



Communication Book 2020



Vol.1



Sumitomo Corporation

| Enriching lives and the world

ESG Communication Book

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

Reporting Scope

Sumitomo Corporation and group companies

Reporting Period

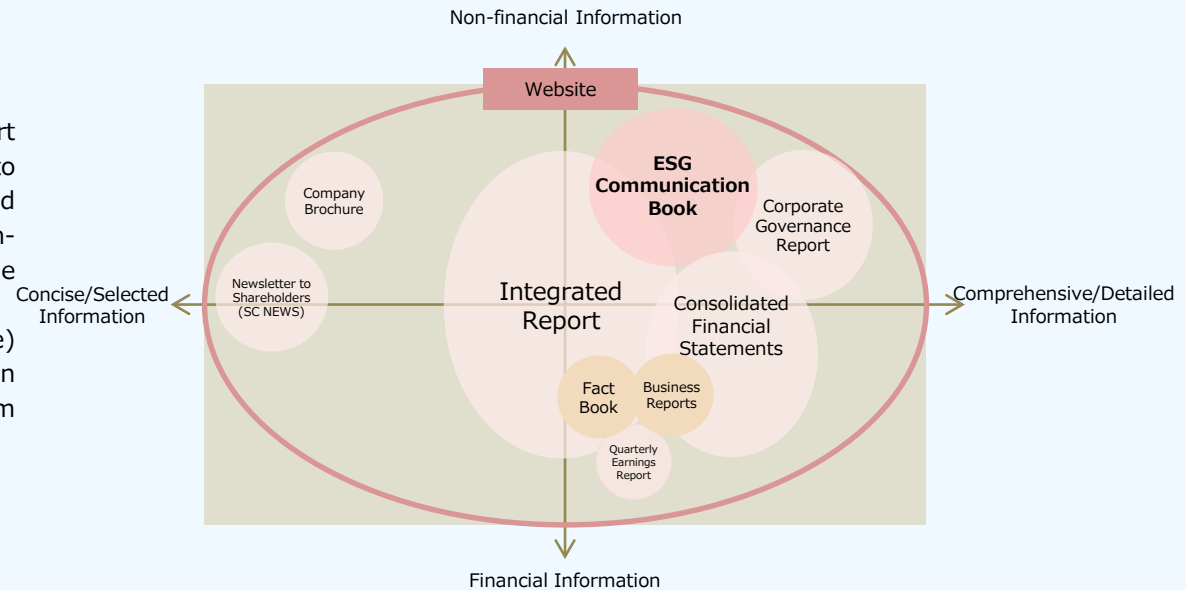
Business activities mainly in FY2019 (April 2019-March 2020), including some policies and activities before March 2019 and after April 2020.

Month of Issue

August 4, 2020

Last Revision Date: August 7, 2020

P81 The amounts of "FY2019 Social Contribution Activity Costs" pie chart are revised



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



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ESG Communication Book

Top Message

President and CEO



Sumitomo's Business Philosophy handed over for 400 years and expressed as "Benefit for self and others, private and public interests are one and the same" (meaning that Sumitomo's business, while benefiting Sumitomo, must also benefit the nation and society) is the foundation of Sumitomo Corporation Group's management and business activities and is retained in our Management Principles.

We are currently clarifying the roles that the Sumitomo Corporation Group must play to address various social issues while enhancing sustainability management that can strategically allocate management resources in anticipation of long-term changes in the business environment and create the value that society truly needs.

Climate change, in particular, is an extremely critical issue that must be overcome in order to achieve a sustainable society and we are committed to aim at making our group's business carbon neutral in 2050.

Aim high, act on our principles and execute. Sumitomo Corporation Group will act as one in unceasing challenges for new value creation to realize our dreams.

**Representative Director
President and Chief Executive Officer
Masayuki Hyodo**

Chairperson of the Corporate
Sustainability Committee



As a part of its efforts to enhance sustainability management, this fiscal year the Sumitomo Corporation Group identified six key social issues that it will work to address. The Group also set long-term goals linked to those issues. Furthermore, we have committed to setting medium-term goals, incorporating them into concrete action plans, and implementing those plans as per schedule. We believe that defining social issues that we will face, clarifying the paths to achieving our goals, and openly sharing our progress are all part of the social responsibility required of companies.

We are also convinced that pursuing the ideal society will lead to the creation of even more business opportunities. The ESG initiatives of the Sumitomo Corporation Group are positioned to contribute to the creation of a sustainable society and as our own innovation measures for the creation of new business, and we will carry them out in collaboration with various stakeholders.

Through our business activities, we will become a better member of society. This is the true embodiment of our corporate message—Enriching lives and the world. We hope that our actions will live up to your expectations.

**Representative Director
Senior Managing Executive Officer
Hideki Yamano**

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.

SUMITOMO CORPORATION GROUP'S CORPORATE MISSION STATEMENT

Corporate Vision
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.

Management Principles
Corporate Mission
To achieve prosperity and realize dreams through sound business activities

Management Style
To place prime importance on integrity and sound management with utmost respect for the individual

Corporate Culture
To foster a corporate culture full of vitality and conducive to innovation

Activity Guidelines
To act with honesty and sincerity on the basis of Sumitomo's business philosophy and in keeping with the Management Principles
To comply with laws and regulations while maintaining the highest ethical standards

To set high value on transparency and openness
To attach great importance to protecting the global environment
To contribute to society as a good corporate citizen
To achieve teamwork and integrated corporate strength through active communication
To set clear objectives and achieve them with enthusiasm

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.



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.



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.



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

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

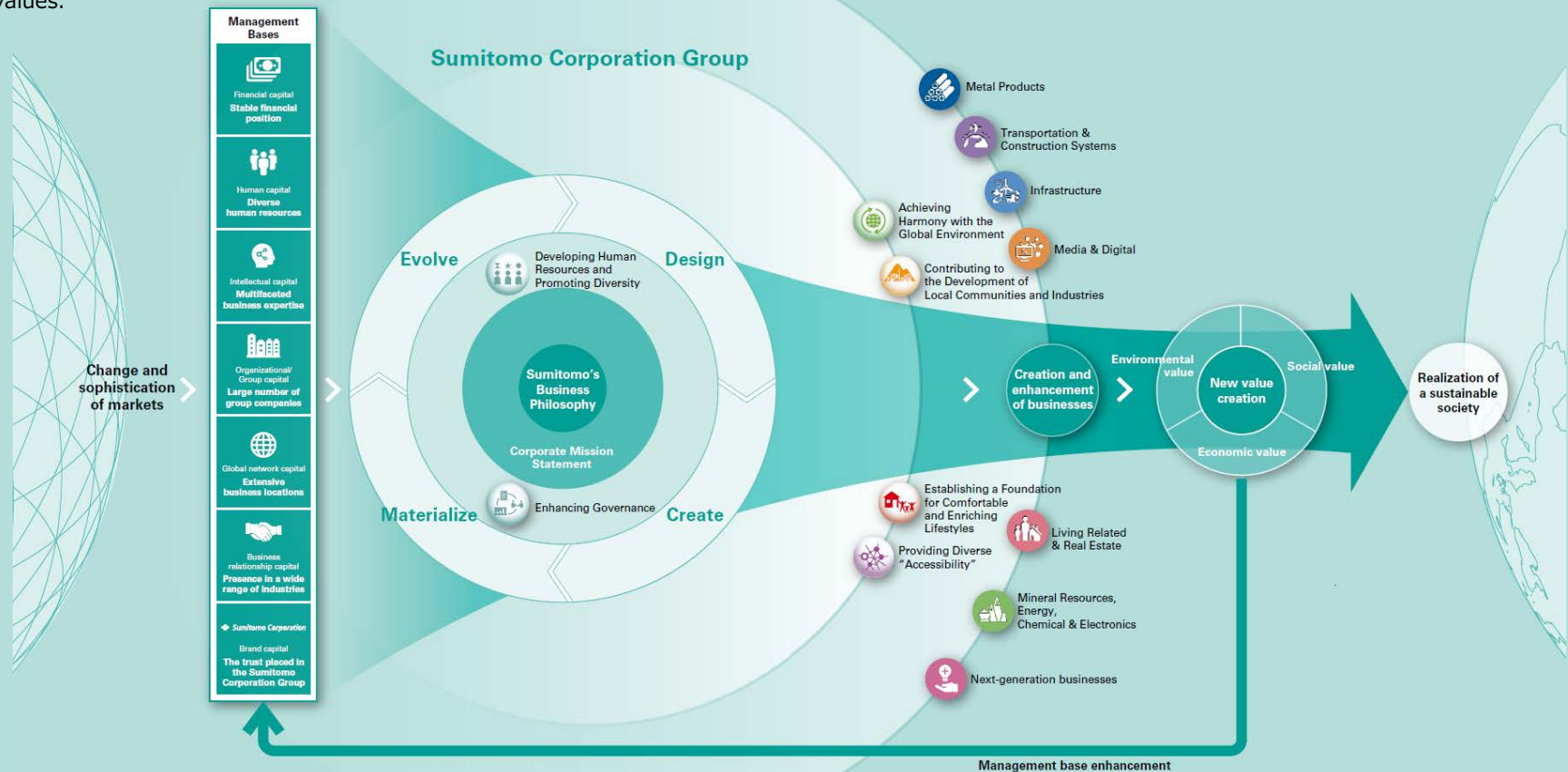
Increase in stability and growth potential on management and corporate value in the long-term

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.



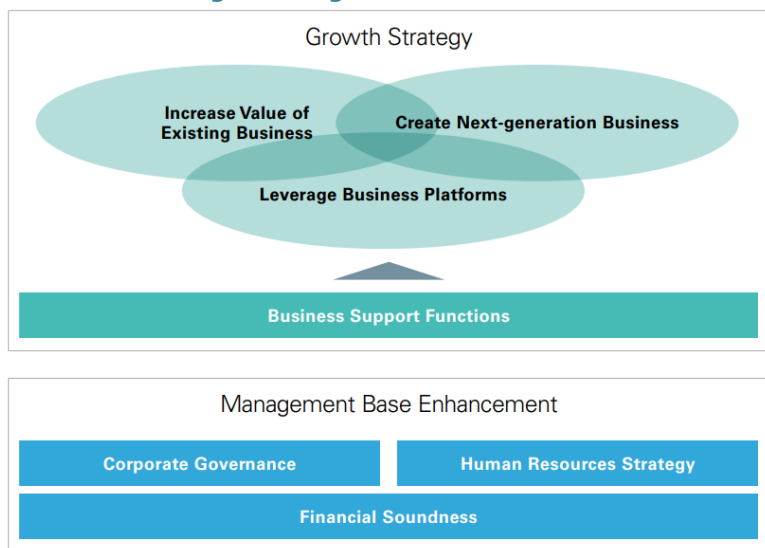
Medium-term Management Plan

In May 2018, we formulated “Medium-Term Management Plan 2020” to cover the three-year period from FY2018 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~



Creating the next-generation businesses:

Allocating management resources to 3 growth fields in prioritized manner

Growth Fields	Case
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"> • Acquisition of a stake in Sekal AS, a developer of automated oil and gas drilling process control software (Metal Products) • 5G-related business (localized 5G solutions and base-station sharing) (Infrastructure / Media & Digital) • Investment in Elephantech Inc. in the printed electronics field (Mineral Resources, Energy, Chemical & Electronics)
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"> • Promotion of managed care business in Malaysia (Living Related & Real Estate)
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"> • Acquisition of AIMO Park, a parking lot business operator in Northern Europe (Transportation & Construction Systems)

How to Understand Sustainability / Sustainability Promotion System

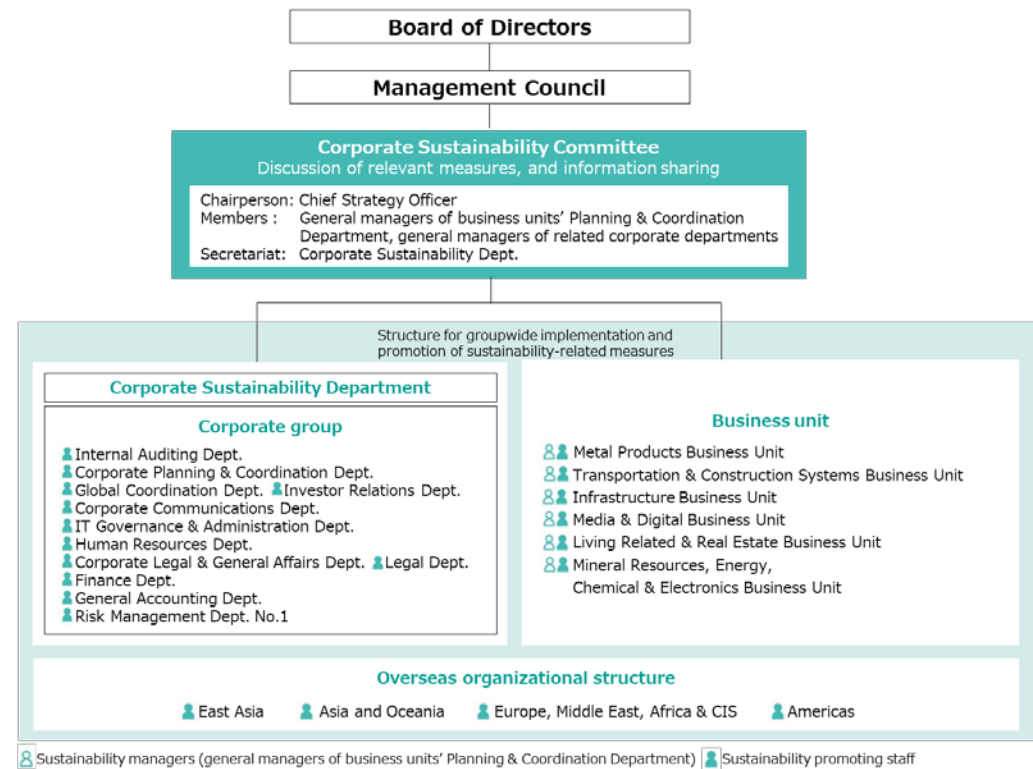
Structure for Promoting Sustainability

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

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

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

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, 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 FY2019, we took part in working groups on: environmental management related to climate change, biodiversity and other environmental issues; human rights due diligence; reporting; supply chain; SDGs; and 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.	   	   
Work Health and Safety/Health and Productivity Management	Decreased labor productivity, hollowing out of human resources, and business continuity risk due to inappropriate risk management, etc.	Improvement of labor productivity and employee motivation by giving due consideration to health, etc.	 	  
Human Resources Management	Hollowing out of talented human resources, decreased labor productivity, decreased motivation of employees, and business continuity risk due to lack of appropriate measures and inappropriate working environment, etc.	Human resources retention, enhanced labor productivity, increase in employee motivation, and opportunities to enter new business areas through providing appropriate human resource development programs and realizing a fulfilling working environment, etc.	    	  
Supply Chains	Business continuity risk and reputation loss as a result of the occurrence of problems related to the environment, human resources and labor practices in supply chains, etc.	Development and stability of business by resilient value chains, etc.	 	  
Industrial/Technological Innovation	Deterioration of existing business and hollowing out of human resources as a result of the shift to ICT, the disappearance of borders for all industries, and complexity, etc.	Enhancement of existing business and creation of new business models through the shift to ICT, etc.		  
Healthcare	Medical malpractice-related risks, etc.	Improvement of access to better medical care, enhancement of efforts to respond to increased demand for drugs, etc.	 	  
Local infrastructure/Community Planning	Business continuity risks as a result of the occurrence of problems related to the environment, human resources and labor practices at sites of urban development and infrastructure construction, etc.	Promotion of urban development and infrastructure projects mainly in emerging countries, etc.	  	  

* 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	 Remarkable improvement in the safety of workers through the introduction of non-contact tags	 EV car-sharing in Sweden	 Sewage treatment plant in Rio Grande do Sul Province	 J:COM 4K Demo Event	 Interior of Summit supermarket, Hon-Amanuma store	 San Cristobal silver, zinc and lead mine
	 Steel Service Center	 Motor grader used for ground leveling	 Reverse Vending Machine	 Telecommunications business in Myanmar (MPT)	 SC Foods "Yongenton Silky Pork"	 Diademed sifaka (Propithecus diadema), critically endangered species (Ambatovy Project)
	 Long rail transport vessel	 Lunar module manufactured by ispace (illustration)	 Dorper Wind Farm Pty Ltd. in South Africa	 Promoting DX Groupwide	 Forest owned by Terneyles	 Agrochemical project in Brazil (Agro Amazonia Produtos Agropecuarios Ltda.)
Climate Change	P36,P37		P35,P36	P36		P36,P38
Water Resources			P39,P40			P40
Biodiversity			P43		P43	P42
Environmental Pollution	P47		P46			P44,P45,P47
Resource Use					P48	
Human Rights			P28		P28	P28
Work Health and Safety/Health and Productivity Management	P58				P57	P50,P57
Human Resources Management	P64					
Supply Chains					P75	P75
Industrial/technological innovation	P76			P76		
Healthcare					P77	P78
Local Infrastructure/Community Planning	P80			P79		

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

Enhancing Sustainability Management

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

Sumitomo Corporation Group's Sustainability Initiatives

Sumitomo Corporation Group has grown into an integrated trading company over the past 100 years since it was originally founded as the Osaka North Harbor Company Limited in 1919. The history of Sumitomo, which formed the basis of Sumitomo's Business Philosophy, can be traced back to some 400 years ago when its business focused on copper refining which later advanced to copper mining.

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

"Benefit for self and others, private and public interests are one and the same", which is one of the credos of Sumitomo's Business Philosophy, and the actions taken by our predecessors to prioritize the sustainability of natural environment and the local community over short-term profit, are deeply rooted in heart of every employee at Sumitomo Corporation. We are confident that our business serves the public interest. [\[⇒Sumitomo's Business Philosophy P3\]](#)

Today, after 100 years since the Osaka North Harbor Company Limited has established, we have 70,000 employees working at more than 900 group companies in 81 countries and regions and we do our business by engaging with multiple stakeholders including customers, local communities, business partners and employees. Our business as well as our relationship with the stakeholders have expanded to a global scale and we believe that our mission is to protect the planet and pursuing development for the world and better lives for our stakeholders. [\[⇒Corporate Mission Statement P3\]](#)

What We Need to Do Now

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

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

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

[\[⇒Sumitomo Corporation Group's Material Issues P4-5\]](#)

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

[\[⇒P12-16. Enhancing Sustainability Management P12-16\]](#)

Enhancing Sustainability Management

What the Group Will Bring About for the Development of a Sustainable Society

As Sumitomo Corporation works to enhance its sustainability management, we have identified six key social issues related to our business that we address through our business and corporate activities.

