

Environmental
Social
Governance

Communication Book 2018



ESG Communication Book

Contents

◆ Editorial Policy	1	◆ Social	28
◆ Sustainability of Sumitomo Corporation Group	2	Human rights	28
Sustainability of Sumitomo Corporation Group	2	Labor practices	30
Business Philosophy and Corporate Mission Statement	3	Work Health and Safety	38
Material Issues	4	Human resources development	44
Value Creation Model	7	Supply chains	48
Medium-term Management Plan	8	Industrial and technology innovation	50
How to understand sustainability/sustainability promotion system	9	Healthcare	51
Social issues and the Group's business activities	11	Local infrastructure/community planning	53
◆ Environment	13	Social Contributions	54
Environmental management	13	◆ Governance	56
Climate change	17	Corporate governance	56
Water resources	20	Compliance	62
Biodiversity	22	Social and environmental risk management	65
Environmental pollution	25	Information security	67
Resource use	27	Stakeholder engagement	68
		◆ ESG quantitative data	69
		◆ Third-party assessment	77
		◆ Principles and policies supporting corporate activities	78

ESG Communication Book

Editorial Policy

Concept behind sustainability information disclosure

Sumitomo Corporation publishes an integrated report as a communication tool to disclose information to investors and other stakeholders. In the Integrated Report, financial information is combined with non-financial information and initiatives to increase the corporate value over the long term are reported.

We have released ESG (Environment, Social, Governance) Communication Book 2018 to report detailed information on sustainability, mainly non-financial information, from the ESG perspective.

Reporting scope

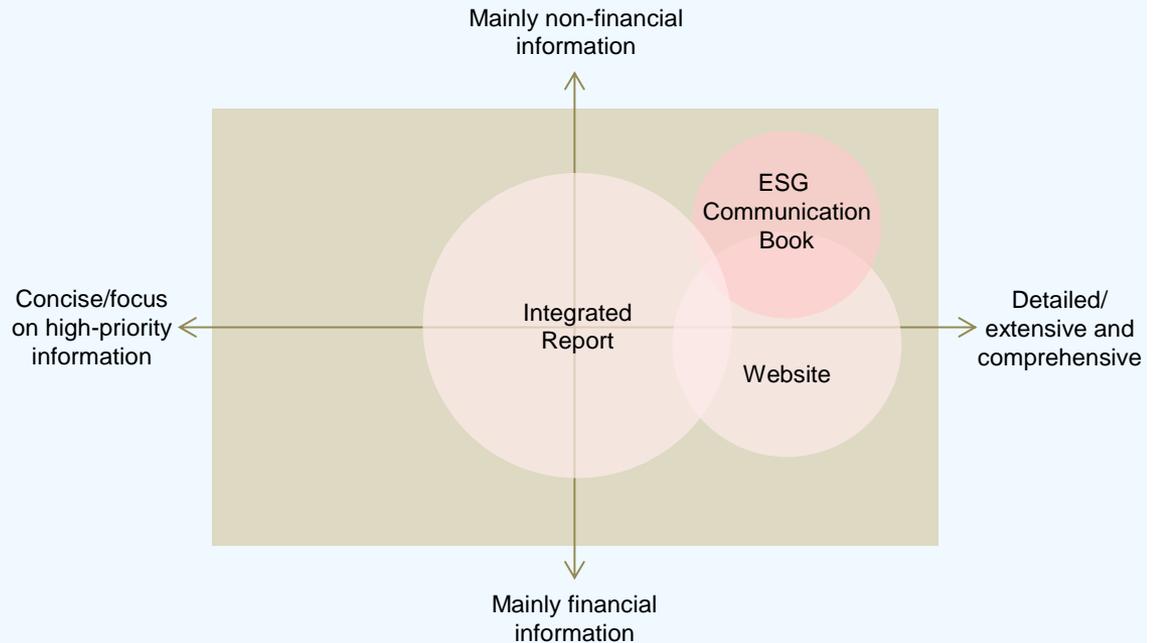
Sumitomo Corporation and group companies

Reporting period

Business activities mainly in fiscal 2017 (April 2017-March 2018), including some policies and activities before March 2017 and after April 2018.

Month of issue

April 2019



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: 03-6285-8419
FAX: 03-6285-6310
E-mail: sc-csr@sumitomocorp.com

Sustainability of Sumitomo Corporation Group

People around the world are facing various social issues that must be overcome through concerted efforts. Environmental issues such as climate change pose a serious threat to the sustainability of human society as a whole. Social issues such as human rights have been recognized as universal issues that we should address transcending regional and industrial differences. In response, companies are expected to take more active part in these issues in order to achieve a sustainable society. In terms of ensuring sustainable growth of companies and improving corporate value over the long term, it is important to clarify their management policy and value creation framework, to use their strengths and corporate resources effectively, to be conscious of relationships between their business activities and social issues, and to provide the value expected by society.

The Sumitomo Corporation Groups business activities extend to a wide range of industries around the world. In our integrated trading business in cooperation with many stakeholders, we are faced with various social issues. We are motivated and committed to addressing these issues to ensure the sustainable growth of society. We strive to achieve sustainable growth along with society by providing various value through our business activities.

Achievement of “sustainable societies”

- Environmental issues threatening the sustainability of societies
- Universal social issues transcending countries, regions and industries
- Higher-than-ever expectations for corporate social responsibility

Pursuit of “sustainable growth of the company”

- Clarification of our management policy and value creation framework
- Recognition of the relationship with social issues (opportunities/risks)
- Effective use of our company's strengths and resources

- Globally-oriented business in a wide range of fields; responsibility to contribute to the achievement of sustainable societies
- Efforts to address social issues through our business to achieve sustainable growth with society

Business Philosophy and Corporate Mission Statement

Our business was founded on Sumitomo's Business Philosophy and Sumitomo Corporation Groups Management Principles. The year 2019 will mark the 100th anniversary of our company. Since our foundation, we have always placed importance on trust and certainty based on the spirit of "Benefit for self and others, private and public interests are one and the same" and in accordance with Sumitomo's Business Philosophy and Sumitomo Corporation Group's Management Principles. To deal with the change of the times, we have accordingly changed our business through our constant effort to stay a step ahead and create new value so that we can contribute broadly to society. Sumitomo's Business Philosophy and Sumitomo Corporation Group's Management Principles have supported our growth over the last 100 years and will ensure sustainable growth and help create long-term corporate value over the next 50 and 100 years.

Sumitomo's Business Philosophy

Sumitomo's Business Philosophy has been refined through many generations based on the Founder's Precepts "Monjuin Shiigaki," which Masatomo Sumitomo (1585-1652), the founder of the Sumitomo family, wrote and handed on to describe how a merchant should conduct business. The basic points of Sumitomo's Business Philosophy have been passed on in the form of the two articles of the Business Principles.

Article 1 emphasizes the utmost importance of integrity, while Article 2 advocates the importance of having an enterprising spirit to generate profits quickly and faithfully while adapting to a changing society, and renovating business operations while avoiding the pursuit of easy gains or acting carelessly.

Sumitomo's Business Philosophy, which has been passed on since the Founder's Precepts was written, still serves as the timeless principles Sumitomo Group companies follow in their activities.

There are also several other credos that are contained in Sumitomo's Business Philosophy. One example is: "Benefit for self and others, private and public interests are one and the same." To put it another way, Sumitomo's business, while benefiting Sumitomo, must also benefit the nation and benefit society. This represents the corporate vision that the Sumitomo Corporation Group as a whole must pursue at all times.

The second credo is "Grand Design." This derives from copper mine management, Sumitomo's core business in its early days, which required long-term vision and continuous effort. This attitude of viewing business from a broad and long-term perspective and working for the benefit of the entire nation and society based on foresight of the future has been inherited from preceding Company operators.

The third credo is "People are our most important asset." The cultivation and development of human resources has always been our most important concern regardless of the times.

Sumitomo's Business Philosophy thus 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.



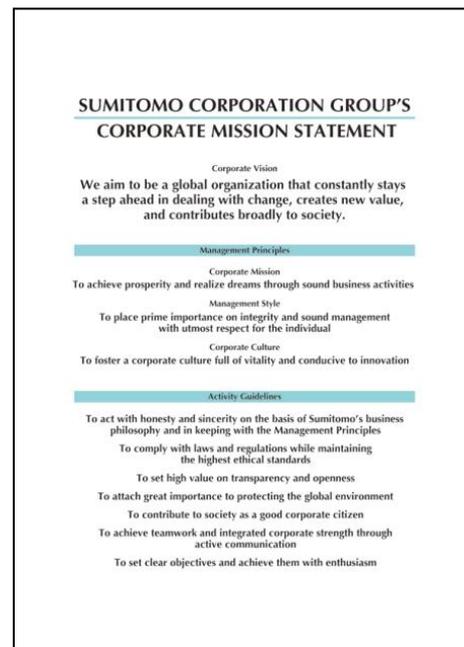
Founder's Precepts of Sumitomo
(Source: Sumitomo Historical Archives)

Corporate Mission Statement

Sumitomo Corporation Group's Management Principles are a contemporary translation of Sumitomo's Business Philosophy, which was devised 400 years ago, using simplified language and a clear structure, and rewritten from a more global perspective. The Activity Guidelines provide guidance on how each company as well as their executives and employees should behave as they conduct daily business activities to realize the Management Principles.

As declared in the Management Principles, our corporate mission is to support our shareholders, clients, local communities, employees, and everyone else around the world in their endeavors to achieve economic and spiritual prosperity and realize their dreams through our sound business activities. We also maintain—throughout our business practices—a unique management style that respects the personality of each Individual and places prime importance on integrity and sound management, which represent the essence of Sumitomo's Business Philosophy, while cherishing a corporate culture that allows each employee to take the initiative and demonstrate creativity that is conducive to continuous reform and innovation.

By sharing the values presented in the Management Principles and the Activity Guidelines across the Group to materialize them in specific business activities, we aim to be a global organization that constantly stays a step ahead in dealing with change, creates new value, and contributes broadly to society.



Material Issues

Sumitomo Corporation Groups Material Issues

In April 2017, Sumitomo Corporation Group identified its material issues that illustrate the relationships between its business activities and society. These material issues are important elements that we should refer to in making decisions on growth strategies and the management of individual business lines.



Leveraging our trust-based relationships with customers and partners across the globe and utilizing our business expertise, we will secure our growth and address social issues simultaneously by fulfilling our Corporate Mission: “To achieve prosperity and realize dreams through sound business activities.”



Achieving Harmony with the Global Environment

To realize recycling-oriented society and mitigate climate change, we are working to establish frameworks for the efficient use of resources and stable supply of renewable energy. In doing so, we will achieve growth in harmony with the global environment.



Contributing to the Development of Local Communities and Industries

We steadily procure and provide goods and services to meet the needs of people in various countries and regions and contribute to developing industrial platforms. Through these means, we will create a virtuous cycle in which we can grow and develop together with local communities.



Establishing a Foundation for Comfortable and Enriching Lifestyles

We strive to realize more convenient and comfortable lifestyles by providing goods and services for daily use while also responding to needs for high-quality lifestyles in order to support the physical and mental health of people around the world.



Providing Diverse “Accessibility”

We provide diverse accessibility to open up the possibility of creating new value. To this end, we will improve mobility for safe and efficient flow of people and goods, and expand the network connecting information and finance.

As a prerequisite for resolving the issues listed above, we strive to maintain and enhance our Management Style that places prime importance on integrity and sound management with utmost respect for the individual and our Corporate Culture full of vitality and conducive to innovation.



Developing Human Resources and Promoting Diversity

In order to create new value and innovation by allowing our diverse personnel to fully exercise their abilities in a variety of fields, we will promote the development and empowerment of human resources, which represent our most important management resources.



Enhancing Governance

We will enhance our ability to draft and implement strategies for achieving sustainable growth and to provide appropriate supervision of these strategies, all while maintaining transparency. In this manner, we will improve management efficiency and maintain sound management.

Material Issues

Identification Process

We set up an internal, cross-organizational taskforce and identified Six Material Issues to Achieve Sustainable Growth with Society, based on Sumitomo's Business Philosophy and the Sumitomo Corporation Group's Corporate Mission Statement.

■ Investigation

While referring to the SDGs*1 adopted by the United Nations (UN) in 2015 and the international guidelines such as the IIRC's International Integrated Reporting Framework*2, we exchanged opinions with institutional investors and experts. We then formulated the methodology for identifying material issues needing to be addressed in order for us to achieve sustainable growth with society.

■ Classification of Our Business and Social Issues and Selection of Material Issues

Based on the SDGs which considered to comprehensively cover numerous social issues, each business unit compiled a list of the social issues they are currently addressing through their business and those they hope to address in the future.

Referencing these lists and considering Sumitomo's Business Philosophy and the Sumitomo Corporation Group's Corporate Mission Statement, we contemplated our current strengths and the roles we should assume in the future. We then selected social issues that we regard as important and that need to be addressed with high priority as well as our challenges to be overcome in creating solutions.

■ Exchanges of Opinion with Internal and External Stakeholders

We exchanged opinions with outside experts such as international organizations and institutional investors, and conducted surveys covering all officers and employees to collect their opinions, so as to clarify the interests and expectations of internal and external stakeholders with regard to our corporate activities, which were incorporated into discussions of how best to classify and describe the issues that had been identified.

■ Identification

The selected issues and their importance were reviewed by the CSR Committee. With deliberation and approval by the Management Council and the Board of Directors, the Six Material Issues to Achieve Sustainable Growth with Society were finalized.



*1:
An abbreviation of Sustainable Development Goals. Comprising 17 goals encompassing global challenges to be achieved by 2030. These goals were embraced by all 193 UN member states at a UN General Assembly held in 2015.

*2:
A framework published by the International Integrated Reporting Council (IIRC) aimed at the evolution of corporate reporting. The framework is designed to help companies to provide information (financial and non-financial) that is important to explaining their ability to create value over the long term in a clear, simple, and comparable manner.

Future Initiatives

We have defined the Six Material Issues to Achieve Sustainable Growth with Society as an important factor in developing business strategies and in the decision-making process for individual businesses. Going forward, we will pursue sustainable growth by resolving these issues through our business activities.

At the same time, we will advance the dialogue with our stakeholders to maintain an in-depth understanding of society's expectations for us and of our strengths. We will revise the material issues flexibly in response to changes in society.



Material Issues

Material issues initiatives

Sumitomo Corporation Groups material issues illustrate, in an easy to understand way, how the group addresses social issues through its business activities in accordance with its Management Principles so as to contribute to achieving sustainable societies. These material issues show stakeholders and our company's executives and employees how the group applies the Management Principles. The entire group is involved in addressing these issues.

Material issues initiatives include: implementation of the Management Principles in individual business activities and the provision of the value necessary in our society from a long-term perspective; careful management of impacts of the entire group's business activities on society and the environment; and a grasp of business opportunities in the long-term trends of social issues to strategically develop business projects that contribute to addressing social issues.

We believe these initiatives help enhance the long-term business growth and stability of our company, constantly improve our group's value, receive high evaluations and trust from various stakeholders, and raise employees' motivation.

Important factor on decision-making process

= making decisions on strategies and individual investments base on the trend of long-term social issues and attitude towards provision of value required by society

Practice on Management Principles through each business

Provision of Value, Governance, and Risk Control respond to long-term social trend

Control of Impacts to Social / Environmental Issues on Business

Social/environmental risk management on our group and supply chain

Strategic Development of Business for Solving Social Issues

Allocation of resources to emerging fields / Creation of next-generation business

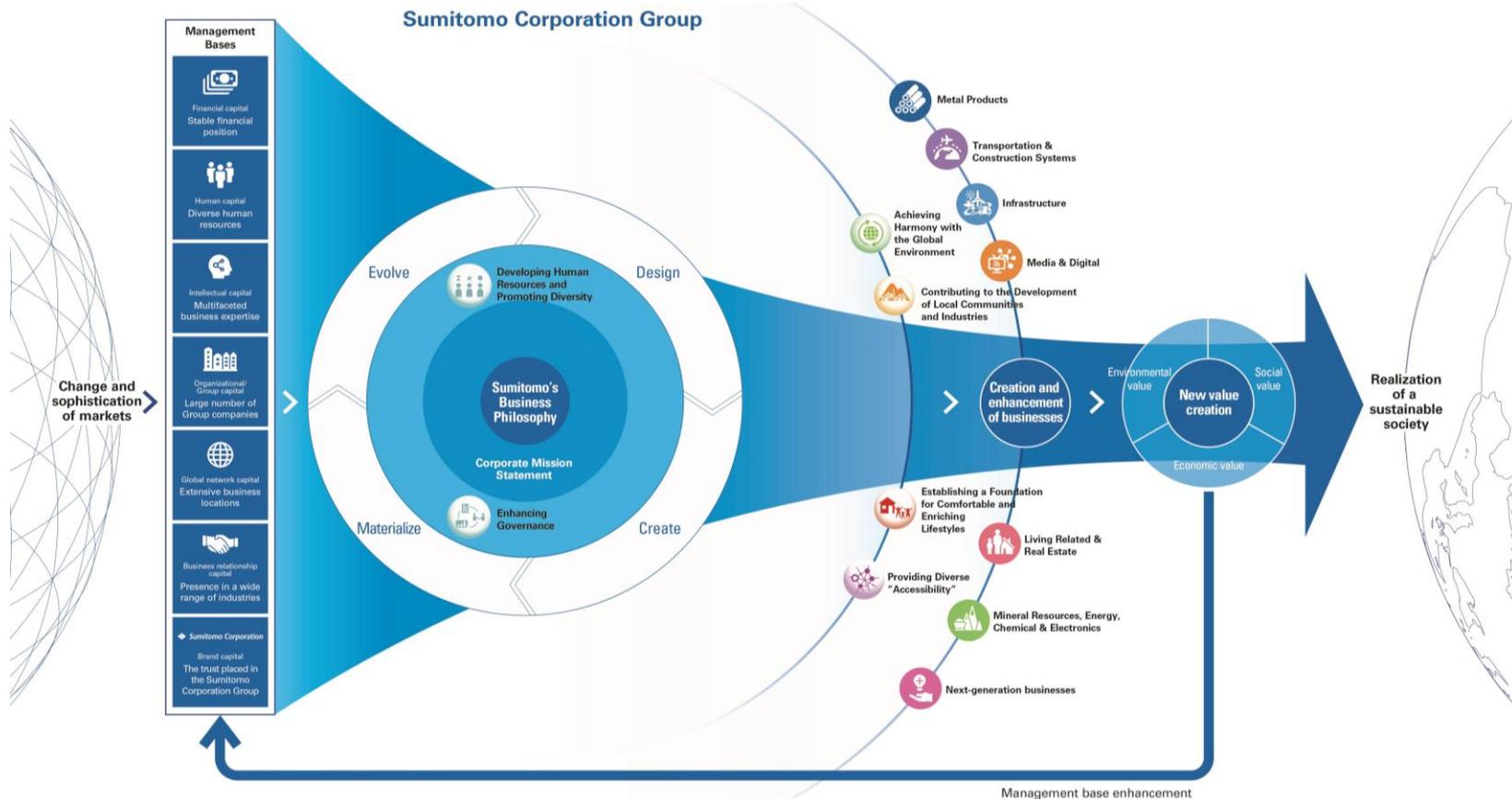
Increase in stability and growth potential on management and corporate value in the long-term

Better recognition from shareholders and stakeholders

Increase in employees' motivation

Value Creation Model

Sumitomo Corporation Group's value creation model is stood on its management base, which comprise global networks of numerous group companies and offices, business relations in diverse industries, human resources and business know-how generated through such networks and relations, as well as the strong trust and stable financial basis which we have developed over many years. Sumitomo's business philosophy and management principles are placed at the core of our value creation model. Along these lines, we will train and utilize our human resources, who are our most important management resource, and combine our management base to create diverse businesses and ensure governance over the entire scope of our activities. In the current movement of innovation and social issues, we will stay a step ahead in dealing with changes. Through our activities of upgrading our existing businesses and developing new frontiers, we will provide new values and contribute to the creation of a sustainable society. This is exactly how Sumitomo Corporation Group creates values.



