

Sustainability Report 2024

Contents

Message from our management	02	Social	214
Our Sustainability Management	03	Supply Chain Management	215
Sustainability Management	03	Respect for Human Rights	226
Governance of Sustainability Management	06	Our People	243
Material Issues	10	Diversity, Equity & Inclusion	267
Stakeholder Engagement	45	Health and Productivity Management	280
Sustainable Finance	47	Health & Safety	290
Commitment to External Initiatives	49	Social Responsibility	297
External Recognition	55	Social Contribution Activities	313
ESG Data	60	Governance	340
Environmental-related data	60	Corporate Governance	341
Social-related data	69	Group Governance	372
Governance-related data	75	Compliance	374
Disclosure based on IBC Stakeholder Capitalism Metrics	79	Risk Management	381
Environment	101	Information Security	385
Environmental Management	102	Internal Control	387
Climate Change	110		
Sustainable Use of Natural Resources and Circular Economy	176		
Water Resources	185		
Biodiversity	187		
Prevention of Pollution	211		

This report primarily covers the fiscal year ending March 31, 2024
(April 1, 2023, to March 31, 2024).

Message from our management



“Enriching lives and the world” is the corporate message of the Sumitomo Corporation Group. We are developing our business around the world with the aim of realizing a sustainable society and enriching people's lives. The background to this message is a phrase that conveys the Sumitomo Group's business philosophy: “Benefit for self and others, private and public interests are one and the same.” It means that Sumitomo's business, while benefiting Sumitomo, must also benefit the nation and benefit society. This philosophy is the source of our Group's sustainability management and has long been placed at the core of our business activities.

In November 2023, I was appointed Chief Sustainability, DE&I Officer, a newly established position which aims for further acceleration of sustainability management and DE&I promotion.

The Sumitomo Corporation Group, an integrated trading company, operates in all areas of the value chain across a wide range of business sectors, and while there are many challenges to promote sustainability in complex supply chains, we believe that there are also business opportunities to help solve social issues.

Mitigation of climate change is an urgent issue, and we are working not only to reduce emissions from existing businesses, but also to create next-generation businesses that will contribute to achieving a carbon-neutral society.

Additionally, we have set a long-term goal of respecting human rights in all of our businesses and supply chains and have been conducted human rights due diligence in every business unit since 2021. Although these efforts are modest, we are seeing greater awareness on human rights being cultivated among our employees through initiatives such as identifying businesses with high human rights risks and developing countermeasures.

In an age of rapid change, cooperation with external stakeholders is essential to advancing sustainability management. We will promote dialogue with stakeholders including discussions at the Sustainability Advisory Board, which was established in March 2022, and also through proactive disclosure of sustainability information, including TCFD and TNFD.

Makiko Eda
Managing Executive Officer,
Chief Sustainability, DE&I Officer
March 2024

Sustainability Management

Our Approach to Sustainability

“Enriching lives and the world” is the corporate message of the Group. We are developing our business around the world with the aim of realizing a sustainable society and enriching people’s lives. The background to this message is a phrase that conveys the Group’s business philosophy: “Benefit for self and others, private and public interests are one and the same.” It means that Sumitomo’s business, while benefiting Sumitomo, must also benefit the nation and benefit society. This philosophy is the source of the Group’s sustainability management, and under this philosophy, we strategically allocate management resources in anticipation of the long-term shifting business landscape impacted by these social issues, and we leverage our strengths to continue creating the value that society truly needs. We promote sustainability management in the belief that each of these actions will create a sustainable society and achieve sustainable growth for Sumitomo Corporation.

History of Sumitomo Corporation Group

Sumitomo Corporation Group has grown into an integrated trading company over the past 100 years since it was originally founded as the Osaka North Harbor Company Limited in 1919. The history of Sumitomo, which formed the basis of Sumitomo’s Business Philosophy, can be traced back to some 430 years ago when its business focused on copper refining which later advanced to copper mining.

All employees of Sumitomo Corporation learn the history of the Besshi Copper Mines. Through its modern business management, the Besshi Copper Mines contributed in leading industrial development in Japan, however, there were negative impacts on local communities including deforestation of nearby forests and damage to agricultural crops from sulfur dioxide emitted by smelters. Management at that time took measures including reforestation of the Besshi Copper Mines and relocation of the smelting plant to an uninhabited island off the coast.

“Benefit for self and others, private and public interests are one and the same”, which is one of the credos of Sumitomo’s Business Philosophy, and the actions taken by our predecessors to prioritize the sustainability of natural environment and the local community over short-term profit, are deeply rooted in heart of every employee at Sumitomo Corporation. We are confident that our business serves the public interest.

➤ [Sumitomo's Business Philosophy](#) 

Today, we have 80,000 employees working at almost 900 group companies in 78 countries and regions and we do our business by engaging with multiple stakeholders including customers, local communities, business partners and employees. Our business as well as our relationship with the stakeholders have expanded to a global scale and we believe that our mission is to protect the planet and pursuing development for the world and better lives for our stakeholders.

➤ [Corporate Mission Statement](#) 

Material Issues

Today, we face many social challenges that threaten the sustainability of society including climate change, loss of biodiversity, and human rights issues. Global goals and guidelines are adopted such as the Paris Agreement, the UN's Social Development Goals (SDGs), and the Business and Human Rights Guiding Principles, and various players including corporations are making efforts to achieve these goals.

Based on Sumitomo's Business Philosophy and Sumitomo Corporation Group's Corporate Mission Statement, for achieving both sustainable growth of our Group and resolving of social challenges, our Group have been conducted business activity with the six Material Issues set in 2017 and the six Key Social Issues and long- and medium-term goals for each of the Key Social Issues set in 2020.

In 2024, considering the further aggravation of social challenges such as climate change and the loss of biodiversity, the Group's strengths, and expectations from stakeholders, the Material Issues and Key Social Issues were merged and updated.

Material Issues are a medium- to long- term commitment that goes one step further toward addressing key social challenges that the Group must undertake. The Group will achieve sustainable growth through addressing the social challenges.

➤ [Sumitomo Corporation Group's Material Issues](#)

Principles and Policies Supporting Corporate Activities

We have established our own principles and policies while respecting international conduct standards. In accordance with these principles, policies and standards, we are collaborating with business partners and other stakeholders to achieve further growth.







Environment

- Environmental Policy
- Policies on Climate Change Issues
- ISO 14001 Management System Certification

Society

- CSR Action Guidelines for Supply Chain Management
- Supply chain management policies for specific commodities
- Forest Management Policy
 - Sourcing Policy for Forest Products
 - Sumitomo Corporation Group's Human Rights Policy
 - Global HR Management Policy
 - Support for the UN Global Compact's 10 Principles
 - Basic Principles on Social Contribution Activities

Governance

- | | |
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| <ul style="list-style-type: none"> ➤ Corporate Governance Principles ➤ Sumitomo Corporation Group Compliance Policy  ➤ Risk Management Basic Policy ➤ Privacy Policy  | <ul style="list-style-type: none"> ➤ Sumitomo Corporation Group Tax Principles  ➤ Corporate Disclosure Policy  ➤ Information Security Policy  ➤ Sumitomo Corporation Group Anti-Corruption Policy  |
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Governance of Sustainability Management

Governance of Sustainability Management

Function of the Board of Directors

The Board of Directors renders decisions concerning key management matters in light of the diverse opportunities and risks related to sustainability in the Group's wide range of business activities. In addition, the Board of Directors oversees the decision-making and operation of the business by the Management Council and the Executive Officers.

For decision-making on important management matters, the Board of Directors deliberates and determines on the matters which are submitted to the Board of Directors after review by the Management Council and its advisory bodies, including the Company Investment Committee, the Corporate Sustainability Committee and the Corporate Strategy Promotion Committee.

Furthermore, the Board of Directors receives reports on company-wide measures and themes several times a year, including a review of the progress of medium- and long-term goals based on the Material Issues and a review of compliance with sustainability-related policies, and supervises the status of initiatives by the business execution side as the Board of Directors.

The Board of Directors have identified the types of knowledge, experience, and competencies, etc. (hereinafter "Skills") which enables the Board of Directors to adequately fulfill its roles of making decisions on important business matters and supervising business execution. Sustainability is one of the Skills. For details, please refer "[The knowledge, experience and competencies, etc. \(Skills\) that the Board of Directors is required to possess, and Skills that Directors or Audit & Supervisory Board Members currently in office possess](#)".

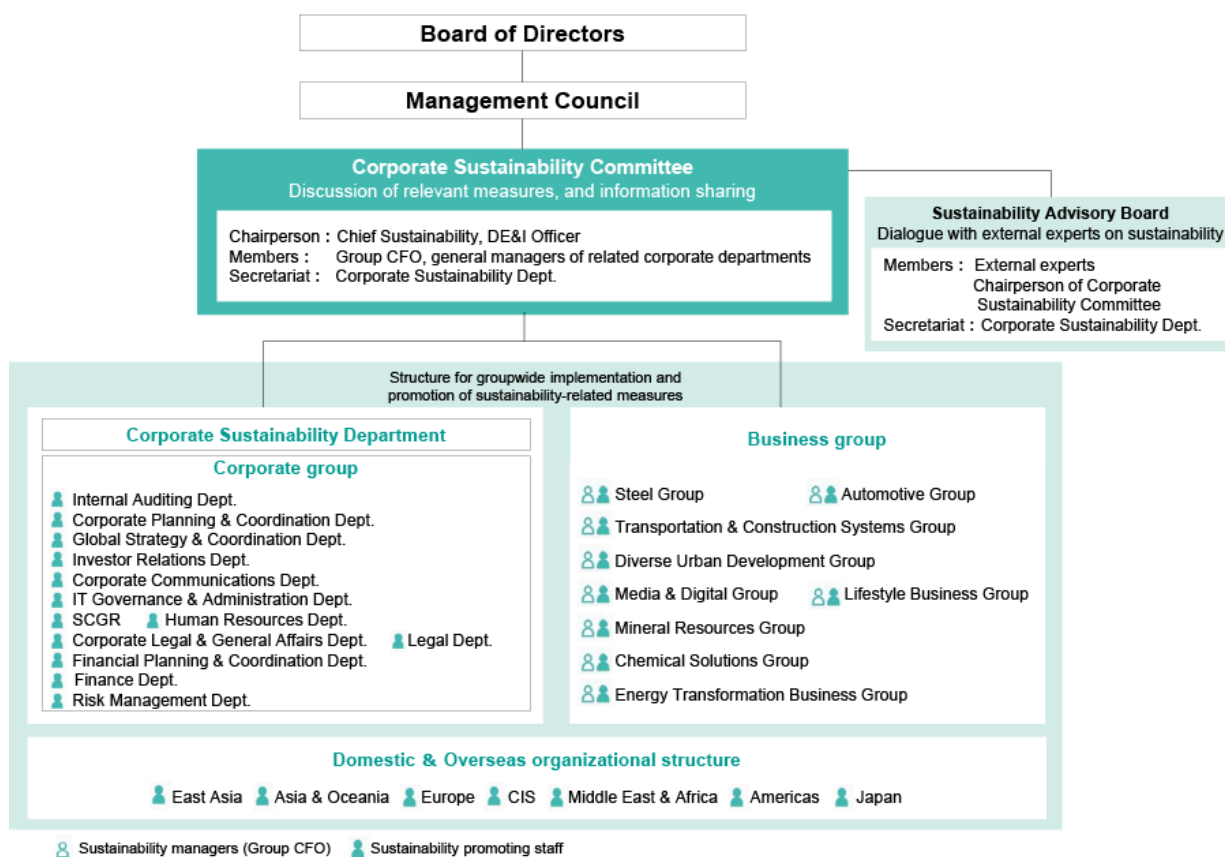
In addition, to ensure that the Company's officers, including directors, are more aware of our commitment to the advancement of sustainability management, evaluation based on the non-financial indicators ("climate change", "promotion of women's active engagement" and "employee engagement") is used to calculate the amount of the remuneration of officers. For details, please refer to "[Executive Remuneration Plan](#)".

Function of the Management Council and Executive Management

The Management Council and executive management are responsible for decision-making and business execution of important sustainability-related management matters of the Group. The Management Council makes comprehensive decisions after consulting with the Corporate Sustainability Committee and other committees in order to assess and manage sustainability-related risks and opportunities and make effective decisions.

In addition, with regard to sustainability-related initiatives and responding to risks and opportunities, the Corporate Sustainability Department, which is a specialized organization in charge of planning and disseminating measures to promote sustainability within the Company, and related corporate organizations such as the Corporate Planning & Coordination Department, which plans the Company's overall management plan and important measures, as well as and the person in charge of sustainability promotion in each business group, and overseas regional organizations work together. Based on information provided by the Company's internal research organizations, the Business Groups, overseas regional organizations, etc., we formulate and promote company-wide plans and measures.

On top of that we have established the Sustainability Advisory Board, which is comprised of outside experts on ESG, to obtain advice and recommendations on our overall sustainability management.



Corporate Sustainability Committee

Main topics discussed and reported in FY2023

- New medium-term management plan and revision of the Material Issues
- Monitoring of medium-term sustainability goals
- Operation of the Corporate Sustainability Committee and the Sustainability Advisory Board
- Disclosure based on the TCFD recommendation
- Status of social and environmental risk management
- Social contribution activities
- Environmental management activities
- Initiatives related to natural capital
- Initiatives related to respect of human rights
- Initiatives for enhancing disclosure of non-financial information
- Results of the ESG ratings

Sustainability Advisory Board

Main Agenda discussed in FY2023

- Discussion for the new Mid-Term Management Plan
 - Expectation toward integrated trading and business investment company for addressing key social issues
 - Promoting sustainability management
 - Structure and evaluation mechanism
 - Individual topics: climate change, natural capital, human rights



External Advisors (FY2024)

Sadayosi Tobai, Chief Executive Officer, WWF Japan

Hidemi Tomita, Chief Executive Officer, Institute for Sustainability Management

Takashi Nawa, Professor, Kyoto University of Advanced Science and Visiting Professor, Hitotsubashi University Graduate School

Junko Watanabe, Attorney-at-Law, Nishimura & Asahi (Gaikokuho Kyodo Jigyo)

Material Issues

Material Issues

The basis for the Sumitomo Corporation Group's operations can be found in Sumitomo's Business Philosophy, which has formed the foundation for Sumitomo's sustainable development over the course of 400 years. One of the credos of this philosophy states: "Benefit for self and others, private and public interests are one and the same." We interpret this credo advocates Sumitomo's business activities must benefit not only Sumitomo, but also society around us to achieve sustainable growth together.

This credo has been incorporated into Sumitomo Corporation Group's Corporate Mission Statement. Guided by our Corporate Mission Statement, we have continued to conduct our business activities with the aim of being a global organization that constantly stays a step ahead in dealing with change, creates new value, and contributes broadly to society.

To achieve sustainable growth into the future through the resolution of social issues, in 2017, we have identified our Material Issues that we should address by leveraging our strengths in line with Sumitomo's Business Philosophy and Sumitomo Corporation Group's Corporate Mission Statement. In 2024, discussions with stakeholders—both within and outside the Group—were conducted over the course of approximately one year from the perspective of value creation, with consideration also given to the further aggravation of social issues such as climate change and the loss of biodiversity, the Group's strengths, and expectations from stakeholders. The Material Issues were merged and updated after approval by the Management Council and Board of Directors.

The Material Issues are a medium- to long- term commitment that goes one step further toward addressing key social challenges that the Group must undertake. The Group will achieve sustainable growth through addressing the social challenges.



Build resilient and prosperous society

We create a virtuous circle in which all people can enjoy physically and mentally enriched lives, and we can grow and develop together with local communities by stepping ahead in dealing with the needs of people in various countries and regions.



Overcome climate change

We work together with stakeholders to decarbonize society and promote the realization of a carbon-neutral and resilient society, while taking into consideration the characteristics of the respective industry and region.



Preserve and regenerate natural capital

To achieve a world living in harmony with nature, we avoid or minimize the impact on natural capital caused by our business activities and go beyond preservation to also pursue regeneration and effective use of natural capital through the building of a circular economy and other measures.



Respect human rights

Striving to respect the human rights of every stakeholder involved in our supply chain is the foundation of all corporate activities. We work to identify and to prevent or mitigate any adverse impact on human rights, as well as to ensure the safety and security of our stakeholders.



Develop talent and promote DE&I

We recognize Diversity, Equity & Inclusion (DE&I) as the core enabler for value creation, innovation and competitiveness. In order to create new value and innovation by allowing our diverse personnel to fully exercise their abilities in a variety of fields, we will promote the development and empowerment of human resources, which represent our most important management capital.



Maintain and strengthen governance

We will develop an autonomous Group management system that responds to changes in the business environment with agility, and maintain and strengthen our efficient, sound, and transparent governance system.

Identification and Review Process

We identified the Material Issues based on Sumitomo’s Business Philosophy and the Sumitomo Corporation Group’s Corporate Mission Statement. In 2024, the Material Issues updated after approval by the Management Council and the Board of Directors, through discussions held with internal and external stakeholders over the course of approximately one year. The review was conducted from the perspective of value creation, with consideration also given to the further aggravation of social issues such as climate change and the loss of biodiversity, the Group’s strengths, and expectations from stakeholders.

Investigation

While referring to the SDGs adopted by the United Nations (UN) in 2015 and the international guidelines such as the IIRC’s International Integrated Reporting Framework, we exchanged opinions with institutional investors and experts. We then formulated the methodology for identifying material issues needing to be addressed in order for us to achieve sustainable growth with society.



Classification of Our Business and Social Issues and Selection of Material Issues

Based on the SDGs which considered to comprehensively cover numerous social issues, each business unit compiled a list of the social issues they are currently addressing through their business and those they hope to address in the future.

Referencing these lists and considering Sumitomo’s Business Philosophy and the Sumitomo Corporation Group’s Corporate Mission Statement, we contemplated our current strengths and the roles we should assume in the future. We then selected social issues that we regard as important and that need to be addressed with high priority as well as our challenges to be overcome in creating solutions.



Exchanges of Opinion with Internal and External Stakeholders and identify

We exchanged opinions with outside experts such as international organizations and institutional investors, conducted surveys covering all officers and employees to collect their opinions, so as to clarify the interests and expectations of internal and external stakeholders with regard to our corporate activities, which were incorporated into discussions.

The selected issues and their importance were reviewed by the Corporate Sustainability Committee. With deliberation and approval by the Management Council and the Board of Directors, the Material Issues were identified.



Update

We periodically review our Material Issues, taking into account the Group's strengths, the expectations of our stakeholders, and the changes in the external environment.

Medium- and long-term goals and progress

Each Strategic Business Unit (SBU) defines specific goals and action plans for the medium- and long-term goals for each issue and implements initiatives to achieve them. The Corporate Sustainability Committee, an advisory body to the Management Council, monitors these initiatives and their progress, and reports to the Management Council and the Board of Directors. Please see the bottom of this page for the medium- and long-term goals for the Key Social Issues which is merged to Material Issues in 2024 and the main examples of initiatives for each of the Key Social Issues.

