

## Sumitomo Corporation Corporate Governance Principles

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Item	Content
1 Purpose	
	The purpose of Sumitomo Corporation Corporate Governance Principles (hereafter, “these Principles”) is to set out the fundamental principles relating to corporate governance at Sumitomo Corporation (hereafter, “the Company”).
2 Circumstances Leading to Adoption of these Principles	
	<p>2.1 The circumstances leading to adoption of these Principles are as follows:</p> <p>(1) The business spirit of Sumitomo is a business and management concept that has continued to flow throughout Sumitomo’s operations for over 400 years. The Sumitomo Spirit was embodied in the “Business Principles” drafted in 1891(in the 24<sup>th</sup> year of Meiji). Namely:</p> <ol style="list-style-type: none"> <li>1. Sumitomo shall achieve strength and prosperity by placing prime importance on integrity and sound management in the conduct of its business.</li> <li>2. Sumitomo shall manage its activities with foresight and flexibility in order to cope effectively with the changing times. Under no circumstances, however, shall it pursue easy gains or act imprudently.</li> </ol> <p>(2) In 1998, the Company adopted the following “Management Principles” together with its “Activity Guidelines”, based on the Sumitomo Spirit:</p> <div style="border: 1px solid black; padding: 5px; margin: 10px 0;"> <p>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.</p> <ul style="list-style-type: none"> <li>• To achieve prosperity and realize dreams through sound business activities.</li> <li>• To place prime importance on integrity and sound management with utmost respect for the individual.</li> <li>• To foster a corporate culture full of vitality and conducive to innovation.</li> </ul> </div> <p>(3) The Sumitomo Spirit and Management Principles are the ethical backbone of the Company and serve as the unwavering truths that support corporate governance. Realizing that, the Company</p>

	<p>repeatedly engaged in studies concerning an optimal managerial system, namely a method of governance which is responsive to the trust placed in us by our shareholders while at the same time making management that takes in the interests of all stakeholders a reality.</p> <p>(4) Based on the above, the Company views the essence of corporate governance as being the “improvement of management efficiency” and the “maintenance of sound management,” as well as the “securing of managerial transparency” which is required to accomplish the same. The Company therefore established these Principles as its principles concerning corporate governance.</p> <p>2.2 The Company realizes that following these Principles to establish and maintain better provision for governance and pursue its business activities will help it to grow and develop sustainably as a corporation. In addition, such efforts will help the Company to enhance its corporate value over the medium-to-long term and to fulfill its social mission as a corporation. Realizing, moreover, that this will also serve the interests of its shareholders and all its other stakeholders, including clients, employees, and local communities, the Company plans to maintain unstinting efforts to improve its governance still further in future.</p>
3 Board of Directors	
3.1 Role	<ul style="list-style-type: none"> <li>The board of directors renders decisions concerning key management matters and oversees the operation of the business by the directors and the executive officers.</li> </ul>
3.2 Composition	<p>(1) The board of directors is comprised of all directors and audit &amp; supervisory board members. The number of directors shall be set within a scope which enables due deliberation and speedy and reasonable decision making by the board of directors. Currently, around 15 directors or less is considered an appropriate number.</p> <p>(2) The composition of the board of directors shall be diverse in terms of experience, knowledge, specialty, gender, etc.</p> <p>(3) Two or more outside directors shall be elected so that the Company can ensure appropriate decision-making in the meeting of the board of directors and further enhancement of supervisory functions.</p>
3.3 Chairman	<p>(1) The Chairman has no representative powers. The Chairman shall convene a meeting of the board of directors and preside as chairman at the meeting.</p> <p>(2) In principle, based on checks and balances, there shall be both a Chairman and a President and Chief Executive Officer, and no one individual shall serve as both the Chairman and the President and Chief Executive Officer.</p>
3.4 Administration	<p>(1) In principle, a meeting of the board of directors shall be convened once each month.</p> <p>(2) In order to ensure the attendance of directors and audit &amp; supervisory board members at meetings of the board of directors, notice of the convening of regular meetings of the board of directors for the following year (from January to December) shall be provided by late October each year.</p> <p>(3) Matters related to resolutions of the board of directors and specific</p>

