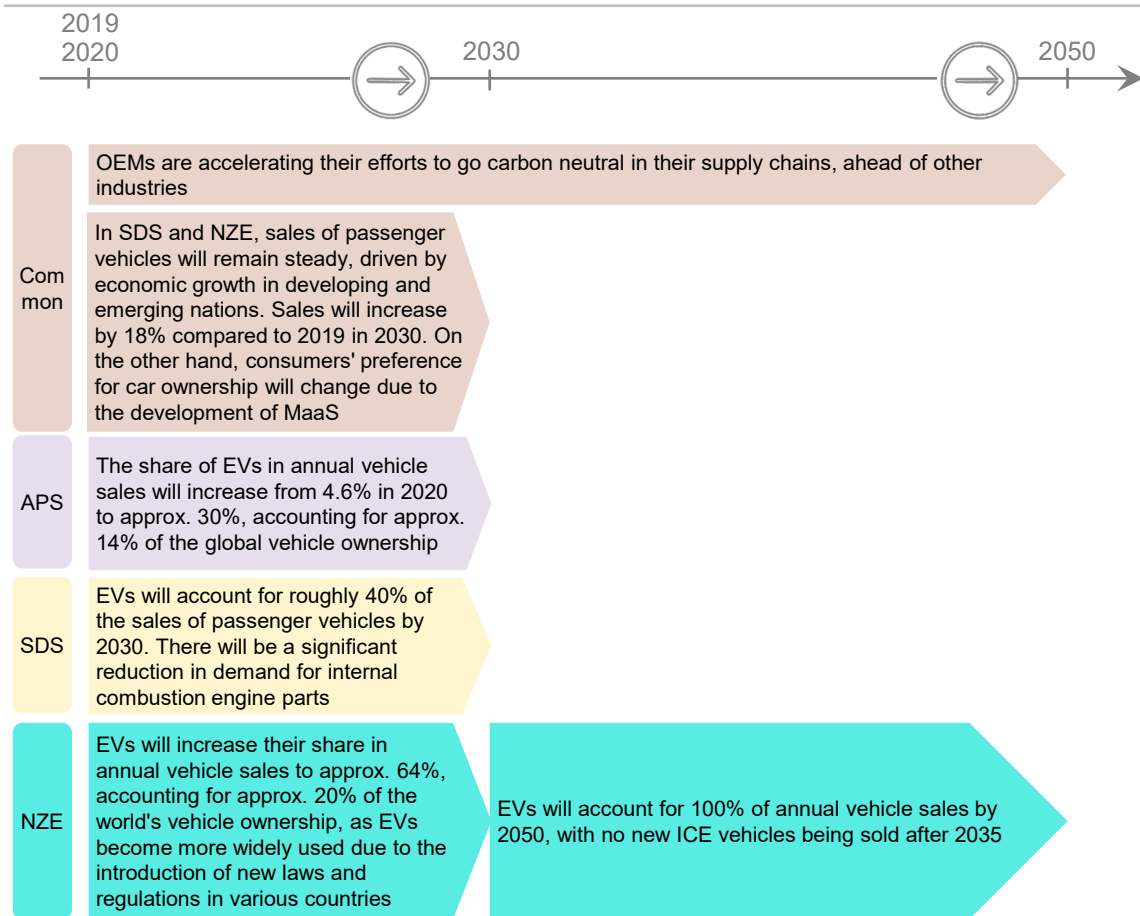
Regarding iron ore, through our projects in South African and Brazilian mines, we contribute to stable supply of commodities to Asia with a focus on China and Japan. We will continue to secure sources for stable supply while paying close attention to the impact on demand due to changes in the iron-making and steel-making processes in response to decarbonization in the steel industry, and also to the impact of an increase in the ratio of electric furnace steel.

## Our Climate Change Initiatives: Disclosure Based on TCFD

### Strategy: Transition Risks and Opportunities Related to Climate Change (Scenario Analysis)

#### ◆ Transportation sector: Vehicles (automobile parts manufacturing & sales / finished vehicles sales business)

Referenced scenarios (Macro environment: Changes in Sales of passenger vehicles and EVs' share)



### Our business environment, policies and initiatives

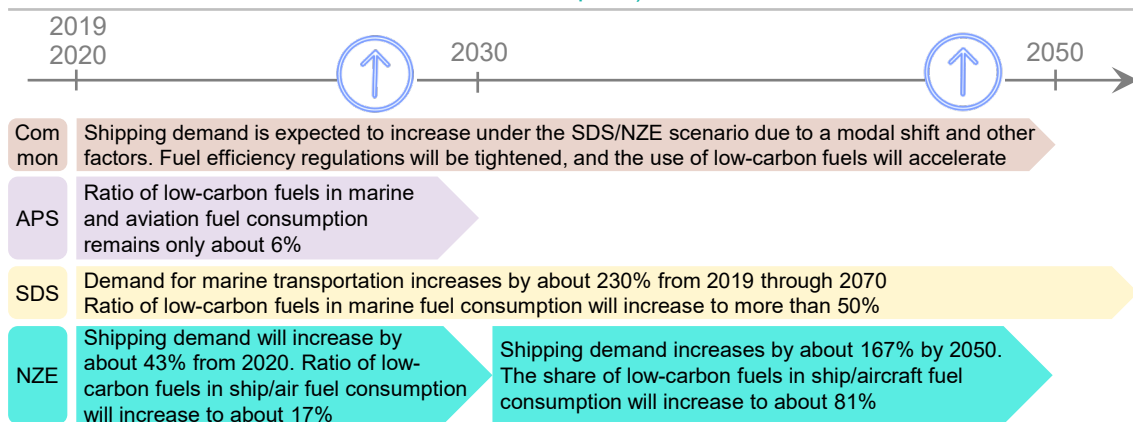
At the Sumitomo Corporation, we are involved with the manufacture and sales of finished vehicles, automobile finance, and automobile leasing. The handling of internal combustion engine parts is less than a few percent of the parts manufacturing business, so we consider the direct impact to automobile-related businesses due to the switch to EVs to be limited. Also, as a response to carbon neutralization, including OEM supply chains, we will investigate the use of carbon-free energy and low-carbon and carbon-free technology in manufacturing and transporting parts. With the switch to EVs and developments in MaaS, changes to the business model of our automobile-related businesses are conceivable. However, we see these changes as business opportunities. We will develop new business foundations, including car sharing businesses and parking businesses, creating added value for existing businesses, and reviewing our product portfolio. In addition, we are also working on new power and energy service businesses such as large-scale storage batteries business, battery reuse business, green electricity platform business, hybrid energy service business, etc., which will lead to our business opportunities in a society where EVs and renewable energy will be widely used.

## Our Climate Change Initiatives: Disclosure Based on TCFD

### Strategy: Transition Risks and Opportunities Related to Climate Change (Scenario Analysis)

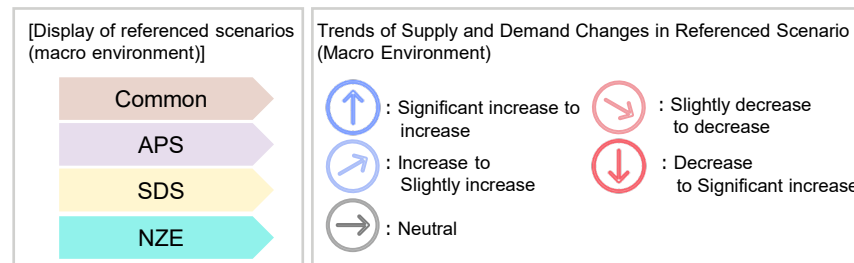
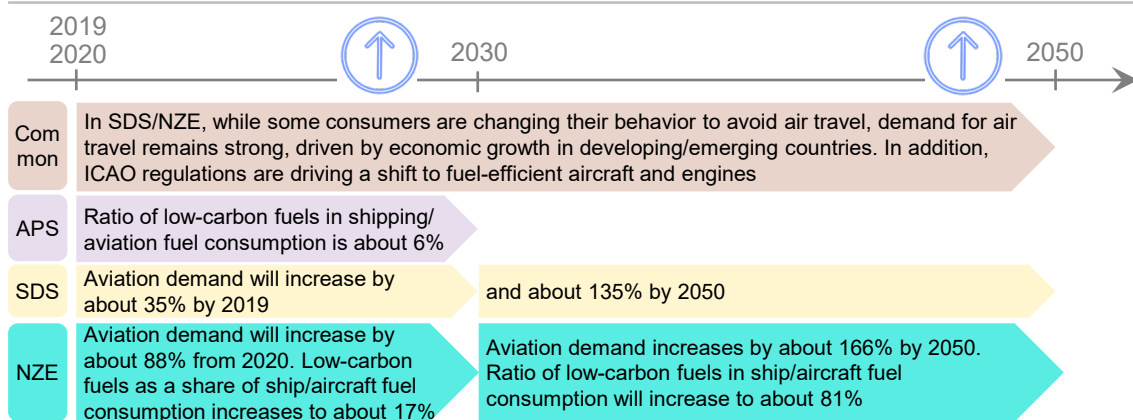
#### ◆ Transportation sector: Shipping (Shipbuilding business/ship trading business/ship ownership and operation business)

Referenced scenarios (Macro environment: changes in shipping demand and the ratio of low-carbon fuels in marine and aviation fuel consumption)



#### ◆ Transportation sector: Aviation (lease business/parts manufacturing)

Referenced scenarios (Macro environment: changes in aviation demand and the ratio of low-carbon fuels in marine and aviation fuel consumption)



#### Our business environment, policies and initiatives

At the Sumitomo Corporation, we are involved in shipbuilding, trading, and ownership and operation businesses. As a result of CO2 reduction targets by IMO\* and changing needs from shippers, we assume that the shift from fuel oil ships to low CO2 emission fuels and fuel oil dual-fuel ships will continue in the medium to long term. While monitoring regulations of nations and trends in markets and technology, we will create new business opportunities for the realization of a carbon neutral or low-carbon society by reviewing our product lineup and portfolio of ships in the shipbuilding business and by promoting businesses related to energy storage system (batteries) for ships.

\*International Maritime Organization

#### Our business environment, policies and initiatives

At Sumitomo Corporation, we are involved in the lease of aircraft and engines along with the manufacture of some aircraft parts. Going forward, it is assumed that the shift to fuel-efficient aircraft will continue in the long term due to ICAO\* regulations. In our aircraft and engine leasing business, we procure new leased aircraft and engines reflecting the demand of each client airline, and we have begun development of biofuels and other products. We also continuously replace our aircraft and engine portfolio through sales at the end of the lease. Therefore, by monitoring market and technology trends and laws and regulations regarding aircraft fuel efficiency, we believe we can respond flexibly to changes in the business environment by controlling the risk of reductions in leasing fees and aircraft price.

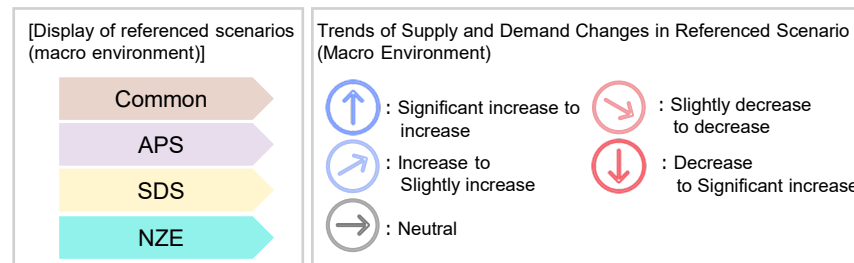
\* International Civil Aviation Organization

## Our Climate Change Initiatives: Disclosure Based on TCFD

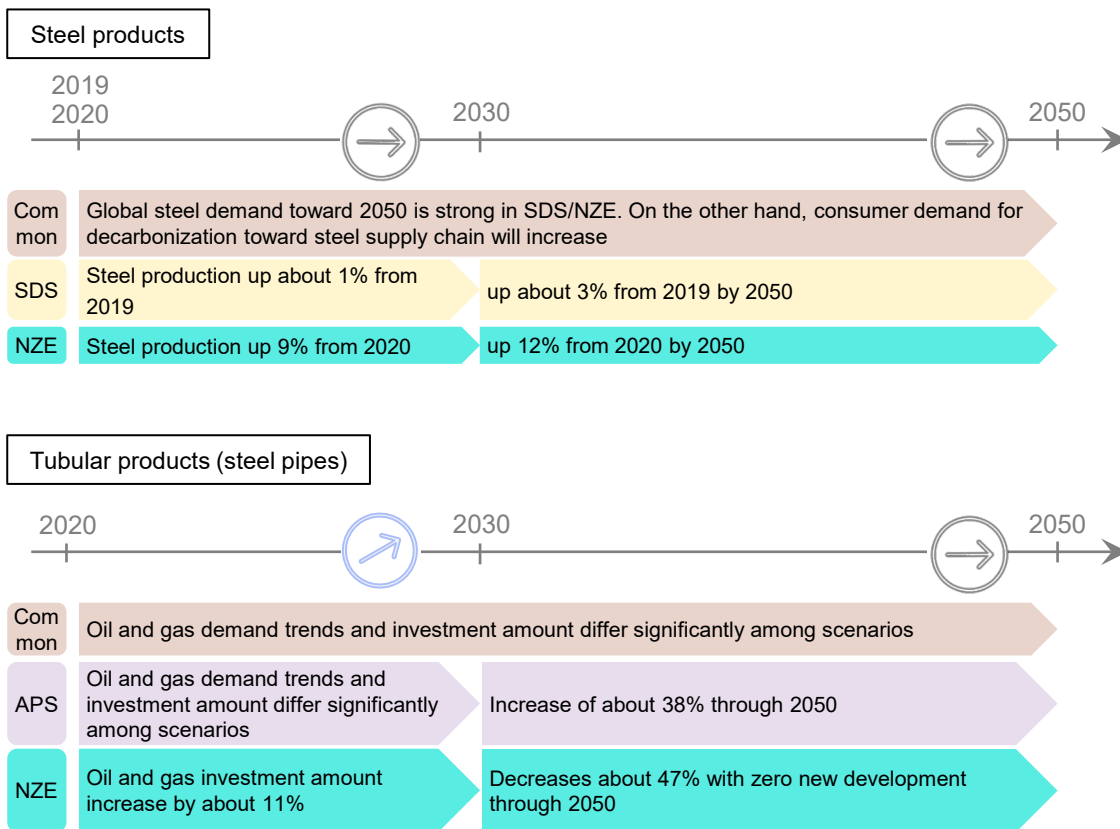
### Strategy: Transition Risks and Opportunities Related to Climate Change (Scenario Analysis)

#### ◆ Material industry sector: Steel (steel products & tubular products manufacturing and sales business)

Referenced scenarios (Macro environment: changes in steel production and oil and gas investment amount)



#### Our business environment, policies and initiatives



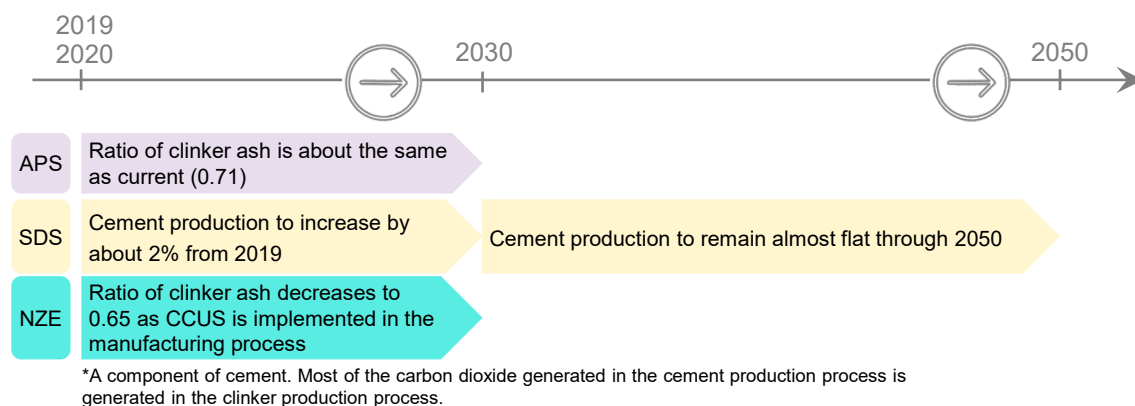
Sumitomo Corporation engages in the processing and sales of steel sheets, tubular products and other steel products. Because our business operation excludes nearly all of the steel manufacturing process, CO2 emissions are limited. For tubular products, the NZE scenario assumes that oil and natural gas investment will decrease by about 47% through 2050. Simulations based on this scenario assume a 10% to 30% reduction in revenues for the tubular business. However, we are establishing a new earnings pillar by promoting various energy transition-related businesses with major oil companies with whom we have strategic partnerships, and by realizing the drilling automation business. If demand for decarbonization in the supply chain rises among the end-users, of which the leading customers are in the fields of transportation systems, household appliances, energy, etc., demand is likely to shift to recycling-derived steel products and in the long term to products that utilize decarbonization and decarbonization technology, represented by direct reduction steelmaking utilizing hydrogen. For this reason, effort will be directed to cultivating business opportunities that emerge from the carbonization of steelmaking technologies, in coordination with the leading customers and business partners.

## Our Climate Change Initiatives: Disclosure Based on TCFD

### Strategy: Transition Risks and Opportunities Related to Climate Change (Scenario Analysis)

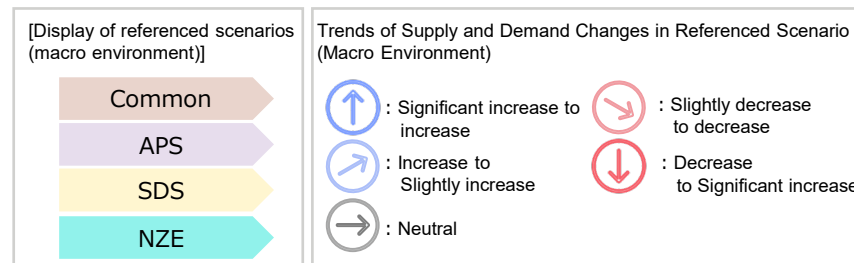
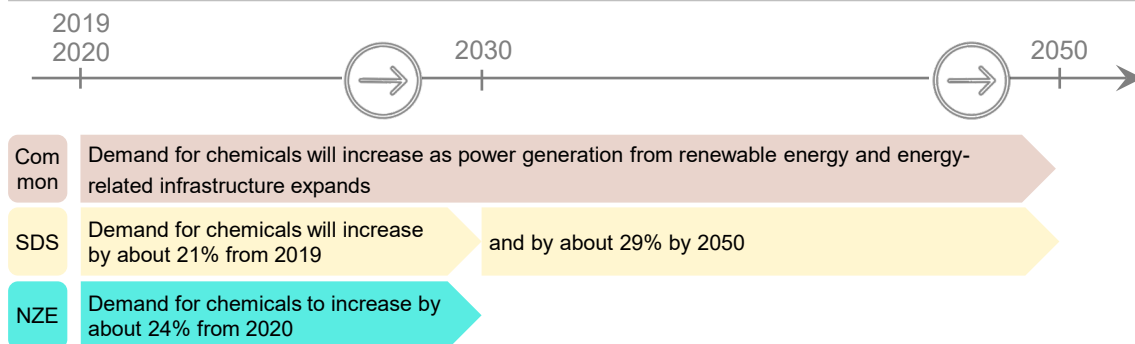
#### ◆ Material industry sector: Cement (distribution business)

Referenced scenarios (Macro environment: changes in cement production and clinker\*-to-cement ratio)



#### ◆ Material industry sector: Chemicals (manufacturing/trade business)

Referenced scenarios(Macro environment: changes in chemical demand)



#### Our business environment, policies and initiatives

Sumitomo Corporation engages in cement distribution business. Because the business operation excludes all of the cement production process, CO2 emission is limited. While effort is underway for transition in fuel used in the cement productions process to clean energy sources and research conducted on replacement of limestone used as the principal raw ingredient with other materials, Sumitomo Corporation is utilizing its own information network to explore into effective CCUS technologies, etc., in the cement industry

#### Our business environment, policies and initiatives

Sumitomo Corporation engages in petrochemical product trade and manufacturing. In petrochemical product manufacturing, naphtha produced by refining petroleum and gas is used as the principal raw material. Carbon dioxide is released in huge quantity from fossil fuel energy used in the synthesis and decomposition processes. In the long-term process of energy decarbonization, the supply of naphtha used as raw material is expected to decline, and demand for use of renewable energy is expected to grow. Sumitomo Corporation expects to continue gaining revenues from global trade by adjusting changes in supply and demand in petrochemical product raw materials and finished product markets and at the same time plans to monitor trends in customer demands and in relevant technologies, in order to explore into business opportunities in the effective use of biomass materials and chemical product manufacturing utilizing CCU (carbon dioxide capture and utilization).

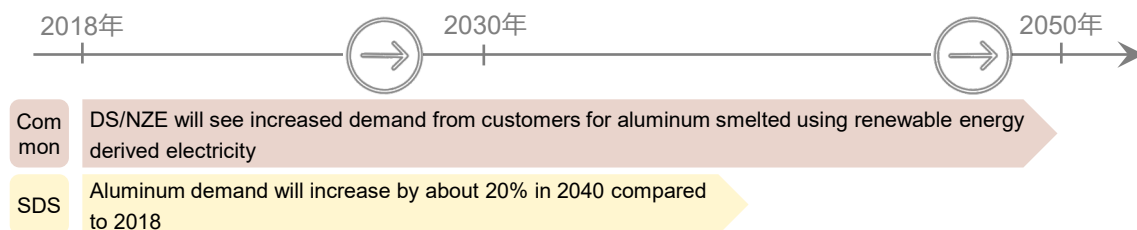
## Our Climate Change Initiatives: Disclosure Based on TCFD

### Strategy: Transition Risks and Opportunities Related to Climate Change (Scenario Analysis)

#### ◆ Material industry sector: Aluminum(smelting business)

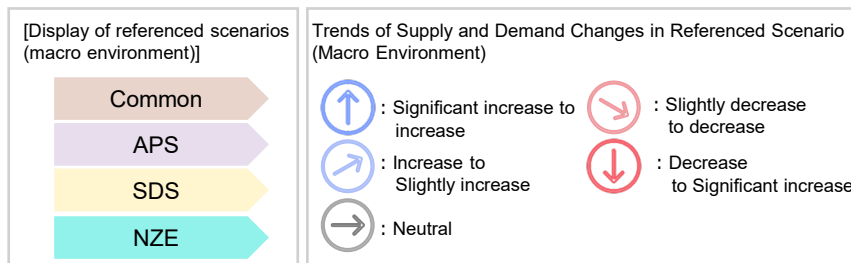
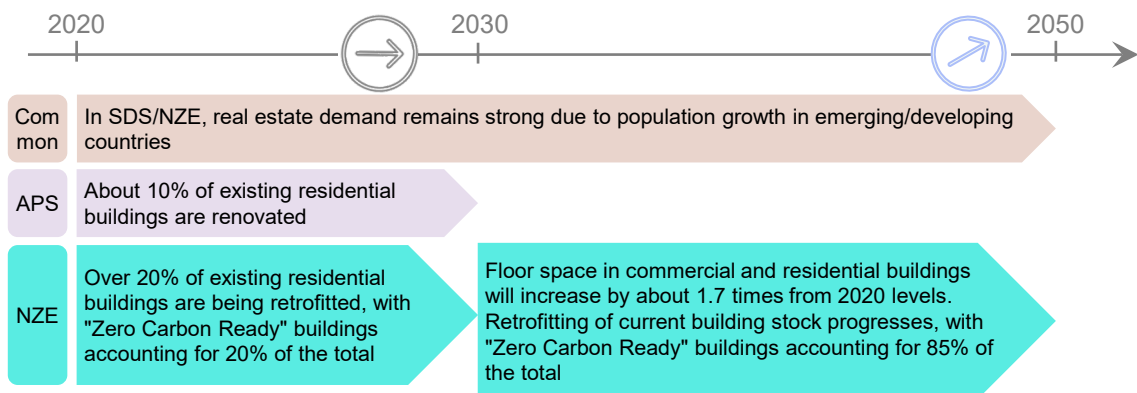
##### Referenced scenarios (Macro environment: changes in aluminum demand)

※Referring to WEO2019



#### ◆ Real estate sector: Office buildings/residential building sales business

##### Referenced scenarios (Macro environment: changes in floor space in commercial and residential buildings and renovation ratio of buildings)



##### Our business environment, policies and initiatives

Sumitomo Corporation's aluminum production business in southeast Asia chiefly utilizes hydroelectricity. For this reason, future risks pertaining to carbon pricing is expected to be limited, and the business is likely to remain competitive in the medium and long range. For this reason, future demand for decarbonization in the supply chain from end-users is expected to present business opportunities where Sumitomo Corporation is able to utilize its strengths.

##### Our business environment, policies and initiatives

Sumitomo Corporation engages in real estate business, including office buildings, commercial facilities, residential housing, distribution facilities and real estate funds. In Japan, in order to achieve carbon neutrality by 2050, energy-saving performance equivalent to the ZEH/ZEB standards will be required for new buildings after 2030 in view of the fact that energy consumed in buildings and homes is perceived as a source of CO2 emission and in face of demand for zero carbon emission. Under such circumstances, continued effort will be directed to improving energy efficiency and to introduction of renewable energy in the course of installation of new facilities in new buildings and facility updates in existing buildings, based on customer demand and technology trends. For office buildings, distribution facilities and real estate fund operations, action will be taken to acquire environment-related certification. In residential home business, attention is directed to development of ZEH condominium complexes.



## Our Climate Change Initiatives: Disclosure Based on TCFD

### Strategy: Transition Risks and Opportunities Related to Climate Change 〈Scenario Analysis〉

#### Progress in decarbonization across sectors

Such as the presentation of a 1.5°C compliant target at COP26 (the 26th Conference of the Parties to the United Nations Framework Convention on Climate Change) in November 2021, global acceleration is underway for activities aimed at realizing carbon neutrality at an early stage. In addition to decarbonization effort by individual industries in each country and region, action is underway to promote decarbonization across industries, with establishment of carbon pricing and promotion of sustainable financing, in addition to reducing emissions throughout the supply chain, including Scope 3, and expanding decarbonized products based on LCA.

The introduction and reinforcement of CO<sub>2</sub> emission trade and carbon tax by various nations have combined with the carbon border adjustment mechanism under study in Europe and other regions, raising the possibility of impact on supply chain in various industries across national and regional boundaries. Forecast on carbon pricing differs by region. As of 2050, it is expected to be in the range of 160-200 dollars/t-CO<sub>2</sub> in APS, 95-160 dollars/t-CO<sub>2</sub> in SDS and 55-250 dollars/t-CO<sub>2</sub> in NZE scenario. Carbon pricing levels in terms of carbon tax and emission trade in the future are expected to hugely affect business performance, chiefly in the carbon-intensive industries.

Additionally, financial support is provided in the use of decarbonization and decarbonization technologies in various nations and regions. For this reason, effort is underway to develop sustainable financing guidelines, including the EU taxonomy.

Because the weight of carbon-intensive manufacturing businesses is limited in Sumitomo Corporation's business portfolio, the direct impact of the aforementioned developments is expected to be limited. However, we monitor the latest trends in climate change risks and opportunities, referring to the ISSB (International Sustainability Standards Board) exposure draft (including Climate-related Disclosures) released on March 31, 2022, and other relevant documents, and attention will be directed to the impact of these decarbonization promotion measures and policies on the supply chains that are linked to Sumitomo Corporation's business operations, in order to explore into new business opportunities with attention to changes in technologies and business models through minimization of risks and decarbonization.

#### **[Disclaimer regarding forecasts]**

The projections and forecasts contained here are based on information available as of the date of this announcement, and on certain assumptions and projections. Therefore, actual results and performance may differ significantly due to various uncertainties, including future economic trends and market prices. Neither the company nor the information providers assume any responsibility for any errors in the information posted or for any damages incurred based on the information presented.

## Our Climate Change Initiatives: Disclosure Based on TCFD

### Strategy: Physical Risks Related to Climate Change and Countermeasures

Because Sumitomo Corporation Group engages in business activities over a wide range of industrial sectors in various countries, possible escalation in climate change is likely to cause the following risks to become chronic and impact its business operations. (For sector category and characteristics of risks per sector, referred to UNEP FI reports on physical risks, etc. / For analysis on water stress and temperature rise, refer to Representative Concentration Pathway (RCP) 8.5 scenario by the Intergovernmental Panel on Climate Change (IPCC).)

Sector	Awareness of the impact of physical risks in each sector		Principal business related to the risk described at left
	Chronic	Acute	
Energy	Water shortage resulting in decline in production efficiency and in operation efficiency, risk of submergence due to sea level rise, etc.	Damage on facilities, disruption of operation, etc., caused by flooding and huge rainstorms	Thermal power generation in Southeast Asia, Middle East and Africa; renewable energy power generation, including solar power generation, etc., in Japan
Resource & Interest	Rise in temperature & water shortage resulting in decline in production efficiency, disruption in operation, risk of flooding with rise in sea level, etc.	Damage on facilities, disruption of operation, etc., caused by flooding and huge rainstorms	Mining operations in North America, South America, Australia, Africa, etc.; energy interests in Southeast Asia, Middle East & Europe; and sales of such resources and energy
Raw materials	Rise in temperature & water shortage resulting in decline in production efficiency, disruption in operation, etc.	Damage on facilities, disruption of operation, delay in raw materials/product shipment, etc., caused by flooding and huge rainstorms	Manufacturing, processing, sales, etc., of metal products, transportation equipment and parts, chemical products, materials, etc.
Transportation systems	Water shortage resulting in decline in production efficiency, disruption of operation, etc.	Damage on facilities, disruption of operation, delay in raw materials/product shipment, etc., caused by flooding and huge rainstorms	Manufacturing and sales, etc., of transportation equipment and parts
Real estate	Delay in project schedule, rise in utility cost, decline in property value with a rise in sea level, etc., resulting from rising temperature	Delay in project schedule, decline in property value caused by structural damage & flooding, etc., caused by flooding and huge rainstorms	Office building business, retail facilities business, residential business, logistics facility business, etc.
Agriculture	Rise in temperature & water shortage resulting in decline in production efficiency, etc.	Disruption in operation, etc., caused by huge rainstorms, flooding or drought	Agriculture & import and wholesale of food products, retail sales business, etc.

Physical risks are largely divided into chronic risks that have continual and chronic impact on business activities (e.g., rise in average temperature, change in rainfall pattern and rise in sea level) and acute risks caused by unforeseen disasters (e.g., escalation of abnormal weather conditions such as huge rainstorms, flooding, drought, etc.). The impact is wide-ranging, including direct impact related to production site facilities and working conditions and indirect impact on a broad range of supply chains for raw materials and products. In view of Sumitomo Corporation's business operations over a broad range of fields and regions, studies will be conducted on investments related to impact of the region's weather conditions, geographical factors, etc., continual assessment after project participation, identification of its own scope of liability under contract terms and conditions, nonlife insurance contracts, etc., for management of such risks. In the following analysis, we focused on power generation, energy and natural resources, real estate, and agriculture, and analyzed their physical risks based on the location of their main sites, focusing on two main factors: water stress and continuous temperature rise.

- The analysis of water stress on power generation business showed there are regions with possibility of possible water shortage. However, water used in the business operation, e.g., cooling water for the power generation operation, etc., is supplied by seawater, water production facilities within the power plant, etc., leading to the conclusion that the risk of operation disruption caused by water shortage, etc., is not significant.
- In the study of resource & interest business in terms of water stress and continual temperature increase risk, there were regions found to have relatively high risk of long-term increase in the number of days when temperature reaches 35°C or higher and possibility of water shortage. Sumitomo Corporation plans to execute risk control through assessment of disaster risks vis-à-vis geographical conditions, etc., definition of working conditions with sufficient attention to temperature and other conditions, subscription to nonlife insurance, etc.
- In the real estate business, sufficient research and analysis are being conducted on flooding risks for various locations during the development studies stage. Property projects are being selected through conservative assessment of risks based on information from hazard maps and specific conditions of each property site, etc. In promoting project development, measures are being taken on physical risks in order to minimize them. For this reason, risks in the business portfolio as a whole is not considered significant.
- In the analysis of temperature rise and water stress for major agricultural sites in each country, there are regions with possibility of increase in the number of days when temperature rises to 35°C or higher and of possible water shortage. Although adverse impact is anticipated on such agricultural operations if such risks affect agricultural product quality, output, etc., Sumitomo Corporation has diversified crops and regions in the business and has therefore built risk resistance to a certain degree in terms of total performance.

## Our Climate Change Initiatives: Disclosure Based on TCFD

### Risk Management

- ◆ Our Group's activities cover businesses across a broad range of fields and regions and involve various social issues. We always attach great importance to these social issues, and in order to appropriately control the social and environmental impact of the entire Group's business activities, establish policies such as the Environmental Policy, Human Rights Policy, CSR Action Guidelines for Supply Chain Management, Anti-Corruption Policy, and Compliance Guiding Principles, and publicize and thoroughly enforce them within the Group.
- ◆ We evaluate social and environmental risk and confirm response measures as part of our deliberation processes when considering and implementing new business from a broad perspective. In particular, with regard to climate change, we confirm the following with regard to risks (and opportunities) related to business continuity being impeded by the inability to appropriately respond to changes in the business environment resulting from social and environmental problems such as climate change.
  - The impact of climate change such as the frequent occurrence of natural disasters and abnormal weather
  - The impact of the introduction of regulations
  - The impact of technology changes, etc.
  - The potential for the expansion of business or the improvement of business performance through advances in climate change mitigation and adaptation to climate change
- ◆ With regard to our existing business, as well, we regularly monitor the overall management status of these risks to each business, including social and environmental risks. In addition to managing risk related to individual businesses, we assess the status of companywide social and environmental risks and develop systems that enable these assessments to be used to make strategic management decisions.
- ◆ With regard to the handling of the risks of climate change, each business organization assesses the introduction of regulations and market changes for related business sectors and conducts business activities, and as a part of companywide portfolio management, the Corporate Sustainability Department summarizes the status of major risks to the Group, taking into consideration global efforts relating to climate change and regulatory trends. The results are periodically reported to the Management Council and the Board of Directors. If there are any unacceptable risks from the perspective of the portfolio as a whole, measures including reduction of exposure are investigated with organizations responsible for risk management.

## Our Climate Change Initiatives: Disclosure Based on TCFD

### Metrics and Targets

#### Targets : Effort for carbon neutrality

The Group has adopted the following as its basic policy on climate change issues.

- Reduce CO2 emissions 50% or more by 2035 (compared to 2019)

#### [ Power generation business ]

CO2 emissions: Reduce 40% or more (of which 60% reduction or more for coal-fired power generation business)

Net ownership generation capacity: coal 20%, gas 50% renewables 30%

#### [ Fossil fuel upstream business ]

CO2 emissions \*1: Reduce 90% or more

- For coal-fired power generation business, no further involvement in IPP (Independent Power Producer) nor EPC (Engineering, Procurement, Construction) business and will end all the coal-fired power generation business in the late 2040s. For thermal coal mine interest, no additional investment and aim to achieve zero equity production from thermal coal mines by 2030.
- increase supply of renewable energy (3GW or more by 2030)

#### Targets : Effort for carbon neutrality (As of 2021)

	Scope 1 Direct emissions	Scope 2 Indirect emissions from acquired electricity etc.	Scope 3 Other indirect emissions
Sumitomo Corporation/ Subsidiaries	Approx. 1 million tons (Excluding power generation business)		Fossil energy concession
Associated companies (equity method)	Thermal power generation business (Includes estimates for projects under construction.) Approx. 41 million tons		Approx. 13 million tons

\*1 Indirect CO2 emissions by others associated with the use of energy resources produced

### Results

#### CO2 Emissions

(Thousand t-CO2e)

Index	Result of 2019 (The base year)	Result of 2021	Percentage of change	Reduction targets of 2035
Entirety	59,939	55,497	▲7.4%	50% or more
Power generation business *2	43,126	41,368	▲4.1%	40% or more
Of which, coal-fired power generation *2	34,452	33,202	▲3.6%	60% or more
Fossil energy concession	15,808	13,162	▲16.7%	90% or more

Figures for active power generation projects and fossil energy interests are calculated with the advice of a third party.

\*2 Includes estimates for projects under construction.

#### Net ownership generation capacity portfolio (Figures noted in brackets indicate net ownership generation capacity)

(MW)

Index	Result of March 31, 2020 (The base year)	Result of March 31, 2022	Targets of 2035
Coal	54% (5,240)	53% (5,208)	20%
Gas	31% (3,011)	31% (3,011)	50%
Renewable energy *3	15% (1,397)	16% (1,516)	30%
Total	100% (9,651)	100% (9,737)	

#### Net ownership generation capacity of Renewable energy

(MW)

Index	Result of March 31, 2020 (The base year)	Result of March 31, 2022	Targets of 2030
Renewable energy *3	1,397	1,516	3,000 or more

\*3 Includes capacity held by a fund whose management company is 51% owned by Sumitomo Corporation.

