

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 24th year of Meiji). Namely:</p> <ol style="list-style-type: none"> 1. Sumitomo shall achieve strength and prosperity by placing prime importance on integrity and sound management in the conduct of its business. 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. <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: 5px 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"> • To achieve prosperity and realize dreams through sound business activities. • To place prime importance on integrity and sound management with utmost respect for the individual. • To foster a corporate culture full of vitality and conducive to innovation. </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 has</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 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"> • The board of directors renders decisions concerning key management matters and oversees the operation of the business by the directors and the executive officers.
3.2 Composition	<p>(1) The board of directors is comprised of all directors and audit & 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 meetings of the board of directors and further enhancement of supervisory functions.</p>
3.3 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 & 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 & 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 & supervisory board members.</p>
3.4 Advisory Body	<ul style="list-style-type: none"> • 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.
3.5 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) <Internal Directors></p> <ul style="list-style-type: none"> • 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. <p>(2) <Outside Directors></p> <ul style="list-style-type: none"> • 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 expertise as well as extensive knowledge and experience. Gender and nationality etc. shall be of no consequence.
4.2 Representative Directors	<ul style="list-style-type: none"> • Except for the Chairman and outside directors, in principle, all directors shall be representative directors.
4.3 Chairman	<p>(1) 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> <p>(2) Role and Responsibilities</p> <ul style="list-style-type: none"> • The Chairman shall convene a meeting of the board of directors and preside as chairman at the meeting. The Chairman shall also be engaged in external activities, such as activities in business communities and activities related to the Sumitomo Group. • The Chairman shall supervise the management of the Company and have no representative powers and no authority to execute business operations. <p>(3) Policy and Procedure for Appointment</p> <p>A new Chairman shall be appointed by a resolution of the board of directors after the Nomination and Remuneration Advisory Committee deliberates on, and recommends to the board of directors, the person who is considered best suited to fulfill the role and responsibilities stipulated under Item 4.3(2) above, at the appropriate timing in light of such term of office of the Chairman as stipulated under Item 4.4(2) below.</p> <p>(4) Policy and Procedure for Dismissal</p> <p>If the Chairman is considered not properly fulfilling his/her role and responsibilities, the Nomination and Remuneration Advisory</p>

	<p>Committee shall, at a meeting to be convened by its chairman (which meeting shall not be attended by the Chairman), deliberate whether or not to dismiss the Chairman and shall report the deliberation results to the board of directors. The board of directors shall then decide by a resolution whether or not to dismiss the Chairman.</p> <p>(5) Policy and Procedure for Appointment of Successor Chairman after Dismissal</p> <ul style="list-style-type: none"> • A successor Chairman shall be appointed by a resolution of the board of directors after the Nomination and Remuneration Advisory Committee deliberates on, and recommends to the board of directors, the person who is considered best suited to serve as the successor Chairman. • However, if the board of directors cannot immediately decide on a successor Chairman, another director shall act as the convener and chairman of meetings of the board of directors in place of the Chairman, in the order which shall be separately decided by the board of directors and in which the directors shall exercise their authority to act on behalf of the Chairman, and the procedure for appointing a successor Chairman shall be carried forward as promptly as possible.
4.4 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>
4.5 Remuneration	<ul style="list-style-type: none"> • 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.
4.6 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 fulfill 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 Nomination and Remuneration Advisory Committee	
5.1 Deliberation matters of the Nomination and Remuneration Advisory Committee	<p>The Nomination and Remuneration Advisory Committee shall deliberate the matters 1 through 8 below and shall report the outcome of such deliberation to the board of directors. Additionally, the committee shall also deliberate and determine any matters delegated by the board of directors that are not included in following matters, and report the outcome of such deliberation or decision to the board of directors.</p> <ol style="list-style-type: none"> 1. Policy and procedure for appointment and dismissal of the President and Chief Executive Officer 2. Policy and procedure for appointment and dismissal of the Chairman 3. Nomination criteria for directors and audit & supervisory board members 4. Appointment and dismissal of the President and Chief Executive Officer (including nominating successors to the President and Chief Executive Officer) 5. Nominations of candidates for directors and audit & supervisory board members (including deciding representative directors and executive directors) 6. Appointment of members of the Management Council 7. Structure and level of remuneration and bonuses for directors and executive officers, as well as limits for remuneration of audit & supervisory board members 8. Advisor system
5.2 Composition of the Nomination and Remuneration Advisory Committee	<p>(1) The Nomination and Remuneration Advisory Committee shall be comprised of internal and external members. A majority of the committee members shall be external members. The number of committee members shall be set within the range which allows the committee to carry out thorough consultations and to make prompt and reasonable decisions. Specifically, the committee shall have a total of five members, including two internal members who are the Chairman and the President and Chief Executive Officer and three external members who are outside directors.</p> <p>(2) The committee chairman shall be an external committee member.</p> <p>(3) The Chief Administration Officer (Human Resources Dept.) shall serve as the secretariat.</p>
5.3 Selection Criteria for External Members	<p>The external members shall be those of the outside directors who specifically have an extensive knowledge and experience and deep insight, both in and outside the Company, about the types of matters to be deliberated by the committee. The composition of external members shall ensure diversity in terms of knowledge, experience, specialty and so on.</p>
5.4 Procedure for Appointment of External Members	<p>The external members shall be appointed by a resolution of the board of directors.</p>