Medium-Term Management Plan

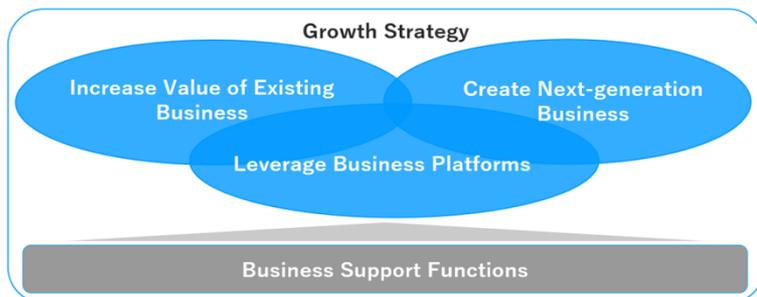
In May 2018, we formulated “Medium-Term Management Plan 2020” to cover the three-year period from fiscal 2018 to 2020. The plan was designed in response to a business environment in which the structure of industry is undergoing major change, with the rapid advance of IoT, AI, and other technologies resulting in the acceleration of the integration and globalization of all industries. The plan calls for ongoing initiatives to enhance the management bases, while placing the main focus on promotion of growth strategies, as we continue with “unceasing challenge for new value creation.”

More specifically, we focus our efforts on the following three strategies to drive our growth strategies: “increase the value of existing businesses” to pursue the maximum potential of each business and respond promptly to changes in the business environment; “create next-generation businesses” by identifying emerging fields in anticipation of social changes and issues and create systems for the development of value-creating businesses; and “leverage business platforms” to aim for organic and multilevel collaboration between our businesses on the strength of our rich variety of contacts with different industries, societies, and regions. We also identified three fields -- healthcare, social infrastructure, and technology x innovation -- that are expected to grow significantly despite the accelerating change in the business environment, based on megatrends and our material issues. Through the creation of new next-generation business opportunities in these fields, we will build new revenue streams from a long-term perspective with the aim of improving our corporate value not only during the three-year period of the current Medium-Term Management Plan but over next 10 and 20 years.

The Medium-Term Management Plan 2020 also calls for enhancing the management base to support growth strategies. Specific efforts include the reinforcement of supervisory functions of the Board of Directors and the enhancement of Group governance through internal control as well as creation of a corporate culture where diverse human resources and individuality can be effectively used.

Medium-Term Management Plan 2020

- Unceasing Challenge for New Value Creation -



Management Base Enhancement

Corporate Governance

Human Resources Strategy

Financial Soundness

Creating the next generation businesses :

Key allocation of management resources to three emerging fields

Emerging fields	Megatrends/Social issues	Priorities
Technology x Innovation	<ul style="list-style-type: none"> ● Revolution in industry structure and business models due to the shift to ICT and the disappearance of borders for all industries 	<ul style="list-style-type: none"> ● Revolution in business models and upgrading of business by the acceleration of digital transformation (DX) ● Promoting R&D activities as strategic move to build next-generation revenue stream (Set investment fund of ¥20 billion for next-generation businesses)
Healthcare	<ul style="list-style-type: none"> ● Aging of society/Inflation of medical expenses ● Technology innovation, such as IoT and AI ● Changes in industry structure 	<ul style="list-style-type: none"> ● Development of new businesses that lead to greater efficiency in medical expenses ● Expansion of digital health business utilizing cutting-edge technology ● Entering market for medical infrastructure installations in emerging countries
Social infrastructure	<ul style="list-style-type: none"> ● Population growth/Advance of urbanization ● Shift to private-sector outsourcing ● Climate Change Issues 	<ul style="list-style-type: none"> ● Entering market for infrastructure installations, and urban development/Smart City project ● Reinforcing eco-friendly businesses utilizing new technology (Next-generation energy management business, storage batteries, hydrogen business etc.)



How to understand sustainability / sustainability promotion system

Structure for Promoting Sustainability

Corporate sustainability in the Sumitomo Corporation Group is promoted through a process of coordination between the Corporate Sustainability Department, which undertakes the planning of measures to promote sustainability, the sustainability managers and staff of each Business Unit's Planning & Coordination Department, and the sustainability staff of domestic and overseas regional organizations. In this process, we take into consideration the social and environmental issues and the needs of our wide range of stakeholders.

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.

Corporate Sustainability System



How to understand sustainability / sustainability promotion system

UN Global Compact

WE SUPPORT



The Global Compact (GC) was proposed by the former UN Secretary General Kofi Annan at the World Economic Forum (in Davos) in 1999 and officially launched in 2000 at the UN Headquarters in New York. The GC is an initiative aimed at realizing the sustainable growth of the global economy through the voluntary participation of businesses in a worldwide network. The UN invites companies and organizations from around the world to join in the GC and currently has over 13,000 companies and organizations from approximately 160 countries participating. The GC has compiled 10

universal principles recognized by the international community based on international agreements in the areas of human rights, labour standards, environment and anti-corruption. Participating companies adopt the 10 principles into their business operations and strategies and are expected to assume responsible and creative leadership as a good corporate citizen for the purpose of achieving sustainable growth.

In March 2009, the 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 fiscal 2017, we took part in working groups on: environmental management related to climate change, biodiversity and other environmental issues; reporting; human rights due diligence; SDGs; and SRI/ESG. 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.

The Global Compact's 10 Principles

Human Rights

1. Businesses should support and respect the protection of internationally proclaimed human rights; and
2. make sure that they are not complicit in human rights abuses.

Labour Standards

3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
4. the elimination of all forms of forced and compulsory labour;
5. the effective abolition of child labour; and
6. the elimination of discrimination in respect of employment and occupation.

Environment

7. Businesses should support a precautionary approach to environmental challenges;
8. undertake initiatives to promote greater environmental responsibility; and
9. encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption

10. Businesses should work against corruption in all its forms, including extortion and bribery.

Social Issues and the Groups 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 will contribute to achieving various SDGs and realizing of a sustainable society through addressing material issues in our diverse business activities covering different countries and industries.

	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.	 	   
Environmental 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.	   	   
Labor practices	Decreased labor productivity, hollowing out of human resources, and business continuity risk due to inappropriate work environment, etc.	Improvement of labor productivity and employee motivation by achieving workplaces where employees feel fulfilled in their work, etc.	   	   
Occupational safety and health	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 resource development	Hollowing out of talented human resources and decreased motivation of employees due to lack of appropriate measures, etc.	Human resources retention, increase in employee motivation, and opportunities to enter new business areas through providing appropriate human resource development programs, 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.	  	   

* This book consists of the items above based on the expectations of a representative ESG rating organization for our company.

Social Issues and the Groups Business

Business Unit	Metal Products	Transportation & Construction Systems	Infrastructure	Media & Digital	Living Related & Real Estate	Mineral Resources, Energy, Chemical & Electronics
Business examples	 Steel service center business (steel sheet & other steel products field)	 Aircraft leasing business (lease, ship & aerospace field)	 Urban railway transit (social infrastructure field)	 Cable TV business (media field)	 Supermarket business (lifestyle & retail field)	 Silver, zinc, and lead mining business (mineral resources field)
	 Energy equipment & services business (tubular products field)	 Mobility services business (automotive field)	 Power generation business (global power infrastructure field)	 Corporate venture capital business (digital business field)	 Fruit and vegetable wholesaling business (food & agriculture field)	 FPSO owning and chartering business (energy field)
	 Aluminum smelting business (nonferrous products & metals field)	 Construction equipment sales and rental businesses (construction & mining equipment field)	 Overseas industrial park business (logistics infrastructure field)	 Telecommunication business (smart communications platform field)	 Real estate business (materials, supplies & real estate field)	 Veterinary medicine business (chemicals field)
Climate change		P19	P18,19			P19
Water resources			P20,21			P21
Biodiversity			P24		P24	P23
Environmental pollution						P25,26
Resource use					P27	
Human rights			P29			P29
Labor practices						
Occupational safety and health	P43				P43	P40
Human resource development		P47				
Supply chains					P49	P49
Industrial/technological innovation				P50		
Healthcare					P51	P52
Local infrastructure/ community planning		P53		P53		

* This book consists of the items above based on the expectations of a representative ESG rating organization for our company.

Environmental Management

Policy and concept

Throughout its 400-year history, the Sumitomo Group has pursued industrial development in harmony with local communities and the natural environment. Based on this foundation, the 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 environment 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.

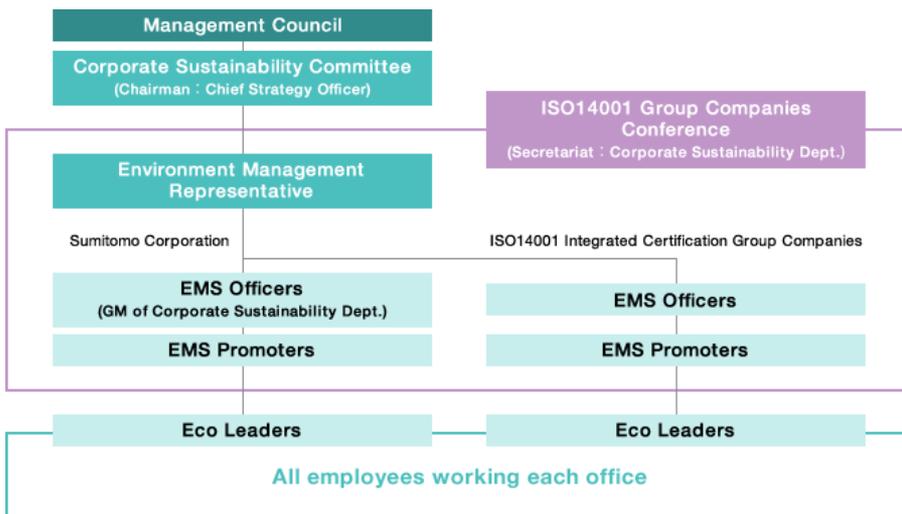
1. **Basic stance with regard to the environment:**
To place great importance on protecting the global environment as a good corporate citizen in accordance with the Sumitomo Corporation's Activity Guidelines.
2. **Compliance with environmental legislation:**
To strictly observe legislation related to 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

Environmental Management Structure

The 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. As of September 2018, a total of 19,300 employees in domestic locations of Sumitomo Corporation and certain group companies participates in these environmental management activities.



 [ISO14001 Integrated Certification Group Companies](#)
(Sumitomo Corporation and 26 group companies as of September)

 [Group Companies with ISO 14001 Certified](#)
(Group companies as of September)

Targets and Results

Taking account of the results of the 2°C target set forth by the Paris Agreement, Sumitomo Corporation sets long-term goals for electricity consumption, water consumption and waste emissions and promotes environmental improvement activities respectively. The targets converted from long-term goals, results of FY2017, targets of FY2018 are as follows.

Index		Targets of FY2017	Results of FY2017	Targets of FY2018
Electricity Consumption	Intensity (MWh/m2)	0.1037	0.0976	0.1026
	Consumption (MWh)	7,213	6,797	7,149
CO2 Emissions (Scope1, scope2)	Total (t-CO2)	4,431	4,310	4,484
Waste Emissions	Intensity (t/employee)	0.102	0.043	0.101
	Emissions (t)	406	170	401
Water Consumption	Intensity (m3/employee)	6.46	4.88	6.39
	Consumption (m3)	25,698	19,415	25,410

※The total amount of Electricity Consumption, Waste Emissions, and Water Consumption is calculated from the intensity of each indicator.

※The target of CO2 emissions is the total value of Scope1 and Scope2 calculated from target reduction in electricity consumption.

※Scope : Head office, regional offices, branches and sub-branches in Japan

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 stated in Medium-Term Management Plan 2020 that "we recognize climate change related issues are important so that we contribute to solve those issues through our business activities as well as to reduce greenhouse gas emissions."

At Sumitomo Corporation, Eco Leader identifies the environmental aspects of each department and evaluates their impacts, and identifies 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		FY2017 Environmental Achievements
Comply with environmental laws and regulations	<ul style="list-style-type: none"> Implement continuing education program on the Waste Disposal and Public Cleansing Act and other environment-related laws/regulations Conduct on-site checks of waste disposal service providers and encourage the sharing of information within the Group 	<ul style="list-style-type: none"> Seminars featuring outside instructors and workshops covering on-site checks at industrial waste disposal facilities (for the 11th consecutive year) Information was shared within the Group via the environment management system
Pursue environmentally-sound projects	<ul style="list-style-type: none"> Expand renewable energy businesses Promote businesses that help create a recycling-oriented society Promote other businesses to reduce environmental burden 	<ul style="list-style-type: none"> Promoted renewable energy businesses both in Japan and abroad: participated in an offshore wind power generation project in Belgium and UK, implemented the solar power project in Minamisoma City in Fukushima Prefecture, and constructed wood biomass power plant in Sakata City in Yamagata Prefecture, and Handa City in Aichi Prefecture, Japan Promoted businesses to create a recycling-oriented society, to reduce environmental burden: verification of a large -scale power storage system utilizing reused EV batteries in Satsumasendai City in Kagoshima Prefecture, Promoted ultra super-critical pressure coal thermal power generation in Southeast Asia, Demonstration tests of the electric bus service using regenerative power occurred from trains in Saitama city in Saitama Prefecture, etc.
Manage and reduce environmental burden	<ul style="list-style-type: none"> Measure and reduce electric power/gas consumption and waste generation at all sites in Japan Measure and reduce the environmental burden/impact of business activities (by promoting energy conservation in logistics, increasing the number of sites compiling environmental performance data, etc.) Assess environmental impact in relevant supply chains and work to reduce such impact 	<ul style="list-style-type: none"> Measured electric power/gas/water consumption and waste generation at all sites in Japan, and compared to the previous year, we reduced 7% of electricity consumption per m2, 12% of water consumption per employee, 47% of waste emissions per employee. We reduced 4% of the energy consumption due to domestic logistics per 1 million ton kilometers of transportation amount compared to the previous year. Expanded the number of sites compiling environmental data (percentage of business companies compiling electric power data 100%) Conducted environment assessments on mine development and mining operation businesses abroad and on construction and real estate businesses in Japan, as well as soil pollution surveys for construction and real estate businesses
Promote environmental education and communication related to environmental issues	<ul style="list-style-type: none"> Hold events, including awareness-raising seminars related to environmental conservation Promote effective use of environmental management systems 	<ul style="list-style-type: none"> Continued to hold seminars on environment-related laws/ordinances Hold seminar on climate change measures Conducted e-learning environmental course which was completed by 100% of our employees

Environmental Management

Activities

Internal Environmental Audit

Sumitomo Corporation conducts internal environmental audits on an annual basis to ensure that the environmental management system is functioning properly. In 2017 we carried out internal environmental audits in 273 domestic departments, which of Sumitomo Corporation and our ISO 14001 integrated certification group companies, with specific emphasis on

- (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, category-A and category-B nonconformity, as stipulated in the Internal Environmental Audit Administrative Rules, were not identified.

External Audit

In July 2017, 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 seminars on environmental laws and regulations as well as global environmental issues given by outside experts.

Theme	Summary	Dates	Number of participants
Training on the ISO 14001 environmental management system	The management principles, environmental contribution activities and the processes of an environmental management system in accordance with the ISO 14001 international standard.	2017 (twice)	210
Training for internal environmental audits	The basics and processes of internal environmental audits, through exercises, to be able to conduct audits effectively.	October 2017 (twice)	68
Seminars on industrial waste disposal and on-site checks of waste disposal service providers	Practical knowledge, including responsibilities of industrial waste generators, contract criteria and proper disposal methods, and, at the on-site checks, the key points in selecting proper providers.	October to November 2017 (three times)	200
Seminars 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.	May 2017 (twice)	152
Basic environmental education (e-learning)	The Sumitomo Corporation Group's environmental policy and its environmental management system.	July 2017 to February 2018	679

Climate change



Policy and concept

The impact of climate change, which is becoming increasingly serious year by year, is an environmental issue that significantly affects social, environmental and corporate activities beyond generations on a global scale. Examples of its impact include weather disasters, the impact on water resources and agriculture, changes in ecosystems, and the impact on human health. The Sumitomo Corporation Group, operating business in a wide range of fields globally, recognizes these outcomes as serious risks. To mitigate their impact and balance our growth and sustainable development of society, we place great importance on mitigating climate change and adapting to its impact. In 2017, we identified the six material issues to achieve sustainable growth with society, including “achieving harmony with the global environment” that clarifies our commitment to mitigating climate change.



Basic policy

- We recognize climate change as an important social issue and contribute to addressing it through our business activities.
- We simultaneously address two key issues: controlling greenhouse gas emissions and ensuring a stable energy supply.

In individual business activities, for example, the power generation business, we are shifting emphasis in the power generation asset portfolio to gas and renewable energy over the medium- to long-term, with the aim of reducing the share of coal from 50% to 30% and increasing the share of renewable energy from 20% to 30% by around 2035 (figures based on net generation capacity). In the upstream resources business, we are aiming to build an upstream resources portfolio that will contribute to stable energy supply based on long-term demand forecasts. In other fields, we will strengthen our efforts on new technologies and business models in areas such as energy management and storage battery/hydrogen business so as to contribute to addressing social issues.

Information disclosure regarding climate change

We supports the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) established by the Financial Stability Board (FSB), and further expand our information disclosure according to the recommendations. Also we have been graded as B (management level) at the CDP's 2017 climate change questionnaire.