# Climate Change

## Activities

### Business Description

#### Renewable Energy Related Business

We have entered power generation business using renewable energy, which is expected to grow as a medium- to long-term energy source, contributing to mitigating climate change.

As of March 31, 2022

Fuel	Power plant	Country	Generation Capacity (MW)
Solar power	Osaka Hikarinomori Project	Japan	10.0
	Solar Power Saijo	Japan	29.0
	Solar Power Kitakyushu	Japan	16.0
	Solar Power Tomakomai	Japan	15.0
	Solar Power Minamisoma/Kashima	Japan	59.9
	Solar Power Minamisoma/Haramachi	Japan	32.3
	EVM/EVM2	Spain	14.0
	Thang Long Industrial Park (TLIP)/TLIP II /TLIP III	Vietnam	11.0
Wind power	Oga Wind Power Plant	Japan	28.8
	Summit Wind Power (Kashima)	Japan	20.0
	Abukuma Wind Power Plant	Japan	147.2
	Datang Sino-Japanese (Chifeng) New Energy	China	50.0
	Stanton Wind Energy	USA	120.0
	Cimarron II Wind	USA	131.1
	Ironwood Wind	USA	167.9
	Dorper Wind	South Africa	100.0
Mesquite Creek Wind	USA	211.2	

Fuel	Power plant	Country	Generation Capacity (MW)
Offshore wind power	Northwind	Belgium	216.0
	Nobelwind	Belgium	165.0
	Northwester2	Belgium	219.0
	Galloper	UK	352.8
	Race Bank	UK	573.3
	Woody biomass	Summit Handa Power	Japan
Summit Sakata Power		Japan	50.0
Summit Myojo Power		Japan	50.0
Sendai-ko Biomass Power		Japan	112.0
Geothermal Power	Muara Laboh	Indonesia	85.0
Hydraulic power	CBK	Philippines	792.0

# Climate Change

## Activities

### Business Description

#### Green Building Initiatives and Issuance of Green Bonds

In our real estate business, we have formulated and implemented basic policies related to environmental, social and governance (ESG) issues. As a real estate management company, Sumisho Realty Management Co., Ltd. (“SRM”) believes that incorporating ESG elements into investment decisions and operation processes is essential to maximizing value of medium- to long-term investor. For SOSiLA Logistics REIT, Inc. (“SLR”) and other fund properties under the company’s management, it has had its real estate performance evaluated by CASBEE, DBJ Green Building, LEED, BELS, and so on. Also, SOSiLA Logistics REIT Inc. has been awarded “4 Stars” in the 2021 GRESB Real Estate Assessment and the second highest “B Level” for the GRESB Public Disclosure, which measures the quality of ESG disclosure.

SLR is the first J-REIT that has formulated a green finance framework since IPO. It aims to promote ESG-oriented asset management through green finance. In July 2022, SLR issued 1,600 million yen Green Bonds with aims to strengthen the funding platform by expanding the ESG investor base, along with promoting ESG initiatives. Proceeds procured through Green Finance are used for the acquisition of existing or new assets (including scheduled acquisition) of Eligible Green Assets that satisfy any of the following eligible criteria, used for the renovation of Eligible Green Assets, or repayment and edemption of loans (including Green Loan) and Investment Corporation Bonds (including Green Bonds) required for these.

<Eligibility Criteria>

#### ● Green Building

Any of the following items that have been or will be certified

- B+ rank, A rank, or S rank in CASBEE certification
- Three-star, four-star, or five-star DBJ Green Building certification
- Three-star, four-star, or five-star BELS certification
- Silver, Gold or Platinum in LEED certification

#### ● Renovation of existing building

Renovation of the owned assets which meet the following;

- i. To aim for improving environmental benefits such as reducing CO2 emission, energy consumption or water consumption (10% or more decrease in its volume)
- ii. To improve the certification level by one rank, acquisition or reacquisition of the certifications

#### ● Energy Saving Equipment

Costs related to renewal of air-conditioning equipment, conversion of lighting fixtures to LEDs, and introduction of power storage systems (expected energy savings of 10% compared with conventional systems)

#### ● Renewable Energy

Acquisition or installation of renewable energy power generation facilities (installed on the premises or on the rooftop of the property)

Certification Obtained	Property Name	Evaluation
<b>CASBEE: 9 properties</b>	SOSiLA Yokohama Kohoku	Rank A
	SOSiLA Sagamihara	Rank A
	SOSiLA Kasukabe	Rank A
	SOSiLA Kawagoe	Rank A
	SOSiLA Nishiyodogawa I	Rank A
	SOSiLA Nishiyodogawa II	Rank A
	SOSiLA Ebina	Rank S
	LICS Narita	Rank A
	SOSiLA Itabashi	Building (New Building) A Rank
<b>LEED: 2 properties</b>	203 North LaSalle	PLATINUM
	Atlanta Financial Center	SILVER
<b>BELS : 9 properties</b>	SOSiLA Yokohama Kohoku	☆☆☆☆☆
	SOSiLA Sagamihara	☆☆☆☆☆
	SOSiLA Kasukabe	☆☆☆☆☆
	SOSiLA Kawagoe	☆☆☆☆☆
	SOSiLA Nishiyodogawa I	☆☆☆☆☆
	SOSiLA Ebina	☆☆☆☆☆
	SOSiLA Nishiyodogawa II	☆☆☆☆☆
	LICS Narita	☆☆☆☆
	SOSiLA Itabashi	☆☆☆☆☆

**Acquisition of major environment-related certifications at fund properties managed by Sumisho Realty Management Co., Ltd. (as of July 2022).**

# Water Resources

## Policy and Concept

Water is an essential natural resource. However, due to an increase in water demand as a result of population growth and economic development, there will be more and more areas where water will become scarce. According to the Organization for Economic Co-operation and Development (OECD), water demand is projected to increase by 55% between 2000 and 2050 and, in 2050, 240 million people will have no access to clean water and 1.4 billion people will be without access to basic sanitation.

Our Group conducts its business around the world, including in highly water-stressed areas. Fully recognizing the finiteness of water resources, we approach relevant issues both in terms of risk and opportunity through our efforts to reduce water consumption, improve efficiency, and establish water infrastructure.



## Activities

### Water Business

While water demand is expected to increase on a global basis as a result of population growth, urbanization and industrialization, the infrastructure environment to ensure the supply of safe and hygienic water has not been improved and water issues are expected to become even more serious. In response, in the 21st century, water business that aims to address water issues has started attracting people's attention globally. Increasing awareness that developed countries are responsible for contributing to achieving a safe and hygienic living environment in developing countries has also contributed to the increased attention to water business.

We regard water business combining water supply and sewerage systems as an important pillar of social infrastructure. Based on this recognition, we are engaged in various business projects around the world. We have been expanding our water business from BOOT and BOO business\*1 using private-sector capabilities\*2, such as water and sewage treatment and seawater desalination, to fully privatized business in promising markets around the world, including areas with rapidly increasing water demand. We have realized substantial achievements in these business areas. We will continue to take on challenging issues in globally expanding and multifaceted water business by supplying safe and secure water using Japanese technology and responding to the demand for reducing social costs by using private capital.

\*1 BOOT (Build–Own–Operate–Transfer) is a form of providing services under a long-term contract with the public sector and, after the contract period, transferring the business assets to the public sector

BOO (Build-Own-Operate) is a form of providing services under a long-term contract with the public sector as in BOOT but the assets will be maintained by the business operator.

\*2 Use of private-sector capabilities: Use of business operation capabilities and funds of the private sector for business projects that have traditionally been conducted and financed by the public sector to increase efficiency

Country	Business description	Business category
Brazil	Investment in BRK Ambiental, a top Brazilian company engaged in water business, holds assets of 23 business projects of water supply and sewerage and industrial water treatment (our indirect ownership ratio is 14%). We are participating in promising water supply and sewerage business in Brazil.	Water supply and sewerage business
UK	We acquired 50% of the shares of Sutton & East Surrey Water, a UK water business company, and became involved in fully-privatized water business in the UK.	Water supply business
China	We established Capital Summit at 40% share ratio with Beijing Capital Eco-Environment Protection Group, a leading water infrastructure company in China. Capital Summit operates sewage treatment plants in Shandong Province and Zhejiang Province.	Sewage treatment business
Oman	We have been awarded a seawater desalination project using reverse osmosis membrane technology and private-sector capabilities/funds. Commercial operation was started in February 2016.	Seawater Desalination business

# Biodiversity

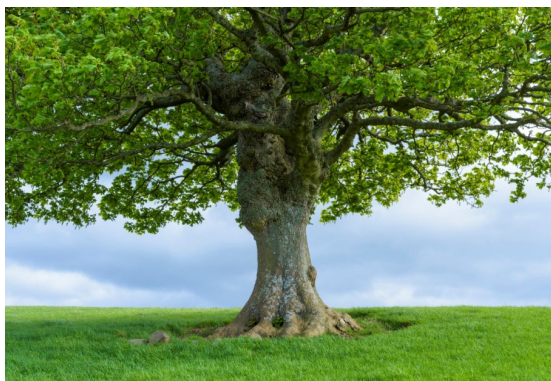
## Policy and Concept

Sumitomo Corporation Group's business activities largely depend on the wealth of Earth's diverse living organisms as well as from the biodiversity that is generated by their many networks. Therefore, our Environmental Policy recognizes placing great importance on preserving the environment, including the natural ecosystem and biodiversity as an important issue for us. We make efforts to understand how our business activities that may have a significant impact on biodiversity depend on such biodiversity, as well as what kind of impact such activities have on biodiversity, in order to minimize their impact on ecosystems and contribute to ecosystem restoration.

In the process of reviewing new projects and monitoring existing projects, we also assess social and environmental risks including impact on ecosystems, and check the status of management and improvement.

## Activities

Business and Biodiversity Offsets Program (BBOP) is an initiative to prepare international standards regarding biodiversity offsets, participated in by companies, governments, NGOs and other specialists. BBOP is referred to by the Convention on Biological Diversity and has become recognized as an international standard regarding biodiversity offsets. We, as a Japanese company, participate in the program through the Ambatovy Project in Madagascar. (Refer to the next page.)



## BBOP Principles on Biodiversity Offsets

1	<b>Adherence to the mitigation hierarchy:</b> A biodiversity offset is a commitment to compensate for significant residual adverse impacts on biodiversity identified after appropriate avoidance, minimization and on-site rehabilitation measures have been taken according to the mitigation hierarchy.
2	<b>Limits to what can be offset:</b> There are situations where residual impacts cannot be fully compensated for by a biodiversity offset because of the irreplaceability or vulnerability of the biodiversity affected.
3	<b>Landscape Context:</b> A biodiversity offset should be designed and implemented in a landscape context to achieve the expected measurable conservation outcomes taking into account available information on the full range of biological, social and cultural values of biodiversity and supporting an ecosystem approach.
4	<b>No net loss:</b> A biodiversity offset should be designed and implemented to achieve in situ, measurable conservation outcomes that can reasonably be expected to result in no net loss and preferably a net gain of biodiversity.
5	<b>Additional conservation outcomes:</b> A biodiversity offset should achieve conservation outcomes above and beyond results that would have occurred if the offset had not taken place. Offset design and implementation should avoid displacing activities harmful to biodiversity to other locations.
6	<b>Stakeholder participation:</b> In areas affected by the project and by the biodiversity offset, the effective participation of stakeholders should be ensured in decision-making about biodiversity offsets, including their evaluation, selection, design, implementation and monitoring.
7	<b>Equity:</b> A biodiversity offset should be designed and implemented in an equitable manner, which means the sharing among stakeholders of the rights and responsibilities, risks and rewards associated with a project and offset in a fair and balanced way, respecting legal and customary arrangements. Special consideration should be given to respecting both internationally and nationally recognised rights of indigenous peoples and local communities.
8	<b>Long-term outcomes:</b> The design and implementation of a biodiversity offset should be based on an adaptive management approach, incorporating monitoring and evaluation, with the objective of securing outcomes that last at least as long as the project's impacts and preferably in perpetuity.
9	<b>Transparency:</b> The design and implementation of a biodiversity offset, and communication of its results to the public, should be undertaken in a transparent and timely manner.
10	<b>Science and traditional knowledge:</b> The design and implementation of a biodiversity offset should be a documented process informed by sound science, including an appropriate consideration of traditional knowledge.



# Biodiversity

## Activities

### Business Description

#### Ambatovy Project Contributing to Sustainable Development in Madagascar

One of the examples of collaboration between BBOP and Japanese companies in implementing biodiversity offsets is a nickel mine development project in Ambatovy in Madagascar in which we have made a capital participation. This is the Ambatovy Project in Madagascar, one of the largest-scale mine development projects in the world, which has been developed since 2007 in preparation for increasing demand for nickel, cobalt and other metals.

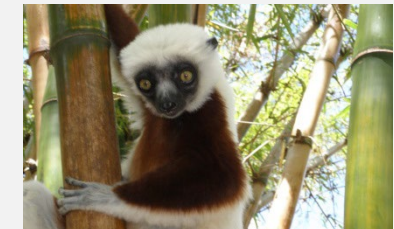
In the Ambatovy Project, many new facilities, such as mining sites, refinery plants and pipelines, need to be constructed and operated, which poses substantial impacts on the surrounding environment. Particularly in Madagascar, there remains a globally precious natural environment where as many as 1,000 species of endangered animals are living. We give careful consideration to these natural habitats in developing and operating the project. In developing and implementing plans for the project, special emphasis is placed on environmental management in compliance with not only Madagascar national laws but also various guidelines, such as the World Bank safeguard policy, the International Financial Corporation's (IFC) Performance Standards, the World Health Organization (WHO) standards, and the Equator Principles.

In the project, rigorous measures have been applied to protect the environment, including efforts to maintain biodiversity, in compliance with the aforementioned and various other standards. For example, in developing the mining area, we created a buffer zone around the mining site of about 1,600 ha to ensure protection of wild animals. When trees are cut down to develop the mine site, felled trees are left on site for a while so that animals inhabiting these trees can move into the buffer zone. We also conduct ecosystem surveys jointly with international environmental NGOs. If endangered or other species that need to be protected are identified in such a survey, we adopt various programs designed to reduce impacts on ecosystems, for example, relocation of such species to a sanctuary and use of a fish farming system.

After starting the construction of pipelines, habitats of endangered animals were found on the routes where the construction was planned. In response, we changed 24 routes in total to bypass these habitats. We are also promoting a large-scale biodiversity offset program under the “no net loss, net gain” concept. This is an approach to mitigate impacts of the development on ecosystems by restoring or creating another ecosystem. Specific measures include the conservation of a forest area of 6,800 ha in the Ankerana area, which has an ecosystem similar to that of the development site of the project. In an attempt to offset the net loss of biodiversity, we are implementing measures to protect four conservation areas of more than 14,000 ha in total, equivalent to about nine times the affected areas, such as protection of areas near the mine site, tree replanting after the installation of pipelines, and tree replanting on the mine site after the closure of the mine.



Diademed sifaka (*Propithecus diadema*), critically endangered species



Coquerel's Sifaka (*Propithecus coquereli*), endangered species



Golden Mantella (*Mantella aurantiaca*), critically endangered species

# Biodiversity

## Activities

### Business Description

#### Bird Friendly® Coffee

Sumitomo Corporation Group has imported and supplied Bird Friendly®-certified coffee (BF®-certified coffee) since 2004 as part of our biodiversity-friendly activities, which ensures a stable income for farmers. Since FY2014, SC Foods Co., Ltd. started dealing in BF®-certified coffee. BF®-certified coffee is grown under the shade of natural forest trees to conserve the environment and provide migratory birds a place to rest. The BF certification was created by the Smithsonian Migratory Bird Center (SMBC). As of July 2022, 53 farms and agricultural cooperation in 12 countries\*1 are certified and part of the proceeds from the coffee are used for SMBC's research, surveys and conservation activities.

\*1 12 countries: Ethiopia, Peru, El Salvador, Columbia, Guatemala, Nicaragua, Bolivia, Honduras, India, Thailand, Mexico, Venezuela



Harvest of BF®-certified coffee

In 2019, this project was recognized by the Japan Committee of the International Union for Conservation of Nature and Natural Resources (IUCN) as a cooperative project authorized by the Japan Committee for the United Nations Decade on Biodiversity (UNDB-J)\*2. This authorization means that the project is an important activity to conserve biodiversity as well as an activity that has achieved results toward meeting the Aichi Biodiversity Targets\*3. We will continue our efforts to contribute to protecting migratory birds and ecosystems through this project.

\*2 The committee was established in September 2011 to encourage the participation and cooperation of all sectors in Japan to promote efforts to conserve biodiversity and ensure its sustainable use.

\*3 New international targets to conserve biodiversity, which were adopted by the 10th Conference of Parties (COP10)



This project has been recognized as a project recommended by the Japan Committee for the United Nations Decade on Biodiversity (UNDB-J).

### Business Description

#### Bird-strike Prevention in Wind Power Generation

Dorper Wind Farm generates electricity using wind in a mountainous area of about 130 km<sup>2</sup> in Eastern Cape, South Africa. In the Dorper wind power generation project, measures to prevent bird strikes are implemented.

Windmills are installed in pastures and bird strikes are caused by birds that flock to feed on the carcasses of livestock and other animals. We therefore ensure to remove animal carcasses found in the power plant.

We also hire local residents to visually confirm if there is any endangered bird species circling around the windmills and, if detected, to send an emergency notice to stop the operation of the windmills. It is our aim to achieve a harmonious balance between wild animal conservation and wind power generation business.

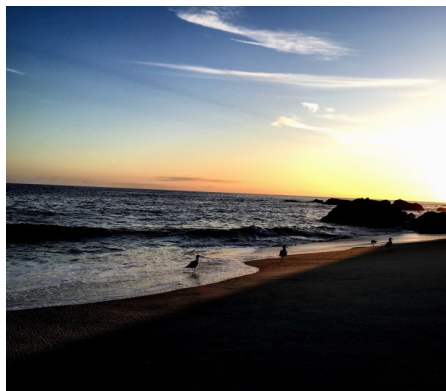


Dorper Wind Farm Pty Ltd. in South Africa

# Prevention of Pollution

## Policy and Concept

Sumitomo Corporation Group's business covers a wide range of areas around the world. As described in the Environmental Policy, the Group complies with environment-related laws and regulations and contributes to creating a recycling society. We consider it important not only to comply with laws, ordinances and standards to prevent pollution caused by wastewater, sludge, exhaust and other wastes but also to reduce environmental impact through waste reduction, reuse and recycling in order to achieve a sustainable society. We will continue to address relevant issues through our business activities.



## Activities

### Business Description

#### Efforts to Reduce Environmental Impacts in the Agrochemical / Fertilizer Sales Business

Our major mission in the realm of agrochemical/fertilizer business is to provide the best-quality agrochemicals/fertilizers that fulfill the needs of farmers worldwide with the aim of contributing to increasing the productivity of agricultural crops. We select and combine functions such as import, manufacturing, wholesale and direct sales by taking into account the characteristics of each market, and we are currently conducting agrochemical/fertilizer business in over 30 countries.

In some areas, unfortunately, farmers and distributors inappropriately dispose of emptied plastic bottle containers and aluminum bags of agrochemicals, which can pollute the environment. There are also concerns that agrochemical remains in such containers could lead to an accident and adversely affect the environment. Agro Amazonia Produtos Agropecuarios Ltda. in Brazil and Summit Agro Mexico S.A. de C.V. in Mexico involve other companies in the industry to make joint efforts to collect and recycle empty containers of agrochemicals to promote environmental conservation.

Efforts are also made to reduce the environmental impacts of agrochemicals themselves, including investment in Futureco Bioscience S.A., a bioagrochemical manufacturer in Spain, and application of integrated pest management (IPM), which does not depend on agrochemicals alone and has low environmental impacts.

As an IPM effort, we are spreading the use of a communication disruptor (pheromone agent) developed by Shin-Etsu Chemical Co., Ltd., which uses insect's natural sex pheromone. It is harmless to non-target organisms, and not only reduces the population of the target pest but is also effective on pests that enter inside plants and are hard to control.

It can also be expected to reduce the pesticide resistance of pests. This control method is currently applied by about 60% of orchards in France. In the European region, we have expanded our sales territory to include Poland, Bulgaria and Russia since 2015. In Russia, Summit Agro LLC, a local distributor, is recognized as the first company to have introduced a pheromone agent to the country.

In addition, we put our efforts into reducing the amount of conventional chemical fertilizer applied and reducing environmental impacts on farmland by expanding the sales of coated fertilizers (allowing farmers to control the pace of fertilizer elution and enhance the effective utilization rate of fertilizer constituents, thereby reducing the amount of fertilizer applied) and biostimulants (which increase plants' tolerance to diseases and pests as well as to cold/heat stresses by enhancing their innate immunity and vitality, thereby enabling the use of reduced amounts of fertilizer).



Investment in a bio-agrochemical manufacturer in Spain



Agrochemical project in Brazil (Agro Amazonia Produtos Agropecuarios Ltda.)



Use of a pheromone agent

# Prevention of Pollution

## Activities

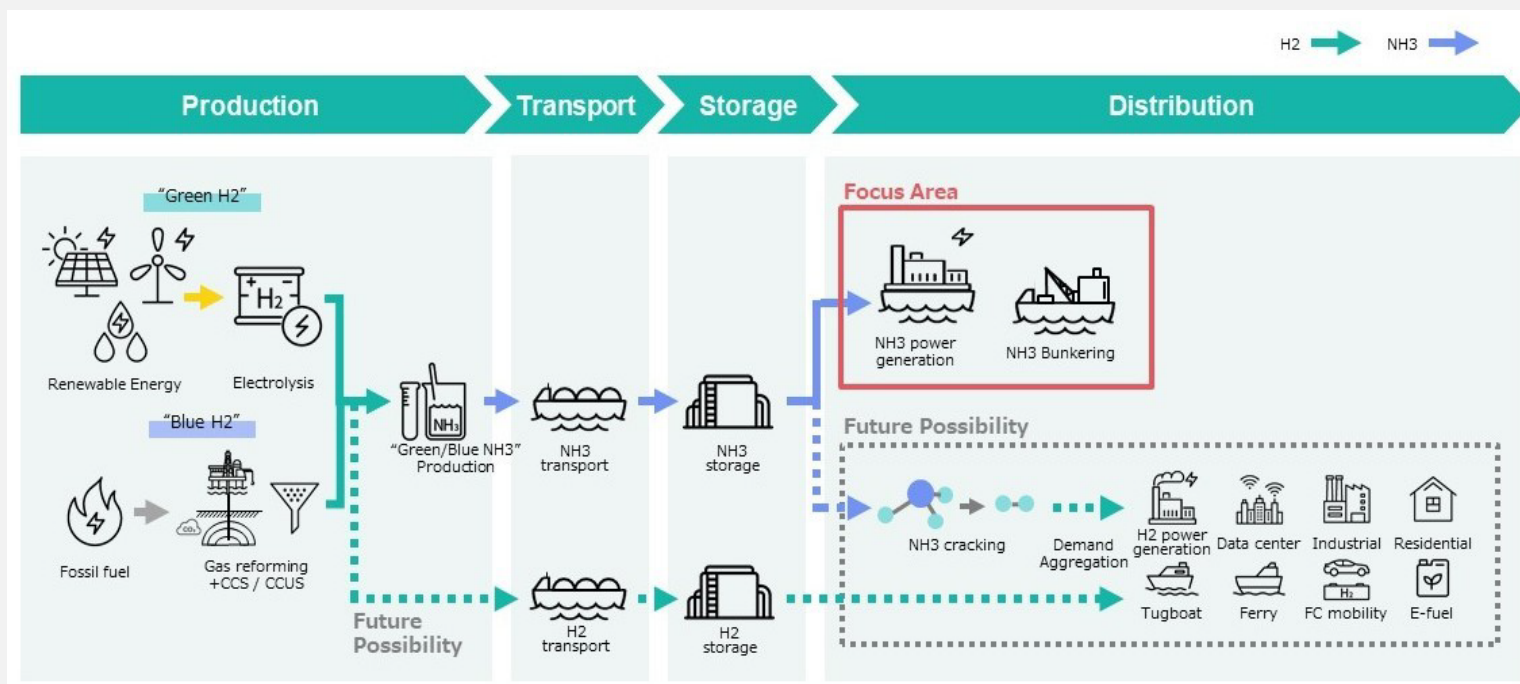
### Business Description

#### Reducing the Environmental Impact of Marine Fuel

Since 1952, we have been supplying marine fuel to shipping companies in Japan and abroad. To contribute to reductions in the shipping industry's environmental impact, we are also working to supply LNG fuel, which emits no sulfur oxides and contains 40-70% fewer nitrogen oxides and 20% less carbon dioxide than conventional fuels. Specifically, through a joint venture with Uyeno Transtech Ltd., Yokohama-Kawasaki International Port Corporation, and the Development Bank of Japan Inc., we placed an order for an LNG bunkering vessel in February 2019 which is scheduled for completion in FY2022.

The International Maritime Organization (IMO), a specialized agency of the United Nations, has formulated a strategy to halve greenhouse gas (GHG) emissions from maritime transportation globally by 2050 compared to 2008 levels. In this context, it is believed that ammonia will be the next generation of alternative marine fuels that have the potential to contribute significantly to reducing GHG emissions in the shipping industry because it does not emit CO2 during combustion. Green ammonia in particular has the potential to be a major factor in making the shipping industry carbon-free, as it is produced solely from renewable electricity, water, and air and emits no CO2 during its lifecycle.

We have signed a Memorandum of Understanding with five partners, including A.P. Moller - Maersk A/S, regarding a joint study on the commercialization of the ammonia fuel supply for ships in Singapore. Through this initiative, we aim to contribute to the decarbonization of the shipping industry by introducing and spreading ammonia fuel throughout the world through the creation of a comprehensive supply chain that includes the supply, transportation, storage, and bunkering of ammonia fuel.



## Resource Utilization (Effective Use of Forest Resources)

In addition to providing food and timber products, forests contribute to the conservation of biodiversity and mitigation of climate change by capture and storage of CO2. The Sumitomo Corporation Group, that conducts business using these precious forest resources, will maximize the environmental and social value provided by forest resources while striving to strengthen governance to prevent deforestation and human rights violations.

### Environmental Value

- Conservation of biodiversity through proper forest management
- Capture and storage of CO2 through proper forest management and reforestation
- Utilization of unused wood such as wood from thinning

### Social Value

- Job creation in the region and vitalization of the local economy
- Stable supply of high-quality wood products
- Stable supply of electricity from renewable energy sources, unaffected by weather conditions, through biomass power generation business

## Forestry Business

### Environmental aspects

- Biodiversity conservation through proper forest management
- Capture and storage of CO2 through proper forest management and reforestation

### Social aspects

- Job creation in the local community
- Contribution to building local communities, including philanthropic activities

### Manufacture

## Trading business of wood products for building materials and wood chips for paper manufacturing

### Environmental aspects

- Trading of products with low environmental impact, and fixation of carbon absorbed by the woods through distribution of these products
- Trading of products with traceability

### Social aspects

- Stable supply of wood materials

### Use

## Trading business of biomass fuels

### Environmental aspects

- Conservation of forests through effective use of unused materials
- Trading of products with traceability
- Capture and storage of CO2 through proper forest management and reforestation

### Social aspects

- Stable supply of high-quality, traceable wood chips and pellets to customers

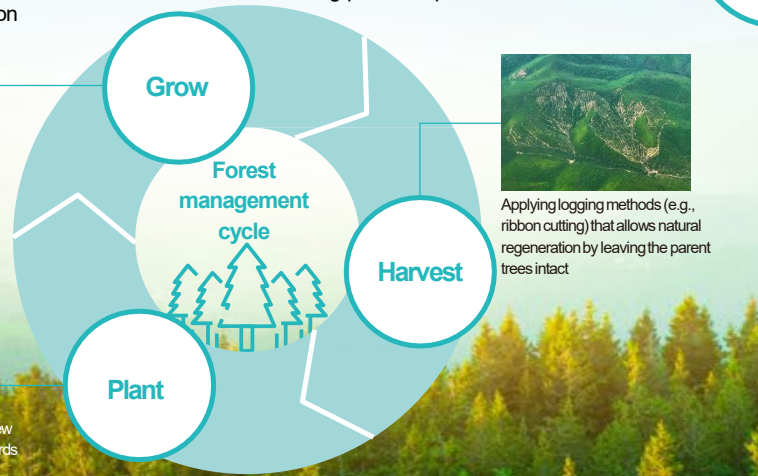
## Biomass power generation business

### Environmental aspects

- Power source that contributes to climate change mitigation using renewable resources as fuel

### Social aspects

- Stable supply of electricity from renewable energy sources, unaffected by weather conditions
- Revitalization of the forestry industry and expansion of forest maintenance through the use of domestic timber
- Revitalization of local economy and job creation in the region



Our forest management maintains the ecosystem for example inhabited by wild horses

The forest area of the North Island in New Zealand is as vast as 80% of the 23 wards in Tokyo

Applying logging methods (e.g., ribbon cutting) that allows natural regeneration by leaving the parent trees intact

### Sustainability challenges in forest dependent business

- Enhance sustainable procurement
- Thoroughly implement corporate governance, including group companies
- Manage social and environmental risks in the supply chain
- Reduce CO2 emissions from manufacturing and transportation phases, etc.

### Strengthen corporate governance to maximize corporate value

### Implement measures to strengthen governance

### Measures to solve sustainability challenges in business

- Established "Forest Management Policy" and "Sourcing Policy for Forest Products" and guidelines
- Monitor and improve business operations in line with the above policies and guidelines
- Implement due diligence by utilizing international certification systems and conducting audits using satellite imagery etc.
- Collaborate with suppliers

## Resource Utilization (Effective Use of Forest Resources)

We established the Sumitomo Corporation Group Forest Management Policy in March 2022. Furthermore, in order to reinforce due diligence to mitigate risks, we also set Operational Guidelines for putting the policies into actions.

### Policy and Concept

#### Sumitomo Corporation Group Forest Management Policy

##### Scope of application

Forestry business directly managed by Sumitomo Corporation and its Consolidated subsidiaries. In addition, other forestry business that Sumitomo Corporation and its subsidiaries are involved in management are included if determined to be material.

##### Governance

This policy was approved by the Management Council and the Board of Directors of Sumitomo Corporation. If any serious issues arise in implementing this policy, measures and corrective action plans will be discussed at the Corporate Sustainability Committee and reported to the Management Council and the Board of Directors.

##### Commitment

Based on the principles of zero deforestation and respect for human rights, Sumitomo Corporation will strive to implement the following in its sustainable forest management, with the cooperation of its Group companies.

###### Environmental aspects:

We will not engage in development that leads to gross deforestation, or the conversion of natural forests into plantations for forestry business.

We will not develop forests with high conservation value (HCVF), or forests with high carbon stock (HCSF) such as in peatlands. We will work to protect endangered species and reduce the impact of our forestry business on ecosystems. We will conduct thorough management to prevent forest fires and will not conduct any operations which can cause forest fires. We will engage in forest conservation and reforestation.

###### Social aspects:

We will conduct our forestry business with consideration for human rights in accordance with the Sumitomo Corporation Group's Human Rights Policy.

We will respect human rights as stipulated in the "International Bill of Human Rights" and the International Labor Organization's "Declaration on Fundamental Principles and Rights at Work," and we will operate in accordance with the "United Nations Guiding Principles on Business and Human Rights."

We will respect international norms related to the rights of indigenous peoples, such as the "United Nations Declaration on the Rights of Indigenous Peoples" and the "principle of Free, Prior and Informed Consent (FPIC)."  
We will support local communities through creating employment and offering educational programs related to forests.

#### Operational guidelines for Forest Management Policy

##### Risk assessment and monitoring:

We will conduct environmental and social risk assessments in accordance with the Sumitomo Corporation Group Forest Management Policy before starting any new forest management. In addition, we will continue monitoring the status of our environmental and social commitments after the project started.

##### Certification:

In addition to the above monitoring, we will make effective use of the internationally recognized forest management certification system for the forests managed by the Group and promote obtaining certification.

##### Stakeholder dialogue:

In order to prevent global deforestation and forest degradation, we will promote the sustainable use of forest resources in society through dialogue with our stakeholders in the regions where our forests are located. We will develop a grievance mechanism\* to respond to issues raised by our stakeholders.

##### Disclosure:

In order to implement forest management with high level of transparency, we will strive to disclose information on our initiatives in accordance with the Sumitomo Corporation Group Forest Management Policy.

##### Reviewing process of the Guidelines:

The Business Units will annually report on implementation of the policy to the Corporate Sustainability Department. Based on the report, the Corporate Sustainability Department will annually review the necessity of updating the Operational Guidelines. If any serious issues arise in implementing this policy, measures and corrective action plans will be reported to the Management Council and the Board of Directors.

\* A process that employees, local residents or other stakeholders can use to lodge complaints regarding human rights violations and other issues related to enterprise's business activities including its supply chain, for resolving such issues

## Resource Utilization (Effective Use of Forest Resources)

### Policy and Concept

#### **Sumitomo Corporation Group Sourcing Policy for Forest Products**

##### **Scope of application**

Logs, wood products (plywood, lumber, veneer, laminated timber), wood chips and wood pellets traded by Sumitomo Corporation and its Consolidated subsidiaries.

##### **Governance**

This policy was approved by the Management Council and the Board of Directors of Sumitomo Corporation. If any serious issues arise in implementing this policy, measures and corrective action plans will be discussed at the Corporate Sustainability Committee and reported to the Management Council and the Board of Directors.

##### **Commitment**

In accordance with the principles of zero deforestation and respect for human rights, Sumitomo Corporation will strive together with its Group companies to source products based on this policy while cooperating with suppliers and customers.

##### **Environmental aspects:**

We will not procure materials sourced from lands associated with destructive forest use or development which leads to gross deforestation causing significant environmental impacts.

We will not procure materials sourced from lands associated with serious environmental issues including the destruction of forests with high conservation value (HCVF) or high carbon stock (HCSF) such as in peatlands.

We will not procure materials produced from genetically modified wood.

We will procure in compliance with the Washington Convention to protect endangered species.

##### **Social aspects:**

We will procure products harvested in forests where human rights are respected in accordance with the Sumitomo Corporation Group's Human Rights Policy.

We will respect human rights as stipulated in the "International Bill of Human Rights" and the International Labor Organization's "Declaration on Fundamental Principles and Rights at Work," and we will operate in accordance with the "United Nations Guiding Principles on Business and Human Rights."

We will respect international norms related to the rights of indigenous peoples, such as the "United Nations Declaration on the Rights of Indigenous Peoples" and the "principle of Free, Prior and Informed Consent (FPIC)."  
We will not procure materials produced from illegally logged wood.

#### **Operational guidelines for Sourcing Policy for Forest Products**

##### **Monitoring:**

In order to procure forest products in accordance with the "Sumitomo Corporation Group Sourcing Policy for Forest Products," we will promote the use of products that have been certified by reliable international forest management certification systems. Additionally, we will request detailed information from suppliers through audit activities such as questionnaires and on-site visits.

In order to ensure compliance with the Commitment, we will conduct supplier risk assessments and consult with non-compliant suppliers to request improvements. If no improvement is observed, we will consider reviewing the transaction.

##### **Stakeholder dialogue:**

In order to prevent global deforestation and forest degradation, we will promote the sustainable use of forest resources in society through dialogue with our stakeholders, including suppliers and customers.

We will develop a grievance mechanism\* to respond to issues raised by stakeholders.

##### **Disclosure:**

We will strive to disclose the status of our initiatives based on the "Sumitomo Corporation Group Sourcing Policy for Forest Products," including reporting on monitoring results.

##### **Reviewing process of the Guidelines:**

The Business Units will annually report on implementation of the policy to the Corporate Sustainability Department.

Based on the report, the Corporate Sustainability Department will annually review the necessity of updating the Operational Guidelines.

If any serious issues arise in implementing this policy, measures and corrective action plans will be reported to the Management Council and the Board of Directors.

\* A process that employees, local residents or other stakeholders can use to lodge complaints regarding human rights violations and other issues related to enterprise's business activities including its supply chain, for resolving such issues

## Resource Utilization (Effective Use of Forest Resources)

### Activities

#### Business Description

##### New Zealand Timber Business

In New Zealand, a sustainable supply of timber resources is provided in a 30-year cycle through a harmonious arrangement with local communities under the environmentally friendly forest management system of planting trees, growing them, cutting them down, and replanting them. In the approximately 52,000 hectares of forest owned by Summit Forests New Zealand, besides protecting water resources and primeval forests and co-existing in harmony with the wildlife, the company has also forged friendly relationships with the indigenous Maori people in the course of running its business. Moreover, most of the company's forest holdings are FSC®-certified, which offers objective proof that the company is managing the forest appropriately.