Material Issues and Medium- and Long-term Goals

Material issues	Long-term goals	Medium- term goals
Build resilient and prosperous society	<ul style="list-style-type: none"> Contribute to the development of local communities and economies 	<ul style="list-style-type: none"> Develop safe, comfortable and resilient industrial and social infrastructure Provide advanced services and functions that further enrich the lives of people
	<ul style="list-style-type: none"> Develop human resources who will drive the future by providing quality education 	<ul style="list-style-type: none"> Develop human resources who will drive the future through business and social contribution activities <ul style="list-style-type: none"> Provide job training and educational opportunities in line with local needs, and expand the scope of beneficiaries Promote 100SEED program(*1) by having 5% or more of all employees participate annually

Material issues	Long-term goals	Medium- term goals
<p>Overcome climate change</p>	<ul style="list-style-type: none"> • Aim for carbon neutrality of the Sumitomo Corporation Group's businesses by 2050 • Contribute to the carbon neutrality of society 	<ul style="list-style-type: none"> • Reduce the Group's CO2 emissions 50% or more by 2035 (compared with 2019) <ul style="list-style-type: none"> ◦ Reduce CO2 emissions of the power generation business by 40% or more by 2035 (of which reduce 60% or more for coal-fired power generation business) while expanding the renewable energy power generation business (expand the supply of renewable energy from 1.5 GW in 2019 to 5 GW or more by 2030) ◦ In fossil fuel upstream business, reduce indirect CO2 emissions generated from thermal coal mines to zero by the end of the 2020s. For upstream gas development, only undertake those that contribute toward society's energy transition. ◦ Reduce CO2 emissions in all other businesses (*3) • Build a sustainable energy system and carbon cycle with an overview of supply chains <ul style="list-style-type: none"> ◦ Improve energy and carbon efficiency, and expand businesses that encourage energy conservation ◦ Expand renewable energy and new power and energy services, encourage electrification and fuel conversion, and develop and implement hydrogen and other forms of carbon-free energy ◦ Promote capture, store and utilize CO2 (forestry business, CCUS, blue carbon, etc.)
<p>Preserve and regenerate natural capital</p>	<ul style="list-style-type: none"> • Achieve a world living in harmony with nature through initiatives including the building of a circular economy and supply chain management 	<ul style="list-style-type: none"> • Accelerate initiatives toward a nature-positive world by 2030 <ul style="list-style-type: none"> ◦ Analyze nature-related risks and opportunities in each business ◦ Reduce risk of the entire supply chain, including sustainable procurement of major natural resources ◦ Pursue new business by developing products, services, and scheme that encourage the shift toward Nature Positive and a circular economy

Material issues	Long-term goals	Medium- term goals
Respect human rights	<ul style="list-style-type: none"> • Respect the human rights of all stakeholders in all businesses and supply chains 	<ul style="list-style-type: none"> • Promote and ensure respect for human rights in accordance with the United Nations Guiding Principles on Business and Human Rights and Sumitomo Corporation Group’s Human Rights Policy <ul style="list-style-type: none"> ◦ Reduce human rights risks by further strengthening human rights due diligence and grievance mechanisms(*4) across the entire supply chain ◦ Promote initiatives and improve transparency through stakeholder engagement and enhancement of information disclosure • Ensure a safe workplace environment
Develop talent and promote DE&I	<ul style="list-style-type: none"> • Create workplaces that allow diverse employees to apply their capabilities with passion in their own ways 	<ul style="list-style-type: none"> • Increase diversity in decision-making positions • Cultivate inclusive leadership
Maintain and strengthen governance	<ul style="list-style-type: none"> • Develop a robust governance system to enhance the corporate value 	<ul style="list-style-type: none"> • Further improve the effectiveness of oversight functions for ensuring the efficiency, soundness, and transparency of management • Establish Group management system that responds to changes in the business environment with agility

*1 Social contribution activity program with employee participation at Sumitomo Corporation Group

*2 Indirect CO2 emissions generated by others with the use of fossil fuel

*3 Contribute to CO2 reduction by setting targets for individual businesses

*4 A process that employees, local residents or other stakeholders can use to lodge complaints regarding human rights violations and other issues related to enterprise’s business activities including its supply chain, for resolving such issues

【Reference】 Key Social Issues and Medium- and Long-term Goals
(Merged to Material Issues in FY2024 and the goals have been updated as shown in “Material Issues and Long- and Medium-term Goals”)

Key social issues		Long-term goals	Medium-term goals
Sustainability of society	Mitigation of climate change	<ul style="list-style-type: none"> ○ Aim for carbon neutrality by 2050 and challenge to realize sustainable energy cycle 	<ul style="list-style-type: none"> ○ Reduce the Group's CO2 emissions 50% or more by 2035 (compared to 2019) <ul style="list-style-type: none"> • Reduce CO2 emissions of the power generation business by 40% or more by 2035 (of which reduce 60% or more for coal-fired power generation business); power generation portfolio in 2035 to comprise 20% coal-fired, 50% gas-fired and 30% renewables (*1) in terms of net ownership generation capacity. • Reduce indirect CO2 emissions (*2) associated with the fossil fuel upstream business by 90% or more by 2035. • Reduce CO2 emissions in all other businesses (*3). ○ Establish businesses that will form the foundation for a sustainable energy cycle in society <ul style="list-style-type: none"> • Develop hydrogen and other forms of carbon-free energy, increase supply of renewable energy (5GW or more by 2030)(*4), and expand new power and energy services. • Expand businesses encouraging electrification, fuel conversion, improved energy and coal efficiency, and energy conservation. • Capture, store and utilize CO2 via carbon recycling, forestry business, CCS, and emissions credit trading, etc.

Key social issues		Long-term goals	Medium-term goals
Sustainability of society	Circular economy	<ul style="list-style-type: none"> ○ Shift to recyclable, efficient technologies and products ○ Sustainable use of natural resources 	<ul style="list-style-type: none"> ○ Use renewable and recyclable raw materials, collect waste, and promote improved efficiency of product usage <ul style="list-style-type: none"> • Expand use of raw materials derived from recycled or renewable resources. • Improve efficiency of product usage and expand businesses that promote longer product life (sharing, sales of used items, leasing, rentals, etc.) . ○ Reinforce the sustainable procurement system for major natural resources used by the Group <ul style="list-style-type: none"> • Identify major natural resource-related commodities requiring sustainable procurement, establish procurement policy, promote certification, and strengthen voluntary auditing system.
	Respect for human rights	<ul style="list-style-type: none"> ○ Respect human rights through all of our businesses and supply chains 	<ul style="list-style-type: none"> ○ Promote and ensure respect for human rights in accordance with the United Nations Guiding Principles on Business and Human Rights and Sumitomo Corporation Group's Human Rights Policy <ul style="list-style-type: none"> • By 2023, achieve 100% participation rate in human rights education based on the Guiding Principles, and 100% implementation rate in regional organizations and subsidiaries. • Strengthen risk analysis in human rights due diligence to accurately assess risks in all businesses, including the supply chain, and implement risk mitigation measures by 2025. Establish a more effective grievance mechanism(*5) based on assessment results. ○ Ensure a safe workplace environment <ul style="list-style-type: none"> • Strengthen efforts to achieve zero accidents at major business workplaces, focusing on manufacturing, processing, and projects involving large-scale construction. ○ Achieve a diverse organization grounded in mutual respect <ul style="list-style-type: none"> • Provide a safe working environment that is free from discrimination and harassment. • Promote human resource management that enables individuals to demonstrate their abilities regardless of nationality, age, gender, sexual orientation, gender identity, or any other attributes or values.

Key social issues		Long-term goals	Medium-term goals
Development and evolution of society	Development of local society and economy	<ul style="list-style-type: none"> Contribute to development of local industries and human resources 	<ul style="list-style-type: none"> Develop local industries, create jobs, and develop human resources through the Group's global business operations <ul style="list-style-type: none"> Promote sustainable, highly productive and value-added industries, and coexist with local communities through business. Create employment and develop management and highly skilled human resources at the Group's business sites.
		<ul style="list-style-type: none"> Develop industrial and social infrastructure 	<ul style="list-style-type: none"> Establish industrial and social infrastructure that contributes to the sustainable development of society <ul style="list-style-type: none"> Promote infrastructure that enables access to high-quality energy, water, transportation, logistics, communications, and financial services, as well as businesses that enhance urban functions.
	Improvement of living standard	<ul style="list-style-type: none"> Provide advanced lifestyle-related services 	<ul style="list-style-type: none"> Deliver advanced lifestyle services that help to solve social issues such as urbanization and aging populations <ul style="list-style-type: none"> Provide more advanced services and new functions that improve the standard of living, such as mobility, media and telecommunications, healthcare services, and smart city development, based on new technologies and concepts.
	Quality education	<ul style="list-style-type: none"> Contribute to quality education 	<ul style="list-style-type: none"> Provide quality and equal learning opportunities through 100SEED(*6) activities <ul style="list-style-type: none"> Quantitatively expand the scope of learning opportunities. 100% satisfaction of beneficiaries. Continue to have at least 5% of all employees participate annually (scope is Sumitomo Corporation, regional organizations and Group companies).

*1 As of 2020 : coal 50%, gas 30%, renewables 20%

*2 Indirect CO2 emissions generated by others with the use of fossil fuel

*3 Contribute to CO2 reduction by setting targets for individual businesses

*4 As of 2020 : 1.5GW (1GW = 1 billion W)

*5 A process that employees, local residents or other stakeholders can use to lodge complaints regarding human rights violations and other issues related to enterprise's business activities including its supply chain, for resolving such issues

*6 Social contribution activity program with employee participation at Sumitomo Corporation Group

Main initiatives in FY2023

Mitigation of Climate Change - Representative Initiatives

Long-term goals: Aim for carbon neutrality by 2050 and challenge to realize sustainable energy cycle

Medium-term goals: Reduce the Group's CO2 emissions 50% or more by 2035 (compared to 2019)

Business unit	Field	Goals	Progress
<ul style="list-style-type: none"> Reduce CO2 emissions of the power generation business by 40% or more by 2035 (of which reduce 60% or more for coal-fired power generation business); power generation portfolio in 2035 to comprise 20% coal-fired, 50% gas-fired and 30% renewables in terms of net ownership generation capacity. 			
Infrastructure	Generation	Reduce CO2 emissions of the power generation business by 40% or more by 2035 (of which reduce 60% or more for coal-fired power generation business) (compared to 2019)	<ul style="list-style-type: none"> CO2 emissions of the power generation business increased by 8.9% (compared with 2019)
<ul style="list-style-type: none"> Reduce indirect CO2 emissions associated with the fossil fuel upstream business by 90% or more by 2035. 			
<ul style="list-style-type: none"> Reduce CO2 emissions in all other businesses. 			
Metal Products	Steel products	Measure CO2 emissions in the supply chain, improve measurement accuracy, visualize emissions, verify methods for reducing emissions, and run proofs of concept	<ul style="list-style-type: none"> Completed calculations for visualizing Sumitomo Corporation Global Metals group CO2 emissions (Scope 1, 2 and a part of 3) for FY2022 and obtained third-party certification (March 2024)
Metal Products	Tubular products	Measure CO2 emissions in the supply chain, improve measurement accuracy, visualize emissions, verify methods for reducing emissions, and run proofs of concept	<ul style="list-style-type: none"> Completed calculations for visualizing tubular products business CO2 emissions (Scope 1, 2 and 3) for FY2022 and obtained third-party certification (March 2024)
Metal Products	Tubular products	Aim to go carbon neutral at the next-generation distribution center in West Texas, United States	<ul style="list-style-type: none"> Introduced solar power generation and EV forklifts. Rail transport has already begun. (switching from truck)

Business unit	Field	Goals	Progress
Transportation & Construction Systems	Automotive parts	Reduce CO2 emissions at KIRIU CORPORATION by 30% by FY2024 (compared to FY2019)	<ul style="list-style-type: none"> The newest casting plant with electric furnaces has been completed and started its operation on April 2023. It will be operated in parallel with the old existing casting line in FY2023, and casting production will be integrated into the new upgraded plant in FY2024. And, KIRIU are gradually switching over to electricity derived from renewable energy at domestic and overseas bases. The roadmap for Carbon Neutrality will be completed by May 2023, and the activity for 30% of CO2 emissions reduction (compared to 2019) by 2030 will be kicked off.
Transportation & Construction Systems	Construction & mining systems sales	Reduce direct/indirect CO2 emissions from own operations (Scope 1/2), reduce CO2 emissions from customer operations (Scope 3), and promote sales of electric machinery and automated machinery	<ul style="list-style-type: none"> Continuing efforts to refine measurement of CO2 emissions Continuing dialogue with Group companies, and implementing initiatives, to contribute to Scope 3 emission reductions and sustainability. European and North American Group companies are delivering electric and automated machines to mining customers. The number of deliveries of these machines has been increasing.
Infrastructure	Logistics	At Sumisho Global Logistics Co., Ltd., visualize the transportation part of CO2 emissions (categories 4 and 9 of GHG Protocol Scope 3) indirectly emitted by the company and operating companies	<ul style="list-style-type: none"> Sumisho Global Logistics Co.,Ltd.: We are strengthening internal education and introductions. 16 proposals were made internally and externally, mainly visualization of greenhouse gas emissions. Continued to supporting sales and the operating companies of the Group.(Supported 15 companies)
Living Related & Real Estate	Retail	Reduce energy consumption and CO2 emissions at SUMMIT,INC stores	<ul style="list-style-type: none"> Replacement with energy-efficient refrigeration and freezing equipment at 14 stores

Business unit	Field	Goals	Progress
Living Related & Real Estate	Fresh Produce	Reduce Fyffes GHG emissions to achieve the Science-Based Target in line with the 1.5°C scenario, representing a 25% reduction for scope 1 and 2 in CO ₂ eq./kg of fruit harvested by 2025, and a 10% reduction for scope 3 in CO ₂ eq./kg of fruit harvested and distributed by Fyffes and its suppliers, from a 2020 base year.	<ul style="list-style-type: none"> In 2023, we increased Scope 1&2 GHG emissions by 9.4% per kg (due to yields in melons). Reduced Scope 3 emissions by ~18%.
Living Related & Real Estate	Real estate	Aim to obtain CASBEE evaluation and rating (a type of green building certification) at logistics facilities, office buildings and retail properties owned and developed by Sumitomo Corporation	<ul style="list-style-type: none"> Obtained Rank A for three logistics properties Obtained assessments for twelve office buildings owned by Sumitomo corporation (grades: nine S and three A) Obtained assessments for eight retail properties owned by Sumitomo corporation (grades: four S and four A) Obtained Rank A for one new logistics facility (out of one project).
Living Related & Real Estate	Real estate	At the fund and REIT managed by our group, obtain GRESB, an ESG assessment specific to the real estate sector	<ul style="list-style-type: none"> Obtained GRESB 5 Stars for SOSiLA Logistics REIT, Inc. GRESB 4 Stars for SC Realty Private REIT, Inc.
Living Related & Real Estate	Real estate	Develop projects that meet the "ZEH-M Oriented" standard (reduce primary energy consumption of entire condominium, including common areas, by at least 20%)	<ul style="list-style-type: none"> One project that meets the "ZEH-M Oriented" standard has been completed
Media & Digital	IT	Reduce electricity consumption and CO ₂ emissions at SCSK Corporation data centers, etc.	<ul style="list-style-type: none"> Achieved 22% reduction of greenhouse gas (Scope 1+2) in accordance with SBT certification target. Reduction of emissions through the use of renewable energy and FIT non-fossil fuel certificates (64,400,000 kwh, equivalent to 37.5% renewable energy) Continue consideration of renewable energy utilization.

Business unit	Field	Goals	Progress
<p>•Develop hydrogen and other forms of carbon-free energy, increase supply of renewable energy (3GW or more by 2030)(*4), and expand new power and energy services.</p>			
Infrastructure	Renewable energy	Increase supply of renewable energy (3GW or more by 2030)	<ul style="list-style-type: none"> Renewable energy: 2.1GW (as of end of FY2023)
Infrastructure	Thermal power generation	Promote a business model utilizing carbon offset technologies (CCUS*, hydrogen, etc.) to achieve carbon neutrality by 2050	<ul style="list-style-type: none"> Support for host countries to shift power sources to renewable energy, etc. Considering how to decarbonize and low-carbonize existing coal-fired power generation businesses such as through new technologies and new fuels
<p>•Expand businesses encouraging electrification, fuel conversion, improved energy and coal efficiency, and energy conservation.</p>			
Metal Products	Steel products	Participate in trading activities and related businesses for direct reduced iron and electric furnace materials that contribute to carbon neutral of the steel supply chain	<ul style="list-style-type: none"> Continuing discussions with each supplier about supplying steel products with lower CO2 emission. In collaboration with Energy Transformation Business Group, continuing discussions with customers and suppliers about CCS and H2 supply for steel manufacturers.
Metal Products	Oil & gas drilling	Provide services that contribute to the direct reduction of CO2 emissions in oil and gas drilling operations	<ul style="list-style-type: none"> By expanding Sekal's services, improve efficiency of drilling operations in oil and gas well development, which contribute to reduce construction period and CO2 emissions.
Metal Products	Tubular products	Increase the supply of tubular products for projects related to hydrogen, CCS/CCUS*, and energy transition	<ul style="list-style-type: none"> Expanded sales of tubular products for projects related to CCS/CCUS* and geothermal energy

Business unit	Field	Goals	Progress
Transportation & Construction Systems	Mobility	Promote the widespread use of EVs/PHVs/FCVs and the development of EV infrastructure	<ul style="list-style-type: none"> Started the sales of retrofitted EV buses to Nishitetsu (40% fewer CO2 emissions per bus). Also plan to increase the sales to Nishitetsu, then expand to other bus operator in Japan in the next phase. Delivered 101 EV taxis and completed installation of 67 standard chargers to Daiichi Koutsu. Completed a trial of an EV car sharing service for corporate clients, and now continuing to investigate introduction of the service. Working with local governments to investigate secondary market use of EVs as official government vehicles.
Transportation & Construction Systems	Leasing	Promote sustainability-related businesses in SMFL (cumulative value of contracts from FY2020 to FY2029: 1 trillion yen)	<ul style="list-style-type: none"> Cumulative value of contracts reached approximately 330 billion yen in FY2022. Announced in June 2023 that the 1 trillion yen target for cumulative value of contracts has been brought forward to FY2025, and that the target for FY2029 has been lifted to two trillion yen.
Transportation & Construction Systems	Ship	At Oshima Shipbuilding Co., Ltd., continue selling new ships with 30% reduction in CO2 emissions (compared to 2008). Continue developing new ships with 40% reduction in CO2 emissions	<ul style="list-style-type: none"> Continue sales of low emission newbuilding ships (ships with 30% reduction in CO2 emissions i.e. LNG fueled ships, etc.) built by Oshima Shipbuilding. In December 2022, Oshima Shipbuilding obtained an approval in principle from a ship classification society for the ammonia fueled ship.
Transportation & Construction Systems	Ship	Contribute to the reduction of CO2 emissions from both coastal and ocean-going ships by promoting Corvus Energy marine batteries	<ul style="list-style-type: none"> Continued sales and maintenance service for marine battery systems towards the Japanese market through Sumisho Corvus Energy Co., Ltd., a joint venture with energy storage system provider, Corvus Energy.

Business unit	Field	Goals	Progress
Transportation & Construction Systems	Commercial aviation	Build and expand next-generation air mobility services utilizing electric vertical take-off and landing (eVTOL) aircraft and other methods	<ul style="list-style-type: none"> Invested in Volocopter GmbH, a manufacturer of eVTOLs, to build new sustainable social infrastructure. Conducted various proof-of-concept trials to develop and optimize a drone-based logistics network and promote carbon neutrality in the local regions.
Transportation & Construction Systems	Commercial aviation	In the aircraft leasing and engine leasing portfolio, increase the portion of more fuel-efficient and more environment-friendly aircraft and engines (target: 70% for aircraft and 50% for engines, of the total portfolio, respectively)	<ul style="list-style-type: none"> Improvement to approximately 77% for new aircraft (compared to 73% in the previous year) and approximately 72% for new engines (compared to 63% in the previous year)
Transportation & Construction Systems	Mobility	Expand EV charging network in the Nordic parking business in order to promote the use of EVs	<ul style="list-style-type: none"> The number of EV charging at the end of FY2023 was as planned
Transportation & Construction Systems	Fleet management	Build up an EV life cycle management model in which EV is owned over the long term, from use in a vehicle to use as a reused battery, utilizing them for both mobility and energy	<ul style="list-style-type: none"> DriveElectric, an EV fleet management company based in the UK, has partnered with CrowdCharge, an energy management software company also based in the UK, to launch a smart EV charging management service in FY2023, as well as a dashboard of energy and carbon consumption for EV charging.
Transportation & Construction Systems	Aerospace Defense & Technology SBU	Efforts for hydrogen-fueled aircraft businesses, realizing carbon neutral	<ul style="list-style-type: none"> Sumitomo Precision Products CO.,LTD. continued to develop technologies for next-generation (hydrogen-powered, electric) aircrafts.
Transportation & Construction Systems	Beyond Mobility	Reduce loaded aircraft weights and contribute to reduced fuel costs and CO2 emissions by providing a clothes sharing service, using clothes destined for disposal, to inbound travelers and business travelers	<ul style="list-style-type: none"> Established a team and operational structure in preparation for commencing a service trial with a major airline.