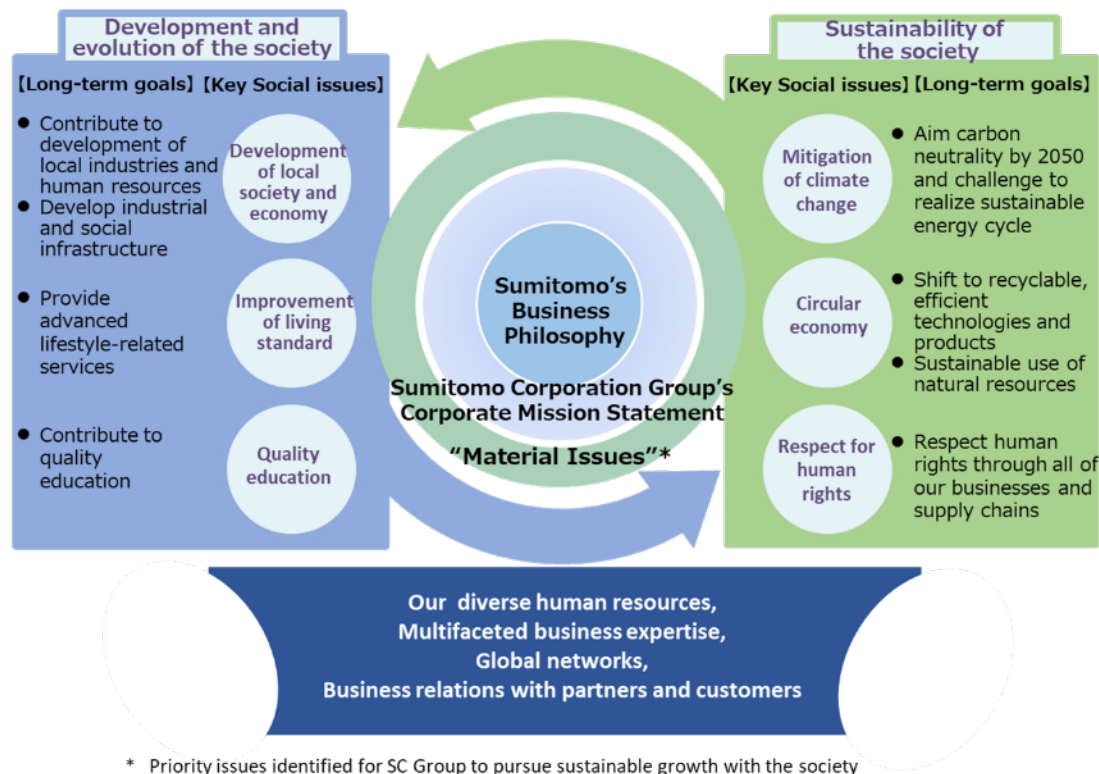
The six key social issues are: "Mitigation of climate change", "Circular economy", "Respect for human rights", "Development of local society and economy", "Improvement of living standard" and "Quality education".

As we pursue these lofty goals, it will be necessary for us to demonstrate our strengths as an integrated trading company. The Group will make use of its human resources, business expertise as well as networks and business relationships. The six social issues will demonstrate our role in the society and become our guideline to the Group's entire business operations.

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

The sustainability of society is a globally shared goal as well as a major premise of the Group's business. On the other hand, the solutions for pursuing the sustainability of society will be generated from further social and economic development and therefore, we believe that these two themes are mutually complementary. Also, we will pursue to achieve these goals through business activities, however, we will contribute to providing quality education through our philanthropy as well as human resources development initiatives.

Key social issues and long-term goals for Sumitomo Corporation Group



Enhancing Sustainability Management

Key Social Issues and Long-Term Goals for Sumitomo Corporation Group

For development and advancement of society, we identified development of local society and economy, improvement of living standard, and quality education as the key social issues.

Development of Local Society and Economy

The Group's business is expanding to countries and regions around the world. Helping to develop the communities where we do business is a common challenge to all our business operations. The Group will contribute to industrial development as well as human resource development in the local communities and will endeavor to provide industrial and social infrastructure.

Improving Living Standard

The world's population continues to grow, and many areas are facing problems such as aging and urbanization. The Group will make effort to provide advanced life-related services that contribute to a better life for all people.

Quality Education

Quality education plays an important role in the development of local communities and economies, which enriches people's lives and leads to creation of a sustainable society. The Group will promote various activities, including philanthropy, to contribute to quality education.

We identified mitigation of climate change, circular economy, and respect for human rights as social issues that must be addressed to pursue a sustainable society.

Mitigation of Climate Change

Preventing global warming and mitigating climate change are urgent issues that are indispensable for realizing a sustainable society. The Sumitomo Corporation Group seeks to become carbon neutral in its business by 2050 and develop sustainable energy cycles and create new business.

Circular economy

The circular economy through recycling, reuse, reproduction, resource-saving product development, and sharing is an important element for maintaining social sustainability. The Group will contribute to achieve circular economy by recycling, switching to resource-saving technologies and products, and working on sustainable procurement of natural resources.

Respect for Human Rights

Respect for human rights is a universal issue that must be achieved in any place and at any time. The Group operates business while engaging with multiple stakeholders including customers, local communities and employees, and we will strive to respect human rights throughout the Group's business and supply chains.

Long-term goals for individual key social issues include, for example, aiming carbon neutrality in 2050, which will be addressed on a long-term basis. Meanwhile, there are goals that we must constantly work on, such as respecting human rights in all businesses and supply chains. We will set specific medium-term targets for achieving these long-term targets, monitor KPI, and take actions while disclosing our progress to stakeholders.

Enhancing Sustainability Management

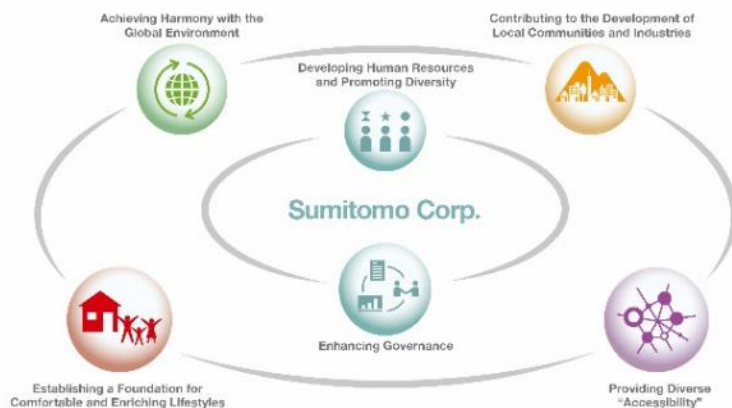
For Taking a Step Forward in Our Sustainability Management (the Material Issues and the Key Social Issues)

Sumitomo Corporation has identified its material issues in 2017 which are the Group's priority issues in order to sustainably grow in harmony with society. Based on Sumitomo's Business Philosophy and Sumitomo Corporation Group's Corporate Mission Statement, we organized how each business in our portfolio contributes to society and classified them into four material issues. In addition, two issues were added, which are our important management topics. We have been placing the six material issues at the core of our management to constantly check that the business strategies and each business align with the material issues and making sure that they are contributing to solve the social issues.

On the other hand, with the newly identified key social issues and their long-term goals, Sumitomo Corporation Group will take a step forward in its sustainability management by defining the role it plays in achieving a sustainable society.

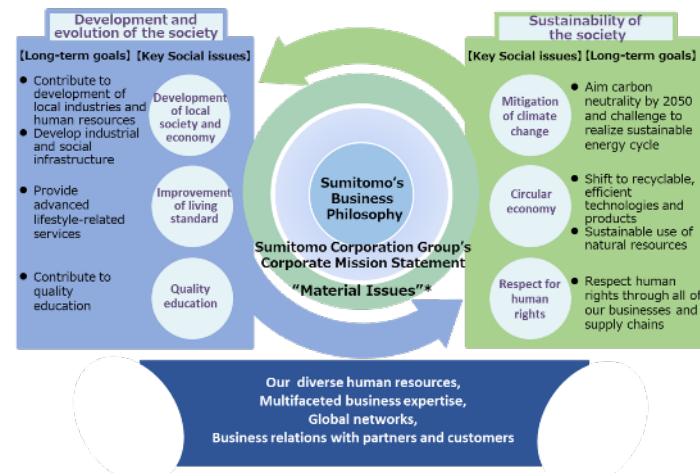
We believe that both of these initiatives are essential in order to understand how our business relates to social issues and also to make clear commitments to society.

Six Material Issues to Achieve Sustainable Growth with Society



- Important issues that should be prioritized by making the most of our strengths through business activities
- Illustrate how our business contributes to society
- The basis of mid to long-term management strategies and individual business activities
- Confirm that all strategies and businesses are compatible with the material issues

Key Social Issues and Long-Term Goals for Sumitomo Corporation Group



- Social issues closely related to our business activities
- Commitment to the role of the Group in achieving a sustainable society
- Set medium-term targets and KPIs and monitor progress

Enhancing Sustainability Management

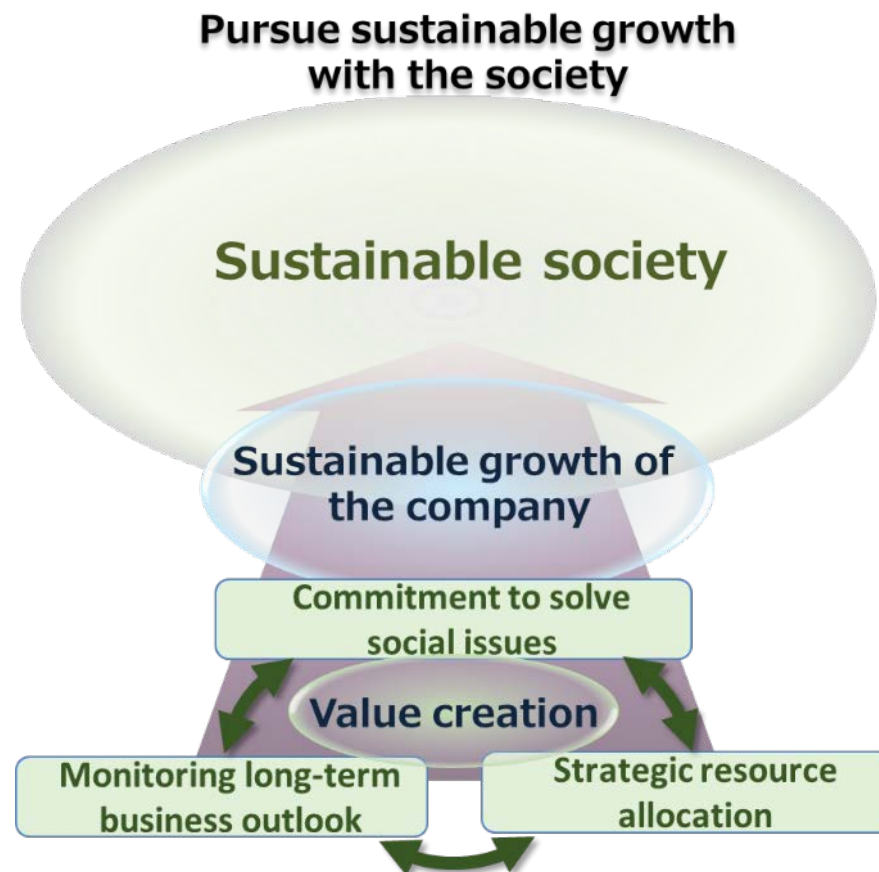
The Enhancement of Sustainability Management that We Seek

Enhancing sustainability management at Sumitomo Corporation goes beyond identifying issues and setting goals.

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

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

■ Sustainability Management at Sumitomo Corporation Group



Our Climate Change Initiatives

- ◆ Climate change is a critical issue that the world must work as one to overcome in order to realize a sustainable society. Companies are being called on to play a major part in tackling this issue.
- ◆ In order to create sustainable energy cycles and help solve climate change problems by realizing a carbon neutral society, this fiscal year, the Board of Directors adopted a resolution concerning the Group's policies on responses to climate change issues and clarified the Group's roles.

Basic Policy

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

Policy on Business Activities

- **Promote renewable energy, efficient energy utilization and fuel conversion that contributes to reducing CO₂ emissions throughout society. We will also work to offer new energy management and mobility services utilizing renewable energy and also to materialize hydrogen technologies and applications.**
- **In the power generation business, we provide a stable supply of the energy, essential for the economic and industrial development of local communities. At the same time, we continuously shift management resources to renewables and other energy sources with low environmental burden in the power generation portfolio.**
(By the target year of 2035, we aim to shift the composition of the portfolio in terms of net ownership generation capacity as follows: coal 50% to 30%; gas 30% to 40%; and renewables 20% to 30%)
- **Regarding the development of thermal power generation and fossil energy concession, we will work on the premise of carbon neutralization in 2050.**

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

- [Scope1・2] Direct CO₂ emissions from Sumitomo Corporation and its subsidiaries, as well as indirect CO₂ emissions from the generation of energy used by each company (however, for power generation businesses, emissions from those affiliated companies under the equity method are also included)
- [Scope3] Indirect CO₂ emissions associated with the use of energy resources produced by fossil energy concession of Sumitomo Corporation Group, its subsidiaries, and affiliated companies under the equity method.

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

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

Additional notes: In 2019, the Company has established the following policies regarding coal-fired power generation business and thermal coal mining business. In addition, the revised policy sets carbon neutrality by 2050 and the development of coal-fired power generation and fossil energy concession will be operated to meet the goal.

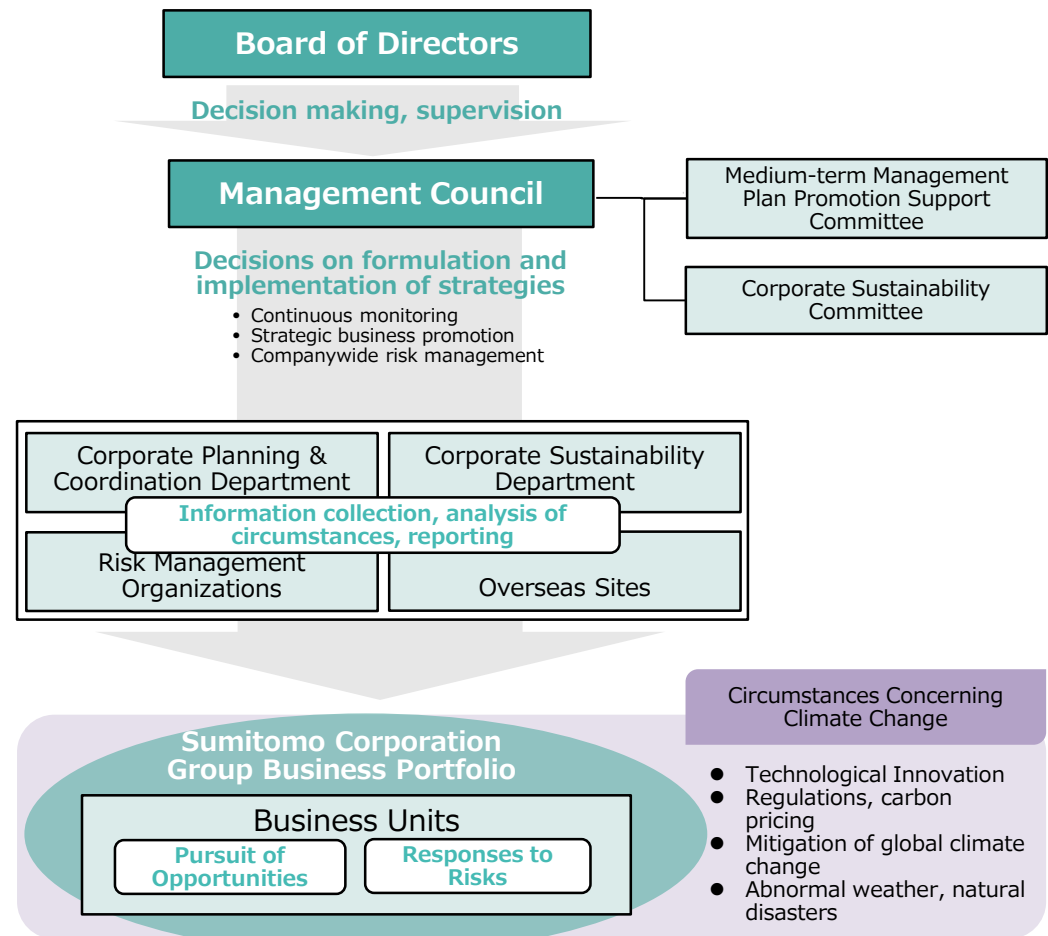
- We will not have new development in the coal-fired power generation business. However, we make a decision individually about new development in cases where the project is essential to the economic and industrial development of the local community and where the project is complying with the policies of the Japanese and host country governments based on the international initiatives to mitigate climate change issues.
- In the thermal coal mining business, we limit our equity share coal production to our current levels, and desist from new mine development projects.

Our Climate Change Initiatives

Governance

Structure for Responding to Climate Change Issues

- ◆ With regard to the various opportunities and risks related to climate change issues involved in the Group's diverse business activities, the Board of Directors receives periodic reports on strategies in the Group's diverse activities each business field, their progress, and the status of risks affecting the company's entire business portfolio, and monitors whether appropriate management is being carried out. In addition, the Board of Directors adopts resolutions establishing policies on the Group's responses to climate change problems and discusses the handling of important issues related to policies on responses to climate change issues.
- ◆ The Group holds biannual strategic conferences with the participation of Management Council members to discuss strategies in each business field including measures for addressing social problems such as climate change under the Medium-term Management Plan.
- ◆ In addition to the measures taken by individual business units with regard to the opportunities and risks presented by climate change issues, the Corporate Sustainability Department, a dedicated organization for dealing with social problems, the Corporate Planning & Coordination Department, which creates the company's overall management plans and formulates key initiatives, and the risk management organizations work together, formulating company-wide policies and promoting necessary initiatives. Based on information provided by investigative organizations and sales organizations within the Group, overseas sites, and other parties, they deliberate on companywide measures.
- ◆ The Corporate Sustainability Committee (chairperson: Chief Strategy Officer, secretariat: Corporate Sustainability Department) follows global climate change mitigation trends and the Medium-term Management Plan Promotion Support Committee (chairperson: Chief Strategy Officer, secretariat: Corporate Planning & Coordination Department) deliberates on strategies and risk management measures related to climate change. The two committees provide reports and refers issues to the Management Council, which makes critical decisions regarding climate change-related measures.



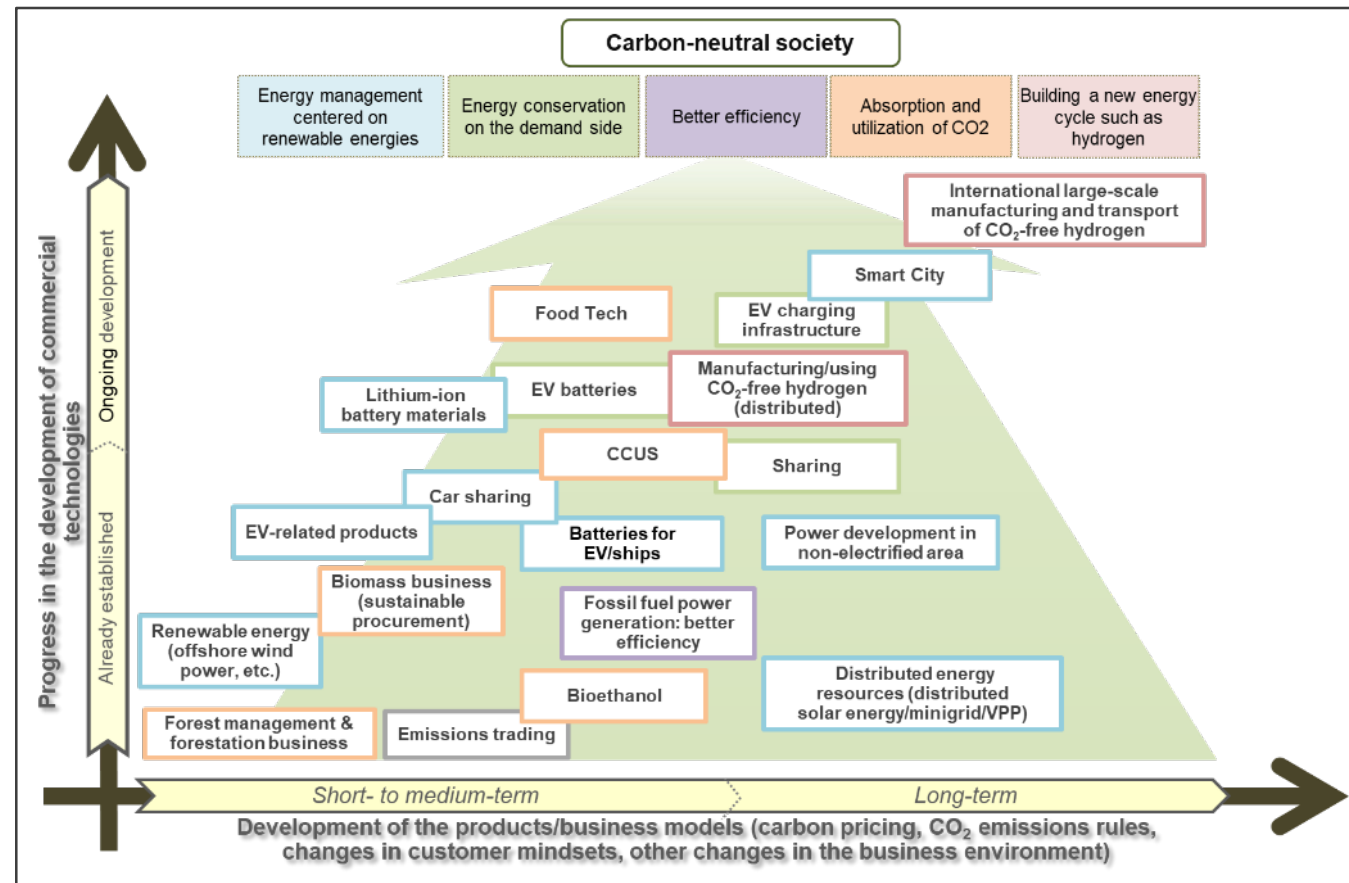
Our Climate Change Initiatives

Strategy: Climate Change-Related Risks and Opportunities

Sumitomo Corporation engages in global business in a wide range of fields, and business environment changes such as climate change and efforts to mitigate it will present risks to our business in each field, but the diverse social needs related to the tackling of the problem of climate change will also present numerous business opportunities.

