

## **Systems Necessary to Ensure the Properness of Operations of the Company (Internal Control Systems)**

Our Board of Directors determines and implements the systems (internal control systems) set forth in the Companies Act, Article 362, Paragraph 4, Item 6 to achieve effective internal control. In addition, we assess the implementation of the internal control systems annually and endeavors to establish systems in line with requests made from time to time based on ongoing reevaluations.

An overview of our internal control systems and their implementation status is provided below. Moreover, the Internal Control Committee assessed the implementation of the internal control systems, confirmed that these internal control systems were functioning effectively, and reported this fact at the Board of Directors' meeting.

Further details regarding the internal control systems are posted on our website ([https://www.sumitomocorp.com/jp/-/media/Files/hq/about/governance/detail/internal control system 02.pdf?la=en](https://www.sumitomocorp.com/jp/-/media/Files/hq/about/governance/detail/internal%20control%20system%2002.pdf?la=en)).

<b>Internal Control Systems</b>	<b>Current Implementation Status</b>
<u>1. Systems for ensuring that the execution of duties by Directors and employees complies with laws and regulations and the Articles of Incorporation</u>	
<ul style="list-style-type: none"><li>● Ensuring full compliance with laws and regulations under the “Corporate Mission Statement of the Sumitomo Corporation Group”</li><li>● Drawing up the “Sumitomo Corporation Group Compliance Policy”</li><li>● Preparing the “Compliance Manual” and distributing it to all officers and employees</li><li>● Requiring all officers and employees to provide a written “Confirmation of Compliance”</li><li>● Appointing the “Chief Compliance Officer”, the “Compliance Committee”, and “Compliance Leaders”, and creating the “Speak-Up System”</li></ul>	<ul style="list-style-type: none"><li>➤ We included compliance with laws and regulations and maintenance of the highest ethical standards in the “Corporate Mission Statement of the Sumitomo Corporation Group”, and we are making officers and employees aware of the mission statement.</li><li>➤ By formulating the “Sumitomo Corporation Group Compliance Policy” and making the “Compliance Manual” available on the company intranet, we strive to ensure thorough awareness of the said policy and implementation of compliance among all officers and employees.</li><li>➤ We are raising awareness of compliance and providing relevant education through such means as training tailored to various trainee types, and seminars responding to the needs of different business units, subsidiaries, and other consolidated companies, and e-learning programs targeting all of our officers and employees. For example, we held company-wide seminars to learn how to prevent the emergence of compliance risks from specific cases, the “Insider Trading Prevention Seminar”, and the “Seminar on the Act on Protection of Personal Information”, while providing compliance education for new employees. We also issued an internal warning regarding compliance with the Subcontract Act and held webinars. Moreover, we released a lecture video explaining how to prevent bribery of foreign public officials.</li><li>➤ We require all officers and employees to provide a written “Confirmation of Compliance” when they join the Company and when companywide training is conducted, among other occasions.</li><li>➤ Based on the “Speak-Up System”, we have secured a</li></ul>

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	<p>route by which our officers and employees can directly communicate compliance information to the “Chief Compliance Officer (CCO)” via the Legal Compliance Department, Audit &amp; Supervisory Board Members, outside professionals and outside attorneys serving as liaisons.</p> <ul style="list-style-type: none"> <li>➤ In order to promote active use of the “Speak-Up System”, we have put up posters about the system on noticeboards on the office floors of the head office building, distributed portable cards with contact information for the system, notified officers and employees of the system through internal communications, formulated detailed regulations that specify the operational procedures of the system, posted materials to explain about the system on the company intranet, and released a video to increase awareness of the system.</li> <li>➤ We also held the Compliance Committee, where the details of compliance activities and measures were reported and deliberated.</li> </ul>
<u>2. Systems for retaining and managing information pertaining to the Directors' execution of their duties</u>	
<ul style="list-style-type: none"> <li>● Properly preserving and managing important documents including minutes of meetings of the Board of Directors and information pertaining to the execution of duties and decision-making</li> <li>● Implementing measures to prevent divulgence of information to third parties or other misuse of information</li> <li>● Making important documents pertaining to the Directors' execution of their duties available for review to Audit &amp; Supervisory Board Members in a timely manner</li> </ul>	<ul style="list-style-type: none"> <li>➤ We preserve and manage the important documents and information described on the left properly in accordance with internal rules. In addition, the “Basic Rules for Information Management”, which are our internal regulations, stipulate steps to prevent divulgence of information to third parties, which we implement. These include specifying the responsibilities of officers and employees regarding information security, developing an information security system and managing confidential information.</li> <li>➤ We implement measures aimed at information security education and awareness, including “information security course” and “training on targeted email attacks” for all officers and employees. In addition, we regularly disseminated information on information security incidents and accidents within our group.</li> <li>➤ The “IT Strategy Committee” plans, formulates and implements company-wide measures on information security, and collects and responds to information concerning information security incidents (divulgence of information, etc.). We also strive to adequately manage information assets by establishing relevant regulations in line with the “Information Security Policy”.</li> <li>➤ We submit for review by Audit &amp; Supervisory Board Members any documents they request.</li> </ul>