Forest owned by SFN

##### Russia Timber Business

In 2004, to be certified that we manage forests appropriately with consideration for the environment and local communities based on objective evaluation, OAO Terneyles obtained FSC® Certification\*1, an international standard, for part of 2.87 million hectares of the forest area in the Russian Far East. After receiving FSC-FM certification\*2 in 2004 as the first company in the Russian Far East, Terneyles made improvements one by one to meet the requirements for the FSC-CoC (Chain-of-Custody) certification\*3. In 2011, the company successfully acquired the certification for all of its products, from round wood to lumber, laminated timber, veneer, and woodchips. Sumitomo Corporation also received the FSC-CoC certification, and the supply chain for providing customers with FSC®-certified products from raw materials logged by Terneyles was completed.

<Notes>Currently we do not trade FSC certified Russian wood products as FSC has suspended all trading certificates in Russia. The Russia-related business described in the ESG Communication Book 2022 is based on the period from January to December 2021.

### Results

We are selling the certified log, certified wood products and wood chips from forests owned by the Sumitomo Corporation Group in Russia (OAO Terneyles) and New Zealand (Summit Forests New Zealand).

		FY2021 Results
Certified log (Russian)		145 thousand m3
Certified log (New Zealand)		234 thousand m3
Certified wood products (Russian)	Softwood lumber	56 thousand m3
	Veneer	185 thousand m3
	Softwood laminated lumber	24 thousand m3
	Hardwood lumber/laminated lumber	4 thousand m3
Wood chips (Russian)		78 thousand BDT

\*1 FSC® Certification: a global forest certification system provided by FSC (Forest Stewardship Council®)

\*2 FSC-FM (Forest Management) Certification: confirms that the forest is managed in a proper way.

\*3 FSC-CoC (Chain-of-Custody) Certification (the management of processing and distribution processes): verifies that FSC® certified material is identified or kept separated from non-certified material throughout the chain.



## Resource Utilization (Recycling and Circulation Business)

### Policy and Concept

A variety of issues that threaten the sustainability of society have been brought to the fore, such as the growing world population and the associated increases in demand for resources and energy and in the volume of waste. Rather than continuing the conventional practices of mass production, mass consumption and mass disposal, building circular economy systems through recycling, reuse, reproduction, resource-saving product development, and sharing, and reducing dependence on natural resources are important for maintaining social sustainability.

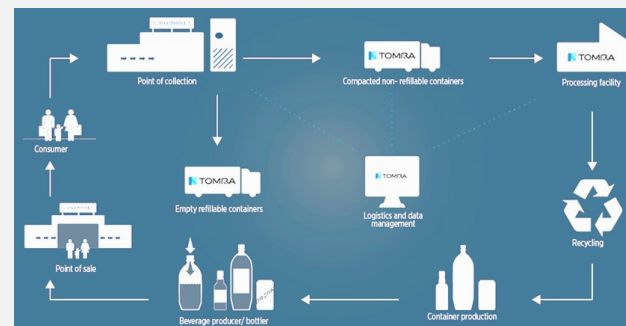
The Group will make effective use of limited resources and contribute to the realization of sustainable resource recycling by switching to resource-saving technologies and products, and working on sustainable procurement of natural resources.

### Activities

#### Business Description

##### Tomra Japan: Creating and Deploying a PET bottle Recycling System in Which Consumers Take Part Actively

Reducing the usage of plastic resources while ensuring its effective consumption - importance of this issue is increasing year by year as a measure for addressing global environmental issues, such as marine litter and global warming. In this context, importance of resource recovery system is increasing, to materialize and enhance sustainable resource recycling. Tomra Japan is a joint venture between TOMRA Systems ASA (Norway) and our company. In addition to selling equipment such as reverse vending machines (RVMs) for the efficient collection of used PET bottle, we have also created and deployed a recycling system whereby we collect PET bottles from RVMs installed at supermarkets as well as convenience stores and deliver them to recyclers. RVMs only collect PET bottles after their caps and labels are removed by the consumers, this enables us to collect high-quality resources with fewer impurities. Through the supply of high-quality recovered resources, Tomra Japan has been contributing to horizontal recycling, in which fresh PET bottles are made from used PET bottles. In addition to such activities, in 2021 the company launched a new brand named “bottlium” with the aim to contribute to the recycling of PET bottles into polyester clothing. By recycling PET bottles into clothing that can be repeatedly washed, continuing the horizontal recycling of PET bottles, and encouraging consumers to actively take part in collecting and recycling higher-quality resources in an efficient manner, Tomra Japan will continue to contribute to the reduction of environmental burden and the development of a recycling-based society.



Circulation recycling system with RVM as a platform



Reverse Vending Machine

**bottlium™**



Official Brand Web Site

“bottlium” – New brand of recycled PET bottle by Tomra Japan. Made from the high-quality resources (used PET bottles) collected by Tomra Japan, through chemical agent-free aqueous cleaning process.

The highest quality expands the possibilities for various applications such as hollow fibers.

# Human Rights

## Policy and Concept

In May 2020, we established the "Sumitomo Corporation Group's Human Rights Policy" that represents our commitment to respect human rights through human rights due diligence, stakeholder engagement, education and so on, in order to fulfil our corporate social responsibility and to grow sustainably with society.

### **Sumitomo Corporation Group's Human Rights Policy**

Sumitomo Corporation declares in its management principles that it aims to be a global organization that contributes broadly to society and places prime importance on utmost respect for the individual. We will respect human rights to fulfill our corporate social responsibility, and pursue sustainable growth with society.

Sumitomo Corporation became a signatory in 2009 to the "Ten Principles of the United Nations Global Compact", which advocates for values common to its own management principles, including those regarding human rights and labor. We also respect the "International Bill of Human Rights" and the International Labor Organization's "Declaration on Fundamental Principles and Rights at Work", and we operate in accordance with the "United Nations Guiding Principles on Business and Human Rights".

#### **1. Scope of application**

Sumitomo Corporation endeavors to ensure that all executives and employees within its group fulfill their responsibility to respect human rights. In addition, we encourage our suppliers and business partners to accept, understand and practice this policy so that we can work together to fulfill our social responsibilities, including respect for human rights in the relevant value chain.

#### **2. Human rights due diligence**

Sumitomo Corporation strives to identify and to prevent or mitigate any adverse impact on human rights through the application of human rights due diligence processes. Where we identify that our group's practices have caused or contributed to an adverse impact on human rights, we will endeavor to take appropriate remedial measures.

#### **3. Compliance with relevant laws**

Sumitomo Corporation will comply with national and regional laws and regulations applicable to its group operations. When those laws and regulations are incompatible with internationally recognized human rights, we will seek to employ measures to respect international human rights norms.

#### **4. Stakeholder engagement**

Sumitomo Corporation will seek to improve and progress human rights measures through engagement and dialogue with relevant stakeholders.

#### **5. Education**

Sumitomo Corporation will appropriately educate its executives and employees within its group in order to ensure that this human rights policy is understood and implemented effectively.

#### **6. Reporting**

Sumitomo Corporation will disclose appropriate information regarding its efforts to respect human rights.

# Human Rights

## Human Rights Due Diligence

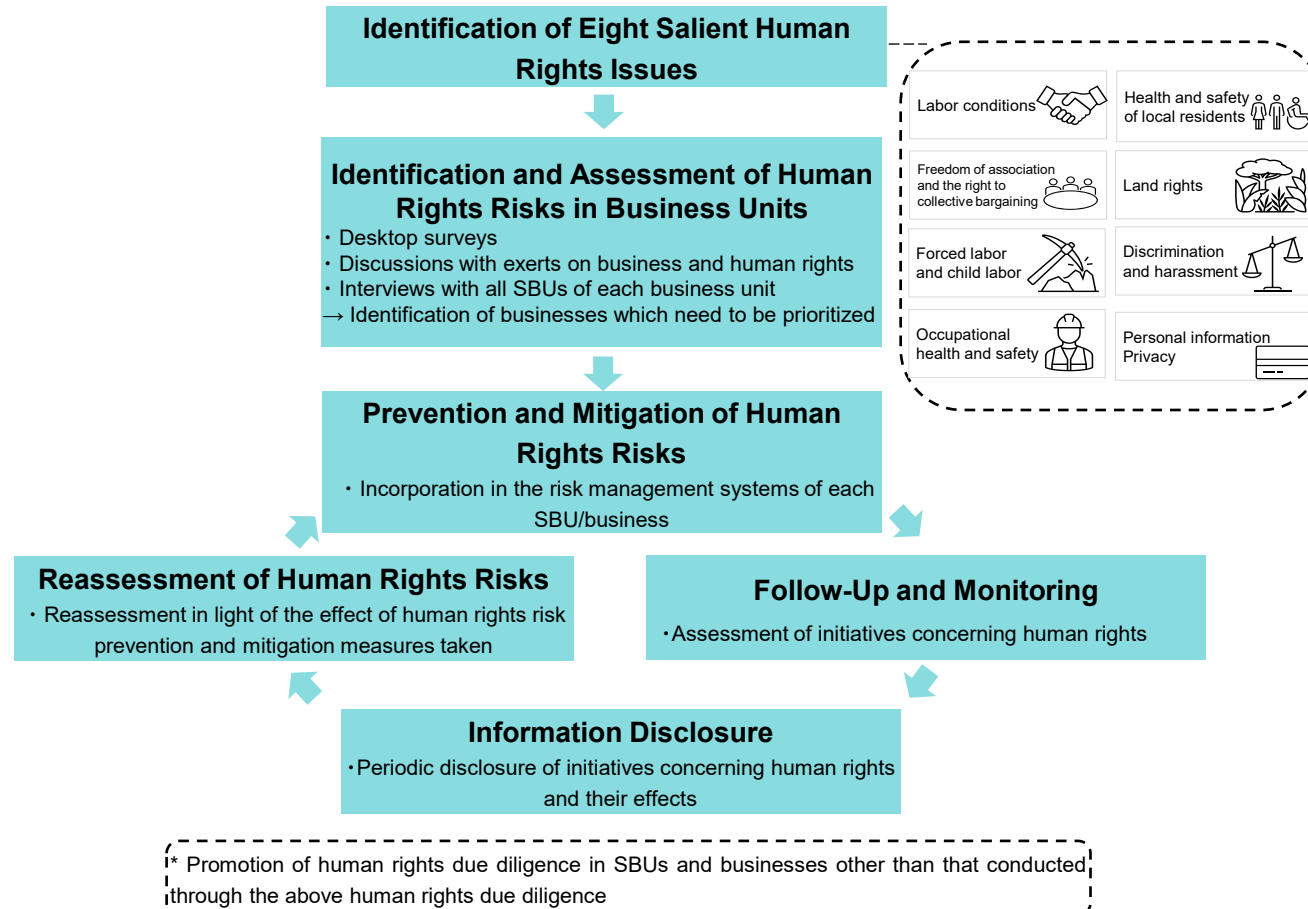
In accordance with the Sumitomo Corporation Group Human Rights Policy, Sumitomo Corporation began human rights due diligence in 2020 so that we can identify, prevent, and correct how we address any adverse human rights impact that the Group business activities may cause or contribute to. As a first step in FY2020, we identified salient human rights issues that should be addressed with priority so that we can assess impacts and risks concerning human rights throughout the Group. In FY2021, we expanded applicability of our human rights due diligence to all our businesses according to our medium-term goal of “Strengthen risk analysis in human rights due diligence to accurately assess risks in all businesses, including the supply chain, and implement risk mitigation measures by 2025.” In order to pursue this goal, we started our human rights due diligence by business unit, and in the first year FY2021, we conducted it for the Media & Digital Business Unit and Living Related & Real Estate Business Unit and identified and assessed human rights risks in all related Strategic Business Units (SBUs). Our human rights due diligence is conducted through a process in accordance with international guidelines including the United Nations Guiding Principles on Business and Human Rights, United Nations Guiding Principles Reporting Framework, and OECD Due Diligence Guidance for Responsible Business Conduct.

### <Process of Human Rights Due Diligence in Business Units>

After conducting a desktop survey in which we identified human rights issues mainly but not limited to our eight main salient human rights issues and referred to the examples of human rights risks which actually occurred in global business activities of ourselves or other companies. We started conducting human rights due diligence for the Media & Digital Business Unit and Living Related & Real Estate Business Unit which are considered to have a relatively higher human rights risk than other business units.

Interviewing all related SBUs of both business units with the support from outside experts, we confirmed the situation in each business and actual human rights risks including the impact on stakeholders, such as local residents and others related to the supply chain and business activities of each business. Besides, we identified potential risks that could be anticipated and discussed the status of any responses being taken. In light of these findings, and from the perspectives of the possibility to materialize human rights risks which we identified and their severity if materialized, we prioritized SBUs, or individual businesses within SBUs, to focus on. With the cooperation of the Corporate Sustainability Department and relevant SBUs and group companies, we are now considering and implementing concrete measures to prevent or mitigate the identified human rights risks.

We will identify and assess human rights risks in other business units as well, and implement measures to prevent or mitigate those human rights risks in each SBU. Through ongoing monitoring of each, we will also implement the plan-do-check-act (PDCA) cycle to identify new initiatives.



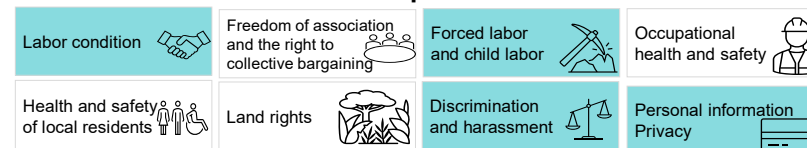
# Human Rights

## Human Rights Due Diligence

In all SBUs of the Media & Digital Business Unit and Living Related & Real Estate Business Unit, we identified and assessed actual and potential human rights risks, and confirmed that concrete initiatives, such as supplier surveys and improvement activities, have been commenced for human rights risks of concern associated with the nature of the business (product or region, etc.) Starting from SBUs and businesses identified through discussions as being high risk in terms of human rights, we will consider and implement countermeasures and promote improvements. Through this process, we are again promoting, to officers and employees of the Sumitomo Corporation Group, the understanding and entrenchment of the company's responsibility to respect human rights. We are also driving concrete initiatives for human rights education according to the UN Guiding on Business and Human Rights Principles, and we developed a training program for all officers and employees in FY2021.

### <Media & Digital Business Unit>

#### Eight Salient Human Rights Issues in the Group's business



Main human rights issues	Identified actual and potential risks	Assessment and countermeasures
Labor conditions, Forced labor and child labor	<ul style="list-style-type: none"> <li>Concern about human rights issues in supply chain: indirect suppliers and subcontractors.</li> </ul>	<ul style="list-style-type: none"> <li>To establish human rights policies and procurement policies and publicize to suppliers.</li> <li>To understand actual human right situation of supply chain.</li> </ul>
Discrimination and harassment	<ul style="list-style-type: none"> <li>Discriminatory statements and expressions may be included in the video distribution, entertainment content and advertisements.</li> </ul>	<ul style="list-style-type: none"> <li>To consider risk prevention and mitigation measures, such as warning related staffs and introducing education programs for them.</li> </ul>
Personal information Privacy	<ul style="list-style-type: none"> <li>Personal information leaks and privacy violations especially in digital marketing business..</li> </ul>	<ul style="list-style-type: none"> <li>Confirmed that each business has been aware of the risks and has been working thoroughly to ensure legal compliance.</li> </ul>
The right to know and freedom of expression	<ul style="list-style-type: none"> <li>The overseas telecommunications business is subject to the risk of infringement of the right to know and freedom of expression by shutting down or interception of communications.</li> </ul>	<ul style="list-style-type: none"> <li>To continue initiatives to contribute to respect for human rights in the Myanmar telecommunications business based on human rights assessments.</li> </ul>
New human rights issues (AI and data)	<ul style="list-style-type: none"> <li>Discrimination or privacy violations may occur through the use of data or algorithms.</li> </ul>	<ul style="list-style-type: none"> <li>To conduct survey and case studies on the trends of legal and governance.</li> </ul>

# Human Rights

## Human Rights Due Diligence

### <Living Related & Real Estate Business Unit>

#### Eight Salient Human Rights Issues in the Group's business



#### Assessment and countermeasures

Main human rights issues	Identified actual and potential risks	Assessment and countermeasures
Labor conditions (wages and working hours), Occupational health and safety	<ul style="list-style-type: none"> <li>In the real estate related business, attention must be paid to labor conditions and occupational health and safety of not only to parties contracting directly with our company but also of parties related to the supply chain, including construction contractors and property-owning management contractors.</li> </ul>	<ul style="list-style-type: none"> <li>Room to further consider broad communication of human rights and procurement policies when in discussions or contracting with construction contractors and other subcontracting business partners.</li> </ul>
Freedom of association and the right to collective bargaining	<ul style="list-style-type: none"> <li>It is important to establish mechanisms for obtaining feedback from workers, including employees on agricultural land, in respect to the freedom of association and right to collective bargaining.</li> </ul>	<ul style="list-style-type: none"> <li>Confirm that initiatives are being implemented to develop human rights due diligence processes, including interviews with employees, and to establish and publicize contact points for listening to the opinions of workers and other stakeholders.</li> </ul>
Forced labor and child labor	<ul style="list-style-type: none"> <li>Some domestic businesses are employing foreign technical trainees.</li> <li>The food distribution business must be on the lookout for forced labor and child labor upstream (agricultural land) in the supply chain.</li> </ul>	<ul style="list-style-type: none"> <li>Confirm that consideration is being given to understanding the employment situation of the foreign technical trainees and to preventing adverse impacts on the workers in terms of labor conditions and occupational health and safety. Going forward, continue efforts to maintain and improve the working environment through regular discussions with the interns themselves.</li> <li>Confirm that initiatives are being implemented to investigate and improve the situation after risks are materialized, and to identify and investigate supply chains with a high potential risk.</li> </ul>
Land rights, Health and safety of local residents	<ul style="list-style-type: none"> <li>In the real estate related business, preparations must be made for situations that impact land rights and the day-to-day lives of local residents.</li> </ul>	<ul style="list-style-type: none"> <li>Confirm legal compliance and briefings/discussions with local governments and communities.</li> </ul>

### <Future Initiatives>

We will continue these initiatives in FY2022 and thereafter, while identifying and assessing human rights risks in other business units as well. Starting from high-risk businesses identified through this process, we will consider and carry out concrete action plans to prevent and mitigate risks. We will continue to monitor the progress of implementation of the action plan and endeavor to disclose of the results and other information. On top of the human rights due diligence, we will continue other efforts, including internal awareness raising activities through the human rights education program which we developed in FY2021 for all officers and employees, dialogue with stakeholders, and information disclosures.

# Human Rights

## Activities

〈Discrimination and harassment〉

- See P.71 for information on harassment training.
- See P.106 for information on the Speak-Up System.

〈Personal information and privacy〉

- See P.110 for information on Information Security Policy and internal education.

## Business Description

### Human Rights Initiatives at Fyffes

Fyffes, one of our group companies and, one of the world's leading companies in the production and wholesaling of fresh produce, completed its first ever corporate-wide Human Rights Impact Assessment in January 2020, through its partner BSR. The human rights impact assessment was conducted through reviews of existing Fyffes policies and procedures and interviews with internal and external relevant stakeholders, including NGOs, employees and customers. In addition, Fyffes chose five countries to do an in-depth analysis – Belize, Colombia, Costa Rica, the Dominican Republic, and Honduras. The countries were chosen due to their importance to Fyffes as well as their potential risk profile. The Assessment highlights the 13 most relevant human rights risks for Fyffes, and Fyffes Global Sustainability Steering Committee has endorsed the Company's Human

Rights Mitigation and Management Plan which provides a framework to manage, mitigate and help resolve identified risks. Out of 13 identified human rights risks, 3 priority areas emerged from Fyffes analysis for its immediate action: "access to a grievance mechanism," "child labor" and "migrant worker labor violations and forced labor".



Regarding a grievance mechanism, Fyffes has already implemented a global, independent grievance mechanism, available in the language of our employees via telephone or online since April 2019. In accordance with the mitigation plan, it was agreed to run a broader campaign internally to make sure that all employees were aware of the hotline. Fyffes does not tolerate any forced labor nor migrant human rights violations and continues to conduct and participate in internal and third-party ethical and social audits, including Sedex Members Ethical Trade Audit (SMETA) audits throughout a large proportion of its supply chain, such as Fyffes owned farms, various grower partners and ripening facilities. In the UK, Fyffes Group Ltd has regular audits on its labor providers and investigates any signs of forced labor, e.g. retention of passports etc. Fyffes has formed a Human Rights Core Team and they are responsible for implementing 11 mitigation measures to address the 13 salient human rights risks. Fyffes has committed to conducting a human rights impact assessment annually with an independent consultant every third year. In January 2022, Fyffes published its first Human Rights Report, way ahead of its competitors and the vast majority of its customers.

In 2021, Fyffes published its first Sustainability Report. The report shared its 13 ambitious sustainability targets under the four focus areas "Stewardship for the Planet,"

"Enriching People's Lives," "Healthy Food for Healthy Lives," and "Fyffes Principles of Responsible Business Conduct." Fyffes sustainability targets are aligned to eight United Nations Sustainable Development Goals and include six targets relating to human right, including a commitment to train 100% of its employees, contractors and supply chain workers on human rights.



Sustainability Report



Human rights Report

# Human Rights

## Activities

### Business Description

#### Supplier Management in the Foods Business

We also urge suppliers and other trading partners as well as business partners to take action in order to promote respect for human rights throughout entire value chains related to Sumitomo Corporation Group businesses. As a specialized food and food products trading company that is involved in all processes from product development to selection of production areas in regions around the world, procurement of ingredients, production and processing management, logistics, and domestic distribution, SC Foods Co., Ltd. conducts supply chain management so that it can provide safe, reassuring, and high-quality products that take into consideration sustainability including respect for human rights. When selecting new suppliers, SC Foods conducts data surveys, and when determined to be necessary, also performs on-site visits. With regard to existing suppliers, more detailed questionnaire surveys are conducted of suppliers of products such as coffee, sugar, and sesame seed from certain countries with high human rights risks to confirm that there are no issues. To strengthen these management cycles even further, SC Foods introduced a system of implementing on-site inspections once every five years, even with respect to existing suppliers in 2019. During the COVID-19 pandemic, it has been difficult to conduct on-site inspections, so SC Foods have initiated investigate alternate methods such as remote inspections. See P.65 for information on acquisition of certification.

#### Human Rights Audit Implemented at Thailand Chicken Processing Plants

In March 2019, with the appointment of external experts, Sumitomo Corporation implemented a human rights audit at three chicken processing plants operated by Thai business partners. Cases have come to light in Thailand of infringement of the human rights of foreign workers in labor-intensive industries such as poultry rearing, seafood processing, and garment manufacture. We make periodic visits to the processing plants of its business partners to check that regulations on human rights and other areas are stringently observed. This audit was carried out with particular focus on the work environment of foreign employees.

The audit team visited the plant and the employees' dormitory to check for forced overtime working, confiscation of identification documents, and labor health and safety issues, which are cited as common human rights risks in the poultry industry. In addition, employees of non-Thai nationality from Cambodia, Myanmar, and other countries were randomly selected for interview. The audit found no human rights issues relating to foreign workers at any of the three locations and the processing plants demonstrated proactive communication with us and a strong commitment to further improvement of operations.

To fulfill its social responsibility in the supply chain, Sumitomo Corporation Group will continue to address human rights issues in its relationships with important suppliers and to carry out audits, taking account of local conditions and industry practices in those countries and regions with concerns over human rights risk.

### Business Description

#### Black Economic Empowerment Act in South Africa

Due to the history of apartheid in South Africa, there are policies that aim to reduce inequality in rights and opportunities for black people to participate in economic activities and to improve their social status. It is required to include at least a certain number of black companies in a business project and to give back part of the profits to the community.

To comply with such policies, Dorper Wind Farm company, in which we invest, offers cooperation in improving the living environment of local residents and creating new jobs. Specific efforts include donation of equipment and refurbishment of buildings at kindergartens, schools and hospitals located close to the power plant, and support to restaurants operated by black women. Through these activities, we appoint local companies where possible. A portion of the shares of Dorper Wind Farm company are owned by local sponsors run by local residents and dividends distributed to such sponsors are used for various projects that meet the needs of local residents.

#### Dialogue with Local Residents in Mining Projects

In promoting resource development projects, understanding of local areas is essential. In the development project of the Ambatovy nickel mine in Madagascar, we have taken the initiative in having dialogues with the government and local residents, in cooperation with the diplomatic corps and lending banks group since the start of the development. We use these dialogues to share our belief that "this project is extremely important to the future of Madagascar" and deepen the mutual understanding of the significance of the project. In the Ambatovy project, we also promote the employment of people in Madagascar and improve their skills. In FY2021, 93% of all workers are Madagascar people, and we are systematically working on technology transfer and human resource development for them. We have a complaint system to receive any kind of complaints, including human rights violations, in cooperation with local communities, in order to prevent accidents associated with the project and address them if they occur. Employees and external stakeholders are eligible to access this system. Project staff appropriately respond to complaints while protecting personal information. Since 2016, the Ambatovy project has joined the Voluntary Principles on Security and Human Rights (VPSHR) program in partnership with NGOs, the Madagascar government and other countries' embassies.



An elementary school built within the project site

# Human Rights

## Activities

### 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 P.108, 109.**

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.

[Statement for UK Modern Slavery Act 2015](#)

### 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".

### Establishment of Sustainability Consultation Desk

We opened a consultation desk in our website to receive any opinions or requests on sustainability-related issues such as human rights or environment from our stakeholders. Any opinions or requests will be promptly shared internally through Corporate Sustainability Department that specializes in addressing sustainability-related issues, and necessary actions will be taken to resolve issues. As set forth in the mid-term goals of key social issues, having risk assessments through human rights due diligence and sustainability-related comments from our stakeholders, we are aiming to establish a more effective grievance mechanism for our stakeholders.

[Sustainability Contact Form](#)



# 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. In the event that we find violations of these guidelines in our supply chains, we will urge the suppliers, business partners or contractors, etc. to remedy and improve the situation, while providing support to them as needed. However, if there are no improvements to the situation by them, we will consider carefully whether to continue our business with them or not.

### 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.

## Activities

### Supplier Management

In monitoring social and environmental risks in each business, we confirm the status of supplier management based on the "Sumitomo Corporation Group CSR Action Guidelines for Supply Chains"

### 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.

# Supply Chain

## Certification

### Business Description

#### 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. obtained RSPO supply chain certification in 2021.



##### 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.

##### 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.



##### ISCC PLUS : International Sustainability & Carbon Certification PLUS

We obtain ISCC PLUS, an international certification for bio-based products. This allows us to trade ISCC certified products.

##### ASI : Aluminium Stewardship Initiative

We are a member of the Aluminium Stewardship Initiative (ASI), the global aluminium industry organization. As an active participant in trading aluminium materials and products globally, we support ASI activities and standards across the global aluminium value chain.

<Notes>Currently we do not trade FSC certified Russian wood products as FSC has suspended all trading certificates in Russia. The Russia-related business described in the ESG Communication Book 2022 is based on the period from January to December 2021.

### Business Description

#### 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 providing a world's largest platform to manage and share ethical organization 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

#### Expression of Support for UN Food Systems Summit

Sumitomo Corporation expressed its support for the United Nations Food Systems Summit (FSS), declaring that it will contribute to global sustainable food systems through a range of food and agricultural businesses conducted by the Sumitomo Corporation Group. The FSS, held in September 2021 in New York, was the first international forum having discussions on the sustainability of food systems as a global common agenda and setting a vision for the future. The summit was being held based on the belief of UN Secretary-General Antonio Guterres that transformation to sustainable food systems would be crucial for delivering the Sustainable Development Goals (SDGs).

[Our commitment](#)

[Ministry of Agriculture, Forestry and Fisheries FSS related websites](#) (Japanese language only)

# HR Management: Overview of the HR Management Cycle

## Policy and Concept

### HR Initiatives Centered around the Global HR Management Policy

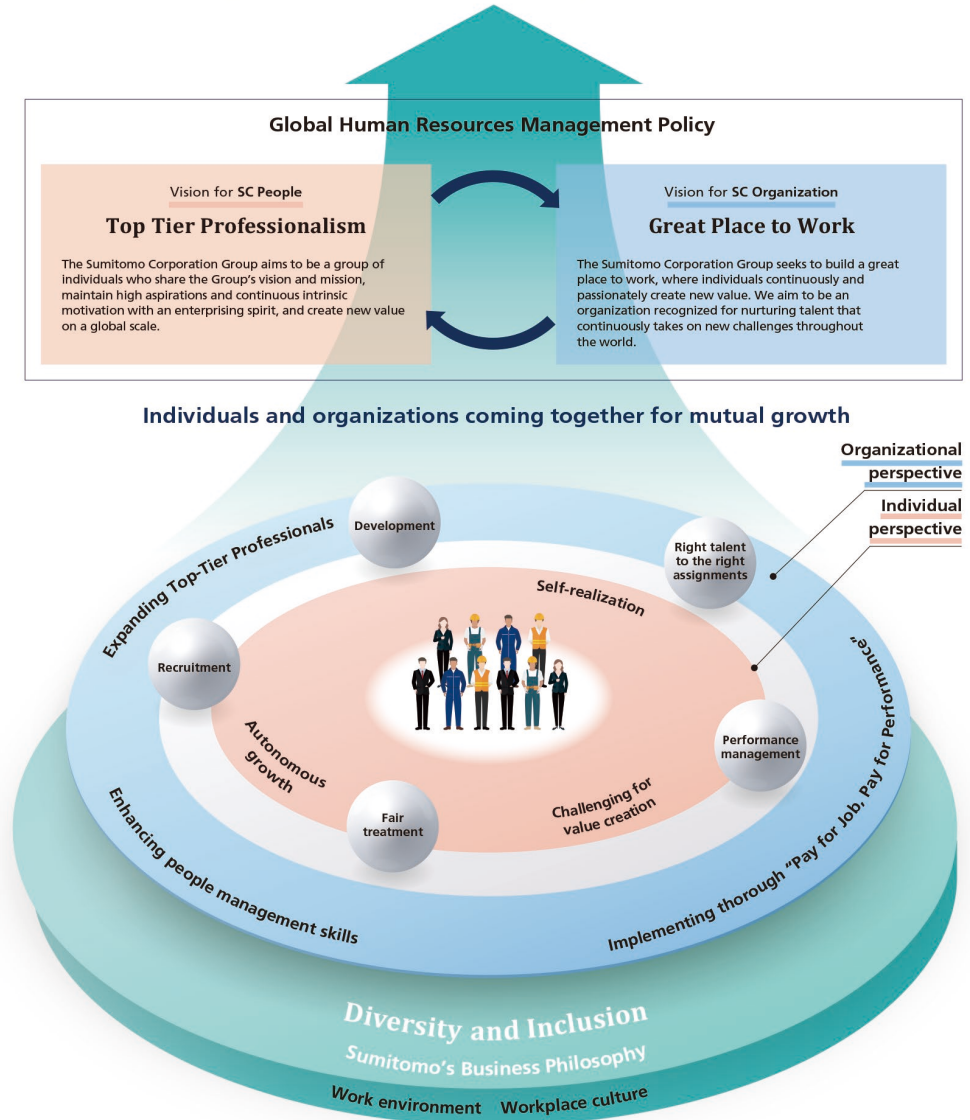
The systems and environment surrounding employment are changing rapidly. In Japan, a major shift is taking place in the individual's view about work from career advancement within a particular company based on lifetime employment to realizing a career and personal growth matching their own preferences.

In response to these changes, we have set forth a vision for employees (SC People) and companies (SC Organization) in a new era within our Global HR Management Policy. Based on the concepts of expanding top-tier professionals, implementing through "Pay for Job, Pay for Performance," and enhancing people management skills, we are striving to establish a work environment and workplace culture to serve as a foundation for growth and to improve the HR management cycle of recruitment, development, right talent to the right assignments, performance management, and fair treatment.

Our vision for individuals and organizations is to provide a place where highly motivated talent can realize autonomous growth and self-actualization and for their passion in taking on challenges to become the driving force for organizational growth and value creation, with that cycle, in turn, attracting further top-tier professionals to enrich our reservoir of human capital.

The roughly 74,000 people that make up the Group's diverse human resources will drive the creation of new value, maximizing the performance of SC People and SC Organization to achieve that vision.

## Creating new value for today and tomorrow



□ Global Human Resource Management Policy

# HR Management: Global HR Management

## Policy and Concept

### Global HR Management Policy

Sumitomo Corporation established the Sumitomo Corporation Group's Global HR Management Policy in September 2020. This policy sets forth the vision and concept of HR management on a global basis for the creation of new value. It is used as the foundation for each HR initiative.

### What We Aim for

Based on this policy, we seek to increase talent throughout the Group who can create new value on a global scale, sharing the Group's vision and mission, and maintaining high aspirations and a continuous intrinsic motivation with Enterprising Spirit. We also aim to build a "Great Place to Work" on a global scale, where individuals continuously and passionately create new value. We aim to be an organization recognized for nurturing talent that continuously take on new challenges throughout the world.

### Promotion of Diversity & Inclusion (D&I)

The business environment surrounding the Sumitomo Corporation Group has been rapidly changing and the regions and business fields in where we operate, as well as business models have also been rapidly diversified. For us to address such changes and continue to develop in a sustainable way, it is essential to put D&I as one of the cores of our management strategy.

Based on the understanding of this environment, the Sumitomo Corporation Group positions D&I as a "Source of value creation, innovation and competitiveness" in its Global HR Management Policy and seeks to eliminate all barriers that impede D&I and leverage the mix of diverse wisdom to achieve our vision.

In addition, to promote D&I in accordance with this policy, we are reinforcing HR management under the Medium-Term Management Plan "SHIFT 2023" by implementing various measures in both Japan and overseas offices according to the local D&I context.

To survive this revolutionary era where business is becoming more diverse and challenging on a global scale, it is essential to effectively use a mixture of diverse wisdom from diverse individuals to improve our competitiveness. With a focus on the diversity of our global talent, especially on the individual's strengths, we will combine our forces to further accelerate our growth strategies. As a basis for achieving this, the concept of inclusion, in other words, creating an atmosphere that recognizes, respects, and accepts the individual's uniqueness plays a key role. . It is essential that we practice inclusion and make effective use of our differences as a source of competitiveness.

Simply focusing on surface level diversity and eliminating systems and mechanisms that impede inclusion based on nationality, gender, age, sexual orientation, gender identity and so on, is not enough. We believe that it is also important to focus on deep level diversity that includes different opinions, ideas, values, abilities, skills and experiences, and the elimination of unconscious bias based on psychological barriers. We will respect the differences mentioned above and aim to set a direction through mutual contribution of wisdom and thorough discussions among a diverse team with shared aspiration, principles, and vision, and follow through by taking action through the cooperation of all employees.

In promoting the growth strategy of the Group, it is necessary to promote the right talent to the right assignments on a global basis, to strategically develop talent and organization, and to nurture a culture and awareness within the Group to support these points, also taking into consideration deep level diversity. Under the common vision set forth in the Global HR Management Policy, we will collaborate with the overseas organizations to pursue D&I in the Group on a global consolidated basis.

# HR Management: Recruiting

## Policy and Concept

### Basic Policy on Recruiting

As a company that engages in global business, Sumitomo Corporation Group requires human resources who are attuned to our businesses and principles, have high aspirations and a continuous intrinsic motivation with Enterprising Spirit, and a willingness to create new value on a global scale. Our basic policy is to conduct fair and equitable recruitment that respects fundamental human rights without discrimination, and hires employees based on the professionalism, abilities, experience, potential, and aspirations of applicants regardless of nationality, gender, age and other attributes. In addition to hiring new graduates, we actively recruit mid-career human resources talent hires and flexibly recruit other talented individuals throughout the year in line alignment with our management and business strategies.

## Activities

### Basic Measures Relating to Recruiting: Internships

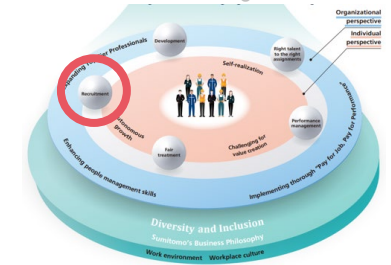
We hold various seminars relating to recruitment and create numerous opportunities to support the career development of post and undergraduate students.

#### Next Leaders' Camp

We are holding Next Leaders' Camp as a program that supports development of the career views of students. With the aim of offering true career education that goes beyond just recruitment activities, the program helps to resolve the questions and concerns that students may have when considering their careers. The Next Leaders' Camp includes a "Global Program" and a "Sustainability Program". The "Sustainability Program", for example, offers lectures on the social context of demands for sustainability and actual business analysis using case studies from our company. Its aim is to deepen the participant's understanding of the role of Sumitomo Corporation Group and the values that we should demonstrate. One participating student commented, "I was able to notice important values when thinking about my own career"

<Number of Past Participants>

FY2019: 591 / FY2020: 1,322 / FY2021: 2,548



#### Internships for University and Graduate Students

We offer internships to university and graduate students every year to have them experience the business of an integrated trading company and to provide an opportunity to support the development of their career views. In FY2021, we conducted a three-day online program, using Sumitomo Corporation's distribution facility operation as the subject, providing an experience similar to that of the actual business. Participants were able to experience the process of bringing a business into reality, and through this process also develop their career views as well as deepen an understanding of the process of new value creation.