[Development of business opportunities related to climate change]

- ◆ In order to overcome the problem of climate change by stopping the global warming caused by rising concentrations of CO₂ and other greenhouse gases, it is essential to create carbon neutral, sustainable energy cycles by promoting the use of renewable energy, absorbing and reusing CO₂, and reducing energy usage across industry as a whole.
- ◆ Our Group makes predictions about long-term business environment changes in a wide range of fields, and in addition to our renewable energy generation business, together with numerous partner companies, we engage in multifaceted measures that contribute to the development of a carbon neutral society, such as practicing more efficient energy management, cutting industrial energy consumption, sustainable forest management that contributes to carbon capture and fixation, and intermittent innovation such as CCUS and CO₂-free hydrogen production.



Our Climate Change Initiatives

Strategy: Climate Change-Related Risks and Opportunities

[Climate change-related risks and opportunities]

- ◆ With regard to the problem of climate change, various regulations may be introduced in the future to encourage carbon emissions reductions and decarbonization, and physical damage is expected to occur as a result of the intensification of climate change. In the long term, advances in international deliberations, revisions to the greenhouse gas reduction plans of individual countries, and changes in the technologies and markets of diverse industrial fields may bring about various changes in our Group's business environment.
- ◆ Changes in the business environment related to climate change are expected to have relatively large financial impacts, such as those related to the introduction of climate change mitigation regulations, in the fields of power generation, energy-related business, automobiles, aviation, and ships. We have been continuously monitoring the impact of fuel regulations in these fields. Currently, the risks being produced by the negative impacts on individual business fields are not substantial, as indicated below. Our business is diversified in various fields and regions, and it is our understanding that there is little likelihood that risks in a specific area will have a substantial impact on companywide financial results.

Scenario Analysis

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

Climate scenario selection

- ◆ From the perspective of objectively analyzing new business opportunities and business resilience in the event of major business environment changes, we perform quantitative scenario analysis of impact on our business performance in the years leading up to 2040(*) based on the following scenarios in the "World Energy Outlook 2019" issued by the International Energy Agency (IEA). Our forecast data for each sector also uses as reference data issued by international organizations and industry groups, such as the "Minerals for Climate Action" report published by the World Bank.

* Each scenario's periodic profit changes/loss and asset value are indicated in one of three categories -- negative, neutral, and positive

- Stated Policies Scenario (STEPS): Publicly stated policy scenarios based on existing policies and policies to be introduced in the future, such as the nationally determined contributions (NDCs) of individual countries
- Sustainable Development Scenario (SDS): Sustainable growth scenarios that enable the achievement of SDGs, such as the 2°C target of the Paris Agreement, universal energy access, or the elimination of air pollution

Our Climate Change Initiatives

Strategy: Climate Change-Related Risks and Opportunities

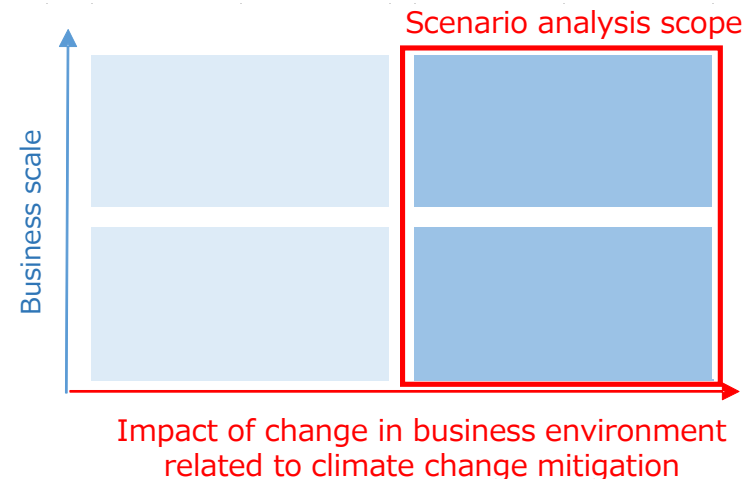
Identifying the businesses for which to perform scenario analysis

- ◆ Our scenario analysis scope encompasses all of our business sectors which will be highly affected by business environment changes related to climate change mitigation, regardless of the scale of the business. This fiscal year, we have performed scenario analysis after confirming stranded asset risks, carbon pricing risks(*), and the like for the electric power, resource, transportation equipment, and material industry business sectors. In our analysis, we referred to the sectors designated by the TCFD, the EU's sustainable finance action plan, the analysis methodologies of major ESG evaluation bodies, and themes for which institutional investor initiatives such as the United Nations Principles for Responsible Investment (PRI) have identified engagement as being a high priority issue.

* Carbon pricing: Amounts levied based on carbon emissions, such as carbon taxes and emissions trading

Business sectors selected for scenario analysis

Electric power (coal and gas-fired power generation, renewable energy, etc.)
Resources (coal, gas, nickel, copper, iron ore, etc.)
Transportation equipment (internal combustion engine components)
Material industry (aluminum refining, steel manufacturing)



Scenario analysis results

- ◆ We use the results of electric power, resource, transportation equipment, and material industry business sectors scenario analysis to forecast demand, assess business environments, and make predictions regarding the impact of company policies and measures predicated on these business environment assessments, competitiveness in our related business sectors, and contract terms, and the impact on our business performance in related business sectors. The results are indicated below. These demand forecasts and business environment assessments form our understanding of major scenarios set forth by IEA, etc., and include numerous latent risks and uncertainties.

Our Climate Change Initiatives

Strategy: Climate Change-Related Risks and Opportunities <Scenario analysis>

* We perform quantitative scenario analysis of the impact of climate change on our business performance in the years leading to 2040.

Electric power sector

◆ Power generation (coal and gas)

	STEPS	SDS
Business environment assessment	The world's coal-fired power generation equipment capacity will remain roughly the same as now. The amount of gas-fired power generation, which is one of the lower carbon-emitting fossil fuels, will gradually increase. Carbon pricing (carbon tax, etc.): Carbon pricing as of 2040 will be roughly four times FY2018 levels.	There will be no construction of new coal-fired power generation facilities, and existing power plants will be closed down ahead of schedule, so coal-fired power generation capacity will be roughly halved. The use of gas-fired power generation, which emits less carbon, will increase in recognition of its effectiveness as a regulated power supply when incorporating renewable energy. However, as decarbonization advances, it will peak and then begin to fall. Carbon pricing (carbon tax, etc.): Carbon pricing in 2040 will be roughly 25 times FY2018 levels.
Our policies and measures	Under the SDS, carbon pricing will grow roughly 25-fold, and for power generation business which involves high levels of carbon emissions, both coal-fired and gas-fired power generation, generally speaking, carbon-pricing risk will be commensurately higher, but we will perform the following risk hedging. Our policy is to shift the allocation of management resources from coal-fired thermal power to renewable energy and other power generation with low environmental impact. Many of our existing power generation business is based on long-term contracts with national governments in emerging and other countries where demand for electric power continues to increase, and many of our electric power sales agreement include clauses that hedge the risk of fluctuations in returns due to changes in legal systems such as CO2 emission regulations. And regarding their implementation, government guarantees from each country are obtained and overseas investment insurance of Nippon Export and Investment Insurance (NEXI) is granted. Thus, it is our belief that our stranded asset risk is low and growth strategies in the power generation business are highly resilient.	
Impact on our business performance	Neutral (coal)/neutral (gas)	Neutral (coal)/neutral (gas)

◆ Renewable energy

	STEPS	SDS
Business environment assessment	Due to the falling cost of renewable energy generation, such as solar and wind power generation, measures around the world to support the introduction of renewable energy, and increased power demand, the use of renewable energy will become more widespread. By 2040, solar power generation is expected to increase roughly six-fold and wind power roughly three-fold.	As the use of renewable energy grows, by 2040, solar power generation is expected to increase roughly 10-fold and wind power roughly five-fold. Furthermore, there will be major advances in storage batteries and energy management such as VPP to promote the greater use of renewable energy.
Our policies and measures	In order to overcome the problem of climate change and create a carbon neutral society, the Group will carry out renewable energy generation business in a variety of formats, such as wind, solar, geothermal, hydraulic and biomass power generation. Also, one policy in the power generation business is to stably supply the energy essential for economic and industrial development in local communities and continuously shift management resources towards a power generation portfolio composed of renewable and other energy sources with low environmental impact, and we have set the following targets. By the target year of 2035, we aim to shift the composition of the portfolio in terms of net ownership generation capacity as follows: coal 50% to 30%; gas 30% to 40%; and renewables 20% to 30%	
Impact on our business performance	Positive	Positive

Our Climate Change Initiatives

Strategy: Climate Change-Related Risks and Opportunities <Scenario analysis>

* We perform quantitative scenario analysis of the impact of climate change on our business performance in the years leading to 2040.

Resources sector

◆ Thermal coal and coking coal

	STEPS	SDS
Business environment assessment	<ul style="list-style-type: none"> Thermal coal: Demand will stay roughly unchanged until 2040 Coking coal: Due to a partial shift to the use of electrical furnaces for iron and steel, demand is expected to decrease leading up to 2040. 	<ul style="list-style-type: none"> Thermal coal: Coal-fired power plants will be increasingly closed ahead of schedule, and demand for thermal coal will drop rapidly to roughly one third of current levels by 2040. Coking coal: Although iron and steel demand will remain unchanged, demand is forecast to drop to roughly a half of current levels by 2040 due to the shift to the use of electrical furnaces and the commercialization of low-CO₂ emission iron and steel refining methods.
Our policies and measures	<p>(Thermal coal) Demand is forecast to fall in conjunction with the transition to a low-carbon society, but thermal coal interests account for a relatively small portion of our resource portfolio, the remaining production periods for the assets we possess are relatively short, and we have maintained a corresponding level of competitiveness, so we believe that even if long-term demand slumps, we can control risk and prevent this from having a significant impact on our management plans. Furthermore, with respect to thermal coal interests, we plan to limit our equity share coal production to our current levels, and to desist from new mine development projects.</p> <p>(Coking coal) Under the SDS, we forecast a decrease in demand for coking coal as the result of the use of electrical furnaces that use scrap and new iron and steel refining methods that produce less CO₂. However, the iron and steel refining business, which is supported by strong iron and steel demand and which uses high efficiency blast furnaces using CCS and CCUS technologies, will remain solid for the time being, so we believe that our high quality coking coal interests will maintain their competitive advantage. We will continue to work to improve our competitiveness in the coking coal business.</p>	
Impact on our business performance	Neutral (thermal coal), neutral (coking coal)	Negative (thermal coal), neutral (coking coal)

◆ Natural gas and LNG

	STEPS	SDS
Business environment assessment	Demand is forecast to continue to grow, especially in areas with ongoing economic growth, such as China, India, and the countries of Southeast Asia, and global demand is forecast to grow by 30%. Revenue expansion will be possible through the acquisition of new business interests.	As the shift to renewable energy continues, due in part to the effectiveness of gas-fired power as a regulated power supply, demand is forecast to grow slightly, but as decarbonization advances, demand will begin shrinking, and by 2040 is expected to have shrunk by roughly 10%.
Our policies and measures	In the SDS, we forecast a decrease in demand of roughly 10%, but even through the transition to a low-carbon society, natural gas and LNG will continue to play important roles as a power generation fuel used as a substitute for coal, as a chemical raw material, and as a transportation fuel. Assuming carbon neutrality by 2050, in addition to enhancing the competitiveness of our existing business, we will prepare a supply system for markets, especially those in Asia where demand is expected to grow considerably.	
Impact on our business performance	Positive	Neutral

Our Climate Change Initiatives

Strategy: Climate Change-Related Risks and Opportunities <Scenario analysis>

* We perform quantitative scenario analysis of the impact of climate change on our business performance in the years leading to 2040.

◆ Metals and rare metals (nickel, copper, and iron ore)

	STEPS	SDS
Business environment assessment	The partial shift from vehicles with internal combustion engines to EVs, together with the gradual shift from thermal power to renewable energy sources, is forecast to result in an increase in demand for nickel for use in storage batteries and for copper for use in conductors as energy becomes increasingly electrified. Iron and steel demand is forecast to remain solid, backed by population growth and urbanization.	The shift from vehicles with internal combustion engines to EVs, together with the shift from thermal power to renewable energy sources, is forecast to result in a significant increase in demand for nickel and copper. Iron and steel demand will remain solid, but electric furnaces, which emit little CO ₂ and use scrap as a raw material, are expected to become more common, so the level of iron ore demand growth is expected to be gradual.
Our policies and measures	Nickel: In order to meet growing global demand, we are promoting business as a producer in the Republic of Madagascar, selling products to Japan, the West, and Asia, and aiming to further develop business. Copper: We are involved in the production and sales of copper concentrate and copper ingots, upstream elements in the copper bullion production value chain, through our investments in overseas copper mines. Through this, we are also contributing to the stable domestic procurement of copper concentrate. Iron ore: We are contributing to the stable supply of iron ore resources through mining operations in South Africa and Brazil.	
Impact on our business performance	Positive	Positive

Transportation equipment sector

◆ Internal combustion engine components(*)

	STEPS	SDS
Business environment assessment	Although global population growth will cause transportation equipment demand to remain solid, there will be a partial shift from vehicles with internal combustion engines to EVs, so internal combustion engine parts demand is forecast to remain flat.	For transportation equipment, environmental regulations are forecast to be tightened significantly, and structural changes such as shifting to the use of public transportation is predicted. Demand for internal combustion engine parts is expected to decline significantly due to major shifts from vehicles with internal combustion engines to EVs and zero emissions vehicles such as FCVs.
Our policies and measures	In the transportation equipment sector, the internal combustion engine-related component manufacturing business may be significantly affected in conjunction with the electrification of mobility. We manufacture automobile and aviation components, but internal combustion engine components make up a small share of our business, so we expect the transition risk led by advances in EVs to be limited. Our transportation related business does not involve manufacturing processes relating to automobile internal combustion engines, or ship or air transportation business directly subject to fuel regulations, but is primarily in the leasing, finance, and sales businesses, and therefore, at present climate change has not had a substantial impact. We believe that the effects of long-term changes in product demand in each market can be flexibly handled by reviewing our portfolio of leased assets and handled products.	
Impact on our business performance	Neutral	Neutral

* Scenario analysis for our transportation-related business was performed only for internal combustion engine components, which are predicted to be significantly affected by the transition to the use of EVs.

Our Climate Change Initiatives

Strategy: Climate Change-Related Risks and Opportunities <Scenario analysis>

* We perform quantitative scenario analysis of the impact of climate change on our business performance in the years leading to 2040.

Material industry sector

◆ Aluminum and iron and steel manufacturing

	STEPS	SDS
Business environment assessment	Aluminum refining: Demand is expected to increase as the result of transportation equipment weights being reduced in response to energy saving demands. Iron and steel manufacturing(electric furnaces): There is potential for the commercialization of steel manufacturing methods that emit little CO ₂ . Electric furnaces will continue to maintain some level of demand.	Aluminum refining: Transportation equipment weights will need to be further reduced, so demand is expected to increase significantly. Iron and steel manufacturing(electric furnaces): The commercialization of iron and steel manufacturing methods that emit little CO ₂ is expected to continue. Electric furnaces will continue to maintain some level of demand.
Our policies and measures	We handle a wide range of metal products, from iron and steel products such as steel material and steel pipes to non-ferrous metals such as aluminum and titanium. These metal products are used in a wide range of applications, such as transportation equipment, appliances, office automation equipment, oil country tubular goods, pipelines, and more. Our iron and steel manufacturing business in the Americas is performed using electric furnaces, which have relatively low CO ₂ emissions, and our aluminum refining business in Southeast Asia is primarily powered by hydroelectric power, so future carbon pricing risk is limited, and we expect to be able to maintain our competitiveness over the medium and long term.	
Impact on our business performance	Positive	Positive

Our Climate Change Initiatives

Risk Management

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

Metrics and Targets

Target 1: Carbon neutrality initiatives

The Group's basic policies relating to climate change is indicated below.

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

Also, one policy in the power generation business is to stably supply the energy essential for economic and industrial development of local communities and continuously shift management resources towards a power generation portfolio composed of renewable and other energy sources with a low environmental impact, and we have set the following targets.

By the target year of 2035, we aim to shift the composition of the portfolio in terms of net ownership generation capacity as follows: coal 50% to 30%; gas 30% to 40%; and renewables 20% to 30%

Target 2: CO2 Emissions

Sumitomo Corporation set the following target concerning electricity consumption taking into account of the results of the CO2 target set forth by the Paris Agreement. If this target is achieved by about FY2035, CO2 emissions over that period are expected to be down approximately 46% compared to FY2013.

Reduce electricity consumption per square meter by an average of at least 1% annually and at least 20% until FY2035 both from base year of FY2013.

Initiatives on Respect for Human Rights

Establishment of 'Sumitomo Corporation Group's Human Rights Policy'

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

Sumitomo Corporation Group's Human Rights Policy

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

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

1. Scope of application

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

2. Human rights due diligence

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

3. Compliance with relevant laws

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

4. Stakeholder engagement

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

5. Education

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

6. Reporting

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

Initiatives on Respect for Human Rights

Business Description

Human Rights Audit Implemented at Thailand Chicken Processing Plants

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

The audit team visited the plant and the employees' dormitory to check for forced overtime working, confiscation of identification documents, and labor health and safety issues, which are cited as common human rights risks in the poultry industry. In addition, employees of non-Thai nationality from Cambodia, Myanmar, and other countries were randomly selected for interview. The audit found no human rights issues relating to foreign workers at any of the three locations and the processing plants demonstrated proactive communication with the Company and a strong commitment to further improvement of operations. To fulfill its social responsibility in the supply chain, Sumitomo Corporation Group will continue to address human rights issues in its relationships with important suppliers and to carry out audits, taking account of local conditions and industry practices in those countries and regions with concerns over human rights risk.

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.

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 FY2018, 93% of all workers are Madagascar people, and we are systematically working on technology transfer and human resource development for them.