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<u>3. Rules and other systems pertaining to the management of risk of loss</u>	
<ul style="list-style-type: none"> <li>● Setting the three objectives of risk management: to stabilize business performance, to strengthen the corporate structure, and to maintain credit; analyzing and managing risk factors specific to investment and commercial transactions and common risk factors</li> <li>● Building a framework, conducting monitoring, and implementing necessary improvements regarding risk management through measures such as setting internal rules and formulating risk management policies, methods, and guidelines</li> <li>● Establishing the “Internal Control Committee,” “Company-wide Loan and Investment Committee” and “Corporate Sustainability Committee” as advisory organs to the “Management Council”</li> <li>● Formulating plans for restoration of operations in the event of disaster</li> <li>● Establishing the “Internal Auditing Department” as an independent body under the direct supervision of the President and Chief Executive Officer and ensuring the results of internal auditing are reported to the President and Chief Executive Officer as well as the Board of Directors</li> </ul>	<ul style="list-style-type: none"> <li>➤ We establish our internal rules regarding risk management. With respect to our risk management, we divide our business activities into investment activities and commercial transactions, determine specific risk factors and common risk factors associated with both activities, and make every effort to achieve the purpose of risk management by analyzing and evaluating the probability of occurrence and the impact of such risk factors. In addition, among risks that can be quantified, country risks that could have a particularly large impact on the entire company and the status of major assets are reported regularly to the Board of Directors.</li> <li>➤ We have built a framework, and are conducting monitoring and implementing necessary improvements regarding risk management at the company-wide level through measures such as setting internal rules and formulating risk management policies, methods, and guidelines. In addition, we are improving risk management through the preparation and distribution of manuals and conducting training activities as appropriate.</li> <li>➤ We have established a system to make decisions in light of social and environmental impact by strengthening the system for evaluating social and environmental risks in investment projects and ensuring participation in deliberations by specialized organizations. In addition, we strive to identify, prevent, and rectify human rights risks posed by the business activities of our group by progressively conducting human rights due diligence of the supply chains for all businesses, including those of our subsidiaries and other group entities.</li> <li>➤ We have set medium- and long-term targets related to six key social issues for the entire company. In addition, each Business Unit has formulated short- and medium-term action plans, thus promoting specific initiatives, and disclosed their progress status.</li> <li>➤ With respect to climate change issues, we have formulated the “Policies on Climate Change Issues” and are reviewing them as required, with ongoing efforts aimed at carbon-neutralizing our group’s business activities and realizing a sustainable energy cycle.</li> <li>➤ For security trade control, various guidelines are established, and various sanctions information is notified internally.</li> <li>➤ we held meetings of the “Corporate Sustainability</li> </ul>