	<p>standards for submitting matters for deliberation, as well as key points regarding the administration of board of directors meetings, shall be prescribed in the Company's internal rules "Matters Related to the Administration of Board of Directors."</p> <p>(4) In order to fully promote the function of the board of directors and recognizing the need for all directors and audit &amp; supervisory board members to have accurate and complete information regarding items on the agenda, materials required for consideration of the agenda items shall, except in emergencies, be provided beforehand to all directors and audit &amp; supervisory board members.</p>
3.5 Advisory Body	<ul style="list-style-type: none"> <li>A Nomination and Remuneration Advisory Committee shall be established to serve as an advisory body for the board of directors, where more than half of the members of the Nomination and Remuneration Advisory Committee are comprised of outside directors.</li> </ul>
3.6 Evaluation	<p>Every year the board of directors shall analyze and evaluate its own effectiveness as a whole.</p>
4 Directors (Board Members)	
4.1 Qualifications	<p>(1) &lt;Internal Directors&gt;</p> <ul style="list-style-type: none"> <li>Candidates for internal directors shall be honest in character, highly insightful and capable and shall have expert business knowledge and extensive experience including management experience. Gender and nationality etc. shall be of no consequence.</li> </ul> <p>(2) &lt;Outside Directors&gt;</p> <ul style="list-style-type: none"> <li>Candidates for outside directors shall be honest in character, highly insightful and capable and with a view to bringing in diverse perspectives, shall have knowledge of their particular area of business as well as extensive knowledge and experience. Gender and nationality etc. shall be of no consequence.</li> </ul>
4.2 Representative Directors	<ul style="list-style-type: none"> <li>Except for the Chairman and outside directors, in principle, all directors shall be representative directors.</li> </ul>
4.3 Term of Office	<p>(1) The term of office for a director shall be one year, but this shall not preclude reelection.</p> <p>(2) Notwithstanding the foregoing, in principle, the term of office of the director serving as the Chairman shall not exceed six years in total. The term of office serving as outside directors shall not exceed six years in total.</p>
4.4 Remuneration	<ul style="list-style-type: none"> <li>Remuneration provided to directors shall be within the monetary amount approved by a general meeting of shareholders and shall be decided by the board of directors, to which the Nomination and Remuneration Advisory Committee will report the results of its study with respect to remuneration.</li> </ul>
4.5 Duties	<p>(1) Directors shall comply with laws, ordinances and the articles of incorporation and shall exercise the duty of a good manager to faithfully engage in their duties while taking into consideration the interests of all stakeholders.</p>

	<p>(2) Directors shall not engage in activities contrary to the interests of the Company. Moreover, the Company shall be prohibited from making monetary loans to individual directors.</p> <p>(3) Directors, when trading stocks and the like, shall comply with laws, ordinances, and the internal regulations “Rules for the Prevention of Insider Trading,” and shall exercise due care not to cause any suspicions of insider trading.</p> <p>(4) Absent the consent of the Company, internal directors shall not engage in their own businesses or concurrently serve in other posts.</p>
5 Executive Officers	
5.1 Qualifications	Candidates for executive officers shall be honest in character, highly insightful and capable and shall have expert business knowledge and extensive experience including management experience. Gender and nationality etc. shall be of no consequence.
5.2 Executive Officer System	<p>(1) With the approval of the board of directors, the following executive officers shall be appointed and delegated the execution of work:</p> <p>President and Chief Executive Officer  Executive Vice President  Senior Managing Executive Officer  Managing Executive Officer  Executive Officer</p> <p>(2) With the exclusion of the Chairman and outside directors, all directors shall concurrently serve as executive officers.</p>
5.3 President and Chief Executive Officer	<p>(1) The President and Chief Executive Officer shall be responsible for the total management of the Company.</p> <p>(2) Selection criteria for the President and Chief Executive Officer are determined by a resolution of the Board of Directors following deliberations by the Nomination and Remuneration Advisory Committee and submission of deliberation results to the Board of Directors.</p> <p>(3) A new President and Chief Executive Officer is selected by a resolution of the Board of Directors after the Nomination and Remuneration Advisory Committee nominates candidates for the post of President and Chief Executive Officer based on the aforementioned selection criteria at the appropriate timing in light of such term of the President and Chief Executive Officer as stipulated under Item 5.5(2) below and submits nominations to the Board of Directors as recommendations.</p>
5.4 Appointment/Dismissal	<ul style="list-style-type: none"> <li>Executive officers shall be appointed and dismissed by resolution of the board of directors.</li> </ul>
5.5 Term of Office	<p>(1) The term of office for an executive officer shall be one year, but this shall not preclude reelection.</p> <p>(2) Notwithstanding the foregoing, in principle, the term of office of the executive officer serving as the President and Chief Executive Officer shall not exceed six years in total.</p>