Participation in initiatives

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.

Climate change



Activities

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.

Fuel	Power plant	Country	Generation capacity (MW)	Fuel	Power plant	Country	Generation capacity (MW)
Solar power	Osaka Hikarinomori Project	Japan	0.5	Offshore wind power	Northwind	Belgium	216.0
	Solar Power Saijo Co., Ltd.	Japan	29.0		Nobelwind	Belgium	165.0
	Solar Power Kitakyushu Co., Ltd.	Japan	16.0		Northwester2	Belgium	219.0
	Solar Power Tomakomai Co., Ltd.	Japan	15.0		Galloper	UK	336.0
	Solar Power Minamisoma/Kashima Co., Ltd.	Japan	60.0		Race Bank	UK	573.3
	Solar Power Minamisoma/Haramachi	Japan	32.0	Woody biomass	Summit Handa Power Co., Ltd.	Japan	75.0
	EVM/EVM2	Spain	14.0		Summit Sakata Power Co., Ltd.	Japan	50.0
Wind power	Oga Wind Power Plant Co., Ltd.	Japan	28.8	Geothermal power	PT. Supreme Energy Muara Laboh	Indonesia	80.0
	Summit Wind Power Co., Ltd. (Kashima)	Japan	20.0	Hydraulic power	CBK Power Company Limited	Philippines	792.0
	Datang Sino-Japanese (Chifeng) New Energy Co., Ltd.	China	50.0				
	Stanton Wind Energy LLC	USA	120.0				
	Shepherds Flat Wind	USA	845.0				
	Cimarron II Wind	USA	131.1				
	Ironwood Wind	USA	167.9				
	Dorper Wind	South Africa	100.0				
	Mesquite Creek Wind	USA	200.6				

Climate change



Activities

Other eco-friendly business

To address climate change issues, we have entered power generation business using renewable energy. Our efforts in this regard also include eco-friendly business using new technology to promote the use of renewable energy and to increase energy efficiency.

Project	Details
Secondary use of lithium-ion batteries for EVs	Power storage business by recycling lithium-ion batteries used for electric vehicles (EVs), enabling stable power supply with renewable energy sources and stable supply of power by power companies and maintenance of its quality
Introduction of battery swapping-type electric scooters	We import battery swapping-type electric scooters and swapping battery charging stations developed by Gogoro, a Taiwanese company, to support the achievement of the "eco-island concept" of Ishigaki City, Okinawa.
Next-generation storage batteries	Intra-city electric bus operation using a next-generation, rapidly rechargeable storage battery that can collect all regenerative electric power. With this storage battery, which has high charge/discharge efficiency, we can expect advantages such as energy saving, power saving, and reduction in green house gas emissions.
Production of CO2-free hydrogen	CO2-free hydrogen can be produced through water electrolysis using renewable energies such as solar power, wind power, hydropower and geothermal power. Our aim is to establish a complete CO2-free, distributed energy system.
CCS (Carbon dioxide Capture and Storage)	Our company is a shareholder in Japan CCS Co., Ltd. (JCCS). JCCS is conducting a CCS demonstration project in Tomakomai using CCS technology that captures CO2 generated from plants and power plants before being released into the atmosphere and transfers it to a geological stratum suitable for underground storage in a stable manner over a long period of time.

Business description

Ishigaki Island Gogoro sharing business

Sumitomo Corporation has been engaged in almost all areas of the automotive industry from manufacturing of and sales and after-sales service for parts and vehicles. As electrification has been rapidly promoted and advanced information technology is being employed more and more, the automotive industry is now moving into an unprecedentedly turbulent era. There have been many ongoing diverse projects particularly in the sharing business. One of the representative projects in this area is a joint project with Gogoro, a Taiwanese company, in Ishigaki Island in Okinawa.

The main objective of this project is to contribute to promoting the tourism industry with less environmental impact. We provide sharing services using Gogoro's electric scooters mounted with mobile batteries and charging stations for the mobile batteries in Ishigaki Island, which is promoting the "eco-island concept". The immediate goal is to set up charging facilities in various places in Ishigaki Island to establish an energy network and provide scooter sharing services. Our aim in the future is to apply this infrastructure to automobiles, electric power-assisted bicycles or electric appliances other than vehicles. Through this project using the latest technology and services, a model for new tourism value and improved convenience for visitors is being formed.



Smart Scooter of Gogoro, Taiwan and swapping battery charging station

Water resources



Policy and concept

Water is an essential natural resource for companies. 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*² using private-sector capabilities*¹, 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 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

*² 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.

Country	Business description	Business category
Brazil	Investment in BRK Ambiental, a top Brazilian company engaged in water business, holds assets of 26 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 entered a partnership with Beijing Capital Co., Ltd., a major Chinese water business company and has been involved in sewage treatment business in China. We currently hold assets in Shandong Province and Zhejiang Province.	Sewage treatment business
Oman	We have received an order for a fresh water generation project using private-sector capabilities and funds to desalinate seawater using reverse osmosis membrane technology. Commercial operation was started in February 2016.	Fresh water generation business



Water resources



Activities

Business description

Water business in Brazil

We hold shares in BRK Ambiental, the largest private water supply and sewerage company in Brazil, with 26 subsidiary companies engaged in water supply and sewerage and industrial water treatment, and have been involved in water business in Brazil. Due to the low penetration rate of water supply and sewerage systems in Brazil, infrastructure needs to be established and relevant business operations need to be improved.

The aim of our business project is to provide services of water supply and sewerage and industrial water treatment in about 100 municipalities in 12 provinces with about 17 million residents in Brazil. We contribute to expanding the use of water supply and sewerage systems and improving their operational quality in Brazil with high quality Japanese operational know-how and technology.

We use our expertise gained through our extensive experience in water business and send our knowledgeable employees to operate water business in Brazil. We consider that the stable provision of water infrastructure contributes to improving the regional water environment and furthermore developing regional communities.



Sewage treatment plant in Rio Grande do Sul Province



Industrial wastewater treatment plant operated by BRK Ambiental

Business description

Water consumption reduction and wastewater recycling at mines

The San Cristobal mine, which is situated in the highlands 4,000 meters above sea level surrounded by the Andean mountains in Bolivia, ranks among the world's largest producers of zinc, lead and silver. Water is an important resource for the mine. In this kind of region, the use of water for mining significantly affects the environment and local communities. To mitigate such impacts, we define operational policies for the rational use and responsible management of water with the aim of reducing water consumption.

Specific efforts include promotion of technological studies to optimize water consumption in the ore processing process, continuous implementation of measures to improve efficiency by collecting and recycling wastewater, and regular monitoring of surface and ground water in potentially affected areas to assess the usability in local communities. Based on the study results, we use hypersaline ground water that does not meet the standards for water for drinking, animal husbandry, irrigation and industry as a major underground water source for operation. We also reuse mine wastewater, which accounts for 70% of the water necessary for operation, with the aim of improving the efficiency of operation and achieving harmonious coexistence with local communities.



San Cristobal silver, zinc and lead mine



A large dump truck carrying ore from a mining site

Biodiversity



Policy and concept

The 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.

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	Adherence to the mitigation hierarchy: 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	Limits to what can be offset: 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	Landscape Context: 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	No net loss: 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	Additional conservation outcomes: 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	Stakeholder participation: 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	Equity: 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	Long-term outcomes: 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	Transparency: 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	Science and traditional knowledge: 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 of about 4,900 hectares around the mining site of about 1,800 hectares 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 hectares 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 hectares 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 also ensure stable income for farmers. Since fiscal 2014, SC Foods Co., Ltd. started dealing in BF-certified coffee®. BF-certified coffee® is grown under the shade of trees that is similar to that of a natural forest 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 October 2018, 46 farms and agricultural cooperation in 12 countries* are certified and part of the proceeds are used for SMBC's research, surveys and conservation activities.



Harvest of BF-certified coffee®

* 12 countries: Ecuador, Ethiopia, El Salvador, Guatemala, Colombia, Thailand, Nicaragua, Venezuela, Peru, Bolivia, Honduras, Mexico



Business description

Bird-strike prevention in wind power generation

Dorper Wind Farm generates electricity using wind in a mountainous area of about 130 km² in Eastern Cape, South Africa. In the Doper 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

Business description

Protection of sea turtle spawning areas affected by power plant construction activities

Kpone Combined Cycle Power Plant is expected to be one of the largest thermal power plants in Ghana and to supply about 10% of the demand for electricity in Ghana. It is planned to supply electricity over 20 years after its completion. In this project, we also place emphasis on maintaining harmonious coexistence with local communities, such as the protection of sea turtles that come to the nearby beach to spawn.

It is considered that various human activities significantly affect the survival of endangered sea turtles because they spawn on beaches and for other reasons. Because some facilities of the power plant are situated on the beach, we commission an external specialized agency to constantly monitor the impact of the facilities on sea turtle spawning. Monitoring results are reported to the Board of Directors. We also make other efforts to maintain and protect local ecosystems.



A sea turtle on the sandy beach near Kpone Combined Cycle Power Plant

Environmental pollution



Policy and concept

Sumitomo Corporation Groups 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 waste water, 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

Air/water pollution prevention in mining projects

“Social license to operate” is a term that means to gain approval from society to carry out business activities. The mining business in particular requires initiatives to reduce environmental impact arising from development and to facilitate sustainable development of local society. In conducting the mining business, the Sumitomo Corporation Group values compliance with laws and regulations, as well as the concept of a social license to operate, and works on rehabilitation at all mining sites where it operates to minimize its impact on the ecosystem and contribute to environmental restoration.

For example, in the San Cristobal Mine in Potosi Department in Bolivia where dust is easily dispersed by dry, cold and strong wind, air quality is monitored at particulate matter PM10 observation stations set up in mining sites, debris storage sites, and lodging facilities, eight in total. In addition, in a community area in San Cristobal and the Culpina K observation station, air quality is measured using a cascade impactor, which can measure particulate concentrations by particle size, for 24 hours every 12 days according to US Environmental Protection Agency (EPA) standards. Measures to prevent dust and particulate matter from dispersing are also taken, including vehicle speed limits in operation areas, installation of sprinklers, and construction of a dome 140 m diameter, the largest in South America. Efforts are also made to prevent water pollution. In our coal

business in Australia, a large amount of water needed in the coal mining process is used in a sustainable manner. Wastewater after cleaning minerals is managed under strict environmental regulations: Impurities in the wastewater are deposited until the water quality reaches a certain level; The water after removing impurities is reused for coal preparation, prevention of coal dust dispersion, rehabilitation and other purposes.



Huge dome for the purpose of preventing coal dust dispersion in the San Cristobal Mine



Coal mine in Australia

Environmental pollution



Activities

Business description

Efforts to reduce environmental impacts in the agricultural chemical sales business

Our major mission in agrochemical business is to provide the world's best quality agrochemicals manufactured by Japanese manufacturers throughout the world with the aim of contributing to increasing the productivity of agricultural crops. We have been expanding our business area to include import and wholesale of agrochemicals in countries to which we are exporting Japanese agrochemicals. We are currently implementing a business model covering this expanded business area in more than 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 bio-agrochemical 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.



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



Investment in a bio-agrochemical manufacturer in Spain



Use of a pheromone agent

Business description

Compliance with regulations for exhaust emissions from vessels

Sumitomo Corporation Group has supplied fuel for vessels to shipping companies in Japan and abroad since 1952. The Group annually supplies five million tons, which account for about 2.5% of the world demand, the largest of an integrated trading company. The exhaust gas emitted from fuel for vessels contains sulfur oxide, accounting for 5-10%, nitrogen oxide, accounting for 15-30%, and carbon dioxide, accounting for about 3% of those in the world. Consequently, these pollutants have raised concerns over potentially adverse effects on the human body and environment. In response, the "International Convention for the Prevention of Pollution from Ships, 1973, as modified by the Protocol of 1978 relating thereto" globally regulates sulfur concentrations contained in fuel oil. In 2020, the International Maritime Organization (IMO) will significantly lower the sulfur cap in marine fuels from 3.5% to 0.5% in general sea areas.

To be prepared for the strengthened regulation, we are considering supplying LNG, as a low environmental impact alternative fuel. LNG fuel emits no sulfur oxides, 40-70% less nitrogen oxide and 20% less carbon dioxide, compared to conventional fuel oils. As a specific effort, we have been promoting a joint project with Uyeno Transtech Ltd. and Yokohama-Kawasaki International Port Corporation to commercialize LNG fuel supply in Tokyo Bay. In June 2018, the project was designated as an LNG bunkering hub development project eligible for a subsidy by the Ministry of Land, Infrastructure, Transport and Tourism.

Resource use



Policy and concept

Humans depend on the socially beneficial functions of forests. Forests are therefore a significantly important resource for the sustainable development of the world. More than 1.6 billion people in the world receive benefits from forests, such as food, water, houses, fuel, medicinal plants and means of livelihood. Seventy-five percent of accessible drinkable water originates from basins with forests.

Sumitomo Corporation Group, which is engaged in wood business using such precious forest resources, has been expanding its business to include forest management with the aim of securing and using forest resources in a more sustainable manner than before.

In line with the concept of sustainable forest management, which means that activities using forests should be conducted in such a way as not to lose the socially beneficial functions of forests, the Group sets its business goals in such a way as to fulfill its social responsibilities and in compliance with the Environmental Policy and Supply Chain CSR Activity Guidelines.

Results

We are promoting the use of 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).

		FY 2017 results
Certified log (Russian)		131 thousand m ³
Certified log (New Zealand)		337 thousand m ³
Certified wood products (Russian)	Softwood lumber	59 thousand m ³
	Veneer	209 thousand m ³
	Softwood laminated lumber	27 thousand m ³
	Hardwood lumber/laminated lumber	5 thousand m ³
Wood chips (Russian)		41 thousand BDT

Activities

Business description

Terneyles timber project

In 2004, to be certified that we manage forests appropriately with consideration for the environment and local communities based on objective evaluation, Sumitomo Corporation obtained FSC® Forest Management Certification, an international standard, for part of 2.6 million hectares of the forest area owned by OAO Terneyles in the Russian Far East. After receiving FSC-FM certification*1 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*2. In 2011, the company successfully acquired the certification for all of its products, from logged wood to locally laminated woods, veneer, and chips for paper. Sumitomo Corporation also received the FSC-CoC certification, when the FSC-certified chain from logging in forests owned by Terneyles to end users was completed.

*1 FSC-FM (Forest Management) Certification: applies to businesses that manage forest resources to recognize that they perform proper forest management

*2 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.

This applies to furniture manufacturers, publishers, pulp makers, and other companies dealing in wood products who want to prove the traceability of the wood they use.

FSC License Number	
Terneyles	FSC® C009842 FSC® C106397
Summit Forests New Zealand	FSC® C112972
Sumitomo Corporation	FSC® C016535



Forest owned by Terneyles

Human Rights



Policy and concept

Basic Concept

As a global organization contributing broadly to society, the Sumitomo Corporation Group employs Management Principles that place prime importance on integrity and sound management with utmost respect for the individual. We think that sustainability means growing with society constantly by addressing social issues sincerely through our business activities. We will not only address social issues through our business activities but will also fulfill our corporate social responsibilities, including co-existence with local communities, respect for human rights, environmental preservation, and compliance.

Based on these ideas, the Sumitomo Corporation Group complies with the Universal Declaration of Human Rights, which the United Nations adopted “as a common standard of achievements for all peoples and all nations” in 1948, and in 2009 signed the UN Global Compact in its support of the Ten Principles that are derived from the declaration. We are also raising employee awareness with respect to the Guiding Principles on Business and Human Rights, which was adopted by the UN in 2011. In continuing global operations in a wide range of fields, we will actively support and work on these international standards.

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.

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.

 [FY 2017 Statement](#)

Human Rights



Activities

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 fiscal 2014, we have held annual seminars inviting external experts as lecturers 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 violations, 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."

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.

In South Africa, Dorper on-land wind power generation company in which we have an investment offers cooperation in improving the living environment of local residents and creating new jobs, in line with such policies. Specific efforts include repair of buildings of kindergartens, schools and hospitals located close to the power plant, provision of machinery to them, and support to restaurants operated by black women.

In these activities, we use local companies as much as possible. About 10% of the stocks of this company are owned by an NPO operated by local residents. It is planned to launch various projects that meet the demand from local residents with the dividends as a capital in the future.

Business description

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 2017, we achieved an average of 90% of the goal, which is that Madagascar people must account for at least 85% of all workers.

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.



Job creation (Central Purchasing Center)



An elementary school built within the project site

Labor Practices



Policy and concept

Basic Policy on labor practices

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

➤ core labor standards of eight conventions in four areas

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

Relations with employees (labor union)

Based on the collective agreement with the Sumitomo Corporation Labor Union, Sumitomo Corporation provides its employees with explanations of its management policy and the status of its business, as well as opportunities to discuss wages, labor conditions, personnel affairs, safety and health, and employee benefits on a regular basis. The agreement defines that the company must maintain and improve employment conditions and ensure stable lives for employees, and the labor union must keep order and discipline at work and make an effort to increase labor efficiency, and both parties must cooperate with each other in developing the company's business. To achieve this objective, we make every effort to have serious and sufficient discussions on each specific project, while ensuring mutual understanding and trust.

We hold various meetings to share opinions on a wide range of issues, in addition to issues for collective bargaining and negotiations at the official level, such as informal meetings with the president and round-table meetings on the Medium-term Management Plan and other plans, business performance and relevant issues, the personnel system, and work styles. Sumitomo Corporation adopts a union shop system in which all employees are required to participate, excluding executives above a certain level and employees classified as non-union members based on an individual agreement taking into account the nature of their jobs. As of October 2018, the number of members of the Sumitomo Corporation Labor Union is 2,970, accounting for 58.3% of all employees of Sumitomo Corporation.

Labor Practices



Policy and concept

Promotion of Diversity & Inclusion

The business environment surrounding the Sumitomo Corporation Group has been rapidly changing and the regions and business fields in which we operate and business models have also been rapidly diversified. In order for the Group to address such changes and continue to develop in a sustainable way in an era called the fourth industrial revolution, it is essential to include diversity promotion in its management strategy. Furthermore, in response to expanding overseas markets, it has become urgently necessary to develop human resources for management who can take a leadership role in driving business growth globally.

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

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

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

In promoting the growth strategy, we need to involve all the employees of the Group. To use them effectively, it is necessary to take into account invisible diversity and allocate the right person in the right place at the right time on a global basis and provide them with the right training. We also recognize the necessity of creating the right organization and nurturing culture and awareness to support it. To do so, both top-down from the management and bottom-up are important. One of the bottom-up initiatives is the launch of the Diversity & Inclusion Promotion Project in fiscal 2017 as an advisory body reporting to the president. Executives in charge of human resources, general affairs and legal affairs serve as project leaders and project members with different backgrounds discuss on-site issues and potential.