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	<p>Committee”, where key policies, measures and initiatives related to the promotion of sustainability activities were deliberated.</p> <ul style="list-style-type: none"> <li>➤ we held meetings of the “Internal Control Committee”, where our internal control systems and progress with internal control activities were reviewed.</li> <li>➤ We are enhancing the quality of decision-making in the Management Council by means of the “Company-wide Loan and Investment Committee”. In order to speed up decision-making, it has been decided that agenda items requiring discussions by the Company-wide Loan and Investment Committee will no longer require discussions by the “Business Unit Loan and Investment Committee”. In addition, from the perspective of ensuring neutrality as an advisory organ, we eliminated duplicate members between the Management Council, which is a decision-making body, and the Company-wide Loan and Investment Committee. We also added the General Manager of the Corporate Sustainability Department and the General Manager of the Sales Division as members of the Company-wide Loan and Investment Committee in order to reflect opinions from ESG and sales viewpoints. In addition, we formulate and continuously update a playbook summarizing the processes before and after investment execution as well as the evaluation, appointment and dismissal, remuneration, and succession of the senior management of subsidiaries and associated companies. Moreover, we have introduced a remuneration system linked with investment performance in order to strengthen commitment to enhancing investment values.</li> <li>➤ Under the leadership of the Disaster Response &amp; Safety Management Department in charge of promoting disaster countermeasures, various disaster response and safety promotion measures are taken, including holding a monthly disaster response and safety measures promotion and information liaison meeting. In anticipation of a large-scale earthquake, we conducted disaster response drills led by the emergency response headquarters, which were both participated in by the head office and conducted in full-remote style. We also promoted the development of all-hazard BCP for organizations in Japan. As for</li> </ul>

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	<p>measures against COVID-19, we carried out infection prevention and control measures targeting the officers and employees of our group at the Tokyo head office and other locations in Japan and overseas, including restrictions on coming to the office, business trips and dining together. We also implemented safety measures such as the confirmation and maintenance of effectiveness of emergency medical responses.</p> <ul style="list-style-type: none"> <li>➤ We established an “Internal Auditing Department”, and the results of its internal auditing are reported to the President and Chief Executive Officer as well as to the Board of Directors.</li> </ul>
<u>4. Systems for ensuring the efficient execution of the Directors' duties</u>	
<ul style="list-style-type: none"> <li>● Making the number of Directors sufficient to enable full discussions and speedy and reasonable decision-making by the Board of Directors</li> <li>● Electing two or more Outside Directors so that their diverse perspectives can enhance decision-making and supervisory functions</li> <li>● Introducing a system of Executive Officers in order to clarify responsibility and authority for the execution of operations and strengthen the supervisory functions of the Board of Directors</li> <li>● Term of office for Directors: one year</li> <li>● Terms of office for the Chairman and the President and Chief Executive Officer: not exceeding six years, in principle</li> <li>● Establishing the “Nomination and Remuneration Advisory Committee” composed of a majority of Outside Directors as an advisory organ to the Board of Directors</li> <li>● Establishing the “Management Council” as a decision-making body, various committees as advisory organs, and various other conferences for the exchange of information</li> <li>● Formulating the medium-term management plan, preparing budgets and introducing performance management systems</li> <li>● Specifying in writing the agenda items requiring discussion by the Board of Directors and the decision-making authority of officers and employees regarding important matters</li> </ul>	<ul style="list-style-type: none"> <li>➤ The number of Directors is 11, which is sufficient to enable a variety of proposals and full discussions to be made by the Board of Directors and we are ensuring speedy and appropriate decision-making and strengthening supervisory functions.</li> <li>➤ The term of office for Directors is set at one year and the terms of office for the Chairman and the President and Chief Executive Officer do not exceed six years.</li> <li>➤ The “Nomination and Remuneration Advisory Committee”, which is an advisory organ to the Board of Directors, is chaired by an Outside Director. The committee reviews the policies and procedures regarding appointment and dismissal of the President and the Chairman, appointment and dismissal of the President, nomination criteria for Directors and Audit &amp; Supervisory Board Members and nomination of candidates therefor, appointment of Management Council members, the structures/levels of remuneration and bonuses for Directors and Executive Officers, as well as the limit of remuneration for Audit &amp; Supervisory Board Members and the advisory system, and submits the results thereof as recommendations to the Board of Directors.</li> <li>➤ In addition to establishing the “Management Council” as a decision-making body, we have established various other conferences to discuss and share information. We have also established committees, including the “Corporate Strategy Promotion Committee”, the “Global Innovation Promotion Committee”, and “Company-wide Loan and Investment Committee”, as advisory organs to the “Management Council”.</li> <li>➤ In order to deepen strategic discussions in management and promote the appropriate allocation of</li> </ul>