Business unit	Field	Goals	Progress
Transportation & Construction Systems	Fleet management	Promote greater use of EVs for commuting and development of EV charging infrastructure in workplaces	<ul style="list-style-type: none"> Established a new company in April 2023 to focus on commuter EVs and concludes dedicated energy providing contract with one of customers.
Mineral Resources, Energy, Chemical & Electronics	Power generation fuel	Promote the commercialization of blue carbon, and the development of blue carbon-based blue economy businesses	<ul style="list-style-type: none"> We continued supports for the efforts to absorb CO2 through maintaining and conserving seaweed beds in Hirono Town, Iwate Prefecture. The town got additional certification for 346.5 tonnes of blue carbon credits in 2023. In collaboration with local banks, we supported in selling the credit including past certification.
EII	Green energy	Build a combined clean energy services model that leverages our integrated corporate strength, creating new demand and synergies with mobility, DX, smart infrastructure, etc.	<ul style="list-style-type: none"> As a specific project of the clean energy platform businesses, we try to demonstrate strength by combining hydrogen and power storage in Hokkaido, developing a renewable energy value chain in the Kanto area, and utilizing used EV batteries.
<p>●Capture, store and utilize CO2 via carbon recycling, forestry business, CCS, and emissions credit trading, etc.</p>			
EII	Forests	Acquire and expand the scale of forest resources and improve the value of forest assets	<ul style="list-style-type: none"> Continued developing projects to acquire and expand the scale of forest resources
EII	Green energy	Promote carbon credit businesses that contribute to real CO2 emission reductions	<ul style="list-style-type: none"> Promote the carbon credit development and marketing business through internal and external collaborations.

* Carbon Capture, Utilization and Storage: Technologies for sequestration and effective utilization of high-concentration CO2 emitted from industrial activities, and direct air capture technologies for capturing CO2 directly from the atmosphere

➤ Please see here for more details on KIRIU. [📄](#)

➤ Please see here for more details on the Forestry business in New Zealand. [📄](#)

Circular Economy - Representative Initiatives

Long-term goals: Shift to recyclable, efficient technologies and products

Medium-term goals: Use renewable and recyclable raw materials, collect waste, and promote improved efficiency of product usage

Business unit	Field	Goals	Progress
•Expand use of raw materials derived from recycled or renewable resources.			
Infrastructure	PET bottle recycling	Expand the PET bottle recycling business (Tomra Japan Ltd.)	<ul style="list-style-type: none"> Increased resource recovery by 6% (compared to FY2022)
Infrastructure	Logistics	Accelerate considerations for switching to biotech inner bags attached to the inside of containers used for transportation and storage	<ul style="list-style-type: none"> Since it is difficult to procure bio-based films around the world, we have successfully developed and commercialized an eco-liner that contains an additive (Green Nano) that adsorbs GHG within the film, reducing GHG emissions by 16% during waste incineration.
Living Related & Real Estate	Fresh Produce	At Fyffes, all packaging will be compostable, recyclable or reusable by 2025	<ul style="list-style-type: none"> Completed introduction of compostable, recyclable, and reusable packaging for 98.78% of all products
Mineral Resources, Energy, Chemical & Electronics	Chemical	Expand sales volume of high value-added resins, demand for which is expected to grow with the shift to lighter weight automobiles and EVs	<ul style="list-style-type: none"> Commercial operation started in February 2023. Keep stable operation thereafter.
Mineral Resources, Energy, Chemical & Electronics	Chemical	Expand product sales volumes for a manufacturer of plastic substitute materials (plant-derived materials) in which Sumitomo Corporation has invested	<ul style="list-style-type: none"> Completed construction of a new plant in January 2023. Commercial operation has been started.
Mineral Resources, Energy, Chemical & Electronics	Midstream/ Downstream of metal resources	Sell Security Matters Limited technologies and products for tracking raw materials and products in the supply chain	<ul style="list-style-type: none"> Conclusion of a global exclusive distribution agreement with Security Matters in the non-ferrous metals industry

Business unit	Field	Goals	Progress
Mineral Resources, Energy, Chemical & Electronics	Pharmaceuticals & Cosmetics	Expand sales volume of sustainable cosmetic ingredients	<ul style="list-style-type: none"> Cosmetic ingredient distribution companies, subsidiaries of Cosmetics Business Unit, are trying to expand their ranges of natural and petroleum-alternative cosmetic ingredients, and Summit Cosmetics Corporation is working with SC Foods Co., Ltd. to establish a supply chain using food residues and other ingredients as raw materials
EII	Storage battery	Promote the reuse of EV batteries and develop technologies. Create reuse opportunities	<ul style="list-style-type: none"> In FY2023, we prepared for the participation in the newly established ancillary market in Japan utilizing the large size energy storage project at Chitose City, Hokkaido, which was built using EV batteries (mixture of new and reuse batteries).

▶ Please see here for more details on Large-scale energy storage business. 

Long-term goals: Sustainable use of natural resources

Medium-term goals: Reinforce the sustainable procurement system for major natural resources used by the Group

Business unit	Field	Goals	Progress
<p>•Identify major natural resource-related commodities requiring sustainable procurement, establish procurement policy, promote certification, and strengthen voluntary auditing system.</p>			
Living Related & Real Estate	Food distribution	Promote the sustainable procurement of palm oil	<ul style="list-style-type: none"> Maintained Roundtable on Sustainable Palm Oil (RSPO) Mass Balance certification
Living Related & Real Estate	Food distribution	Procure and promote the widespread use of Bird Friendly®-certified coffee	<ul style="list-style-type: none"> Maintained Bird Friendly® certification
EII	Forestry	Obtain forest certification for most of our forested land holdings, and implement sustainable management	<ul style="list-style-type: none"> Continued to obtain CDP forest assessments
EII	Forestry	Procure only forestry products managed in accordance with internationally recognized certification programs, of which legality and sustainability have been certified, and monitor reforestation using remote sensing technologies (satellite image analysis)	<ul style="list-style-type: none"> Conducted a reforestation monitoring trial using satellite image analysis
<p>•Improve efficiency of product usage and expand businesses that promote longer product life (sharing, sales of used items, leasing, rentals, etc.) .</p>			
Transportation & Construction Systems	Automotive sales & marketing	Promote product lifetime extension through used car sales and after-sales services	<ul style="list-style-type: none"> Focused on used car sales and after-sales services to work on extending product lifetimes
Transportation & Construction Systems	Mobility	Promote EV subscription service in Sweden	<ul style="list-style-type: none"> Increasing the number of customers by expanding the offering models and products
Media & Digital	Communications	Achieve resource savings through the handset lifecycle management businesses (new device sales, collection, refurbishing and redistribution)	<ul style="list-style-type: none"> Used handsets collection and redistribution to domestic and overseas markets A pilot project using KIOSK trade-in machines for used devices in the Fukuoka area of Japan


Respect for Human Rights - Representative Initiatives

Long-term goals: Respect human rights through all of our businesses and supply chains

Medium-term goals: Promote and ensure respect for human rights in accordance with the United Nations Guiding Principles on Business and Human Rights and Sumitomo Corporation Group's Human Rights Policy

Business unit	Field	Goals	Progress
<p>●By 2023, achieve 100% participation rate in human rights education based on the Guiding Principles, and 100% implementation rate in regional organizations and subsidiaries.</p>			
Company-wide	—	By 2023, achieve 100% participation rate in human rights education based on the Guiding Principles, and 100% implementation rate in regional organizations and subsidiaries.	<ul style="list-style-type: none"> • Rolled out human rights education tool (e-learning) to all officers and employees of Sumitomo Corporation and achieved 100% participation rate in FY2022. E-learning in 4 languages has already been rolled out to domestic and overseas regional offices and group companies in FY2023.
<p>●Strengthen risk analysis in human rights due diligence to accurately assess risks in all businesses, including the supply chain, and implement risk mitigation measures by 2025. Establish a more effective grievance mechanism based on assessment results.</p>			
Company-wide	—	By 2025, accurately assess risks for all operations, including supply chains	<ul style="list-style-type: none"> • Began human rights due diligence on a business-unit basis with the aim of covering all businesses by 2025, and completed due diligence for all business units by the 1st half of FY2024. Some risk mitigation measures to the identified human rights risks are being addressed and monitored continuously. • We joined an external platform, the Japan Center for Engagement and Remedy on Business and Human Rights (JaCER), to improve our grievance mechanism in compliance with the eight requirements of the UN Guiding Principles on Business and Human Rights, and updated our web contact.
Living Related & Real Estate	Food distribution	In industries with high human rights risks, understand the human rights risk situation of suppliers	<ul style="list-style-type: none"> • Conducted questionnaire surveys on human rights at about 210 overseas plants and farms

Business unit	Field	Goals	Progress
Living Related & Real Estate	Fresh Produce	<p>【Fyffes】</p> <p>[2025]</p> <ul style="list-style-type: none"> • Deliver a gender equality program to all employees of our own facilities in Central and South America, and to 50% of suppliers as well by 2030 [2030] • Provide human rights training to all stakeholders in the supply chain, and complete this training for our own employees and managers by 2025 • Eliminate gender pay gaps within our own operations 	<ul style="list-style-type: none"> • 100% of owned sites started training and over 50% employees have been trained (11,810) to date; 37% suppliers have started gender training.
Living Related & Real Estate	Fresh Produce	<p>【Fyffes】</p> <ul style="list-style-type: none"> • Provide training on the freedom to unionize [2021] • Provide training to all managers [2025] • Provide training to 90% of all employees 	<ul style="list-style-type: none"> • One-third of workers trained on human rights.
Media & Digital	Communications	Ensure that business operations comply with our Human Rights Policy	<ul style="list-style-type: none"> • In overseas telecommunications business, we have carried out a human rights impact assessment and we will tackle and consider further actions to mitigate and prevent risks

➔ Please see here for more details on our human rights due diligence. 

Medium-term goals: Reinforce the sustainable procurement system for major natural resources used by the Group

Business unit	Field	Goals	Progress
<p>•Strengthen efforts to achieve zero accidents at major business workplaces, focusing on manufacturing, processing, and projects involving large-scale construction.</p>			
<p>Company-wide</p>	<p>—</p>	<p>Strengthen efforts to achieve zero accidents</p>	<ul style="list-style-type: none"> • To prevent occupational accidents, we are working to create a common sense of value for safety, establish a safety management system, and improve occupational safety at key sites. Our main achievements in FY2023 are described below. Going forward, we will continue striving to prevent occupational accidents by stepping up various initiatives, such as education and awareness-raising. • Held cross-organizational occupational safety liaison meetings to share case studies of workplace accidents and best practices for improvement within the Group • The Disaster Response & Safety Management Department provided first-response support for occupational accidents that occurred within the Group • Disaster Response & Safety Management Department members visited our material subsidiaries in Japan and overseas to conduct safety seminars and site inspections

Business unit	Field	Goals	Progress
Metal Products	Steel products	Implement intrinsic safety assurance activities and employee training, and improve activities through PDCA cycle (utilizing TQM management techniques)	<ul style="list-style-type: none"> Continued conducting self-check based on a safety checklist and implementing the PDCA cycle for improvements. Continued conducting safety audits of 17 group companies and 34 plants, and collaborating with each group company to eliminate work inside fenced areas during continuous operation. (continuation) In FY 2024, Sumitomo Corporation Global Metals introduce safety policy in order to raise all employee's awareness of safety with the ownership. (New)
Metal Products	Tubular products	Under the slogan of "Beyond ZERO Harm," aim to measure and minimize the Lost Time Injury Frequency Rate (LTIFR) and Total Recordable Incident Frequency Rate (TRIFR) at each work site	<ul style="list-style-type: none"> There was 1 LTI. LTIFR and TRIFR were both 0.08. As an awareness campaign to achieve zero lost time and work-related accidents, created a booklet introducing accidents with high frequency and how to handle them. The booklet is distributed to global Tubular members. Also e-learning in Japanese and English for HSSE (Health, Safety, Security and Environment) has been provided.
Transportation & Construction Systems	Automotive manufacturing	Reduce the number of work-related accidents	<ul style="list-style-type: none"> Reduced work-related accidents at KIRIU CORPORATION

Business unit	Field	Goals	Progress
Transportation & Construction Systems	Construction & mining systems sales/construction equipment rental	Work-related accidents <ul style="list-style-type: none"> • LTIR 2022: Companywide average of 0.75 or less 2023: Companywide average of 0.5 or less <ul style="list-style-type: none"> • Safety audits FY2022: 3 operating companies FY2023: 4 operating companies	<ul style="list-style-type: none"> • LTIR : Because G-CMSD significantly achieved the target of the groupwide average 0.75 or less in 2022 (the result was 0.52), the group raised the target to 0.5 or less in 2023 and worked on further improvement, but as a result, the groupwide average for 2023 was 0.65, which was below the target. Although there are possible special factors, such as an increase in minor accidents because each company significantly increased new mechanics in response to the increase in demand due to the recovery from the COVID-19, and an increase in the number of accident reports due to improved reporting accuracy at each company, the group will continue to work on reducing accidents with the aim of achieving an LTIR of 0.5 or less in 2024. • Safety Audit : Safety Audits were completed for 4 group companies in FY2023 as planned. 4 group companies are scheduled to be audited in FY2024 and the group will work on further reduction of accident.
Infrastructure	Power plant infrastructure EPC	Aim for zero Lost Time Injuries (LTI) through establishing HSE rules and through on-sight training and meetings	<ul style="list-style-type: none"> • HSE rules were defined in each project. There were no incidents occurred that led to LTIs.
Living Related & Real Estate	Fresh Produce	At Fyffes, by 2025 no work-related fatalities and no severe work-related injuries	<ul style="list-style-type: none"> • A companywide safety management system rolled out in Latin America • 0 fatality in FY2023.

Business unit	Field	Goals	Progress
Mineral Resources, Energy, Chemical & Electronics	Electronic parts	Maintain zero work-related accidents at SUMITRONICS CORPORATION (in factories)	<ul style="list-style-type: none"> Maintained zero work-related accidents
Mineral Resources, Energy, Chemical & Electronics	Upstream of metal resources	Reduce work-related accidents in the upstream mineral resources and energy business (The Ambatovy Project)	<ul style="list-style-type: none"> In 2023, the total recordable injury frequency (TRIF) was 0.117, achieving the annual safety target 0.125 for the worksite Identified causes at the time of the work-related accidents, took thorough measures to prevent recurrence, and alerted everyone within the company through campaigns, etc. To foster a culture of safety, implemented initiatives to formulate a process safety management system, define and implement work-appropriate standard operating procedures, and update as necessary

Medium-term goals: Achieve a diverse organization grounded in mutual respect

Business unit	Field	Goals	Progress
<p>•Provide a safe working environment that is free from discrimination and harassment.</p>			
<p>Company-wide</p>	<p>—</p>	<p>Provide a safe working environment that is free from discrimination and harassment</p>	<ul style="list-style-type: none"> • As part of activities raising awareness for human rights and Dowa issues, conducted training for Group executives and employees led by an outside expert • Conducted mandatory training for all employees to prevent harassment as an awareness activity to eliminate all forms of harassment. • Also provided tailor-made trainings (prevention of power harassment) for individuals according to the needs of the organization. • Implementation and monitoring of initiatives to enhance employee engagement, such as the company-wide working group activities.

Business unit	Field	Goals	Progress
<p>•Promote human resource management that enables individuals to demonstrate their abilities regardless of nationality, age, gender, sexual orientation, gender identity, or any other attributes or values.</p>			
<p>Company-wide</p>	<p>—</p>	<p>Promote human resource management that enables individuals to demonstrate their abilities regardless of nationality, age, gender, sexual orientation, gender identity, or any other attributes or values</p>	<ul style="list-style-type: none"> • Continued Diversity Weeks (intensively developed programs aimed at permeating and realizing DE&I) and implemented global collaboration • In Japan, set numerical targets for promoting women’s participation and advancement in the workplace and took actions to achieve them. • Actively appointed external personnel to executive officer positions, and female and younger employees to executive management and general managerial positions • In recognition of the comprehensive LGBTQ+-related measures that are being continuously implemented, was awarded the highest gold rating in PRIDE Index 2023 • Supported overseas regional organizations in their DE&I measures tailored to the actual circumstances at each site and country, and strengthened global collaboration

Development of Local Society and Economy - Representative Initiatives

Long-term goals: Contribute to development of local industries and human resources

Medium-term goals: Develop local industries, create jobs, and develop human resources through the Group's global business operations

Business unit	Field	Goals	Progress
<p>●Promote sustainable, highly productive and value-added industries, and coexist with local communities through business.</p>			
Transportation & Construction Systems	Leasing	Expand efforts for the MIRAI 2030™ SDGs lease and introduce sustainability-related products	<ul style="list-style-type: none"> SDGs Leasing "Mirai 2030®" and Sustainability Link Leasing/Financing Transactions Expanded
Infrastructure	Overseas industrial park	Promote the overseas industrial park business, continue to attract companies, create jobs, and achieve regional development	<ul style="list-style-type: none"> Promoted overseas industrial park business (Vietnam and Bangladesh) and new industrial park development (Vietnam) steadily.
Living Related & Real Estate	Supermarket	Expand the introduction of new service menus, with stores functioning as local community hubs	<p>[SUMMIT,INC]</p> <ul style="list-style-type: none"> Maintained contributions to local communities through participation in those communities and events and handling locally grown vegetables. "Health Community Corner," commonly known as "Kenkomi,"* as a service based on a theme of food and health expanded to 7 stores by opening 1 new stores in FY2023.
Mineral Resources, Energy, Chemical & Electronics	Upstream of metal resources	Contribute to development of industries in Madagascar	<ul style="list-style-type: none"> Continued efforts to improve the skills of local employees through enhanced student internship programs and various training programs, with the aim of securing talented Madagascar human resources

Business unit	Field	Goals	Progress
Mineral Resources, Energy, Chemical & Electronics	Agricultural input	Improve productivity by making agricultural production more stable and efficient	<ul style="list-style-type: none"> Through Agro Amazonia Produtos Agropecuários S.A., a company involved in direct sales of agricultural materials in Brazil's midwest, acquired Nativa Agrícola e Representação LTDA., a company involved in the same business in Brazil's southeast, to expand geographical reach and enhance functions
•Create employment and develop management and highly skilled human resources at the Group's business sites.			
Transportation & Construction Systems	Automotive sales & marketing	Develop human resources in Iraq and Libya	<ul style="list-style-type: none"> Iraq: Reached a cumulative total of 108 graduates from job training. Conducted job training in collaboration with UN's IOM and UNDP Libya: Reached a cumulative total of 507 graduates from job training. Conducted job training in collaboration with UNDP
Mineral Resources, Energy, Chemical & Electronics	Electronic parts	Provide job training and worker education to employees (factories)	<ul style="list-style-type: none"> Maintained 100% job training rate at SUMITRONICS CORPORATION
Living Related & Real Estate	Real Estate	In order to contribute to solving the social issue of prejudice and discrimination against "disability" and to improve the value of our properties from the perspective of space decoration, we will collaborate on spatial design with Heralbony Co., Ltd., which aims to change the image of "disability" and create a new culture based on welfare.	<ul style="list-style-type: none"> Appointed Heralbony Co., Ltd. in 6 projects

* A collaborative service by Summit and Tomod's designed to provide a "food and health" themed community space that is accessible to local customers.