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



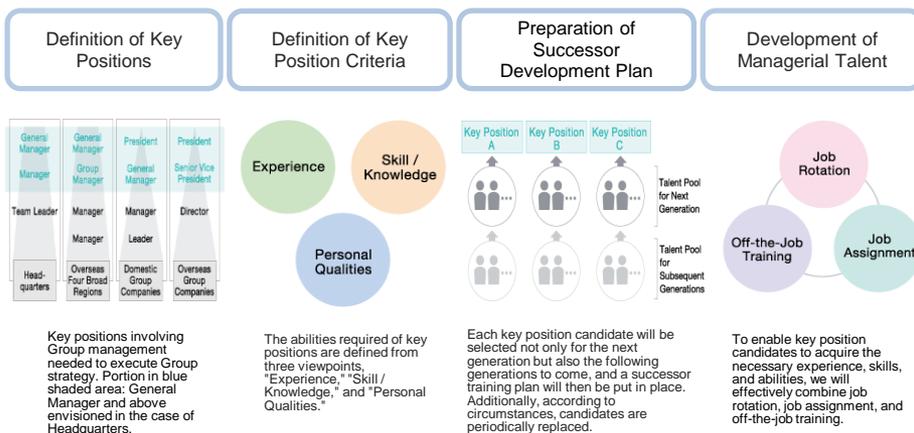
Labor Practices



Activities

Enhancement of Talent Management

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



Create a global human resources database

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

Introduce the Global Mobility Policy

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

Introduce the Global Grading System

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

Advancing Global Measures to Develop Human Resources

Aiming to recruit and develop personnel who can lead global business operations, the Sumitomo Corporation Group is focusing on promoting and developing locally hired employees in its overseas offices and Group companies.

As part of these efforts, we conduct training programs for locally hired employees at different career levels, such as senior staffs, managers, and senior executives. Through these training programs, nearly 300 participants each year come from all over the world to the Head Office in Tokyo. The programs establish a shared sense of the Sumitomo Corporation Group's corporate DNA and strengthen the sense of unity among employees as members of the Group by reaffirming participants' understanding of Sumitomo's business philosophy and the Group's Management Principles.

Human resources globally playing a leading role

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



Labor Practices



Activities

Encouraging More Active Involvement of Female Employees in Business

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

[Action Plan \(PDF/74KB\)](#)

Female Activation Promotion Project Team (from April 2006)

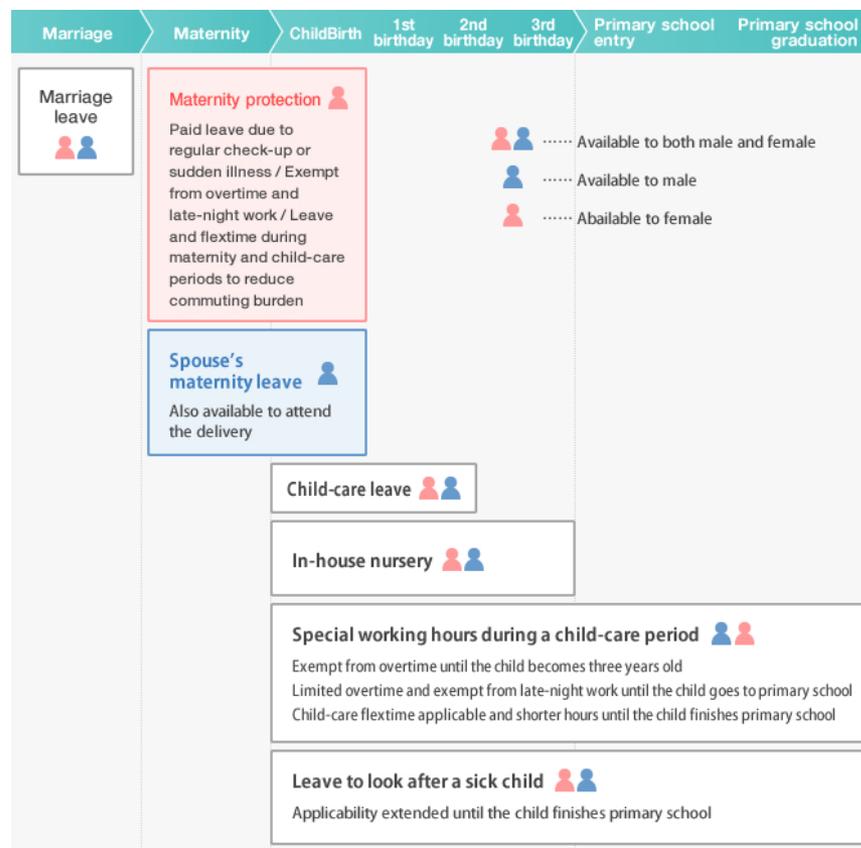
The "Female Activation Promotion Project Team" was established in line with WLM promotion activities within the Human Resources Dept. We are developing more support measures by identifying female employees' needs through interviews with female employees in key career positions. In addition, we hold roundtable discussions with them as they have experience of keeping a balance between work and childcare. Through these efforts, we provide opportunities for young employees to visualize how they can work actively in the future without worries.

Support for balancing work and child-rearing

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

Maternity and Child-Care Related Programs at Sumitomo Corporation

Attaching great importance to diverse values and lifestyles in personal WLM fulfillment, we offer various optional programs and are flexible and supportive in helping employees eliminate any problems or concerns.



Labor Practices



Activities

Company Daycare Center "Triton Sukesuku Square" Established

In October 2008, "Triton Sukesuku Square," an in-house daycare center, was opened in the commercial premises in Harumi Triton. The center, which is exclusively for employees of Sumitomo Corporation and Sumitomo Group companies, accepts up to 28 children aged from 0 to 5 years. The nursery was set up to help improve employee WLM, and is especially flexible in addressing the needs of employees who may return to work in the middle of the year, allowing them use of the services until the following April, when municipal nurseries will accept their children. It also acts as a temporary nursery that parents can use in an emergency.

The nursery, which is managed by an external company, is staffed with professional nursery workers and nutritionists. The spacious 200-square-meter room is partitioned into separate areas for each age group, and is brightly and freshly decorated in white with soft and odor-absorbing paulownia flooring. To make it easier for parents, we have an arrangement with Tomod's, a drug store operated by one of our group companies, to provide disposable diapers, baby formula and other delivery services. Parents no longer have to haul around extra clothes, diapers, and other supplies when taking their children to the nursery.



Childcare consulting services

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

Re-employment of former employees who had to leave the company due to their spouse's transfer

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

Support for balancing work and long-term care

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

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

Other services available

Long-term care-related support services

<http://www.seacare.or.jp>

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

*Payment by users. Those working in Japan can use "Cafeteria Plan" points.

Elderly home monitoring services

(Reference: HR intranet > Work-life management)

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

Cafeteria Plan

(Reference: HR intranet > Employee benefits > Cafeteria Plan > User's manual)

"Cafeteria Plan" points can be used for the purposes below:

- to partially cover caring costs
- to partially cover costs for care products

Labor Practices



Activities

Support for senior employees' activities

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

CLP (career & life planning) training/career assessment interview

CLP training is provided to employees 50 years of age or older to give them an opportunity to look back on their experience of working at Sumitomo Corporation and develop their career and life plans for further improvement in the future, regardless of internally or externally. In this training, we explain the employment extension system and retirement benefits of Sumitomo Corporation, public pension plans, long-term care and other insurance systems, and other relevant programs. In addition, we also provide information on how to prepare a money plan, which is necessary to create a life plan. For employees 50 or older, consultation on post-retirement career and life plans is available when they have an annual interview with their supervisor. With these services, we help individual employees develop a flexible work plan after retirement.

Explanatory session on the employment extension system, individual interview

An explanatory session on the employment extension system is available for employees reaching 58 years old. This session provides them with an opportunity to deepen their understanding of the employment extension system and retirement benefits of Sumitomo Corporation, public pension plans, long-term care and other insurance systems. An individual interview with Human Resources Department staff is also available for them to receive more detail information of the retirement benefits and the pension plan.

Support to find a new job

For employees looking for a new job opportunity outside the company, Human Resources Department supports them to introduce the services to find a new job including counseling by a counselor in contract with the company.

Recruitment of mid-career human resources

The business environment surrounding us has been rapidly changing. To survive this transformation period, it is necessary for Sumitomo Corporation to courageously enter new business areas in order to further expand and enhance its existing business. In order to achieve this, we hire mid-career professionals with high expertise and knowledge from external sources, in addition to existing internal human resources. The backgrounds of mid-career hires vary significantly, from lawyers, accountants and other qualified professionals to those with experience working in manufacturing, financial and media/IT industries. Taking advantage of their high expertise acquired in each industry, they are playing an active role in Sumitomo Corporation. What we expect from them is not only their expertise but also their ways of innovating and managing business. We hope their unconventional ideas and perspectives different from ours that have been generated in their diverse backgrounds will activate the company and organization to eventually lead to the enhancement of our company's competitiveness. We will increase the recruitment of mid-career professionals, in addition to new graduates, to ensure the diversity of human resources.

Promotion of the employment of the disabled and retention of disabled employees

As part of its efforts in corporate social responsibility and toward diversity, Sumitomo Corporation has been promoting the employment of the disabled. In 2014, we established Sumisho Well Support Co., Ltd., a special subsidiary company, to promote the employment of people with disabilities and retention of disabled employees.

Disabled employees of Sumisho Well Support are engaged in various tasks, such as supplying office stationery, in-house mail delivery, making name cards, and converting data into PDF files to promote paperless transactions. They are now indispensable for our company's business activity. As our business is expanding, the number of employees increased by 12 in the past year, to become 35 in total as of June 2018. We will continue to cooperate with disabled persons and help them grow and encourage them to be independent. As the Sumitomo Corporation Group as a whole, while ensuring to meet the legal employment rate for disabled people, we will further increase job opportunities for disabled people.

Labor Practices



Policy and concept

Creation of an environment where diverse individuals can demonstrate their fullest abilities

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

Reduction of overtime

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

Encouragement to use entitled leaves

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

Promotion of flexible work styles

- Teleworking system
- Super flexible work hours system

Activities

Reduction of overtime

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

Time Management Training

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

Work-style KAIZEN seminars

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

Labor Practices



Activities

Encouragement to use entitled leaves

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

Paid leaves taken by employees

In 2016, the company-wide, quantitative target was set for each employee to take at least 12 days, which was reached by 92.7% of employees; in 2017, it was set for each employee to take at least 14 days, which was reached by 95.7% of employees. In 2017, another target of at least 16 days on average among all the employees was set, which was achieved. The company-wide, quantitative target in 2018 was set for each employee to take at least 14 days, along with the non-binding target of 16 days.

Premium Fridays

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

Creation of a work environment to realize self-sustaining and flexible workstyles

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

Teleworking system

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

Super flexible work hours system

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

Work Health and Safety



Policy and concept

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 constantly create new value. The Declaration of Iki-iki Waku-waku Health and Productivity Management of the Sumitomo Corporation Group was developed based on this belief. 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 based on the Declaration of Iki-iki Waku-waku Health and Productivity Management and with focus on “improvement of health literacy,” which enables employees to maintain good health to continue working, “reassurance in emergencies” to be well-prepared for unexpected illness, and “global medical support,” which is unique to integrated trading companies.

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

 [Recognized as an excellent health and productivity management enterprise in the White 500 category](#)

Safety measures in uranium mining

Our Groups development of uranium mines, production and sales of uranium concentrates, and trading of various kinds of nuclear fuels containing radioactive substances 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. Uranium concentrates and various kinds of nuclear fuels we deal in are all used for peaceful purposes such as consumer power generation. Our relevant activities comply with security trade control-related laws and regulations.

Systems

Employee engagement

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

Crisis management system

Sumitomo Corporation has 22 offices in Japan and 109 offices overseas (in 65 countries and regions) (as of August 1, 2018). On a consolidated basis, the Company employs around 73,000 workers around the world. In order to prepare for the incidents, accidents and disasters that will inevitably continue to occur within and outside Japan, each employee needs to be aware of crises and proper safety measures on a day-to-day basis. Meanwhile, each organization also needs to develop infrastructure for safety measures to prepare for an emergency. Also, in the event of an emergency, we need to understand the situation with speed as it is critical to build a support system and promptly resume business operations. We have therefore centralized reports on all emergency cases, within and outside Japan, within the Safety Promotion Division and ensure speedy reporting to the president by appointing the vice president as its general manager. This system also enables provision of necessary support in a timely and unified manner.

Work Health and Safety



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

FY 2014	FY 2015	FY 2016	FY 2017
4 accidents	3 accidents	1 accident	2 accidents

No fatal accidents were reported.

If a work-related accident or disaster occurs at Sumitomo Corporation or any of its affiliated companies despite our prevention efforts, it must be immediately reported to the Safety Promotion Division led by Representative Director/Executive Vice President as Director. Managers of major departments of the Corporate Group serve as members of the Safety Promotion Division. At the end of every month, they are required to submit a monthly report to the Manager of the Planning & Coordination Department of each Business Unit (Executive Officers, Directors) to keep executives informed of the current situation. Measures to address work-related accidents, such as investigations and responses to relevant issues, and prevent them from recurring are taken appropriately. Important issues are determined by the Safety Measures Implementation Headquarters and particularly important ones are reported to the Management Council by the Headquarters' Director (Representative Director, Executive Vice President) to discuss and decide upon.

OHSAS 18001-certified facilities

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

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

Work Health and Safety



Activities

Education on crisis management

Sumitomo Corporation provides a series of seminars on safety measures in order to encourage each employee to become more aware of crises and to learn how to ensure their own safety. We organize over 90 seminars a year, dividing the programs into 4 grades and 6 courses according to the participants' experience and learning levels.

Also, each office has prepared its own manual on safety measures, which is shared with the Safety Promotion Division, in order to ensure a prompt and effective initial response when a contingency occurs. We have built a system to provide prompt and effective relief and support through cooperation within and outside the country in times of emergency.

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

Health support services to employees stationed overseas

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

Measures against global health problems

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

In order to ensure that officers and employees of our Group have accurate information about and protect themselves from these infectious diseases, the Company provides health checkups in advance for officers and employees who are assigned overseas and, when necessary, encourages them to be vaccinated against infectious diseases. We also provide a variety of training before their assignments. Moreover, we started organizing e-learning and seminars on safety measures in FY2017 in response to requests by employees about to go on their first overseas business trip as well as those looking for the latest information on infectious diseases. These programs aim to enhance awareness of crisis management and disseminate accurate and up-to-date information. We make these programs available to officers and employees not only of Sumitomo Corporation but also of the entire Group within and outside Japan. Through these activities, we support employees' health and safety while they are overseas.

Business description

PT FUMAKILLA INDONESIA

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



Mosquito repellent coil of Fumakilla

Work Health and Safety



Activities

Clinic

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

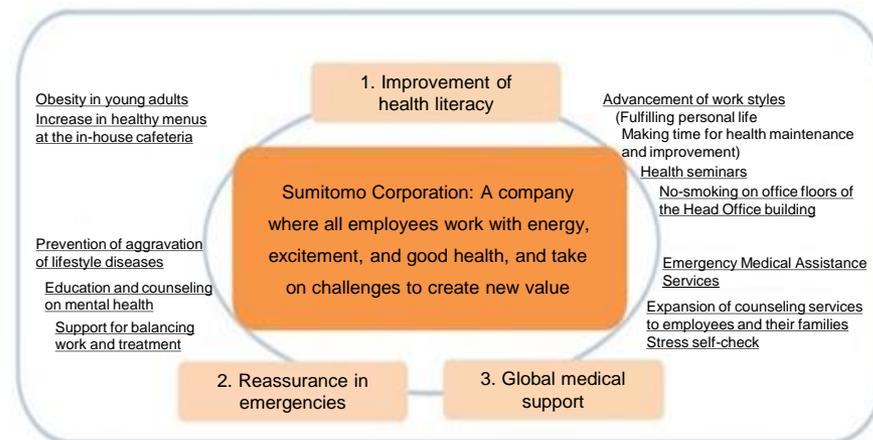


Subsidies for costs of health checkups and complete physical examination

The in-house clinic provides services such as periodic health checkups (for those under 35), health checkup immediately after joining the company, and health checkup before and after overseas transfer. Employees aged 35 and older are required to undergo a complete physical examination at an external medical facility. Its cost can be covered by the corporate health insurance society. The percentage of those who received a periodic health checkup, including complete physical examination at an external medical facility, in fiscal 2017 was 100%. Based on results of a periodic health checkup and complete physical examination at an external medical facility, the internal clinic provides detailed follow-up care, and the corporate health insurance society provides specific health guidance. These services help employees prevent disease and detect disease at an early stage.

Mental healthcare

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



Work Health and Safety



Activities

SCG Counseling Center

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

(1,200 or more consultation issues in 2017)

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 outside of Tokyo including overseas	Implementing seminars for managers, general employees, employees overseas, and employees' families
	Various seminars	All employees	
	Consultation	Management	
External contracting company	Counseling in person, by phone, by visiting the employee's site	All employees	Contracting external companies to provide counseling in person, by e-mail, phone, and visiting the employee's site.

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. We have received many favorable comments, such as "It's very convenient to keep in good shape in a break from working" and "The efficiency of my work after massage was improved." A total number of users in fiscal 2017 exceeded 3,600.



Measures against smoking

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



Work Health and Safety



Activities

Business description

Stable supply of tubular products based on strict HSSE management

Our company is the number one supplier of oil well pipes in the United States and engaged in diverse business activities around the world. Based on our basic policy that compliance with laws and regulations and HSSE should be given priority over all business activities, we have started establishing a global HSSE management system. Under the slogan of "Zero Harm" to completely prevent occupational and environmental accidents, we have developed an HSSE management system that applies to our global activities, based on continuous improvement through the PDCA cycle. We also assigned staff specializing in OHSAS 18001 to major overseas offices and established a global HSSE network connecting four regions in the world. Through these efforts, we are enhancing HSSE management taking into account regional business activities.

The General Manager of the Tubular Products Division announces the HSSE Policy every year to all employees of the global tubular products group. The policy places emphasis on our commitment to ensuring an environment where the highest priority is given to the safety and health of not only our employees but also customers, contractors, suppliers and local community residents.

One of the 12 elements that constitute the HSSE management system is risk management. It is required for our business offices around the world to identify, analyze and evaluate risks unique to each office due to differences in the types of onsite work,

facilities and work environment, which has been useful to develop effective measures for each work site. To further improve the level of HSSE management, we have developed our own ICT tool to be used for reporting accidents, sharing information among different regions such as information on activities, risk assessment results, successful cases and know-how, and providing e-learning education and training.