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	<p>management resources based on these discussions and the steady implementation of the PDCA cycle, each division/department under our Business Units has been reorganized into a unit called the Strategic Business Unit. We have introduced a system in which each Strategic Business Unit creates a strategic format for business management, discusses the format through internal strategy meetings, and follows up on the results of the discussions.</p> <p>➤ The “Board of Directors Regulations” and other internal rules specify agenda items requiring discussion by the Board of Directors, the job responsibilities of each officer and employee, and the decision-making authority of officers and employees regarding important matters.</p>
<p><u>5. Systems for ensuring the properness of operations by the corporate group comprising the Company and its subsidiaries</u></p>	
<ul style="list-style-type: none"> <li>● Using the “Corporate Mission Statement of the Sumitomo Corporation Group”, which promotes compliance with laws and regulations, to share values to be respected throughout our group and to guide the development of compliance systems</li> <li>● Determining procedures for subsidiaries and other consolidated companies to report their “important management issues” to us, and managing subsidiaries and other consolidated companies through Audit &amp; Supervisory Board Members and other personnel dispatched from us</li> <li>● Supporting subsidiaries and other consolidated companies in implementing internal controls and in constructing a framework for risk management and making improvements thereto</li> <li>● Setting an internal rule to require internal auditing for subsidiaries and other consolidated companies of which we are the managing entity</li> <li>● Ascertaining and managing consolidated performance on a monthly basis</li> </ul>	<p>➤ We are raising awareness of compliance and providing relevant education by informing everybody in our group about the “Corporate Mission Statement” and providing training tailored to various trainee types, among other initiatives.</p> <p>➤ With respect to the “important management issues” determined by each of our consolidated companies, we have replaced the conventional consultation and agreement method for the decision-making process with the institutional decision-making method, in which consolidated subsidiaries and the Company hold discussions in advance to ensure that they are on common ground regarding the important resolution issues, with the ultimate goal of making an institutional decision by consolidated subsidiaries. We have also implemented various measures to promote the new method.</p> <p>➤ We support our subsidiaries and other consolidated companies in a variety of ways, including: educating and raising awareness regarding internal control at subsidiaries; requiring employees of subsidiaries to participate in risk management training; raising awareness of the “Sumitomo Corporation Group Compliance Policy” through training, briefings and e-learning materials; providing a selection of rules for subsidiaries to use as examples; and promoting the introduction of “Speak-Up Systems”.</p> <p>➤ We are promoting the Basic Elements Project, which supports evaluation of the internal control systems at subsidiaries, as well as the identification and rectification of issues by setting basic elements to be developed and operated in order to establish, operate, evaluate, and improve internal control at subsidiaries,</p>

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	<p>and are conducting regular dialogue on such elements between us and our subsidiaries. We have also introduced examples of such dialogue and provided training on key risks in light of changes in the external environment such as the COVID-19 pandemic.</p> <ul style="list-style-type: none"> <li>➤ The results of auditing subsidiaries and other consolidated companies subject to internal auditing are reported to the President and Chief Executive Officer as well as to the Board of Directors.</li> </ul>
<b><u>6. Matters regarding personnel assigned to support the operations of Audit &amp; Supervisory Board Members</u></b>	
<ul style="list-style-type: none"> <li>● Establishing the “Audit &amp; Supervisory Board Members’ Administration Department” to support the Audit &amp; Supervisory Board Members and assigning several full-time staffers to this department</li> <li>● Specifying in writing those persons authorized to issue instructions to the “Audit &amp; Supervisory Board Members’ Administration Department” and the department’s responsibilities, and clearly defining its purpose as an organization for assisting the Audit &amp; Supervisory Board Members</li> <li>● Conducting personnel evaluations of members of the “Audit &amp; Supervisory Board Members’ Administration Department” by an Audit &amp; Supervisory Board Member; consulting in advance with an Audit &amp; Supervisory Board Member regarding transfers of the department’s personnel</li> </ul>	<ul style="list-style-type: none"> <li>➤ We have assigned several full-time staffers to the “Audit &amp; Supervisory Board Members’ Administration Department”.</li> <li>➤ Internal rules specify that the Audit &amp; Supervisory Board Members are authorized to issue instructions to the general manager of the Audit &amp; Supervisory Board Members’ Administration Department and that the area of operational responsibility of the Audit &amp; Supervisory Board Members’ Administration Department is assisting the Audit &amp; Supervisory Board Members in their duties.</li> <li>➤ An Audit &amp; Supervisory Board Member appointed by the Audit &amp; Supervisory Board conducts the personnel evaluations of the general manager of the Audit &amp; Supervisory Board Members’ Administration Department. An advance consultation is conducted with an Audit &amp; Supervisory Board Member appointed by the Audit &amp; Supervisory Board to obtain the Audit &amp; Supervisory Board Member’s consent regarding transfers of the department’s personnel.</li> </ul>
<b><u>7. Systems for reporting to Audit &amp; Supervisory Board Members</u></b>	
<ul style="list-style-type: none"> <li>● Developing a system that enables Audit &amp; Supervisory Board Members to attend all meetings, including those of the “Management Council”</li> <li>● Delivering to the Audit &amp; Supervisory Board Members important materials pertaining to the execution of operations involving the Company, its subsidiaries and other consolidated companies, and arranging for officers and employees to report and give briefings to the Audit &amp; Supervisory Board Members</li> <li>● Developing a system to ensure that persons submitting the aforementioned reports and persons making contact via the “Speak-Up System” will not be subjected to adverse treatment due to such reports/contact</li> </ul>	<ul style="list-style-type: none"> <li>➤ In addition to meetings of the Board of Directors, Audit &amp; Supervisory Board Members attend other important meetings including those of the “Management Council”, the “Company-wide Loan and Investment Committee”, the “Internal Control Committee”, the “Corporate Sustainability Committee” and the “Compliance Committee” in accordance with internal rules.</li> <li>➤ We deliver important materials pertaining to the execution of operations when requested to do so by Audit &amp; Supervisory Board Members, and arrange for officers and employees to report and give briefings on the businesses of each organization and company as per the request of Audit &amp; Supervisory Board Members.</li> <li>➤ We ensure that persons submitting the aforementioned reports to Audit &amp; Supervisory Board Members are</li> </ul>