<Number of Past Participants>

FY2019: 190 / FY2020: 164 / FY2021: 148

### 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 respond to these business needs, in line with our business strategy, we recruit mid-career professionals with diverse expertise and knowledge. Our mid-career hires have a wide range of backgrounds and include lawyers, public accountants, and those with other qualifications, as well as people with experience in the manufacturing, finance, media, IT, and other industries. These professionals from various fields are making use of their respective expertise for the benefit of our company.

Sumitomo Corporation recruits mid-career workers not only for their expertise and knowledge. We expect these employees who have diverse backgrounds, to revitalize the company and organizations with their ways of thinking, work methods, out-of-the-box ideas, values, and help us enhance our competitive strength. Sumitomo Corporation will continue to promote mid-career recruitment along with the employment of new graduates for the retention of a diverse workforce.

### Utilizing the Alumni Network

The SC Alumni Network was established in FY2019 to provide opportunities for alumni now working in other companies to interact with current officers and employees of Sumitomo Corporation. The purpose of the network is to foster an open corporate culture while creating new business opportunities by merging various knowledge and personal networks inside and outside the company. Alumni are expected to play a supporting role in securing talent while working to create a more interconnected network.

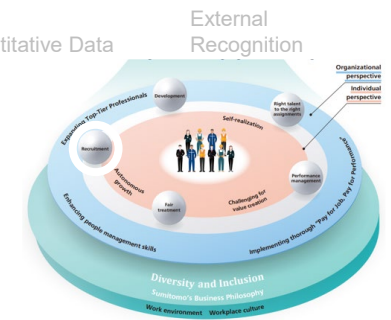
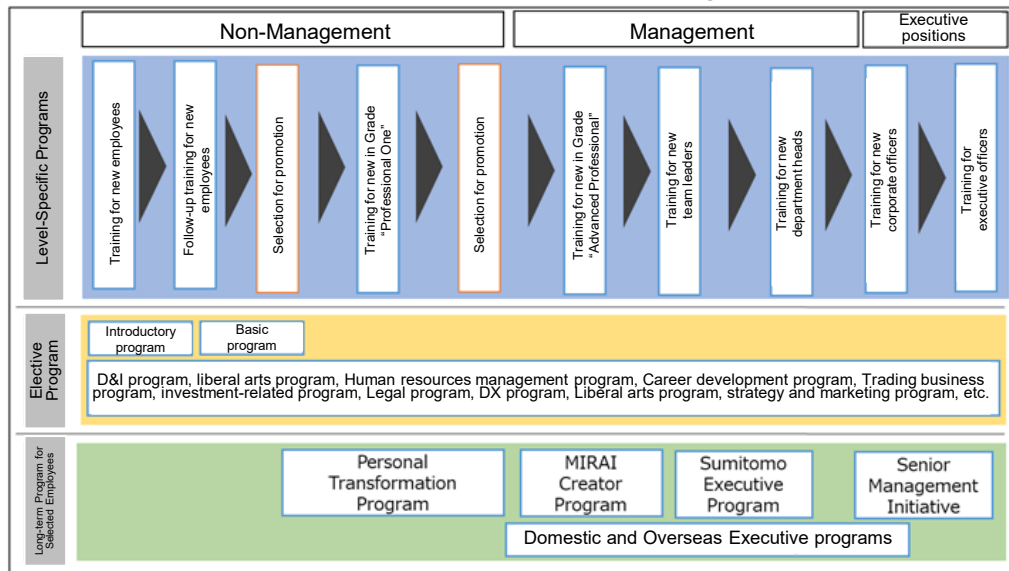
# HR Management: Development

## Policy and Concept

### Basic Concept of Talent Development

For the Sumitomo Corporation Group our talent are the most important management capital. The Global HR Management Policy established in 2020 describes the “ideal individual” as “a person who is creating new value on a global scale, sharing SC Group’s vision and mission, and maintaining high aspirations and a continuous intrinsic motivation with Enterprising Spirit”. The most important thing when bringing this into reality is for each individual to enhance their abilities, or expertise which are valued globally. A combination of on-the-job and off-the-job training is essential for developing a group of such top-tier professionals. By “generalizing and conceptualizing” experiences through “introspection and reflection” on work successes and failures and by acquiring skills and knowledge necessary for pursuing work, our talent become capable to engage in more advanced assignments.

### Sumitomo Corporation Group Personnel Development Programs



## Activities

### An Introduction to our Talent Development Programs

As Sumisho Business College (SBC), we organize 300 courses of OFF-JT training a year and that offers individuals various types of programs to acquire the knowledge and skills needed to be active in each field. In addition, we believe talent development based on individual career perspectives, experiences, aptitudes is important, and therefore, we focus on career development training to ensure that as many people as possible can work with high motivation and comprehensively demonstrate their professionalism. Moreover, there are training programs which enhance people management skills and promote D&I so that supervisors can address and motivate team members and lead diverse human resources to link organizational growth as well as individual growth. We also offer long-term programs for selected employees that allow 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 group companies in Japan and abroad. In our efforts to enhance the development of our talent, in addition to in-house training programs, we make effective use of external high-level training programs, such as overseas executive programs.

### Number of Hours for Ability Development Training in FY2021 (Non-consolidated)

	SBC	Business unit training (Non-SBC)
Total number of training participants	14,204 employees	30,672 employees
Total number of training hours	65,983 hours	53,911 hours
Number of training hours per employee	12.9 hours	10.5 hours



# HR Management: Development

## Talent Development Programs

### 1. Level-Specific Programs

At the time of promotion, we arrange training programs that offers understanding to the internal rules and literacy necessary for conducting business. 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 offer 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, offering participants an opportunity to gain awareness for autonomous personal growth.

### 2. Selective Programs

More than 80 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 skills and general knowledge (standard skills and knowledge) required to work for an integrated trading company, employees can choose any of the programs where they can learn about knowledge and skills required for them to effectively pursue their work. Regardless of their current department or job, employees are supported with training so that they can learn, or continue learning the literacy, specialized knowledge, theories, and frameworks required for management.

### 3. Long-Term Programs for Selected Employees

Long-term programs for selected employees are intended to foster a management perspective and for participants to make self-reform as well as to acquire skills for practical leadership, which can be difficult to obtain through short-term programs. Participants in each program 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. These long-term programs contribute to develop and foster Top-tier professionals to be active in various fields.

#### ■ Sumitomo Executive Management Program

Targeting department and division managers who are expected to fill executive manager roles in the future and expected to possess a companywide management perspective, this program provides opportunities to acquire the comprehensive vision, mindset, and determination that executives should have. This is achieved through in-depth dialogue and debate with senior management and lectures on management literacy from outside instructors and experts. Approximately 30 employees participate, attending a total of 18 sessions over about eight months. At the conclusion of the program, participants give a presentation to the entire company where they discuss their vision for the future and their ideas for transforming the company to achieve another 100 years of evolution.

#### ■ MIRAI Creator Program (MCP)

This program targets section managers (and the next generation of section managers) who will fill the position of leaders driving business in the future, and who are expected to have the ability to develop strategies and understand the philosophy of leadership. The program fosters leaders able to analyze their own values from a range of perspectives and establish their leadership philosophy, and then refine their ability to conceptualize business and develop strategies, formulate strategies for ongoing profits, and create next-generation business models. Approximately 25 employees participate, attending a total of 20 sessions for approximately seven months. At the conclusion of the program, participants give a presentation to the business unit manager where they discuss strategies for the business unit for the next 10 years and concrete actions for achieving those strategies.

# HR Management: Development

## Talent Development Programs

### 3. Long-Term Programs for Selected Employees

#### ■ PX (Personal Transformation) Program

This is a new program created in 2021 for non-managerial personnel. The 10-session program, conducted over seven months, is intended to make participants become aware of their personal and the company's strengths and challenges through dialogue with business leaders from the same age and people in different industries to support their growth. Moreover, this program encourages personal transformation by following the process of new business creation (strategy formulation and execution), and participants acquire abilities as professionals who would be valued outside the company.

#### ■ Participation in Domestic and Overseas Executive Programs at the Company's Expense

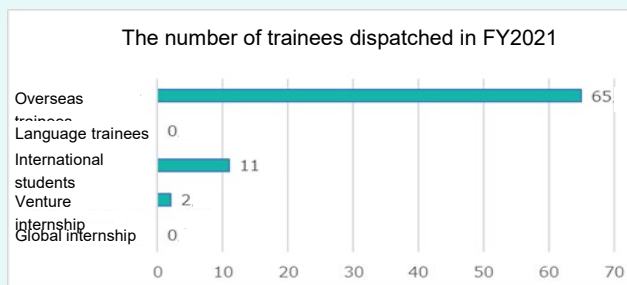
Employees who are potential candidates for future executive management positions in their respective organizations are sent to executive programs at domestic and overseas business schools at the company's expense. Each year, at least 30 employees are sent to business schools in Japan, and at least 30 employees are sent to leading business schools overseas, 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.

### 4. Overseas and Domestic Programs

As a global business group, the Sumitomo Corporation Group offers many intern programs to develop employees who can work effectively around the world.

These include a trainee program designed to develop talent who can play an active role on the global stage, a language training program that develops language and regional specialists, an overseas study program primarily for acquisition of an MBA, a venture intern program designed to foster individual strengths in domestic startups, and a global intern program that focuses on business in emerging countries.

Each year, 80 to 100 trainees in these training programs are dispatched to different regions of the world, including Japan.



\*The language training program was suspended in FY2021 due to the impact of COVID-19.

### 5. In-house Education and Awareness-raising on Respect for Human Rights

As a global organization contributing broadly to society, the Sumitomo Corporation Group holds 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 "Human Rights Policy" and the "CSR Action Guidelines for Supply Chain Management" that take into consideration human rights and other various issues. We will respect human rights to take our social responsibility and pursue sustainable growth with society.

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, Human rights violations on the Internet and other issues related to human rights every year. We also invite external lecturers to conduct annual human rights training to raise employee awareness of human rights issues. We also distributed e-learning content on respecting human rights in business and conducted other internal educational programs for further action.

In addition, training seminars on mental health and human resources management have been conducted. In Level-Specific Programs for managers, programs on harassment prevention 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 provide employees with education and raise their awareness to thoroughly prevent human rights violations at work.



## HR Management: Development

### Activities

#### Sumitomo Corporation Global HRD Center

- A training center to develop global talent and for the use as a strategic multipurpose facility -

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. 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.



Sumitomo Corporation Global HRD Center

### Business Description

#### Job Training Programs at Toyota Iraq

Sumitomo Corporation conducts job training programs through Toyota Iraq, a subsidiary, to create local opportunities for stable employment and enhance the skills of job seekers. Prolonged conflict in Iraq has had tremendous impacts on the people, and more than 3 million people have been forced to leave their homes and have become internally displaced persons (IDPs).

Over recent years, employment has become a more serious issue for the younger generation in particular, and creating local skills training and employment opportunities is an urgent matter. Because of such problems, Toyota Iraq has been working with the UNDP since 2016 to conduct job training programs for such IDPs. Starting in 2020, the company has also been working with the International Organization for Migration, an organization affiliated with the United Nations, to conduct new programs offered to persons other than IDPs as well. To date, 93 persons have completed a total of 8 job training programs. These graduates have been offered support in finding work at local companies, and the programs themselves are continuing.

Sumitomo Corporation hopes to achieve sustainable development of local communities through these programs and will continue to support the creation of job opportunities and skill enhancement in Iraq through these business activities.



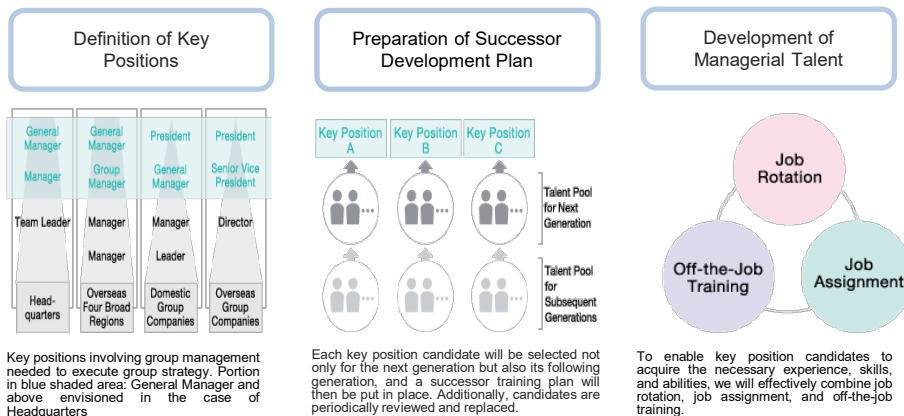
Trainees receiving training on vehicle maintenance, parts warehouse management and customer services

# HR Management : Right Talent to the Right Assignments

## Activities

### Enhancement of Talent Management

Talent development does not happen 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 assign talent continuously and strategically in line with business strategies on a global basis, the Sumitomo Corporation Group implements the measures below to help all talent to play an active role, regardless of whether they belong to Sumitomo Corporation non-consolidated, overseas offices or group companies.



Create a global human resources database

To visualize our talent pool, we have a global human resources database which includes overseas talent as well.

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 talent are present across the Group, we have introduced a common Groupwide personnel grading framework.



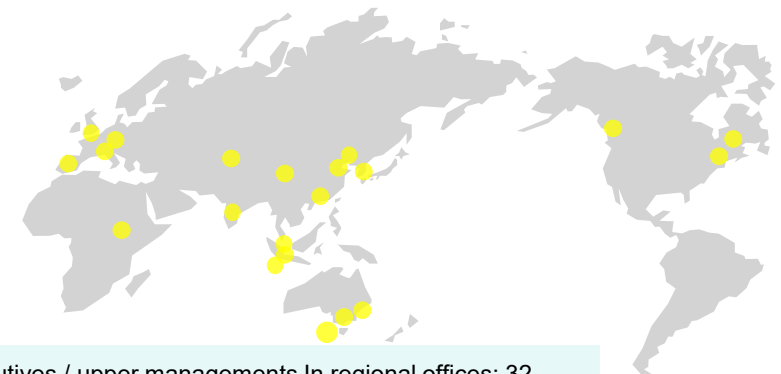
### Advancing Global Measures to Develop Talent

Aiming to recruit and develop talent 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 executives, managers, and senior staffs. These training 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.

### Global Talent

Sumitomo Corporation Group promotes placing the right talent to the right assignments on a global basis, regardless of nationality and affiliation. Based on this policy, locally hired staff and employees of overseas offices and group 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 talent to the right assignments on a global basis.



Executives / upper managements In regional offices: 32

## HR Management : Right talent to the right assignments

### Activities

#### Optimal Allocation Under New Human Resource System

Under the new human resource system, to achieve the “Intrinsic motivation/Great Place to Work” described in the Global HR Management Policy, we conduct talent allocation after thorough alignment with the company’s expectations and the individual’s career aspirations. As an integrated trading company, continuous development of talent who possess a variety of knowledge and expertise is essential for the sustainable creation of value tailored to the social issues of the times, and we will continue assignment rotations to expand this talent pool. To develop Top-Tier Professionals as specified in the policy, a more diverse rotations will be required, and we anticipate cases such as longer term assignments in a particular field to enhance the talent’s expertise in that field.

#### Shift of Talent Under SHIFT 2023

As we re-allocate company-wide managerial resources, in addition to the financial aspects, we are addressing human resource aspects by undertaking optimal allocation of talent in conjunction with the reconstruction of the business portfolio as well as strategic talent allocation to businesses covered by the strategic investment fund. To undertake and accelerate this shift, we are tracking the overall and company-wide movement in our talent under SHIFT 2023, while strongly promoting matching of organizational talent needs and individual aptitudes and aspirations, and expanding in-house recruiting systems.

#### Succession Planning / Enhancement of Talent Database

To continuously realize strategic allocation of talent as well as the development and appointment of managerial talent across our consolidated global network and according to our business strategies, we undertake succession planning for the next generation, and the generation after that, for key positions (equivalent to HQ general manager and above) at Sumitomo Corporation, overseas offices or 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. As tools to achieve this, in addition to adopting a job grading framework which enables to compare job size on a global basis, we are also working to create an HR database of human resources including talent in overseas offices and group companies. In 2019, we also adopted the Global Mobility Policy as a set of groupwide rules stipulating compensation and benefit packages for international assignments. This serves as a platform for promoting assignment of talent across countries and regions.

## HR Management: Performance management / Fair Treatment

### Activities

#### Absolute Evaluation / 360-degree Evaluation

As part of our current efforts to reform talent management, we are implementing a range of measures that enhance people management skills in dealing with individuals. We have introduced an “absolute evaluation” system that focuses on the individual. Instead of comparing specific actions, progress, and outcomes against those of others, the evaluation is based on the degree of achievements of the individual’s assignments and assignment-related objectives. We have also adopted a “360-degree evaluation” as a mechanism for improving the objectivity and validity of the “absolute evaluation,” and dealing sincerely with the individual to draw out their potential. The 360-degree evaluation is currently applied to managers and above, however, by soliciting wide-ranging comments from colleagues involved through work, the supervisors can make their final evaluation based on those comments. In this way, we aim to achieve a greater level of information on how others see the individual, which improves the people management skills of the supervisors and enables them to deal more sincerely with their subordinates, and it also provides opportunities for the subordinates to gain better insights as well.

In addition, a career assessment interview is held once a year between supervisors and subordinates to help reflect and align the career views of the subordinates with their supervisor. In these interviews, we review the individual’s career goals, experience, aptitude, and challenges from the medium to long-term perspective as we align company expectations for work and personal development needs with the individual’s own aspirations. This also aims to facilitate communication and help individuals understand that the interviews offer opportunities for superiors and subordinates to deal comprehensively with career plans and challenges to overcome. We are expanding our training programs to improve such communication skills to create references for effectively communicating with subordinates.

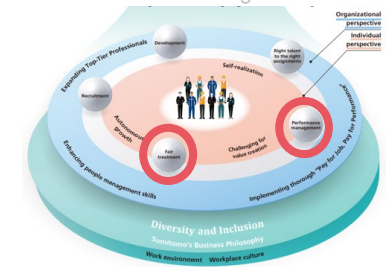
Through these evaluation systems and career assessments, we aim to provide support for the development of the individual and open diverse paths which closely attuned to each of them. In addition, we organically combine talent development measures, such as our in-house recruiting system and regular staff rotations, with talent development tools, such as our various Off-JT training programs. The aim is to support self-sustaining growth and diverse career development for each individual so that we can continuously develop Top-Tier professionals.

#### Evaluation based on the Progress of Strategy Execution

We introduced evaluations based on the progress of strategy execution as a measure to enhance each individual’s commitment in accomplishing each organizational strategy. Under this system, progress toward achievement of the KAIs and KPIs established at the SBU level is evaluated and reflected in individual bonuses. This leads to the internal sharing of good practices toward KAI/KPI execution and the enhancement of the overall PDCA cycle for the accomplishment of each organizational strategy.

#### Investment Performance-linked Compensation

We have adopted “a system of compensation linked to investment performance” as part of our efforts to strictly select investments and strengthen post-investment value-creation. By reflecting the performance of new investment projects in remuneration, this system seeks to improve the probability of success of new large-scale investments, and also the sense of ownership of the individual executing the investment.

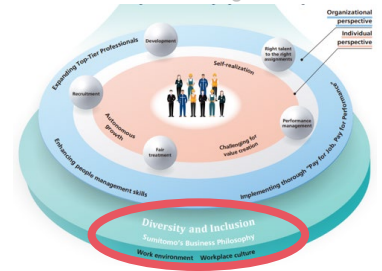


# HR Management: Work Environment / Workplace Culture

## Activities

### Inheritance of Sumitomo's Business Philosophy

Sumitomo's Business Philosophy stresses the need for an enterprising spirit to stay a step ahead in dealing with change, while ascribing importance to maintaining integrity and sound management, avoiding easy gains, and working for the public interest, without being misled by short-term immediate changes. This philosophy has continuously formed the basis of Sumitomo Corporation Group's business for more than 400 years. With the aim of experiencing and assimilating Sumitomo's Business Philosophy, which is the basis of the Group's Management Principles, we conduct training annually at Besshi Copper Mine in Niihama City, Ehime Prefecture (Trainings in FY2020 and FY2021 were cancelled due to the spread of COVID-19). The Besshi Copper Mine continued to produce copper for approximately 280 years from its opening in 1691 to its closure in 1973 and supported the foundation of Sumitomo's business. The visit of this mine is an opportunity to reconfirm the role that the Sumitomo Corporation Group should play in society. Also, all employees learn the history of Besshi Copper Mine upon joining the company.



### Measures to Accelerate D&I

Sumitomo Corporation sees the active participation of female employees in business as an important pillar of Diversity & Inclusion, and we have formulated action plans with the aim of advancing this further. As for promoting a more active involvement of women in business in Japan, we have set the following goals to be achieved by 2030.

- ①Female Manager ratio: At least 20% or more
- ②Female Department General Manager ratio: At least 10% or more
- ③Female Director and Audit & Supervisory Board Member ratio\*: At least 30% or more

\*In support of the "Challenge toward 30% by 2030" announced by KEIDANREN (Japan Business Federation) in March 2021

To achieve these goals, we are reinforcing talent development, allocation, and recruitment centered on the new HR system introduced in FY2021 and are working to create an environment where each individual can demonstrate their full potential.

In addition, in order to support our employees to balance life events and career development, we have reinforced tangible aspects including the establishment of internal policies that go beyond regulatory requirements and have addressed the intangible elements such as correcting long working hours, encouraging employees to take paid leave, and reforming employee awareness with the aim of creating an environment that facilitates active participation in the company after childbirth and childcare.

[Action Plan \(Japanese\)](#)

#### Promoting Active Participation of Female Employees in Business

#### Diversity Weeks

For two weeks from March 7 to 18, 2022, we held Diversity Weeks 2022 as our first company-wide D&I event in Japan. Diversity Weeks is a set period during which we focus on the conduction of D&I programs. The aim is to remind all our officers and employees that D&I is the source of competitiveness, and help trigger specific changes in their behavior to further drive D&I. We will continue this on an annual basis, also eyeing global collaboration in order to further cultivate D&I awareness.

#### Support for Balancing Work and Long-term Care

Sumitomo Corporation offers various programs to help its caregiving employees to continue work with a sense of security. Through activities such as seminars and individual consultation sessions (once a month) on caregiving and creation of "Handbook for Managing Work-Caregiving Balance", we are working to create a work environment where employees who have entered the life stage of caregiving can continue playing an active role at work.

[Support for Balancing Work and Long-term Care](#)

# HR Management: Work Environment / Workplace Culture

## Activities

### Measures to Accelerate D&I

#### 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. When an employee files a notice of pregnancy or childbirth for themselves or their spouse, we provide information on the childcare leave system and confirm their interest through a survey. If they are interested in using the system, we assist them (men and women) through the process of using childcare leave.

- Support Handbook for Balancing Work and Child-rearing
- Childcare Consulting Services
- Partnering with Childcare Facilities
- Support for Employees Stationed Overseas with Children

[Supporting employees in balancing work and childcare](#)

#### Abolishment of a Seniority Based Talent Allocation

We are developing working environments where every employee can work with intrinsic motivation regardless of their age.

In both our new HR management system adopted in FY2021 and post-retirement re-employment system revised in FY2022, we follow the basic concepts of “pay for job” and “pay for performance.” By eliminating underlying ageism and ensuring that we assign the right talent to the right places according to the strengths and expertise of the individual employee, we are promoting the selection of talented young employees.

On the other hand, for senior employees who have a wide range of experience and extensive knowledge, we have other support measures to help developing a strengths-based career path. This includes encouraging autonomous career development and offering opportunities for recurrent training throughout their careers.

- CLP (Career & Life Planning) Training
- Career Assessment Interviews
- Support to Find a New Job Outside the Company

[Support for Senior Employees' Activities](#)

#### Promotion of the Employment and Retention of People with Disabilities

As part of its efforts in corporate social responsibility and toward diversity, Sumitomo Corporation Group has been promoting the employment of people with disabilities.

In 2014, we established Sumisho Well Support Co., Ltd., a special subsidiary company, and we have worked with them since then to employ people with disabilities and provide them with opportunities to participate.

Employees of Sumisho Well Support are engaged in various tasks, such as outsourced general office tasks, scanning documents for digitization, printing and binding of business profiles, and business-related data input. They are extremely important for the business activities of our company. In conjunction with the expansion of business, the number of employees has also increased, and we have 66 employees (including 47 people with disabilities) as of July 2022. Going forward, Sumitomo Corporation Group will continue to rely on the uniqueness of each of our employees with disabilities to help in our creation of added value.

[Promotion of the Employment of People with Disabilities](#)

#### Raising Awareness of LGBTQ\*

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.

\* LGBTQ: L=Lesbian, G=Gay, B= Bisexual, T=Transgender, Q=Questioning, Queer

# HR Management: Work Environment / Workplace Culture

## Policy and Concept

### 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. Also, Medium-Term Management Plan “SHIFT 2023” positions health management at the core of our human resources strategy.

[□ Declaration of Iki-iki Waku-waku Health and Productivity Management](#)

#### Safety Measures in Uranium Mining

Our Group’s 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 two years from FY2020 to FY2021. 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 two years from FY2020 to FY2021.

#### **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.

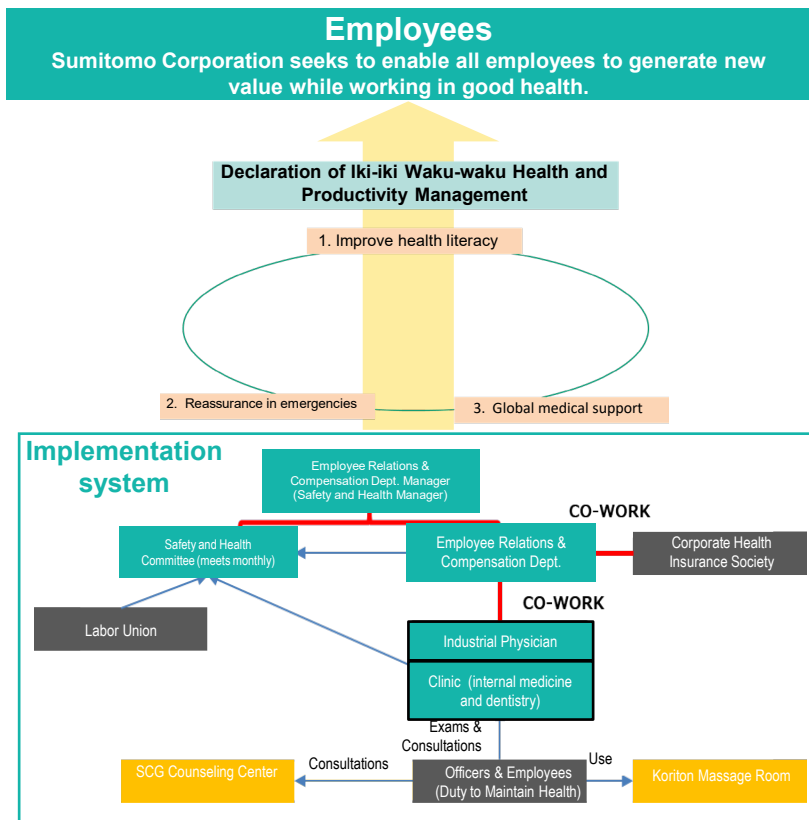
As a human resources strategy, the Sumitomo Corporation Group will engage in “health and productivity management” that allows employees to work with energy, excitement, and good health, and creates value by further enhancing existing measures for maintaining and promoting employee health.

# HR Management: Work Environment / Workplace Culture

## System

### Health Management Promotion Structure

Health management is carried out through the following structure to maintain and enhance the health of employees under the direction of the Assistant CAO who serves as the Safety and Health Manager.



### 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 labor union, where participants exchange opinions with a view to improving work styles qualitatively and quantitatively in terms of appropriate working hours for union members.

### Crisis Management System

We employ workers in many parts of the world. In order to prepare for the incidents, accidents and disasters that could occur anywhere in the world, each employee needs to be aware of risks on a daily basis and to take appropriate safety measures. At the same time, each organization also needs to develop an infrastructure for safety measures to prepare for emergency. In addition, in the event of an emergency, it is important to establish a support system and promptly resume business operations with a sense of speed.

We have therefore centralized reporting of all domestic and international emergency cases to the Disaster Response and Safety Management Dept. and ensure prompt reporting to the president by appointing the executive in charge of human resources, general affairs and legal affairs as General Manager of Emergency measures. This structure also allows us to provide necessary support in a prompt and centralized manner. If a major natural disaster occurs, our fundamental policy is to prioritize (1) protecting human life, (2) mutual assistance, and (3) prompt recovery of business operations. We have stated this in manuals and inform employees.



## HR Management: Work Environment / Workplace Culture

### System

#### 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

FY2017	FY2018	FY2019	FY2020	FY2021
2 accidents	1 accident	3 accidents	2 accidents	2 accidents

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 Disaster Response and Safety Management Information Liaison Committee led by Representative Director/Senior Managing Executive Officer as chairman. Managers of major departments of the Corporate Group serve as members the Disaster Response and Safety Management Information Liaison Committee. 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 Disaster Response and Safety Management Information Liaison Committee and particularly important ones are reported to the Management Council by Chairman (Representative Director/Senior Managing Executive Officer) to discuss and decide upon.

#### OHSAS 18001-certified Facilities

Consolidated subsidiaries that have already obtained OHSAS 18001 are transitioning to the standard ISO 45001, which was issued in March 2018.

As of December 2020, following 4 of 372, or 1.1% of Sumitomo Corporation consolidated companies, have been certified to OHSAS 18001 certification.

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Edgen Murray (Middle East, Asia Pacific)

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FUJIWA MACHINERY INDUSTRY (HUBEI) CO., LTD.

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Infinite Energy Holdings Pty Ltd.

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Minera San Cristóbal S.A.

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## HR Management: Work Environment / Workplace Culture

### System

**Clinic** Sumitomo Corporation has an in-house clinic (internal medicine and dentistry) to support employees' health management on a day-to-day basis.

**SCG Massage Room "Koriton"** The "Koriton" massage room was opened in the Harumi Triton Square in April 2008 as a place where SCG employees can receive relaxing therapy.

**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), a health checkup immediately after joining the company, and health checkups 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.

**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.

Indication	Target	FY2017	FY2018	FY2019	FY2020	FY2021
Percentage of Employees Undergoing Health Checkups	100%	100%	100%	100%	100%	100%

**Health Results Indicators**

Stress check Implementation rate	90%	90.2%	88.1%	88.5%	89.9%	90.6%
Smoking rate	10%	-	-	18.0%	-	13.7%
Rate of female employees under 35 years old who undergo gynecological exams	15%	-	-	4.6%	2.9%	19.1%

**Conduct of Employee Health Awareness Survey** After the Declaration of Iki-iki Waku-waku Health and Productivity Management was announced, a health awareness survey has been conducted annually starting in 2019 to measure the effects of health management measures and presenteeism\*.  
\* A condition where an employee reports to work but experiences a decline in the work performance that derives from some physical or psychological problem.

**Health Guidance for Younger Employees Expanded** Health guidance is provided by a health nurse from the in-house clinic to younger officers and employees who have shown deterioration of health data or physical changes since joining the Company or in conjunction with changes in their living environments. From FY2022, we are planning to implement an Under 40s health support program in collaboration with the corporate health insurance society.

### List of Seminars Conducted

	Seminar Title	Number of participants
July 2019	Eyestrain Seminar	95
August 2019	Acidophilus Seminar	67
October 2019	Sleep Improvement Seminar	94
January 2021	Women's Wellness Issues and Corporate Life Seminar	138
December 2021	Sleep Improvement Seminar	221
February 2022	Women's Health Seminar	108

**Expansion of Health Management Seminars**

**Mental Healthcare** We provide self-care education, and training for managers, on mental health and how to make use of the SCG Counseling Center.

**Expanded Measures Supporting Women's Health** To improve the rate of young female employees undergoing gynecological exams, we have partnered with medical facilities, and raised the subsidy from the corporate health insurance for the exams. We are also increasing activities such as holding seminars and sharing information to raise awareness of health issues that are specific to women.

**Support for Quitting Smoking** All office floors at Head Office are now designated as non-smoking areas.

# HR Management: Work Environment / Workplace Culture

## Activities

The Sumitomo Corporation Group established the SCG Counseling Center in the Head Office to support employees to work energetically and with enthusiasm. This center is staffed with multiple counselors to help solve various problems and concerns.

### SCG Counseling Center

Service provider	Services	Eligible users	Activities
SCG Counseling Center	Counseling in person	Mainly for employees in Tokyo	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.
	Counseling by phone	All employees	
	Counseling by visiting the employee's site	Employees in offices and outside of Tokyo including overseas	
	Various seminars	All employees, and their families when accompanying them overseas	Implementing seminars for managers, general employees, employees overseas, and employees' families
	Consultation	Management	Consultation for managers regarding how to respond to their subordinates
External contracting company	Counseling in person	All employees	Contracting external companies to provide counseling in person, by e-mail, phone, and visiting the employee's site.
	Counseling by phone, by visiting the employee's site		

### Advanced Healthcare Expense Coverage Program Introduced

We introduced an advanced healthcare expense coverage program for employees to cover substantial financial burden for treatment of medical conditions not covered by insurance.



### Health Support Services to Employees Stationed Overseas

Sumitomo Corporation has more than 1,000 employees and their family members stationed in 66 countries and regions (as of April 2022). We provide these expatriates working in different environments from Japan with healthcare services to maintain their health, such as an annual health checkup. Counseling services provided by our in-house clinic and the SCG Counseling Center are also available for those with mental and physical disorders.

### Measures Against Global Health Issues

Currently, many countries around the world are struggling with serious health issues, such as HIV (AIDS), tuberculosis and malaria, and COVID-19. The Sumitomo Corporation Group is determined to take active measures against these global health issues.

To ensure that officers and employees of our Group have accurate information about these infectious diseases and take preventive measures, the Company provides health checkups in advance for officers and employees who are assigned overseas and when necessary, encourage them to be vaccinated. We also provide a variety of training prior to their deployment. Moreover, we started e-learning and seminars on safety measures in response to requests by employees preparing for their first overseas business trip and for 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 all the Group officers and employees within and outside Japan. Through these activities, we support employees' health and safety while they are overseas.

# HR Management: Work Environment / Workplace Culture

## Activities

### Education on Crisis Management

Sumitomo Corporation offers a variety of training programs and seminars in order to foster crisis awareness and to equip each employee with necessary knowledge.

As a countermeasure against natural disasters, each year we conduct emergency response exercises of the Crisis Management Team and on each floor of the Tokyo Head Office in anticipation of an earthquake under the Tokyo Metropolitan region. Throughout the Group, we also develop, and conduct exercises for, impact based BCPs that can be used to respond to multiple disasters, including not just earthquakes, but also typhoons, floods, pandemics, etc..

Seminars on safety measures are divided into 4 grades and 6 courses, allowing participants to attend according to their experience and learning levels. Also, we support the development of manuals on safety measures in each business site, and we have established a system that can provide prompt and effective relief and support through cooperation with domestic and international partners in case of emergency.

We also develop safety net system as part of our daily operations. For example, we have introduced a system to obtain real-time information on troubles in various parts of the world (e.g., terrorism, serious accidents, severe weather, natural disasters, etc.) and push forward the information to employees posted or on business trip in various regions. Another example is a system to provide support when emergency medical care is needed.

<Notes>Currently we do not trade FSC certified Russian wood products as FSC has suspended all trading certificates in Russia. The Russia-related business described in the ESG Communication Book 2022 is based on the period from January to December 2021.

### Business Description

#### 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 give each site an instruction to implement improvement measures.

### Business Description

#### PT FUMAKILLA INDONESIA

Under the slogan “protecting people’s lives,” Fumakilla Indonesia has been working for over 30 years in the Indonesian market, where protection of people from Dengue fever, malaria and other infections is a daily concern. It has made slow but steady efforts in spreading its high-quality mosquito repellent coils to every corner of the region. As a result, it now has the largest share in the Indonesian market and contributes to addressing 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. With completion of a new research lab with the latest equipment in FY2021, the company now also has a new product development system in place for pursuing greater efficacy and safety. Since its foundation in 1991, we have been continuing our investment (current share of 20%). Our employees assigned there also support the local operation of Fumakilla.



Mosquito repellent coil of Fumakilla

## HR Management: Work Environment / Workplace Culture

### Activities

#### Business Description

##### Continuing and developing the health and safety management system we have cultivated over the years

The Metal Products Business Unit continues to develop globally in various industries, and in all of its business activities, the unit places the utmost importance on ensuring the health and safety of its employees, implementing several key measures in support of this philosophy. Typical examples are the global initiatives for zero accidents in Steel Service Center Business Groups (Steel products related business) and the global HSSE management system for eliminating occupational and environmental accidents in the tubular products business.