5.6 Remuneration	<p>(1) Remuneration to executive officers shall be set as a position-based amount and shall reflect the Company's performance and the evaluation of the executive officer. These standards shall be approved by the board of directors, to which the Nomination and Remuneration Advisory Committee will report the results of its study with respect to remuneration.</p> <p>(2) The amount of remuneration for an executive officer position shall be determined by the President and Chief Executive Officer based on the foregoing standards, pursuant to the authorization of the board of directors.</p> <p>(3) Remuneration provided to executive officers also serving as directors shall be included in the remuneration provided as a director.</p>
5.7 Duties	<ul style="list-style-type: none"> <li>• Executive officers shall assume the same duties as the directors (see foregoing Item 4.5).</li> </ul>
6 Management Council	
6.1 Role	<p>The management council deliberates on and renders decisions regarding specific key matters related to management within the scope of its mandate from the board of directors.</p>
6.2 Composition	<p>(1) The management council shall be comprised of the President and Chief Executive Officer and specific executive officers.</p> <p>(2) The President and Chief Executive Officer shall preside as chairman at meetings of the management council.</p>
6.3 Administration	<p>(1) In principle, a meeting of the management council shall be convened once each week.</p>

	(2) Matters related to resolutions of the management council and specific standards for submitting matters for deliberation, as well as details relating to administration of meetings, shall be prescribed in the Company’s internal rules “Matters Related to the Administration of the Management Council.”
7 Committees	
	Committees shall be established as advisory bodies for the President and Chief Executive Officer or the management council with regard to specific matters that are important from the perspective of the Company as a whole. Such committees shall include the following:
7.1 Company Investment Committee	<ul style="list-style-type: none"> <li>The Company Investment Committee shall deliberate on important matters, such as investment and financing.</li> </ul>
7.2 Medium-term Management Plan Promotion Support Committee	<ul style="list-style-type: none"> <li>The Medium-term Management Plan Promotion Support Committee shall draft measures, etc. relating to the medium-term management plan and its implementation.</li> </ul>
7.3 Internal Control Committee	<ul style="list-style-type: none"> <li>The Internal Control Committee shall strive for the planning, implementation, evaluation and improvement of effective internal control across not only the Company but also all subsidiaries and affiliate companies in the group to procure the improvement of management efficiency and the maintenance of management soundness.</li> </ul>
7.4 Compliance Committee	<ul style="list-style-type: none"> <li>The Compliance Committee shall strive for thorough compliance not only by the Company but by all subsidiaries and affiliate companies in the group, based on the maintenance of management soundness.</li> </ul>
8 Audit & Supervisory Board	
8.1 Role	<ul style="list-style-type: none"> <li>The audit &amp; supervisory board holds the authority prescribed by law and ordinances. In addition, decisions concerning auditing policies, methods for examining the status of the business and assets of the Company, and other matters related to the execution of the duties of audit &amp; supervisory board members shall be made by resolution of this board.</li> </ul>
8.2 Composition	<ul style="list-style-type: none"> <li>There shall be five audit &amp; supervisory board members, with three of these being outside audit &amp; supervisory board members.</li> </ul>
8.3 Administration	<ul style="list-style-type: none"> <li>In principle, the audit &amp; supervisory board shall meet once each month.</li> </ul>
9 Audit & Supervisory Board Members	
9.1 Role	<p>(1) Each audit &amp; supervisory board member shall audit the execution of duties by directors as members of the board of directors and as executive officers (representative directors).</p> <p>(2) Audit &amp; supervisory board members may attend all other internal meetings, including those of the management council. Audit &amp; supervisory board members may also request directors, executive officers or employees to report about the business and may examine the status of the business and assets of the Company. In addition, audit &amp; supervisory board members may request any subsidiary to report about its business and may examine the status of any subsidiaries’ businesses and assets.</p>