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	not subjected to adverse treatment due to such reports/contact. In addition, we have specified in the internal rules that persons making contact via the “Speak-Up System” should not be subjected to adverse treatment and that in cases where persons submitting reports believe they have been subjected to such prohibited adverse treatment, they can report the matter to the Speak-Up contact desk.
<u>8. Other systems for ensuring that auditing will be carried out effectively by the Audit &amp; Supervisory Board Members</u>	
<ul style="list-style-type: none"> <li>● Appointing experts on law, accounting, and the like, as external Audit &amp; Supervisory Board Members</li> <li>● Maintaining close contact between the “Internal Auditing Department” and the Audit &amp; Supervisory Board Members to contribute to effective auditing, such as by reporting internal auditing plans and results to the Audit &amp; Supervisory Board Members</li> <li>● Exchanging information between the Audit &amp; Supervisory Board Members and the Accounting Auditor to improve the efficiency and quality of audit activities</li> <li>● Exchanging information between our Audit &amp; Supervisory Board Members and subsidiaries’ Audit &amp; Supervisory Board Members</li> <li>● Clearly stipulating the methods for handling the expenses and liabilities incurred by Audit &amp; Supervisory Board Members in the execution of their duties</li> </ul>	<ul style="list-style-type: none"> <li>➤ The “Internal Auditing Department” interacts closely with the Audit &amp; Supervisory Board Members, submitting an internal auditing plan to them prior to the start of the business year and sharing internal audit results with them in a timely manner. In addition, the Internal Auditing Department shares audit results with the Accounting Auditor on a regular basis.</li> <li>➤ Audit &amp; Supervisory Board Members conduct regular meetings with the Accounting Auditor.</li> <li>➤ In addition to liaison meetings attended by Full-time Audit &amp; Supervisory Board Members at subsidiaries, Audit &amp; Supervisory Board Members conduct separate meetings with the Full-time Audit &amp; Supervisory Board Members of each subsidiary several times a year, interacting and exchanging information with Full-time Audit &amp; Supervisory Board Members at subsidiaries and associated companies.</li> <li>➤ Expenses and liabilities incurred by Audit &amp; Supervisory Board Members in the execution of their duties are handled in accordance with internal rules, including by drawing up budgets and managing their implementation.</li> </ul>

Note: Amounts in billions of yen and those in millions of yen in the business report are rounded to the nearest billion and the nearest million respectively. Also, numbers of shares shown per unit of thousand shares are rounded down to the nearest thousand.