The Steel Service Center Business Groups (Steel products related business) conducts business in more than ten countries, including Japan, and in a wide variety of industries including automobiles, electrical machinery, electronics, and building materials. In each case, safety measures are tailored according to the conditions of each Steel Service Center Business Group. Central to the implementation of these safety measures, at each of the sites, is the Safety & TQM Promotion Team in the Steel Products Business Planning Dept, of Sumitomo Corporation Global Metals Co., Ltd., which performs that role of an internal advisor and provides support for the elimination of occupational accidents.

Specifically, we encourage the introduction of Total Quality Management (TQM) at each company in order to establish the foundations of an effective safety system and further instill a culture of safety in all aspects, from the management that leads the company to the manufacturing sites of business companies. We constantly seek to improve the quality of management and ensure consistency individual targets as well as striving to enhance awareness of safety and incentives by continuously monitoring and communicating the status of these defined targets.

An example of support activities is the support for provided periodic self-audits conducted by companies based on a 150-item safety checklist provided by the Safety & TQM Promotion Team responsible for visiting major customers, formulating action plans for identified areas of improvement and following up on the status of improvement (during the COVID-19 pandemic, this activity has been conducted by online conferencing).

In the tubular products related business, we have established a 12-item HSSE management system based on the slogan “Beyond Zero Harm”(Eradication of Occupational and Environmental Hazards) to promote and establish HSSE

as a part of the organizational culture. In order to put this into practice, we assigned ISO 45001 experts to major overseas bases and developed an IT system, for sharing local lessons and good practices globally across the Group, and an education program including e-learning courses. In this way, we are focusing our efforts on developing environments where our employees can work safely and with peace of mind.

Going forward, we will continue to fulfill our social mission by building a better working environment, aiming for “Zero Accidents” in both the steel and tubular products business.



HSSE Management System PDCA Cycle

# HR Management: Work Environment / Workplace Culture

## Activities

### Business Description

#### “G-CMSD HSE Initiatives” Aiming to achieve Zero Serious Incidents by combining the expertise of the Global Construction and Mining Systems Division

The Global Construction & Mining Systems Div. (G-CMSD) established the G-CMSD HSE Promotion Office in 2018. By making full use of its global human resources, the HSE Promotion Office started implementing Health, Safety & Environment (HSE) activities with the aim of eliminating serious industrial incidents and improving HSE activities at all G-CMSD Group companies.

The office formulated a vision and HSE standards, publishes a monthly Safety News report, issues Safety Alerts to share examples of incidents, and has conducted safety inspections (gap analysis) of the Group companies. From FY2022, it plans to extend these efforts further with the addition of safety audits. As part of safety education, it also conducts safety training for new division members and all employees who are dispatched overseas. To facilitate communications within the Group, the office is encouraging further activities such as creating a portal in March 2021 and the introduction of Safety Awards, which recognize excellence among the Group companies.



Safety Alerts are used to share information about findings and corrective actions of incidents.



Safety inspections are conducted at each company. Best practices are identified and shared for other Group companies to emulate. Activities are implemented by using HSE experts from Group companies

“Zero Harm” to people and environment



Activities are implemented by using HSE experts from Group companies

## Construction Machinery Business

### Construction Equipment Rental Business Expanded Globally

In Japan and the United States, which are advanced construction equipment rental countries, we are developing the business through TAIYOKENKI RENTAL CO., LTD., and Sunstate Equipment Co., LLC, respectively. Because customer needs are growing more diverse with increased awareness of workplace safety and productivity, we aim to provide new value by upgrading services utilizing IT and DX, such as enhancement of rental products and offering of various rental apps.

In addition, we acquired Aver Asia (S) Pte Ltd., which has operations throughout Southeast Asia, in December 2020 in order to expand into this area where mechanization and rental demand are expected to increase in conjunction with economic growth. We will take advantage of the knowledge of business operations cultivated in Japan and the United States while also efficiently allocating managerial resources between group companies.

By providing and promoting the use of highly reliable and economically efficient machinery, we will contribute to the realization of a sustainable circular economy.



Machinery yard at Sunstate Equipment



Corporate culture of people and teamwork

# HR Management: Work Environment / Workplace Culture

## Workstyle Reform

As per our Global HR Management Policy, we aim to build a “Great Place to Work” where diverse individuals continuously and passionately create new value. In this context, we offer a range of work style options so that each individual, with their diverse values and lifestyles, to maximize their performance both at work and in private to enrich their overall quality of life. By cultivating an environment that enables employees to work autonomously and flexibly, we promote an output-oriented approach to work to generate high added value.

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

#### Reduction of Overtime

- Training and seminars on Labor Management
- Periodic labor-management roundtable discussions

#### Promoting usage of Entitled Leaves

- Promoting use of paid leave
- Spouse maternity leave, Refreshment leave, Volunteer leave

#### Promotion of Flexible Work Styles

- Teleworking system
- Super flexible work hours system
- Free dress code

### Reduction of Overtime

From the past, Sumitomo Corporation has promoted a smart balance of work and life under the concept of “work with full energy” and “enjoy private life.” As business is becoming diverse and sophisticated, so are the job types and tasks. Under these circumstances, managing uniformly to reduce working hours is not a suitable option. At the same time, merely working long hours does not necessarily result in better achievement. In terms of improving global competitiveness, company-wide efforts are being taken to foster an output-focused work style that generates added value. We have various programs to support such a mindset shift and to share useful information. Examples are shown below:

#### Training and Seminars on Labor Management

We provide training on labor management as a part of the newly appointed manager training and newly appointed team leader training programs. We undertake ongoing educational activities, including holding seminars on labor management and productivity improvement, to raise awareness regarding labor management.

### Promoting the Use of 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 company-wide target for the number of paid leaves to be taken in a single year through 2016 to 2019. The number of days of paid leave taken has steadily increased, and the targets were achieved. Starting in 2020, rather than setting a company-wide target that applies uniformly to all employees, we adopted a policy of allowing each organization and individual to exercise autonomous management.

#### Average Paid Leave Taken by Employees

2020: 12.3 days  
2021: 12.8 days

## HR Management: Work Environment / Workplace Culture

### Workstyle Reform

#### Dress Code Modification

As a part of our efforts to develop flexible work environments that promote the autonomy of employees, we focused on the “location” and the “time” of work and introduced the teleworking system and the Super flexible work hours system in 2018. To build on these systems, in April 2020, we modified the dress code to further promote mindset shifts in the individual and the organization as well as autonomous work styles. After reviewing current rules on attire, we eliminated dress codes as long as it is within the scope of common sense and appropriate for work and the workplace based on TPO.

#### Teleworking System

In 2018, we adopted a teleworking system and expanded flexibility around work location, with workers able to work at home or any of the hundreds of contracted satellite offices up to a certain number of days. In principle, there are no restrictions to the use., and employees with different circumstances, such as providing childcare and long-term care are provided an opportunity to work proactively and flexibly. Since March 2020, in response to the COVID-19 pandemic, we have allowed teleworking while performing childcare or family care at home taking into consideration work-life management. In October 2021, we proposed a best-mix work style that uses both in-office and at-home work to manage both employee safety and business continuity. As a result of such initiatives, the average in-office attendance rate in FY2021 was 37.8%.

#### Super Flexible Work Hours System

In 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 employees to design and manage their own work style, leading to further improvement of both the organization’s and the individual’s performance.



### 0→1 Challenge

0→1 Challenge is an internal entrepreneurial program launched in FY2018 that covers all Sumitomo Corporation Group employees worldwide regardless of affiliation, title, age, gender, or nationality. It helps individuals in each workplace to realize their new business ideas. The concept of the challenge is to progress from zero (new ideas never seen before) to one (creating next-generation businesses). In the initial year of the program, there were projects that achieved the formation of companies in new business fields where Sumitomo Corporation has not been active in the past. The visions and aspirations of the program participants, who have worked with such enthusiasm and intention to bring their own ideas to reality, have not only led to the transformation of existing businesses but have given rise to widespread sharing of sentiments within the Group and reformed employee awareness as well. The important thing is that instead of just considering the success of businesses, the program also seeks to develop employees across the Group and to foster a culture of taking on challenges. About 900 applications to participate in the program were received over the four years from FY2018 to FY2021. In FY2021, six projects were selected from a total of 123 applications received globally. The number of applications is one quantitative indicator for the program, but also important is that people gain experience developing businesses and then go on to play active roles in the organization going forward. Attending pitch events can stimulate officers and employees of the Group to take on new challenges in existing businesses themselves and energize the organization through active participation in internal and external interactions with others.



EMEA-CIS



Americas



Asia



## HR Management: Work Environment / Workplace Culture

### Activities

#### Relations with Employees (Labor Union)

Based on the collective agreement with the Sumitomo Corporation Labor Union, Sumitomo Corporation provides its employees with explanations of management policy and business status, 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. They include informal meetings with the president, round-table discussions on business performance, medium-term management plan and related issues, Human Resources Strategy and personnel systems, and work styles. We also hold seminars organized jointly with the labor union. Sumitomo Corporation adopts a union shop system in which all employees participate, excluding executives above a certain level and employees classified as non-union members based on an individual agreement considering the nature of their jobs. As of March 2022, the number of members of the Sumitomo Corporation Labor Union is 3,062, accounting for 60.4% of all employees of Sumitomo Corporation (non-consolidated basis).

#### Employee Awareness Survey Results / Engagement Survey

The Sumitomo Corporation Employee Awareness Survey conducted in 2019 showed that items indicating "levels of satisfaction with the company" remained at high levels and that employee engagement remains high. From 2022, the Employee Awareness Survey (conducted once every three years) will be replaced with an annual Engagement Survey. In consideration of the increasing mobility of human resources in Japanese society, and the gradual change in the relationship between companies and their employees, the Engagement Survey will investigate the bond between companies and individuals, and the intrinsic motivation of the employees.

	5th Survey (FY2016)	6th Survey (FY2019)	Comparison to Previous Survey
Feeling of satisfaction with the company	3.9	3.9	±0
Work-life management (level of satisfaction & practice)	3.3	3.4	+0.1

\* 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).

## 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.

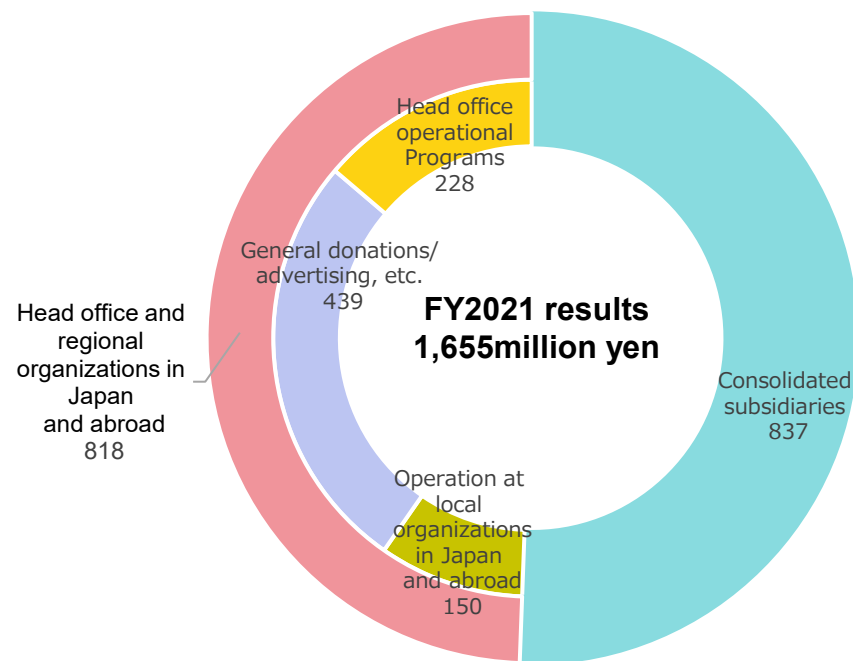
#### APPROACH

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.

### Activities

### FY2021 Social Contribution Activity Costs

|| Total Social Contribution Activity Costs (unit: million yen)



#### <Notes>

- \* The values above for local organizations and consolidated subsidiaries were calculated based on questionnaire results.
- \* Does not include Associated companies.
- \* Values reported by overseas offices were converted to yen using the exchange rate as of March 2022.

## 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. 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. By FY 2021, 57 students had participated in this program.

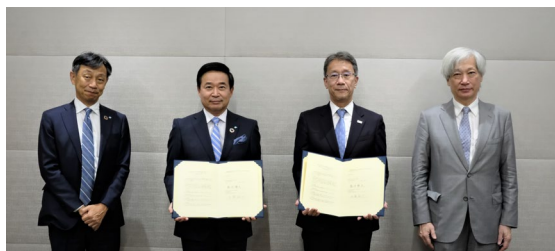


##### The Sumitomo Corporation Scholarship (Since 1996)

We set up the Sumitomo Corporation Scholarship in 1996, the year of our 50th anniversary in the trading business. The purpose of the scholarship is to help emerging Asian countries, including Indonesia, Myanmar and Bangladesh, develop the human resources who will lead the countries' futures. The number of students who have benefited from the scholarship totaled 17,000 by the end of FY2021.

##### The University of Tokyo Global Leadership Program (Since 2013)

Sumitomo Corporation supports this program as a leading partner. Through the program, we aim to develop the next generation of leaders who can engage in transverse collaborations and propose innovative solutions to global issues. We provide financial support to the university for sending students to leading overseas universities on a short-term basis. We also provide advice to students who engage in practical research and serve as a bridge between them and the real world.



#### 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. Under this program, we visited Myanmar, Ghana, Iran, Mexico, Cuba and the UAE to introduce Japanese culture to a total of 160,000 people.

In 2019, we conducted the program at the Kesenuma Shishiori Marine Product Processing Cooperative in Miyagi Prefecture, to which Sumitomo Corporation is providing support of industrial recovery. Technical trainees working at member businesses of the cooperative were invited from overseas 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 so that visual- or hearing-impaired individuals can enjoy movies with their friends and families. So far, about 49,500 people have viewed the movies in this activity.



## Social Contribution Activities

### Activities

#### Engaging in a Wide Range of Social Contribution Activities in each Global Region

##### EMEA & CIS

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

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 FZE have launched the scholarship program and have been supporting Omani students studying at graduate schools in Japan since 2019.

Under this Program, Sumitomo Corporation Middle East provides Omani students studying at Japanese graduate schools with tuition and living expenses for two years plus round-trip travel expenses. Additionally, Sumitomo Corporation supports students in selecting and applying to graduate schools in Japan, and completing admission procedures. We are planning to support three students every year.



##### EAST ASIA

###### Supporting Education in Poverty Areas

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.

In order to expand students' horizons, various activities have been carried out. This activity was launched in 2009 by Sumitomo Corporation (Shanghai) Limited and has now expanded to Sumitomo Corporation China Group.



##### Americas

###### Providing over 150 Children with a Year's Supply of Fresh Food

COVID-19 pandemic placed Brazil on the world hunger map creating a need for adequate nutrition for the immunity, growth and development of children. SC Brazil recognized this need and partnered with Associação Paulista de Apoio a Família (APAF), a local education center in March 2022. We launched a Donation Drive to provide fresh vegetables and fruits for daycare services offered by APAF catering to children ages 0-3 years. We originally aimed to raise R\$500 which would supply 50kg of fresh produce to feed 150 children for approximately one month. However, our employees rallied together, and we managed to raise R\$5,000, which will provide a years' worth of fresh fruit and vegetables for the children.



##### ASIA & OCEANIA

###### Bringing Education to Local Children

In the Asia & Oceania region, we provided support to more than 5,000 people in FY2021 through donations, volunteer activities and other channels. One example is our collaboration with the NPO Ekmattra Society in Bangladesh, where we donated educational materials and IT equipment, and provided online lessons, for local, disadvantaged youth. In March 2022, we also held our Happy Day, where our employees and the children were able to enjoy sports and cultural activities together.



## Social Contribution Activities

### Activities

#### Initiatives at Group Companies

##### || Activity Description

###### CAMP Workshop (SCSK group)

The SCSK Group upholds “Create Our Future of Dreams” as its corporate philosophy. In cooperation with a range of stakeholders, the Group has been conducting social contribution activities to solve social issues in order to help create a sustainable society.

The Group’s Children’s Art Museum & Park (CAMP) is an activity for children—the next generation of leaders. Through CAMP workshops, children learn various ways to express themselves. By participating in creative group activities in the workshops, they also acquire social skills and learn to enjoy acknowledging others and accepting diversity.

By engaging in creative, collaborative activities and presenting their work in the workshops, children find how to express themselves in their own way and expand their circle of communication.

Also, employees of the Group’s bases voluntarily participate in the workshops as facilitators. They learn a great deal and have satisfying experiences, which help them develop and increase their work motivation.

Since the activity’s launch in 2001, the SCSK Group has held a total of 911 workshops as of the end of FY2021, in which a total of 18,655 children participated.



##### || Activity Description

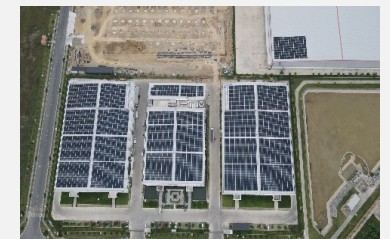
###### Contribution to Local Communities in Thang Long Industrial Park in Vietnam

We have developed three industrial parks in northern Vietnam: Thang Long Industrial Parks. More than 220 companies operate in total, which provide for approximately 90,000 direct employment. Sumitomo Corporation, in cooperation with the Vietnamese government, is operating the Parks to ensure stable supply of infrastructure, including electricity and industrial water. The Parks also support tenant companies in its employee recruitment and labor affairs.

We organize annual football and marathon competitions at the Parks to promote community building and increase tenant company satisfaction. We hope that the COVID-19 pandemic will soon come to an end so that we can resume these events.

In addition, in line with our vision to deeply root our developments within the local communities, we provide scholarships for nearby students, carry out traffic safety awareness-raising activities, and donate COVID-19-related medical supplies.

Together through our business and social activities, we will contribute to the prosperity of everyone related to the Parks as well as the sound development of local communities.



## “100SEED” Social Contribution Program Looks ahead to the Next 100 Years

### 100SEED

#### 100SEED Launched with Global Group Employees to Mark Centennial

Under the 100SEED social contribution program, Sumitomo Corporation Group employees around the world hold discussions and conduct activities in consideration of the society 100 years from now.

Selecting “Quality Education” as the global theme, Sumitomo Corporation will make use of its human resources to implement this program on a medium- to long-term basis, thereby contributing to society and achieving sustainable growth together with it.



#### 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.

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

“100SEED” is a program that we launched on the occasion of our 100th anniversary. After global discussions in 2019, we launched activities to address educational issues in each region from 2020. In FY2021, we conducted 44 projects in 16 countries. Despite the impact of COVID-19, we have been exercising our ingenuity in each region to gradually expand the initiative.

Item	Boundary	Unit	FY2020	FY2021
Number of projects (Number of participating countries)	Sumitomo Corporation and regional organizations	Projects (Countries)	31 (14)	44 (16)
Number of participating employees	Sumitomo Corporation and regional organizations	Employees	696	765

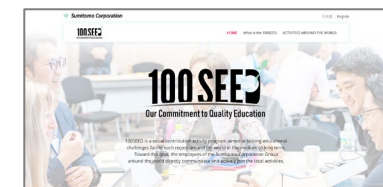
In recognition of management involvement, activity targets, progress management and other KPIs, we won the special “Tanemaki (Seeding) Century Award” for 100SEED at the 19th Corporate Philanthropy Awards.



Refer to the following website for more information on this activity

#### ◆ 100SEED Website

- Mission Statement for 100SEED
- Enhancing Sustainability Management and 100SEED
- The Very First Story
- [ACTIVITIES AROUND THE WORLD](#)



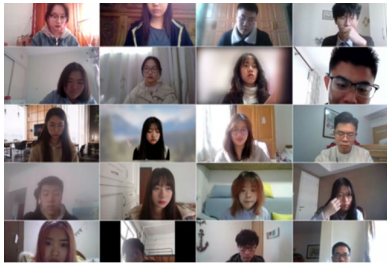
# “100SEED” Social Contribution Program Looks ahead to the Next 100 Years

## 100SEED

### 100SEED Projects Around the World

#### || EAST ASIA

**University Student  
Internships: China**



Targeting local university students around our bases in China, this project contributes to the development of the next generation of human resources who will lead the future. Activities include lectures on the function of trading companies, hands-on work experience, and opportunities to think about future careers and study.

Employees: 31 participants

Total activity hours 377 hours

Number of people (organizations) to be supported: 67

Satisfaction: 100%

#### || ASIA&OCEANIA

**BUTTON UP / LIGHT UP /  
POWER UP Project:  
Thailand**



Sumitomo Corporation Thailand carries out the following three activities that are designed to provide sustainable education from upstream to downstream: "BUTTON UP" to create equity and quality of education for the primary school students in underprivileged location, "LIGHT UP" to train acquired skills to teachers to provide quality education, and "POWER UP" to deepen the understanding of university students regarding business.

Employees: 814 participants

Total activity hours 1,267 hours

Number of people (organizations) to be supported: 2,435

Satisfaction: 100%

#### || EMEA&CIS

**Mission Earth  
(SDG Education): Turkey**



Mission Earth is a project, in collaboration with a local NPO, which gives lessons to children in middle school, introducing them to the concepts of sustainability and the SDGs. The project has been restructured into an online format due to the COVID-19 pandemic, with tablets provided to disadvantaged households.

Employees: 21 participants

Total activity hours 350 hours

Number of people (organizations) to be supported: 213

Satisfaction: 100%

#### || AMERICAS

**100SEED Days of Service  
(Volunteer Days): U.S.A.**



This project has established a system where employees can work at volunteer activities during normal working hours for up to three days each year. Increasing employee motivation to participate in volunteer activities, Volunteer Days enable employees to choose from a range of support activities in their local communities.

Employees: 47 participants

Total activity hours 376 hours

Number of people (organizations) to be supported: 16

Satisfaction: 100%

#### || JAPAN

**Educational Support for  
a Multi-cultural Symbiotic  
Society: Japan**



In partnership with NPOs providing support to children with non-Japanese roots who are living in Japan, this project offers after-school tutoring and interpreting support for children who need help with the Japanese language. Pro bono support is also provided to NPOs undertaking these activities to help strengthen their organizational operation.

Employees: 388 participants

Total activity hours 4,112 hours

Number of people (organizations) to be supported: 8

Satisfaction: 100%

# Corporate Governance

## Policy and Concept

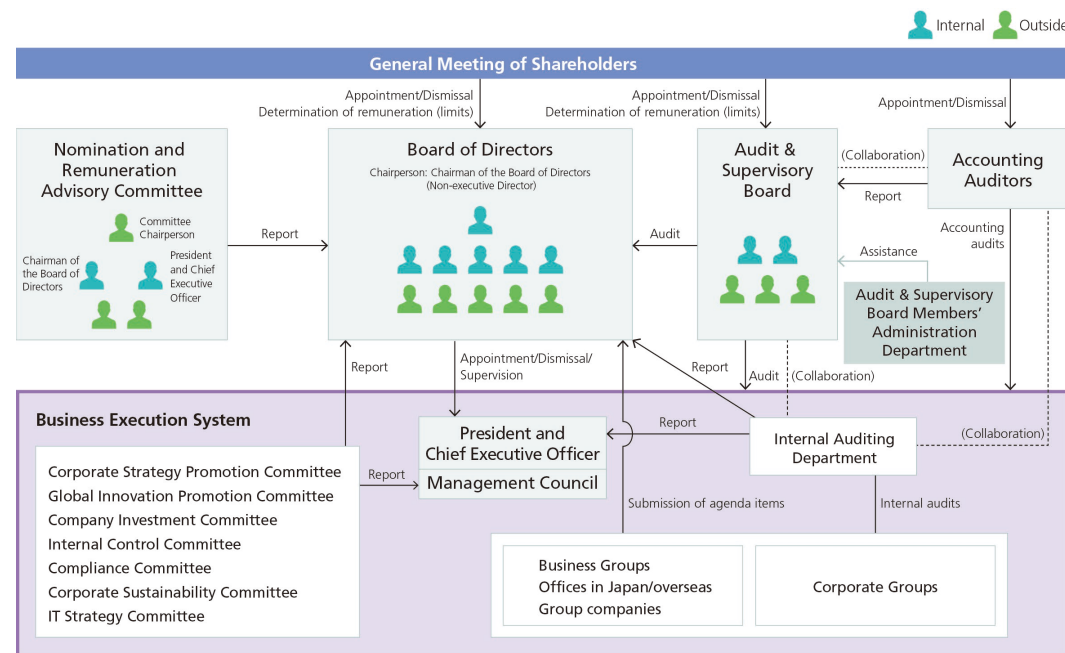
## Corporate Governance Principles

Sumitomo's Business Philosophy and Sumitomo Corporation Group's Management Principles form the backbone of the Group's corporate ethics and represent the foundation underpinning our corporate governance. Based on this, we established the "Sumitomo Corporation Corporate Governance Principles", recognizing that the essence of corporate governance is enhancing management efficiency and maintaining sound management, as well as ensuring management transparency to secure the first two. Efforts to build a better corporate governance system and carry out business activities following these principles help the Company to achieve sustainable growth, enhance corporate value over the medium to long term, and fulfill its mission as a good corporate citizen, as well as benefits the interests of shareholders and all other stakeholders. For this reason, we continuously work to further enhance and improve our corporate governance.

## System

## Corporate Governance System and Characteristics

Sumitomo Corporation, which has adopted an Audit & Supervisory Board system, seeks to ensure the effective supervision and monitoring of management. This is achieved through the appointment of Outside Directors and Outside Audit & Supervisory Board Members, who have an independent stance, to incorporate more diverse perspectives in our decision-making and management supervision, and through the establishment of a Nomination and Remuneration Advisory Committee composed, in the majority, of Outside Directors, to increase the independence, objectivity, and transparency of the Board of Directors related to the nomination and remuneration of executive-level management. Furthermore, the introduction of the executive officer system that clarifies the responsibilities and authority of business execution and the establishment of the Management Council are among the measures designed to promote speedier and more efficient decision-making and execution of business as part of the effective corporate governance system we have put into place. The Management Council is the highest executive-level decision-making body that takes 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. It meets in principle weekly, and its members include the President and Chief Executive Officer, Officers in charge of each Corporate Group, Officers responsible for each Business Unit, and General Managers of each Business Unit.



[Sumitomo Corporation Corporate Governance Principles](#)

[Corporate Governance Report](#)



# Corporate Governance

## System

### Directors and the Board of Directors

#### Composition of the Board of Directors

The membership of the Board of Directors is appropriate in numerical terms to facilitate adequate discussion and speedy and rational decision-making, and provides diversity in terms of experience, knowledge, specialism, gender, and other characteristics. Moreover, out of the 11 Directors appointed, five are independent Outside Directors with differing experiences and specializations to ensure appropriate decision-making from more diverse perspectives and to further strengthen the supervisory functions of the Board of Directors. The Chairman of the Board of Directors convenes meetings of the Board of Directors and presides over them as Chairperson. The Chairman of the Board of Directors supervises management but does not engage in routine operations and has no authority of representation. Furthermore, to allow mutual checks and balances, the posts of Chairman of the Board of Directors and President and Chief Executive Officer are in principle separate and not to be held concurrently by the same individual. In addition, Sumitomo Corporation established the Sumitomo Corporation Action Plan, and in agreement with the Japan Business Federation's goal of at least 30% female executives by 2030 announced in March 2021, we set a target of at least 30% female Directors and Audit & Supervisory Board Members by FY2030.

#### Independence of Outside Directors

Our five outside directors satisfy the standards on independence set by 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](#) (Japanese language only)

#### Adequate Deliberations and Enhancement of Monitoring Functions by the Board of Directors

Agenda items for the Board of Directors are carefully selected to promote, more focused discussion of management policy and plans and other important matters of relevance to companywide management. "Agenda setting" is carried out where important management topics for the Board of Directors that should be taken up for more intensive discussion covering the next one-year period are set by all Board members through careful consideration and discussion. To further strengthen its business execution monitoring functions, the Board receives regular progress reports on each business unit/initiative strategy and on the activities of important committees\*1 throughout the year, with the reports followed by a discussion focusing on companywide issues. Moreover, to further enhance the quality of Board member discussions, the Board of Directors holds off-site meetings\*2 after in-person Board meetings to more actively discuss important management topics, including management policy and plans as well as ESG issues. In FY2021, off-site meetings were held 13 times, with a total of 9.4 hours spent on discussions.

\*1 Compliance Committee, Internal Control Committee, IR Committee, Corporate Sustainability Committee, IT Strategy Committee, etc.

\*2 A venue involving all members of the Board of Directors that encourages free and frank discussions

# Corporate Governance

## System

### Directors and the Board of Directors

#### Evaluation of the Effectiveness of the Board of Directors

To maintain and enhance the effectiveness of the Board of Directors, each year Directors and Audit & Supervisory Board Members engage in analysis and evaluation of the Board's effectiveness through self-evaluation and other methods. This is followed by the disclosure of overviews of the results. In FY2021, in order to boost initiatives to further enhance the effectiveness of the Board of Directors, we conducted interviews by a third party in addition to conducting a questionnaire survey (anonymous) as in previous fiscal year. The following is an overview of the Board of Directors' effectiveness evaluation and the results of such evaluation for FY2021, which was reported to and deliberated at Board of Directors' meetings held on February 24 and March 29, 2022.

##### 1. Evaluation Methods

Those covered	All 11 Directors and 5 Audit & Supervisory Board Members
Implementation method	Questionnaire survey (anonymous) and interviews conducted during the period from November 2021 to December 2021. Note: Implemented by a third party (external consultant).
Evaluation items	(i) Selection of items to be deliberated on by the Board of Directors (ii) Deliberations based on changes in the external environment and/or management environment (iii) Adequate provision of information in advance to members of the Board of Directors (iv) Discussion by the Board of Directors with adequate reflection of stakeholders' perspectives and evaluations (v) Fulfillment of roles of Outside Directors (vi) Fulfillment of roles of the Chairperson (vii) Fulfillment of roles by Internal Directors (excluding Chairman of the Board of Directors) (viii) Overall evaluation, etc.
Evaluation process	The results of the questionnaire survey and interview responses collected by a third party (external consultant) were reported to, and analyzed and evaluated by the Board of Directors.

#### 2. Evaluation Results Overview and Correspondence

Analysis of the questionnaire survey and interview results by a third party (external consultant) concluded that the Board of Directors has generally been functioning effectively. On the whole, as stated below, a majority of opinions were positive.

- In FY2021, members of the Board of Directors paid careful thought to the setting of agenda items as practiced since FY2020, and this enabled them to carry out sufficient discussion on important management issues.
- The management review for confirming progress on the Medium-Term Management Plan "SHIFT 2023" was ample in scope and content and easy to understand.
- Members of the Board of Directors also engage in free and robust discussion at off-site meetings. They were given extensive pre-briefings, and the questions and opinions expressed on those occasions were presented at Board of Directors meetings, helping to deepen their discussion from a wide range of perspectives.

Based on the opinions and comments provided by Directors and Audit & Supervisory Board Members and the issues that emerged in this evaluation, we will carry out the following actions to further strengthen and enhance our corporate governance.

- In FY2022, we will continue to monitor business execution through progress reviews of the Medium-Term Management Plan "SHIFT 2023" (reports on the state of progress in the business portfolio shift, framework shift, etc.), reports on important large-scale investments, progress management of medium-term goals related to the enhancement of sustainability management (six key social issues), reports on the status of efforts on digital transformation (DX) and report on the follow-up for new human resource systems, etc.
- We will strive to further enhance management strategy and policy discussions that take into account diverse stakeholder perspectives, including shareholders and investors.
- We will enhance efforts to further leverage the experience and insights of Outside Directors outside of Board of Directors meetings.

# Corporate Governance

## System

### Directors and the Board of Directors

#### 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 FY2021, the Nomination and Remuneration Advisory Committee met 7 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

Total Members	Internal Directors	Outside Directors	Committee Chairman
5 persons	2 persons (President and Chief Executive Officer, Chairman of the Board of Directors)	3 persons	Outside Director

### Audit & Supervisory Board Members and the Audit & Supervisory Board

#### Enhancement of Auditing capabilities

The Audit & Supervisory Board comprises five members—two Inside Fulltime Audit & Supervisory Board Members and three Outside Audit & Supervisory Board Members (including one woman). The Inside Audit & Supervisory Board Members must have 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 Outside Audit & Supervisory Board Members 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. Among the Outside Audit & Supervisory Board Member, one is a legal expert (a former Chief Justice of the Osaka High Court), one is a certified public accountant with considerable knowledge of finance and accounting, and the other is a fulltime Audit & Supervisory Board Member of a listed company and has an experience in business management. All of the Outside Audit & Supervisory Board Members satisfy the criteria on independence set by financial instruments exchanges on which the Company is listed, as well as the Standard for Independence established by Sumitomo Corporation.

#### Ensuring Audit Effectiveness

Each Audit & Supervisory Board Member attends important meetings such as the Board of Directors Meeting, receives reports from Directors and employees, etc. regarding the execution of their duties, asks them for explanations as necessary, inspects important internal authorization documents and examines the status of operations and the financial status regarding the head office and important operating locations. As for subsidiaries, each Audit & Supervisory Board Member promotes communication and exchange of information with Directors and Audit & Supervisory Board Members, etc. of subsidiaries, and receives reports on the subsidiaries' business as necessary.

The Audit & Supervisory Board Members' Administration Department (four employees) has been established as a specialized organization to support the work of the Audit & Supervisory Board Members. The Audit & Supervisory Board Members 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 by the accounting auditors, the Audit & Supervisory Board Members constantly work to improve audit efficiency and quality.

## Corporate Governance

### System

### The knowledge, experience and competencies, etc. (collectively, “Skills”) that the Board of Directors is required to possess, and Skills that Directors or Audit & Supervisory Board Members currently in office possess (as of September 2022)

This table identifies the types of knowledge, experience and competencies, etc. (individually, "Skill" and collectively, “Skills”) that the Board of Directors is required to possess for fulfilling its roles, and indicates which Directors or Audit & Supervisory Board Members currently in office possess such Skills. In our view, it is important that the Board of Directors as a whole possesses these Skills. As for the reasons for identifying these Skills, please refer to the explanations in the next page.

### Directors

Name	Role	Term of office as Director	Knowledge, experience and competencies, etc. (Skills)						
			Corporate management	Investment / M&A	ICT / DX / Technology	ESG / Sustainability	Finance / Accounting	Legal / Risk management	HR management & development
Kuniharu Nakamura	Director, Chairman	13years 3months	●	●	—	●	●	●	●
Masayuki Hyodo	Representative Director, President and Chief Executive Officer	4years 3months	●	●	—	●	●	●	●
Toshikazu Nambu	Representative Director, Executive Vice President	3years 3months	●	●	●	—	●	—	●
Takayuki Seishima	Representative Director, Senior Managing Executive Officer	3years 3months	●	—	—	—	●	●	●
Reiji Morooka	Representative Director, Senior Managing Executive Officer	3months	●	—	—	—	●	●	—
Hirokazu Higashino	Representative Director, Managing Executive Officer	3months	●	●	●	●	—	—	—
Koji Ishida	Outside Director	5years 3months	●	●	—	—	●	●	—
Kimie Iwata	Outside Director	4years 3months	●	—	—	●	—	—	●
Hisashi Yamazaki	Outside Director	4years 3months	—	—	—	—	—	●	●
Akiko Ide	Outside Director	2years 3months	●	—	●	●	—	—	—
Takashi Mitachi	Outside Director	3months	●	●	—	●	—	●	●

# Corporate Governance

## System

### Audit & Supervisory Board Members

Name	Role	Term of office as Audit & Supervisory Board Member	Knowledge, experience and competencies, etc. (Skills)						
			Corporate management	Investment / M&A	ICT / DX / Technology	ESG / Sustainability	Finance / Accounting	Legal / Risk management	HR management & development
Michihiko Hosono	Senior Audit & Supervisory Board Member (Full-Time)	3years 3months	●	—	—	—	—	●	—
Kazunari Sakata	Audit & Supervisory Board Member (Full-Time)	3months	●	●	—	—	—	—	—
Toshio Nagai	Outside Audit & Supervisory Board Member	6years 3months	—	—	—	—	—	●	—
Yoshitaka Kato	Outside Audit & Supervisory Board Member	6years 3months	●	—	—	—	●	—	—
Yukiko Nagashima	Outside Audit & Supervisory Board Member	1year 3months	●	●	—	—	—	—	●

### About the tables on this page and the previous page

1. This table identifies the types of knowledge, experience and competencies, etc. (individually, "Skill" and collectively, "Skills") that the Board of Directors is required to possess for fulfilling its roles, and indicates which Directors or Audit & Supervisory Board Members currently in office possess such Skills. In our view, it is important that the Board of Directors as a whole possesses these Skills.
2. Since the Company is active in investing in various businesses, we consider "Corporate management" and "Investment/M&A" Skills to be particularly important. Under the ongoing medium-term management plan, "SHIFT 2023," we are promoting a business portfolio shift with a focus on digital transformation (DX) and the enhancement of sustainability management as two sweeping trends. To this end, we emphasize the Skill of "ICT/DX/Technology" for business reforms or business development through exploiting digital solutions or the mixture of technology and innovation solutions and the Skill of "ESG/Sustainability" for sophisticating sustainability management. In addition, the Skills of "Finance/Accounting," "Legal/Risk management" and "HR management and development" are important for supporting or administering the Company's business operations.
3. The key Skills for Audit & Supervisory Board Members on which a high priority is placed are "Corporate management", "Finance/Accounting", and "Legal/Risk management", since they are responsible for auditing Directors' execution of duties.
4. Since the Company carries out business transactions and investments all over the world, respective Directors or Audit & Supervisory Board Members are required to have a keen insight from a global perspective. Knowledge concerning "governance" is another indispensable skill for serving as a Director or Audit & Supervisory Board Member. Because we mandate that all Directors and Audit & Supervisory Board Members possess such two skills, they are not included in seven Skills that are indicated in the table and selected in paragraph 2 above.
5. The Skills that the Board of Directors are required to possess may vary according to business strategies or changes in the external environment. This table will be updated from time to time based on the Board of Directors' review and discussions on required Skills.