Long-term goals: Develop industrial and social infrastructure

Medium-term goals: Establish industrial and social infrastructure that contributes to the sustainable development of society

Business unit	Field	Goals	Progress
<p>•Promote infrastructure that enables access to high-quality energy, water, transportation, logistics, communications, and financial services, as well as businesses that enhance urban functions.</p>			
Transportation & Construction Systems	Commercial aviation	Build and expand the helicopter leasing portfolio, mainly focused on the helicopters for emergency medical services and disaster relief missions	<ul style="list-style-type: none"> Sumitomo Mitsui Finance and Leasing Company, Limited has grown its helicopter leasing portfolio, mainly focused on the helicopters for emergency medical services and disaster relief missions(72% of overall portfolio). Total assets grew 2.8 times in the first three and a half years of business
Transportation & Construction Systems	Beyond Mobility	Contribute to the efficiency and sophistication of the logistics industry in Japan, which is facing a logistics crisis, through entry into and expansion of the Robotics as a Service (RaaS) business	<ul style="list-style-type: none"> Executed a comprehensive distributorship agreement for AI robotics software in high-precision robots for logistics warehouse automation in Japan
Infrastructure	Generation	Contribute to local community and economic development through the steady execution of existing projects	<ul style="list-style-type: none"> Maintained stable operations at existing power plants currently in operation
Infrastructure	Water / railroads	Expand high-quality social infrastructure (water, railroads)	<ul style="list-style-type: none"> Maintain the treatment scale of existing water projects (excluding the U.K. and Mexico, which were both strategically exited in FY2023). Continuing efforts to execute and fulfill current railway projects as well as to secure new projects in the pipeline. Expansion of railway business portfolio contributes to solving social issues such as traffic congestion (Ridership of passengers on Manila LRT-1 have recovered to over 70% of pre COVID-19 level).
Media & Digital	Communications	Develop telecommunications infrastructure in emerging countries and roll out various value-added services on these platforms	<ul style="list-style-type: none"> Developing telecommunications infrastructure in Ethiopia

➔ Please see here for more details on Integrated telecommunications business in Ethiopia. 

Improvement of Living Standard - Representative Initiatives


Long-term goals: Provide advanced lifestyle-related services

Medium-term goals: Deliver advanced lifestyle services that help to solve social issues such as urbanization and aging populations

Business unit	Field	Goals	Progress
<p>●Provide more advanced services and new functions that improve the standard of living, such as mobility, media and telecommunications, healthcare services, and smart city development, based on new technologies and concepts.</p>			
Transportation & Construction Systems	Mobility	Improve convenience for consumers through the mobile shop services business that capitalizes on mobility and provide mobile shop services to revitalize communities	<ul style="list-style-type: none"> Completed the proof-of-concept trials for a mobile shop services business utilizing mobility
Infrastructure	Smart city	Developing infrastructure that contributes to better lifestyles for people through the sustainable city development	<ul style="list-style-type: none"> The North Hanoi Sustainable City : We are proceeding with land acquisition procedures for a sustainable city development project. We are considering attracting medical and educational institutions that meet the needs of residents.
Infrastructure	Overseas industrial park	Provide a variety of welfare services to build local infrastructure for employees working at our industrial parks	<ul style="list-style-type: none"> Thang Long Industrial Parks in Vietnam : As part of our environmental initiatives, we have expanded the installation capacity of rooftop solar power generation using the rooftops of tenant companies to more than 50 MW, which we started in FY2020.
Media & Digital	5G	Promote businesses aimed at realizing a 5G society and sustainable cities (base station sharing, local 5G)	<ul style="list-style-type: none"> Provided 5G base station sharing services mainly in major cities throughout Japan Provided Local 5G infrastructure services for Cable Television Operators, and conducted Local 5G proof-of-concept trials with railroad operators for commercialization

Business unit	Field	Goals	Progress
Media & Digital	CATV	Through JCOM Co., Ltd., provide online entertainment and lifestyle-related services that enhance convenient living and contribute to a comfortable and exciting life	<ul style="list-style-type: none"> • Provided entertainment and lifestyle-related services, such as CATV, Internet, fixed phone, electric power, and mobile phone, to 5.68 million households
Media & Digital	CATV	Provide DER services such as solar PPA and storage batteries for domestic residential customers	<ul style="list-style-type: none"> • Planned to conduct service trials in collaboration with cable operators
Media & Digital	TV shopping	Through Shop Channel, provide products and services that contribute to comfortable and exciting lifestyles	<ul style="list-style-type: none"> • Via Shop Channel, sold curated products such as fashion items and beauty-related products, provided services such as travel, hobby and entertainment experiences, and promoted social commerce businesses using social media
Living Related & Real Estate	Health Care	Build a domestic healthcare platform to support Japan's aging society	<ul style="list-style-type: none"> • Provided pharmaceutical and daily necessity sales and the functions of a dispensing pharmacy through Tomod's drugstore and dispensaries and Yakuju Corporation dispensing pharmacies mainly in the Tokyo metropolitan area (253 Tomod's stores and 145 Yakuju stores as of the end of FY2023) • Enhanced the functions of dispensing pharmacies by offering home dispensing and online dispensing services
Living Related & Real Estate	Health Care	Provide optimal medical care in optimal locations and help keep the costs of healthcare down in each country	<ul style="list-style-type: none"> • Strengthen the foundation of the managed care business through investment in existing business and organic growth. • Additionally, promoting customer convenience through the advancement of online prescription and app utilization. • Expansion of the clinic business, the number of clinics has grown from 18 at the beginning of the collaboration to 104 (as of March 2024).

Business unit	Field	Goals	Progress
Mineral Resources, Energy, Chemical & Electronics	Agri	Leverage new technologies to optimize agricultural inputs, improve productivity, and further stabilize incomes for crop producers	<ul style="list-style-type: none"> Through collaboration with group companies and new business partners, currently examining precision agriculture technologies and services that contribute to improved crop yields and work efficiency, Reduction of environmental damages and traceability, and Sustainable Food Production, resolving protein gap crisis.

➤ Please see here for more details on Next-generation agribusiness. 


Quality Education - Representative Initiatives

Long-term goals: Contribute to quality education

Medium-term goals: Provide quality and equal learning opportunities through 100SEED activities

Business unit	Field	Goals	Progress
•Quantitatively expand the scope of learning opportunities.			
Company-wide	—	Quantitatively expand the scope of learning opportunities	<ul style="list-style-type: none"> Through the “Mirai School” career education support program, supported career education for a cumulative total of 17,400 students at 103 high schools across Japan in the three years from 2020 to 2023 Through “Pro Bono Educational Support,” assisted a cumulative total of 35 organizations to strengthen their organizational foundations over these four years in order to support non-profit organizations (NPOs) working to address education issues Through “Educational Support for a Multi-cultural Society”, supported eight NPOs and children with foreign roots

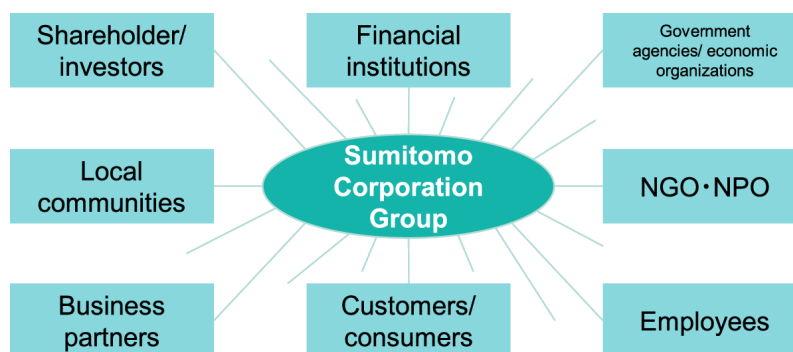
Business unit	Field	Goals	Progress
<p>●100% satisfaction of beneficiaries.</p>			
Company-wide	—	100% satisfaction of beneficiaries	<ul style="list-style-type: none"> Achieved nearly 100% satisfaction among beneficiary NPOs and high school students
<p>●Continue to have at least 5% of all employees participate annually (scope is Sumitomo Corporation, regional organizations and Group companies).</p>			
Company-wide	—	Continue to have at least 5% of all employees participate annually (Boundary is Sumitomo Corporation, regional organizations and Group companies).	<ul style="list-style-type: none"> More than 5% of employees participated at the Head Office and regional organizations in Japan and overseas. (In FY2023, 68 projects were implemented in 24 countries) 100SEED received a special award at the 19th Corporate Philanthropy Award in recognition of company-wide efforts involving both employees and management

▶ Please see here for more details on 100SEED. 

Stakeholder Engagement

Relationships with Stakeholders

The Sumitomo Corporation Group places importance on dialogue with various stakeholders around us. To build a relationship of trust with each stakeholder, we proactively provide information on our activities and ensure continuous communication with them. Through these efforts, the Group keeps informed of stakeholders' expectations and concerns, based on which we will promote our sustainability and improve our long-term value.



Stakeholders	Major means of dialogue
Shareholders/investors/financial institutions	General meeting of shareholders, Investor meeting for annual results, IR Day, integrated report, annual securities report, business report for shareholders, website, reporting to credit rating agencies, various small meetings, etc.
Government agencies/economic organizations	Integrated report, communication with government agencies and international organizations in Japan and abroad, participation in discussion meetings and round-table conferences with government offices, activities through business and industrial associations, etc.
Local communities	Integrated report, dialogue with local residents in business activities and support for communities, social contribution activities, etc.
Business partners/customers/consumers	Integrated report, website, advertisements, customer information office, supply chain survey, etc.

Stakeholders	Major means of dialogue
NGOs/NPOs	Integrated report, cooperation and communication with NGOs and NPOs in business activities, cooperation in social contribution activities, responses to surveys, etc.
Employees	Integrated report, internal magazine, intranet, training sessions and seminars, labor/management round-table meeting, employee awareness survey, the speak-up system, etc.

Sustainable Finance


Purpose and Background

“Enriching lives and the world” is the corporate message of the Group. We are developing our business around the world with the aim of realizing a sustainable society and enriching people’s lives. Based on a phrase that conveys the Group’s business philosophy: “Benefit for self and others, private and public interests are one and the same,” we strategically allocate management resources in anticipation of the long-term shifting business landscape impacted by these social issues, and we leverage our strengths to continue creating the value that society truly needs. We promote sustainability management in the belief that each of these actions will create a sustainable society and achieve sustainable growth for Sumitomo Corporation.

As part of the promotion of sustainability management, we have developed the Sustainable Finance Framework to promote awareness of Sumitomo Corporation Group’s sustainability management among a wide range of Stakeholders, and to promote such efforts from the viewpoint of financing.

Sustainable Finance Framework

The Sumitomo Corporation’s Sustainable Finance Framework sets forth guidelines for four elements (1. Use of Proceeds, 2. Process for Project Evaluation and Selection, 3. Management of Proceeds, 4. Reporting) in accordance with Green Bond Principles 2021, Social Bond Principles 2023 and Sustainability Bond Guidelines 2021 by the International Capital Market Association (ICMA) and Green Loan Principles 2023 and Social Loan Principles 2023 by the Loan Market Association (LMA), the Asia Pacific Loan Market Association (APLMA) and the Loan Syndications & Trading Association (LSTA).

▶ Sustainable Finance Framework 

Second-Party Opinion

For the assessment of the alignment of the Sustainable Finance Framework with the above principles and guidelines, Sumitomo Corporation obtained a second-party opinion from Rating and Investment Information, Inc. (R&I).

▶ Second-Party Opinion 

Reporting

Name	1st Green Bond (60th unsecured bonds)	2nd Green Bond (64th unsecured bonds)
Issue Date	May 24, 2022	Sep 6, 2023
Redemption date	May 24, 2032	Sep 6, 2033
Term to Maturity	10 years	10 years
Issue Amount	20 billion yen	10 billion yen
Reporting	▶ The allocation of funds / Impact reporting	▶ The allocation of funds / Impact reporting
The second-party opinion	▶ Review by Sustainalytics	▶ Review by Sustainalytics

* 1st and 2nd Green Bond were issued under the Green Finance Framework published in February 2022. The Sustainable Finance Framework published in February 2024 constitutes a revision of the Green Finance Framework.

▶ [Green Finance Framework](#)

▶ [Second-Party Opinion by Sustainalytics](#)

Commitment to External Initiatives

UN Global Compact

The Global Compact (GC) was proposed by the former UN Secretary General Ko. Annan in 1999 and officially launched in 2000 at the UN Headquarters in New York.

In March 2009, Sumitomo Corporation signed the UN Global Compact and declared its support for the 10 principles, shares the same values as our Corporate Mission Statement. We are raising the awareness of our officers and employees around the world regarding their purpose and making efforts to further increasing our corporate value by constantly seeking out areas of our business activities that can be improved in light of the values advocated by the 10 principles.

We are also actively participating in the activities of Japan's local network, Global Compact Network Japan, as one of the member companies. In FY2022, we took part in working groups on: environmental management related to climate change, biodiversity and other environmental issues; human rights due diligence; reporting; supply chain; SDGs; ESG; CSV and circular economy. Through this involvement, we acquire information on recent global trends in these areas, learn of examples of superior initiatives, and are provided insight from specialists. This knowledge is utilized to help the Company promote sustainability.

The Global Compact's 10 Principles

Human Rights

1. Businesses should support and respect the protection of internationally proclaimed human rights; and
2. make sure that they are not complicit in human rights abuses.

Labour Standards

3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
4. the elimination of all forms of forced and compulsory labour;
5. the effective abolition of child labour; and
6. the elimination of discrimination in respect of employment and occupation.

Environment

7. Businesses should support a precautionary approach to environmental challenges;
8. undertake initiatives to promote greater environmental responsibility; and
9. encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption

10. Businesses should work against corruption in all its forms, including extortion and bribery.

* We also support the Universal Declaration of Human Rights, which the 10 principles of the UN Global Compact are derived from.

Keidanren / Japan Foreign Trade Council

As a member of the Subcommittee on Global Environment of the Committee on Environment and Safety of Keidanren (Japan Business Federation), we address global warming and climate change and help design environmental policies that will not harm the economy. We also participate in the Sustainability Promotion Committee of Japan Foreign Trade Council, Inc. to discuss how to realize a low-carbon society and a recycling society, and how to comply with environment-related laws and regulations. In addition, we participate in the Social Contribution & ABIC Committee to cooperate in the expansion of ABIC activities and exchange information concerning social contribution activities in our industry. When assessing whether to join membership with an industry group, we confirm whether the group's climate change initiatives are consistent with our policy on climate change. Also, we implement appropriate climate change countermeasures regardless of the level of influence of the affiliated industry group.

GX League

In April 2023, Sumitomo Corporation joined the GX League* led by the Ministry of Economy, Trade and Industry (METI).

The GX League is a forum for companies, the government, and academic institutions, under which they challenge to realize carbon neutrality by 2050 and GX (Green Transformation) for entire societal transformation and collaborate each other to aim for sustainable growth both in the present and future society.

In addition to aiming for carbon neutral in 2050 as our group, we have been also actively working on initiatives that contribute to the carbon neutrality as an entire society and will further promote these efforts by utilizing the framework of the GX League.

For instance, we joined GX-ETS, and are implementing measures to achieve greenhouse gas emission reduction targets for the Phase 1 (FY2023-FY2025), FY2025 and FY2030 which are aligned with carbon neutrality by 2050. We also contribute to formulating GX-related rules through joining working groups. We expect to realize create new values on reducing carbon emissions and further activate trading under carbon credit markets thorough activities including the working groups.



Joined Working Group

- WG for GX Management Promotion
- WG for Voluntary Credit-related Information Disclosure Consideration (We joined as a leader company.)
- WG for Eligible Carbon Credit
- WG for GX Human Resources Market Creation (We joined as an observer company.)

Besides WG mentioned above, we participate in discussions on rule making by submitting our opinions to each WG under the GX League.

* Sumitomo Corporation endorsed the GX League Basic Concept, which lays out the basic guidelines for the full-scale operation of the GX League in March 2022.

▶ [GXL FOR WORLD](#)

DECOKATSU

In 2024 April, Sumitomo Corporation made a commitment and joined a support team under “DECOKATSU” led by the Ministry of the Environment. DECOKATSU is a national movement to change people's behavior and lifestyles toward the achievement of the 2030 GHG emission reduction target and carbon neutrality in 2050. Under DECOKATSU, we are committed to contribute to realizing carbon neutrality as an entire society by expanding our renewable energy capacity up to 5GW by 2030 as our commitment under DECOKATSU.

We will continue to share our decarbonizing businesses and conduct networking with various stakeholders through DECOKATSU.



Japan CCS Co., Ltd./ Global CCS Institute / Asia CCUS Network

We are a shareholder of Japan CCS Co.,Ltd. (JCCS). The company is conducting demonstration tests on the use of CCS technology, which involves capturing and storing CO₂ in the ground, as well as chemical synthesis of CO₂. We joined the Global CCS Institute (GCCSI) to meet conditions desirable to apply CCS. Since 2021, the company has been participating in the Asia CCUS Network to share knowledge with and educate Asian countries with regard to CCUS.

Taskforce on Climate-related Financial Disclosures (TCFD)

Sumitomo Corporation recognizes the importance of climate-related financial disclosures and supports the recommendations of the TCFD*, and further expand its information disclosure in accordance with the recommendations.

* The Taskforce on Climate-related Financial Disclosures was established by the Financial Stability Board (FSB). The final report to recommend further expansion of information disclosure was released in June, 2017.

▶ Disclosure based on TCFD recommendations

Support for Keidanren Declaration on Biodiversity and Action Guidelines

In January 2020, Sumitomo Corporation supported the "Keidanren Declaration on Biodiversity and Action Guidelines (Revised edition)" formulated by Keidanren and the Keidanren Committee on Nature Conservation.

This Declaration sets forth the determination and action guidelines to address biodiversity conservation issues from the corporate perspective in order to realize a sustainable society through building a society in harmony with nature. Recognizing the importance of biodiversity and natural activities, we will continue to work to maintain and conserve biodiversity to realize a sustainable society.

Circular Partners

In March 2024, Sumitomo Corporation joined "Circular Partners (CPs)" led by the Ministry of Economy, Trade and Industry (METI). CPs is a forum of national and local government, universities, companies, industrial associations and relevant organizations which are ambitious and pioneering in the field of Circular Economy (CE). Under this partnership, members engage in consideration on necessary measures to realize CE.

We will continue our contribution to realizing CE by further promoting CE-related businesses while participating in rule making and networking with possible business partners under CPs.



Taskforce on Nature-related Financial Disclosures (TNFD)

Our business depends largely on natural capital, and biodiversity conservation is an important issue for the company. In June 2022, Sumitomo Corporation joined the TNFD Forum, a network of institutional supporters who share the vision and mission of TNFD*. In January 2024, we registered as a TNFD Early Adopter and expressed our commitment to early adoption of the disclosure recommendation published by the TNFD in September 2023. To accelerate efforts to conserve and restore natural capital through our business, we aim to disclose information based on the TNFD by the end of FY2025.

* Taskforce on Nature-related Financial Disclosures. A global initiative aimed to develop and deliver a risk management and disclosure framework for organizations to report and act on evolving nature-related risks.

▶ Trial Disclosure Based on the TNFD Recommendations

Stakeholder Capitalism Metrics

In January 2021, Sumitomo Corporation supported and signed the Stakeholder Capitalism Metrics, a standard for non-financial information disclosure released by the International Business Committee (IBC) of the World Economic Forum (WEF). While utilizing this metrics, we will further expand the disclosure of non-financial information to our stakeholders.

