

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

The Company's 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, the Company assesses 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 the Company's internal control systems and their implementation status as of March 31, 2021, is provided below. Moreover, in a February 2021 meeting the Internal Control Committee assessed the implementation of the internal control systems during 2020, confirmed that these internal control systems were functioning effectively, and reported this fact at the Board of Directors' meeting held in March 2021.

Further details regarding the internal control systems are posted on the Sumitomo Corporation 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_control_system_02.pdf?la=en)).

Internal Control Systems	Current Implementation Status
<p>1. Systems for ensuring that the execution of duties by Directors and employees complies with laws and regulations and the Articles of Incorporation</p>	
<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 distributing the Compliance Manual to all officers and employees as well as making it available on the company intranet, we strive to ensure thorough awareness of the said policy and implementation of compliance. In 2020, we revised the Antitrust Law Compliance Manual and raised awareness of such Manual by making it available on the company intranet<sup>*1</sup>.</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. In 2020, we held company-wide seminars<sup>*2</sup> on the protection of personal information, harassment prevention seminars and seminars on antitrust law and prevention of bribery of public officials, while providing compliance education for new employees. We also issued an internal warning regarding compliance with the Subcontract Act.</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, and formulated detailed regulations that specify the operational procedures of the system.</li> <li>➤ In 2020, 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 the Company's 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>➤ In 2020, each department inspected the status of management of documents (including electronic documents) within its organization and reviewed the guidelines on document retention and management from the perspective of enhancing operational efficiency.</li> <li>➤ We continued to implement measures aimed at information security education and awareness*<sup>3</sup> in 2020, 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 the Sumitomo Corporation Group.</li> <li>➤ In 2020, we also held meetings of the Information Security Committee, where activity plans were deliberated and approved and the results of activities were reported and verified.</li> <li>➤ In 2020, in order to respond to the increase in the number of employees teleworking due to COVID-19, we implemented measures such as strengthening</li> </ul>

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	<p>authentication when using the system, introducing an additional anti-spoofing email system, building a special monitoring system during long vacations, disseminating warnings using the intranet, and expanding the scope of awareness-raising and training activities.</p> <p>➤ We submit for review by Audit &amp; Supervisory Board Members any documents they request.</p>
<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 risk management by the Company, 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>➤ As for environmental and society-related activities, we maintained ISO 14001 certification; promoted educational activities by conducting training sessions on environment-related laws and regulations, industrial waste disposal operations and internal environmental auditor training and by offering e-Learning environmental courses; resolved and issued a statement by the Board of Directors on the U.K. Modern Slavery Act; established the Sumitomo Corporation Group’s Human Rights Policy and conducted human rights due diligence; identified six key social issues for the Group and set relevant long-term targets; and released the Policies on Climate Change Issues with the basic policy of aiming to carbon-neutralize the Sumitomo Corporation Group’s business activities by 2050. In addition, we established new internal rules and introduced a system for evaluating social and environmental risks in</li> </ul>

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	<p>investment projects for which the Company plays a central role when applying for investment internally.</p> <ul style="list-style-type: none"> <li>➤ We revised the templates for contracts in response to the revision of the Civil Code which came into effect in April 2020, and issued internal guidelines that summarize legal procedures for responding to various disasters including the COVID-19 pandemic.</li> <li>➤ In 2020, we also held meetings of the Corporate Sustainability Committee, where key policies, measures and initiatives related to the promotion of sustainability activities were deliberated.</li> <li>➤ In 2020, we also held meetings of the Internal Control Committee, where the Company's 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 addition, we formulate and 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.</li> <li>➤ For security trade control, various guidelines are established, and various sanctions information is notified internally.</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 2020, we were particularly focused on measures against COVID-19, including establishing the COVID-19 hotline to share information on the infection, developing and notifying the information communication flow and response protocols related to COVID-19, grasping the situations of employees dispatched overseas, conducting health checks, and establishing emergency medical systems. In addition, we promoted the reestablishment of the emergency response headquarters in the head office in anticipation of an earthquake directly hitting the Tokyo metropolitan area and conducted comprehensive disaster response drills in line with floor autonomy. Moreover, we checked the BCP implementation status, conducted sampling evaluations, and published the general-purpose BCP development guidebook. In April 2020, we launched</li> </ul>