Since the introduction of the global HSSE management system, the number of accidents has steadily decreased. In 2014, we added a new slogan "Beyond Zero Harm" to show our intention not only to achieve "Zero Harm" but also to make it our habit to maintain the state of "Zero Harm," through embedding the HSSE culture throughout the company. We are determined to further strengthen the management system to achieve "zero Harm" and fulfil our social mission as the top supplier through stable supply of tubular products.



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 in forest management 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.

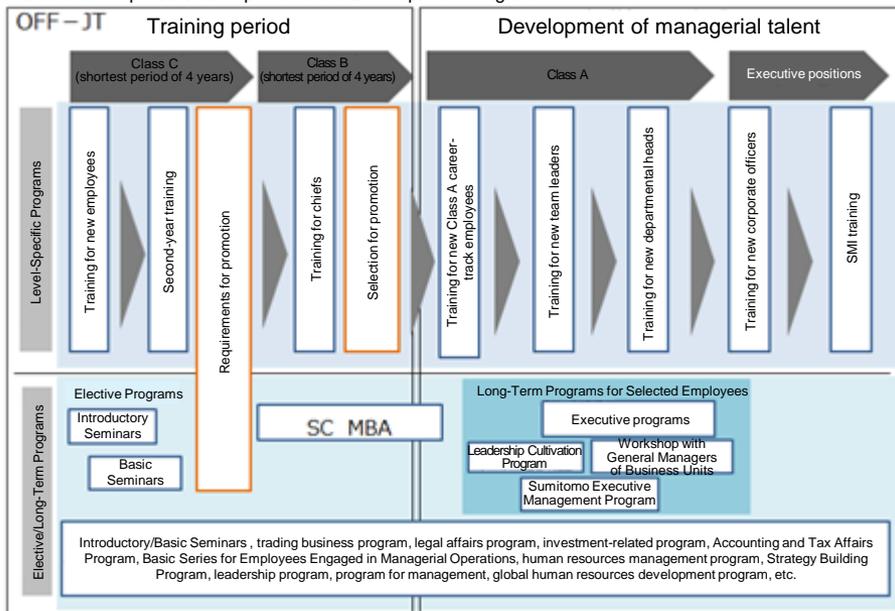
Human resources development



Policy and concept

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

Sumitomo Corporation Group Personnel Development Programs



Activities

Our personnel development programs

As Sumisho Business College (SBC), we organize 320 courses of OFF-JT training a year and offer programs that cover the knowledge and skills necessary for business.

In particular, we are focusing on training programs that will contribute to enhancing the abilities of individuals such as change and creativity, logical thinking, execution / realization capability.

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

We also constantly conduct a study tour to visit Besshi Copper Mine where the business of the Sumitomo Corporation Group started to give employees an opportunity to feel Sumitomo's Business Philosophy, which is the source of the Group's Management Principles. Since fiscal 2017, we have increased the frequency of the program and expanded the eligibility requirements to further instill the philosophy.

Number of hours for ability development training in fiscal 2017

Total number of training participants	11,818 employees
Total number of training hours	62,967 hours
Number of training hours per employee	12.4 hours



Human resources development



Human resources development programs

1. Level-Specific Programs

Level-Specific Programs are designed to help employees develop leadership mindsets and the skills needed for each levels, with the aim of systematic leadership development. From new employee to senior management, Participants in the training will understand what is expected of them and what roles they should fulfill, thereby acquiring tips on how to transform themselves. Participants who are at the same level will inspire each other to become more motivated to learn. We also hold Level-Specific Programs for the entire Sumitomo Corporation Group. Through the program participation, they build a rich network within the Sumitomo Corporation Group.

2. Elective Programs

More than 70 different selective programs are available, covering comprehensive knowledge and skills, from basic to advanced levels, that will be needed to play a leading role as an executive. 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 do their work. In addition, "SC MBA" is prepared to acquire management literacy. It is designed to provide them with basic theories and frameworks that they need to understand, regardless of their present department or job details.

3. Long-Term Programs for Selected Employees

Participants in the programs will work to establish their own management philosophy and acquire skills to foster self-directed learning and practical leadership, which are difficult to develop under short-term programs. Participants in the programs are selected from among those who are demonstrating their abilities at the forefront of business and those who are expected to take on leadership roles in the future. The programs are designed to help these employees take their skills to the next level. Also, in some of the programs, lecturers and participants will engage in two-way discussions so that participants can gain a broader perspective on organizations, the entire company, and society as a whole.

■ Leadership Cultivation Program

This workshop is targeted at young managers who have subordinates and are expected to demonstrate their abilities as team leaders and in other similar positions. It consists of 10 sessions in six months. Participants will learn about the concept of "self-independent attitude" through the training and review one's own leadership style and actions. They will acquire management techniques for motivating each one of their subordinates and drawing their potential so that they can maximize the organizational productivity.



■ Workshop with General Managers of Business Units

This workshop is targeted at those who assume executive positions in the Sumitomo Corporation Group and are therefore required to take a broad view for the management of the entire Group. It consists of eight sessions in about four months. Participants acquire the ability to think broadly from the viewpoint of management by participating in dialogues and discussions with senior management, and make findings about the ideas and attitude that are required of management.



■ Sumitomo Executive Management Program

This workshop is targeted at team leaders who are working at the forefront of business and are or will be engaged in business management at Group companies. The program consists of about 30 sessions for about 10 months. By this program, Sumitomo Corporation will develop business leaders for each worksite by helping participants to acquire management literacy (knowledge and skills) and to establish their management philosophy and ideas as a foundation for taking a broader view, taking actions, and making decisions. After completing the program, participants are required to make a presentation in front of executives.

Overseas training at IMD

In collaboration with overseas business school IMD, a customized program is implemented in Lausanne, Switzerland with a focus on the following three elements, which are indispensable for a global workforce:



Global Leadership/The Digitalization Revolution/Innovation and New Business Models

■ Executive programs

We will proactively dispatch candidates for its management team to business schools and other executive programs implemented in Japan and abroad. Participants in these overseas programs are required to attend the orientation meeting and Pre-Executive Program (to learn how case studies are conducted at business schools and enhance their presentation/discussion skills) provided by the Human Resources Department.

Human resources development



Human resources development programs

4. Training of overseas local staff

The Sumitomo Corporation Group also places an emphasis on promoting and training local staff of overseas organizations and Group companies in order to enhance the retention and development of human resources who are globally competent.

As part of this effort, we provide Level-Specific Programs (non-managerial staff, managers and executives) to overseas local staff. This training programs are held more than ten times every year at the Tokyo Head Office inviting nearly 300 local staff from different sites around the world. They are designed to share the Sumitomo Corporation Group's DNA, cultivate a sense of unity, share information on the company's management policy and strategies by reminding the participants of Sumitomo's Business Philosophy and the Group's Management Principles. Various kinds of lectures to improve their skills are also included.

In fiscal 2013, our global operations were broadly divided into four broad regions. We will take various measures to promote the training and use of local staff within each region, including rotation of local staff members within the region and promotion of staff of overseas organizations and group companies to key positions. To further promote the development and use of human resources on a global basis, the Tokyo Head Office supports local organizations from various aspects, including establishment and improvement of employment and training systems.

5. In-house education and awareness-raising on respect for human rights

As a global organization contributing broadly to society, the Sumitomo Corporation Group employs Management Principles that place prime importance on integrity and sound management with utmost respect for the individual. Based on this principle, the Group developed the CSR Action Guidelines for Supply Chain Management that take into consideration human rights and various other issues. The first provision of the guidelines is to "respect human rights and not to be complicit in human rights abuses." With the above considered, we have established a committee to promote human rights and Dowry issues, and we have a forum to discuss internal issues on human rights such as Dowry issues, Buraku discrimination, people with disabilities, foreign residents and other issues related to human rights every year. We also invite experts from outside the company to give training sessions to improve employees' awareness of human rights. In fiscal 2014, we held a seminar on human rights issues that need special attention in business activities. Since fiscal 2015, we have held practical workshops on methods for assessing risks of human rights violations in supply chains. Training seminars on mental health and human resources management are also available. Particularly in Level-Specific Programs for managers, programs on harassment have also been added to maintain a harassment-free work environment and to provide suggestions on how to address harassment if it occurs. Through these efforts, we constantly provide employees with correct education and raise their awareness to prevent human rights violations at work.

Activities

Sumitomo Corporation Global HRD Center

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

Career adviser

Since April 2007, career advisors (CA) have been available at each organization with the aim of improving employees' career development and reinforcing the organization through providing assistance to individuals and organizations.

CAs have three key roles: provision of support and advice to employees (both subordinates and supervisors), and provision of support for communication between individuals and the organization. Through these roles, they support the creation of a good work environment where employees can maximize their abilities and strength.

Human resources development



Activities

Business description

Human resources development for a large-scale purchasing project of construction machinery made in Japan, the first of its kind in Uganda

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

In response, based on our wide variety of experience in export sales business over many decades in Africa, we proposed a scheme for which a customer-oriented financing can be used. In September 2015, our company and the Uganda Ministry of Works & Transport signed a contract for large-scale purchases of about 650 construction machines in various kinds and about 500 vehicles. In April 2017, we started delivering them and, in May 2018, all the machines were installed as planned. These machines and vehicles are operated at various places in Uganda.

Construction machines and vehicles that have been supplied by our company are being used for constructing road networks as scheduled in Uganda, leading to enhancing the distribution of agricultural products domestically and internationally. Our contribution to supporting the transportation infrastructure of the country and to building a platform that promotes economic development will generate a

virtuous circle of growth and development together with local communities.

It is also essential to train operators of supplied construction machines and vehicles in order to use them over many years.

In this project in Uganda, we placed emphasis not only on delivering construction machines and vehicles but also providing education and instruction on how to operate them correctly. In cooperation with each manufacturer, we trained a total of 47 operator trainers and about more than 1,000 operators.

In addition to sales of construction machines and vehicles, we also provide after-delivery services, in cooperation with each manufacturer, including parts supply, to ensure continuous operation without problems. We also provide support programs, including training of machine operators and trainers who educate machine operators. Through these efforts, we believe we can contribute to the development of Uganda.



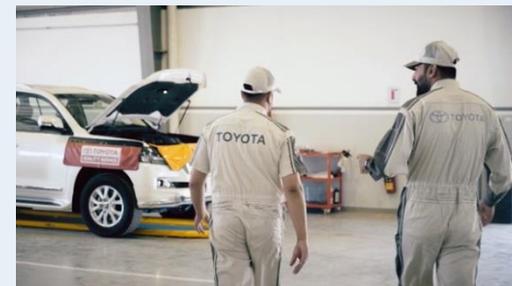
Training of local operators of supplied machines
The vehicle in the photo is a motor grader used for ground leveling.

Business description

Job training programs at Toyota Iraq

Sumitomo Corporation provides job training programs in Iraq via Toyota Iraq, its consolidated subsidiary. The objective of these programs is to help young internally displaced persons (IDPs) in Iraq acquire technical skills to ensure their stable employment opportunities in the future and to form the basis of independent living.

In Iraq, the prolonged conflict has had tremendous impacts on the public. More than three million people have been forced to leave their homes. Impacts on young people are particularly significant. They have lost opportunities for education and employment. In these circumstances, it has become urgent to create opportunities to ensure stable income in order for them to rebuild their lives. In response, Toyota Iraq, jointly with the UNDP, implemented job training programs for IDPs four times. A total of 37 young people have so far completed these programs. It is the hope of Sumitomo Corporation to achieve the sustainable development of local society. To fulfill this hope, we will continue to support IDPs to improve their living conditions in Iraq through our business activities.



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

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.

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.



[Interpretation of The Sumitomo Corporation Group CSR Action Guidelines for Supply Chain Management](#)

Supply Chain



Policy and concept

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.

Activities

Business description

Measures taken in the textile industry

Sumitex International Company Ltd. deals in products ranging from fiber material to final secondary products, such as clothing and general merchandise. The company aims to achieve sustainable growth in harmony with society while paying careful consideration to labor and other practices in their supply chains.

They conduct work environmental audits of plants where the production is outsourced, based on the standards of some customers. Issues to be audited include not only the work environment but also child labor, forced labor, coercion, harassment, discrimination and occupational safety. The company does not use manufacturing plants that fail to meet the standards and only use those that meet the Sumitomo Corporation Group CSR Action Guidelines for Supply Chain Management and the Code of Conduct (CoC) of our customers.



Apparel manufacturing plant of Sumitex International Company Ltd.

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 organization providing a world's largest platform to manage and share ethical data within supply chains, with the aim of ensuring ethical and responsible business practices in global supply chains. The company has also passed the human rights and environmental audit of Sedex.

Sumitomo Shoji Chemicals agrees on the Green Partner Environmental Quality Approval Program of its clients, whose objectives include the promotion of environmental protection. It also requires its suppliers of raw materials to agree on a green procurement program and other relevant programs and to comply with environment-related laws and regulations, and follows their implementation.

Industrial and technology innovation



The use of Information and Communication Technology (ICT) has become widespread in all industries. As a result, the world has become increasingly borderless and complex. In response, it is inevitable for the Sumitomo Corporation Group to cope with accelerating technology development and innovative business models that will change the structures of all industries. In this context, we have included "Technology x Innovation" in the emerging fields in the medium-term management plan.

The highest priority is placed on the upgrading of existing business by accelerating digital transformation, revolution in business models, and creation of new business models. To achieve these highest priority targets, we established the DX Center. We will also cooperate with our Group company SCSK Corporation to accelerate the use of outside professionals.

To promote business development for the next generation, we have reinforced our business development systems in Silicon Valley in the United States, Europe, Asia and other regions. We will also promote collaboration with venture enterprises that possess innovative technologies and business models, and collaboration among business units and overseas offices beyond the existing frameworks.

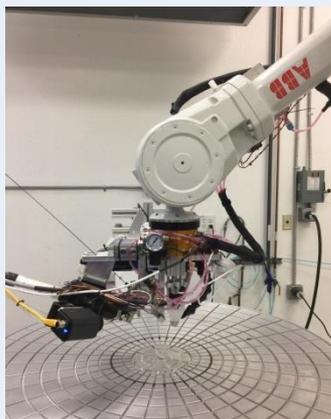
In this regard, we will create an organization to which we can delegate decision making authority on investment and that facilitates flexible and adaptable business development. As an investment fund for next-generation business in the "Technology x Innovation" field, 20 billion yen will be allocated from the three-year total of 300 billion yen for the investment fund in the three emerging fields in the medium-term management plan. This fund will be used to promote R&D to create next-generation businesses.

Business description

Venture investments in Silicon Valley

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

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



AREVO 3D printer

In July 2017, Sumitomo Corporation Group founded a venture investment fund under Sumitomo Corporation of Americas with an eye to utilizing its experience and networks developed through Presidio Ventures, Inc., a venture capital firm it established in 1998. The recently established fund aims to expeditiously identify investment opportunities in early-stage venture firms, thereby helping Sumitomo Corporation Group upgrade its ongoing undertakings and develop new businesses. In November 2017, as the first contract under this new system, we invested in TruTag Technologies, a micro tag manufacturing venture. AREVO is one more such investment financed by the newly established fund.

Healthcare



The recent increase in healthcare costs as a result of increased elderly population has become a global social issue. In response, a rapid expansion of the healthcare market is expected.

The Sumitomo Corporation Group will reinforce its efforts to develop new business models that lead to more effective management of medical costs through using existing business infrastructure and functions, such as Tomod's chain of drugstores providing prescription dispensing services and generic drug manufacturers in the U.S.; to expand digital health business using technological innovations, such as the internet of things (IoT) and artificial intelligence (AI); and to develop healthcare infrastructure in emerging countries. To promote these efforts, we established the Health Care Business Department in April 2018 and also a company-wide working group (WG) dedicated to a wide range of healthcare issues.

Business description

Participation in healthcare business

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

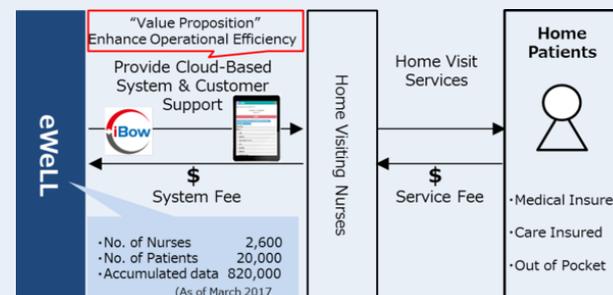
Efforts in healthcare services business include investments in eWeLL Co., Ltd., a company that develops and sells business support systems for visiting nursing service providers, and Community Healthcare Coordination Platform, Inc. (CHCP), which provides business support services to medical and nursing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

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

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

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

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



↑Business model of eWeLL



YaDoc Online Medical Consultation System↑

Healthcare



Business description

Access to better healthcare and nutrition

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

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

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

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



USL Head Office (Minnesota, USA)



Generic drugs

Drug discovery support

Commercialization of cutting-edge technologies

The in vivo imaging system device marketed by Summit Pharmaceuticals International Corporation (SPI) enables us to analyze the images of small- to medium-sized animals without killing or injuring them in basic research and the early stage of drug discovery. The device contributes to reducing animal experiments.

We provide information on the device and promote its sales in seminars and exhibitions at scientific conferences that are held for university laboratories and other academia, which are major customers of the device. The Sumitomo Corporation Group has introduced cutting-edge technologies of the Medical Research Council (MRC). Sir Gregory P. Winter, a professor at MRC Laboratory of



In Vivo Imaging Forum 2017

Molecular Biology, was awarded the Nobel Prize in Chemistry 2018. He shared the prize with two other scientists for the development and application of "the phage display of peptides and antibodies."

We support the pharmaceutical industry in these aspects to contribute to addressing social issues.

Local infrastructure/community planning



Population growth and urbanization have been rapidly increasing around the world, mainly in emerging countries. In response, the Sumitomo Corporation Group is accelerating its involvement in urban development and smart city projects and infrastructure construction business. We established the PFI Business Department and, in April 2018, launched a new working group "Smart City WG" to place more emphasis on developing company-wide business projects.

Business description

Telecommunications business in Myanmar

We, jointly with KDDI and Myanma Posts and Telecommunications (MPT), started telecommunications services in Myanmar in September 2014.

The penetration rate of mobile phones in Myanmar in 2014 was about 10%, which has increased rapidly to almost 100% now. There is no difference in the use of smartphones among young people between in Myanmar and Japan. As of the end of June 2018, the number of mobile phone subscribers of MPT was about 30 million people and the company holds the highest market share. We are making constant efforts to deliver services of as high quality as those available in Japan to the public in Myanmar, as demonstrated by the swift deployment of fourth-generation wireless technology (4G LTE). Through the joint business with MPT, we are not only providing telecommunications services but also hoping to share the benefits of an information society with the people in Myanmar and contribute to the development of industries.