Please refer to our website for the reasons for appointing and summary of expected roles of Outside Director. [□ Directors and the Board Directors](#)

# Corporate Governance

## System

### Initiatives to Ensure Transparency of Business Management

#### 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.

[Corporate Disclosure Policy](#)

#### Status of Compliance with the Japan's Corporate Governance Code

The Company complies all Principles of the Corporate Governance Code. Please refer to Corporate Governance Report for details.

[Corporate Governance Report](#)

#### Policy on Cross-shareholdings and Standards for Exercising Voting Rights

As a general rule, the Company will neither acquire nor hold shares in other listed companies for purposes other than pure investment. However, the Company may decide to hold shares in listed companies in some exceptional cases when the Company determines that it is appropriate. For such determination, the Company will comprehensively assess and verify the capital cost of individual stocks and economic rationality and significance of holding the stocks in light of the necessity of partnering or other business needs. Each year, the Board of Directors reviews whether or not the Company's holding of listed shares is appropriate. If such annual review concludes that specific shareholdings are of little significance, the Company will push ahead with the sales of the shares. In FY2021, the Company sold shares of 39 listed stocks (either in whole or in part), amounting to ¥38 billion in total. As of the end of March 2022, the Company's shareholdings in listed companies cover 64 stocks, with the total balance of ¥218.2 billion.

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 intent to dispose of its holdings, the Company respects the decision in principle and ensures that their business relationship will not be influenced.

# Corporate Governance

## System

### Executive Remuneration

#### Executive Remuneration Plan

(● indicates the persons eligible for each type of remuneration, etc.)

Type of remuneration, etc.	Eligibility			
	Executive Directors /Executive Officers *1	Chairman of the Board of Directors *2	Outside Directors *3	Audit & Supervisory Board Members *4
Fixed Monthly Remuneration	●	●	●	●
Performance-Linked Bonus	●	—	—	—
Variable Restricted Performance Share Unit-Based Remuneration	●	●	—	—

\*1 The remuneration of Executive Directors and Executive Officers consists of “monthly remuneration,” “performance-linked bonus”, and “Restricted Performance Share Unit-based remuneration.”

\*2 The remuneration of the Chairman of the Board of Directors, whose main role is management supervision as stipulated in the “Sumitomo Corporation Corporate Governance Principles,” consists of “Restricted Performance Share Unit-based remuneration,” which contribute to improving shareholder value, in addition to “monthly remuneration.”

\*3 The remuneration of Outside Directors, who are in a position to supervise management with a high degree of objectivity and independence, consists solely of fixed remuneration (“monthly remuneration”) and is provided on a monthly basis.

\*4 The remuneration of Audit & Supervisory Board Members, who are in a position to audit and supervise management with a high degree of objectivity and independence, consists solely of fixed remuneration (“monthly remuneration”) and is provided on a monthly basis. The remuneration of each Audit & Supervisory Board Member is decided through discussions between the Members within the maximum amount approved by shareholder resolutions.

#### Revisions to Executive Remuneration

We have partially revised the remuneration plan to ensure that it is based on our environment, management strategy and human resources strategy, with the aim of reinforcing our group’s governance, increasing the corporate value over the medium to long term., and achieving its business objectives. In specific terms, we have amended the details of our remuneration standards, remuneration composition ratios and performance-linked bonus. Key points of the revisions are as follows.

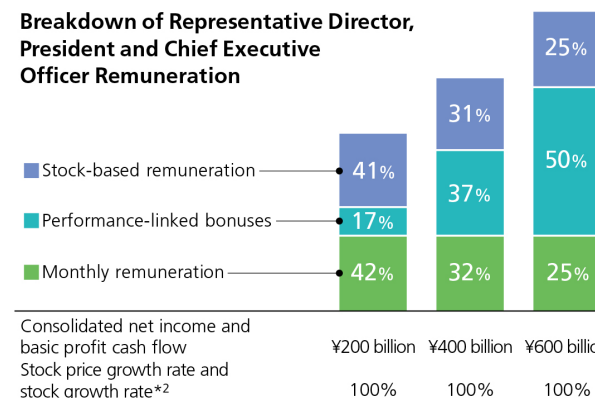
1. Review of target range of business results
2. Change to remuneration composition ratio
3. Reflection of stock price growth rate in performance-linked bonuses

#### Remuneration Standards and Remuneration Composition Ratios

Taking into account recent performance and the business environment, we will increase performance-level hurdles for remuneration to provide appropriate motivation to Executive Directors and Executive Officers for increasing performance. Additionally, remuneration standards and remuneration composition ratio have been set at the appropriate level to increase the acquisition, retention, and motivation of management, and their performance-linked nature increased, referencing objective remuneration market data\*1 from an external specialized agency.

The following is an image of the remuneration of the Representative Director, President and CEO.

\*1 WTW’s Executive Compensation Database



\*2 “Consolidated net income” is equivalent to the “profit attributable to owners of the parent” set out in International Financial Reporting Standards (IFRS).

Basic profit cash flow” = “Basic profit\*” – “Share of profit (loss) of investments accounted for using the equity method” + Dividend from investments accounted for using the equity method.”

\*“Basic profit” = (Gross profit + Selling, general and administrative expenses (excluding provision for doubtful receivables) + Interest expense, net of interest income + Dividends) × (1–31%) + Share of profit (loss) of investments accounted for using the equity method.

Stock price growth rate = {(Average price of Company’s common shares in relevant fiscal year) ÷ (Average price of Company’s common shares in the previous fiscal year)} ÷ {(Average of TOPIX in relevant fiscal year) ÷ (Average of TOPIX in the previous fiscal year)}

Stock growth rate = {(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)} ÷ {(Average of TOPIX in the month of termination of Evaluation Period) ÷ (Average of TOPIX in the month of commencement of Evaluation Period)}

# Corporate Governance

## System

### Performance-linked Bonuses

The potential range of business results has been changed from the viewpoint of establishing appropriate remuneration levels based on target performance levels. From the perspective of reinforcing the relationship with management strategy, the total amount to be paid is determined in accordance with the performance management index in medium-term management plan SHIFT 2023, as well as the newly adopted stock price growth rate. Bonuses paid to individual officers is distributed according to their position and personal evaluation and paid after the end of the fiscal year.

#### Calculation formula for total amount of performance-linked bonuses

Amount calculated from consolidated net income and basic profit cash flow



The Company's stock price growth rate: 80% to 120% range

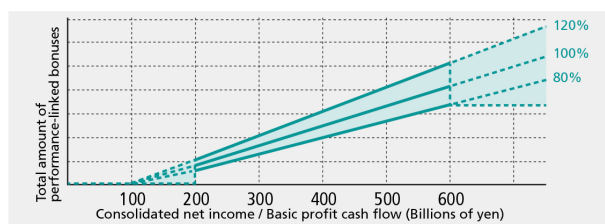
#### Change of Potential Range of Business Results

The potential range of business results in terms of consolidated net income and basic profit cash flow has been changed to ¥200 billion to ¥600 billion. If business results fall outside this range, the total amount of performance-linked bonuses to be paid will be decided separately by the Board of Directors based on the report from the Nomination and Remuneration Advisory Committee.

#### Introduction of Stock Price Growth Rate

The Company added stock price growth rate as a new indicator for determining the total amount of performance-linked bonuses. The aim of this change is to show the results of medium-term management plan SHIFT 2023 and have officers display a greater commitment to stock price growth. The range of total performance-linked bonuses reflecting stock price growth rate is presented below.

Total Amount of Performance-Linked Bonuses (Reflecting Stock Price Growth Rate) (Image)

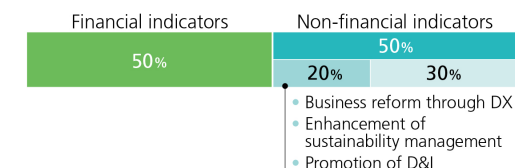


#### Personal Evaluations

Each Executive Director is evaluated on the basis of both financial and non-financial indicators so that they can become more aware in regard to their commitment to management strategy and results. Financial indicators mainly consider the status of achievement of the business plans in the respective areas of responsibility. Non-financial indicators take into account the status of achievement of strategies of each SBU measured by KPIs and KAI as well as the status of initiatives to address important companywide issues.

The ratio of financial indicators to nonfinancial indicators in personal evaluation is 50:50. Of evaluation based on non-financial indicators, 20% relates to the important companywide issues of business reform through DX, enhancement of sustainability management, and promotion of D&I.

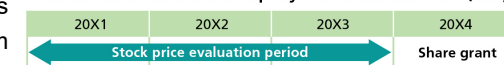
#### Breakdown of Financial and Non-financial Indicators in Personal Evaluations



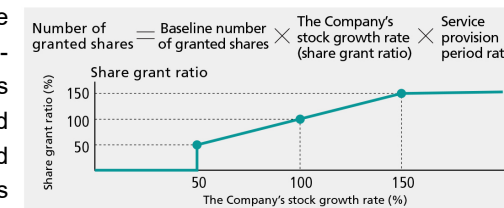
### Restricted Performance Share Unit-based Remuneration

To further encourage management to focus on promoting efforts to increase the Group's corporate value over the medium to long term and sharing value with its shareholders, the Company's common shares (restricted) in an amount determined according to the Company's stock growth rate during the three-year evaluation period are provided to officers each year in principle. The restriction period will be from the day the shares are provided until the day the recipient resigns or retires from all their positions as Director or Executive Officer of the Company or any other position determined by the Board of Directors, in order to realize shareholder value over the medium to long term.

#### Evaluation Period of the Company's Stock Growth Rate (Image)



#### Method for Calculating the Number of Granted Shares

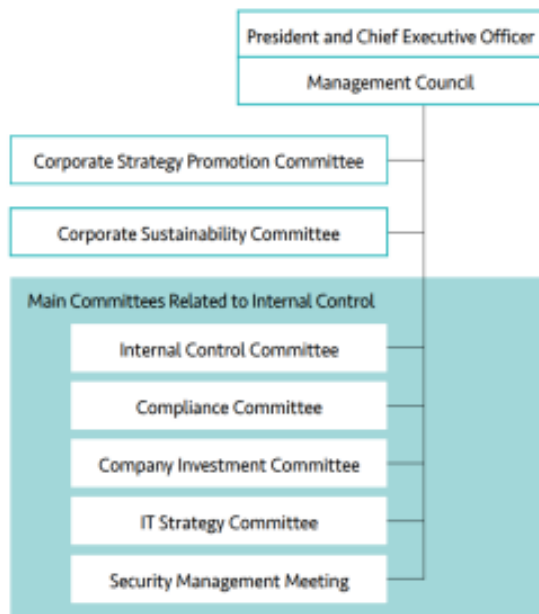




# Internal Control

## Policy and Concept

In order to realize sustainable growth and development for the Sumitomo Corporation Group by enhancing the operational quality of each of the Group companies, we stipulate basic regulations for internal control, develop and conduct appropriate internal control, and access the effectiveness and take action to improve it. To rationally ensure compliance with laws and regulations throughout the entire Group in relation to business activities, safeguarding assets against loss, effectiveness and efficiency of operations, and reliability of financial reporting, initiatives are being taken to improve group governance.



## System

### Group Management Policy

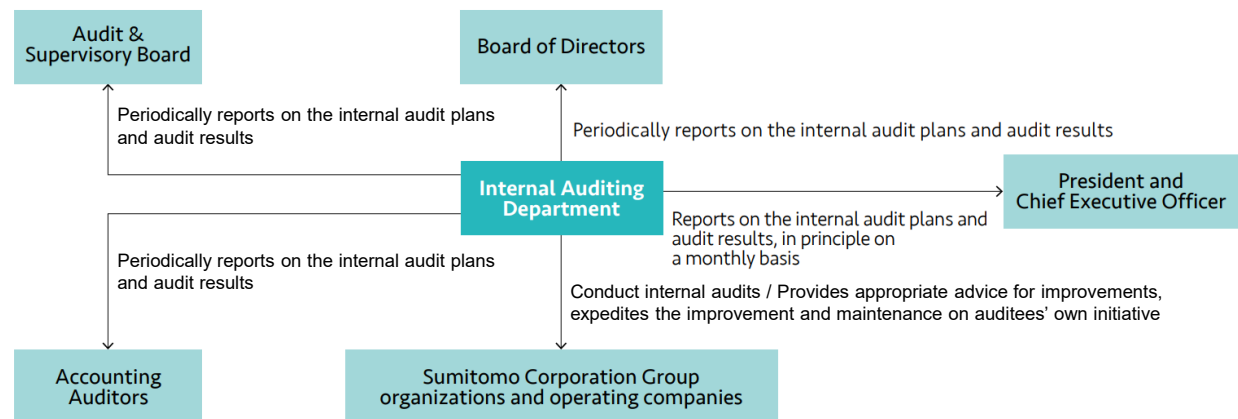
Our approach to group management is to respect Jiritsu\* management of each group company, to contribute to important decision-making at Board and other meetings through active dialogue based on relationships of trust as a shareholder, and to create new value through collaboration among group companies including Sumitomo Corporation. For the purpose of sharing and implementing this approach within the group, we established the Group Management Policy (GMP) and have set Jiritsu, dialogue, and collaboration as the three principles of group management. In addition, we aim to achieve sustainable growth of the Company and each group company and to maximize the corporate value of the entire Sumitomo Corporation Group by sharing and putting into practice the values set out in the Sumitomo Corporation Group's Corporate Mission Statement and GMP groupwide.

\* Jiritsu is the Japanese term. In GMP, we define it to mean "following the rules necessary for the management of a Sumitomo Corporation Group company, such as the Sumitomo Corporation Group's management principles, strategies, and policies, to discipline oneself, to think, make decisions, act for oneself in order to achieve goals, and to be accountable to stakeholders".

### Conducting Internal Audits on a Regular Basis

The Internal Auditing Department, which reports directly to the President and Chief Executive Officer, is an independent organization that monitors the operations of the Group, and audits organizations and operating companies of the Group. As well as reporting the internal audit results directly to the President and Chief Executive Officer, in principle on a monthly basis, periodic reports are also made to the Board of Directors and the Audit & Supervisory Board.

The department regularly conducts audits on all aspects of internal control, comprising asset and risk management, compliance, and business operations. It evaluates the effectiveness and adequacy of the internal controls of auditees, taking into account the significance of the inherent risks. At the same time, it provides appropriate advice for improvements and expedites improvement and maintenance on the auditee's own initiative, thereby contributing to the improvement of governance and internal controls within the Sumitomo Corporation Group.



# Compliance

## Policy and Concept

### 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 that 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" or "Immediate Report," which means, in the event of a compliance problem, employees must report the situation without delay to their line manager, including the management level personnel, or to the relevant department of the Corporate Group.

[Compliance | Sumitomo Corporation](#)

### Sumitomo Corporation Group Compliance Policy

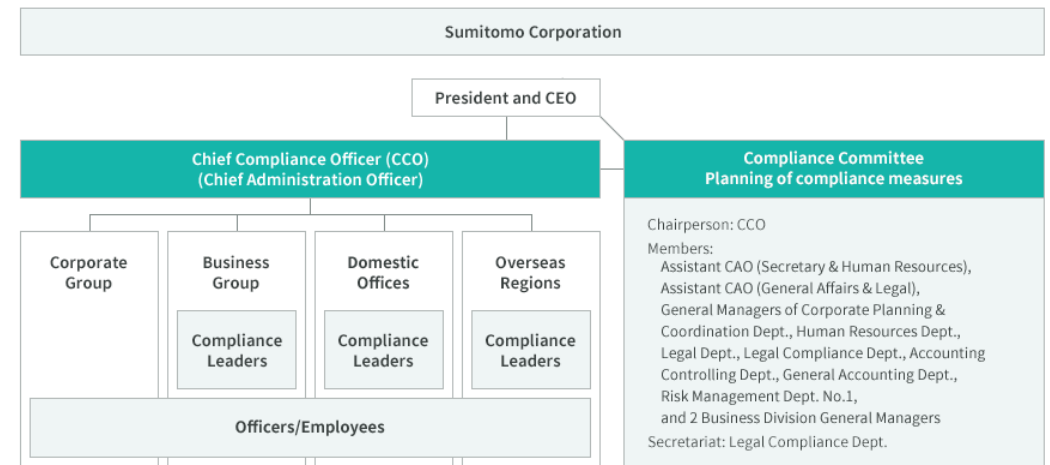
The Sumitomo Corporation Group Compliance Policy was developed in March 2019 based on the previous Compliance Guiding Principles to clarify and adopt the basic policy above throughout the Group. Educational programs, such as seminars and e-learnings, are provided on a continuing basis with the aim of spreading and ensuring the adoption of the policy throughout the Group. Sumitomo Corporation also has the Compliance Manual in place and will review its effectiveness and propriety on a regular basis and revise the content of the Manual as necessary.

[Sumitomo Corporation Group Compliance Policy | Sumitomo Corporation](#)

## System

### 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 Group, enabling it to examine such measures in a multifaceted way that reflects our actual business operations. Our Group will actively continue to establish and improve the internal systems that realize our principle of "Giving First Priority to Compliance."



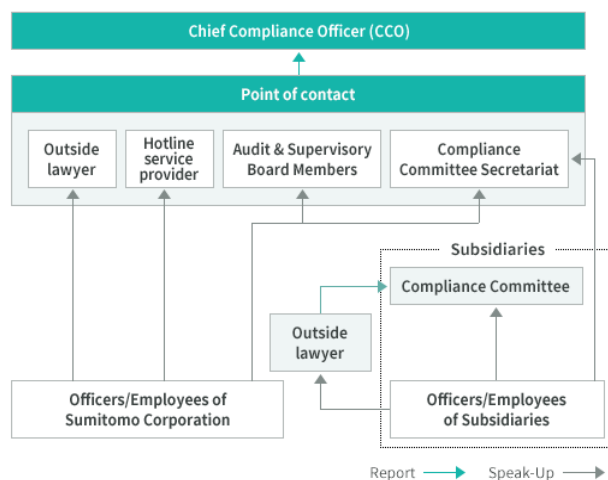
# Compliance

## System

### Overview of Speak-Up System and Various Points of Contact

Our internal rules stipulate and ensure that any issues or potential issues in relation to compliance must be reported immediately (Immediate Report). 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, who face an issue, to report it to the Chief Compliance Officer through an internal or external hotline. Our Speak-Up System provides various internal and external points of contact, and anonymous reporting is also available. Also, it is ensured that the whistle-blower is not subject to disadvantageous treatment for making the report. In the fiscal year 2021, the Compliance Committee of Sumitomo Corporation accepted 34 Speak-Up reports. The status of the operation of the Speak-Up System is periodically reported to the Compliance Committee, the Management Council, the Audit & Supervisory Board and the Board of Directors.

Please refer to our [corporate website](#) for more information about the status of the operation and initiatives for utilization of the Speak-Up System.



Structure of the Speak-Up System

### Operation 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 been established and operated. We accept reports in 16 languages under this System.

## Activities

### Appropriate Responses to Compliance Violations and Preventive Measures

In case of a compliance problem, the Company, primarily through the Legal Department and the Legal Compliance Department with the aid of external specialists when necessary, 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. Based on the outcome, we take corrective measures, disciplinary action, and recurrence preventive measures. The Compliance Committee Secretariat annually keeps records of the details of the circumstances of compliance violations in the Group. These are analyzed, evaluated and used to plan future compliance measures. The results and details are deliberated at meetings of the Compliance Committee and then reported to and discussed by the Management Council, the Audit & Supervisory Board, and the Board of Directors. Thus, through this process of repeatedly improving and enhancing such measures while using the Plan-Do-Check-Action cycle, we strive to increase awareness of and ensure compliance throughout the Group.

### Continuous Education Program Initiatives

The Compliance Manual, which explains particularly important issues, such as anti-bribery/corruption, compliance of antitrust law, and security trade control, is communicated to all officers and employees of Sumitomo Corporation.

Both in Japan and overseas, we implement various education programs for each class of employee, such as new comers, newly appointed general managers, and newly appointed corporate officers, as well as provide e-learning programs about the theme according to the current situation for all officers and employees (including secondees and overseas workers) of Sumitomo Corporation every year, in order to promote and deepen understanding of the Sumitomo Corporation Group Compliance Policy and the Compliance Manual. In addition to these regular activities, we hold seminars and training sessions on an ongoing basis as required under a specific theme, such as anti-bribery/corruption, compliance of antitrust law and subcontract law, security trade control, prevention of insider trading, and elimination of harassment. Furthermore, we also implement a variety of support measures to reinforce compliance systems at group companies.

# 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, and changes in other social circumstances and other factors, we continuously review our internal rules, guidelines, and manuals. Further, we extend these rules and manuals to overseas offices and group companies and encourage them to establish and implement a system appropriate for the bribery risk level of each company, and we also offer ongoing employee education, such as internal seminars, and work constantly to prevent bribery and corruption in Japan and overseas.

The Group's principles and policies in this regard are summarized in the Sumitomo Corporation Group Anti-Corruption Policy (enacted and announced in 2017). 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.

[Sumitomo Corporation Group Anti-Corruption Policy](#)

### 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 describes key considerations in daily dealings. Additionally, we endeavor to ensure, by measures such as regular internal training, that antitrust/competition laws are observed.

### Security Trade Control and Logistics Compliance

As an integrated trading company, Sumitomo Corporation regularly implements various measures, on a continuing basis, 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 organization (terrorists) which may develop weapons of mass destruction. We also provide internal rules, manuals, and guidelines, and provide training sessions, instructions and monitoring as needed to ensure compliance with laws and 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 our officers and employees, we have established "Rules for Prevention of Insider Trading" as well as internal checking systems from various perspective. To ensure compliance with insider trading regulations as well as internal rules, we also provide, on a regular basis, internal training courses and other activities to raise awareness.

# 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.

### Major risks business may pose to society and the environment

- Climate change
- Biodiversity
- Pollution
- Resource depletion
- Local residents' human rights
- Employees' human rights (Health and safety, Forced labor, Child labor, Discrimination)

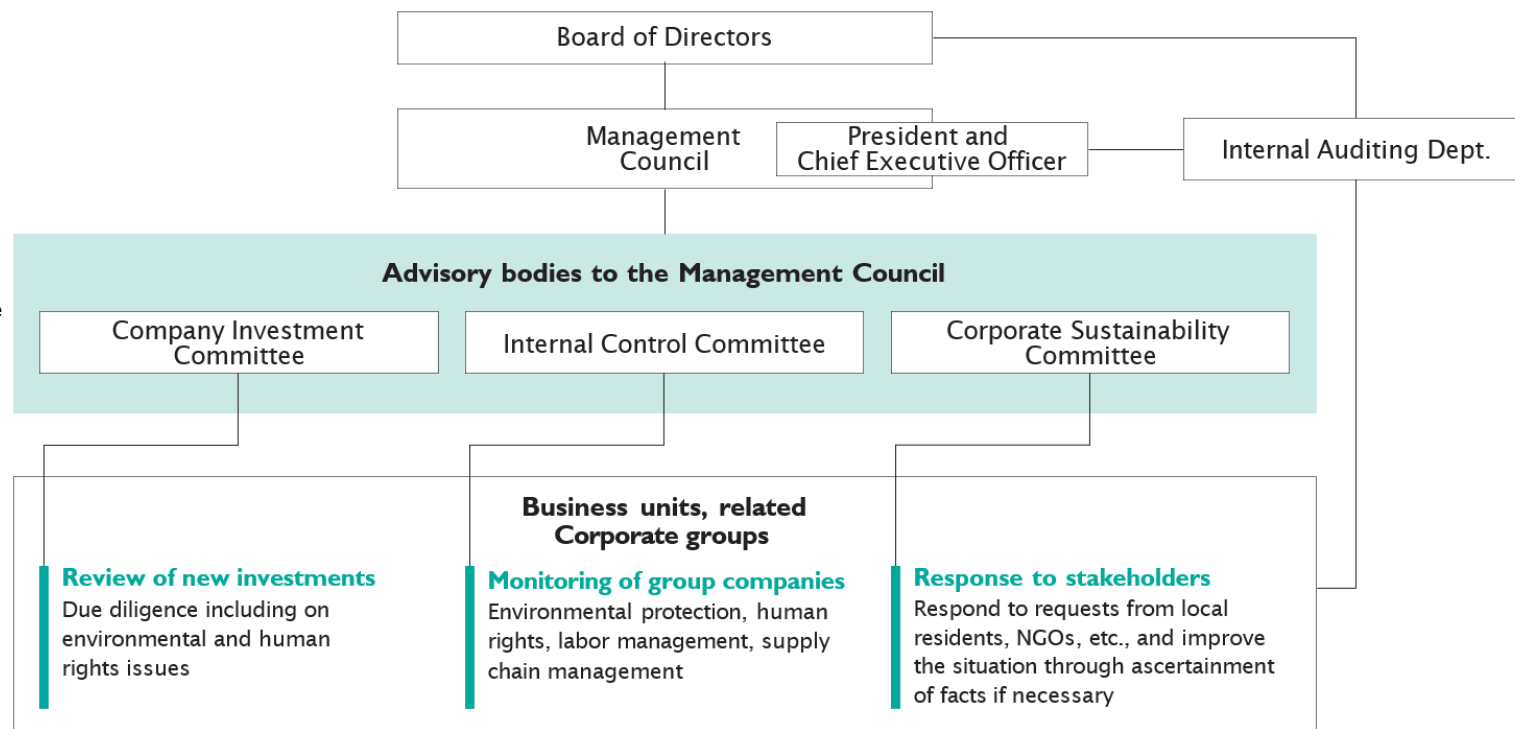


# Social and Environmental Risk Management

## Framework for Social and Environmental Risk Management

The Sumitomo Corporation Group has established a companywide framework to perform appropriate monitoring of the social and environmental impact of the Group's entire business activities. We have prepared a self-assessment sheet on relevant social and environmental risks to be used at the time of investment application to identify anticipated risks and opportunities in terms of the nature and regional characteristics of each business. Decision-making is then carried out considering impacts on society and the environment. This includes having the Corporate Sustainability Department participate in discussions as a specialist organization that addresses social issues depending on the risk. We also engage outside experts to check that the business is soundly managed and does not have serious impacts on stakeholders by using environmental assessment by an environmental consultant and assessment of human rights and labor issues by a law firm, considering the specifics of each business. As follow-up to the investment, the responsible business department and related corporate departments work together through dialogue with group companies to carry out regular monitoring from the viewpoint of the environment, human rights, labor management, the supply chain, and other aspects. If an issue arises, remedial action is taken in line with the specifics of the case. Internal audits that take into account special characteristics of the business are used to confirm that management operations are legally compliant and meet

international standards on social and environmental issues. When a case relating to the impact of the Sumitomo Corporation Group's business activities is referred to by a local community, a non-governmental organization (NGO), or another stakeholder, we ascertain the facts and engage in dialogue and discussion toward improvement. If, as a result of this process of review and monitoring of investments, an important social or environmental risk is confirmed, the individual response is reported or referred for further discussion to the Management Council and the Board of Directors through the relevant internal committees.



# Information Security

## Policy and Concept

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 IT Strategy Committee, which is chaired by the Chief Information Officer (CIO). In October 2017, a new Information Security Policy was established.

### Information Security Policy

#### 1. Initiatives on 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.

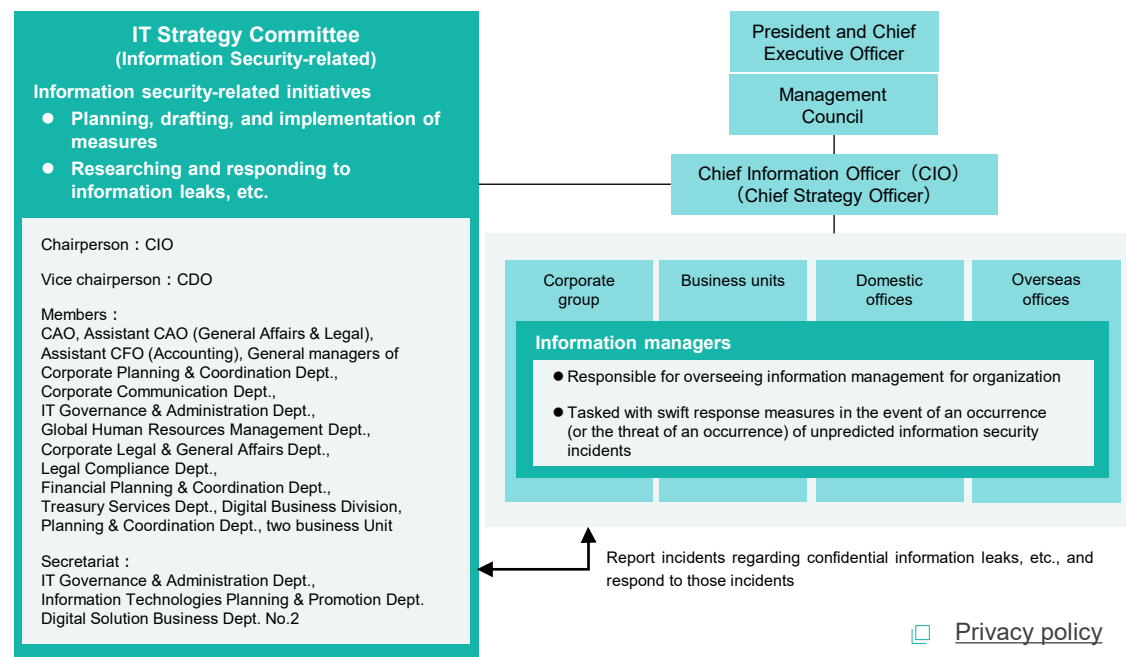
#### 5. Awareness Education of Information Security

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.

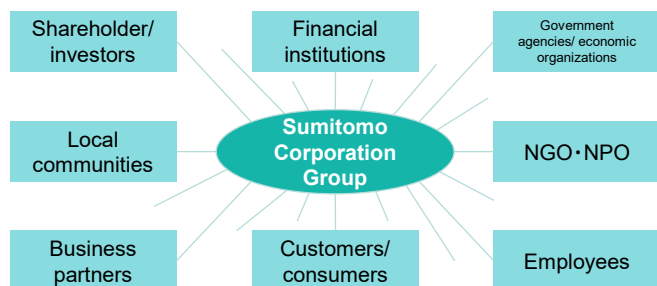
We also work on initiatives to minimize risk related to unexpected situations involving information security, such as external attacks aimed at theft or destruction of corporate information. As well as using system-based safeguards, we conduct ongoing training and drills for employees while establishing 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.



# 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.



Stakeholders	Major means of dialogue
Stakeholders/investors Financial institutions	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, various small meetings etc.
Government agencies/economic organizations	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.
Local communities	Dialogue with local residents in business activities and support for communities, social contribution activities, etc.
Business partners Customers/consumers	Integrated report, website, advertisements, customer information office, supply chain survey, etc.
NGOs/NPOs	Cooperation and communication with NGOs and NPOs in business activities, cooperation in social contribution activities, responses to surveys, etc.
Employees	Internal magazine, Intranet, training sessions and seminars, labor/management round-table meeting, employee awareness survey, the speak-up system, etc.

## IR/SR Activities

(SR: Shareholder Relations)

We are working to build relationships with shareholders, investors, and other stakeholders outside the Company through fair disclosure. The Investor Relations Department has established four guidelines for its activities. These are Proactive Disclosure, Sincere Dialogue, Timely and Appropriate Sharing, and Constructive Proposals. Under the supervision of the executive officer with responsibility, the Investor Relations Department works with other relevant departments to disseminate information in a timely and appropriate manner and solicit the opinions of external stakeholders through active communication. These opinions are shared internally as feedback, based on which proposals are made and discussions held that help to enhance management. Through this cycle of activities, we will deepen external stakeholders' understanding of the Group and also contribute to the strategy execution and value creation capabilities of all officers and employees as internal stakeholders, thereby increasing corporate value.

### Guidelines and Activities



#### Proactive disclosure to and sincere dialogue with external stakeholders

We strive for appropriate disclosures and expanded explanations of both financial and non-financial information based on our Corporate Disclosure Policy. Additionally, we have established opportunities for proactive dialogue with shareholders and investors throughout the year to deepen understanding of the Group and solicit the opinions of stakeholders.

#### FY2021 Results

Number of individual meetings: Approx. 250 times (58 times of which were ESG/SR related)

{ Number of times management attended }  
President : 11 CFO : 22 CSO : 6

Business unit meetings Held      Investor Day 2021 Held

Number of online meetings held for individual investors 6 times      Total participation 4,838

#### Timely and appropriate sharing with and constructive proposals to internal stakeholders

We provide evaluations and opinions received from external stakeholders to internal stakeholders including management as feedback, which are used for proposals and discussions that help to improvement management.

#### FY2021 Results

Number of Management Council reports	2	Number of regular meetings with the President and Chief Executive Officer	4
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IR Committee Meets 1 time monthly in principle	IR quarterly Report* Published Quarterly
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Internal IR meetings: Held

\*In-house IR activity report



## ESG Quantitative Data

### Environment (Climate Change)

★ External Assurance : For more information on the third-party assurance report, please refer to P.137.

Item	Boundary	Unit	FY2018	FY2019	FY2020	FY2021	
GHG Emissions (Scope1, 2)			1,570	1,475	2,175	2,062 ★	
	(Components) Scope1<Energy-related CO2>	Consolidated	thousand	939	792	1,523	1,389 ★
	Scope2		t-CO2e	630	683	653	672 ★

\* The boundary of "Consolidated" is non-consolidated, consolidated subsidiaries and Joint operations. We have added Joint operations to the boundary from FY2020. For Joint operations, the amount equivalent to the investment ratio as of the end of March of the reporting period is included in the environmental data.

\* CO2 emission factors for electricity: (market based method)  
 (Non-consolidated in Japan) The adjusted emission factors of individual power companies. Before FY2020 results, the basic emission factors were used.  
 (Consolidated subsidiaries in Japan) The average emission factors of all power companies.

(Overseas) Emission factors from electricity generation are based on the country-specific data in 2019 listed on "Emissions Factors 2021", an IEA (International Energy Agency) statistics. Before FY2020 results, Emission factors from electricity generation are based on the country-specific data in 2013 listed on "CO2 EMISSIONS FROM FUEL COMBUSTION 2016 EDITION".

\* CO2 emission factors other than those from electricity generation are based on a manual for GHG emissions accounting, reporting, and disclosure systems published by Japan's Ministry of the Environment and Ministry of Economy, Trade and Industry.

\* The breakdown of 2,062 thousand t-CO2e in FY2021 by business activity is 967 thousand t-CO2e for business other than power generation and 1,095 thousand t-CO2e for power generation.

\* The main reason for the increase of GHG emissions in FY2020 compared to FY2019 is the addition of Joint operations to the boundary of data.

We couldn't collect the environmental data for 38 sites due to COVID-19 lockdown or working from home in FY2019. In FY2018, GHG emissions of these sites were equivalent to about 5.2% of the total GHG emissions.

### (Reference)

Item	Unit	FY2019	FY2020	FY2021	
Sumitomo Corporation Group's CO2 Emissions targeted for Carbon Neutrality		59,939	55,367	55,497	
	(Components by Activity)	1,005	974	967	
	Business other than power generation	thousand t-CO2e	43,126	40,582	41,368
	Power generation business		15,808	13,811	13,162
Fossil energy concession					

\* CO2 emissions by activity are calculated as the target of the Sumitomo Corporation Group's carbon neutrality. This total includes the above [GHG Emissions (Scope1, 2)]. For details, please refer to the special feature [Climate Change Initiatives] in this book .