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	<p>the Disaster Prevention Newsletter to raise awareness of disaster prevention among officers and employees and improve their disaster prevention skills.</p> <p>➤ 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.</p>
<b>4. Systems for ensuring the efficient execution of the Directors' duties</b>	
<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 committee 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. In addition, we have established committees including the Medium-term Management Plan Promotion Support Committee as advisory organs to the Management Council.</li> <li>➤ In order to deepen strategic discussions in management and promote the appropriate allocation of management resources based on these discussions and the steady implementation of the PDCA cycle, each division/department under the Company's 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, and have</li> </ul>

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	<p>commenced operation of this system.</p> <ul style="list-style-type: none"> <li>➤ 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.</li> </ul>
<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 the 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 the Company, and managing subsidiaries and other consolidated companies through Audit &amp; Supervisory Board Members and other personnel dispatched from the Company</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 the Company is the managing entity</li> <li>● Ascertaining and managing consolidated performance on a monthly basis</li> </ul>	<ul style="list-style-type: none"> <li>➤ We are raising awareness of compliance and providing relevant education by informing everybody in the Group about the Corporate Mission Statement and providing training tailored to various trainee types, among other initiatives.</li> <li>➤ For each of Sumitomo Corporation’s consolidated companies, internal procedures have been determined in respect to the matters deemed as important management issues (matters for which the procedures between the Company and its consolidated companies have been determined regarding decision-making within the consolidated companies). In 2020, risk management regulations related to important management issues of Sumitomo Corporation’s consolidated companies were revised. In addition, for the purpose of clarifying the roles and responsibilities between the shareholders and consolidated subsidiaries and enhancing Group governance, we have replaced the conventional consultation and agreement method for the decision-making process for important management issues of Sumitomo Corporation’s consolidated companies 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. Operation based on this method will gradually commence in fiscal 2021.</li> <li>➤ We support the Company’s 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 and briefings; providing a selection of rules for subsidiaries to use as examples; and promoting the introduction of Speak-Up Systems.</li> <li>➤ Toward the realization of “enhancement of</li> </ul>

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	<p>governance” set forth in the “Medium-Term Management Plan 2020,” we have been promoting the Group Governance Enhancement Project*. We conducted training sessions on the importance of internal control based on case studies, a seminar by an external lecturer to explain key points in organizational design, as well as training sessions on the points of internal control that should be taken into consideration amid the COVID-19 pandemic.</p> <p>* This project supports the assessment of internal control systems at subsidiaries, identification of issues and improvement thereof by specifying basic items that should be developed and operated for the development, operation, assessment and improvement of internal controls at subsidiaries and conducting regular dialogues on such items between the Company and its subsidiaries.</p> <p>➤ 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.</p>
<u>6. Matters regarding personnel assigned to support the operations of Audit &amp; Supervisory Board Members</u>	
<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>
<u>7. Systems for reporting to Audit &amp; Supervisory Board Members</u>	
<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</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</li> </ul>

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<p>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</p> <ul style="list-style-type: none"> <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>	<p>Committee, the Corporate Sustainability Committee and the Compliance Committee in accordance with internal rules.</p> <ul style="list-style-type: none"> <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 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 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.</li> </ul>
<b>8. Other systems for ensuring that auditing will be carried out effectively by the Audit &amp; Supervisory Board Members</b>	
<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 the Company's 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, as well as liaison meetings and small-group meetings with standing Audit &amp; Supervisory Board Members at subsidiaries. During 2020, as in previous years, they held several small-group meetings, interacting and exchanging information with standing auditors 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>

1.	*1	The Compliance Manual was revised and made available on the company intranet to raise awareness in January 2021.
2.	*2	As a company-wide seminar aimed at compliance awareness and education, the Insider Trading Prevention Seminar was held in March 2021
3.	*3	As a measure aimed at information security education and awareness, the Information Managers Seminar was held in March 2021.



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.