We have a complaint system to receive any kind of complaints, including human rights violations, in cooperation with local communities, in order to prevent accidents associated with the project and address them if they occur. Employees and external stakeholders are eligible to access this system. Project staff appropriately respond to complaints while protecting personal information. Since 2016, the Ambatovy project has joined the Voluntary Principles on Security and Human Rights (VPSHR) program in partnership with NGOs, the Madagascar government and other countries' embassies.



Job creation (Central Purchasing Center)



An elementary school built within the project site

The Challenges of New Value Creation with a View to the Next 100 Years

Sumitomo Corporation Group seeks to be a global corporate group that generate new value by continuously anticipating future changes and makes broad contributions to society. Here, we present that challenges we are undertaking to create new value with a focus on the next 100 years.

Initiative (1)/Zero to One Challenge



Zero to One challenge is an internal entrepreneurial program launched in FY2018 that covers all Sumitomo Corporation Group employees worldwide and helps individuals who want to achieve something to carry out their ideas. In the initial year of the program, there were projects that achieved the formation of companies in new business fields where Sumitomo Corporation has not been active in the past. The images and aspirations of the program participants who have worked with such enthusiasm has given rise to widespread sharing of sentiments within the company and reformed employee awareness and has led to the transformation of existing business. The FY2020 program has started based on the concept of “creating something from nothing by doing what can be done now and what can be done only now.” We will continue to unceasingly tackle the challenge of new value creation through this program.

Asia



Americas



EMEA-CIS



Comments from Challengers in FY2018



Over the past 100 years, numerous 0→1 challenges have contributed to Sumitomo Corporation's growth. Is 0→1 no longer needed, after tremendous growth has been achieved? The answer is no; the Sumitomo Corporation identity will not allow this. Through the 0→1 challenge, I will create business to support the next 100 years.

Taiki Narita, Media & Entertainment Business Dept.



“There is no guarantee of success even if challenges are undertaken, but growth can be promised.” We work hard every day based on this belief. Through the 0→1 challenge, we will experience the development of new paths through action and seek to create new value for the next 100 years.

Yusuke Kinoshita, Wood Resources Business Dept.(right)

Kazunari Ishii, Wood Resources Business Dept / Woodchip & Biomass Dept.(left)



Coolly and accurately observe technology megatrends with an attitude of “starting now” and seize opportunities to change actions as of tomorrow. Demonstrate the passion that develops and work hard to achieve dreams. These are the keys to growth in the new era.

Hiroshi Takagi, Digital Solution Business Dept. No.1



I will develop business that solves social problems in sports and culture from the view point of club activities and create new business fields. As a global company, we are tackling the challenges of changing Japanese society and the world.

Dai Kawasaki, Digital Solution Business Dept. No.1

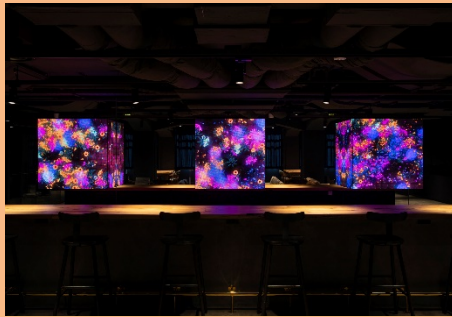
Comment from Norifumi Suzuki, CEO, 01Booster Inc.



Zero to One challenge is a program for the employees of Sumitomo Corporation Group to overcome the frameworks of existing businesses and take on the challenges of creating business from what they want to achieve without being beholder to short-term profit. As a supporter, I can sense the high level of employee awareness concerning social contribution and that their loyalty is increasing as the company develops environments. I am confident that these initiatives will enhance the value of Sumitomo Corporation Group over the medium to long term.

The Challenges of New Value Creation with a View to the Next 100 Years

Initiative (2)/MIRAI LAB PALETTE



MIRAI LAB PALETTE is member-based open innovation lab established in April 2019 as part of the projects marking the 100th anniversary of Sumitomo Corporation's foundation. The concept is to function as a forum to encounter completely different types of people and cutting-edge technologies and provide mutual inspiration without being constrained by custom. It will also go beyond the boundaries of all organizations to create new value. The

lab relocated to the Otemachi Building in January 2020 and commenced full-scale operations as an individualist space with permanent art installations.

The lab offers a variety of programs ranging from frontier business to art that facilitate encounters with a variety of different people and mutual inspiration. In addition, development of a lab with a high level of diversity like that of a color palette is underway with various partners including HAX (see column to the right) and Tokyo University of the Arts, which collaborated on human resource development in the VUCA era and sustainable business development.

A major paradigm shift is currently underway globally as a result of the impact of COVID-19. Each of us can exhibit initiative and creativity, overcome all barriers, stay a step ahead in dealing with change, and create new value. We can make contributions to all stakeholders. This is the unchanging policy of MIRAI LAB PALETTE.

By tackling challenges every day while trying everything and embracing failure, we will continue our activities to make MIRAI LAB PALETTE into a sustainable ecosystem for the future.



HAX Tokyo Accelerator Program

Sumitomo Corporation, acting in collaboration with SOSV investments LLC (an American venture capital firm) and SCSK Corporation established HAX Tokyo, the Japanese version of HAX, the world's largest accelerator program focused on hardware.

HAX provides support for prototyping and mass production by hardware startups in Shenzhen, China and supports capital procurement in San Francisco, USA. HAX Tokyo, meanwhile, is a pre-program to find and support hardware startups in the seed stage in Japan so they can be sent to HAX Shenzhen. The selected startups will be taught the fundamentals of startup management, design thinking methods, and other information through HAX's own workshops. At the same time, Outside experts from various companies and personnel from Sumitomo Corporation will be dispatched to the startups and various persons from inside and outside the companies will be incorporated to support trials and business development.

Through this program, Sumitomo Corporation seeks to expand the scope of creation with startups and will undertake a variety of programs to broadly invigorate Japan's hardware industries.



Environmental Management

Policy and Concept

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

Sharing this policy, Sumitomo Corporation Group companies are committed to reducing the environmental impacts of their business activities as well as to improving the environment through their business activities, based on the ISO 14001 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:

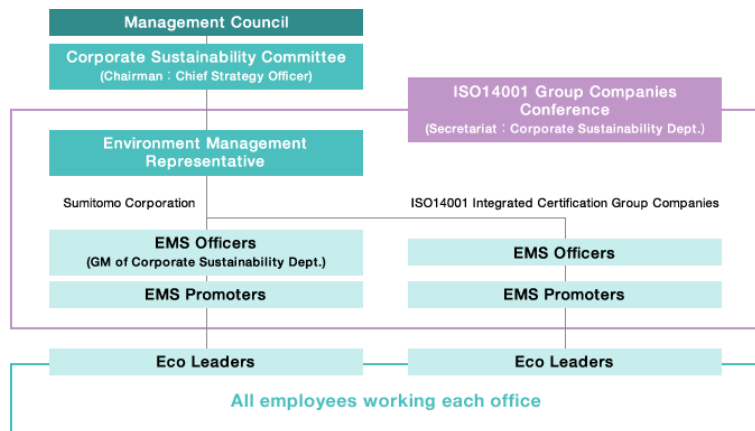
To communicate this Environmental Policy to all people who are working for or on behalf of the Sumitomo Corporation Group, as well as disclosing it externally.

Environmental Management

System

Environmental Management Structure

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



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 FY2018, targets of FY2019 are as follows.

Long-term goals (Non-consolidated in Japan)

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

Index		Results of the Base year	Targets of FY2018	Results of FY2018	Targets of FY2019
Electricity Consumption	Consumption (MWh)	7,859	7,149	5,133	5,725
	Intensity (MWh/m2)	0.1079	0.1026	0.0820	0.1016
CO2 Emissions (Scope1・Scope2)	Total (t-CO2)	5,626	4,484	3,768	4,210
Water Consumption	Consumption (m3)	32,191	25,410	13,263	24,232
	Intensity (m3/employee)	6.93	6.39	3.52	6.33
Waste Emissions	Emissions (t)	508	401	182	383
	Intensity (t/employee)	0.109	0.101	0.048	0.1

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

※The base year of CO2 emissions is FY2013. CO2 emissions is the total of Scope1 and Scope2 calculated from target reduction in electricity consumption using the basic emission coefficients of individual power companies.

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

[ISO14001 Integrated Certification Group Companies \(Sumitomo Corporation and 26 Group companies as of March 2020\)](#)

[Group Companies with ISO 14001 Certified \(Group companies as of September 2018\)](#)

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		FY2019 Major 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 	<ul style="list-style-type: none"> Seminars featuring outside instructors and workshops covering on-site checks at industrial waste disposal facilities Conducted education of legal compliance in e-learning environmental course
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 Europe, implemented the solar power project in Australia and in Minamisoma City in Fukushima Prefecture, Japan, geothermal power plant in Indonesia, Establishment of renewable energy fund, etc Promoted businesses to create a recycling-oriented society, to reduce environmental burden: Sustainable forest management, verification of a large scale power storage system utilizing reused EV batteries in Satsumasendai City in Kagoshima Prefecture, investment in Taiwan's largest electric bus manufacturer, participation in Demonstration Project for Japan-Australia Hydrogen Supply Chain Development 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 Assess environmental impact in relevant supply chains and work to reduce such impact 	<ul style="list-style-type: none"> Reduced the consumption of electric power/gas/water and waste generation at office year-on-year Measured consolidated environmental data Conducted environment assessments on mine development and mining operation businesses abroad and on construction and real estate businesses, 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 Expand disclosure of non-financial information 	<ul style="list-style-type: none"> Continued to hold trainings on environment-related laws/ordinances Hold seminar on climate change measures Conducted e-learning environmental course which was completed by 100% of new employees

Environmental Management

Activities

Internal Environmental Audit

Sumitomo Corporation conducts internal environmental audits on an annual basis to ensure that the environmental management system of Sumitomo Corporation and our ISO 14001 integrated certification group companies is functioning properly.

<Audit Priority Items>

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

As a result of the audits in 2019, serious nonconformity was not identified.

External Audit

In February 2020, the third-party audits were conducted by an independent auditing organization, Japan Quality Assurance Organization, for the renewal of the current ISO 14001 certification status. We received approval as a result of the audits.

 [ISO14001 Management System Certificate](#)



Environmental Educational Activities

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

Theme	Summary	Dates	Numbers 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.	2019 (twice)	216
Training for internal environmental audits	The basics and processes of internal environmental audits, through exercises, to be able to conduct audits effectively.	October 2019 (twice)	94
Trainings 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 2019 (three times)	271
Trainings on environmental laws and regulations	The latest trends in environmental laws and regulations, basic knowledge on these, and points to note to comply with the laws and regulations.	May 2019 (twice)	146
Basic environmental education (e-learning)	Sumitomo Corporation Group's environmental policy and its environmental management system.	June 2019 to February 2020	668

Climate Change



Policy and Concept

The impact of climate change is a grave global threat to the stability of society and the environment across generations. Considering that climate change is also a serious risk to our group, which is globally engaged in various business areas, we have recently reviewed the group's policy on climate change in response to relevant international trends. For details of the policy, please refer to the Special Section on page 17.

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.

As of March 31, 2020

Fuel	Power plant	Country	Generation capacity (MW)	Fuel	Power plant	Country	Generation capacity (MW)
Solar power	Osaka Hikarinomori Project	Japan	10.0	Offshore wind power	Northwind	Belgium	216.0
	Solar Power Saijo	Japan	29.0		Nobelwind	Belgium	165.0
	Solar Power Kitakyushu	Japan	16.0		Northwester2	Belgium	219.0
	Solar Power Tomakomai	Japan	15.0		Galloper	UK	352.8
	Solar Power Minamisoma/Kashima	Japan	59.9		Race Bank	UK	573.3
	Solar Power Minamisoma/Haramachi	Japan	32.3	Woody biomass	Summit Handa Power	Japan	75.0
	EVM/EVM2	Spain	14.0		Summit Sakata Power	Japan	50.0
Wind power	Oga Wind Power Plant	Japan	28.8		Summit Myojo Power	Japan	50.0
	Summit Wind Power (Kashima)	Japan	20.0	Geothermal power	Muara Laboh	Indonesia	85.0
	Datang Sino-Japanese (Chifeng) New Energy	China	50.0	Hydraulic power	CBK	Philippines	792.0
	Stanton Wind Energy	USA	120.0				
	Cimarron II Wind	USA	131.1				
	Ironwood Wind	USA	167.9				
	Dorper Wind	South Africa	100.0				
	Mesquite Creek Wind	USA	211.2				

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
Production of CO ₂ -Free Hydrogen	CO ₂ -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 CO ₂ -free energy system.
Manufacturing of Carbon Fiber Reinforced Plastic (CFRP)	We are making an investment in WarpForge, an Australian company developing technology to inexpensively manufacture carbon fiber composites, which are lighter and stronger than conventional materials, such as steel. WarpForge's products are expected to be used for extensive purposes ranging from the cargo beds of trailers and containers to house construction materials. The replacement of conventional materials by their products will lead to energy saving, thereby contributing to reducing environmental impact.
Sale of EV Motor Cores by Kienle + Spiess GmbH (K+S)	Drive motor cores for EV/HEV are supplied to major automobile manufacturers in Europe, which helps reduce CO ₂ emissions, thereby contributing to preventing global warming.
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 CO ₂ 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. In December 2018, we joined the Global CCS Institute (GCCSI) to promote global development, verification and application of carbon capture and storage (CCS) through sharing of GCCSI's knowledge and fact-based advice and advocacy. Our aim is to meet conditions desirable to apply CCS.

Business description

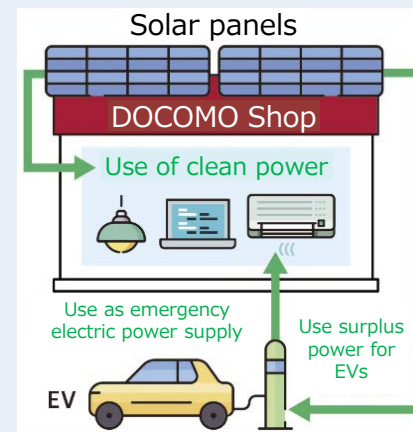
Ecological Solution Using Solar Panels

T-Gaia Corporation, which operates about 2,000 mobile phone stores in Japan, entered the solar power business based on “local production for local consumption” concept through its fully owned subsidiary TG Power Inc.

T-Gaia has been installing solar panels at T-Gaia's mobile phone stores, distribution warehouses, restaurants and other facilities. The use of clean power generated by solar panels helps reduce CO₂ emissions and address global warming. It also allows stores and facilities to optimize energy balance between supply and demand and improve cost efficiency.

Designated by NTT DOCOMO, INC. as a company to install solar power generation systems at DOCOMO Shops nationwide, T-Gaia is gradually

installing systems at about 300 DOCOMO Shops. The company is also planning to deploy electric vehicles (EVs) as an energy storage combined with power generation system in cooperation with Sumitomo Mitsui Auto Service Company, Limited, which is engaged in car leasing. In the event of a disaster, electric power will be supplied from solar panels as well as the batteries of EVs to resume the operation of shops as quickly as possible and to ensure the safety and security of customers and staff members.



In addition to the installation of solar panels at mobile phone shops, the use of EVs and battery chargers has also been promoted.

Climate Change



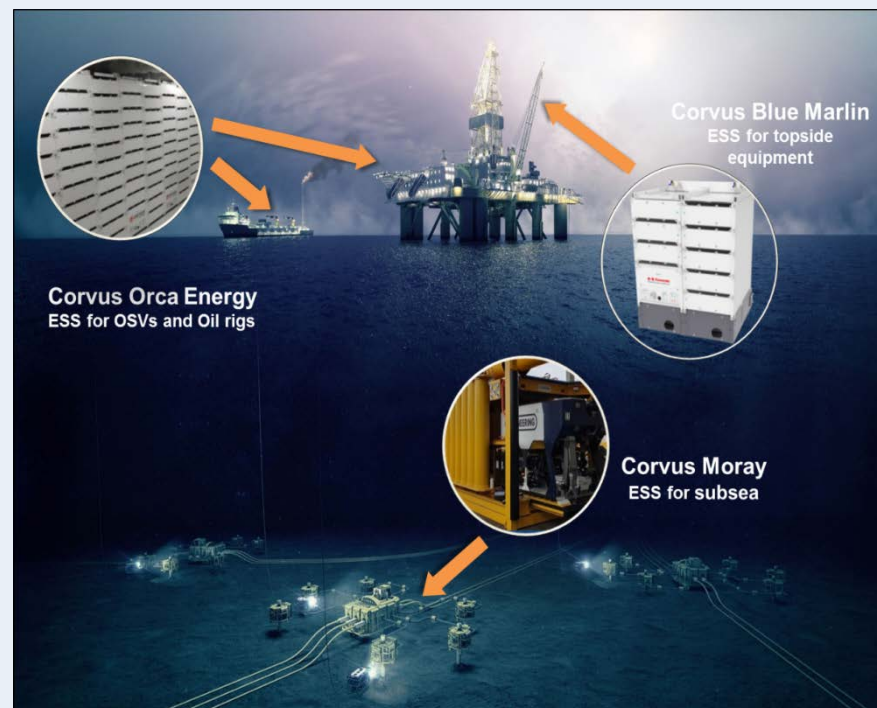
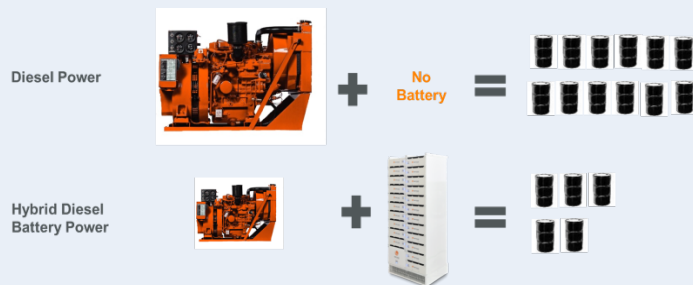
Activities

Business description

Efforts to Reduce Greenhouse Gas Emissions from Ships to Zero

We collaborate with Corvus Energy Holding SA, a leading provider of marine battery systems in Norway, to conduct market research on energy storage systems, promote the sale of these systems, and introduce them in Japan and other areas in Asia.

The energy storage system provided by Corvus Energy consists of a lithium ion battery module and its control system, whose strength lies in temperature control of individual battery cells. An energy storage system on a ship increases the supply of required power and electricity and levels the load (peak cutting), and thereby improves the ship's fuel efficiency and enables downsizing of its generators. Ships with an energy storage system can cruise in a port/harbor or an emissions control area with electric propulsion using batteries, which generates less or no gas emissions and causes less vibration and noise, thereby contributing to improving the onboard environment as well. An energy storage system is a core system for the electrification of ships, which leads to an improved environment inside and outside ships, improved fuel efficiency, and labor-saving inspections, and eventually contributes to achieving zero emissions of greenhouse gases from ships.



Climate Change



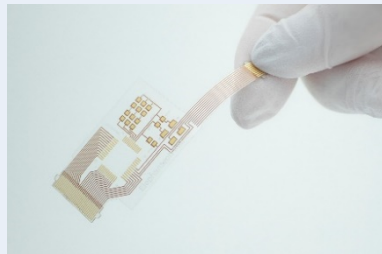
Activities

Business description

Promoting an Energy-saving Society through Funding Startups

We invest in Elephantech Inc., which has successfully developed its original method of manufacturing flexible printed circuits (FPC) board based on inkjet printing technology. This technology can reduce waste, energy consumption and water consumption to less than one-tenth compared to the conventional method, in which unnecessary parts of copper foil are melted, thus significantly reducing environmental impact. Unlike the conventional technology designed to remove unnecessary parts, the inkjet-based manufacturing technology allows the printing of material only on the necessary parts. It is expected that this inkjet-based technology will become the international standard in the future.