## ESG Quantitative Data

## Environment (Climate Change)

★ External Assurance: For more information on the third-party assurance report, please refer to P.137.

Item	Boundary	Unit	FY2018	FY2019	FY2020	FY2021	
<b>GHG Emissions (Scope1 &lt;Non energy-related CO2 and GHGs other than CO2&gt;)</b>			0	0	4	232	★
(Components) Non energy-related CO2	Consolidated	thousand t-CO2e	0	0	0	0	
Methane (CH4)			0	0	0	129	
Dinitrogen monoxide (N2O)			0	0	4	103	
Hydrofluorocarbons (HFCs)			0	0	0	0	
Perfluorocarbons (PFCs)			0	0	0	0	
Sulfur hexafluoride (SF6)			0	0	0	0	
Nitrogen trifluoride (NF3)			0	0	0	0	

\* Group companies emitting more than 3,000 t-CO2e for each gas per year are subject to the aggregation of Scope1<Non energy-related CO2 and greenhouse gases other than CO2>, under the Greenhouse Gas Emissions Accounting, Reporting, and Disclosure System in Japan.

In FY2018 and FY2019, we aggregated non-consolidated and consolidated subsidiaries in Japan and the boundary of Scope1<other GHGs> was expanded to consolidated (excluding Joint operations) in FY2020. FY2021 covers consolidated (including Joint operations). For Joint operations, the amount equivalent to the investment ratio as of end of March of the reporting period is included in environmental data.

Item	Boundary	Unit	FY2018	FY2019	FY2020	FY2021	
<b>GHG Emissions (Scope3)</b>			71.32	62.19	34.38	33.19	★
(Components) Upstream transportation and distribution	Non-consolidated (in Japan)	thousand t-CO2e	5.22	5.50	3.88	4.09	★
Waste			0.01	0.01	0.01	0.01	★
Overseas Business Trips			30.23	22.40	0.07	0.57	★
Commuting			0.64	0.61	0.14	0.37	★
Downstream Leased Assets			35.23	33.66	30.29	28.15	★

\* The boundary of non-consolidated (in Japan) includes the head office, domestic branches and sub-branches.

\* GHG emissions from Upstream transportation and distribution include the transport of cargo within Japan for which Sumitomo Corporation is the cargo owner, and are calculated based on a manual for GHG emissions accounting, reporting, and disclosure systems published by Japan's Ministry of the Environment and Ministry of Economy, Trade and Industry.

Sumitomo Corporation complies with the Act and reduces the use of energy of transportation through promotion of modal shift (utilization of railroads and vessels), optimization of delivery routes and loading on vehicles, promotion of eco-driving, etc. We have set a target of reducing the use of energy from Upstream transportation and distribution per shipping weight by at least 1% annually in Japan.

\* GHG emissions from waste are calculated from all general waste of Sumitomo Corporation.

Up to FY2018, emissions were calculated using emission intensity for incineration treatment published by the Carbon Footprint Communication Program. The results after FY2019 were calculated using the emission intensity for each type of waste, which is published in the emission intensity database for calculating greenhouse gas emissions and other emissions by organizations throughout the supply chain. The calculation of GHG emissions for FY2021 uses the emission intensity database Ver.3.2.

GHG emissions due to overseas business trips are the emissions from flights departing from and arriving in Japan that Sumitomo Corporation employees took. Business trip destinations are classified into 12 areas and passenger-kilometers are estimated based on the travel distance between Japan and representative airport of each area. GHG emissions due to overseas business trips are calculated by applying CO2 emission factors published by the UK's Defra to the passenger-kilometers.

\* GHG emissions from commuting are those from the commuting of Sumitomo Corporation's employees working in Japan, calculated by using the emissions factors per passenger-kilometer for passenger transport by transport mode published in the Ministry of Land, Infrastructure, Transport and Tourism publication "CO2 Emissions in the Transport Sector" up to FY2020.

FY2021 results were calculated using emission intensity per number of employees and working days by work type and city classification, which is published in the emission intensity database for calculating greenhouse gas emissions and other emissions by organizations throughout the supply chain (Ver. 3.2).

\* GHG emissions from downstream leased assets are those from the buildings that Sumitomo Corporation owns and leases to tenants, using by CO2 emission factors described in the Act on the Rational Use of Energy in Japan.

\* The total GHG emissions (total amount of the above Scope1, 2 and Scope3) were 1,537 thousand t-CO2e/2,214 thousand t-CO2e/2,327 thousand t-CO2e in FY2019, FY2020, and FY2021 respectively.

# ESG Quantitative Data

## Environment (Climate Change)

★ External Assurance : For more information on the third-party assurance report, please refer to P.137.

Item	Boundary	Unit	FY2018	FY2019	FY2020	FY2021
<b>Energy Consumption</b>	Consolidated	thousand GJ	17,748	17,062	29,574	28,680 ★
<b>Electricity Consumption</b>		MWh	1,412,661	1,534,809	1,525,641	1,645,278 ★

\* The boundary of "Consolidated" is non-consolidated, consolidated subsidiaries and Joint operations. We have added Joint operations to the boundary from FY2020. For Joint operations, the amount equivalent to the investment ratio as of the end of March of the reporting period is included in the environmental data.

\* Energy consumption does not include energy derived from biomass fuels.

\* Energy conversion factor from electricity consumption: 3.6 (MJ/kWh).

\* Energy conversion factors from other than electricity consumption are based on the Act on the Rational Use of Energy in Japan.

The main reason for the increase of energy consumption in FY2020 compared to FY2019 is the addition of Joint operations to the boundary of data.

Electricity consumption includes the electricity purchased from power generation companies within the boundary of environmental data.

\* The amount of electricity consumption which was derived from renewable energy was 34,323MWh in FY2021.

\* We couldn't collect the environmental data for 38 sites due to COVID-19 lockdown or working from home in FY2019. In FY2018, energy consumption of these sites were equivalent to about 7.3% of the total energy consumption and electricity consumption of these sites were equivalent to about 7.1% of the total electricity consumption.

## Environment (Water)

Item	Boundary	Unit	FY2018	FY2019	FY2020	FY2021
<b>Water Withdrawal</b>			118,236	20,144	93,120	78,107
(Components of Water Sources)						
Third-party sources, Industrial water		thousand m3	3,378	4,206	4,807	6,809
Groundwater	Consolidated		110,101	13,008	56,085	34,342
Rivers, lakes			4,757	2,930	31,701	35,998
Sea			0	0	2	3
Rainwater			0	0	526	955
Water Withdrawal per consolidated revenue		thousand m3 /million yen	0.022	0.015	0.020	0.014
<b>Water Withdrawal in water-stressed areas</b>				366	2,041	2,897
(Components of Water Sources)						
Third-party sources, Industrial water		thousand m3		303	793	895
Groundwater	Consolidated		-	63	721	956
Rivers, lakes				-	-	87
Sea				-	2	3
Rainwater				-	526	955
Number of sites		Site	-	74	60	53
<b>Water Discharge</b>				15,097	52,723	7,205
(Components of discharge destination)						
Third-party sources	Consolidated	thousand m3		11,173	48,016	2,540
Groundwater			-	50	200	230
Rivers, lakes				2,974	3,512	3,461
Sea				900	995	974

\* The boundary of "Consolidated" is non-consolidated, consolidated subsidiaries and Joint operations. We have added Joint operations to the boundary from FY2020. For Joint operations, the amount equivalent to the investment ratio as of the end of March of the reporting period is included in the environmental data.

\* Of the 78,107 thousand m3 of water withdrawal in FY2021, we have obtained third-party assurance for 24,246 thousand m3★ of water withdrawal excluding Europe and Americas fresh produce business, for which partial estimates have been adopted.

\* We couldn't collect the amount of water withdrawal for 38 sites due to COVID-19 lockdown or working from home in FY2019. In FY2018, Water consumption of these sites were equivalent to about 50.5% of the total water withdrawal.

\* The main reason for the increase of water withdrawal in FY2020 compared to FY2019 is the reactionary increase due to the lack of the environmental data for some sites by COVID-19 lockdown or working from home in FY2019, and the addition of Joint operations to the boundary of data from FY2020.

\* Locations with a water risk level of 3 (High) or higher are aggregated as water-stressed areas on the World Resources Institute (WRI)'s "WRI Aqueduct".

\* In case where it is difficult to grasp the amount of discharged water, we estimate the amount of discharged water by assuming that the amount of water Withdrawal = the amount of discharged water.

As a result of our efforts to determine and refine the data, the amount of discharged water in FY2021 decreased significantly.

Our Group consumes a high percentage of water for fruit cultivation (including evaporation) and recycling without discharging water after use, which results in a smaller amount of discharged water compared to the amount of water withdrawal.

\* [Water Withdrawal -Components of Water Source-], [Water Withdrawal in Water-stressed areas], and [Water Discharge] are not subject to assurance engagement.

## ESG Quantitative Data

### Environment (Resources and Waste)

Item	Boundary	Unit	FY2018	FY2019	FY2020	FY2021
<b>Waste Emissions</b>	Consolidated		44,381	33,305	36,480	36,413
<b>General waste from Business Operations – Recycled Volume</b>		t	175	111	41	44
<b>General waste from Business Operations – Final Disposal Volume</b>			6	6	2	2
<b>General waste from Business Operations – Recycling Ratio</b>		%	96.5	95.0	96.1	95.6
<b>Industrial waste of plastic - containing products - Waste Volume</b>			-	-	-	151
<b>Industrial waste of plastic - containing products - Recycled Volume</b>	Non-consolidated (in Japan)		-	-	-	21
<b>Industrial waste of plastic - containing products – Thermal Recovery Volume</b>		t	-	-	-	93
<b>Hazardous Waste Emissions</b>			1.08	7.01	6.29	1.36
<b>Air Pollutant Emissions</b>			0	0	0	0
<b>Paper Consumption</b>		thousand sheets	18,604	14,516	4,559	5,254

\* The boundary of “Consolidated” is non-consolidated, consolidated subsidiaries and Joint operations. We have added Joint operations to the boundary from FY2020. For Joint operations, the amount equivalent to the investment ratio as of the end of March of the reporting period is included in the environmental data.

The boundary of "Non-consolidated (in Japan)" includes the head office, domestic branches and sub-branches.

\* Waste emissions are for general waste from business operations; industrial waste and valuable resources are not included.

\* We couldn't collect the data on waste emissions for 38 sites due to COVID-19 lockdown or working from home in FY2019. In FY2018, waste emissions of these sites were equivalent to about 0.6% of the total waste emissions.

### Environment (Others)

Item	Boundary	Unit	FY2018	FY2019	FY2020	FY2021
<b>Percentage of sites covered by ISO14001</b>	Non-consolidated (in Japan)	%	100	100	100	100
	Consolidated		-	19	19	21
<b>Violations of environmental laws and regulations (penalties of one million yen or more, etc.)</b>	Number of case	Non-consolidated (in Japan)	case	0	0	0
	Amount of penalties		yen	0	0	0

## ESG quantitative data

### Society (Personnel Data)

Item	Boundary	Unit	FY2017	FY2018	FY2019	FY2020	FY2021
<b>Number of employees</b>	Consolidated	person	73,016	65,662	72,642	74,920	74,253
<b>Number of temporary employees</b>			25,619	25,700	27,604	28,523	28,169
<b>Number of employees [Male/Female]</b>							
		Male	3,907	3,910	3,973	3,937	3,852
	Non-consolidated	Female	1,184	1,216	1,270	1,303	1,298
		Total	5,091	5,126	5,207	5,240	5,150
<b>Number of new employees</b>							
		Male	107	104	118	102	75
	Non-consolidated	Female	50	58	91	51	30
		Total	157	162	209	153	105
<b>Ratio of female new employees</b>	Non-consolidated	%	31.8	35.8	43.5	33.3	28.6
<b>Ratio of non-fulltime employees, such as contract and temporary employees*</b>	Non-consolidated	%	6.4	7.2	7.5	7.0	6.5
<b>Number of mid-career employees</b>							
		Male	7	34	27	24	14
	Non-consolidated	Female	1	2	5	3	4
		Total	8	37	32	27	18
<b>Employment rate of disabled persons</b>	Non-consolidated	%	2.21	2.24	2.24	2.11	2.2
<b>Number of managers</b>							
		Male	2,599	2,549	2,585	2,587	2,566
	Non-consolidated	Female	153	169	184	202	208
		Total	2,752	2,763	2,771	2,789	2,774
<b>Ratio of female Managers</b>	Non-consolidated	%	5.6	5.9	6.45	7.2	7.5
<b>Ratio of employees who are covered by a collective bargaining agreement</b>	Non-consolidated	%	57.6	59.1	59	59.2	60.4
<b>Average length of service (years)</b>							
		Male	19	18.8	18.7	19.1	19.5
	Non-consolidated	Female	16.1	16	15.6	16.3	16.6
		Overall mean	18.3	18.2	18	18.4	18.8
<b>Turnover rate of full-time employees</b>							
		Male	2.3	1.8	1.8	1.9	3.4
	Non-consolidated	Female	2.6	2.3	2.4	1.7	3.0
		Total	2.4	1.9	2.1	1.9	3.3
<b>Voluntary turnover rate (Compared to the number of employees of the previous year)</b>	Non-consolidated	%	2.4	1.9	1.9	1.9	3.0

\* The calculation method has been changed since FY2018, and the past year has also been reclassified.

## ESG Quantitative Data

### Society (Work Styles)

Item	Boundary	Unit	FY2017	FY2018	FY2019	FY2020	FY2021	
<b>Average monthly overtime hours</b>	Non-consolidated	hours/minutes	9 hours 12 minutes	9 hours 53 minutes	7 hours 47 minutes	12 hours 49 minutes	12 hours 20 minutes	
<b>Average annual days of paid vacation acquired*</b>	Non-consolidated	day	16.8	16.9	17.1	12.9	12.8	
<b>Spouse maternity leave</b>	Non-consolidated	case	74	90	92	83	70	
<b>Leave to look after a sick child</b>	Non-consolidated	case	215	237	225	173	169	
<b>Number of employees who took family care leave</b>	Non-consolidated	person	1	0	1	0	0	
<b>Number of employees who took maternity leave</b>	Non-consolidated	person	79	71	73	87	70	
<b>Number of employees eligible for child care leave</b>	Male	Non-consolidated	person	158	181	179	189	156
	Female			66	71	57	73	60
	Total			224	252	236	262	216
<b>Number of employees who took child care leave</b>	Male	Non-consolidated	person	2	10	9	34	41
	Female			66	71	56	73	60
	Total			68	81	65	107	103
<b>Number of employees who returned to work after taking child care leave</b>	Male	Non-consolidated	person	0	10	9	32	36
	Female			36	54	64	29	8
	Total			36	64	73	61	44
<b>Ratio of employees who returned to work after taking child care leave</b>	Male	Non-consolidated	%	—	100	100	100	100
	Female			92.3	100	95.6	96.7	100
	Total			92.3	100	96.1	98.4	100
<b>Number of individuals using shortened work hour system</b>	Non-consolidated	person	129	136	165	173	200	
<b>Number of cases of violations of the Labor standards Act</b>	Non-consolidated	case	1	3	3	5	5	

\* The calculation method has been changed since FY2018, and the past year has also been reclassified.

## ESG Quantitative Data

### Society (Occupational Safety and Health)

Item	Boundary	Unit	FY2017	FY2018	FY2019	FY2020	FY2021
Number of occupational accidents	Employees (full-time)		2	1	3	2	2
Number of deaths by occupational accidents	Employees	Non-consolidated case	0	0	0	0	1
Number who suffered Lost Time Incidents (LTI)	Employees (full-time)		2	1	3	1	1
LTIFR (Lost Time Injury Frequency Rate)	Employees	Non-consolidated case	0.20	0.10	0.29	0.11	0.11

### Society (Human Resources Development)

Item	Boundary	Unit	FY2017	FY2018	FY2019	FY2020	FY2021
Ability development training*	Total number of lectures	session	326	340	286	255	919
	Number of employees participating in training	Non-consolidated person	11,818	14,646	14,963	12,211	44,876
	Total hours of training received		62,967	75,089	65,652	50,806	119,894
	Average hours per employee	hour	12.4	14.7	12.7	9.7	23.4
Number of employees dispatched overseas	Non-consolidated	person	1,101	1,153	1,144	1,098	976
Number of employees undergoing training overseas	Non-consolidated	person	94	96	67	34	76
Annual education and training cost per employee	Non-consolidated	yen	478,884	555,403	501,830	325,604	327,587

\*Training hosted by the head office targeted at head office employees and locally recruited employees of overseas bases and business companies. Figures from FY2021 include training conducted by business units in addition to the training organized by HR.

### Society (Social Contribution)

Item	Boundary	Unit	FY2017	FY2018	FY2019	FY2020	FY2021	
Social contribution activities	Expenditure for social contribution activities	Consolidated	million yen	1,556	1,528	1,980	1,654	1,655
	Number of employees who used the volunteer leave program	Non-consolidated	person	3	7	12	1	10
Political donations	Non-consolidated	million yen	24	24	28	28	28	

## ESG Quantitative Data

### Governance (Board of Directors, Audit & Supervisory Board, Nomination and Remuneration Advisory Committee)

Item			Boundary	Unit	FY2017	FY2018	FY2019	FY2020	FY2021
<b>Board of Directors*</b>	Inside directors	Male	Non-consolidated	person	6	6	6	6	6
		Female			0	0	0	0	0
		Total			6	6	6	6	6
	Independent outside directors	Male			2	3	3	3	3
		Female			1	2	1	2	2
		Total			3	5	4	5	5
Total				9	11	10	11	11	
<b>Ratio of female Directors*</b>				%	11	18	10	18	18
<b>Number of Board of Directors meetings</b>				time	21	20	16	21	22
<b>Audit &amp; Supervisory Board*</b>	Inside directors	Male	Non-consolidated	person	2	2	2	2	2
		Female			0	0	0	0	0
		Total			2	2	2	2	2
	Independent outside directors	Male			3	3	3	3	2
		Female			0	0	0	0	1
		Total			3	3	3	3	3
Total				5	5	5	5	5	
<b>Number of outside Audit &amp; Supervisory Board Members with expertise in finance and accounting*</b>					1	1	1	1	1
<b>Number of Audit &amp; Supervisory Board Meetings</b>				time	14	17	15	17	17
<b>Ratio of female Directors and Audit &amp; Supervisory Board*</b>				Non-consolidated %	6	13	6	13	19
<b>Nomination and Remuneration Advisory Committee*</b>	Inside directors	Male	Non-consolidated	person	2	2	2	2	2
		Female			0	0	0	0	0
		Total			2	2	2	2	2
	Independent outside directors	Male			2	2	2	2	2
		Female			1	1	1	1	1
		Total			3	3	3	3	3
Total				5	5	5	5	5	
<b>Ratio of outside directors in the Nomination and Remuneration Advisory Committee*</b>				%	60	60	60	60	60
<b>Number of Nomination and Remuneration Advisory Committee meetings</b>				time	6	7	5	11	7

\* Figures at the end of June of each fiscal year



## ESG Quantitative Data

### Governance (Remuneration)

Item		Boundary	Unit	FY2017	FY2018	FY2019	FY2020	FY2021	
Remuneration of Directors	Directors (Excluding outside directors)	Non-consolidated	million yen	Monthly remuneration	530	480	474	470	380
				Bonus for Directors	174	327	194	–	513
				Stock options	64	14	–	–	–
				Restricted stock-based compensation	–	73	92	86	21
				Performance share unit-based stock compensation	–	66	70	36	65
				Restricted performance share unit-based remuneration	–	–	–	–	121
	Total	769	959	831	592	1,099			
	Outside directors			Monthly remuneration	41	67	65	87	95
			Total	41	67	65	87	95	
Remuneration of Audit & Supervisory Board Members	Inside Audit & Supervisory Board Members	Non-consolidated	million yen	Monthly remuneration	86	87	87	87	87
	Outside Audit & Supervisory Board Members			Monthly remuneration	38	38	38	50	54

### Governance (Compliance)

Item		Boundary	Unit	2019*1	2020*1	FY2021 (April 2021 to March 2022)
Compliance-related seminars and other training programs	Number of times	Head Office or domestic/overseas corporations*2	time	≥270times	≥150times	≥140times
	Number of participants		person	Total of ≥ 19,160person	Total of ≥ 19,890person	Total of ≥ 20,990person
Of the above, seminars and other training programs related to anti-bribery and anti-corruption	Number of times		time	≥80times	≥70times	≥50times
	Number of participants		person	Total of ≥ 3,100person	Total of ≥ 10,800person	Total of ≥ 5,450person

\*1 Figures from January to December of each fiscal year

\*2 Including training programs conducted by Sumitomo Corporation or its regional offices for business-line subsidiaries in Japan or overseas.

## External Recognition

### Assessment organizations

#### FTSE4Good Index Series / FTSE Blossom Japan Index / FTSE Blossom Japan Sector Relative Index

We were selected as a constituent of FTSE4Good Index Series, FTSE Blossom Japan Index and FTSE Blossom Japan Sector Relative Index. Published by FTSE Russell, an investment index calculator, FTSE4Good Index Series consists of companies with strong Environment, Social and Governance (ESG) practices. FTSE Blossom Japan Index and FTSE Blossom Japan Sector Relative Index which are also provided by FTSE Russell, measure the performance of Japanese companies in terms of ESG practices. They have also been adopted by the Government Pension Investment Fund (GPIF) as an effective index for ESG investment.



#### MSCI: MSCI Japan Empowering Women Index (WIN)

Sumitomo Corporation is listed as a constituent of the MSCI Japan Empowering Women Index (WIN), one of the environmental, social and governance (ESG) indices selected by the GPIF. This is an ESG index consisting of companies with high gender diversity selected by MSCI USA.

### 2022 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)

\* The inclusion of Sumitomo Corporation in any MSCI index, and the use of MSCI logos, trademarks, service marks or index names herein, do not constitute a sponsorship, endorsement or promotion of Sumitomo Corporation by MSCI or any of its affiliates. The MSCI indexes are the exclusive property of MSCI. MSCI and the MSCI index names and logos are trademarks or service marks of MSCI or its affiliates.

#### S&P/JPX Carbon Efficient Index

We were selected in S&P/JPX Carbon Efficient Index, a global environmental stock index created by S&P Dow Jones Indices in the United States (As of March 2022). It is adopted by the GPIF as an effective index for ESG investment.

#### SOMPO Sustainability Index

We were selected in the SOMPO Sustainability Index managed by SOMPO Asset Management Co., Ltd. ("SOMPO Asset Management") (As of June 2022). The SOMPO Sustainable Management, launched by SOMPO Asset Management in August 2012, is a socially responsible investment funds for pension trusts and institutional investors that invest broadly in companies having a strong positive evaluation for ESG performance.



#### CDP

In 2021, we were evaluated B (management level) in the Climate Change program, A- (leadership level) in the Water Security program, and A- (leadership level) in the Forests program by the CDP.



#### Zero-Emissions Challenge

In October 2020, We were included in a "List of Companies Taking on the Zero-Emission Challenge" published by METI as a company that is paving the way to realization of a decarbonized society by taking advantage of innovations.



## External Recognition

### Others

#### "Eruboshi" Certification

In May 2016, we were certified as a second-highest class "Eruboshi" company in recognition of the effort to promote the active involvement of female employees on the basis of the Act on Promotion of Women's Participation and Advancement in the Workplace.



#### "Platinum Kurumin" as a Company that Provides Superior Childcare Support

We were granted "Platinum Kurumin" certification in June 2015 by the Ministry of Health, Labor and Welfare (MHLW) in recognition of providing superior childcare support among the "Kurumin" certified companies.



#### Reforming and Diversifying Work Practices

We have been certified by METI as a "White 500" enterprise with outstanding health and productivity management for six consecutive years from 2017 to 2022.



#### Certified as a "Bronze" in "PRIDE INDEX"

In 2021, we were certified as a "Bronze" in "PRIDE INDEX" in recognition of the effort to support sexual minorities including LGBT by a private organization "work with Pride".



#### Telework Pioneer 100

We were selected for inclusion in the Top Hundred Telework Pioneers for FY2019 by the Ministry of Internal Affairs and Communications (MIC). Through Top Hundred Telework Pioneers, MIC recognizes companies and organizations with sufficient achievements that are advancing the introduction and utilization of telecommuting.



#### Kagayaku Telework Award

Sumitomo Corporation won the Excellence Award of the FY2020 Telework Promotion Company Award (Kagayaku Telework Award) presented by the MHLW. This award is presented to companies and organizations that achieved outstanding results in maintaining a good work-life balance for employees through the use of telework. The Excellence Award in particular recognizes companies and organizations with exceptional measures.

#### DX-Certified Business Operator

Sumitomo Corporation was selected as a DX-Certified Business Operator under METI's DX Certification System. This system recognizes DX-Certified Business Operators as companies ready to pursue DX in accordance with the Act on Facilitation of Information Processing.



## Commitment to International Codes of Conduct

### UN Global Compact

The Global Compact (GC) was proposed by the former UN Secretary General Kofi Annan in 1999 and officially launched in 2000 at the UN Headquarters in New York.

In March 2009, Sumitomo Corporation Group signed the UN Global Compact and declared its support for the 10 principles, shares the same values as our Corporate Mission Statement. We are raising the awareness of our officers and employees around the world regarding their purpose and making efforts to further increasing our corporate value by constantly seeking out areas of our business activities that can be improved in light of the values advocated by the 10 principles.

We are also actively participating in the activities of Japan's local network, Global Compact Network Japan, as one of the board member companies. In FY2021, we took part in working groups on: environmental management related to climate change, biodiversity and other environmental issues; human rights due diligence; reporting; supply chain; SDGs; ESG; CSV and circular economy. Through this involvement, we acquire information on recent global trends in these areas, learn of examples of superior initiatives, and are provided insight from specialists. This knowledge is utilized to help the Company promote Sustainability.

 [Commitment to International Codes of Conduct](#)

### Task Force on Climate-related Financial Disclosures (TCFD)

Sumitomo Corporation recognizes the importance of climate-related financial disclosures and supports the recommendations of the TCFD\*1, and further expand its information disclosure in accordance with the recommendations.

\*1 The Task Force on Climate-related Financial Disclosures was established by the Financial Stability Board (FSB). The final report to recommend further expansion of information disclosure was released in June, 2017.

### Task Force on Nature-related Financial Disclosures (TNFD)

Our business depends largely on natural capital, and biodiversity conservation is an important issue for the company. In June 2022, Sumitomo Corporation joined the TNFD Forum, a network of institutional supporters who share the vision and mission of TNFD\*2. We will make further efforts to conserve biodiversity going forward.

\*2 Taskforce on Nature-related Financial Disclosures. A global initiative aimed to develop and deliver a risk management and disclosure framework for organizations to report and act on evolving nature-related risks.

### Keidanren / Japan Foreign Trade Council

As a member of the Subcommittee on Global Environment of the Committee on Environment and Safety of Keidanren (Japan Business Federation), our company addresses global warming and climate change and helps design environmental policies that will not harm the economy. We also participate in the Global Environment Committee of Japan Foreign Trade Council, Inc. to discuss how to realize a low-carbon society and a recycling society, and to compliance with environment-related laws and regulations. When assessing whether to join membership with an industry group, we confirm whether the group's climate change initiatives are consistent with our policy on climate change. Also, we implement appropriate climate change countermeasures regardless of the level of influence of the affiliated industry group.

### Stakeholder Capitalism Metrics

In January 2021, Sumitomo Corporation supported and signed the Stakeholder Capitalism Metrics, a standard for non-financial information disclosure released by the International Business Committee (IBC) of the World Economic Forum (WEF). While utilizing this metrics, we will further expand the disclosure of non-financial information to our stakeholders.

### Japan CCS Co., Ltd. / Global CCS Institute / Asia CCUS Network

We are a shareholder of Japan CCS Co., Ltd. (JCCS). The company is conducting demonstration tests on the use of CCS technology, which involves capturing and storing CO<sub>2</sub> in the ground, as well as chemical synthesis of CO<sub>2</sub>.

We joined the Global CCS Institute (GCCSI) to meet conditions desirable to apply CCS. Since 2021, the company has been participating in the Asia CCUS Network to share knowledge with and educate Asian countries with regard to CCUS.

## Principles and Policies Supporting Corporate Activities

We have established our own principles and policies while respecting international conduct standards. In accordance with these principles, policies and standards, we are addressing the Six Material Issues to Achieve Sustainable Growth with Society.

### Environment

- » **Sumitomo Corporation Group Environmental Policy**  
<https://www.sumitomocorp.com/en/jp/sustainability/environment-policy>
- » **Policies on Climate Change Issues**  
[https://www.sumitomocorp.com/en/jp/sustainability/environmental-management/climate](https://www.sumitomocorp.com/en/jp/sustainability/environmental-management/management/climate)
- » **ISO 14001 Management System Certification**  
<https://www.sumitomocorp.com/en/jp/sustainability/environment-policy#03>

### Social

- » **The Sumitomo Corporation Group CSR Action Guidelines for Supply Chain Management**  
<https://www.sumitomocorp.com/en/jp/sustainability/csr>
- » **Supply Chain Management Policies for Specific Commodities**
  - **Sumitomo Corporation Group Forest Management Policy**  
<https://www.sumitomocorp.com/en/jp/sustainability/csr/activity#01>
  - **Sumitomo Corporation Group Sourcing Policy for Forest Products**  
<https://www.sumitomocorp.com/en/jp/sustainability/csr/activity#02>
- » **Sumitomo Corporation Group's Human Rights Policy**  
<https://www.sumitomocorp.com/en/jp/sustainability/respect>
- » **Support for the UN Global Compact's 10 Principles**  
<https://www.sumitomocorp.com/en/jp/sustainability/initiative>
- » **The Sumitomo Corporation Group's Basic Principles on Social Contribution Activities**  
<https://www.sumitomocorp.com/en/jp/sustainability/contribution>

### Governance

- » **Corporate Governance Principles**  
<https://www.sumitomocorp.com/en/jp/about/governance/detail>
- » **Sumitomo Corporation Group Tax Principles (PDF/69.3KB)**  
<https://www.sumitomocorp.com/jp/-/media/Files/hq/sustainability/material-issues/tax-principles-j.pdf?la=en>
- » **Sumitomo Corporation Group Compliance Policy**  
<https://www.sumitomocorp.com/en/jp/about/governance/compliance/policy>
- » **Corporate Disclosure Policy**  
<https://www.sumitomocorp.com/en/jp/about/governance/detail/disclosurepolicy>
- » **Risk Management Basic Policy**  
<https://www.sumitomocorp.com/en/jp/about/governance/risk>
- » **Information Security Policy**  
<https://www.sumitomocorp.com/en/jp/security>
- » **Privacy Policy**  
<https://www.sumitomocorp.com/en/jp/privacy>
- » **Sumitomo Corporation Group Anti-Corruption Policy (PDF/270KB)**  
<https://www.sumitomocorp.com/jp/-/media/Files/hq/about/governance/compliance/anti-corruption-policy.pdf?la=en>

## Disclosure based on IBC Stakeholder Capitalism Metrics

### Overview

In January 2021, Sumitomo Corporation supported and signed the Stakeholder Capitalism Metrics, a standard for non-financial information disclosure published by the International Business Committee (IBC) of the World Economic Forum. Stakeholder Capitalism Metrics is a set of universal and comparable disclosures consisting of 21 core metrics and 34 expanded metrics focused on people, planet, prosperity and governance. While utilizing this Metrics, we will further expand the disclosure of nonfinancial information to our stakeholders. In FY2021, our disclosure focuses on the Metrics that are of high importance to the Company. We do not currently disclose all of them, but we will continue to review our disclosure based on the importance of the Metrics to our company and usefulness to our stakeholders.

### Principle of Governance

There	Metric	Response
<b>Governing Purpose</b>	<b>Setting purpose</b> The company's stated purpose, as the expression of the means by which a business proposes solutions to economic, environmental and social issues. Corporate purpose should create value for all stakeholders, including shareholders.	Sumitomo Corporation believes that establishing and maintaining better governance and pursuing its business activities will help to grow and develop sustainably. In addition, such efforts will help Sumitomo Corporation to enhance its corporate value over the mid-to-long term and to fulfill its social mission as a corporation. Sumitomo Corporation believes that this will also serve the interest of its shareholders and all other stakeholders, including clients, employees, and local communities, and Sumitomo Corporation plans to maintain unstinting efforts to improve its governance further in future.  This is mentioned in Section 2.2 of " <a href="#">Sumitomo Corporation Corporate Governance Principles</a> ".
	<b>Purpose-led management</b> How the company's stated purpose is embedded in company strategies, policies and goals.	The mission of Sumitomo Corporation is to support all our stakeholders, including shareholders, clients, local communities and employees, in their endeavors to achieve prosperity and realize their dreams through our sound business activities.  To fulfill this mission, we have established and disclosed management principles and policies including Environment Policy, Sumitomo Corporation Group Compliance Policy, Sumitomo Corporation Group Anti-Corruption Policy, CSR Action Guidelines for Supply Chain Management, Policies on Climate Change Issues, and Sumitomo Corporation Group's Human Rights Policy.  In addition, to pursue the sustainability of our company and society in accordance with our corporate mission, we have been working to enhance the sustainability management since 2020. As part of the efforts, we identified key social issues and set mid- and long-term goals for each of the social issue. As we strive to solve the social issues through our business, we will disclose the progress in the ESG Communication Book.  For more information on the key social issues and on the progress of the mid- and long-term goals, please refer to P.8 and 9.
<b>Quality of Governing Body</b>	<b>Governance body composition</b> Composition of the highest governance body and its committees by: competencies relating to economic, environmental and social topics; executive or non-executive; independence; tenure on the governance body; number of each individual's other significant positions and commitments, and the nature of the commitments; gender; membership of under-represented social groups; stakeholder representation.	We disclose the composition of the highest governance body (Board of Directors (Audit & Supervisory Board Member system)), and its members (Directors: 6 internal, 5 external (of which, 2 female members), Audit & Supervisory Board Members: 2 internal, 3 external (of which, 1 female member) on P.119. We also disclose the information on our Corporate Governance Report, Integrated Report, "Sumitomo Corporation Corporate Governance Principles" as well as in the Notice of Convocation for our Ordinary General Meeting of Shareholders. Regarding the number of each individual's other significant positions and the nature of commitments, Sumitomo Corporation discloses the status of main duties, in accordance with laws and regulations, in the business report section in the Notice of Convocation as well as other reference documents for the Ordinary General Meeting of Shareholders.