The population of Myanmar is about 50 million. The country has a land area of 680,000 square kilometers, which is 1.8 times larger than that of Japan. It is ethnically diverse, with more than 100 ethnic groups. While there is a region with mountains as high as 6,000 meters, there is also a high precipitation region where the rainy season lasts nearly six months a year and floods occur every year. Roads, railways and other transportation infrastructure are still insufficient. It sometimes takes unimaginable hardships to build telecommunication network infrastructure throughout

Myanmar under these circumstances. To overcome problems, we employ various measures and, sometimes, local wisdom to deliver our services to as many people as possible in Myanmar. For example, when we have difficulties to transport telecommunications equipment through an area without paved roads or a wetland area, sometimes we have to ask elephants and water buffaloes.

Our aim is to achieve sustainable growth together with Myanmar society through "establishing a foundation for comfortable and enriching lifestyles" using mobile phones; "providing diverse accessibility," which is essential to create future value; and "contributing to the development of local communities and industries" through job creation and new business related to MPT eco-system.



Business description

Retail finance business in Indonesia

The number of sales of new vehicles in Indonesia with the population of about 260 million is one million automobiles and more than seven million motorcycles. This is one of the largest markets in ASEAN. We provide financing services such as automobile loans and motorcycle loans through PT Oto Multiartha and PT Summit Oto Finance, collectively as the OTO Group. The OTO Group has a network of more than 200 branch offices throughout Indonesia, mainly in Java and Sumatra and has provided its services to a cumulative total of more than eight million customers. It helps secure transportation for a wide range of income groups to support local infrastructure.

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

Social Contribution Activities

Policy and concept

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

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.

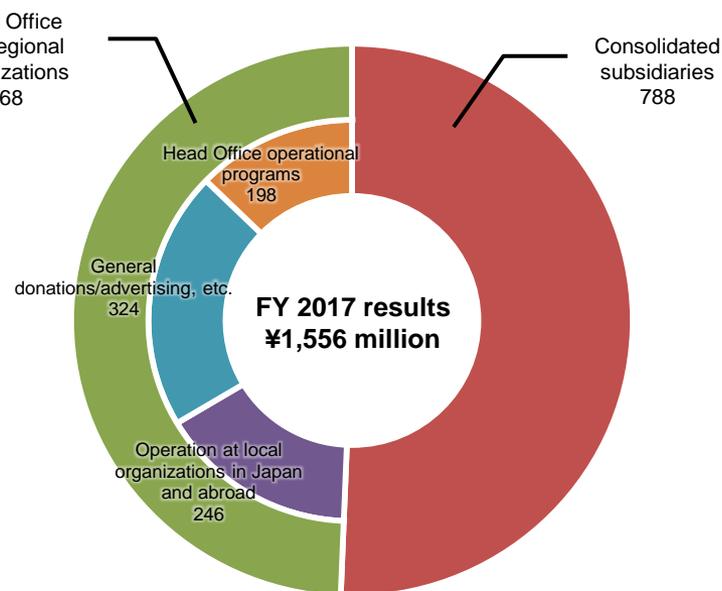
APPROACH

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

FY 2017 social contribution activity costs

Total social contribution activity costs (unit: million yen)



<Notes>

*The values above were calculated using the inclusion criteria of the Keidanren One Percent Club.

*The values above for local organizations and consolidated subsidiaries were calculated based on questionnaire results.

*Values reported by overseas offices were converted to yen using the exchange rate as of the end of March 2017.

Social Contribution Activities

Activities

Developing the Next Generation of Human Resources

The TOMODACHI Sumitomo Corporation Scholarship Program (since 2014)

Sumitomo Corporation participates in the TOMODACHI Initiative, a program of exchange between Japan and the United States led by the U.S. Embassy in Tokyo and the U.S.-Japan Council (Japan).

We organize a scholarship program for university students that are sent to the United States as exchange students. We provide not only financial support but also training opportunities at Sumitomo Corporation of Americas. Program participants have access to experiences not available on campus during an overseas study break.



The Sumitomo Corporation Scholarship (since 1996)

We set up the Sumitomo Corporation Scholarship in 1996 as part of our 50th anniversary in the trading business. Since then, scholarships have been provided to university students in Asian countries including Indonesia, Myanmar, and Pakistan. In this way, we support the development in emerging Asian countries of human resources to build the nation's future. Up to fiscal 2016, the 20th anniversary of its foundation, the number of students who had received the scholarship totaled roughly 16,000.



Contributing to Local Communities in Areas We Do Business

Supporting the “Sankyu Thank You Project” (since 2013)

We support the “Sankyu Thank You Project” operated by the Japanese Red Cross Society to protect infant's lives in southern and eastern Africa. The concept of the project is to protect the lives of as many African mother/infant pairs as the number of babies born to our employees on maternal or childcare leave. Sumitomo Corporation has participated since 2013 through donations and visits to the supported regions.



Activities to Introduce Japanese Culture (since 2015)

With the aim of building good relations with local communities at overseas business bases, we give presentations of traditional Japanese culture. Activities took place in Myanmar in fiscal 2015, in Ghana and Iran in fiscal 2016, and in Mexico and Cuba in fiscal 2017. Our employees visit the locality and give demonstrations of kimono wearing, calligraphy, flower arrangement, and other traditional arts. They also organize hands-on workshops in which they deepen contact with the numerous participants.



Assisting Reconstruction after the Great East Japan Earthquake

Sumitomo Corporation Follow-up Program for the Revitalization of East Japan (since 2017)

In the hope of aiding in the recovery of the areas hit by the Great East Japan Earthquake and the rebuilding of victims' lives, we provided support to young people involved in revitalization projects in eastern Japan for five years from fiscal 2012. However, numerous problems remain. Conditions in the disaster-hit regions and people's situations are constantly changing along with their support needs. To provide ongoing reconstruction support that is closely tailored to local needs, we have revised the program to give more emphasis to in-depth dialogue with grant recipients, drawing at the same time on our past support experience.



Corporate governance

Policy and concept

Corporate governance principles

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

 [Sumitomo Corporation Corporate Governance Principles](#)

 [Corporate Governance Report](#)

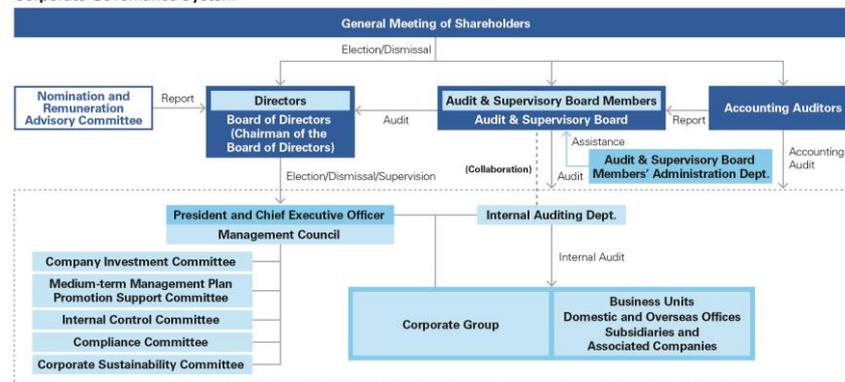
 [Standards for Appointment and Independence of Outside Directors and Outside Audit & Supervisory Board Members](#)

System

System and features of corporate governance

We have adopted a company with Audit & Supervisory Board Member system, as we believe that strengthening and enhancing this system is the most effective means of improving the effectiveness of corporate governance. In addition, we have appointed five Outside Directors with a view to ensuring appropriate decision-making by the Board of Directors and further strengthening supervision. Our “Medium-Term Management Plan 2020,” which began in fiscal 2018, also includes initiatives for strengthening functions for monitoring by the Board of Directors, such as more thorough reporting in relation to business portfolio strategy, with the aim of further enhancing corporate governance.

Corporate Governance System



Corporate governance

System

Directors and the Board of Directors

Composition of the Board of Directors

The composition of the Board of Directors ensures diversity in experience, knowledge, expertise, gender, and so on. In June 2018, the number of Outside Directors was raised from three to five (of which two are female), and this increase in the ratio of Outside Directors resulted in the further reinforcement of functions for supervising the execution of management.

Improvement of deliberation and enhancement of monitoring function at the Board of Directors

We carefully select agenda items requiring discussion by the Board of Directors so that the Board of Directors can concentrate on the deliberation of important matters regarding the Companywide management such as the business policy and management plan. At the same time, we have increased the matters to be reported to the Board of Directors to make it possible for the Board of Directors to concentrate more on supervising the execution of operations, so that the Board of Directors can enhance its monitoring function. We have also established opportunities for free exchange of opinion before decisions on important matters

Qualifications of outside directors and implementing regular meetings for exchanges of opinions

Our five Outside Directors satisfy the standards on independence set by Tokyo Stock Exchange, Inc. (TSE), and other financial instruments exchanges on which the Company is listed, as well as our in-house rules on Standards for Appointment and Independence of Outside Directors and Outside Audit & Supervisory Board Members. Leveraging a different type of experience and expertise, each Outside Director contributes to our corporate governance by providing a variety of independent viewpoints. In addition, Outside Directors hold discussions and exchanges of opinions with the Chairman of the Board of Directors, the President and Chief Executive Officer, Internal Audit & Supervisory Board Members, and Outside Audit & Supervisory Board Members once a month, in principle.

Reasons for appointing outside directors

We deemed the respective Outside Directors to be qualified for appointment because of the experience stated below, which will contribute to appropriate decision-making at meetings of the Board of Directors and further strengthen supervision.

Name	Reasons for appointing
Yayoi Tanaka	Highly specialized knowledge and extensive experience accumulated through long engagement in research in the fields of evaluation studies and civil society organizational theory and the holding of a number of positions on government committees, including the Administrative Reform Promotion Council (private-sector member)
Nobuyoshi Ehara	Wide-ranging knowledge and a wealth of experience in finance and business management accumulated during many years of engagement in a major U.S. financial institution and the management of a private-equity firm
Koji Ishida	Wide-ranging knowledge and a wealth of experience in finance and business management accumulated during many years of engagement in a major financial institution and past position as a member of the Policy Board at the Bank of Japan
Kimie Iwata	Wide-ranging knowledge and a wealth of experience in business management, corporate governance, corporate social responsibility, and diversity accumulated in managerial and outside director positions for private companies, before which she served in a succession of key positions in the Ministry of Labour (now the Ministry of Health, Labour and Welfare) over the course of many years
Hisashi Yamasaki	Highly specialized knowledge and a wealth of experience in law accumulated over the course of many years as a judge and an attorney at law

Corporate governance

System

Directors and the Board of Directors

Evaluation of the effectiveness of the Board of Directors

To maintain and heighten the effectiveness of the Board of Directors, each year Directors and Audit & Supervisory Board Members analyze and evaluate its effectiveness through the use of self-evaluations etc. We disclosed a summary of the results. The evaluation of effectiveness of the Board of Directors and its results for fiscal 2017 is summarized below:

1. Evaluation method

- (1) Those covered: All members of the Board of Directors (nine persons) and Audit & Supervisory Board Members (five persons)
- (2) Implementation method: Conducted using anonymous questionnaire from March to April 2018.
Note: A third party (external consultant) was used in the conduct of the evaluation.

(3) Items evaluated:

- (i) Roles/responsibilities of the Board of Directors
- (ii) Composition of the Board of Directors
- (iii) Roles of Directors and qualifications for appointment
- (iv) Administration of the Board of Directors

- (4) Evaluation process: Questionnaire responses collated by the third party (external consultant) were analyzed and the results reported to the Board of Directors.

2. Overview of the evaluation results The results were generally positive for all of the items evaluated. The external consultant commented that various reforms have been made with the aim of realizing a more effective Board of Directors and that these reforms have steadily produced results and that these efforts were also viewed positively by the external executives. On the other hand, to achieve further improvements in effectiveness, the evaluation identified issues such as further enhancement of the deliberations of the Board of Directors and improvement of the information provided to Directors. Going forward, after discussion by the Board of Directors, we will take initiatives to further improve the effectiveness of the Board.

Issues raised by the evaluation of the Board of Directors and key initiatives to be taken

Issues that were raised in the Board of Directors' evaluation for fiscal 2016 included improving the quality of materials distributed at meetings of the Board of Directors and encouraging discussions among internal and outside directors. In fiscal 2017, measures to further improve the effectiveness of the Board of Directors were implemented in response to these issues. The measures included creating a glossary to explain the terminology used in materials distributed to the Board of Directors, and the continuance of giving a briefing on discussion points from the Management Council before presenting an item for deliberation by the Board of Directors. Meanwhile, the Nomination and Remuneration Advisory Committee discussed ideas for a remuneration system and a set of performance evaluation standards for Directors and officers taking into account incentives for medium- to long-term increase in corporate value and sustained growth. Based on the Committee's report, the Board of Directors resolved to revise the directors' and officers' remuneration systems.

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. This Committee nominates candidates for Director, Audit & Supervisory Board Member, and Management Council Member (including deciding Representative Directors and Executive Directors and nominating successors to the President and Chief Executive Officer). In addition, the Committee discusses the structure and level of remuneration and bonuses for Directors and Executive Officers, as well as the revision of limits for remuneration of Audit & Supervisory Board Members, and reports the outcome to the Board of Directors. In April 2018, a new President and Chief Executive Officer was appointed by a resolution of the Board of Directors that had received the report of the Committee. With the previous President and Chief Executive Officer approaching the limit of his six-year term as prescribed in the Sumitomo Corporation Corporate Governance Principles, the Nomination and Remuneration Advisory Committee conducted discussions in relation to the qualifications of the new President and Chief Executive Officer, as well as gathering and analyzing information and exchanging opinions in preparation for the nomination process. Having passed a unanimous resolution on a candidate for the new President and Chief Executive Officer, the Committee made its report 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

Management Council

Changing the Management Council to the decision-making body

In July 2015, the Management Council was reorganized to become the highest executive level decision-making body, with the aim of enabling decisions that take into account diverse opinions and multifaceted discussions in regard to specific key matters related to management, within the scope of the mandate conferred by the Board of Directors. The Management Council, which meets in principle once a week, consists of the President and Chief Executive Officer, all chief officers of the Corporate Group, and the general manager of each of the business units. In addition, in regard to specific issues that are extremely important from a Companywide perspective, the Company has established, as advisory bodies to the President and Chief Executive Officer and to the Management Council, committees such as the Company Investment Committee, the Medium-term Management Plan Promotion Support Committee, the Internal Control Committee, the Compliance Committee, and the Corporate Sustainability Committee.

Corporate governance

System

Audit & Supervisory Board Members and the Audit & Supervisory Board

Enhancement of auditing capabilities

In order to reinforce the audit function from an external perspective, three of the five Audit & Supervisory Board Members are Outside Audit & Supervisory Board Members. Of these, two are legal experts, and one is a specialist in accounting, such that the audit system incorporates diverse perspectives. Moreover, our three Outside Audit & Supervisory Board Members satisfy standards on independence stipulated by TSE and other financial instruments exchanges on which the Company is listed and our in-house rules on Standards for Appointment and Independence of Outside Directors and Outside Audit & Supervisory Board Members.

Collaboration between the Internal Auditing Department and accounting auditors

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

Ensuring Audit Effectiveness

Audit & Supervisory Board Members attend meetings of the Board of Directors and all other important internal meetings, to obtain the information necessary for proper auditing. Audit & Supervisory Board Members also meet the Chairman of the Board of Directors and the President and Chief Executive Officer, in principle once a month, to exchange opinions on material issues regarding management policy and auditing. Moreover, the Audit & Supervisory Board Members' Administration Department is assigned to assist Audit & Supervisory Board Members, so that the auditing system functions effectively and without hindrance.

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. Moreover, the Company established the Corporate Disclosure Policy in July 2016.

 [Disclosure policy](#)

Measures relating to the General Meeting of Shareholders

We send out a Notice of Convocation to shareholders approximately three weeks prior to each regularly scheduled General Meeting of Shareholders. For the convenience of overseas shareholders, we also provide an English-language translation of the notice on our website in advance of sending a Notice of Convocation. We have allowed our shareholders to exercise their voting rights via the Internet using personal computers since 2004 and via the Internet using mobile phones since 2005. In 2007, we introduced the Electronic Voting Platform operated by Investor Communication Japan, Inc. (ICJ) a body established by TSE and other parties. The new platform allows institutional investors sufficient time to thoroughly examine the propositions to be resolved at the meeting. In addition, we stream video of the General Meeting of Shareholders on our website for a period of one year after the close of the meeting.

 [Ordinary General Meeting of Shareholders](#)

Corporate governance

System

Remuneration of Directors and Audit & Supervisory Board Members

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

Director remuneration (excluding that of the chairman of the Board of Directors and outside directors)

With the goal of enhancing the corporate governance of the Sumitomo Corporation Group and enhancing the corporate value of the Company over the medium to long term, the following has been established in order to implement a remuneration system that supports sustainable growth in line with management strategies.

Basic policy

- By setting an appropriate ratio of fixed compensation (monthly remuneration) to variable compensation (performance-linked bonuses reflecting short-term results, and stock compensation keyed to medium- to long-term results and shareholder value), the remuneration system provides a sound incentive toward sustainable growth.
- Through strengthening the relationship between performance-linked bonuses and the management strategies of the Sumitomo Corporation Group, we encourage the execution of duties compatible with management strategies and generate strong motivation to achieve specific management goals.
- With regard to a stock compensation plan, by further reinforcing the linkage to shareholder value, we promote initiatives to enhance corporate value over the medium to long term, and deepen the sharing of values with shareholders.

Remuneration ratios and levels

- In order to strengthen incentives for corporate performance based on management strategies, and improved corporate value over the medium to long term, the ratio of fixed compensation to variable compensation is set to an appropriate level.
- Referring to objective market survey data on remuneration provided by external specialist institutions, appropriate remuneration levels are set after considering the management environment of the Company.

Ratios of Remuneration (Hypothetical Impression)



- * This chart is a hypothetical impression computed on the basis of a prescribed corporate performance and the share prices of the Company's stock, with the aforementioned ratios subject to fluctuation pursuant to changes in corporate performance and the Company's share price.



[Remuneration System for Executive](#)

Compliance

Policy and concept

The basis for the Sumitomo Corporation Group's compliance is to win the trust of society by practicing the Activity Guideline that states "to comply with laws and regulations while maintaining the highest ethical standards."