Automobile manufacturers that aim to reduce the weight of their vehicles have shown an interest in the application of this technology to In-Mold Electronics (IME, integral molding of resin and electronic circuits). We, in cooperation with other companies that invested in Elephantech at the same time we did, will focus our efforts on creating new value based on Elephantech's technology. We will aim, for example, to establish global supply chains in the FPC licensing business and commercialize in-vehicle IME.



Flexible Printed Circuit Board
manufactured by Elephantech Inc.



Advantages of the Elephantech manufacturing method

- ✓ Wires can be formed only on necessary parts, reducing manufacturing costs and environmental impact.
- ✓ The simple manufacturing process can shorten the lead time.

Business description

Efforts to Establish an International CO2 Free Hydrogen Supply Chain

Our company, Kawasaki Heavy Industries, Ltd., J-POWER, Iwatani Corporation, Marubeni and the Australian company AGL Energy Limited participate in a pilot demonstration of refining and liquefaction of hydrogen gas from brown coal in Latrobe Valley in Victoria, Australia, and its transportation and shipment, and a verification project for the establishment of an international hydrogen supply chain. The construction of verification facilities started in 2019. The first hydrogen manufacturing and transportation there is scheduled for a period from 2020 to 2021. In the verification project, our company is responsible for promoting communication with the CarbonNet Project*, which is jointly managed by the Commonwealth of Australia and the Victoria State Government. We will contribute to completing the verification project with the aim of establishing a CO2 free hydrogen supply chain in the future.

*CarbonNet Project: A project managed by Victoria State in Australia for survey and verification of the commercialization of CO2 recovery and storage

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.

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

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.

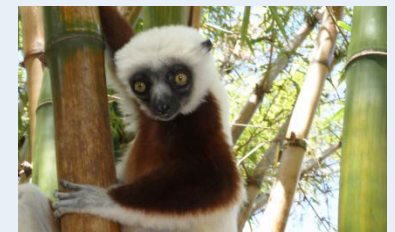
In the Ambatovy Project, many new facilities, such as mining sites, refinery plants and pipelines, need to be constructed and operated, which poses substantial impacts on the surrounding environment. Particularly in Madagascar, there remains a globally precious natural environment where as many as 1,000 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 ha around the mining site of about 1,800 ha to ensure protection of wild animals. When trees are cut down to develop the mine site, felled trees are left on site for a while so that animals inhabiting these trees can move into the buffer zone. We also conduct ecosystem surveys jointly with international environmental NGOs. If endangered or other species that need to be protected are identified in such a survey, we adopt various programs designed to reduce impacts on ecosystems, for example, relocation of such species to a sanctuary and use of a fish farming system.

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



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



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



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

Biodiversity



Activities

Business description

Bird Friendly® Coffee

Sumitomo Corporation Group has imported and supplied Bird Friendly®-certified coffee (BF®-certified coffee) since 2004 as part of our biodiversity-friendly activities, which ensures a stable income for farmers. Since FY2014, SC Foods Co., Ltd. started dealing in BF®-certified coffee. BF®-certified coffee is grown under the shade of natural forest trees to conserve the environment and provide migratory birds a place to rest. The BF certification was created by the Smithsonian Migratory Bird Center (SMBC). As of May 2020, 52 farms and agricultural cooperation in 12 countries*1 are certified and part of the proceeds are used for SMBC's research, surveys and conservation activities.

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



Harvest of BF®-certified coffee

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

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

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



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

Business description

Bird-strike Prevention in Wind Power Generation

Dorper Wind Farm generates electricity using wind in a mountainous area of about 130 km² in Eastern Cape, South Africa. In the Dorper wind power generation project, measures to prevent bird strikes are implemented.

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

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



Dorper Wind Farm Pty Ltd. in South Africa

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 Agrochemical/Fertilizer Sales Business

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

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

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

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

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

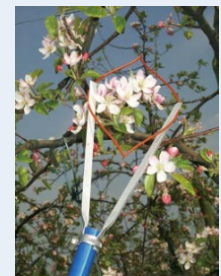
In addition, we put our efforts into reducing the amount of conventional chemical fertilizer applied and reducing environmental impacts on farmland by expanding the sales of coated fertilizers (allowing farmers to control the pace of fertilizer elution and enhance the effective utilization rate of fertilizer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



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



Investment in a bio-agrochemical manufacturer in Spain



Use of a pheromone agent

Environmental Pollution



Activities

Business description

TOMRA Japan Limited: Development of Recycling Systems for Beverage Containers

As part of efforts to address global environmental issues, such as marine plastic waste and global warming, reduced and effective use of plastic resources have become increasingly important. Despite the necessity of these efforts, used resources are collected at each local municipality's discretion and are not supplied to recyclers in a timely manner.

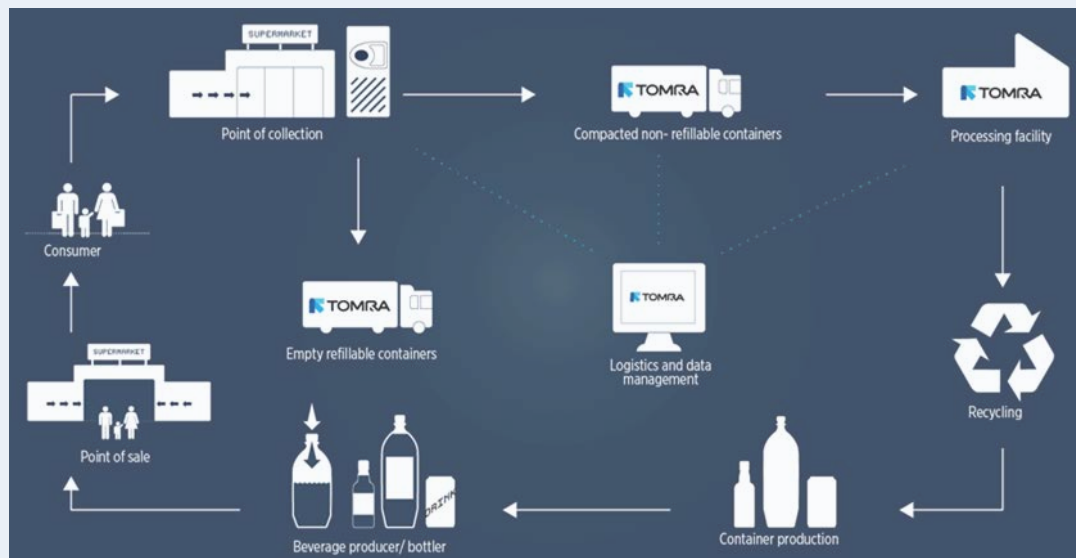
TOMRA Japan, a joint venture of TOMRA Systems ASA (in Norway) and Sumitomo Corporation, is engaged in the sales of Reverse vending machine (RVM) for PET bottles and recycle paper systems (RPSs), and resource recovery. TOMRA Japan installs RVMs/RPSs at local convenience stores and supermarkets mainly in the Kanto area to recover used resources from local residents and supply them directly to recyclers, without the intermediary of municipal governments. This recycling system helps achieve efficient resource circulation.



Reverse Vending Machine



Slogan of the TOMRA Group :
「LEADING THE RESOURCE REVOLUTION」



Circulation recycling system with RVM as a platform

Environmental Pollution



Activities

Business description

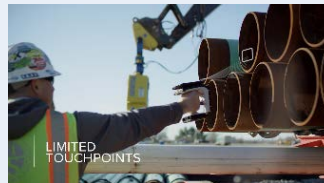
Efforts to Reduce Environmental Impact in the Steel Pipe Business Utilizing Digital Technology

In response to the growing awareness of environmental impact reduction in recent years, the oil and gas industry, led by major oil companies such as BP in the United Kingdom and Shell in the United Kingdom, is required to take prompt action to address climate change and environmental issues. In response to this trend, suppliers of materials and equipment to these energy development companies are required to present specific measures to address environmental issues.

We distribute and manage several 100,000 tons of steel pipes for oil and gas development annually. The major products in this business is the transportation pipe (line pipe) and OCTG (oil country tubular goods) pipe utilized in drilling environments. Energy development companies and pipeline operation companies, which are major customers in pipe service and distribution business, are required to handle enormous amounts of data about all stages of the supply chain, from pipe manufacturing to coating and construction on site. Recently, our company developed a digital platform (SC EVO), consisting of a suite of digital tools that enable the integrated management of data. In 2019 the tool focused on material traceability was implemented in a pipeline project for the first time in the world.

With every piece of pipe tagged with data, the foundation is laid for future visualization of greenhouse gas emissions at each stage of the supply chain from pipe manufacturing to completion of pipeline construction.

In the oil and gas industry, where traditional data management methodology has long been used, our company's efforts are progressive and have earned high marks from customers and suppliers. We are currently conducting surveys and studies with affiliated companies with the aim of applying this system to more pipeline projects.



Remarkable improvement in the safety of workers through the introduction of non-contact tags



Construction site of a land pipeline



SC Digital Platform

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) significantly lowered 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 established a joint venture in November 2018 with Uyen Transtech Ltd. and Yokohama-Kawasaki International Port Corporation to promote LNG bunkering business in Tokyo Bay. In February 2019, we signed a contract agreement on the construction of bunkering vessels.

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. 75% 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 selling the certified log, certified wood products and wood chips from forests owned by the Sumitomo Corporation Group in Russia (OAO Terneyles) and New Zealand (Summit Forests New Zealand).

		FY2018 Results
Certified log (Russian)		145 thousand m3
Certified log (New Zealand)		278 thousand m3
Certified wood products (Russian)	Softwood lumber	48 thousand m3
	Veneer	209 thousand m3
	Softwood laminated lumber	29 thousand m3
	Hardwood lumber/laminated lumber	3 thousand m3
Wood chips (Russian)		49 thousand BDT

Activities

Business description

Terneyles Timber Business in Russia

In 2004, to be certified that we manage forests appropriately with consideration for the environment and local communities based on objective evaluation, OAO Terneyles obtained FSC® Certification*1, an international standard, for part of 2.6 million hectares of the forest area in the Russian Far East. After receiving FSC-FM certification*2 in 2004 as the first company in the Russian Far East, Terneyles made improvements one by one to meet the requirements for the FSC-CoC (Chain-of-Custody) certification*3. In 2011, the company successfully acquired the certification for all of its products, from round wood to lumber, laminated timber, veneer, and woodchips. Sumitomo Corporation also received the FSC-CoC certification, and the supply chain for providing customers with FSC-certified products from raw materials logged by Terneyles was completed.

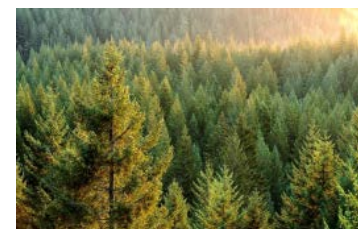
*1 FSC® Certification : an global forest certification system provided by FSC (Forest Stewardship Council®)

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

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

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

For more information on human policy, see page 27.

Respect for the Rights of Children

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

Respect for the Rights of Indigenous Peoples

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

Concept Concerning the Use of Security Companies

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

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

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

Sumitomo Corporation Group Statement for UK Modern Slavery Act 2015

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

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

Training Seminars on Human Rights

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



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

Work Health and Safety/Health and Productivity Management



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 continuously create new value. Based on this, the Sumitomo Corporation Group formulated the Declaration of Iki-iki Waku-waku Health and Productivity Management. The Group implements various efforts based on this declaration and by taking into account the actual situation of each group company. We will continue to promote health management with a focus on three aspects: “improvement of health literacy” to enable employees to continue working in good health, “reassurance in emergencies” to be well-prepared for unexpected illness, and “global medical support,” which is unique to integrated trading companies.

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

Safety Measures in Uranium Mining

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

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

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

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

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

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

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

Work Health and Safety/Health and Productivity Management



Systems

Health Management Promotion Systems

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

Employees

Sumitomo Corporation seeks to enable all employees to generate new value while working in good health.

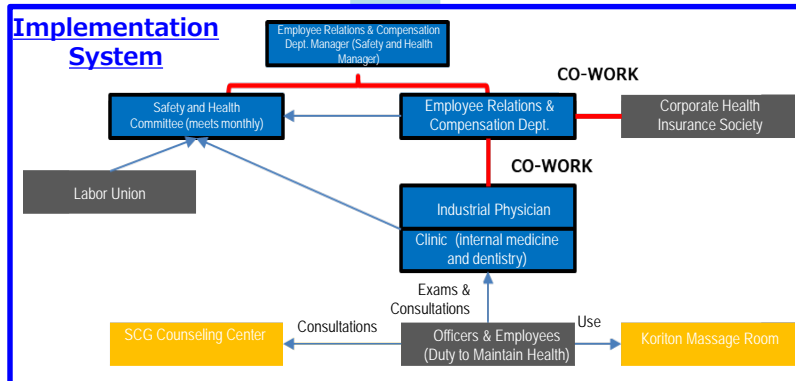
Declaration of Iki-iki Waku-waku Health and Productivity Management

1. Improve health literacy

2. Reassurance in emergencies

3. Global medical support

Implementation System



Employee Engagement: Health and Safety Committee

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

Crisis Management System

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

We have therefore centralized reports on all emergency cases, within and outside Japan, within the Safety Promotion Division and ensure speedy reporting to the president by appointing the executive in charge of human resources, general affairs and legal affairs as its general manager. This system also enables provision of necessary support in a timely and unified manner. A seminar on overseas safety measures is held each year, and in FY2018, the seminar was attended by 100 persons.

Excellent Health and Productivity Management Enterprise

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



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

Work Health and Safety/Health and Productivity Management



Systems

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

FY2015	FY2016	FY2017	FY2018	FY2019
3 accidents	1 accident	2 accidents	1 accident	3 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 (Director, Managing Executive Officer) to discuss and decide upon.

OHSAS 18001-certified Facilities

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

(As of October 2018)

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

Work Health and Safety/Health and Productivity Management



Activities: Employee Health Management

Clinic

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



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 FY2019 exceeded 2,800.



Subsidies for Costs of Health Checkups and Complete Physical Examination

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

Reimbursement of Influenza Vaccination Expenses

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

Health Results Indicators

- Smoking rate ⇒ 10% by the fiscal year ending March 2021
- Stress check implementation rate ⇒ 90% by the fiscal year ending March 2021
- Rate of female employees under 35 years old who undergo gynecological exams ⇒ 15% by the fiscal year ending March 2022

Percentage of Employees Undergoing Health Checkups

	FY2015	FY2016	FY2017	FY2018
Percentage of Employees Undergoing Health Checkups	97.9%	98.7%	100%	100%

Work Health and Safety/Health and Productivity Management



Activities: Declaration of Health and Productivity Management (1): Improve Health Literacy

Employee Health Awareness Survey Conducted

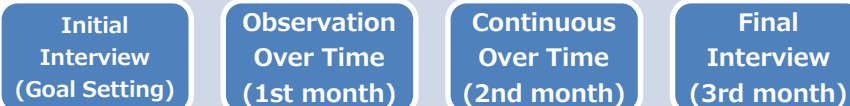
After the Declaration of Iki-iki Waku-waku Health and Productivity Management was announced in October 2018, a health awareness survey was conducted in February 2019 to measure the effects of performing health management and to measure presenteeism. The survey covered all employees and the response rate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

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

Health Guidance for Younger Employees by Public Health Nurses Expanded

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

Health Guidance Process



Expansion of Health Management Seminars

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

List of Seminars Conducted

Seminar Title	
January 2018	Stretching Seminar
March 2019	Women's Health Seminar
May 2019	Smoking Cessation Seminar
July 2019	Eyestrain Seminar
August 2019	Acidophilus Seminar
October 2019	Sleep Improvement Seminar

Healthy Lunches Offered at Tokyo Head office Building Employee Cafeteria

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

Work Health and Safety/Health and Productivity Management



Mental Healthcare

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

Expanded Measures Supporting Women’s Health

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

Measures Against Smoking

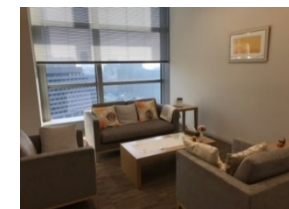
On the occasion of the relocation of the Head Office in September 2018, we designated office floors of the Head Office as non-smoking areas. We have also taken measures against smoking, including a subsidy to those who want to quit smoking to buy antismoking gums and an anti-smoking support program provided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

Activities: Management Declaration (2): Reassurance in Emergencies

SCG Counseling Center

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

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



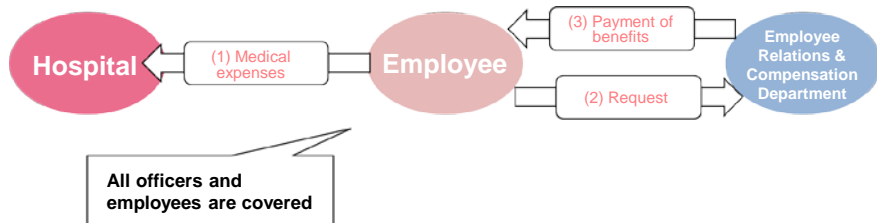
Work Health and Safety/Health and Productivity Management



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

Advanced Healthcare Expense Program Introduced

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



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

Health Support Services to Employees Stationed Overseas

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

Measures Against Global Health Problems

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

Work Health and Safety/Health and Productivity Management



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.

Business description

Measures Taken in Logging of Raw Wood

The incidence of occupational accidents in the forestry industry is higher than those in other industries. The ratio of serious accidents, including deaths, is also very high. To cope with this situation, we comply with the international safety management standards required for Forest Stewardship Council (FSC) certification by OAO Terneyles in Russia in which we invest. If we receive instructions as a result of an audit for the renewal of the certificate, we take improvement measures immediately.

We have thus been certified consecutively since 2004. We have also implemented various measures to prevent occupational accidents. Our efforts to reduce occupational safety and health-related risks include: inclusion of safety management rules into the internal regulations; inclusion of safety-related items in a job description contract with an employee; establishment of the Safety Management Department; and onsite inspection by the Safety Management Department at plants and work sites of the company.

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

Business description

PT FUMAKILLA INDONESIA

Under the slogan 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/Health and Productivity Management



Activities

Business description

Stable Supply of Tubular Products Based on Strict HSSE Management

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

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

we are enhancing HSSE management taking into account regional business activities. The General Manager of the Tubular Products Division demonstrates strong leadership and commitment by publicizing an annual HSSE Policy and Objectives, these are compatible with the strategic direction of the organization. The policy places emphasis on our commitment to ensuring HSSE as a core value for all, from managers and employees to customers, contractors and suppliers. The most impactful HSSE management program is one that equips any employee to quickly access the information they need and report any issue. Whether that information is reporting an incident, accessing a training record, or reviewing the results of a safety audit. Tubular Products are now leveraging advancements in HSSE management software, as well as mobile solutions, to improve the timeliness and consistency of reporting ensuring better efficiency and greater compliance. Through continued consultation and stakeholder engagement we strive to enhance and further strengthen our HSSE management system to go "Beyond Zero Harm". Simultaneously we will work with our Supply Chain, Subsidiaries and Partners to meet and exceed our customers' expectations and fulfil our social mission as the top supplier through stable supply of tubular products.



HSSE Management System PDCA Cycle

Human Resources Management



Policy and Concept

Basic Policy on Human Resources Management

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

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. In addition to matters for collective bargaining and negotiations on an official level, we hold various meetings to share opinions on a wide range of issues, such as informal meetings with the president, round-table discussions on business performance and related issues, personnel systems, and work styles, and work style improvement seminars and town hall meetings with the president organized jointly with the labor union. Sumitomo Corporation adopts a union shop system in which all employees are required to participate, excluding executives above a certain level and employees classified as non-union members based on an individual agreement taking into account the nature of their jobs. As of March 2020, the number of members of the Sumitomo Corporation Labor Union is 3,038, accounting for 59.0% of all employees of Sumitomo Corporation.