9.2 Qualifications	<p>(1) &lt;Internal Audit &amp; Supervisory Board Member&gt;</p> <ul style="list-style-type: none"> <li>Candidates for internal audit &amp; supervisory board members shall be honest in character, highly insightful and capable, and shall have expert business knowledge and extensive experience. Gender and nationality etc. shall be of no consequence.</li> </ul> <p>(2) &lt;Outside Audit &amp; Supervisory Board Members&gt;</p> <ul style="list-style-type: none"> <li>Candidates for outside audit &amp; supervisory board members shall be honest in character, highly insightful and capable, and hold a high degree of specialized knowledge and a wealth of experience in specific fields such as law, accounting, business management, and the like. Gender and nationality etc. shall be of no consequence.</li> </ul>
9.3 Term of Office	<ul style="list-style-type: none"> <li>In principle, the term of office serving as outside audit &amp; supervisory board members shall not exceed eight years in total.</li> </ul>
9.4 Remuneration	<ul style="list-style-type: none"> <li>Remuneration provided to audit &amp; supervisory board members shall be within the monetary amount approved by a general meeting of shareholders, and shall be decided upon mutual consultation of the audit &amp; supervisory board members.</li> </ul>
9.5 Duties	<p>(1) Audit &amp; supervisory board members shall attend meetings of the board of directors, and when necessary shall express their opinions thereat.</p> <p>(2) Audit &amp; supervisory board members shall observe laws, ordinances and the articles of incorporation, and shall exercise the care of a good manager in the faithful execution of their duties.</p> <p>(3) Audit &amp; supervisory board members, when trading stocks and the like, shall comply with laws, ordinances, and the internal regulations “Matters Related to Insider Trading,” and shall exercise due care not to cause any suspicions of insider trading.</p>
10 Standards for Independence	
	Standards for independence of outside directors and outside audit & supervisory board members shall be prescribed in the Company’s internal rules “Standards for Appointment and Independence of Outside Directors and Outside Audit & Supervisory Board Members.”
11 Council of Outside Directors and Outside Audit & Supervisory Board Members	
11.1 Purpose	In principle, outside directors and outside audit & supervisory board members shall convene a meeting of the council of outside directors and outside audit & supervisory board members once each month to enable them to contribute actively to debates at board of directors meetings.
11.2 Composition	<p>The council of outside directors and outside audit &amp; supervisory board members shall be comprised of outside directors and outside audit &amp; supervisory board members.</p> <p>The council of outside directors and outside audit &amp; supervisory board members may call the Chairman, the President and Chief Executive Officer, or internal audit &amp; supervisory board members to attend meetings as required.</p>
12 Disclosure of Information	

12.1 Basic Policy Relating to Disclosure of Information	<ul style="list-style-type: none"> <li>• In an effort to bring an accurate understanding of the Company’s management policies and business activities to all stakeholders, the Company shall strive to make full disclosure, not limiting itself to the disclosure of information required by law, but also actively pursuing the voluntary disclosure of information.</li> </ul>
12.2 Basic Policy Relating to Dialogue with Shareholders	<ol style="list-style-type: none"> <li>(1) The Company endeavors to explain its business management and activities, holding a range of meetings as opportunities for communication with shareholders and investors. These include the general meeting of shareholders, quarterly financial results briefings, and individual meetings.</li> <li>(2) Dialogue with shareholders and investors is supervised by a specific executive officer assigned to act as the person responsible for such dialogue, while the relevant departments within the Company liaise to distribute information and gather opinions from shareholders and investors.</li> <li>(3) When conducting dialogue with shareholders and investors, insider information is managed appropriately in accordance with the internal regulations “Rules for the Prevention of Insider Trading.”</li> </ol>