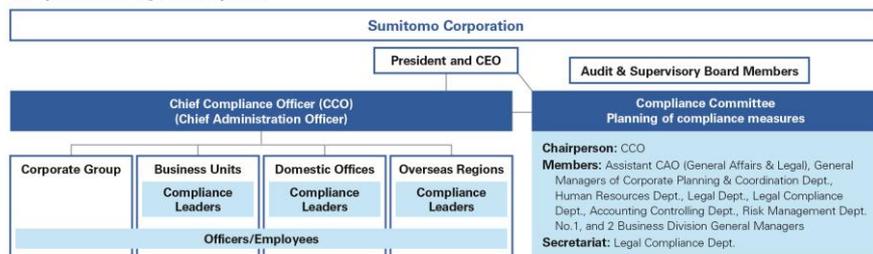
Accordingly, we follow our principles of "Giving First Priority to Compliance," which means compliance takes priority over all activities of the Group and that we must never violate compliance as a result of giving priority to the pursuit of profit, and "Reporting Compliance Issues Immediately," which means, in the event of a compliance problem, employees must report the situation without delay to their line manager or to the relevant department of the Corporate Group.

System

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

Our Group will continuously aim to establish and improve the internal systems that realize our principle of "Giving First Priority to Compliance."

Compliance Management System

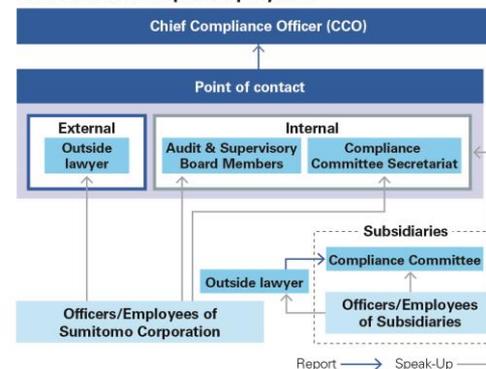


Speak-Up System

Our internal rules stipulate that any issues or potential issues in relation to compliance must be reported immediately. Such issues include not only the violation of antitrust/competition laws or anti-bribery/corruption laws but also workplace misconduct, falsification of accounts, or harassment. If reporting through the usual reporting line is difficult for some reason, we maintain a "Speak-Up System" available to officers and employees to report the issue to the Chief Compliance Officer through an internal or external hotline.

Under the System, the fact and details of the report are maintained in the strictest confidence, and it is ensured that the whistle-blower is not subject to disadvantageous treatment for making the report. Furthermore, in order to encourage the use of the System, seminars for officers and employees as well as internal guidelines are provided. Additionally, "Speak-UpCards" with an overview of the System as well as the contact details for the hotline are distributed to all officers and employees, and posters are put up on all floors of our office to raise awareness of the System.

Structure of the Speak-Up System



Compliance

Activities

Appropriate responses to compliance violations and preventive measures

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

The Compliance Committee Secretariat keeps records of the details and number of cases occurring in the Group, and other information such as measures taken to prevent recurrence. These are evaluated and used to plan future compliance measures. The results are deliberated at meetings of the Compliance Committee, and reports are made periodically to the Management Council and the Board of Directors. Through this process of repeatedly improving and enhancing such measures, we strive to further encourage thorough compliance throughout the Group.

Continuous education program initiatives

We have summarized into 19 separate themes the issues that we consider important, such as antitrust, security trade control, and anti-bribery/corruption, and we have disclosed our policies regarding these in the form of our Compliance Guiding Principles. The Compliance Manual, which adds commentary on the Principles, and summarizes the laws, regulations, and internal rules on which it is based, is distributed to all employees of Sumitomo Corporation.

Furthermore, both in Japan and overseas, we implement various education programs for each class of employee, such as newcomers, newly appointed general managers, and newly appointed corporate officers, as well as provide e-learning programs for all employees. In addition to these regular activities, we hold seminars and training sessions on an ongoing basis as required.

Anti-bribery/corruption initiatives

Based on the principle of "Giving First Priority to Compliance," 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 regulates the provision of entertainment, gifts, invitations, and donations to domestic and foreign public officials as well as the selection of agents. In addition, taking into account revisions to the laws and regulations of each country, and advice from various external specialists, we continuously review our internal rules and guidelines. Further, we extend these rules and guidelines to overseas offices and Group companies, and we also offer ongoing employee education and work constantly to prevent bribery and corruption.

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

Measures for ensuring compliance with laws concerning antitrust and fair competition

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

Compliance

Activities

Security trade control and logistics compliance

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

Prevention of insider trading

To prevent violations of insider trading regulations related to our business activities as well as personal dealings by officers and employees, our company has established "Rules for Prevention of Insider Trading" as well as internal checking systems from various perspectives. To ensure compliance with insider trading regulations as well as internal rules, we also continuously provide internal training courses and other activities to raise awareness. In 2017, we held an internal training program for general managers to remind the importance of appropriately managing insider information at each organization.

Social and environmental risk management

Risk management system

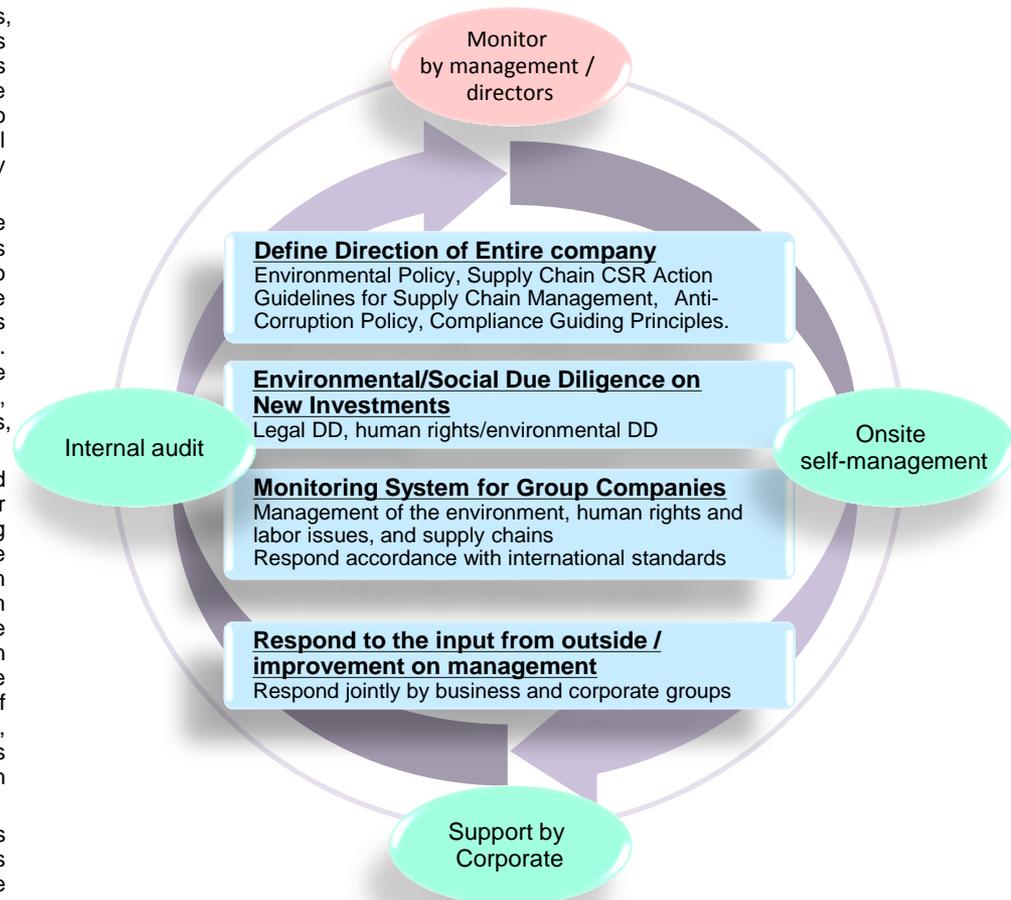
The business activities of the Sumitomo Corporation Group impose various impacts on the global environment, local communities, customers, executives and employees, and various other stakeholders. In order for us to maintain sustainable growth, it is necessary to appropriately manage the impacts posed by our activities to avoid risks that threaten the global environment and people's lives and, furthermore, the sustainability of our business. Companies are expected to proactively contribute to addressing social and environmental issues. In response, we have to pay careful attention not only to our activities but also to the impacts posed by our entire supply chains on the society and environment.

There are an extensive variety of issues associated with these impacts that we should pay particular attention to, including biodiversity, pollution, water resources depletion, human rights, safe and hygienic labor conditions. There are also differences depending on the products dealt with, business types, areas where activities take place, and other factors. The Sumitomo Corporation Group is engaged in a wide variety of business activities in different countries and regions. With this in mind, we have a company-wide framework not only for onsite management of each business but also for clarification of the company-wide policies, comprehensive monitoring, internal auditing, supervision by executives and directors, and other relevant activities.

The Group has developed and publicized its policies related to social and environmental issues, such as the Environmental Policy, CSR Action Guidelines for Supply Chain Management, Anti-Corruption Policy, and Compliance Guiding Principles. With regard to individual business projects, in conducting due diligence for a new investment, we use environmental consultants and specialists in human rights and labor issues, depending on the nature of each business, to confirm whether there are any adverse impacts of business activities on society and the environment. For the purpose of enhancing Group governance, which is included in the Medium-Term Management Plan 2020, we have adopted a system to improve internal control through regular monitoring of the current state of management of each Group company's risks, including environmental issues, human rights issues, labor management and supply chain management, jointly with the business organizations in charge and relevant corporate organizations, through dialogues with each associated company.

When we receive information on adverse impacts associated with our company's business activity from local residents, NGOs or other stakeholders, the business organization in charge and corporate organizations involved will jointly respond to the issue. They discuss measures to improve the identified situation and implement them.

Reported risks concerning social and environmental issues are discussed by a relevant internal committee. The committee then reports the discussed risks to executives and directors so that they can understand and supervise the relevant issues.



Social and environmental risk management

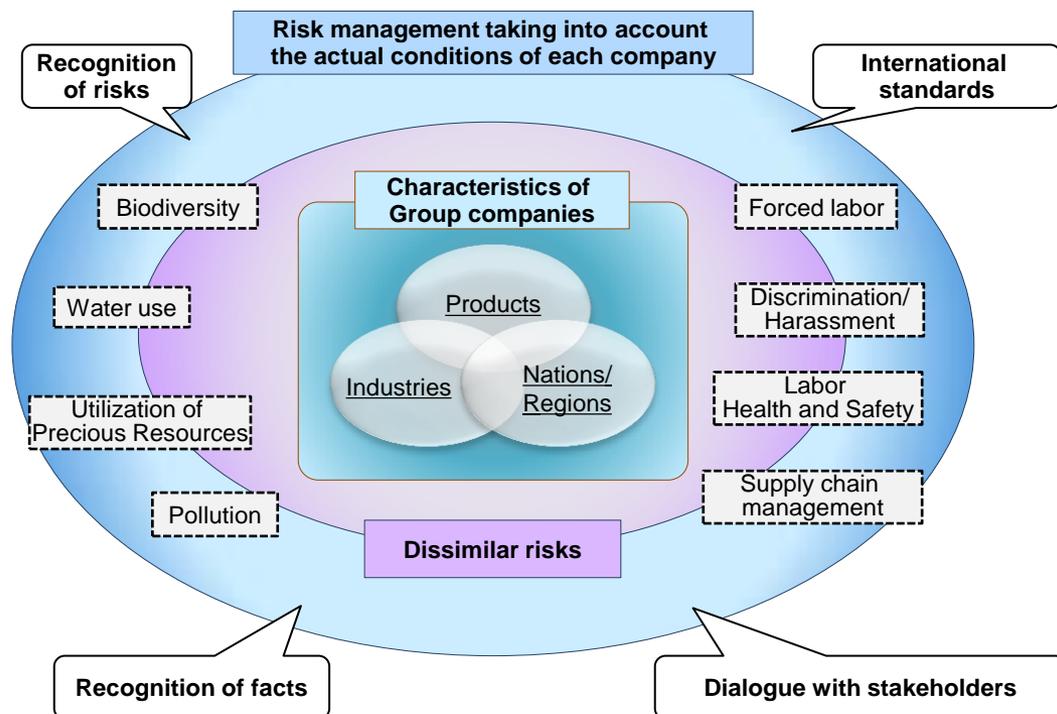
Monitoring of Group companies including ESG risks

As part of our group governance commitment, we have adopted a system for periodic monitoring of the management of various risks of each Group company. Risks associated with environmental and social issues differ from company to company depending on the business activities and areas where activities take place. For this reason, it is difficult to apply unified management standards and guidelines. We have therefore identified a common standpoint, based on which we ensure risk management that takes into account each company's business activities and risk levels.

What is most important is that each company fully understands the characteristics of their business activities and the area where they are located, the relationship between their activities and social and environmental issues, and their own risks. When addressing the issues they are facing, it is important not only to comply with laws and regulations but also take into account international standards on the environment and human rights. It is not enough to merely have a system. It is necessary to actually pay attention to whether or not there are any problems occurring in local communities, with employees and other stakeholders. It is also necessary that there is a communication route available for a stakeholder with a problem, if any, to let others know about it.

The Sumitomo Corporation Group consists of several hundreds Group companies, which are engaged in business activities in different environments and are facing different social issues. We consider it possible to appropriately manage the entire Sumitomo Corporation Group by repeating a cycle as follows: Each Business Unit monitors each Group company's risks through communication with it and in cooperation with relevant Corporate Group organizations, and makes improvements, if necessary, where executives and directors serve as supervisors.

Socially sustainable growth has become a common global theme. In response, companies should pay more careful attention to the management of their impacts on society and the environment to meet strict standards. We will continue our efforts to improve the level of our company-wide risk management through fully understanding the risk profile of the overall portfolio of our company using not only the risk management cycle for individual business activities but also knowledge from outside sources.



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

Information Security Policy

1. Recognition of Information Security

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

2. Compliance

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

3. Management of Information Assets

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

4. Response to Information Security Incidents

Whilst making the utmost endeavour 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.

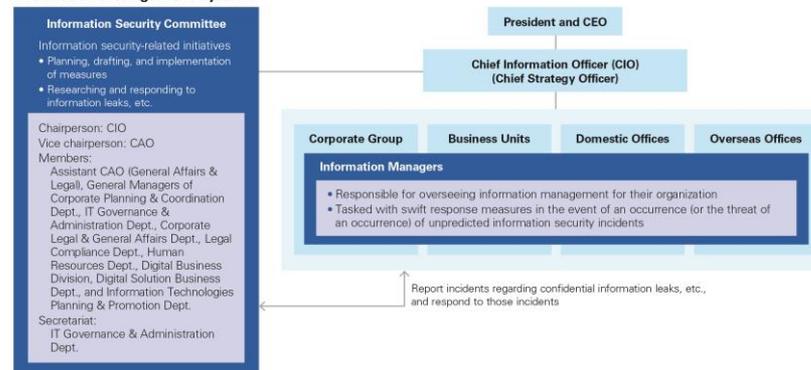
5. Awareness Education of Information Security

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.

Information Management System

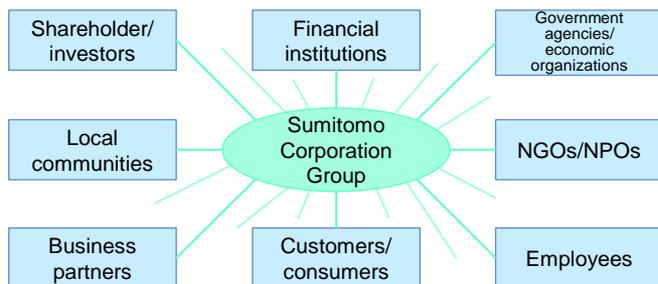


 [Privacy Policy](#)

Stakeholder engagement

Relationships with stakeholders

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



Stakeholders	Major means of dialogue
Stakeholders/investors Financial institutions	General meeting of shareholders, IR meeting, integrated report, annual securities report, business report for shareholders, website, reporting to credit rating agencies, 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.

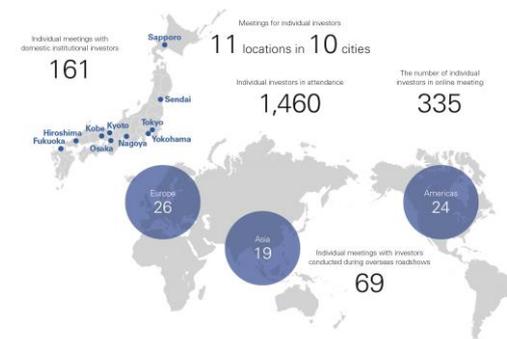
IR/SR Activities

(IR: Investor Relations SR: Shareholder Relations)

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

Fiscal 2017 IR/SR Activities

	April	May	June	July	August	September	October	November	December	January	February	March
			Announcement of annual results		Announcement of 1st quarter results	Publication of the integrated report		Announcement of semi-annual results				Announcement of 3rd quarter results
For individual investors			General meeting of shareholders		Meetings for individual investors							Online meeting for individual investors
For analysts and institutional investors		Overseas IR roadshows					Site tour (Jupiter Shop Channel)	Overseas IR roadshows	Meeting for exchanges of opinion regarding ESG			Overseas SR roadshow
												Site tour (Myanmar telecommunication business, industrial park business)



ESG quantitative data

Environment (Climate change)

Item	Scope	Unit	FY 2015	FY 2016	FY 2017
CO2 Emissions ^(※2)	Non-consolidated	Head office, regional offices, branches and sub-branches in Japan and overseas	5,670	5,190	4,926
	Consolidated subsidiaries	Domestic and overseas consolidated subsidiaries	18,879	806,490	2,095,089
	Total		24,549	811,679	2,100,015
	Intensity (per m ²)	Head office, regional offices, branches and sub-branches in Japan	t-CO2/m ²	0.074	0.066
CO2 Emissions (Scope3) ^(※3)	Logistics	Head office, regional offices, branches and sub-branches in Japan	8,971	7,420	7,803
	Waste		11	11	6
	Overseas Business Trips		26,348	26,518	28,569
	Commuting		815	751	709
	Downstream Leased Assets		36,398	35,148	36,894
Energy Consumption	Non-consolidated	Head office, regional offices, branches and sub-branches in Japan and overseas	—	50,693	48,472
	Consolidated subsidiaries	Domestic and overseas consolidated subsidiaries	—	8,009,967	22,496,811
	Total		—	8,060,660	22,545,283
	Intensity (per m ²)	Head office, regional offices, branches and sub-branches in Japan	GJ/m ²	—	0.663
Electricity Consumption	Non-consolidated	Head office, regional offices, branches and sub-branches in Japan and overseas	8,429	8,134	7,536
	Consolidated subsidiaries	Domestic and overseas consolidated subsidiaries	35,179	456,169	1,527,811
	Total		43,608	464,303	1,535,347
	Intensity (per m ²)	Head office, regional offices, branches and sub-branches in Japan	MWh/m ²	0.107	0.105

(※1) In the data above, the CO2 emissions, energy consumption and electricity consumption for FY 2015 are those of offices only, and for FY 2016 and FY 2017 are those of all sites, including manufacturing sites. Energy consumption started to be included from FY 2016.