Activities

Employee Awareness Survey Results

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

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

* Subjects: All employees (excluding employees on leave, etc.)

* Respondents selected the response that they believe most closely applies on a five-point scale (five is the highest score).

Human Resources Management: Human Resource Recruiting



Policy and Concept

Basic Policy on Hiring

As a company that engages in global business, Sumitomo Corporation requires human resources who can work effectively in the global arena and are highly motivated. Consequently, our basic policy is to conduct fair recruitment that respects fundamental human rights, and hires employees based solely on the aptitude and abilities of applicants regardless of gender or nationality.

In addition to hiring new graduates we consider mid-career hiring as an integral part of strategic recruitment, and we continue to hire talented employees throughout the year.

Activities

Basic Measures Relating to Hiring: Internships

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

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

■ Next Leaders' Camp

We offer "Next Leaders' Camp", a career support project by Sumitomo Corporation. With the aim of engaging in true career development that goes beyond just recruiting activities, we hope to help resolve the doubts and concerns that students may have when considering their careers, and to help them think their own careers. Therefore we have designated this a Career Support Project, rather than an internship. In the "Business" section, participants deepened their understanding of the roles of business and the values of business to be demonstrated, through the lectures on the meaning of business and industry comparison, and business analysis work using our case studies. One participating student commented, "I was able to notice important values when thinking about my own career"

<Number of Past Participants>

FY2017: 847 / FY2018: 794 / FY2019: 591

■ Internships for University and Graduate Students

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

<Number of Past Participants>

FY2017: 74 / FY2018: 87 / FY2019: 190

Recruitment of Mid-career Human Resources

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

Human Resources Management: Human Resources Development

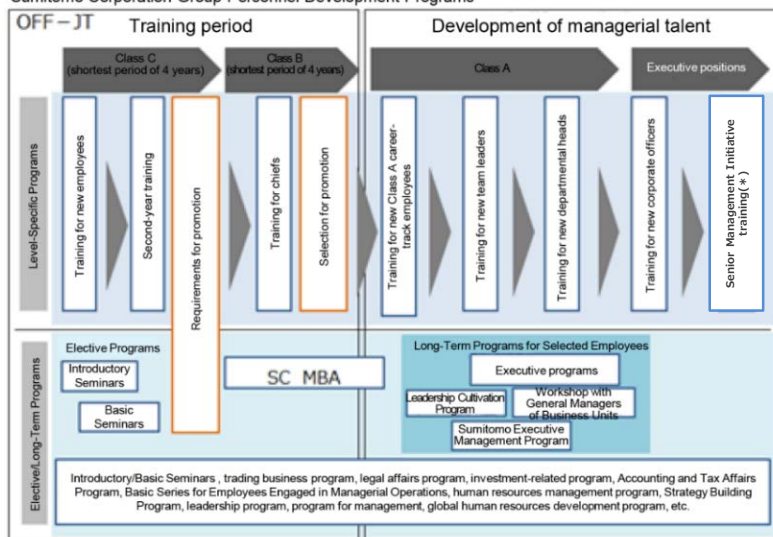


Policy and Concept

Basic Concept

For the Sumitomo Corporation Group, human resources are the most important managerial resource. Based on its understanding and implementation of the Management Principles and Activity Guidelines, the Sumitomo Corporation Group is committed to contributing to society across a broad range of areas by leveraging its diverse workforce of people from all walks of life who are constantly creating new value on a medium- to long-term basis. To meet this commitment, the Group is striving to enhance the abilities of individual employees and speed up human resource development while fostering strategic and planned employment as well as the development and empowerment of its workforce as 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



(*) Training for senior management to discuss ideal decision-making and behavior from a high perspective

Activities

Our Personnel Development Programs

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

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

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

Number of Hours for Ability Development Training in FY2019

Total number of training participants	14,963 employees
Total number of training hours	65,652 hours
Number of training hours per employee	12.7 hours



Human Resources Management: Human Resources Development



Human Resources Development Programs

1. Level-Specific Programs

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

2. Elective Programs

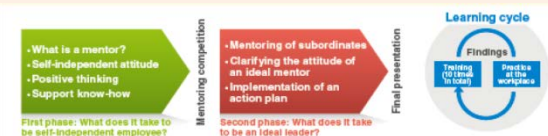
More than 70 different selective programs are available, covering comprehensive knowledge and skills, from basic to advanced levels, that will be needed to play a leading role as an executive who can contribute to society through business. After completing the Introductory Seminars and the Basic Seminars where employees can acquire the basic 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. Programs that hone the leadership skills for contributing to society through business are provided. Also, in some of the programs, lecturers and participants will engage in two-way discussions so that participants can gain a broader perspective on organizations, the entire company, and society as a whole.

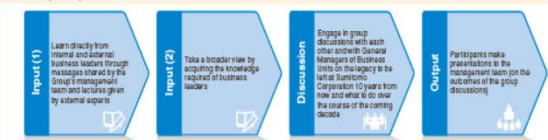
■ Leadership Cultivation Program

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



■ Workshop with General Managers of Business Units

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



■ Sumitomo Executive Management Program

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

Overseas training at IMD

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



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

Department and division managers who are potential candidates for executive management positions in their respective organizations are sent to executive programs at domestic and overseas business schools at the company's expense.

At least 30 employees participate in the domestic program with a focus on business schools in Japan, and for the overseas program, at least 30 employees are sent to leading overseas business schools with the objectives of fostering awareness and thinking as a future executive, acquiring comprehensive management knowledge and executive decision-making capabilities, and growing through interactions with other personnel and executives.

Human Resources Management: Human Resources Development



Human Resources Development Programs

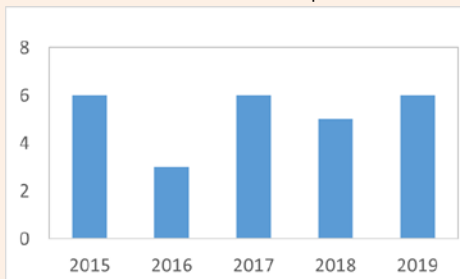
4. Overseas Dispatch Programs

As a global business group, the Sumitomo Corporation Group also conducts many overseas dispatch programs to develop employees who can work effectively around the world.

Sumitomo Corporation has various training programs that enable young employees to work overseas including a trainee program that fosters future employees who will be sent on overseas assignment, a language training program that develops language and area specialists, a global intern program that focuses on business in emerging countries, and a study abroad program primarily for acquisition of an MBA. Each year, 80 to 100 young employees are dispatched to different regions of the world to work.

The study abroad program in particular sends a small number of employees each year to the world's top-20 class business school MBA programs and law schools so we can continuously develop employees with advanced specialized knowledge, skills, and personal networks.

Number of Students Dispatched



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 Dowa issues, and we have a forum to discuss internal issues on human rights such as Dowa issues, Buraku discrimination, people with disabilities, foreign residents and other issues related to human rights every year. We also invite experts from outside the company to conduct annual human rights training to raise employee awareness of human rights issues. In addition, since FY2015, we have held practical workshops on methods for assessing risks of human rights violations in supply chains. In addition, training seminars on mental health and human resources management are also available, and recently, training on sexual and power harassment has been conducted for all managers. In Level-Specific Programs for managers, programs on harassment have also been added to maintain a harassment-free work environment and to provide suggestions on how to address harassment if it occurs. Through these efforts, we constantly provide employees with correct education and raise their awareness to prevent human rights violations at work.

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 Management: 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. The impact on young people is particularly significant, and creation of educational and employment opportunities is urgently needed. In response, Toyota Iraq, jointly with the UNDP, implemented job training programs for IDPs five times. A total of 52 young people have so far completed these programs. It is the hope of Sumitomo Corporation to achieve the sustainable development of local society. To fulfill this hope, we will continue to support IDPs to improve their living conditions in Iraq through our business activities.



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

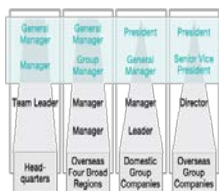
Human Resources Management : Utilization of Human Resources (Allocation)



Activities

Enhancement of Talent Management

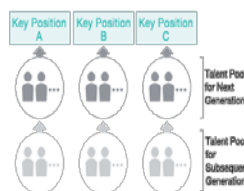
Talent cannot be developed overnight. There is a need to envision, develop and deploy human resources required for the growth of each business in the medium-to long-term. In order to allocate human resources strategically in line with business strategies continuously and on a global basis, the Sumitomo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

Definition of Key
PositionsDefinition of Key
Position CriteriaPreparation of
Successor
Development PlanDevelopment of
Managerial Talent

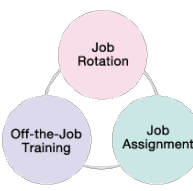
Key positions involving Group management needed to execute Group strategy. Portion in blue shaded area: General Manager and above envisioned in the case of Headquarters.



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



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



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

Create a global human resources
database

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

Introduce the Global Mobility Policy

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

Introduce the Global Grading System

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

Advancing Global Measures to Develop Human Resources

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

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

Human Resources Globally Playing a Leading Role

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



● Executives / upper managements in regional offices: 24

Human Resources Management : Utilization of Human Resources (Allocation)



Activities

Key Allocation of Human Resources to Drive the Growth Strategy

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

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

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

Active Use of Interdivisional Job Rotation

In the current business environment, where increasing diversification and complexity leads to discontinuous change into a new dimension, we believe that talents equipped with diverse sets of experience is essential. As one of the HR strategies in the Medium-Term Management Plan 2020, we are promoting interdivisional job rotation with the aim of developing talents as future executive candidates. Going forward, we will continue to implement interdivisional job rotation to develop talents with a wider range of experience and perspectives, and thereby expand the talent pool of management candidates for coming generations.

Succession Plans/Enhancement of Human Resources Database

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

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

Human Resources Management : Utilization of Human Resources (Diversity & Inclusion)



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.

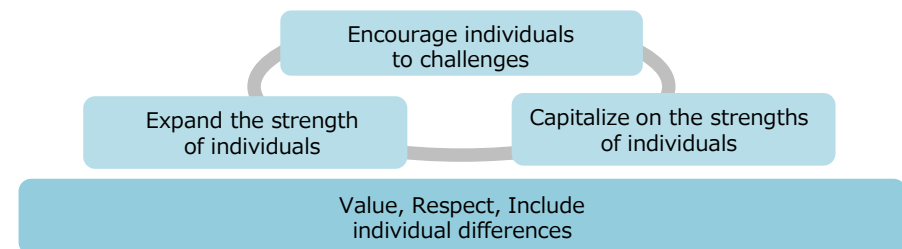
The basic concept of human resources strategy defined in the Medium-Term Management Plan 2020 is “Diversity & Inclusion: Make diversity a source of competitiveness.” It consists of four elements: “Expand the strength of individuals,” “Capitalize on the strength of individuals,” “Encourage individuals 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 FY2017 as an advisory body reporting to the president. Executives in charge of human resources, general affairs and legal affairs serve as project leaders and project members with different backgrounds discuss on-site issues and potential.

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



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



[Basic Concept of Human Resources Strategy](#)

Human Resources Management : Utilization of Human Resources (Diversity & Inclusion)



Activities

Encouraging More Active Involvement of Female Employees in Business

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

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

Support for Balancing Work and Child-rearing

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

Childcare Consulting Services

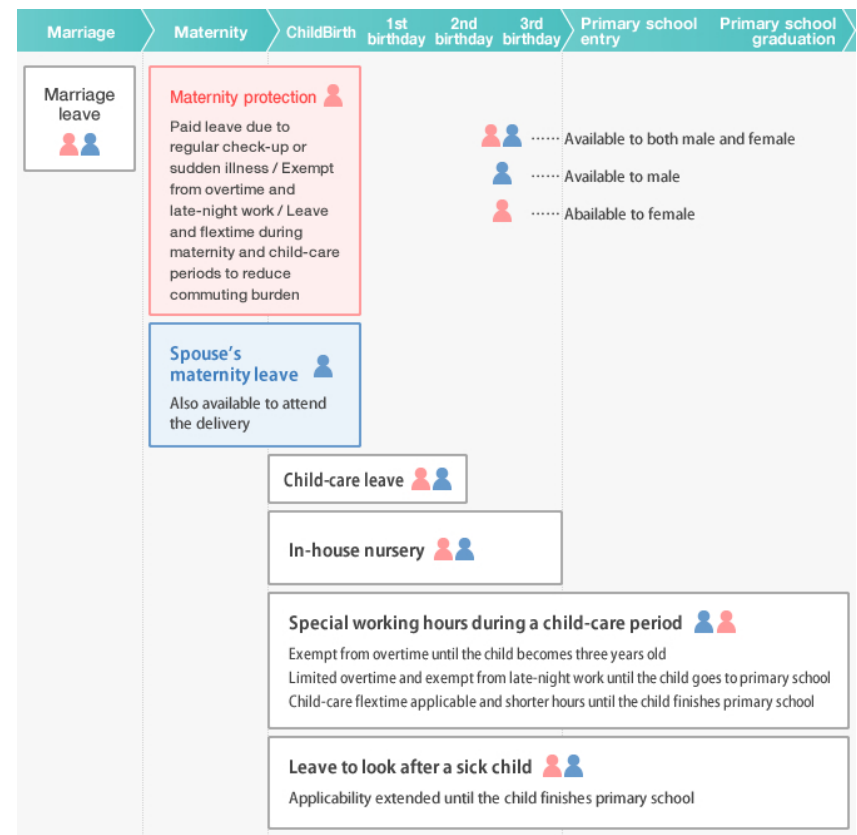
As part of our efforts to support employees to achieve childcare-work balance, we have adopted childcare consulting services provided by Poppins to which we outsource the operation of the in-house nursery.

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

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

Maternity and Child-Care Related Programs at Sumitomo Corporation

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



Human Resources Management : Utilization of Human Resources (Diversity & Inclusion)



Activities

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		—
	A leave of absence for nursing care		Thirty days for one case as a rule
Taking a leave of absence for a certain period of time for caregiving	Short term	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
		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
Long term	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

Human Resources Management : Utilization of Human Resources (Diversity & Inclusion)



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

CLP training is provided to employees 50 years of age or older to give them an opportunity to look back on their experience of working at Sumitomo Corporation and develop their career and life plans for further improvement in the future, regardless of internally or externally.

In this training, we explain the company's employment extension system and retirement benefits, public pension plans, long-term care and other insurance systems, and other relevant programs, thereby providing information on financial planning, which is necessary when considering life planning.

Career Assessment Interviews

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

Support to Find a New Job Outside the Company

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

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

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

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

Raising Understanding of LGBTQ* Employees

The Sumitomo Corporation Group Compliance Policy (established March 2019) and the Employment Rules codify that no fear or discomfort shall be caused through sexualized speech or conduct, harassment, slander or defamation, intimidation, violent behavior, or the like on the basis on sexual orientation or gender identity.

We believe that acquiring appropriate knowledge concerning LGBTQ individuals is important and provide information to employees through various training. We also created an LGBTQ consultation desk, set out employment rules that enable the same sex partners of employees to enjoy certain employee programs, and are taking various other measures to create work environments free from any discrimination to LGBTQ employees.

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

Human Resources Management : Creation of Work Environment



Policy and Concept

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

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

Reduction of Overtime

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

Encouragement to Use Entitled Leaves

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

Promotion of Flexible Work Styles

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

Activities

Reduction of Overtime

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

Time Management Training

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

Work-style KAIZEN Seminars

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

Human Resources Management: Development of Workplace Environments



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

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

Premium Fridays

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

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

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

Teleworking System

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

Super Flexible Work Hours System

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

Human Resources Management: Development of Workplace Environments



Activities

Creation of a Work Environment to Realize Self-sustaining and Flexible Workstyles**Dress Code Modified**

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

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

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



Supply Chain



Policy and Concept

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

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](#)

Conflict Minerals Policy

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

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

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

Supply Chain



Certification

Certification

Measures Taken through Sustainable Supply Chain Certification

RSPO: Roundtable on Sustainable Palm Oil

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



SBP: Sustainable Biomass Program

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



FSC®: Forest Stewardship Council

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



PEFC™: Program for the Endorsement of Forest Certification Schemes

We obtain PEFC™ CoC certification, an international forest management.



Activities

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



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. 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.

Business description

Participation in a commercial lunar exploration program

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



Lunar module manufactured by ispace (illustration)

Business description

Venture investments in Silicon Valley

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

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

In July 2017, Sumitomo Corporation Group founded a venture investment fund under Sumitomo Corporation of Americas with an eye to utilizing its experience and networks



AREVO 3D printer

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

Healthcare



The recent rise of medical expenses due to the increasingly aging population has become a global social issue. In order to respond to this issue, healthcare markets need to be rapidly expanded.

The Sumitomo Corporation Group added in April 2018 the Health Care Business Department and also established a company-wide working group (WG) dedicated to a wide range of healthcare issues. Enhanced efforts will be made 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, which provide prescription dispensing services, and generic 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.

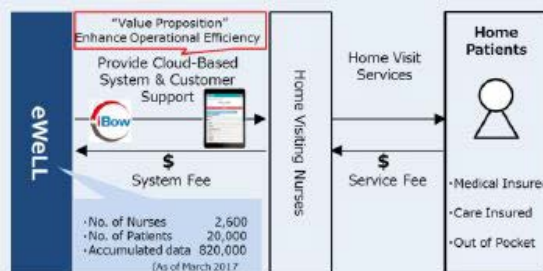
Business description

Participation in Healthcare Business

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

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

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



Business model of eWeLL

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

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

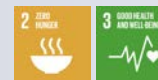
Managed care service is a system that promotes affordable and better medical services and contributes to people's healthy life through cooperation between private health insurance companies, managed care providers and medical facilities.

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

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 of mobile phones in Myanmar was, at the beginning, about 10%, which has increased rapidly to approximately 150% now. There is no difference in the use of smartphones among young people between Myanmar and Japan. As of the end of March 2020, the number of mobile phone subscribers of MPT was about 27 million people and the company has the highest market share. We are making constant efforts to deliver Japan-quality services to the Myanmar society, as demonstrated by the swift deployment of 4G, fourth-generation wireless technology. The land of Myanmar is 1.8 times larger than that of Japan. As many areas still have insufficient infrastructure, such as roads and railways, it sometimes takes unimaginable hardships to build telecommunications network infrastructure throughout Myanmar. As a result of our untiring efforts, we have deployed stable telecommunications network throughout Myanmar, thereby creating jobs in local areas as well as contributing to eliminating regional disparities in Myanmar.

We are aiming to contribute to the enrichment of people's lives in information-driven society and the development of various industries in Myanmar by building nationwide telecommunications infrastructure and providing new services.

Such new services include financial services. Since mobile phones are available throughout the nation, we have launched mobile money transfer and payment services, and micro-loans could be the next. With these services, it is aimed to provide all kinds of financial services at a national level in Myanmar where 80% of the people do not have bank accounts, and to contribute to the Myanmar economic growth by providing operating funds to farmers, individuals, and small and medium businesses, which account for a large proportion in Myanmar.

In Myanmar, only 50% of the population have access to commercial power sources. We are therefore planning to provide private power generation systems using solar

panels and mobile money, which would enable to expand the use of clean energy and enrich people's lives.

Our aim is to achieve sustainable growth together with Myanmar society, thereby "contributing to the development of local communities and industries" by developing essential infrastructure and providing various valued added services through its telecommunication business.



Local Infrastructure/Community Planning



Business description

Car-sharing Business in Stockholm

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

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



Services using a fleet of 300 electric vehicles



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

Business description

Retail Finance Business in Indonesia

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

It helps secure transportation for a wide range of income groups to support local infrastructure.