5.5 Procedure for Appointment of Committee Chairman	The committee chairman shall be appointed by a resolution of the board of directors based on the outcome of election by the committee members' mutual vote.
5.6 Consequences of Committee Chairman's Inability to Act or Other Unavailability	If the committee chairman is unable to act or otherwise unavailable, another external member shall act in place of the chairman in the order decided by a resolution of the board of directors in which the external members shall exercise their authority to act on behalf of the chairman.
5.7 Term of Office of External Members and Committee Chairman	The term of office of an external member and the committee chairman shall be the same as the term of office of a director.
5.8 Procedure for Passing a Resolution	Decisions of the Nomination and Remuneration Advisory Committee shall be made by a majority vote of the members present at a meeting attended by a majority of the members.
5.9 Convener	The Nomination and Remuneration Advisory Committee shall be convened by its chairman.
6 Executive Officers	
6.1 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.
6.2 Executive Officer System	(1) With the approval of the board of directors, the following executive officers shall be appointed and delegated the execution of work: President and Chief Executive Officer Executive Vice President Senior Managing Executive Officer Managing Executive Officer Executive Officer (2) With the exclusion of the Chairman and outside directors, all directors shall concurrently serve as executive officers.
6.3 President and Chief Executive Officer	(1) The President and Chief Executive Officer shall be responsible for the overall management of the Company. (2) Selection criteria (qualities, competences, experience, etc.) The President and Chief Executive Officer shall be a person who personifies the Sumitomo business philosophy, has the following qualities and competences required for the President and Chief Executive Officer, and has global and diverse experience and achievements in business operation and company management: <ul style="list-style-type: none"> ➤ Being fair and impartial and being disciplined and self-controlled ➤ Having leadership and the ability to get messages across ➤ Having foresight and the ability to develop strategies ➤ Having the ability to get things done and to make innovative changes ➤ Possessing perseverance and mental fortitude Any revision of the selection criteria described above shall be determined by a resolution of the board of directors following the Nomination and Remuneration