(※2) CO2 emissions derived from electricity consumption were calculated using the CO2 emission factors of electric power below:
(In Japan) Head Office, regional offices, branches and sub-branches in Japan: For FY 2015, average of all power sources/receiving ends; For FY 2016 and later, the actual immediate emission factors by power company; Corporations/associated companies in Japan: average of all power sources/receiving ends
(Overseas) Overseas branches/offices, overseas corporation/associated companies: Emission factors by country in 2013 specified in the CO2 Emissions from Fuel Combustion 2016 edition issued by International Energy Agency (IEA);
To calculate CO2 emissions derived from fuel and heat, the CO2 emission factor specified in the Greenhouse Gas Calculation and Reporting Manual issued by the Ministry of the Environment and the Ministry of Economy, Trade and Industry was used.

(※3) CO2 emissions (Scope 3) were calculated and tabulated as follows:
- Domestic transport/consignor: CO2 emissions of domestic transport with Sumitomo Corporation as consignor are tabulated according to the Greenhouse Gas Calculation and Reporting Manual issued by the Ministry of the Environment and the Ministry of Economy, Trade and Industry.
- Waste: CO2 emissions from incineration of all the general wastes from business activities of Sumitomo Corporation were calculated using the emission factor published by the CFP (Carbon Footprint) Communication Program.
- Overseas business trips: Flights to and from Japan used by executives and employees of Sumitomo Corporation alone were included. Destinations were divided into 12 areas and, based on the distance to a representative airport of each area, person-kilometer was tabulated.
- Commuting: Executives and employees of Sumitomo Corporation alone were included. Calculation was made using the emission factors per person-kilometer by means of transportation of passengers specified in the CO2 Emissions in the Transport Sector published by the Ministry of Land, Infrastructure, Transport and Tourism.
- Downstream leased assets: Energy consumption of buildings owned by Sumitomo Corporation and leased to tenants was calculated using the emission factor specified in the Act on the Rational Use of Energy.

ESG quantitative data

Environment (Resources and waste)

Item	Scope	Unit	FY 2015	FY 2016	FY 2017	
Waste Emissions	Non-consolidated	Head office, regional offices, branches and sub-branches in Japan and overseas	361	342	191	
	Consolidated subsidiaries	Domestic and overseas consolidated subsidiaries	1,153	1,091	46,005	
	Total		1,514	1,433	46,196	
	Intensity (per employee)	Head office, regional offices, branches and sub-branches in Japan	t/employee	0.083	0.081	0.043
Recycled Waste Emissions		t	322	311	168	
Non-recycled Waste Emissions (final waste disposal volume)	Head office, regional offices, branches and sub-branches in Japan		20	14	2	
Recycle Ratio		%	94.2	95.8	98.8	
Hazardous Waste Emissions			4.67	4.84	3.32	
Air Pollutant Emissions (Nox : nitrogen oxide, Sox : sulfur oxide, VOC : volatile organic compound)	Head office, regional offices, branches and sub-branches in Japan	t	0	0	0	
Paper Consumption	Non-consolidated	Head office, regional offices, branches and sub-branches in Japan	1,000 sheets	28,975	25,681	22,280
	Intensity (per employee)	Head office, regional offices, branches and sub-branches in Japan	1,000 sheets /employee	7.000	6.451	5.604

Environment (Water)

Item	Scope	Unit	FY 2015	FY 2016	FY 2017
Water Consumption	Non-consolidated	Head office, regional offices, branches and sub-branches in Japan and overseas	28,262	25,463	21,609
	Consolidated subsidiaries	Domestic and overseas consolidated subsidiaries	167,491	160,481	130,799,605
	Total		195,753	185,944	130,821,214
	Intensity (per employee)	Head office, regional offices, branches and sub-branches in Japan	m ³ /employee	5.975	5.540
Waste outflow (Sewage volume)	Head office	m ³	17,477	16,382	15,743

(*1) The waste emissions and water consumption for FY 2015 and FY 2016 are those of offices only, for FY 2017 are those of all sites, including manufacturing sites. The results of FY 2015 and FY 2016 are those of direct consolidated subsidiaries, and the results of FY 2017 are those of both direct and indirect consolidated subsidiaries.

ESG quantitative data

Environment (Resources and waste)

Item			Scope	Unit	FY 2015	FY 2016	FY 2017
Environmental accounting	Business area cost	Costs to reduce environmental impacts caused within business areas	Head Office, regional offices, branches and sub-branches in Japan	1000 yen	596,636	1,708,681	2,277,242
	(Breakdown)	Costs to prevent pollution, such as air pollution, water contamination, soil contamination, noise pollution, vibrations, offensive odor, and land subsidence			68	37,922	20,848
	i. Pollution prevention cost	Costs for global environmental protection efforts, such as global warming prevention, energy saving, and ozone layer preservation			589,468	1,662,700	2,249,351
	ii. Global environmental conservation cost	Costs associated with resource circulation efforts, such as effective use of resources, recycling of industrial and general wastes, and other methods of processing and treating industrial and general wastes			7,100	8,059	7,043
	iii. Resource circulation cost	Environmental conservation cost to reduce upstream and downstream environmental impacts			400	114	182
	Upstream/downstream cost	Costs for measures for indirect contribution to reducing environmental impacts and for promoting communication with society, such as disclosure of environmental information			375,392	354,362	369,482
	Managerial activity cost	Costs for environmental protection in research and development activities			118,071	319,591	374,562
	Research and development cost	Costs for environmental protection in social activities that are not directly related to business activities			12,294	17,456	16,034
	Social activity cost	Costs incurred to respond to damage caused by business activities on the environment			284	272	270
	Environmental damage response cost	Total			1,103,077	2,400,476	3,037,773
Environmental Conservation and Economic Benefits	Electricity Consumption	Consumption	Head Office, regional offices, branches and sub-branches in Japan	MWh	7,490	7,278	6,797
		Environmental Conservation Benefits		MWh	57	212	481
		Economic Benefits		1,000 JPY	1,217	4,105	9,818
	Paper Consumption	Consumption		1,000 sheets	28,975	25,681	22,280
		Environmental Conservation Benefits		1,000 sheets	857	3,294	3,401
		Economic Benefits		1,000 JPY	726	2,802	2,871
ISO 14001	Number of ISO 14001-certified offices	Head Office, regional offices, branches and sub-branches in Japan	site	8	8	7	
	Ratio of ISO 14001-certified offices		%	100	100	100	
Violations of environmental laws and regulations (penalties of one million yen or more, etc.)	Number of violation cases	Head Office, regional offices, branches and sub-branches in Japan	case	0	0	0	
	Amount of penalties		yen	0	0	0	

ESG quantitative data

Society (Personnel data)

Item	Scope	Unit	FY 2015	FY 2016	FY 2017	
Number of employees	Consolidated	person	66,860	70,900	73,016	
Number of temporary employees			20,313	20,465	25,619	
Number of employees [Male/Female]	Non-consolidated	person	Male	4,039	3,984	3,907
			Female	1,165	1,178	1,184
			Total	5,204	5,162	5,091
Number of new employees	Non-consolidated	person	Male	108	102	107
			Female	47	51	50
			Total	155	153	157
Ratio of female new employees	Non-consolidated	%	30.3	33.3	31.8	
Ratio of non-fulltime employees, such as contract and temporary employees	Non-consolidated	%	11.2	10.1	9.2	
Number of mid-career employees	Non-consolidated	person	Male	5	8	7
			Female	2	0	1
			Total	7	8	8
Employment rate of disabled persons	Non-consolidated	%	2.14	2.11	2.21	
Number of managers	Non-consolidated	person	Male	2,611	2,633	2,599
			Female	107	143	153
			Total	2,718	2,776	2,752
Ratio of female Managers	Non-consolidated	%	3.94%	5.15%	5.6%	
Ratio of employees who are covered by a collective bargaining agreement	Non-consolidated	%	56.5	56.4	57.6	
Average length of service (years)	Non-consolidated	year/person	Male	19.3	19.1	19
			Female	15.6	15.8	16.1
			Overall mean	18.4	18.3	18.3
Turnover rate of full-time employees	Non-consolidated	%	Male	1.6	2.3	2.3
			Female	3	2.7	2.6
			Total	1.9	2.4	2.4

ESG quantitative data

Society (Work styles)

Item	Scope	Unit	FY 2015	FY 2016	FY 2017	
Average monthly overtime hours	Non-consolidated	hours/minutes	12 hours 41 minutes	11 hours 50 minutes	9 hours 12 minutes	
Average annual days of paid vacation acquired	Non-consolidated	day	10.9	12.7	14.3	
Spouse maternity leave	Non-consolidated	case	80	76	74	
Leave to look after a sick child	Non-consolidated	case	161	200	215	
Number of employees who took family care leave	Non-consolidated	person	0	0	1	
Number of employees who took maternity leave	Non-consolidated	person	57	71	79	
Number of employees eligible for child care leave	Male	Non-consolidated	person	184	192	158
	Female			49	49	66
	Total			233	241	224
Number of employees who took child care leave	Male	Non-consolidated	person	2	5	2
	Female			49	49	66
	Total			51	54	68
Number of employees who returned to work after taking child care leave	Male	Non-consolidated	person	2	5	0
	Female			35	49	36
	Total			37	54	36
Ratio of employees who returned to work after taking child care leave	Male	Non-consolidated	%	100	100	—
	Female			97.2	90.7	92.3
	Total			97.4	91.5	92.3
Number of individuals using shortened work hour system	Non-consolidated	person	99	121	129	
Number of cases of violations of the Labor standards Act	Non-consolidated	case	2	4	1	

ESG quantitative data

Society (Occupational safety and health)

Item	Scope	Unit	FY 2015	FY 2016	FY 2017	
Number of occupational accidents	Employees (full-time)	Non-consolidated	person	3	1	2
Number of deaths by occupational accidents	Employees	Non-consolidated	person	0	0	0

Society (Human resources development)

Item	Scope	Unit	FY 2015	FY 2016	FY 2017	
Ability development training	Total number of lectures	Non-consolidated	session	320	321	326
	Number of employees participating in training		person	12,351	11,868	11,818
	Total hours of training received		hour	54,951	59,718	62,967
	Average hours per employee			10.6	11.6	12.4
Number of employees dispatched overseas	Non-consolidated	person	1,099	1,112	1,101	
Number of employees undergoing training overseas	Non-consolidated	person	97	82	94	
Annual education and training cost per employee	Non-consolidated	yen	531,706	518,882	478,884	

Society (Social contribution)

Item	Scope	Unit	FY 2015	FY 2016	FY 2017
Expenditure for social contribution activities	Consolidated	million yen	1,130	1,549	1,556
Number of employees who used the volunteer leave program	Non-consolidated	person	4	3	3

ESG quantitative data

Governance (Board of Directors, Audit & Supervisory Board, Advisory Committee)

Item			Scope	Unit	FY 2015	FY 2016	FY 2017
Number of Directors ^(*)	Inside directors	Male	Non-consolidated	person	10	10	6
		Female			0	0	0
		Total			10	10	6
	Independent outside directors	Male			2	3	2
		Female			1	1	1
		Total			3	4	3
	Total				13	14	9
Ratio of female Directors ^(*)				%	8	7	11
Number of Board of Directors meetings				time	17	18	21
Number of Audit & Supervisory ^(*)	Inside Audit & Supervisory Board members	Male	Non-consolidated	person	2	2	2
		Female			0	0	0
		Total			2	2	2
	Independent outside Audit & Supervisory Board members	Male			3	3	3
		Female			0	0	0
		Total			3	3	3
	Total				5	5	5
Number of outside Audit & Supervisory Board members with expertise in financial affairs and accounting ^(*)					1	1	1
Number of Audit & Supervisory Board meetings				time	16	15	14
Nomination and Remuneration Advisory Committee ^(*)	Inside members	Male	Non-consolidated	person	2	2	2
		Female			0	0	0
		Total			2	2	2
	Independent outside members	Male			2	2	2
		Female			1	1	1
		Total			3	3	3
	Total				5	5	5
Ratio of outside directors in the Nomination and Remuneration Advisory Committee ^(*)				%	60	60	60
Number of Nomination and Remuneration Advisory Committee meetings				time	2	5	6

(*) Figures at the end of June of each fiscal year

ESG quantitative data

Governance (Remuneration)

Item		Scope	Unit	FY 2015	FY 2016	FY 2017	
Remuneration of Directors	Directors (Excluding outside directors)	Monthly remuneration	Non-consolidated	million yen	686	667	530
		Bonus for Directors			67	149	174
		Stock options			90	79	64
		Total			843	895	769
	Outside directors	Monthly remuneration			34	47	41
		Bonus for Directors			–	–	–
		Stock options			–	–	–
		Total			34	47	41
Remuneration of Audit & Supervisory Board members	Inside Audit & Supervisory Board members (Excluding Outside Audit & Supervisory Board members)	Monthly remuneration	Non-consolidated	million yen	87	86	86
		Bonus			–	–	–
		Stock options			–	–	–
		Total			87	86	86
	Outside Audit & Supervisory Board members	Monthly remuneration			35	34	38
		Bonus			–	–	–
		Stock options			–	–	–
		Total			35	34	38
Audit fees (KPMG AZSA LLC)	Fees for auditing services	Non-consolidated	–	million yen	499	493	495
		Consolidated subsidiaries			575	565	508
		Total			1,074	1,058	1,003
	Fees for non-auditing services	Non-consolidated			6	5	18
		Consolidated subsidiaries			24	24	41
		Total			30	29	59

Governance (Compliance)

Item		Scope	Unit	2017 ^(*)
Compliance-related seminars and other training programs	Number of times	Head Office or domestic/overseas corporations ^(*)	time	≥ 190 times
	Number of participants		person	Total of ≥ 14,570 persons
Of the above, seminars and other training programs related to anti-bribery and anti-corruption	Number of times		time	≥ 70 times
	Number of participants		person	Total of ≥ 2,710 persons

(*) Figures from January to December 2017

(**) Including training programs conducted by Sumitomo Corporation or its regional offices for business-line subsidiaries in Japan or overseas.

Third-party assessment

Assessment organizations

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 Government Pension Investment Fund (GPIF). This is an ESG index consisting of companies with high gender diversity selected by MSCI USA.



CDP (Carbon Disclosure Project)

We respond to the climate change questionnaire of the Carbon Disclosure Project (CDP). In 2017, we were rated as "Management Level B."

SNAM: SNAM Sustainability Index

Sumitomo Corporation is listed as a constituent of the SNAM Sustainability Index of Sompō Japan Nipponkoa Asset Management Co., Ltd. (SNAM).

"Platinum Kurumin" program of the Ministry of Health, Labour and Welfare (MHLW)

Our company was granted Platinum "Kurumin" certification by the Minister of Health, Labour and Welfare as a company that provides superior childcare support. The Platinum "Kurumin" certification is a recognition system established along with the revision of the Act on Advancement of Measures to Support Raising Next-Generation Children on April 1, 2015. The certification is awarded to "Kurumin" certified companies that have executed such measures at a higher standard than before. SC is one of the first five companies in Tokyo to obtain his certification. SC has been facilitating work environments that allow each employee to realize work-life balance as well as implementing measures to enable its employees engaged in childcare and nursing care to perform their jobs at their best level. For example, in November of last year, SC newly established a support system for all the SC employees overseas that allows them to take their children without taking their spouse in an effort to enable them to move forward with their career path while raising children, thus boosting their success in both childcare and work.



S&P/JPX Carbon Efficient Index

Sumitomo Corporation has been named as a constituent of the S&P/JPX Carbon Efficient Index, a global environmental stock index selected by GPIF. This index is designed to determine the weight of each constituent of the Tokyo Stock Price Index (TOPIX) depending on the disclosure level of environmental information and the carbon efficiency level (carbon emissions per sales), based on its market capitalization.

MS-SRI: Morningstar Socially Responsible Investment Index

Sumitomo Corporation was named as a constituent of the Morningstar Socially Responsible Investment Index (MS-SRI), the first of its kind in Japan. (as of May 2018)

Nikkei Environmental Management Survey

In the annual "Nikkei Environmental Management Survey" conducted by Nikkei Inc., Sumitomo Corporation was ranked first in 2018 for the second consecutive year in the non-manufacturing trading company category.

"Eruboshi" certification

In May 2016, Sumitomo Corporation was 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.



Excellent health and productivity management enterprise in the "White 500" category, certified by the Ministry of Economy, Trade and Industry (METI)

We were certified by METI as outstanding health and productivity management enterprise in the White 500 category in 2018 for the second consecutive year.



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

- **Environmental Policy**
<https://www.sumitomocorp.com/en/jp/sustainability/environment-policy>
- **ISO 14001 Management System Certification**
<https://www.sumitomocorp.com/en/jp/sustainability/environment-policy#03>

Governance

- **Corporate Governance Principles**
<https://www.sumitomocorp.com/en/jp/about/governance/detail>
- **Sumitomo Corporation Group Tax Principles** (PDF/69KB)
<https://www.sumitomocorp.com/jp/-/media/Files/hq/sustainability/material-issues/tax-principles-j.pdf?la=en>
- **Compliance Guiding Principles**
<https://www.sumitomocorp.com/jp/-/media/Files/hq/about/governance/compliance/compliance-policy.pdf?la=en>
- **Corporate Disclosure Policy** (PDF/577KB)
<https://www.sumitomocorp.com/jp/-/media/Files/hq/about/governance/detail/disclosurepolicy160701.pdf?la=en>
- **Risk Management Basic Policy**
<https://www.sumitomocorp.com/en/jp/about/governance/risk>

Society

- **CSR Action Guidelines for Supply Chain Management**
<https://www.sumitomocorp.com/en/jp/sustainability/csr>
- **Support for the UN Global Compact's 10 Principles**
<https://www.sumitomocorp.com/en/jp/sustainability/initiative>
- **Basic Principles on Social Contribution Activities**
<https://www.sumitomocorp.com/en/jp/sustainability/contribution>
- **Information Security Policy**
<https://www.sumitomocorp.com/en/jp/security>
- **Human Resource Management Policy**
<https://www.sumitomocorp.com/en/jp/about/talent/manage>
- **Privacy Policy**
<https://www.sumitomocorp.com/en/jp/privacy>
- **Work-Life Management Policy and Action Policies**
<https://www.sumitomocorp.com/en/jp/about/talent/utilization/wlm/policy>
- **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>



Sumitomo Corporation