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

Social Contribution Activities

Policy and Concept

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

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

OBJECTIVE

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

ACTIVITIES

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

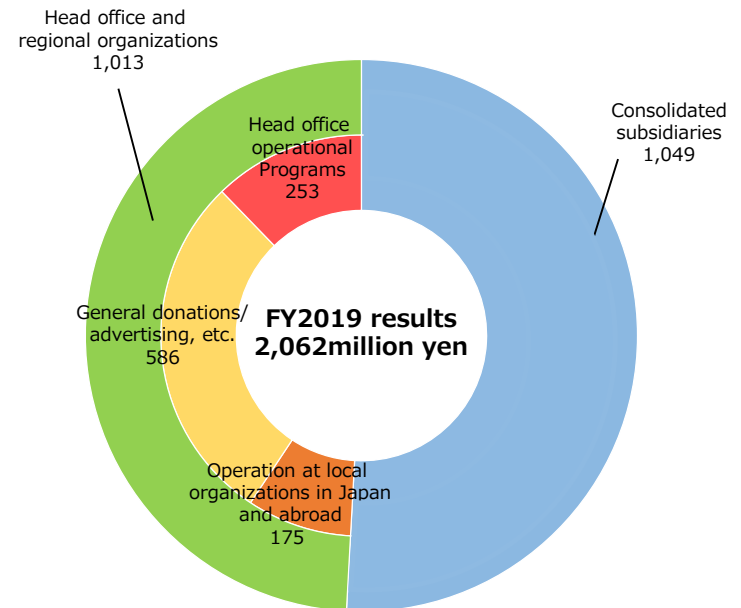
APPROACH

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

Activities

FY2019 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 March 2020.

Social Contribution Activities

Activities

Developing the Next Generation of Human Resources

The TOMODACHI Sumitomo Corporation Scholarship Program (since 2014)

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



The Sumitomo Corporation Scholarship (since 1996)

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



Contributing to Local Communities in Areas We Do Business

Introducing Japanese Culture (Since 2015)

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



Promoting Barrier-free Movies (Since 2004)

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



Assisting Reconstruction after the Great East Japan Earthquake

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

In the hope of aiding in the recovery of the areas hit by the Great East Japan Earthquake and the rebuilding of victims' lives, we provided support to young people involved in revitalization projects in eastern Japan for five years from FY2012. However, numerous problems remain. Conditions in the disaster-hit regions and people's situations are constantly changing along with their support needs. To provide ongoing reconstruction support that is closely tailored to local needs, we have revised the program to give more emphasis to in-depth dialogue with grant recipients, drawing at the same time on our past support experience.



Social Contribution Activities

Activities

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

EMEA & CIS

Sumitomo Corporation Scholarship Program in the Sultanate of Oman

Aiming to contribute to private-sector exchange between Japan and Oman and to the development of future leaders in Oman, Sumitomo Corporation and Sumitomo Corporation Middle East TZE have launched the scholarship program and have been supporting Omani students studying at graduate schools in Japan. In FY2019 we supported two students and will continue to support several students annually afterwards.



EAST ASIA

Supporting Education in Poverty Areas

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



AMERICAS

Social Contribution Activities in Americas Week

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



ASIA & OCEANIA

Supporting People in need

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



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

100SEED

100SEED Launched with Global Employees to Mark Centennial

On the occasion of the Sumitomo Corporation Group’s 100th anniversary in 2019, Group employees around the world launched the “100SEED” social contribution program to discuss together and carry out globally.

By participating in a three-step process—POST (post social issues of interest), DISCUSS (discuss the actions to be taken), and ACT (carry out those actions)—each employee takes ownership of the solutions to social issues, puts the Sumitomo Business Philosophy and Sumitomo Corporation Group Management Principles into practice, and achieves sustainable growth with society.



Three Concepts behind 100SEED

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

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

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



“Quality Education” Selected as Global Grand Theme

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

4 質の高い教育を
みんなに



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

100SEED

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

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



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

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



Mission Statement for 100SEED

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

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

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

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

Corporate Governance

Policy and Concept

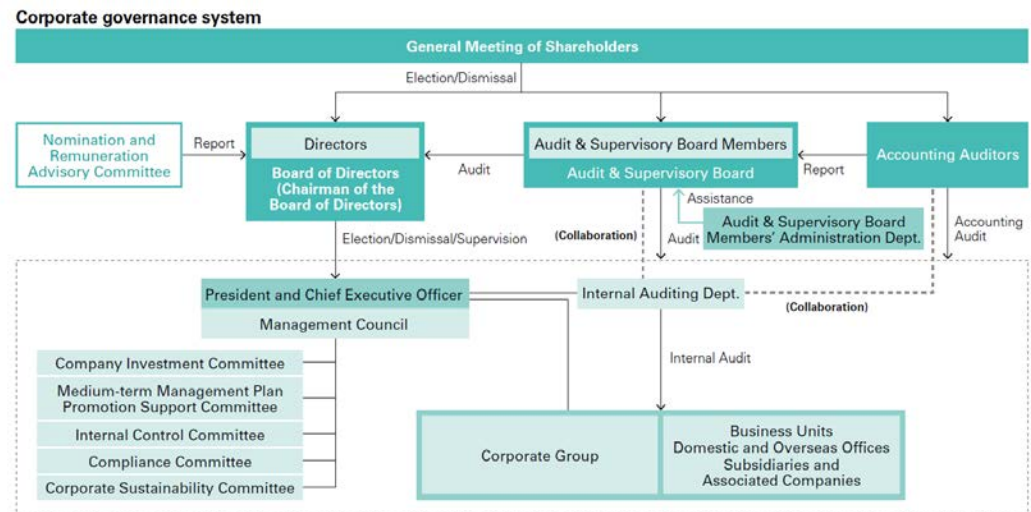
Corporate Governance Principles

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

System

Corporate Governance System and Characteristics

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



[Sumitomo Corporation Corporate Governance Principles](#)



[Corporate Governance Report](#)

Corporate Governance

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

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

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

Independence of Outside Directors

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



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

Corporate Governance

System

Directors and the Board of Directors

Ensuring Diversity in Outside Directors

Respective outside directors have the expertise and experience shown below. They make decisions from diverse perspectives at the Board of Directors' meetings and are engaged in effective supervision.

Expertise and experience of Outside Directors

Name	Reason for appointment	Term of office as Director	Member of the Nomination and Remuneration Advisory Committee	Expertise and experience					
				Business Management	Investment	Finance	Law	Government Agency	Information and Communications
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. Investment Bank and the management of a private equity firm.	4 years	● (Chair)	●	●	●	—	—	—
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.	3 years	●	●	—	●	—	●	—
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 (currently the Ministry of Health, Labour and Welfare) over the course of many years.	2 years	●	●	—	—	—	●	—
Hisashi Yamazaki	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.	2 years	—	—	—	—	●	●	—
Akiko Ide	Wide-ranging knowledge and a wealth of experience in information and communications, business management, and corporate governance accumulated during many years of engagement in a major telecommunications carrier, the management of a group company and a full time audit & supervisory board member of the parent (holding) company.	New-election	—	●	—	—	—	—	●

Corporate Governance

System

Directors and the Board of Directors

Evaluation of the Effectiveness of the Board of Directors

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

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

1. Evaluation Methods

Those covered	All members of the Board of Directors (10 persons) and Audit & Supervisory Board Members (5 persons)
Implementation method	Anonymous questionnaire and interviews carried out in December 2019 and January 2020 Note: A third party (external consultant) was used in the conduct of the evaluation.
Evaluation Items	<ol style="list-style-type: none"> 1. Composition of the Board of Directors 2. Administration of the Board of Directors 3. Enhancement of discussions at meetings and reinforcement of the monitoring function of the Board of Directors 4. System for providing support, including information provision, to Outside Directors 5. Own initiatives, etc. 6. Evaluation of improvement measures, etc.
Evaluation process	The results of analysis of the questionnaire survey and interview responses as evaluated by a third party (external consultant) were reported to the Board of Directors.

2. Evaluation Results Overview

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

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

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

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

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

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

- (i) In Board meetings, discussions are required to be limited to important points on the agenda in order to secure more time for discussing agenda that are to be focused on and to enhance discussions.
- (ii) Recognizing that management strategy, the management plan, and the business portfolio are matters to be focused on in discussions, regular reporting by business units on strategy, specific initiatives, and their progress is required to provide an explanation with a focus on issues in promoting the Medium-term Management Plan 2020, and solutions and policies to address the issues; and
- (iii) Material distributed at Board meetings are required to explain technical terms in the main body with footnotes, etc. and clarify key points of discussions.

Corporate Governance

System

Directors and the Board of Directors

Establishment of the Nomination and Remuneration Advisory Committee

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

Composition of the Nomination and Remuneration Advisory Committee

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 (See P88)	Outside Director

Review of the Senior Advisor and Honorary Advisor System

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

Management Council

Recognizing Management Council as Decision-making Body

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

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

Corporate Governance

System

Audit & Supervisory Board Members and the Audit & Supervisory Board

Enhancement of auditing capabilities

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

Ensuring audit effectiveness

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

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

Collaboration between the Internal Auditing Department and accounting auditors

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

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

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

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

To deepen their understanding of Sumitomo's Business Philosophy, Outside Directors and Audit & Supervisory Board Members, in principle, visit a Sumitomo-related facility during the first fiscal year of their term of office. Outside Directors are also given the opportunity to make an on-site observation visit to a facility in Japan and to an overseas facility at least once a year.

Corporate Governance

System

Initiatives to ensure transparency of business management

Establishment of Disclosure Policy

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

 [Corporate Disclosure Policy](#)

Measures Relating to the General Meeting of Shareholders

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

 [Ordinary General Meeting of Shareholders](#)

Status of Compliance with the Japan's Corporate Governance Code

As of June 2020, the Company complies all Principles of the Corporate Governance Code. Please refer to Corporate Governance Report for details.

 [Corporate Governance Report](#)

Policy on Cross-shareholdings and Standards for Exercising Voting Rights

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

Benefit Pension Plans

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

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.

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

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

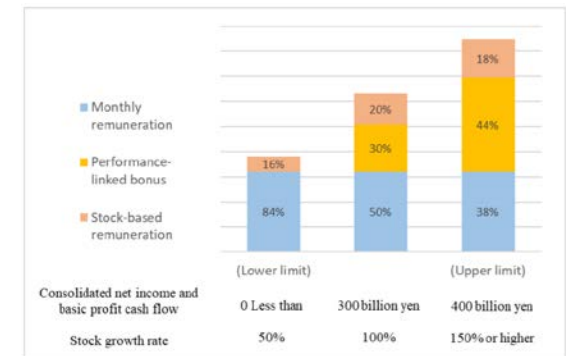
The Company has formulated an executive remuneration system according to the following basic policy to realize a plan with the aim of reinforcing our Group's governance and increasing our corporate value over the medium- to long-term, and promoting the Company's sustainable growth in line with our management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

Basic Policy

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

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

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



※"Stock growth rate"=

{ (Average price of Company's common shares in the month of termination of Evaluation Period + Total amount of dividends during Evaluation Period) ÷ (Average price of Company's common shares in the month of commencement of Evaluation Period) } ÷ { (Average of TOPIX in the month of termination of Evaluation Period) ÷ (Average of TOPIX in the month of commencement of Evaluation period) }



[Remuneration System for Executive](#)

Compliance

Policy and Concept

Basic Compliance Policy

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

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

Sumitomo Corporation Group Compliance Policy

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

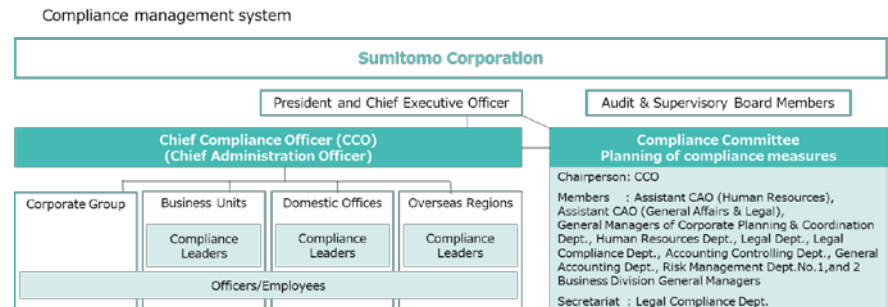
 [Sumitomo Corporation Group Compliance Policy](#)

System

Compliance Management System

Aiming for more agile responses to compliance issues which arise in the Group, Sumitomo Corporation appoints a Chief Compliance Officer (CCO), who has ultimate responsibility for compliance. Further, the Compliance Committee, which plans compliance measures, includes the general managers not only of the Corporate Group but also of the business 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

Activities

Anti-bribery/Corruption Initiatives

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

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

Measures for Ensuring Compliance with Laws Concerning Antitrust and Fair Competition

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

Security Trade Control and Logistics Compliance

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

Prevention of Insider Trading

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

Social and Environmental Risk Management

Basic Principles on Social and Environmental Risk Management

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

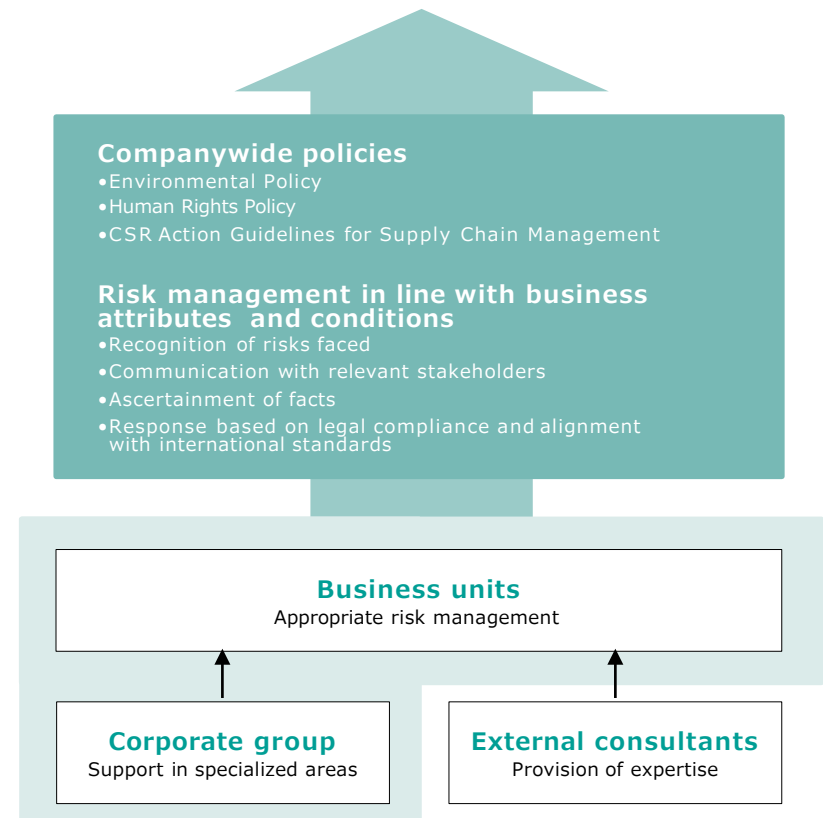
As the basis for these initiatives, we have established Environmental Policy, Human Rights Policy and CSR Action Guidelines for Supply Chain Management to clarify our approach to social and environmental issues in the Group's business operation.

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

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

Variety of sources leading to social and environmental risks

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

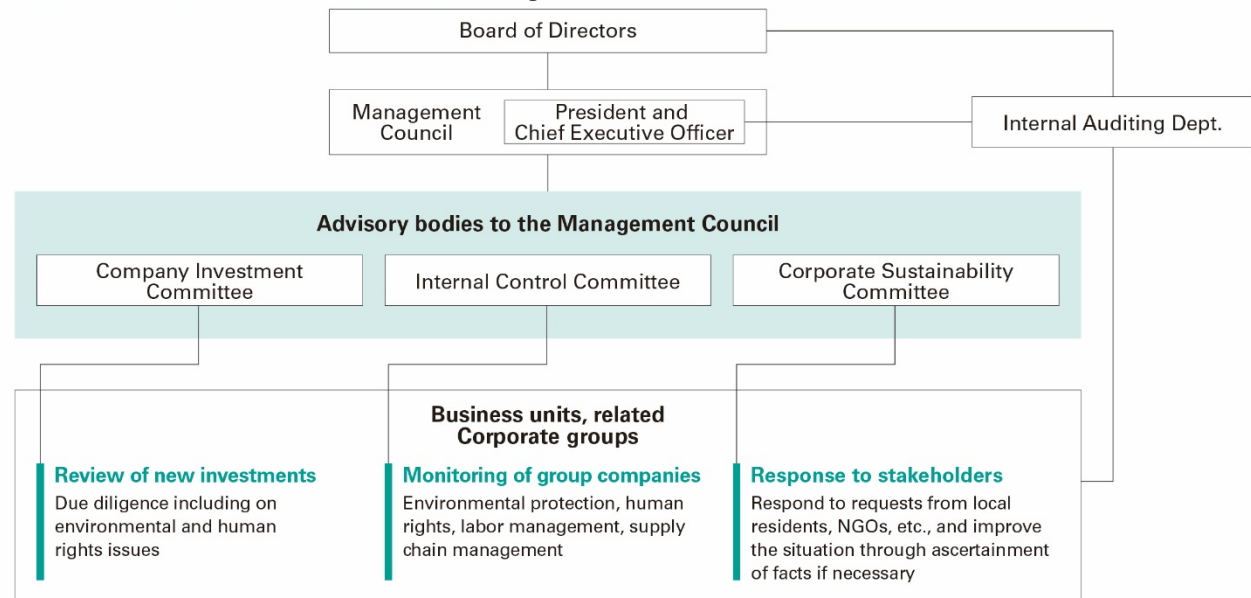


Social and Environmental Risk Management

Framework for Social and Environmental Risk Management

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

Framework for social and environmental risk management



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

5. Awareness Education of Information Security

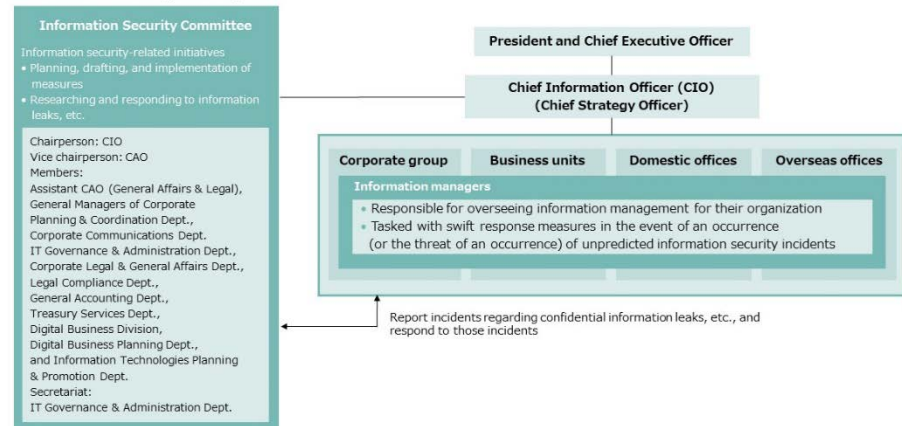
Sumitomo Corporation shall regularly promote and maintain the provision of information security education including, but not limited to, further heightening the awareness of the importance of responsibly managing information assets.