- ▶ Disclosure based on IBC Stakeholder Capitalism Metrics

Keidanren Nature Conservation Fund (KNCF)

KNCF, which was established in 1992 and is comprised of Keidanren member companies that actively work on nature and biodiversity conservation, supports nature conservation activities and promotes exchange with NGOs. Sumitomo Corporation is participating in KNCF as its member.

Council for Better Corporate Citizenship (CBCC)

CBCC was established in 1989 with the support of Keidanren to provide support for activities that help Japanese companies to be accepted as good corporate citizens by communities in which they operate outside of Japan. As a member of CBCC, Sumitomo Corporation collects the latest information about CSR and engages in CSR dialogue with related organizations in and outside Japan.

External Recognition

FTSE4Good Index Series / FTSE Blossom Japan Index / FTSE Blossom Japan Sector Relative Index

We were selected as a constituent of FTSE4Good Index Series, FTSE Blossom Japan Index and FTSE Blossom Japan Sector Relative Index. Published by FTSE Russell, an investment index calculator, FTSE4Good Index Series consists of companies with strong Environment, Social and Governance (ESG) practices. FTSE Blossom Japan Index and FTSE Blossom Japan Sector Relative Index which are also provided by FTSE Russell, measure the performance of Japanese companies in terms of ESG practices. They have also been adopted by the Government Pension Investment Fund (GPIF) as an effective index for ESG investment.



Morningstar Japan ex-REIT Gender Diversity Tilt Index (GenDi J)

We were selected as Morningstar Japan ex-REIT Gender Diversity Tilt Index. (As of December 2023). Built with the data and scoring methodology of Equileap, GenDi J is designed to emphasize the stock of companies that have strong gender diversity policies embedded in their corporate culture and that ensure equal opportunities to employees, irrespective of their gender. The companies are categorized into five groups, and we have been rated Group 2, the second highest of the five levels. It has also been adopted by the Government Pension Investment Fund (GPIF) as ESG index.

S&P/JPX Carbon Efficient Index

We were selected in S&P/JPX Carbon Efficient Index, a global environmental stock index created by S&P Dow Jones Indices in the United States (As of June 2024). It is adopted by the GPIF as an effective index for ESG investment.

SOMPO Sustainability Index

We were selected in the SOMPO Sustainability Index managed by SOMPO Asset Management Co., Ltd. ("SOMPO Asset Management") (As of June 2024) The SOMPO Sustainable Management, launched by SOMPO Asset Management in August 2012, is a socially responsible investment funds for pension trusts and institutional investors that invest broadly in companies having a strong positive evaluation for ESG performance.



CDP

In 2023, we were evaluated A- (leadership level) in the Climate Change program, A- (leadership level) in the Water Security program and A- (leadership level) in the Forests program by the CDP (*).



* CDP: A UK-based global non-governmental organization (NGO) that discloses environmental information collected from companies and cities. CDP is supported by over 746 global institutional investors representing a total of 136 trillion dollars in assets. The scale of CDP's environmental survey is the world's largest, with about 23,000 companies responding in 2023. CDP ranks their responses into eight grades; A, A-, B, B-, C, C-, D, and D- once a year.

"Eruboshi" Certification

In May 2016, we were certified as a second-highest class "Eruboshi" company in recognition of the effort to promote the active involvement of female employees on the basis of the Act on Promotion of Women's Participation and Advancement in the Workplace.



"Platinum Kurumin" as a Company that Provides Superior Childcare Support

We were granted "Platinum Kurumin" certification in June 2015 by the Ministry of Health, Labor and Welfare (MHLW) in recognition of providing superior childcare support among the "Kurumin" certified companies.



Reforming and Diversifying Work Practices

We have been certified by METI as a "White 500" enterprise with outstanding health and productivity management for seven consecutive years from 2017 to 2023.



Certified as a "Gold" in "PRIDE INDEX"

We have been certified as a "Gold" in "PRIDE INDEX" for 2 consecutive years (2023-2024) in recognition of the effort to support sexual minorities including LGBTQ+ by a general incorporated association "work with Pride".



Next Nadeshiko: Companies Supporting Dual-career and Co-parenting

In March 2024, we were selected as a "Next Nadeshiko: Companies Supporting Dual-career and Co-parenting" for FY2023, in recognition of the company's outstanding efforts in support of dual-career and co-parenting, for both female and male employees. The selection is jointly sponsored by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange.



Telework Pioneer 100

We were selected for inclusion in the Top Hundred Telework Pioneers for FY2019 by the Ministry of Internal Affairs and Communications (MIC). Through Top Hundred Telework Pioneers, MIC recognizes companies and organizations with sufficient achievements that are advancing the introduction and utilization of telecommuting.



Kagayaku Telework Award

Sumitomo Corporation won the Excellence Award of the FY2020 Telework Promotion Company Award (Kagayaku Telework Award) presented by the MHLW. This award is presented to companies and organizations that achieved outstanding results in maintaining a good work-life balance for employees through the use of telework. The Excellence Award in particular recognizes companies and organizations with exceptional measures.

DX-Certified Business Operator

Sumitomo Corporation was selected as a DX-Certified Business Operator under METI's DX Certification System. This system recognizes DX-Certified Business Operators as companies ready to pursue DX in accordance with the Act on Facilitation of Information Processing.



Won the 19th Corporate Philanthropy Special Award

Our global social contribution activity program "100SEED" won the "Tanemaki (Seeding) Century Award" at the 19th Corporate Philanthropy Award, which is intended to commend activities that help resolve social issues and contribute to the sound development of our society.(Awarded in 2022)

Environmental-related data

Environmental-related data

Environment (Climate Change)

Independent Practitioner’s Assurance

Environmental performance indicators marked with a star (★) for the year ended March 2024 have received independent practitioner’s assurance from KPMG AZSA Sustainability Co., Ltd.

▶ Independent Assurance Report 

Sumitomo Corporation Group’s CO2 Emissions targeted for Carbon Neutrality

(Unit: thousand t-CO2e)

Item		FY2019	FY2020	FY2021	FY2022	FY2023
Total		59,939	55,367	55,497	52,572	51,606
(Components by Activity)	Business other than power generation	1,005	974	967	757	782
	Power generation business	43,126	40,582	41,368	42,613	39,632
	Fossil energy concession (Included: Thermal coal mine business in fossil energy concession)	15,808 (12,538)	13,811 (11,207)	13,162 (11,457)	9,203 (8,035)	11,192 (10,164)

* We set “Policies on Climate Change Issues” and aim for realizing carbon neutrality by 2050. The scope of business targeted for carbon neutralization includes the power generation businesses and fossil energy concession businesses in addition to Scope 1 and 2 of the Submitting Company and its subsidiaries. As for the results of power generation businesses, including the base year, we have included the estimated figures after the construction and operation of the businesses, even if the project is still under construction.

* For details, please refer to the special feature [\[Climate Change Initiatives\]](#) in this site.

GHG Emissions

(Unit: thousand t-CO₂e)

Item		FY2019	FY2020	FY2021	FY2022	FY2023	External Assurance (★)
Total		1,475	2,180	2,293	2,081	5,102	★
(Components)	Scope1<Energy-related CO ₂ >	792	1,523	1,389	1,268	4,485	★
	Scope1 <Non energy-related CO ₂ and GHGs other than CO ₂ >	0	4	232	260	45	★
	Scope2	683	653	672	553	572	★

- * The boundary is on a consolidated basis and includes Sumitomo Corporation, consolidated subsidiaries and Joint operations. We have added Joint operations to the boundary from FY2020.
- * We apply the operational control approach in the GHG Protocol to decide the boundary. Thus, we include all emissions from businesses only when we have operational control over the businesses from the fiscal year 2023 instead of the method that we applied until the fiscal year 2022, which we include emissions from joint operations corresponding to the investment ratio as of the end of March. Calculated on the same basis as FY 2022 results, Scope 1(Energy-related CO₂) and Scope 2 for FY 2023 are 5,169 thousand t-CO₂e and 588 thousand t-CO₂e, respectively.
- * CO₂ emission factors for electricity: (market based method)
 (Non-consolidated in Japan) The adjusted emission factors of individual power companies. Before FY2020 results, the basic emission factors were used.
 (Consolidated subsidiaries in Japan) The average emission factors of all power companies.
 (Overseas) Emission factors from electricity generation are based on the country-specific data in 2021 listed on "Emissions Factors 2023", an IEA (International Energy Agency) statistics. Before FY2020 results, Emission factors from electricity generation are based on the country-specific data in 2013 listed on "CO₂ EMISSIONS FROM FUEL COMBUSTION 2016 EDITION".
- * CO₂ emission factors other than those from electricity generation are based on a manual for GHG emissions accounting, reporting, and disclosure systems published by Japan's Ministry of the Environment.
- * The breakdown of 5,057 thousand t-CO₂e from Scope1 energy-related CO₂ and Scope2 in FY2023 by business activity is 782 thousand t-CO₂e for business other than power generation and 4,275 thousand t-CO₂e for power generation.
- * The main reason for the increase of GHG emissions in FY2023 compared to FY2022 is due to new power generation plants starting operations during FY2023.
- * The main reason for the increase of GHG emissions in FY2020 compared to FY2019 is the addition of Joint operations to the boundary of data.
- * We couldn't collect the amount of water withdrawal for 38 sites due to COVID-19 lockdown or working from home in FY2019. In FY2018, Water consumption of these sites were equivalent to about 50.5% of the total water withdrawal.
- * We couldn't collect the environmental data for 38 sites due to COVID-19 lockdown or working from home in FY2019. In FY2018, GHG emissions of these sites were equivalent to about 5.2% of the total GHG emissions.

GHG Emissions (Scope1 <Non energy-related CO₂ and GHGs other than CO₂>)

(Unit: thousand t-CO₂e)

Item		FY2019	FY2020	FY2021	FY2022	FY2023	External Assurance (★)
Total		0	4	232	260	45	★
(Components)	Non energy-related CO ₂	0	0	0	0	0	
	Methane (CH ₄)	0	0	129	153	0	
	Dinitrogen monoxide (N ₂ O)	0	4	103	107	45	
	Hydrofluorocarbons (HFCs)	0	0	0	0	0	
	Perfluorocarbons (PFCs)	0	0	0	0	0	
	Sulfur hexafluoride (SF ₆)	0	0	0	0	0	
	Nitrogen trifluoride (NF ₃)	0	0	0	0	0	

* The boundary is on a consolidated basis and includes Sumitomo Corporation, consolidated subsidiaries and Joint operations. In FY2019, we aggregated Sumitomo Corporation and consolidated subsidiaries in Japan and the boundary of Scope1<other GHGs> was expanded to consolidated (excluding Joint operations) in FY2020. From FY2021 onward covers consolidated (including Joint operations).

* We apply the operational control approach in the GHG Protocol to decide the boundary. Thus, we include all emissions from businesses only when we have operational control over the businesses from the fiscal year 2023 instead of the method that we applied until the fiscal year 2022, which we include emissions from joint operations corresponding to the investment ratio as of the end of March.

* Until the fiscal year 2022, we had been calculating Scope1 (other than energy-related CO₂) including our subsidiaries' emissions on the condition that they emitted more than 3,000 t-CO₂e in total of each GHG in accordance with "Calculation, Reporting, and Disclosure System" of Ministry of the Environment of Japan. From the fiscal year 2023, we have abolished the 3,000 t-CO₂e threshold and calculate all emissions except for minor emission.

* The main reason for the decrease in FY2023 compared to FY2022 is that some joint operations are no longer included due to the change in the boundary.

GHG Emissions (Scope3)

(Unit: thousand t-CO₂e)

Item		FY2019	FY2020	FY2021	FY2022	FY2023	External Assurance (★)
Total		62.19	34.38	33.19	46.43	25.07	
(Components)	Category4 : Upstream Transportation and Distribution	5.50	3.88	4.09	4.00	2.97	★
	Category5 : Waste	0.01	0.01	0.01	0.01	0.01	
	Category6 : Overseas Business Trips	22.40	0.07	0.57	10.28	21.51	
	Category7 : Commuting	0.61	0.14	0.37	0.51	0.58	
	Category13 : Downstream Leased Assets	33.66	30.29	28.15	31.63	-	

- * The boundary is Sumitomo Corporation(in Japan) and includes the head office, domestic branches and sub-branches.
- * GHG emissions from category4 (Upstream transportation and distribution) include the transport of cargo within Japan for which Sumitomo Corporation is the cargo owner and are calculated based on a manual for GHG emissions accounting, reporting, and disclosure systems published by Japan's Ministry of the Environment. Sumitomo Corporation complies with the Act and reduces the use of energy of transportation through promotion of modal shift (utilization of railroads and vessels), optimization of delivery routes and loading on vehicles, promotion of eco-driving, etc. We have set a target of reducing the use of energy from Upstream transportation and distribution per shipping weight by at least 1% annually in Japan.
- * GHG emissions from category5 (waste) are calculated from all general waste of Sumitomo Corporation. The results were calculated using the emission intensity for each type of waste, which is published in the emission intensity database for calculating greenhouse gas emissions and other emissions by organizations throughout the supply chain. The calculation of GHG emissions for FY2023 uses the emission intensity database Ver.3.4.
- * GHG emissions from category6 (due to overseas business trips) are from flights departing from and arriving in Japan that Sumitomo Corporation employees took. Business trip destinations are classified into 12 areas and passenger-kilometers are estimated based on the travel distance between Japan and representative airport of each area. GHG emissions due to overseas business trips are calculated by applying CO₂ emission factors published by the UK's Department for Energy Security and Net Zero to the passenger-kilometers.
- * GHG emissions from category7 (commuting) are those from the commuting of Sumitomo Corporation's employees working in Japan, calculated by using the emissions factors per passenger-kilometer for passenger transport by transport mode published in the Ministry of Land, Infrastructure, Transport and Tourism publication "CO₂ Emissions in the Transport Sector" up to FY2020. After FY2021 results were calculated using emission intensity per number of employees and working days by work type and city classification, which is published in the emission intensity database for calculating greenhouse gas emissions and other emissions by organizations throughout the supply chain. FY2023 results were based on this database (Ver. 3.4).
- * GHG emissions from Category13 (downstream leased assets) were calculated until FY2022 for the shared areas of buildings owned by Sumitomo Corporation leased to other companies, but were included in Scope1 and Scope2 as a result of refinement of the boundary from FY2023.

Energy Consumption, Electricity Consumption

Item	Unit	FY2019	FY2020	FY2021	FY2022	FY2023	External Assurance (★)
Energy Consumption	thousand GJ	17,062	29,574	28,680	25,027	70,340	★
Electricity Consumption	MWh	1,534,809	1,525,641	1,645,278	1,336,280	1,470,838	★

- * The boundary is on a consolidated basis and includes Sumitomo Corporation, consolidated subsidiaries and Joint operations. We have added Joint operations to the boundary from FY2020.
- * We apply mutatis mutandis the operational control approach in the GHG Protocol to decide the boundary. Thus, we include all consumptions from businesses only when we have operational control over the businesses from the fiscal year 2023 instead of the method that we applied until the fiscal year 2022, which we include consumptions from joint operations corresponding to the investment ratio as of the end of March.
- * Energy consumption includes energy derived from biomass fuels since FY2023, but did not include energy derived from biomass fuels before FY2022.
- * Energy conversion factor from electricity consumption: 3.6 (MJ/kWh).
- * Energy conversion factors from other than electricity consumption are based on the Act on Rationalizing Energy use and Shifting to Non-fossil Energy in Japan.
- * The main reason for the increase of energy consumption in FY2020 compared to FY2019 is the addition of Joint operations to the boundary of data.
- * Within the boundary of environmental data, electricity consumption includes the electricity purchased from power generation companies and generated from renewable energy sources (excluding biomass) which is consumed in-house.
- * The amount of electricity consumption purchased from other companies and the amount of electricity generated in-house which was derived from renewable energy sources (excluding biomass) was 176,299MWh in FY2023.
- * We couldn't collect the environmental data for 38 sites due to COVID-19 lockdown or working from home in FY2019. In FY2018, energy consumption of these sites were equivalent to about 7.3% of the total energy consumption and electricity consumption of these sites were equivalent to about 7.1% of the total electricity consumption.
- * The main reason for the increase of energy consumption in FY2023 compared to FY2022 is due to new power generation plants starting operations during FY2023.

Environment (Water Resources)

Water Withdrawal

Item		Unit	FY2019	FY2020	FY2021	FY2022	FY2023
Total		thousand m ³	20,144	93,120	78,107	66,452	1,525,114
(Components of Water Sources)	Third-party sources, Industrial water		4,206	4,807	6,809	7,357	7,374
	Groundwater		13,008	56,085	34,342	19,454	20,328
	Rivers, lakes		2,930	31,701	35,998	37,680	28,641
	Sea		0	2	3	4	1,468,770
	Rainwater		0	526	955	1,957	0
Water Withdrawal per consolidated revenue		thousand m ³ /million yen	0.015	0.020	0.014	0.010	0.221

- * The boundary is on a consolidated basis and includes Sumitomo Corporation, consolidated subsidiaries and Joint operations.
- * We apply mutatis mutandis the operational control approach in the GHG Protocol to decide the boundary. Thus, we include all water withdrawal from businesses only when we have operational control over the businesses from the fiscal year 2023 instead of the method that we applied until the fiscal year 2022, which we include water withdrawal from joint operations corresponding to the investment ratio as of the end of March.
- * Of the 1,525,114 thousand-m³ of water withdrawal in FY2023, we obtained third-party assurance for 1,479,302 thousand m³★ of water withdrawal excluding the withdrawal for 29 companies in Europe and Americas fresh produce business , for which partial estimates have been adopted.
- * The main reason for the increase of water withdrawal in FY2020 compared to FY2019 is the reactionary increase due to the lack of the environmental data for some sites by COVID-19 lockdown or working from home in FY2019, and the addition of Joint operations to the boundary of data from FY2020.
- * The main reason for the increase of water withdrawal in FY2023 compared to FY2022 is due to new power generation plants starting operations during FY2023.
- * [Water Withdrawal -Components of Water Source-], is not subject to assurance engagement.

Water Withdrawal in Water-Stressed Areas (Components of Water Withdrawal)

Item		Unit	FY2019	FY2020	FY2021	FY2022	FY2023
Total		thousand m ³	366	2,041	2,897	4,351	921
(Components of Water Sources)	Third-party sources, Industrial water		303	793	895	1,007	621
	Groundwater		63	721	956	199	296
	Rivers, lakes		0	0	87	1,185	0
	Sea		0	2	3	4	4
	Rainwater		0	526	955	1,957	0
	Number of sites	Site	74	60	53	84	84

* Water Withdrawal in water-stressed areas is aggregated locations with a water risk level of 3 (High) or higher as water-stressed areas on the World Resources Institute (WRI)'s "WRI Aqueduct".

* [Water Withdrawal in Water-stressed areas] is not subject to assurance engagement.

Water Discharge

(Unit: thousand m³)

Item		FY2019	FY2020	FY2021	FY2022	FY2023
Total		15,097	52,723	7,205	7,185	1,471,837
(Components of Discharge Destination)	Third-party sources	11,173	48,016	2,540	2,444	3,206
	Groundwater	50	200	230	40	0
	Rivers, lakes	2,974	3,512	3,461	3,681	3,236
	Sea	900	995	974	1,020	1,465,395

* The boundary is consolidated and includes Sumitomo Corporation consolidated subsidiaries and Joint operations.

* We apply mutatis mutandis the operational control approach recommended in the GHG Protocol to decide the calculation scope. Thus, we include all water discharge from businesses only when we have operational control over the businesses from the fiscal year 2023 instead of the method that we applied until the fiscal year 2022, which we include water discharge from joint operations corresponding to the investment ratio as of the end of March.