: Core Metric  : Expanded Metric

## Disclosure based on IBC Stakeholder Capitalism Metrics

### Principle of Governance

  : Core Metric   : Expanded Metric

There	Metric	Response
	<p><b>Progress against strategic milestones</b></p> <p>Disclosure of the material strategic economic, environmental and social milestones expected to be achieved in the following year, such milestones achieved from the previous year, and how those milestones are expected to or have contributed to long-term value.</p>	<p>Sumitomo Corporation sets quantitative and qualitative management targets in its mid-term management plan and makes efforts to achieve the targets through a thorough plan-do-check-act (PDCA) cycle. In the new mid-term management plan "SHIFT 2023", which has started in FY2021, we are also monitoring the social and environmental aspects of our business based on the 6 key social issues that were identified in FY2020 as well as their mid-and long-term goals and annual action plans. We have been monitoring their progress and we have started disclosing them since FY2022.</p> <p>For more information on the key social issues and their mid-and long-term goals, please refer to P.8 to 19.</p>
	<p><b>Remuneration</b></p> <p>1. How performance criteria in the remuneration policies relate to the highest governance body's and senior executives' objectives for economic, environmental and social topics, as connected to the company's stated purpose, strategy and long-term value.</p> <p>2. Remuneration policies for the highest governance body and senior executives for the following types of remuneration:</p> <ul style="list-style-type: none"> <li>– Fixed pay and variable pay, including performance-based pay, equity-based pay, bonuses and deferred or vested shares</li> <li>– Sign-on bonuses or recruitment incentive payments</li> <li>– Termination payments</li> <li>– Clawbacks</li> <li>– Retirement benefits, including the difference between benefit schemes and contribution rates for the highest governance body, senior executives and all other employees</li> </ul>	<p>1. From the perspective of reinforcing the relationship with the Group's management strategy, the total amount to be paid is determined by newly reflecting the stock price growth rate of the Company (ratio of the Company's stock price growth rate to the TOPIX growth rate) in addition to the performance management indicators contained in the Medium-Term Management Plan "SHIFT2023," and the amount to be paid to individual officers is distributed according to their position and personal evaluation and paid after the end of the fiscal year. In addition, each officer is evaluated on the basis of both financial indicators (status of achievement of business plans, etc. in the respective areas of responsibility) and non-financial indicators (status of achievement of indicators (KPIs and KAI) that objectively measure the attainment of strategic targets for each Strategic Business Unit (SBU), which are groups of businesses with the same strategy, and status of making efforts for priority companywide challenges, etc.) so they can become more aware in regard to their commitment to management strategy and results. In addition, each officer is evaluated on the basis of both financial indicators (status of achievement of business plans, etc. in the respective areas of responsibility) and non-financial indicators (business reform through digital transformation (DX), enhancement of sustainability management, promotion of diversity &amp; inclusion etc.) so they can become more aware in regard to their commitment to management strategy and results. In principle, the ratio of financial indicators to non-financial indicators in personal evaluation is 50:50.</p> <p>2.</p> <p><b>Remuneration policy 1: Remuneration standards and remuneration composition ratios of Executive Directors and Executive Officers</b></p> <p>The Company has set appropriate remuneration standards and remuneration composition ratios based on current business results and the appropriate level of business results it seeks to achieve in the future, while also bearing in mind the roles required of Executive Directors and Executive Officers and referring to objective remuneration market research data, etc. provided by external specialized agencies such as the Willis Towers Watson "Executive Compensation Database" in order to realize a remuneration system that will contribute to the acquisition, retention and motivation of the Company's corporate management personnel.</p> <p><b>Remuneration policy 2: Performance-linked bonus</b></p> <p>In addition to 1. above, the potential range of business results in terms of consolidated net income and basic profit cash flow is assumed to be 200–600 billion yen, and if business results fall outside of this range, the total amount of performance-linked bonuses to be paid is decided separately by the Board of Directors based on report from the Nomination and Remuneration Advisory Committee. In addition, in order to further promote the efforts of the Medium-Term Management Plan SHIFT 2023, we added the year-on-year stock price growth rate as a new indicator for determining the total amount of performance-linked bonuses, and the total amount to be paid is worked out by multiplying the amount calculated from consolidated net income and basic profit cash flow by the year-on-year stock price growth rate. The range of the year-on-year stock price growth rate is 80–120%.</p> <p><b>Remuneration policy 3: Restricted Performance Share Unit-Based Remuneration</b></p> <p>With the aim offering incentives to seek sustainable improvement of the Company's corporate value as well as promoting efforts to increase our corporate value over the medium to long term, the Company's common shares (restricted) in number determined according to the Company's stock growth rate (ratio of Company's stock growth and including dividends to the growth rate of TOPIX (Tokyo Stock Exchange Stock Price Index) ) during the 3 years evaluation period are granted each year in principle. The restriction period will be from the day the shares are granted and until the day the recipients resigns or retires from all their positions as Director or Executive Officer of the Company or any other position determined by the Board of Directors.</p>

### Quality of Governing Body

## Disclosure based on IBC Stakeholder Capitalism Metrics

### Principle of Governance

: Core Metric  : Expanded Metric

There	Metric	Response
<p><b>Stakeholder Engagement</b></p>	<p><b>Material issues impacting stakeholders</b> A list of the topics that are material to key stakeholders and the company, how the topics were identified and how the stakeholders were engaged.</p>	<p>The basis for the Sumitomo Corporation Group's operations can be found in Sumitomo's Business Philosophy, which has formed the foundation for Sumitomo's sustainable development over the course of 400 years. One of the credos of this philosophy states: "Benefit for self and others, private and public interests are one and the same." We interpret this credo advocates Sumitomo's business activities must benefit not only Sumitomo, but also society around us to achieve sustainable growth together.</p> <p>In 2017, the Group identified 6 material issues for achieving sustainable growth with society. By constantly clarifying the relationship between our strategy and business with the material issues, we have been conducting sustainability management with the awareness that our business activities will contribute to solving social issues.</p> <p>In 2020, to further enhance the sustainability management and clarify our role in realizing a sustainable society, we have identified 6 key social issues that we address through our business and corporate activities. The 6 key social issues are: "Mitigation of climate change", "Circular economy", "Respect for human rights", "Development of local society and economy", "Improvement of living standard" and "Quality education". In addition, we have set long-term goals for each issue and medium-term goals that indicate more specific initiative.</p> <p>Progress toward each goal is disclosed on P.10 to 19.</p> <p>When identifying the 6 key social issues, we launched an internal project team, which first created a long list of global social issues based on the UN Sustainable Development Goals. Also, considering the characteristics of our business activities as an integrated general trading company, the project team came up with hypotheses related to important issues deeply involving the Group and picked out several issues from the long list. At the same time, they conducted surveys and interviews with the general managers of each business unit and division concerning opportunities and risks related to social issues within the strategies and business activities of each organization based on the long list. They then analyzed the relationship of our businesses to each issue. Finally, after comparing their hypotheses with the survey results and organizing them into categories, the team identified 6 key social issues. The key social issues and long-term goals were decided in June 2020 after resolutions by the Management Council and the Board of Directors. We also decided on medium-term goals in May 2021. In this series of processes, opinions were exchanged with experts on the environment and human rights, institutional investors, international organizations, and others to verify that the expectations of our various stakeholders have been properly reflected.</p>
<p><b>Ethical Behaviour</b></p>	<p><b>Anti-corruption</b> 1.Total percentage of governance body members, employees and business partners who have received training on the organization's anti-corruption policies and procedures, broken down by region.</p> <p>2. a) Total number and nature of incidents of corruption confirmed during the current year, but related to previous years; and b) Total number and nature of incidents of corruption confirmed during the current year, related to this year.</p> <p>3.Discussion of initiatives and stakeholder engagement to improve the broader operating environment and culture, in order to combat corruption.</p>	<ol style="list-style-type: none"> <li>1. Sumitomo Corporation and its Group companies have conducted more than 50 seminars and other training programs on anti-corruption and more than 5,450 officers/employees participated in FY2021.</li> <li>2. No incident was confirmed in FY2021 in which the Company has been fined nor convicted of bribery of public officials.</li> <li>3. Sumitomo Corporation Group implements strict measures to prevent bribery, inappropriate payments, and all other 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 service providers (such as agents, consultants or other business intermediaries). We extend these rules to overseas offices and Group companies and we also offer ongoing employee education and work constantly to prevent bribery and corruption.</li> </ol> <p>Our "Sumitomo Corporation Group Anti-Corruption Policy", which summarizes the Group's principles and policies outlined above, sets out the Group's basic principles in this area and explains our anti-bribery system and our initiatives for the prevention of bribery to our business partners including service providers, and request their understanding and cooperation.</p>



## Disclosure based on IBC Stakeholder Capitalism Metrics

### Principle of Governance

  : Core Metric   : Expanded Metric

There	Metric	Response
	<p><b>Protected ethics advice and reporting mechanisms</b> A description of internal and external mechanisms for:</p> <ol style="list-style-type: none"> <li>1. Seeking advice about ethical and lawful behaviour and organizational integrity; and</li> <li>2. Reporting concerns about unethical or unlawful behaviour and lack of organizational integrity.</li> </ol>	<p>Our internal rules stipulate "Immediate Report", which means that any issues or potential issues in relation to compliance must be reported immediately to their line manager or to the relevant department of the Corporate Group. 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.</p> <p>In addition, we have developed and launched the group-based Speak-Up System, which enables officers and employees of group companies both in and outside Japan to report compliance-related issues. For more details, please see <a href="#">our website</a>:</p> <p>Also, appropriate departments respond to advice and reports received from external stakeholders through the <a href="#">Contact Form</a> on our website, etc.</p>
<b>Ethical Behaviour</b>	<p><b>Monetary losses from unethical behaviour</b> Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, anti-trust, anti-competitive behaviour, market manipulation, malpractice or violations of other related industry laws or regulations.</p>	<p>In FY2021, there was no incident (monetary loss) at Sumitomo Corporation.</p>
	<p><b>Alignment of strategy and policies to lobbying</b> The significant issues that are the focus of the company's participation in public policy development and lobbying; the company's strategy relevant to these areas of focus; and any differences between its lobbying positions and its purpose, stated policies, goals or other public positions.</p>	<p>In the course of our global and diverse business activities, we participate in various organizations and meetings, including Keidanren (Japan Business Federation), to communicate our opinions. One example of our participation in the public sector is the study of GX (Green Transformation) League established by the Ministry of Economy, Trade and Industry (METI) in April 2022 for the purpose of realizing a carbon-neutral society. Through the GX League, we will communicate our opinions to encourage the creation of new businesses that will help make society carbon neutral.</p> <p>In addition, the amount of our political contribution in FY2021 is 28 million yen. For more information on political contribution, please refer to P.118.</p>

## Disclosure based on IBC Stakeholder Capitalism Metrics

### Principle of Governance

: Core Metric  : Expanded Metric

There	Metric	Response
	<p><b>Integrating risk and opportunity into business process</b> Company risk factor and opportunity disclosures that clearly identify the principal material risks and opportunities facing the company specifically (as opposed to generic sector risks), the company appetite in respect of these risks, how these risks and opportunities have moved over time and the response to those changes. These opportunities and risks should integrate material economic, environmental and social issues, including climate change and data stewardship.</p>	<p>Sumitomo Corporation Group faces a variety of social issues in the course of its wide-ranging business activities. As the world strives to achieve a sustainable society, in 2020, we have identified 6 key social issues and their long-term goals to further clarify our role.</p> <p>Furthermore, in 2021, based on the long-term goals, we have set mid-term goals to promote more specific initiatives, such as the development of business opportunities that capture changes in the business environment surrounding each issue and the development of risk management mechanism. The progress of these initiatives will be monitored and discussed at the Corporate Sustainability Committee.</p> <p>Progress toward each goal is disclosed on P.10 to 19.</p> <p>In addition, when making new business investment, we assess its social and environmental impact. The Company Investment Committee*, which the Corporate Sustainability team is a member of, discusses including the perspective of social and environmental risks and opportunities.</p> <p>*Advisory body to the Management Council, which is the highest executive-level decision-making body</p> <p>Please see P.5 for our business risks and opportunities identified for various sustainability topics.</p>
<b>Risk and Opportunity Oversight</b>	<p><b>Economic, environmental and social topics in capital allocation framework</b> How the highest governance body considers economic, environmental and social issues when overseeing major capital allocation decisions, such as expenditures, acquisitions and divestments.</p>	<p>At Sumitomo Corporation, the discussion of management resource allocation is done at the biannual Strategy Meeting where the top management participates. The decision is finalized at the Management Council, which is the highest executive-level decision-making body and is executed under the supervision of the Board of Directors. When setting the areas of business growth fields, which are the focus points of the resource allocation in each business areas, we also consider opportunities and risks in each business areas that arise from social issues.</p> <p>When discussing a new investment opportunity in individual business, we consider not only profitability, but also environmental and social impacts and/or risks based on the uniqueness of the business. If necessary, we hire an external expert and conduct a thorough due diligence on the environmental and social aspects (i.e. pollution, biodiversity, use of water and other limited natural resources, respect of human rights, occupational health and safety, other workplace environment, impact on local communities etc.) and make the final investment decision. Also, we continuously monitor the environmental and social impact in the post-investment process as well.</p> <p>In addition, policies and initiatives pertaining to non-financial aspects that are essential for promoting our sustainability management are discussed at the Corporate Sustainability Committee and then proposed at the Management Council.</p> <p>All of these processes are carried out under the supervision of the Management Council as well as the Board of Directors.</p> <p>For more information on our risk management, please refer to P.108 and 109.</p>

## Disclosure based on IBC Stakeholder Capitalism Metrics

### Planet

: Core Metric  : Expanded Metric

There	Metric	Response
<b>Climate Change</b>	<p><b>Greenhouse gas (GHG) emissions</b></p> <p>For all relevant greenhouse gases (e.g. carbon dioxide, methane, nitrous oxide, F-gases etc.), report in metric tonnes of carbon dioxide equivalent (tCO2e) GHG Protocol Scope 1 and Scope 2 emissions. Estimate and report material upstream and downstream (GHG Protocol Scope 3) emissions where appropriate.</p>	<p>Sumitomo Corporation Group's greenhouse gas emissions (thousand t-CO2e) for FY2021 are as follows:</p> <ul style="list-style-type: none"> <li>• Scope 1: 1,621 (Breakdown by GHG type)</li> <li>CO2 1,389</li> <li>CH4 129</li> <li>N2O 103</li> </ul> <ul style="list-style-type: none"> <li>• Scope 2: : 672</li> <li>• Scope 3 Upstream Transportation and Distribution: 4.09</li> <li>• Scope 3 Waste: 0.01</li> <li>• Scope 3 Business Trips: 0.57</li> <li>• Scope 3 Employee Commuting: 0.57</li> <li>• Scope 3 Downstream Leased Assets : 28.15</li> </ul> <p>For more information such as the reporting boundaries and CO2 emissions, see our Environmental Data available on P.112 and 113. Also, please refer to P.43 for our CO2 emission reduction initiatives that we announced as the mid-term goal for climate change mitigation.</p>
	<p><b>TCFD implementation</b></p> <p>Fully implement the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). If necessary, disclose a timeline of at most three years for full implementation. Disclose whether you have set, or have committed to set, GHG emissions targets that are in line with the goals of the Paris Agreement – to limit global warming to well below 2°C above pre-industrial levels and pursue efforts to limit warming to 1.5°C – and to achieve net-zero emissions before 2050.</p>	<p>Sumitomo Corporation has been supporting the TCFD recommendations since March 2019. Please see P.24 to 43 for the disclosure on governance, strategy, risk management, targets and KPIs related to climate change based on the TCFD recommendations.</p> <p>Also, we have identified "mitigation of climate change" as one of the 6 key social issues which the Group will address to achieve a sustainable society. As a long-term goal, the Group will aim to carbon neutralize its business by 2050, and also will aim to achieve its mid-term goal, which is to reduce CO2 emissions by 50% or more by 2035 compared to 2019 levels.</p>
	<p><b>Paris-aligned GHG emissions targets</b></p> <p>Define and report progress against time-bound science-based GHG emissions targets that are in line with the goals of the Paris Agreement – to limit global warming to well below 2°C above pre-industrial levels and pursue efforts to limit warming to 1.5°C. This should include defining a date before 2050 by which you will achieve net-zero greenhouse gas emissions, and interim reduction targets based on the methodologies provided by the Science Based Targets initiative, if applicable. If an alternative approach is taken, disclose the methodology used to calculate the targets and the basis on which they deliver on the goals of the Paris Agreement.</p>	<p>As stated above, we have a long-term goal of seeking to become carbon neutral in the Group's business by 2050 and we will also contribute to the carbon neutralization of society. Also, we have set a mid-term goal of reducing the CO2 emissions by 50% or more by 2035 compared to 2019 levels.</p> <p>For specific action plans and initiatives, please see P.27 and 43.</p>

## Disclosure based on IBC Stakeholder Capitalism Metrics

### Planet

: Core Metric  : Expanded Metric

There	Metric	Response
<b>Nature Loss</b>	<p><b>Land use and ecological sensitivity</b></p> <p>Report the number and area (in hectares) of sites owned, leased or managed in or adjacent to protected areas and/or key biodiversity areas (KBA).</p>	<p>The Group does not disclose this information at the moment, however, we have a process in place to consider the impact on land use and ecosystems when considering new investments and loans.</p> <p>In addition, in June 2022, we joined the TNFD Forum. Through this initiative, we will enhance disclosure of our business activities relating to natural capital and biodiversity.</p>
<b>Fresh water availability</b>	<p><b>Water consumption and withdrawal in water-stressed areas</b></p> <p>Report for operations where material: mega litres of water withdrawn, mega litres of water consumed and the percentage of each in regions with high or extremely high baseline water stress, according to WRI Aqueduct water risk atlas tool.</p> <p>Estimate and report the same information for the full value chain (upstream and downstream) where appropriate.</p>	<p>The Group's water consumption and withdrawal in water-stressed areas* for FY2021 are as follows.</p> <ul style="list-style-type: none"> <li>• Total water consumption : 70,902 megaliters</li> <li>Of this, 3.5% in water-stressed areas*</li> <li>• Total water withdrawal : 78,107 megaliters</li> <li>Of this, 3.7% in water-stressed areas*</li> </ul> <p>* Water-stressed areas :The regions with high or extremely high baseline water stress, according to WRI Aqueduct water risk atlas tool.</p>

## Disclosure based on IBC Stakeholder Capitalism Metrics

### People

: Core Metric  : Expanded Metric

There	Metric	Response																								
<b>Dignity and Equality</b>	<b>Diversity and inclusion (%)</b> Percentage of employees per employee category, by age group, gender and other indicators of diversity (e.g. ethnicity).	The Sumitomo Corporation Group has a diverse workforce made up of people who have different lifestyles and values in addition to differences in gender and nationality. It is essential to utilize the rich mix of "knowledge" held by diverse people as a source of competitiveness in order to survive and stay ahead in complex business domains. We will focus on the diversity of our workforce on a global basis, particularly on the strengths of individuals, and bring these strengths together in combination. By doing so, we will drive the progress of our growth strategies.  Gender ratio at Sumitomo Corporation (non-consolidated) as of March 2022: Male: 3,852 / Female: 1,298  Percentage by age group at Sumitomo Corporation (non-consolidated) as of March 2022: <table border="1" style="margin-top: 10px;"> <thead> <tr> <th>Age group</th> <th>Number of employees</th> <th>%</th> </tr> </thead> <tbody> <tr> <td>20s</td> <td>842</td> <td>16.30%</td> </tr> <tr> <td>30s</td> <td>1,376</td> <td>26.70%</td> </tr> <tr> <td>40s</td> <td>1,135</td> <td>22.00%</td> </tr> <tr> <td>50s</td> <td>1,318</td> <td>25.60%</td> </tr> <tr> <td>60s</td> <td>472</td> <td>9.20%</td> </tr> <tr> <td>Over 70s</td> <td>7</td> <td>0.10%</td> </tr> <tr> <td>Total</td> <td>5,150</td> <td>1</td> </tr> </tbody> </table>	Age group	Number of employees	%	20s	842	16.30%	30s	1,376	26.70%	40s	1,135	22.00%	50s	1,318	25.60%	60s	472	9.20%	Over 70s	7	0.10%	Total	5,150	1
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Over 70s	7	0.10%																								
Total	5,150	1																								
<b>Pay equality (%)</b> Ratio of the basic salary and remuneration for each employee category by significant locations of operation for priority areas of equality: women to men, minor to major ethnic groups, and other relevant equality areas.	There is no gap in basic salary and remuneration in each employee category such as gender and ethnicity etc.at Sumitomo Corporation (non-consolidated).																									
<b>Wage level (%)</b> 1.Ratios of standard entry level wage by gender compared to local minimum wage.  2.Ratio of the annual total compensation of the CEO to the median of the annual total compensation of all its employees, except the CEO.	Sumitomo Corporation Group sets salary level that exceeds minimum wage level in each region. The wage level at Sumitomo Corporation (non-consolidated) is as follows:  1. The standard entry level wage exceeds the minimum wage level in Japan and there is no gap between gender. New graduate with master's degree or higher: 290,000 JPY/month New graduate with bachelor's degree: 255,000 JPY/month  2. The ratio of the annual total compensation of the President and CEO to the median of the annual total compensation of all its employees at Sumitomo Corporation (non-consolidated), except the President and CEO, is 144:7. (President and CEO: 288 mil. JPY, Median of the annual total compensation of all employees at Sumitomo Corporation: 14 mil. JPY)																									
<b>Risk for incidents of child, forced or compulsory labour</b> An explanation of the operations and suppliers considered to have significant risk for incidents of child labour, forced or compulsory labour. Such risks could emerge in relation to: a) type of operation (such as manufacturing plant) and type of supplier; and b) countries or geographic areas with operations and suppliers considered at risk.	In accordance with the Sumitomo Corporation Group's Human Rights Policy, Sumitomo Corporation began human rights due diligence in 2020. We identified 8 salient human rights issues, such as "forced labor and child labor", that should be addressed with priority so that we can assess impacts concerning human rights throughout the Group. Through our desktop research, we have identified food and textile related businesses as areas with high risks of forced and child labor in the supply chain and we confirmed the status of risk management in both business areas by conducting internal interviews. Specifically, in the textile business, CSR audits are being conducted based on standards of some of our customers, at factories where we manage or outsource. Also, the food wholesale business properly manages to minimize the risk of forced and child labor by conducting supplier questionnaire to suppliers associated with high-risk countries or goods, based on the list of TVPRA (Trafficking Victims Protection Reauthorization Act) published by the US Bureau of International Labor Affairs (ILAB). In addition, as conflict minerals poses a serious risk of forced and child labor, we monitor the risk by regularly checking the status and result of conflict minerals survey in the Group. For more information on our human rights related initiatives, please see P.57 to 63.																									

# Disclosure based on IBC Stakeholder Capitalism Metrics

## People

  : Core Metric   : Expanded Metric

### There

### Metric

### Response

#### Freedom of association and collective bargaining at risk (%)

1. Percentage of active workforce covered under collective bargaining agreements.

2. An explanation of the assessment performed on suppliers for which the right to freedom of association and collective bargaining is at risk, including measures taken by the organization to address these risks.

As of March 2022, the number of members of the Sumitomo Corporation Labor Union is 3,062, accounting for 60% of all employees of Sumitomo Corporation (non-consolidated).

For more information on our human rights related initiatives, please see P.88.

#### Human rights review, grievance impact & modern slavery (#, %)

1. Total number and percentage of operations that have been subject to human rights reviews or human rights impact assessments, by country.

2. Number and type of grievances reported with associated impacts related to a salient human rights issue in the reporting period and an explanation on type of impacts.

3. Number and percentage of operations and suppliers considered to have significant risk for incidents of child labour, forced or compulsory labour. Such risks could emerge in relation to:

a) type of operation (such as manufacturing plant) and type of supplier; and

b) countries or geographic areas with operations and suppliers considered at risk.

1. In accordance with the Sumitomo Corporation Group's Human Rights Policy, Sumitomo Corporation began human rights due diligence in 2020. The Sumitomo Corporation Group's business activities extend to various industries and regions.

We started by conducting a desk top survey to confirm the Group's businesses and their value chains, and developed a hypothesis on businesses that may be exposed to high risks and human rights issues that are closely related to the value chains in those businesses.

We then exchanged opinions with stakeholders including outside experts and also hired outside experts and conducted internal interviews on 12 business teams to verify the hypothesis. Through these consultations, we classified the human rights issues according to the likelihood of these issues emerging in the Group's business and also the degree of severity in case they emerge. As a result, we identified 8\* salient human rights issues within the Sumitomo Corporation Group.

\*The 8 salient issues: labor conditions (wages and working hours), freedom of association and the right to collective bargaining, forced labor and child labor, occupational health and safety, health and safety of local residents, land rights, discrimination and harassment, personal information and privacy. Please see P.58 for details on the human rights due diligence process.

2. Out of cases reported or pointed out by stakeholders including civil society organizations, local communities and regulatory authorities, there were 16 cases\* that are related to the 8 salient human rights issues. We investigate the issues reported by the stakeholders, and if corrective action is necessary, appropriate measures are considered and implemented.

\*Excludes incidents of discrimination and harassments. Also, the occupational health and safety does not include work-related injuries or fatalities.

3. Please refer to our comments in the section "Risk for incidents of child, forced or compulsory labour".

## Dignity and Equality

#### Health and safety (%)

1. The number and rate of fatalities as a result of work-related injury; high-consequence work-related injuries (excluding fatalities); recordable work-related injuries; main types of work-related injury; and the number of hours worked.

2. An explanation of how the organization facilitates workers' access to non-occupational medical and healthcare services, and the scope of access provided for employees and workers.

The coverage of the following data is Sumitomo Corporation (non-consolidated):

1. Work-related fatalities: FY2019: 0, FY2020: 0, FY2021: 1

High-consequence work-related injuries (excl. fatalities): FY2019: 0, FY2020: 0, FY2021: 0

Recordable work-related injuries: FY2019: 3, FY2020: 1, FY2021: 2

We do not disclose the details (i.e. types of work-related injury, number of hours worked) .

2. Sumitomo Corporation (SC) promotes the following medical and healthcare services:

- In-house clinic (internal medicine and dentistry) : All employees of SC have access to the clinic during work hours.
- Massage room, Counseling Center: All employees of SC Group have access to the services during work hours.
- Advanced Healthcare Expense Program : This covers conditions that give rise to substantial economic burdens as a result of treatment not covered by insurance and the program is available to all employees of SC. By broadly covering treatment not covered by health insurance, the program can support employees receive treatment with reassurance and return to work at the earliest possible time or continue working while receiving treatment.
- Health consultation service: Since the incidence and death rates of breast cancer and uterine cancer have been increasing among younger women in recent years, we have set up a consultation service for women's specific health issues to strengthen the dissemination of such information and to introduce them to medical institutions that offer gynecological exams as a stand-alone service. Furthermore, we are also promoting and strengthening various health management measures through a collaborative health program with the Sumitomo Corporation Corporate Health Insurance Society.

## Health and Well-being

## Disclosure based on IBC Stakeholder Capitalism Metrics

### People

  : Core Metric   : Expanded Metric

There	Metric	Response												
<b>Health and Well-being</b>	<p><b>Monetized impacts of work-related incidents on organization (#, \$)</b></p> <p>By multiplying the number and type of occupational incidents by the direct costs for employees, employers per incident (including actions and/or fines from regulators, property damage, healthcare costs, compensation costs to employees).</p>	<p>There were two occupational incidents at Sumitomo Corporation (non-consolidated) in FY2021, but there was no financial impact.</p>												
	<p><b>Training provided (#, \$)</b></p> <p>Average hours of training per person that the organization's employees have undertaken during the reporting period, by gender and employee category (total number of hours of training provided to employees divided by the number of employees).</p> <p>Average training and development expenditure per full time employee (total cost of training provided to employees divided by the number of employees).</p>	<p>The following data covers training programs for Sumitomo Corporation (non-consolidated) which were conducted by the HR department in FY2021. The trainings are not restricted by gender.</p> <p>Number of participants: 5,134 employees</p> <p>Total number of hours of training provided: 119,894hours (including 65,893 hours by Human Resources Dept.)</p> <p>Total expenditure: 1,682 bil. JPY</p> <p>Average training hours per employee:23.4 hours</p> <p>Development expenditure per employee: 330,000 JPY</p>												
<b>Skills for the Future</b>	<p><b>Monetized impacts of training – Increased earning capacity as a result of training intervention (% , \$)</b></p> <p>1.Investment in training as a percentage (%) of payroll.</p> <p>2.Effectiveness of the training and development through increased revenue, productivity gains, employee engagement and/or internal hire rates.</p>	<p>The following data covers training programs for Sumitomo Corporation (non-consolidated) which were conducted by the HR department in FY2021.</p> <p>1. Investment in training as a percentage (%) of payroll: 1.6% (training expenditure 1.682 bil. JPY/ total pay roll of 100.297 bil. JPY)</p> <p>2. The Sumitomo Corporation Employee Awareness Survey conducted in 2019 indicated that "the level of satisfaction with the company" remained at high levels. We believe that trainings have contributed to attaining high level of employee engagement.</p>												
		<table border="0"> <tr> <td></td> <td>(0~5) Assessment</td> <td>5th Survey (FY2016)</td> <td>6th Survey (FY2019)</td> </tr> <tr> <td>Feeling of satisfaction with the company</td> <td>:</td> <td>3.9</td> <td>3.9</td> </tr> <tr> <td>Work-life management(level of satisfaction &amp; practice)</td> <td>:</td> <td>3.3</td> <td>3.4</td> </tr> </table>		(0~5) Assessment	5th Survey (FY2016)	6th Survey (FY2019)	Feeling of satisfaction with the company	:	3.9	3.9	Work-life management(level of satisfaction & practice)	:	3.3	3.4
	(0~5) Assessment	5th Survey (FY2016)	6th Survey (FY2019)											
Feeling of satisfaction with the company	:	3.9	3.9											
Work-life management(level of satisfaction & practice)	:	3.3	3.4											

## Disclosure based on IBC Stakeholder Capitalism Metrics

### Prosperity

: Core Metric  : Expanded Metric

There	Metric	Response
<b>Employment and Wealth Generation</b>	<p><b>Absolute number and rate of employment</b></p> <p>Total number and rate of new employee hires during the reporting period, by age group, gender, other indicators of diversity and region.</p> <p>Total number and rate of employee turnover during the reporting period, by age group, gender, other indicators of diversity and region.</p>	<p>The data for Sumitomo Corporation (non-consolidated) is as follows:</p> <p><b>1-1. Absolute number of new graduate hires in FY2021</b> &lt;by gender&gt; Male: 75, Female: 30 (Male 71.4%, Female 28.6%) &lt;by age group&gt; 20s:105</p> <p><b>1-2. Absolute number of mid-career hires in FY2021</b> &lt;by gender&gt; Male: 14, Female: 4 (Male 77.8%, Female 22.2%) &lt;by age group&gt; 20s: 2, 30s: 11, 40s: 5, 50s: 1 (20s:11.1%, 30s: 61.1%, 40s: 27.8%)</p> <p><b>2. Average length of years served/Turnover rate in FY2021</b> &lt;by gender&gt; Male: 19.4years/3.4%, Female 16.5 years/ 3.0%</p>
	<p><b>Economic contribution</b></p> <p>1.Direct economic value generated and distributed (EVG&amp;D), on an accruals basis, covering the basic components for the organization's global operations, ideally split out by:</p> <ul style="list-style-type: none"> <li>a) Revenues</li> <li>b) Operating costs</li> <li>c) Employee wages and benefits</li> <li>d) Payments to providers of capital</li> <li>e) Payments to government</li> <li>f) Community investment</li> </ul> <p>2.Financial assistance received from the government: total monetary value of financial assistance received by the organization from any government during the reporting period.</p>	<p>1. For items a through e, please refer to <a href="#">Consolidated Financial Statements</a> beginning on P.36 of FY2021 Consolidated Financial Statements. For item f, please refer to the "Expenditure for social contribution activities" listed on P.118 of this ESG Communication Book 2022.</p> <p>2. We do not currently conduct this assessment.</p>
	<p><b>Financial investment contribution</b></p> <p>1.Total capital expenditures (CapEx) minus depreciation, supported by narrative to describe the company's investment strategy.</p> <p>2.Share buybacks plus dividend payments, supported by narrative to describe the company's strategy for returns of capital to shareholders.</p>	<p>The result for Sumitomo Corporation Group in FY2021 is as follows:</p> <p>1. In our revised new Medium-Term Management Plan SHIFT 2023 which covers FY2021 through FY2023, we plan to make investments and loans totaling 1,230 billion yen during the period of the new Medium-Term Management Plan, and we will continue to make investments and loans mainly in areas with market potential and where we can fully demonstrate our strengths. For further details, please refer to [Management Policies, Business Environment and Management Challenges] on page 1 of the Annual Financial Report for the year ended March 31, 2022.</p> <p>2.Sumitomo Corporation aims to increase dividends by achieving medium and long-term earnings growth while adhering to its fundamental policy of paying shareholders a stable dividend over the long term. As indicated in our mid-term management plan "SHIFT 2023", we decided the annual dividend taking into consideration the status of fundamental earnings capacity, cash flows, and other factors, with a consolidated payout ratio of about 30% as a guideline, maintaining at least 70 yen per share, the same amount as the annual dividend for FY2020. Profit for the year attributable to owners of the parent in FY2021 totaled 463.7 billion yen, the annual dividend for FY2021 was 110 yen per share. As a result, the total of dividend paid was 137,495 mil. JPY (by combining the paid for acquisition of treasury stocks, the total was 137,499 mil. JPY). In light of the progress made in improvement of our revenue base and financial soundness through the progress in structural reforms, etc., we have reviewed our dividend policy for FY2022 and beyond from the perspective of our sustainable growth and the long-term interests of our shareholders. In the new dividend policy, we will decide the amount of annual dividends within a DOE (dividend on equity ratio) range of 3.5% to 4.5% by taking into consideration the status of fundamental earnings capacity, cash flows, and other factors, with a consolidated payout ratio of about 30% as a guideline. If 30% of the profit for the year exceeds the above range, we will pay dividends or repurchase our shares for the excess portion in a flexible and agile manner.</p>



## Disclosure based on IBC Stakeholder Capitalism Metrics

### Prosperity

: Core Metric  : Expanded Metric

There	Metric	Response
<b>Employment and Wealth Generation</b>	<b>Infrastructure investments and services supported</b> Qualitative disclosure to describe the below components:	The 6 key social issues that Sumitomo Corporation has set have two themes: "the sustainability of society" and "development and advancement of society".
	1.Extent of development of significant infrastructure investments and services supported.  2.Current or expected impacts on communities and local economies, including positive and negative impacts where relevant.  3.Whether these investments and services are commercial, in-kind or pro bono engagements.	The sustainability of society is a globally shared goal as well as a major premise of the Group's business. On the other hand, the solutions for pursuing the sustainability of society will be generated from further social and economic development and therefore, we believe that these two themes are mutually complementary. The infrastructure business including power generation, water production, transportation and communication, which we provide on a global scale, contributes to the "development and advancement of society". We will continue our efforts to contribute to the development of local society and economy as well as improving people's living standards through our sound business activities. While society seeks for sustainable development, the expectation for infrastructure business has also shifted. To capture progress in global climate change mitigation, we will expand our renewable energy business and also develop and deploy carbon free energy such as hydrogen and ammonium business, which are essential in building decarbonization system and sustainable energy cycle required to realize a carbon neutral society. In addition, we will expand new power and energy services (i.e. large-scale storage batteries business, battery reuse business, power energy platform business, hybrid energy service business etc.).  Furthermore, not only developing infrastructure as business, but we also have been providing infrastructure as part of our social contribution initiative. For example, as part of the mining business, roads, bridges, water supplies, hospitals, and schools were constructed for the local community.  We disclose the impact to environment and society on P.112 to 120. For more information on our infrastructure business, please refer to P.46 and 92.
<b>Innovation of Better Products and Services</b>	<b>Total R&amp;D expenses (\$)</b> Total costs related to research and development.	The total R&D cost for Sumitomo Corporation Group in FY2021 is 1,874 mil. JPY.
<b>Community and Social Vitality</b>	<b>Total tax paid</b> The total global tax borne by the company, including corporate income taxes, property taxes, non-creditable VAT and other sales taxes, employer-paid payroll taxes, and other taxes that constitute costs to the company, by category of taxes.	Please see the Consolidated Statement of Cash Flows, which is listed on P.43 and 44 of FY2021 Consolidated Financial Statements, for information on income tax paid. We do not currently analyze the total taxes paid except for the income tax.
	<b>Total Social Investment (\$)</b> Total Social Investment (TSI) sums up a company's resources used for "S" in ESG efforts defined by CECP Valuation Guidance.	The amount of expenditure for our social contribution activities in FY2021 was 1.655 billion yen and the number of employees who used the volunteer leave program was 10. For details, please refer to P.89 to 94 and 118 in the ESG Communication Book.

## Independent Assurance Report

To the Representative Director, President and CEO of Sumitomo Corporation

We were engaged by Sumitomo Corporation (the "Company") to undertake a limited assurance engagement of the environmental performance indicators marked with ★ (the "Indicators") for the period from April 1, 2021 to March 31, 2022 included in its ESG Communication Book 2022 (the "ESG Communication Book") for the fiscal year ended March 31, 2022.

### The Company's Responsibility

The Company is responsible for the preparation of the Indicators in accordance with its own reporting criteria (the "Company's reporting criteria"), as described in the ESG Communication Book.

### Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Indicators based on the procedures we have performed. We conducted our engagement in accordance with the 'International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information' and the 'ISAE 3410, Assurance Engagements on Greenhouse Gas Statements' issued by the International Auditing and Assurance Standards Board. The limited assurance engagement consisted of making inquiries, primarily of persons responsible for the preparation of information presented in the ESG Communication Book, and applying analytical and other procedures, and the procedures performed vary in nature from, and are less in extent than for, a reasonable assurance engagement. The level of assurance provided is thus not as high as that provided by a reasonable assurance engagement. Our assurance procedures included:

- Interviewing the Company's responsible personnel to obtain an understanding of its policy for preparing the ESG Communication Book and reviewing the Company's reporting criteria.
- Inquiring about the design of the systems and methods used to collect and process the Indicators.
- Performing analytical procedures on the Indicators.
- Examining, on a test basis, evidence supporting the generation, aggregation and reporting of the Indicators in conformity with the Company's reporting criteria, and recalculating the Indicators.
- Visiting Summit Handa Power Corporation selected on the basis of a risk analysis.
- Evaluating the overall presentation of the Indicators.

### Conclusion

Based on the procedures performed, as described above, nothing has come to our attention that causes us to believe that the Indicators in the ESG Communication Book are not prepared, in all material respects, in accordance with the Company's reporting criteria as described in the ESG Communication Book.

### Our Independence and Quality Control

We have complied with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which includes independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior. In accordance with International Standard on Quality Control 1, we maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

/s/ Kazuhiko Saito  
Kazuhiko Saito, Partner, Representative Director  
KPMG AZSA Sustainability Co., Ltd.  
Tokyo, Japan  
September 27, 2022

This is a copy of the Independent Assurance Report and the original copies are kept separately by the Company and KPMG AZSA Sustainability Co., Ltd.