System

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

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

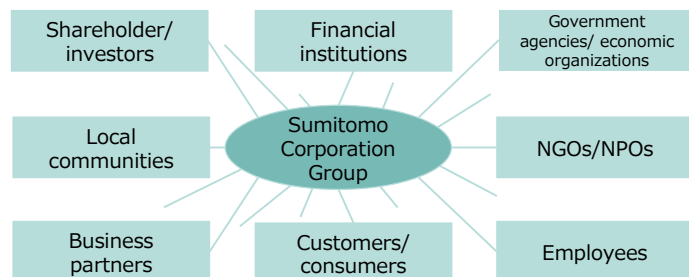
Information management system



Stakeholder Engagement

Relationships with Stakeholders

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



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

FY2019 IR/SR Activities

	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
		Announcement of annual results			Announcement of 1st quarter results			Announcement of semi-annual results			Announcement of 3rd quarter results	
			General meeting of Shareholders		Publication of the integrated report							
For individual investors						Meetings for individual investors					Online meeting for individual investors	
For analysts and institutional investors			Overseas IR					Overseas IR				
							Overseas SR					

Number of individual meetings with institutional investors in FY2019

Japan	Overseas			
	Europe	Asia	The Americas	Total
188	35	21	20	66

Number of participants in briefing meetings for individual investors in FY2019

Japan (9 locations in 7 cities)	Online
1,294	1,004

ESG Quantitative Data

Environment (Climate change)

Item	Scope	Unit	FY2015	FY2016	FY2017	FY2018	FY2019
CO2 Emissions (※1, 2)	Non-consolidated	Head office, regional offices, branches and sub-branches in Japan and overseas	5,670	5,190	4,926	4,148	The data will be updated soon
	Consolidated Subsidiaries	Domestic and overseas consolidated subsidiaries	18,879	312,538	1,681,728	1,565,611	
	Total		24,549	317,727	1,686,654	1,569,759	
	Intensity (per ml)	Head office, regional offices, branches and sub-branches in Japan	0.074	0.066	0.062	0.06	
CO2 Emissions (Scope3) (※3)	Logistics	Head office, regional offices, branches and sub-branches in Japan	8,971	7,420	7,803	5,216	
	Waste		11	11	6	6	
	Overseas Business Trips		26,348	26,518	28,569	30,232	
	Commuting		815	751	709	636	
	Downstream Leased Assets		36,398	35,148	36,894	35,230	

(※1) The CO2 emissions up to FY2015 are those of non-consolidated, direct consolidated subsidiaries/office only, for FY2016 are those of non-consolidated, direct consolidated subsidiaries/all sites (office and production base), and from FY2017 are those of non-consolidated, direct and indirect consolidated subsidiaries/all sites.

(※2) CO2 emissions derived from electricity consumption were calculated using the CO2 emission factors of electric power below:

(Non-consolidated in Japan)
(Direct and Indirect consolidated subsidiaries in Japan)
(Overseas)

The basic emission coefficients of individual power companies. Up to FY2015, the average emission coefficient of all power companies.

The average emission coefficient of all power companies.

Emission factors from electricity generation are based on the country-specific data in 2013 listed on “CO2 EMISSIONS FROM FUEL COMBUSTION 2016 EDITION”, an IEA (International Energy Agency) statistics.

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

(※3) CO2 emissions (Scope 3) were calculated and tabulated as follows:

- Logistics : 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 (Climate change)

Item	Scope	Unit	FY2015	FY2016	FY2017	FY2018	FY2019
Energy Consumption (※1)	Non-consolidated	GJ	—	50,693	48,472	49,904	The data will be updated soon
	Consolidated subsidiaries		—	2,700,307	18,049,112	17,698,351	
	Total		—	2,751,000	18,097,583	17,748,255	
	Intensity (per m)	GJ/m ²	—	0.663	0.611	0.761	
Electricity Consumption (※2)	Non-consolidated	MWh	8,429	8,134	7,536	5,773	
	Consolidated subsidiaries		35,179	456,169	1,527,811	1,406,888	
	Total		43,608	464,303	1,535,347	1,412,661	
	Intensity (per m)	MWh/m ²	0.107	0.105	0.098	0.082	

(※1) The calculation of energy consumption was started from FY2016. The energy consumption for FY2016 are those of non-consolidated, direct consolidated subsidiaries/all sites (office and production base), and from FY2017 are those of non-consolidated, direct and indirect consolidated subsidiaries/all sites.

(※2) The electricity consumption for FY2015 are those of non-consolidated, direct consolidated subsidiaries/office only, for FY2016 are those of non-consolidated, direct consolidated subsidiaries/all sites (office and production base), and from FY2017 are those of non-consolidated, direct and indirect consolidated subsidiaries/all sites.

Environment (Water)

Item	Scope	Unit	FY2015	FY2016	FY2017	FY2018	FY2019
Water Consumption (※1)	Non-consolidated	m ³	28,262	25,463	21,609	13,897	The data will be updated soon
	Consolidated subsidiaries		167,491	160,481	130,799,605	118,222,013	
	Total		195,753	185,944	130,821,214	118,235,911	
	Intensity (per employee)	m ³ /人	5.975	5.54	4.883	3.525	
(Components of Water Source)	Third-party sources	m ³	—	—	—	3,378,261	
	Groundwater		—	—	—	110,100,910	
	Rivers, Lakes		—	—	—	4,756,698	
	Rainwater		—	—	—	42	
Water Discharge (Sewer) (※2)	Head office, regional offices, branches and sub-branches in Japan and overseas	m ³	28,262	25,463	21,609	13,897	

(※1) The water consumption up to FY2016 are those of non-consolidated, direct consolidated subsidiaries/office only, and from FY2017 are those of non-consolidated, direct and indirect consolidated subsidiaries/all sites.

(※2) Since all sites are discharged into the sewer, the water discharge is equivalent to the amount of water consumption.

ESG Quantitative Data

Environment (Resources and waste)

Item	Scope	Unit	FY2015	FY2016	FY2017	FY2018	FY2019
Waste Emissions (※1)	Non-consolidated	t	361	342	191	190	The data will be updated soon
	Consolidated subsidiaries		1,153	1,091	46,005	44,190	
	Total		1,514	1,433	46,196	44,381	
	Intensity (per employee)	t/employee	0.083	0.081	0.043	0.048	
Recycled Waste Emissions	Head office, regional offices, branches and sub-branches in Japan	t	322	311	168	175	
Non-recycled Waste Emissions (final waste disposal volume)			20	14	2	6	
Recycle Ratio		%	94.2	95.8	98.8	96.5	
Hazardous Waste Emissions	Head office, regional offices, branches and sub-branches in Japan	t	4.67	4.84	3.32	1.08	
Air Pollutant Emissions (NOx : nitrogen oxide, SOx : sulfur oxide, VOC : volatile organic compound)			0	0	0	0	
Paper Consumption	Non-consolidated	1,000 sheets	28,975	25,681	22,280	18,604	
	Intensity (per employee)	1,000 sheets/employee	7.000	6.451	5.604	4.944	

(※1) The waste emissions up to FY2016 are those of non-consolidated, direct consolidated subsidiaries/office only, and from FY2017 are those of consolidated, direct and indirect consolidated subsidiaries/all sites. The above figures for Japan include general waste but exclude industrial waste and valuable resource.

Environment (Others)

Item	Scope	Unit	FY2015	FY2016	FY2017	FY2018	FY2019
ISO14001	Head Office, regional offices, branches and sub-branches in Japan	site	8	8	7	7	The data will be updated soon
		%	100	100	100	100	
Violations of environmental laws and regulations (penalties of one million yen or more, etc.)	Head Office, regional offices, branches and sub-branches in Japan	case	0	0	0	0	
		yen	0	0	0	0	

ESG Quantitative Data

Society (Personnel data)

Item		Scope	Unit	FY2015	FY2016	FY2017	FY2018	FY2019
Number of employees		Consolidated	person	66,860	70,900	73,016	65,662	72,642
Number of temporary employees				20,313	20,465	25,619	25,700	27,604
Number of employees [Male/Female]	Male	Non-consolidated	person	4,039	3,984	3,907	3,910	3,973
	Female			1,165	1,178	1,184	1,216	1,270
	Total			5,204	5,162	5,091	5,126	5,207
Number of new employees	Male	Non-consolidated	person	108	102	107	104	118
	Female			47	51	50	58	91
	Total			155	153	157	162	209
Ratio of female new employees		Non-consolidated	%	30.3	33.3	31.8	35.8	43.5
Ratio of non-fulltime employees, such as contract and temporary employees (※1)		Non-consolidated	%	6.6	6.4	6.4	7.2	7.5
Number of mid-career employees	Male	Non-consolidated	person	5	8	7	35	27
	Female			2	0	1	2	5
	Total			7	8	8	37	32
Employment rate of disabled persons		Non-consolidated	%	2.14	2.11	2.21	2.24	2.24
Number of managers	Male	Non-consolidated	person	2,611	2,633	2,599	2,549	2,585
	Female			107	143	153	169	186
	Total			2,718	2,776	2,752	2,763	2,771
Ratio of female Managers		Non-consolidated	%	3.94%	5.15%	5.60%	6.60%	6.71
Ratio of employees who are covered by a collective bargaining agreement		Non-consolidated	%	56.5	56.4	57.6	59.1	59.0
Average length of service (years)	Male	Non-consolidated	year/person	19.3	19.1	19	18.8	18.7
	Female			15.6	15.8	16.1	16	15.6
	Overall mean			18.4	18.3	18.3	18.2	18.0
Turnover rate of full-time employees	Male	Non-consolidated	%	1.6	2.3	2.3	1.8	1.8
	Female			3	2.7	2.6	2.3	2.4
	Total			1.9	2.4	2.4	1.9	2.1

(※1) The calculation method has been changed since FY2018, and the past year has also been reclassified.

ESG Quantitative Data

Society (Work styles)

Item		Scope	Unit	FY2015	FY2016	FY2017	FY2018	FY2019
Average monthly overtime hours		Non-consolidated	hours/minutes	12 hours 41 minutes	11 hours 50 minutes	9 hours 12 minutes	9 hours 53 minutes	7 hours 47 minutes
Average annual days of paid vacation acquired (※1)		Non-consolidated	day	12.7	15.1	16.8	16.9	17.1
Spouse maternity leave		Non-consolidated	case	80	76	74	90	92
Leave to look after a sick child		Non-consolidated	case	161	200	215	237	225
Number of employees who took family care leave		Non-consolidated	person	0	0	1	0	1
Number of employees who took maternity leave		Non-consolidated	person	57	71	79	71	73
Number of employees eligible for child care leave	Male	Non-consolidated	person	184	192	158	181	179
	Female			49	49	66	71	57
	Total			233	241	224	252	236
Number of employees who took child care leave	Male	Non-consolidated	person	2	5	2	10	9
	Female			49	49	66	71	56
	Total			51	54	68	81	65
Number of employees who returned to work after taking child care leave	Male	Non-consolidated	person	2	5	0	10	9
	Female			35	49	36	54	64
	Total			37	54	36	64	73
Ratio of employees who returned to work after taking child care leave	Male	Non-consolidated	%	100	100	—	100	100
	Female			97.2	90.7	92.3	100	95.6
	Total			97.4	91.5	92.3	100	96.1
Number of individuals using shortened work hour system		Non-consolidated	person	99	121	129	136	165
Number of cases of violations of the Labor standards Act		Non-consolidated	case	2	4	1	3	3

(※1) The calculation method has been changed since FY2018, and the past year has also been reclassified.

ESG Quantitative Data

Society (Occupational safety and health)

Item		Scope	Unit	FY2015	FY2016	FY2017	FY2018	FY2019
Number of occupational accidents	Employees (full-time)	Non-consolidated	person	3	1	2	1	3
Number of deaths by occupational accidents	Employees	Non-consolidated	person	0	0	0	0	0

Society (Human resources development)

Item		Scope	Unit	FY2015	FY2016	FY2017	FY2018	FY2019
Ability development training	Total number of lectures	Non-consolidated	session	320	321	326	340	286
	Number of employees participating in training		person	12,351	11,868	11,818	14,646	14,963
	Total hours of training received		hour	54,951	59,718	62,967	75,089	65,652
	Average hours per employee			10.6	11.6	12.4	14.7	12.7
Number of employees dispatched overseas		Non-consolidated	person	1,099	1,112	1,101	1,153	1,144
Number of employees undergoing training overseas		Non-consolidated	person	97	82	94	96	67
Annual education and training cost per employee		Non-consolidated	yen	531,706	518,882	478,884	555,403	501,830

Society (Social contribution)

Item	Scope	Unit	FY2015	FY2016	FY2017	FY2018	FY2019
Expenditure for social contribution activities	Consolidated	million yen	1,130	1,549	1,556	1,528	2,062
Number of employees who used the volunteer leave program	Non-consolidated	person	4	3	3	7	12

ESG Quantitative Data

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

Item			Scope	Unit	FY2015	FY2016	FY2017	FY2018	FY2019
Number of Directors (※1)	Inside directors	Male	Non-consolidated	person	10	10	6	6	6
		Female			0	0	0	0	0
		Total			10	10	6	6	6
	Independent outside directors	Male			2	3	2	3	3
		Female			1	1	1	2	1
		Total			3	4	3	5	4
	Total				13	14	9	11	10
Ratio of female Directors (※1)				%	8	7	11	18	10
Number of Board of Directors meetings				time	17	18	21	20	16
Number of Audit & Supervisory (※1)	Inside Audit & Supervisory board members	Male	Non-consolidated	person	2	2	2	2	2
		Female			0	0	0	0	0
		Total			2	2	2	2	2
	Independent outside Audit & Supervisory Board members	Male			3	3	3	3	3
		Female			0	0	0	0	0
		Total			3	3	3	3	3
	Total				5	5	5	5	5
Number of outside Audit & Supervisory Board members with expertise in financial affairs and accounting (※1)					1	1	1	1	1
Number of Audit & Supervisory Board meetings				time	16	15	14	17	15
Nomination and Remuneration Advisory Committee (※1)	Inside members	Male	Non-consolidated	person	2	2	2	2	2
		Female			0	0	0	0	0
		Total			2	2	2	2	2
	Independent outside members	Male			2	2	2	2	2
		Female			1	1	1	1	1
		Total			3	3	3	3	3
	Total				5	5	5	5	5
Ratio of outside directors in the Nomination and Remuneration Advisory Committee (※1)				%	60	60	60	60	60
Number of Nomination and Remuneration Advisory Committee meetings				time	2	5	6	7	5

(※1) Figures at the end of June of each fiscal year

ESG Quantitative Data

Governance (Remuneration)

Item			Scope	Unit	FY2015	FY2016	FY2017	FY2018	FY2019
Remuneration of Directors	Directors (Excluding outside directors)	Monthly remuneration	Non-consolidated	million yen	686	667	530	480	474
		Bonus for Directors			67	149	174	327	194
		Stock options			90	79	64	14	—
		Restricted stock-based compensation			—	—	—	73	92
		Performance share unit-based stock compensation			—	—	—	66	70
		Total			843	895	769	959	831
	Outside directors	Monthly remuneration	Non-consolidated	million yen	34	47	41	67	65
		Total			34	47	41	67	65
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	87	87
		Total			87	86	86	87	87
	Outside Audit & Supervisory Board members	Monthly remuneration			35	34	38	38	38
		Total			35	34	38	38	38
Audit fees (KPMG AZSA LLC)	Fees for auditing services	Non-consolidated	Non-consolidated Consolidated subsidiaries	million yen	499	493	495	492	520
		Total			1,074	1,058	1,003	1,032	537
	Fees for non-auditing services	Non-consolidated			6	5	18	13	1,057
		Consolidated subsidiaries			24	24	41	57	16
		Total			30	29	59	70	83

Governance (Compliance)

Item		Scope	Unit	FY2017 (※1)	FY2018 (※1)	FY2019 (※1)
Compliance-related seminars and other training programs	Number of times	Head Office or domestic/overseas corporations (※2)	time	≥ 190 times	≥ 180 times	≥ 270 times
	Number of participants		person	Total of ≥ 14,570 persons	Total of ≥ 11,710 persons	Total of ≥ 19,160 persons
Of the above, seminars and other training programs related to anti-bribery and anti-corruption	Number of times		time	≥ 70 times	≥ 70 times	≥ 80 times
	Number of participants		person	Total of ≥ 2,710 persons	Total of ≥ 2,580 persons	Total of ≥ 3,100 persons

(※1) Figures from January to December of each fiscal year

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

Third-party Assessment

Assessment organizations

FTSE4Good Index Series / FTSE Blossom Japan Index

We were selected as a constituent of FTSE4Good Index Series and FTSE Blossom Japan Index. Published by FTSE Russell, an investment index calculator, FTSE4Good Index Series consists of companies with strong Environment, Social and Governance (ESG) practices.

FTSE Blossom Japan Index, which is also provided by FTSE Russell, measures the performance of Japanese companies in terms of ESG practices. It has also been adopted by the Government Pension Investment Fund (GPIF) as an effective index for ESG investment.



FTSE4Good

FTSE Blossom
Japan

S&P/JPX Carbon Efficient Index

We were selected in S&P/JPX Carbon Efficient Index, a global environmental stock index created by S&P Dow Jones Indices in the United States. (As of March 2019) It is adopted by the Government Pension Investment Fund (GPIF) as an effective index for ESG investment.

SOMPO Sustainability Index

We were selected in the SOMPO Sustainability Index managed by SOMPO Asset Management Co., Ltd. ("SOMPO Asset Management") (As of June 2020) The SOMPO Sustainable Management, launched by SOMPO Asset Management in August 2012, is a socially responsible investment funds for pension trusts and institutional investors that invest broadly in companies having a strong positive evaluation for ESG performance.



CDP

In 2019, we were evaluated B (management level) in the Climate Change program, A (leadership level) in the Water Security program and A- (leadership level) in the Forests program by the CDP (*).

"Eruboshi" certification

In May 2016, we were certified as a second-highest class "Eruboshi" company in recognition of the effort to promote the active involvement of female employees on the basis of the Act on Promotion of Women's Participation and Advancement in the Workplace.



"Platinum Kurumin" as a company that provides superior childcare support

We were granted "Platinum Kurumin" certification in June 2015 by the Ministry of Health, Labour and Welfare (MHLW) in recognition of providing superior childcare support among the "Kurumin" certified companies.



Reforming and Diversifying Work Practices

We were certified by METI as a "White 500" enterprise with outstanding health and productivity management for the third consecutive year (2017,2018,2019).



Certified as a "Bronze" in "PRIDE INDEX"

In October 2019, we were certified as a "Bronze" in "PRIDE INDEX" in recognition of the effort to support sexual minorities including LGBT by a private organization "work with Pride".



Telework Pioneer 100

We were selected for inclusion in the Top Hundred Telework Pioneers for FY2019 by the Ministry of Internal Affairs and Communications (MIC). Through Top Hundred Telework Pioneers, MIC recognizes companies and organizations with sufficient achievements that are advancing the introduction and utilization of telecommuting.



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

Social

- **CSR Initiatives for Supply Chain Management**
<https://www.sumitomocorp.com/en/jp/sustainability/csr>
- **Human Rights Policy**
<https://www.sumitomocorp.com/en/jp/sustainability/csr#02>
- **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>

Governance

- **Corporate Governance Principles**
<https://www.sumitomocorp.com/en/jp/about/governance/detail>
- **Sumitomo Corporation Group Tax Principles** (PDF/69.3KB)
<https://www.sumitomocorp.com/jp/-/media/Files/hq/sustainability/material-issues/tax-principles-j.pdf?la=en>
- **Sumitomo Corporation Group Compliance Policy**
<https://www.sumitomocorp.com/en/jp/about/governance/compliance/policy>
- **Corporate Disclosure Policy**
<https://www.sumitomocorp.com/en/jp/about/governance/detail/disclosurepolicy>
- **Risk Management Basic Policy**
<https://www.sumitomocorp.com/en/jp/about/governance/risk>
- **Information Security Policy**
<https://www.sumitomocorp.com/en/jp/security>
- **Privacy Policy**
<https://www.sumitomocorp.com/en/jp/privacy>
- **Sumitomo Corporation Group Anti-Corruption Policy** (PDF/270KB)
<https://www.sumitomocorp.com/jp/-/media/Files/hq/about/governance/compliance/anti-corruption-policy.pdf?la=en>