* In case where it is difficult to grasp the amount of discharged water, we estimate the amount of discharged water by assuming that the amount of water Withdrawal = the amount of discharged water. As a result of our efforts to determine and refine the data, the amount of discharged water in FY2021 decreased significantly. Our Group consumes a high percentage of water for fruit cultivation (including evaporation) and recycling without discharging water after use, which results in a smaller amount of discharged water compared to the amount of water withdrawal.

* We couldn't collect the amount of water withdrawal for 38 sites due to COVID-19 lockdown or working from home in FY2019. In FY2018, Water consumption of these sites were equivalent to about 50.5% of the total water withdrawal.

* [Water Discharge] is not subject to assurance engagement.

Environment (Resources and Waste)

Item	Boundary	Unit	FY2019	FY2020	FY2021	FY2022	FY2023
Waste Emissions	Consolidated	t	33,305	36,480	36,413	33,200	35,033
General waste from Business Operations –Recycled Volume	Non-consolidated (in Japan)		111	41	44	47	74
General waste from Business Operations –Final Disposal Volume			6	2	2	2	3
General waste from Business Operations –Recycling Ratio		%	95.0	96.1	95.6	95.8	96.4
Industrial waste of plastic - containing products -Waste Volume		t	-	-	151	213	212
Industrial waste of plastic - containing products -Recycled Volume			-	-	21	36	60
Industrial waste of plastic - containing products –Thermal Recovery Volume			-	-	93	139	108
Hazardous Waste Emissions			7.01	6.29	1.36	0.72	0.55
Air Pollutant Emissions (Including NOx, SOx)			0	0	0	0	0
Paper Consumption		thousand sheets	14,516	4,559	5,254	5,887	5,769

* The boundary of "Consolidated" is Sumitomo Corporation, consolidated subsidiaries and Joint operations. We have added Joint operations to the boundary from FY2020. The boundary of "Non-consolidated (in Japan)" includes the head office, domestic branches and sub-branches.

* We apply mutatis mutandis the operational control approach in the GHG Protocol to decide the boundary of waste emissions. Thus, we include all waste emissions from businesses only when we have operational control over the businesses from the fiscal year 2023 instead of the method that we applied until the fiscal year 2022, which we include waste emissions from joint operations corresponding to the investment ratio as of the end of March.

* Waste emissions are for general waste from business operations; industrial waste and valuable resources are not included.

* We couldn't collect the data on waste emissions for 38 sites due to COVID-19 lockdown or working from home in FY2019. In FY2018, waste emissions of these sites were equivalent to about 0.6% of the total waste emissions.

Environment (Others)

Item		Boundary	Unit	FY2019	FY2020	FY2021	FY2022	FY2023
Percentage of sites covered by ISO14001		Non-consolidated (in Japan)	%	100	100	100	100	100
		Consolidated		19	19	21	21	16
Violations of environmental laws and regulations (penalties of one million yen or more, etc.)	Number of case	Non-consolidated (in Japan)	case	0	0	0	0	0
	Amount of penalties		million yen	0	0	0	0	0

Social-related data

Social-related data

Society (Personnel Data)

Item		Boundary	Unit	FY2019	FY2020	FY2021	FY2022	FY2023
Number of employees		Consolidated	person	72,642	74,920	74,253	78,235	79,692
Number of temporary employees				27,604	28,523	28,169	30,222	29,529
Number of employees [Male/Female]	Male	Non-consolidated	person	3,937	3,937	3,852	3,761	3,695
	Female			1,270	1,303	1,298	1,307	1,325
	Total			5,207	5,240	5,150	5,068	5,020
Number of new employees*1	Male	Non-consolidated	person	118	102	75	72	63
	Female			91	52	31	29	37
	Total			209	154	106	101	100
Ratio of female new employees		Non-consolidated	%	43.5	33.3	28.6	28.7	37
Ratio of non-fulltime employees, such as contract and temporary employees		Non-consolidated	%	7.5	7.0	6.5	7.3	7.8
Number of mid-career employees	Male	Non-consolidated	person	27	24	14	47	68
	Female			8	3	6	28	20
	Total			35	27	20	75	88
Employment rate of disabled persons*2		Non-consolidated	%	2.24	2.11	2.09	2.25	2.29

Item		Boundary	Unit	FY2019	FY2020	FY2021	FY2022	FY2023
Number of managers*3	Male	Non-consolidated	person	2,657	2,647	2,540	2,523	2,520
	Female			203	216	204	232	267
	Total			2,860	2,863	2,744	2,755	2,787
Female Manager ratio *3		Non-consolidated	%	7.1	7.5	7.4	8.4	9.6
Female Department General Manager ratio *3		Non-consolidated	%	—	0.8	0.8	1.4	2.4
Ratio of employees who are covered by a collective bargaining agreement		Non-consolidated	%	59	59.2	60.4	62.3	64.7
Average length of service (years)	Male	Non-consolidated	year/month	18yr 8mos	18yr 10mos	19yr 2mos	19yr 1mon	18yr 11mos
	Female			15yr 7mos	15yr 10mos	16yr 4mos	16yr 6mos	16yr 6mos
	Overall mean			17yr 11mos	18yr 1mo	18yr 6mos	18yr 5mos	18yr 4mos
Gender Wage Gap between Male and Female*4	Regular employees	Non-consolidated	%	—	—	—	58.7	59
	Non-regular employees		%	—	—	—	48.9	46.3
	All employees		%	—	—	—	59.6	59.6

*1 Figures for previous . scal years have been restated following changes in the calculation method of the number of persons including medical professional instituted in FY2022.

*2 Figures are as of June 1 of each fiscal year.

*3 As of April 2023.

*4 Items subject to calculation of gender wage gap: Monthly salary (base pay, secondment allowance, separate living allowance, teleworking allowance, overtime work allowance, late-night premium allowance for managers, bonus)
Reason for gap: While the ratio of female managers affects the wage gap for both regular and non-regular employees, there is no significant wage gap among employees with equivalent jobs (department general manager equivalent: 95.8%, section manager level: 102.1%, non-manager level: 87.4%). The wage gap is expected to decrease over the medium to long term as we aim to achieve its target female manager ratio (at least 20% female managers by FY2030).

Society (Work Styles)

Item		Boundary	Unit	FY2019	FY2020	FY2021	FY2022	FY2023
Turnover rate of full-time employees	Male	Non-consolidated	%	1.8	1.9	3.4	3.1	2.8
	Female			2.4	1.7	3.0	2.8	3.5
	Total			2.1	1.9	3.3	3.0	3.0
Voluntary turnover rate*1		Non-consolidated	%	1.9	1.9	3.0	2.6	1.6
Average monthly overtime hours		Non-consolidated	hours/minutes	7h 47mins	12h 49mins	12h 20mins	10h 55mins	9h 51mins
Average annual days of paid vacation acquired*1		Non-consolidated	day	17.1	12.3	12.8	13.7	14.3
Spouse maternity leave		Non-consolidated	case	92	83	70	86	86
Leave to look after a sick child		Non-consolidated	case	225	173	169	194	243
Number of employees who took family care leave		Non-consolidated	person	1	0	0	1	0
Number of employees who took maternity leave		Non-consolidated	person	73	87	70	65	63
Number of employees eligible for childcare leave	Male	Non-consolidated	person	179	189	156	168	165
	Female			57	73	60	51	63
	Total			236	262	216	219	228
Number of employees who took childcare leave	Male	Non-consolidated	person	9	34	41	61	48
	Female			56	73	62	51	63
	Total			65	107	103	112	111
Ratio of eligible male employees taking childcare Leave*2		Non-consolidated	%	—	—	—	67.0	63.6

Item		Boundary	Unit	FY2019	FY2020	FY2021	FY2022	FY2023
Number of employees who returned to work after taking childcare leave	Male	Non-consolidated	person	9	32	36	58	50
	Female			64	29	8	64	52
	Total			73	61	44	122	102
Ratio of employees who returned to work after taking childcare leave*3	Male	Non-consolidated	%	100	100	100	100	100
	Female			95.6	96.7	100	95	98
	Total			96.1	98.4	100	98	99
Number of individuals using shortened work hour system		Non-consolidated	person	165	173	200	195	190
Number of cases of violations of the Labor standards Act		Non-consolidated	case	3	5	5	3	0

*1 Partial change to scope of calculations from FY2023.

*2 "The ratio of eligible male employees taking childcare leave" is calculated based on the ratio of employees taking childcare leave or leave intended for childcare under Article 71-4, Item 2 of the Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Ministry of Labour Ordinance No. 25, 1991) in accordance with the provisions of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Act No. 76, 1991).

*3 Partial change to scope of calculations from FY2022.

Society (Occupational Safety and Health)

Item	Boundary	Unit	FY2019	FY2020	FY2021	FY2022	FY2023
Number of occupational accidents	Non-consolidated	case	3	2	2	2	5
Number of deaths by occupational accidents			0	0	1	0	0
Number who suffered Lost Time Incidents (LTI)	Non-consolidated	case	3	1	1	0	0
LTIFR (Lost Time Injury Frequency Rate)			0.29	0.11	0.11	0	0

Society (Human Resources Development)

Item	Boundary	Unit	FY2019	FY2020	FY2021	FY2022	FY2023
Ability development training*1	Non-consolidated	session	286	255	919	1,705	1,063
		person	14,963	12,211	44,876	92,446	40,530
		hour	65,652	50,806	119,894	177,320	106,605
		Average hours per employee*2	12.7	9.7	23.4	32.3	21.2

Item	Boundary	Unit	FY2019	FY2020	FY2021	FY2022	FY2023
Number of employees dispatched overseas	Non-consolidated	person	1,144	1,098	976	921	926
Number of employees undergoing training overseas	Non-consolidated	person	67	34	76	60	65
Annual education and training cost per employee	Non-consolidated	yen	501,830	325,604	327,587	380,624	322,335

*1 Training hosted by the Head Office targeted at Head Office employees and employees of overseas bases and business companies. The scope of calculation was partially revised in FY2023.

*2 Partial change to scope of calculations from FY2023.

Society (Social Contribution)

Item	Boundary	Unit	FY2019	FY2020	FY2021	FY2022	FY2023
Social contribution activities	Expenditure for social contribution activities	Consolidated million yen	1,980	1,654	1,655	1,910	2,298
	Number of employees who used the volunteer leave program	Non-consolidated person	12	1	10	1	7
Political donations	Non-consolidated	million yen	28	28	28	28	28

Governance-related data

Governance-related data

Governance (Board of Directors, Audit & Supervisory Board, Nomination and Remuneration Advisory Committee)

Item			Boundary	Unit	FY2019	FY2020	FY2021	FY2022	FY2023			
Board of Directors*	Internal directors	Male	Non-consolidated	person	6	6	6	6	6			
		Female			0	0	0	0	0			
		Total			6	6	6	6	6			
	Independent outside directors	Male			3	3	3	3	3			
		Female			1	2	2	2	2			
		Total			4	5	5	5	5			
	Total				10	11	11	11	11			
	Ratio of female Directors*				%	10	18	18	18	18		
	Number of Board of Directors meetings				time	16	21	22	18	17		
Audit & Supervisory Board*	Internal directors	Male	Non-consolidated	person	2	2	2	2	2			
		Female			0	0	0	0	0			
		Total			2	2	2	2	2			
	Independent outside directors	Male			3	3	2	2	2			
		Female			0	0	1	1	1			
		Total			3	3	3	3	3			
	Total				5	5	5	5	5			

Item			Boundary	Unit	FY2019	FY2020	FY2021	FY2022	FY2023
Number of outside Audit & Supervisory Board Members with expertise in finance and accounting*			Non-consolidated	person	1	1	1	1	1
Number of Audit & Supervisory Board Meetings				time	15	17	17	17	16
Ratio of female Directors and Audit & Supervisory Board*			Non-consolidated	%	6.7	13.3	18.8	18.8	18.8
Nomination and Remuneration Advisory Committee*	Internal directors	Male	Non-consolidated	person	2	2	2	2	2
		Female			0	0	0	0	0
		Total			2	2	2	2	2
	Independent outside directors	Male			2	2	2	2	2
		Female			1	1	1	1	1
		Total			3	3	3	3	3
	Total				5	5	5	5	5
	Ratio of outside directors in the Nomination and Remuneration Advisory Committee*					%	60	60	60
Number of Nomination and Remuneration Advisory Committee meetings				time	5	11	7	7	9

* Figures at the end of June of each fiscal year

Governance (Remuneration)

Item			Boundary	Unit	FY2019	FY2020	FY2021	FY2022	FY2023
Remuneration of Directors	Directors (Excluding outside directors)	Monthly remuneration	Non-consolidated	million yen	474	470	380	427	442
		Bonus for Directors			194	-	513	537	397
		Stock options			-	-	-	-	-
		Restricted stock-based compensation			92	86	21	-	-
		Performance share unit-based stock compensation			70	36	65	91	107
		Restricted performance share unit-based remuneration			-	-	121	296	749
		Total			831	592	1,099	1,351	1,695
	Outside directors	Monthly remuneration	65	87	95	104	107		
		Total	65	87	95	104	107		
	Remuneration of Audit & Supervisory Board Members	Inside Audit & Supervisory Board Members	Monthly remuneration	Non-consolidated	million yen	87	87	87	87
Outside Audit & Supervisory Board Members		Monthly remuneration	38			50	54	59	61

Item			Boundary	Unit	FY2019	FY2020	FY2021	FY2022	FY2023
Audit fees(KPMG AZSA LLC)	Fees for auditing services	Non-consolidated	—	million yen	520	508	504	521	525
		Consolidated			537	529	489	495	530
		Total			1,057	1,037	993	1,016	1,055
	Fees for non-auditing services	Non-consolidated			16	11	26	20	16
		Consolidated			83	62	55	105	76
		Total			99	73	81	125	92

Governance (Compliance)

Item		Boundary	CY2020*1	FY2021	FY2022	FY2023
Compliance-related seminars and other training programs	Number of times	Head Office or domestic/overseas corporations*2	≥150 times	≥140 times	≥160 times	≥100 times
	Number of participants		Total of ≥ 19,890 person	Total of ≥ 20,990 person	Total of ≥ 29,580 person	Total of ≥ 13,580 person
Of the above, seminars and other training programs related to anti-bribery and anti-corruption	Number of times		≥70 times	≥50 times	≥70 times	≥40 times
	Number of participants		Total of ≥ 10,800 person	Total of ≥ 5,450 person	Total of ≥ 10,240 person	Total of ≥ 4,600 person

*1 Figures from January to December of each year

*2 Including training programs conducted by Sumitomo Corporation or its regional offices for business-lines subsidiaries in Japan or overseas.

Disclosure based on IBC Stakeholder Capitalism Metrics

Disclosure based on IBC Stakeholder Capitalism Metrics

Overview

In January 2021, Sumitomo Corporation supported and signed the Stakeholder Capitalism Metrics, a standard for non-financial information disclosure published by the International Business Council (IBC) of the World Economic Forum. Stakeholder Capitalism Metrics is a set of universal and comparable disclosures consisting of 21 core metrics and 34 expanded metrics focused on people, planet, prosperity and governance. While utilizing this Metrics, we will further expand the disclosure of nonfinancial information to our stakeholders. In FY2023, our disclosure focuses on the Metrics that are of high importance to the Company.

Principle of Governance

: Core Metric
 : Expanded Metric

Theme	Metric	Response
Governing Purpose	Setting purpose The company's stated purpose, as the expression of the means by which a business proposes solutions to economic, environmental and social issues. Corporate purpose should create value for all stakeholders, including shareholders.	Sumitomo Corporation believes that establishing and maintaining better governance and pursuing its business activities will help to grow and develop sustainably. In addition, such efforts will help Sumitomo Corporation to enhance its corporate value over the mid-to-long term and to fulfill its social mission as a corporation. Sumitomo Corporation believes that this will also serve the interest of its shareholders and all other stakeholders, including clients, employees, and local communities, and Sumitomo Corporation plans to maintain unstinting efforts to improve its governance further in future.
		This is mentioned in Section 2.2 of " Sumitomo Corporation Corporate Governance Principles ".

Theme	Metric	Response
<p>Governing Purpose</p>	<p>Purpose-led management How the company’s stated purpose is embedded in company strategies, policies and goals.</p>	<p>The mission of Sumitomo Corporation is to support all our stakeholders, including shareholders, clients, local communities and employees, in their endeavors to achieve prosperity and realize their dreams through our sound business activities. To fulfill this mission, we have established and disclosed management principles and policies including Environmental Policy, Sumitomo Corporation Group Compliance Policy, Sumitomo Corporation Group Anti-Corruption Policy, CSR Action Guidelines for Supply Chain Management, Policies on Climate Change Issues, and Sumitomo Corporation Group’s Human Rights Policy. In addition, to pursue the sustainability of our company and society in accordance with our corporate mission, we have been working to enhance the sustainability management since 2020. As part of the efforts, we identified the Key Social Issues and set mid-and long-term goals for each of the Key Social Issue.</p> <p>In 2024, the Material Issues and the Key Social Issues are integrated, and the mid-and long-term goals are updated. As we strive to solve the social issues through our business, we will disclose the progress in our website. For more information on the Key Social Issues which are integrated into the Material Issues in 2024 and on the progress of the mid-and long-term goals, please see here.</p>
<p>Quality of Governing Body</p>	<p>Governance body composition Composition of the highest governance body and its committees by: competencies relating to economic, environmental and social topics; executive or non-executive; independence; tenure on the governance body; number of each individual's other significant positions and commitments, and the nature of the commitments; gender; membership of under-represented social groups; stakeholder representation.</p>	<p>We disclose the composition of the highest governance body (Board of Directors (Audit & Supervisory Board Member system)), and its members (Directors: 6 internal, 5 external (of which, 2 female members), Audit & Supervisory Board Members: 2 internal, 3 external (of which, 1 female member) on Governance-related data.</p> <p>We also disclose the information on our Corporate Governance Report, Integrated Report, "Sumitomo Corporation Corporate Governance Principles" as well as in the Notice of Convocation for our Ordinary General Meeting of Shareholders. Regarding the number of each individual's other significant positions and the nature of commitments, Sumitomo Corporation discloses the status of main duties, in accordance with laws and regulations, in the business report section in the Notice of Convocation as well as other reference documents for the Ordinary General Meeting of Shareholders.</p>

Theme	Metric	Response
<p>Quality of Governing Body</p>	<p>Progress against strategic milestones Disclosure of the material strategic economic, environmental and social milestones expected to be achieved in the following year, such milestones achieved from the previous year, and how those milestones are expected to or have contributed to long-term value.</p>	<p>Sumitomo Corporation sets quantitative and qualitative management targets in its mid-term management plan and makes efforts to achieve the targets through a thorough plan-do-check-act (PDCA) cycle. In the mid-term management plan "SHIFT 2023", which has started in FY2021, we are also monitoring the social and environmental aspects of our business based on the six Key Social Issues that were identified in FY2020 as well as their mid-and long-term goals and annual action plans. We have been monitoring the progress and we have started disclosing them since FY2022. For more information on the Key Social Issues which are integrated into the Material Issues in 2024 and their mid-and long-term goals, please see here.</p>
	<p>Remuneration</p> <ol style="list-style-type: none"> 1. How performance criteria in the remuneration policies relate to the highest governance body's and senior executives' objectives for economic, environmental and social topics, as connected to the company's stated purpose, strategy and long-term value. 2. Remuneration policies for the highest governance body and senior executives for the following types of remuneration: <ul style="list-style-type: none"> o Fixed pay and variable pay, including performance-based pay, equity-based pay, bonuses and deferred or vested shares o Sign-on bonuses or recruitment incentive payments o Termination payments o Clawbacks o Retirement benefits, including the difference between benefit schemes and contribution rates for the highest governance body, senior executives and all other employees 	<ol style="list-style-type: none"> 1. Executive remuneration plan: Remuneration of Executive Directors and Executive Officers consists of Monthly remuneration, Performance linked bonus and Restricted performance share unit-based remuneration. Remuneration standards and remuneration composition ratios(FY2024): We have set competitive remuneration standards and remuneration composition ratios in light of the current business environment, business strategies, and human capital strategy. We have done so with reference to remuneration market research data, etc. provided by independent external specialized agencies. We have increased the ratio of variable remuneration accounted for by restricted performance share unit-based remuneration to further strengthen the incentive to increase the Company's corporate value over the medium to long term and to pursue business management that is more concerned than ever before with the Company's stock price and with a focus on sharing value with the shareholders. We have amended the overall remuneration standard for Executive Directors and Executive Officers in light of current business results and the level of business results we seek to achieve, with the aim of setting a standard that assists in acquiring and retaining our management personnel.

