

## **The Sumitomo Corporation Group's Management of Environmental, Social and Other Nonfinancial Aspects**

The Sumitomo Corporation Group is engaged in trade, such as export and import and distribution in Japan. In addition, through its many companies, the Group faces various social issues and risks across a wide range of businesses in different fields, categories and regions. To properly manage the diversifying business as a whole, the Sumitomo Corporation Group—as an organization that contributes broadly to society—has put in place a structure for managing nonfinancial aspects on a consolidated basis. This structure is operated under the supervision of the Board of Directors.

Business Departments work in compliance with guidelines for the entire Group's business operations, such as the Environmental Policy, the Compliance Guiding Principles, the Anti-Corruption Policy, and the CSR Action Guidelines for Supply Chain Management. Additionally, if needed, each business unit conducts periodical self-checks of their management control and operation. They use a method selected to match the characteristics of their business.

Investments to be made by the business unit are discussed at the Business Unit Investment Committee. For large-scale or important projects, the Company Investment Committee of the Corporate Group discusses important factors including nonfinancial aspects extensively. This committee is comprised of members from finance, accounting, human resources, legal and other specialized departments, as well as those from risk management. Profitability is not the only matter in examining investment. We use external experts to ensure due diligence with regard to environmental and social impact and risks (e.g. pollution, biodiversity, use of water and other scarce resources, respect for human rights, occupational health and safety and other work environments, impact on the global society, etc.). We make decisions about the execution of investment by fully taking into account the environmental and social impacts of the project, sometimes declining to invest if the project has management issues in non-financial aspects. After execution of investment, we continually monitor the environmental and social impacts.

Regarding overall business activities on a consolidated basis, including those of group companies, we periodically monitor each organization's internal controls and company-wide legal compliance. In addition, we conduct quantitative risk aggregation by business area and region. The Internal Auditing Department carries out such

monitoring and audit of each organization. The results, as well as directions and measures of management controls based on these results, are periodically reported to the Board of Directors directly or via an advisory committee or the Management Council. Opinions of Board members, including outside officers, are incorporated into efforts for management improvement.