	<p>Advisory Committee’s deliberations and submission of the deliberation results to the board of directors.</p> <p>(3) Policy and Procedure for Appointment A new President and Chief Executive Officer shall be appointed 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 selection criteria listed in Item 6.3(2) above and selects from among the nominated candidates the person who is considered best suited to enhance the Company’s corporate value as the new President and Chief Executive Officer, at the appropriate timing in light of such term of the President and Chief Executive Officer as stipulated under Item 6.5(2) below and submits nominations to the board of directors as recommendations.</p> <p>(4) Policy and Procedure for Dismissal In light of the appropriate evaluation of the Company’s performance and other aspects, if the President and Chief Executive Officer is considered not properly fulfilling his/her function, the Nomination and Remuneration Advisory Committee shall, at a meeting to be convened by its chairman (which meeting shall not be attended by the President and Chief Executive Officer), deliberate whether or not to dismiss the President and Chief Executive Officer and shall report the deliberation results to the board of directors. The board of directors shall then decide by a resolution whether or not to dismiss the President and Chief Executive Officer.</p> <p>(5) Policy and Procedure for Appointment of Successor President and Chief Executive Officer after Dismissal</p> <ul style="list-style-type: none"> • A successor President and Chief Executive Officer shall be appointed by a resolution of the board of directors after the Nomination and Remuneration Advisory Committee deliberates on, and recommends to the board of directors, the person who is considered best suited to serve as the successor President and Chief Executive Officer. • If the board of directors cannot immediately appoint a successor President and Chief Executive Officer, the person who is required to exercise the authority to act on behalf of the President and Chief Executive Officer stipulated under an internal rule, shall exercise the authority to execute operations on behalf of the President and Chief Executive Officer, and the procedure for appointing a new President and Chief Executive Officer shall be carried forward as promptly as possible.
6.4 Appointment/ Dismissal	<ul style="list-style-type: none"> • Executive officers shall be appointed and dismissed by resolution of the board of directors.
6.5 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>

6.6 Remuneration	<p>(1) Remuneration of 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>
6.7 Duties	<ul style="list-style-type: none"> • Executive officers shall assume the same duties as the directors (see foregoing Item 4.6).
7 Management Council	
7.1 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>
7.2 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>
7.3 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."
8 Committees	
	Committees shall be established as advisory bodies to 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:
8.1 Company Investment Committee	<ul style="list-style-type: none"> The Company Investment Committee shall deliberate on important matters, such as investment and financing.
8.2 Corporate Strategy Promotion Committee	<ul style="list-style-type: none"> The Corporate Strategy Promotion Committee shall prepare and develop the company-wide management plan and measures based on the review of the management plan and its status and analysis of the internal and external environment.
8.3 Internal Control Committee	<ul style="list-style-type: none"> 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.
8.4 Compliance Committee	<ul style="list-style-type: none"> 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.
9 Audit & Supervisory Board	
9.1 Role	<ul style="list-style-type: none"> The audit & 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 & supervisory board members shall be made by resolution of this board.
9.2 Composition	<ul style="list-style-type: none"> There shall be five audit & supervisory board members, with three of these being outside audit & supervisory board members.
9.3 Administration	<ul style="list-style-type: none"> In principle, the audit & supervisory board shall meet once each month.
10 Audit & Supervisory Board Members	
10.1 Role	<p>(1) Each audit & 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 & supervisory board members may attend all other internal meetings, including those of the management council. Audit & 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 & supervisory board members may request any subsidiary to report about its business and may examine the status of any subsidiaries' businesses and assets.</p>

10.2 Qualifications	<p>(1) <Internal Audit & Supervisory Board Member></p> <ul style="list-style-type: none"> • Candidates for internal audit & 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. <p>(2) <Outside Audit & Supervisory Board Members></p> <ul style="list-style-type: none"> • Candidates for outside audit & 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.
10.3 Term of Office	<ul style="list-style-type: none"> • In principle, the term of office for serving as outside audit & supervisory board members shall not exceed eight years in total.
10.4 Remuneration	<ul style="list-style-type: none"> • Remuneration provided to audit & 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 & supervisory board members.
10.5 Duties	<p>(1) Audit & supervisory board members shall attend meetings of the board of directors, and when necessary shall express their opinions thereat.</p> <p>(2) Audit & 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 & 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>
11 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.”
12 Council of Outside Directors and Outside Audit & Supervisory Board Members	
12.1 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.
12.2 Composition	<p>The council of outside directors and outside audit & supervisory board members shall be comprised of outside directors and outside audit & supervisory board members.</p> <p>The council of outside directors and outside audit & supervisory board members may call the Chairman, the President and Chief Executive Officer, or internal audit & supervisory board members to attend meetings as required.</p>
13 Disclosure of Information	

13.1 Basic Policy Relating to Disclosure of Information	<ul style="list-style-type: none"> • 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.
13.2 Basic Policy Relating to Dialogue with Shareholders	<ol style="list-style-type: none"> (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. (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. (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.”