Theme	Metric	Response
<p>Quality of Governing Body</p>		<p>2. Remuneration policy 1: Performance-linked bonus Each fiscal year the Company sets the full-year forecast (consolidated net income for the year) or the consolidated net income for the year when ROE is 12% (whichever amount is higher) as the target business result and decides the total amount of performance-linked bonuses to be paid according to the rate of achievement of this target business result. The potential range of business results is assumed to be up to 50% above or below the target business result set each fiscal year and the standard for the total amount of performance-linked bonuses to be paid is set at 100% when the target business result is achieved, with a range of variation from 25% to 175% in line with the potential range of business results. If business results fall outside this range, the total amount of performance-linked bonuses to be paid is decided separately by the Board of Directors based on a report from the Nomination and Remuneration Advisory Committee. The amount to be paid to individual officers is distributed according to their position and personal evaluation and paid after the end of the fiscal year. Each officer is evaluated on the basis of both financial indicators (achievement of business plans, etc. in the respective areas of responsibility) and non-financial indicators (such as individual Strategic Business Units' achievement of KPIs and KAIs, and progress in addressing important company-wide issues) so that they can become more aware regarding their commitment to management strategy and results. The ratio of financial indicators to non-financial indicators in personal evaluation is 50:50, and of evaluation based on non-financial indicators, 20% relates to the important company-wide issues of business reform through digital transformation (DX), enhancement of sustainability management, and promotion of Diversity, Equity & Inclusion.</p>

Theme	Metric	Response
<p>Quality of Governing Body</p>		<p>Remuneration policy 2: Restricted Performance Share Unit-Based Remuneration</p> <p>With the aim of promoting efforts to increase the Group’s corporate value over the medium to long term and pursue business management that ensures a focus on sharing value with the shareholders, the number of the Company’s common shares (restricted) to be provided is calculated according to the Company’s stock growth rate (ratio of the Company’s stock price growth to the growth rate of the TOPIX (Tokyo Stock Exchange Stock Price Index)) during the three-year evaluation period. Evaluation based on non-financial indicators (measures to tackle climate change, promotion of women’s empowerment, and employee engagement) is used to calculate the number of the Company’s common shares to be granted as restricted shares. In this way the Company aims to enable increased awareness of its commitment to the enhancement of sustainability management by linking non-financial indicators (related to environment and/or society) more closely to stock-based remuneration and further promoting efforts to address its Key Social Issues. To enable a shared focus on shareholder value over the medium to long term, the restriction period will be from the day the shares are provided until the day the recipient resigns or retires from all their positions as Director or Executive Officer of the Company or any other position determined by the Board of Directors.</p>
<p>Stakeholder Engagement</p>	<p>Material issues impacting stakeholders</p> <p>A list of the topics that are material to key stakeholders and the company, how the topics were identified and how the stakeholders were engaged.</p>	<p>The basis for the Sumitomo Corporation Group’s operations can be found in Sumitomo’s Business Philosophy, which has formed the foundation for Sumitomo’s sustainable development over the course of 400 years. One of the credos of this philosophy states: “Benefit for self and others, private and public interests are one and the same.” We interpret this credo advocates Sumitomo’s business activities must benefit not only Sumitomo, but also society around us to achieve sustainable growth together.</p> <p>In 2017, we identified Material Issues for achieving sustainable growth with society. By constantly clarifying the relationship between our strategy and business with the Material Issues, we have been conducting sustainability management with the awareness that our business activities will contribute to solving social issues.</p>

Theme	Metric	Response
Stakeholder Engagement		<p>In 2020, to further enhance the sustainability management and clarify our role in realizing a sustainable society, we have identified six Key Social Issues that we address through our business and corporate activities. The six Key Social Issues are: "Mitigation of climate change," "Circular economy," "Respect for human rights," "Development of local society and economy," "Improvement of living standard" and "Quality education". In addition, we have set long-term goals for each issue and medium-term goals that indicate more specific initiative. For more information on the progress towards the each goals, please see here.</p> <p>When identifying the six Key Social Issues, we launched an internal project team, which first created a long list of global social issues based on the UN Sustainable Development Goals. Also, considering the characteristics of our business activities as an integrated general trading company, the project team came up with hypotheses related to important issues deeply involving the Group and picked out several issues from the long list. At the same time, they conducted surveys and interviews with the general managers of each business unit and division concerning opportunities and risks related to the social issues within the strategies and business activities of each organization based on the long list. They then analyzed the relationship of our businesses to the each issue. Finally, after comparing their hypotheses with the survey results and organizing them into categories, the team identified the six Key Social Issues. The Key Social Issues and the long-term goals were decided in June 2020 after resolutions by the Management Council and the Board of Directors. We also decided on the medium-term goals in May 2021. In this series of processes, opinions were exchanged with experts on the environment and human rights, institutional investors, international organizations, and others to verify that the expectations of our various stakeholders have been properly reflected.</p>

Theme	Metric	Response
<p>Ethical Behavior</p>	<p>Anti-corruption</p> <ol style="list-style-type: none"> 1. Total percentage of governance body members, employees and business partners who have received training on the organization's anti-corruption policies and procedures, broken down by region. 2. <ol style="list-style-type: none"> 1. Total number and nature of incidents of corruption confirmed during the current year, but related to previous years; and 2. Total number and nature of incidents of corruption confirmed during the current year, related to this year. 3. Discussion of initiatives and stakeholder engagement to improve the broader operating environment and culture, in order to combat corruption. 	<ol style="list-style-type: none"> 1. Sumitomo Corporation and its Group companies have conducted more than 40 seminars and other training programs on anti-corruption and more than 4,600 officers/employees participated in FY2023. 2. No incident was confirmed in FY2023 in which the Company has been fined nor convicted of bribery of public officials. 3. Sumitomo Corporation Group implements strict measures to prevent bribery, inappropriate payments, and all other forms of corruption. Specifically, we have established the "Rules for Prevention of Bribery of Public Officials", which regulate the provision of entertainment, gifts, invitations and donations to domestic and foreign public officials as well as the selection of service providers (such as agents, consultants or other business intermediaries). We extend these rules to overseas offices and Group companies and we also offer ongoing employee education and work constantly to prevent bribery and corruption. <p>Our "Sumitomo Corporation Group Anti-Corruption Policy", which summarizes the Group's principles and policies outlined above, sets out the Group's basic principles in this area and explains our anti-bribery system and our initiatives for the prevention of bribery to our business partners including service providers, and request their understanding and cooperation.</p>

Theme	Metric	Response
<p>Ethical Behavior</p>	<p>Protected ethics advice and reporting mechanisms A description of internal and external mechanisms for:</p> <ol style="list-style-type: none"> 1. Seeking advice about ethical and lawful behaviour and organizational integrity; and 2. Reporting concerns about unethical or unlawful behaviour and lack of organizational integrity. 	<p>Our internal rules stipulate "Immediate Report", which means that any issues or potential issues in relation to compliance must be reported immediately to their line manager or to the relevant department of the Corporate Group. Such issues include not only the violation of antitrust/competition laws or anti-bribery/corruption laws but also workplace misconduct, falsification of accounts, or harassment. If reporting through the usual reporting line is difficult for some reason, we maintain a "Speak-Up System" available to officers and employees to report the issue to the Chief Compliance Officer through an internal or external hotline.</p> <p>In addition, we have developed and launched the group-based Speak-Up System, which enables officers and employees of group companies both in and outside Japan to report compliance-related issues. For more details, please see our website.</p> <p>Also, appropriate departments respond to advice and reports received from external stakeholders through the Contact Form on our website, etc.</p>
	<p>Monetary losses from unethical behavior Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, anti-trust, anti-competitive behavior, market manipulation, malpractice or violations of other related industry laws or regulations.</p>	<p>In FY2023, there was no incident (monetary loss) at Sumitomo Corporation.</p>
	<p>Alignment of strategy and policies to lobbying The significant issues that are the focus of the company's participation in public policy development and lobbying; the company's strategy relevant to these areas of focus; and any differences between its lobbying positions and its purpose, stated policies, goals or other public positions.</p>	<p>In the course of our global and diverse business activities, we participate in various organizations and meetings, including Keidanren (Japan Business Federation), to communicate our opinions. An example of our participation in the public sector is the study of GX (Green Transformation) League established by the Ministry of Economy, Trade and Industry (METI) in April 2022 for the purpose of realizing a carbon-neutral society. Through the GX League, we will communicate our opinions to encourage the creation of new businesses that will help make society carbon neutral. In addition, in March 2024, we joined "Circular Partners (CPs)" led by the Ministry of Economy, Trade and Industry (METI). We engage in consideration on necessary measures to realize Circular Economy.</p> <p>The amount of our political contribution in FY2023 is 28 million yen.</p>

Theme	Metric	Response
<p>Risk and Opportunity Oversight</p>	<p>Integrating risk and opportunity into business process Company risk factor and opportunity disclosures that clearly identify the principal material risks and opportunities facing the company specifically (as opposed to generic sector risks), the company appetite in respect of these risks, how these risks and opportunities have moved over time and the response to those changes. These opportunities and risks should integrate material economic, environmental and social issues, including climate change and data stewardship.</p>	<p>We always attach great importance to these social issues, and in order to appropriately control the social and environmental impact of the entire Group's business activities, establish policies and publicize and thoroughly enforce them within the Group. We have established a company-wide framework such as assessing of social and environmental risks and opportunities at the beginning of individual businesses and regular monitoring of the social and environmental impact of the Group's entire business activities. Specifically, we check that the business is soundly managed and does not have severe impacts on stakeholders through environmental assessment by an environmental consultant and assessment of human rights and labor issues by a law firm, considering the characteristics of each business.</p> <p>In addition, through the review process of the project, sustainability-related risks and opportunities are identified and assessed, and measures for value creation as well as prevention of loss of value are discussed and reviewed considering the identified and assessed risks and opportunities.</p> <p>As follow-up to the investment, through dialogue with group companies and internal audit process, each investee's status of the comprehensive management of various risks including social and environmental risks are monitored regularly. If an issue arises, remedial action is taken in line with the specifics of the case. When a case relating to the impact of the Group's business activities is referred to by a local community, a non-governmental organization (NGO), or another stakeholder, we ascertain the facts and engage in dialogue and discussion toward improvement.</p> <p>In addition to risk management related to individual businesses, we have also put in place a system that enables us to assess the status of sustainability-related risks faced by the entire Group, and to utilize this information in making strategic management decisions. Specifically, in addition to monitoring and reporting to the Board of Directors on the progress of actions based on the long-term and medium-term targets mentioned above, the Group's overall management status is regularly reviewed based on the medium-term management plan to organize the company-wide status of sustainability-related and other types of risks and to discuss future management and response policies. The Management Council and the Board of Directors discuss the future management and handling policies of sustainability-related and other types of risks, and reflect the results in the consideration of specific measures in the medium-term management plan.</p>

Theme	Metric	Response
<p>Risk and Opportunity Oversight</p>	<p>Economic, environmental and social topics in capital allocation framework</p> <p>How the highest governance body considers economic, environmental and social issues when overseeing major capital allocation decisions, such as expenditures, acquisitions and divestments.</p>	<p>At Sumitomo Corporation, the discussion of management resource allocation is done at the biannual Strategy Meeting where the top management participates. The decision is finalized at the Management Council, which is the highest executive-level decision-making body and is executed under the supervision of the Board of Directors. When setting the areas of business growth fields, which are the focus points of the resource allocation in each business areas, we also consider opportunities and risks in each business areas that arise from social issues.</p> <p>When discussing a new investment opportunity in individual business, we consider not only profitability, but also environmental and social impacts and/or risks based on the uniqueness of the business. If necessary, we hire an external expert and conduct a thorough due diligence on the environmental and social aspects (i.e. pollution, biodiversity, use of water and other limited natural resources, respect of human rights, occupational health and safety, other workplace environment, impact on local communities etc.) and make the final investment decision. Also, we continuously monitor the environmental and social impact in the post-investment process as well.</p> <p>In addition, policies and initiatives pertaining to non-financial aspects that are essential for promoting our sustainability management are discussed at the Corporate Sustainability Committee and then proposed at the Management Council.</p> <p>All of these processes are carried out under the supervision of the Management Council as well as the Board of Directors.</p> <p>For more information on our risk management, please see here.</p>

Planet

: Core Metric : Expanded Metric

Theme	Metric	Response
<p>Climate Change</p>	<p>Greenhouse gas (GHG) emissions For all relevant greenhouse gases (e.g. carbon dioxide, methane, nitrous oxide, F-gases etc.), report in metric tonnes of carbon dioxide equivalent (tCO₂e) GHG Protocol Scope 1 and Scope 2 emissions. Estimate and report material upstream and downstream (GHG Protocol Scope 3) emissions where appropriate.</p>	<p>For details on the scope of data reporting and CO₂ emissions, please refer to Environmental-related Data. Also, please see here for our CO₂ emission reduction initiatives that we announced as the mid-term goal for climate change mitigation.</p>
	<p>TCFD implementation Fully implement the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). If necessary, disclose a timeline of at most three years for full implementation. Disclose whether you have set, or have committed to set, GHG emissions targets that are in line with the goals of the Paris Agreement –to limit global warming to well below 2°C above pre-industrial levels and pursue efforts to limit warming to 1.5°C –and to achieve net-zero emissions before 2050.</p>	<p>Sumitomo Corporation has been supporting the final recommendations of the TCFD since March 2019. We have also been disclosing information since 2020 on our climate change-related governance, strategy, risk management, targets and KPIs in compliance with the framework recommended by the TCFD. For more information, please see here.</p> <p>Also, we have identified "Overcome climate change" as one of the Material Issues which are medium- to long-term commitment for the Group to take one step further toward addressing key social challenges that we must undertake. As a long-term goal, the Group will aim to make our businesses carbon neutral by 2050, and also will aim to achieve the mid-term goal, which is to reduce CO₂ emissions by 50% or more by 2035 compared with 2019 levels.</p>

Theme	Metric	Response
<p>Climate Change</p>	<p>Paris-aligned GHG emissions targets Define and report progress against time-bound science-based GHG emissions targets that are in line with the goals of the Paris Agreement –to limit global warming to well below 2°C above pre-industrial levels and pursue efforts to limit warming to 1.5°C. This should include defining a date before 2050 by which you will achieve net-zero greenhouse gas emissions, and interim reduction targets based on the methodologies provided by the Science Based Targets initiative, if applicable. If an alternative approach is taken, disclose the methodology used to calculate the targets and the basis on which they deliver on the goals of the Paris Agreement.</p>	<p>As stated above, we have the long-term goal of seeking to become carbon neutral in the Group's business by 2050 and we will also contribute to the carbon neutralization of society. Also, we have set the mid-term goal of reducing the CO2 emissions by 50% or more by 2035 compared with 2019 levels.</p> <p>For specific action plans and initiatives, please see here.</p>
<p>Nature Loss</p>	<p>Land use and ecological sensitivity Report for operations (if applicable) and full supply chain (if material): – Area of land used for the production of basic plant, animal or mineral commodities (e.g. the area of land used for forestry, agriculture or mining activities). –Year-on-year change in the area of land used for the production of basic plant, animal or mineral commodities. Note: Supply-chain figures can initially be estimated where necessary based on the mass of each commodity used and the average mass produced per unit of land in different sourcing locations. –Percentage of land area in point 1 above or of total plant, animal and mineral commodity inputs by mass or cost, covered by a sustainability certification standard or formalized sustainable management programme. Disclose the certification standards or description of sustainable management programmes along with the percentage of total land area, mass or cost covered by each certification standard/programme.</p>	<p>In the AmbatovyProject, a company in the Republic of Madagascar in which we have an equity stake, we are developing mines in an area of 1,600 hectares. We run an offset program in line with guidance from the Business and Biodiversity Offsets Program (BBOP) and IFC Performance Standard 6, and as an initiative to mitigate the impact of development on ecosystems by regenerating or creating other ecosystems. As a specific example, we have offset our impacts across 14,000 hectares of land, or nine timesthe area of our business, including conserving 6,800 hectares of forested land that is similar to the land being developed</p>

Theme	Metric	Response
<p>Nature Loss</p>	<p>Land use and ecological sensitivity Report the number and area (in hectares) of sites owned, leased or managed in or adjacent to protected areas and/or key biodiversity areas (KBA).</p>	<p>Sumitomo Corporation joined the TNFD Forum in June 2022 and conducted a trial analysis based on v0.4 of the TNFD beta framework in FY2023. We also conducted a trial analysis based on the TNFD in FY2024. For the results of the analysis, please see here.</p>
<p>Fresh water availability</p>	<p>Water consumption and withdrawal in water-stressed areas Report for operations where material: mega litres of water withdrawn, mega litres of water consumed and the percentage of each in regions with high or extremely high baseline water stress, according to WRI Aqueduct water risk atlas tool. Estimate and report the same information for the full value chain (upstream and downstream) where appropriate.</p>	<p>For details on our Group's water consumption and water withdrawal from water-stressed areas*, please refer to the Environmental-related Data.</p> <p>* Water-stressed areas: The regions with high or extremely high baseline water stress, according to WRI Aqueduct water risk atlas tool.</p>

People

: Core Metric : Expanded Metric

Theme	Metric	Response																								
Dignity and Equality	Diversity and inclusion (%) Percentage of employees per employee category, by age group, gender and other indicators of diversity (e.g. ethnicity).	<p>The Sumitomo Corporation Group has a diverse workforce made up of people who have different lifestyles and values in addition to differences in gender and nationality. It is essential to utilize the rich mix of “knowledge” held by diverse people as a source of competitiveness in order to survive and stay ahead in complex business domains. We will focus on the diversity of our workforce on a global basis, particularly on the strengths of individuals, and bring these strengths together in combination. By doing so, we will drive the progress of our growth strategies.</p> <p>Gender ratio at Sumitomo Corporation (non-consolidated) as of March 2024: Male: 3,695 /Female: 1,325</p> <p>Percentage by age group at Sumitomo Corporation (non-consolidated) as of March 2024:</p> <table border="1"> <thead> <tr> <th>Age group</th> <th>Number of employees</th> <th>%</th> </tr> </thead> <tbody> <tr> <td>20s</td> <td>823</td> <td>16.4%</td> </tr> <tr> <td>30s</td> <td>1,391</td> <td>27.7%</td> </tr> <tr> <td>40s</td> <td>1,139</td> <td>22.7%</td> </tr> <tr> <td>50s</td> <td>1,296</td> <td>25.8%</td> </tr> <tr> <td>60s</td> <td>368</td> <td>7.3%</td> </tr> <tr> <td>70s</td> <td>3</td> <td>0.1%</td> </tr> <tr> <td>Total</td> <td>5,020</td> <td>100%</td> </tr> </tbody> </table>	Age group	Number of employees	%	20s	823	16.4%	30s	1,391	27.7%	40s	1,139	22.7%	50s	1,296	25.8%	60s	368	7.3%	70s	3	0.1%	Total	5,020	100%
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Total	5,020	100%																								
Pay equality (%) Ratio of the basic salary and remuneration for each employee category by significant locations of operation for priority areas of equality: women to men, minor to major ethnic groups, and other relevant equality areas.	<p>There is no gap in basic salary and remuneration in each employee category such as gender and ethnicity etc.at Sumitomo Corporation (non-consolidated). Because we have adopted a job grading system, there are no major salary gaps between people doing equivalent jobs.</p>																									

Theme	Metric	Response
<p>Dignity and Equality</p>	<p>Wage level (%)</p> <ol style="list-style-type: none"> 1. Ratios of standard entry level wage by gender compared to local minimum wage. 2. Ratio of the annual total compensation of the CEO to the median of the annual total compensation of all its employees, except the CEO. 	<p>Sumitomo Corporation Group sets salary level that exceeds minimum wage level in each region. The wage level at Sumitomo Corporation (non-consolidated) in FY2023 is as follows:</p> <ol style="list-style-type: none"> 1. The standard entry level wage exceeds the minimum wage level in Japan and there is no gap between gender. New graduate with master's degree or higher: 290,000 JPY/month New graduate with bachelor's degree: 255,000 JPY/month 2. The ratio of the annual total compensation of the President and CEO to the median of the annual total compensation of all its employees at Sumitomo Corporation (non-consolidated), except the President and CEO, is 559:18. (President and CEO: 559 mil. JPY, Median of the annual total compensation of all employees at Sumitomo Corporation: 18 mil. JPY)
	<p>Risk for incidents of child, forced or compulsory labor</p> <p>An explanation of the operations and suppliers considered to have significant risk for incidents of child labor, forced or compulsory labor. Such risks could emerge in relation to:</p> <ol style="list-style-type: none"> 1. type of operation (such as manufacturing plant) and type of supplier; and 2. countries or geographic areas with operations and suppliers considered at risk. 	<p>In accordance with the Sumitomo Corporation Group's Human Rights Policy, Sumitomo Corporation began human rights due diligence in 2020. We identified 8 salient human rights issues, such as "forced labor and child labor", that should be addressed with priority so that we can assess impacts concerning human rights throughout the Group. In line with the results of our FY2020 desktop research, we have been conducting human rights due diligence in each of our business units since FY2021. We identified food and textile related businesses as areas with high risks of forced and child labor in the supply chain, and we confirmed the status of risk management in both business areas by conducting internal interviews. Specifically, in the textile business, CSR audits are being conducted based on standards of some of our customers, at factories where we manage or outsource. Also, the food wholesale business properly manages to minimize the risk of forced and child labor by conducting supplier questionnaire to suppliers associated with high-risk countries or goods, based on the list of TVPRA (Trafficking Victims Protection Reauthorization Act) published by the US Bureau of International Labor Affairs (ILAB).</p> <p>In addition, as conflict minerals poses a serious risk of forced and child labor, we monitor the risk by regularly checking the status and result of conflict minerals survey in the Group. For more information on our human rights related initiatives, please see here.</p>


Theme	Metric	Response
<p>Dignity and Equality</p>	<p>Freedom of association and collective bargaining at risk (%)</p> <ol style="list-style-type: none"> 1. Percentage of active workforce covered under collective bargaining agreements. 2. An explanation of the assessment performed on suppliers for which the right to freedom of association and collective bargaining is at risk, including measures taken by the organization to address these risks. 	<p>As of March 2024, the number of members of the Sumitomo Corporation Labor Union is 3,200, accounting for 64.7% of all employees of Sumitomo Corporation (non-consolidated).</p> <p>For more information on our human rights related initiatives, please see here.</p>
	<p>Human rights review, grievance impact & modern slavery (#, %)</p> <ol style="list-style-type: none"> 1. Total number and percentage of operations that have been subject to human rights reviews or human rights impact assessments, by country. 2. Number and type of grievances reported with associated impacts related to a salient human rights issue in the reporting period and an explanation on type of impacts. 3. Number and percentage of operations and suppliers considered to have significant risk for incidents of child labor, forced or compulsory labor. Such risks could emerge in relation to: <ol style="list-style-type: none"> 1. type of operation (such as manufacturing plant) and type of supplier; and 2. countries or geographic areas with operations and suppliers considered at risk. 	<p>1. In accordance with the Sumitomo Corporation Group's Human Rights Policy, Sumitomo Corporation began human rights due diligence in 2020. The Sumitomo Corporation Group's business activities extend to various industries and regions. We started by conducting a desk top survey to confirm the Group's businesses and their value chains, and developed a hypothesis on businesses that may be exposed to high risks and human rights issues that are closely related to the value chains in those businesses. We then exchanged opinions with stakeholders including outside experts and also hired outside experts and conducted internal interviews on 12 business teams to verify the hypothesis. Through these consultations, we classified the human rights issues according to the likelihood of these issues emerging in the Group's business and also the degree of severity in case they emerge. As a result, we identified 8* salient human rights issues within the Sumitomo Corporation Group.</p> <p>*The 8 salient issues: labor conditions (wages and working hours), freedom of association and the right to collective bargaining, forced labor and child labor, occupational health and safety, health and safety of local residents, land rights, discrimination and harassment, personal information and privacy. Please see here for details on the human rights due diligence process.</p> <p>2. Out of the new cases reported or pointed out by stakeholders including civil society organizations, local communities and regulatory authorities in FY2023, 14 cases* were related to the 8 salient human rights issues. We investigate the issues reported by the stakeholders, and if corrective action is necessary, appropriate measures are considered and implemented.</p> <p>*Excludes incidents of discrimination and harassments. Also, the occupational health and safety does not include work-related injuries or fatalities.</p> <p>3. Please refer to our comments in the section "Risk for incidents of child, forced or compulsory labor".</p>


Theme	Metric	Response
<p>Health and Well-being</p>	<p>Health and safety (%)</p> <ol style="list-style-type: none"> The number and rate of fatalities as a result of work-related injury; high-consequence work-related injuries (excluding fatalities); recordable work-related injuries; main types of work-related injury; and the number of hours worked. An explanation of how the organization facilitates workers' access to non-occupational medical and healthcare services, and the scope of access provided for employees and workers. 	<p>The coverage of the following data is Sumitomo Corporation (non-consolidated):</p> <ol style="list-style-type: none"> Work-related fatalities: FY2021: 1, FY2022: 0, FY2023: 0 High-consequence work-related injuries (excl. fatalities): FY2021: 0, FY2022: 0, FY2023: 0 Recordable work-related injuries: FY2021: 2, FY2022: 2, FY2023: 5 We do not disclose the details (i.e. types of work-related injury, number of hours worked). Sumitomo Corporation (SC) promotes the following medical and healthcare services: <ul style="list-style-type: none"> In-house clinic (internal medicine and dentistry) : All officers and employees of SC have access to the clinic during work hours. Support is provided from the perspective of achieving work/health balance where, in addition to receiving periodic health checkups, people requiring follow-up treatment can consult specialists and have interviews with occupational health physicians within the clinic. SCG Counseling Center, Massage room "Koriton": All employees of SC Group have access to the services during work hours. Advanced Healthcare Expense Program : This covers conditions that give rise to substantial economic burdens as a result of treatment not covered by insurance and the program is available to all employees of SC. By broadly covering treatment not covered by health insurance, the program can support employees receive treatment with reassurance and return to work at the earliest possible time or continue working while receiving treatment. Health consultation service: Since the incidence and death rates of breast cancer and uterine cancer have been increasing among younger women in recent years, we have set up a consultation service for women's specific health issues to strengthen the dissemination of such information and to introduce them to medical institutions that offer gynecological exams as a stand-alone service. Furthermore, we are also promoting and strengthening various health management measures through a collaborative health program with the Sumitomo Corporation Corporate Health Insurance Society.

Theme	Metric	Response
<p>Health and Well-being</p>	<p>Monetized impacts of work-related incidents on organization (#, \$) By multiplying the number and type of occupational incidents by the direct costs for employees, employers per incident (including actions and/or fines from regulators, property damage, healthcare costs, compensation costs to employees).</p>	<p>There were five occupational incidents at Sumitomo Corporation (non-consolidated) in FY2023, but there was no financial impact.</p>
<p>Skills for the Future</p>	<p>Training provided (#, \$) Average hours of training per person that the organization's employees have undertaken during the reporting period, by gender and employee category (total number of hours of training provided to employees divided by the number of employees). Average training and development expenditure per full time employee (total cost of training provided to employees divided by the number of employees).</p>	<p>The following data covers training programs for Sumitomo Corporation (non-consolidated) which were conducted by the HR department in FY2023. The trainings are not restricted by gender.</p> <p>Number of participants: 5,020 employees Total number of hours of training provided: 106,605 hours (including 44,623 hours by Human Resources Dept.) Total expenditure: 1.618 bil. JPY</p> <p>Average training hours per employee: 21.2 hours Development expenditure per employee: 320,000 JPY</p>
	<p>Monetized impacts of training – Increased earning capacity as a result of training intervention (% , \$)</p> <ol style="list-style-type: none"> 1. Investment in training as a percentage (%) of payroll. 2. Effectiveness of the training and development through increased revenue, productivity gains, employee engagement and/or internal hire rates. 	<p>The following data covers training programs for Sumitomo Corporation (non-consolidated) which were conducted by the HR department in FY2023.</p> <ol style="list-style-type: none"> 1. Investment in training as a percentage (%) of payroll: 2.1% (training expenditure 1.618 bil. JPY/ total pay roll of 76.480 bil. JPY) 2. In the Engagement Survey conducted in 2023, scores on "Education and Training" were above the average for high-performing companies, due in part to training, contributing to higher employee engagement.


Prosperity

: Core Metric : Expanded Metric

Theme	Metric	Response
Employment and Wealth Generation	Absolute number and rate of employment Total number and rate of new employee hires during the reporting period, by age group, gender, other indicators of diversity and region. Total number and rate of employee turnover during the reporting period, by age group, gender, other indicators of diversity and region.	The data for Sumitomo Corporation (non-consolidated) is as follows: 1-1. Absolute number of new graduate hires in FY2023 〈by gender〉 Male: 63, Female: 37 (Male 63%, Female 37%) 〈by age group〉 20s: 100 1-2. Absolute number of mid-career hires in FY2023 〈by gender〉 Male: 68, Female: 20 (Male 77.3%, Female 22.7%) 〈by age group〉 20s: 18, 30s: 61, 40s: 9, 50s: 0 (20s:20.5%, 30s: 69.3%, 40s: 10.2%, 50s:0%) 2. Average Years of Service per Person/Turnover rate in FY2023 ※Please see Social-related data for the historical data. 〈by gender〉 Male: 18 years 11 months/2.8%, Female 16 years 6 months/ 3.5%
	Economic contribution 1. Direct economic value generated and distributed (EVG&D), on an accruals basis, covering the basic components for the organization's global operations, ideally split out by: a. Revenues b. Operating costs c. Employee wages and benefits d. Payments to providers of capital e. Payments to government f. Community investment 2. Financial assistance received from the government: total monetary value of financial assistance received by the organization from any government during the reporting period.	1. For items a through e, please refer to p.53 and onwards of the Annual Financial Report for FY2023  . For item f, please refer to the "Expenditure for social contribution activities" listed on Social-related data . 2. We do not currently conduct this assessment.

Theme	Metric	Response
<p>Employment and Wealth Generation</p>	<p>Financial investment contribution</p> <ol style="list-style-type: none"> 1. Total capital expenditures (CapEx) minus depreciation, supported by narrative to describe the company's investment strategy. 2. Share buybacks plus dividend payments, supported by narrative to describe the company's strategy for returns of capital to shareholders. 	<p>1. In our new Medium-Term Management Plan "Medium-Term Management Plan 2026" which covers FY2024 through FY2026, we plan to make investments totaling 1,800 billion yen during the period of the new Medium-Term Management Plan, and we will maintain investment discipline and focus on businesses with strengths and competitive advantages in growth areas.</p> <p>For further details, please refer to [Management Policies, Business Environment and Management Challenges] on p.1 of the Annual Financial Report for FY2023  .</p> <p>2. Sumitomo Corporation aims to increase dividends by achieving medium and long-term earnings growth while adhering to its fundamental policy of paying shareholders a stable dividend over the long term.</p> <p>The annual dividend for FY2023 was 125 yen per share, in line with the dividend forecast announced at the time of the announcement of the third quarter financial results for FY2023 (February 5, 2024), although the profit for the year attributable to owners of the parent in FY2023 totaled 386.4 billion yen. As a result, the dividend payment for FY2023 was 152,738 million yen (including the amount of share repurchases: 184,803 million yen).</p> <p>With regard to the shareholder return policy for the period from the "Medium-term Management Plan 2026" that will commence in FY2024 onwards, we have comprehensively taken into consideration the improvement of core profitability through "SHIFT 2023," the ongoing strengthening of our financial base, and securing investment funds for sustainable growth, and have revised it as follows.</p> <ul style="list-style-type: none"> • Pay dividends and repurchase our shares in a flexible and agile manner with a total payout ratio of 40% or higher • Further improve dividend stability and increase dividends in line with profit growth through progressive dividend payments* <p>Based on this policy, the annual dividends for FY2024 are planned to be 130 yen per share, an increase of 5 yen from the previous fiscal year. In addition, on May 2, 2024, we decided to repurchase shares (between May 7 and July 19, 2024) up to a maximum value of 50 billion yen.</p> <p>*Dividends to be maintained or increased</p>

Theme	Metric	Response
<p>Employment and Wealth Generation</p>	<p>Infrastructure investments and services supported</p> <p>Qualitative disclosure to describe the below components:</p> <ol style="list-style-type: none"> 1. Extent of development of significant infrastructure investments and services supported. 2. Current or expected impacts on communities and local economies, including positive and negative impacts where relevant. 3. Whether these investments and services are commercial, in-kind or pro bono engagements. 	<p>As we set a new theme “Build resilient and prosperous society” as one of the Material Issues which are updated in FY2024. Under this theme, we aim to create a virtuous circle in which all people can enjoy physically and mentally enriched lives, and we can grow and develop together with local communities by stepping ahead in dealing with the needs of people in various countries and regions.</p> <p>As the needs of people are different by country, area, situation and features of people, it is essential to approach both “Develop safe, comfortable and resilient industrial and social infrastructure” and “Provide advanced services and functions that further enrich the lives of people.”</p> <p>The infrastructure business including power generation, water production, transportation and communication, which we provide on a global scale, contributes to the "Build resilient and prosperous society". We will continue our efforts to contribute to the development of local society and economy as well as improving people's living standards through our sound business activities. While society seeks for sustainable development, the expectation for infrastructure business has also shifted. To capture progress in global climate change mitigation, we will expand our renewable energy business and also develop and deploy carbon free energy such as hydrogen and ammonium business, which are essential in building decarbonization system and sustainable energy cycle required to realize a carbon neutral society. In addition, we will expand new power and energy services (i.e. large-scale storage batteries business, battery reuse business, power energy platform business, hybrid energy service business etc.).</p> <p>Furthermore, not only developing infrastructure as business, but we also have been providing infrastructure as part of our social contribution initiative. For example, as part of the mining business, roads, bridges, water supplies, hospitals, and schools were constructed for the local community.</p> <p>We disclose the impact to environment and society on Environmental-related data and Social-related data.</p>

Theme	Metric	Response
Innovation of Better Products and Services	Total R&D expenses (\$) Total costs related to research and development.	The total R&D cost for Sumitomo Corporation Group in FY2023 is 2,072 mil. JPY.
Community and Social Vitality	Total tax paid The total global tax borne by the company, including corporate income taxes, property taxes, non-creditable VAT and other sales taxes, employer-paid payroll taxes, and other taxes that constitute costs to the company, by category of taxes.	Please see the Consolidated Statement of Cash Flows, which is listed on p.60 and 61 of the Annual Financial Report for FY2023  , for information on income tax paid. We do not currently analyze the total taxes paid except for the income tax.
	Total Social Investment (\$) Total Social Investment (TSI) sums up a company's resources used for "S" in ESG efforts defined by CECF Valuation Guidance.	The amount of expenditure for our social contribution activities in FY2023 was 2,298 billion yen and the number of employees who used the volunteer leave program was 7. For details, please refer to Social Contribution Activities and Social-related data .

Environment

Environmental Management — 102

Climate Change — 110

Sustainable Use of Natural Resources
and Circular Economy — 176

Water Resources — 185

Biodiversity — 187

Prevention of Pollution — 211



Environment

Environmental Management

Sumitomo Corporation Group Environmental Policy

Throughout its 400-year history, the Sumitomo Group has pursued industrial development in harmony with local communities and the natural environment. Based on this foundation, the Sumitomo Corporation Group pursues business activities in such a way as to promote environmental conservation. Recognizing that various initiatives such as creating a low-carbon society that alleviates climate change, preserving biodiversity and the global environment, using energy, water and resources sustainably, preventing pollution and controlling waste emissions are the most important and long-term concerns that all individuals and organizations must address, we have established our Environmental Policy as detailed below.

Sharing this policy, Sumitomo Corporation Group companies are committed to reducing the environmental impacts of their business activities as well as to improving the environment through their business activities, based on the ISO 14001 environment management system.

I. Basic Policy

The Sumitomo Corporation Group recognizes that environmental issues are global in scale and that they are long-range concerns affecting future generations. As a global organization, the Sumitomo Corporation Group, through sound business activities, will strive to achieve sustainable development aimed at both social and economic progress and environmental preservation.

II. Basic Guidelines

In pursuing its diversified business activities both within Japan and overseas, the Sumitomo Corporation Group shall comply with the following guidelines, and, through cooperation between its Group companies, work to achieve the aims of its environmental Basic Policy.

1 Basic stance with regard to the environment:

To place great importance on protecting the global environment as a good corporate citizen in accordance with the Sumitomo Corporation's Activity Guidelines.

2 Compliance with environmental legislation:

To strictly observe legislation related to environmental matters not only in Japan but also overseas, and to abide by any agreements made.

3 Caring for the natural environment:

To place great importance on preserving the environment, including the natural ecosystem and biodiversity.

4 Response to climate change:

To place great importance on mitigating climate change and adapting to its impact.

5 Efficient use of resources and energy:

To be mindful of the finite availability of resources and energy and strive to use them both efficiently and effectively.

6 Contributing to the building of a recycling-oriented society:

To endeavor to help build a recycling-oriented society by reducing waste and reusing and recycling resources.

7 Promotion of businesses that contribute to environmental preservation:

To utilize our integrated corporate strength to promote businesses and projects, which contribute to environmental preservation and reduction of the impact of society on the natural environment.

8 Establishment of environmental management:

To use an environmental management system to prevent environmental pollution and set environmental objectives and targets which are regularly reviewed and continuously upgraded.

9 Disclosure of the environmental policy:

To communicate this Environmental Policy to all people who are working for or on behalf of the Sumitomo Corporation Group, as well as disclosing it externally.

Targets

Sumitomo Corporation Group promotes activities that are beneficial to the environmental improvement and reduce environmental negative impact.

At Sumitomo Corporation, EMS Leader identifies the environmental aspects of each department and evaluates their impacts, and identifies risks and opportunities considering relevant compliance obligations. Based on the results, EMS Promoters specify significant environmental aspects, risks and opportunities for each Business Group and the Corporate Sustainability Department reviews them for the entire company. At the Corporate Sustainability Committee, we review the achievement of the environmental targets and decide new objectives for the following year.

Environmental Objectives (Sumitomo Corporation)

Environmental Objectives	
Comply with environmental laws and regulations	<ul style="list-style-type: none"> Strive to prevent violations of environmental regulations such as Act on Waste Management and Public Cleaning
Pursue environmentally-sound projects	<ul style="list-style-type: none"> Build a sustainable energy system and carbon cycle with an overview of supply chains (For example, expansion of renewable energy businesses) Pursue new business by developing products, services, and scheme that encourage the shift toward Nature Positive and a circular economy Reduce risk of the entire supply chain, including sustainable procurement of major natural resources
Manage and reduce environmental burden	<ul style="list-style-type: none"> Analyze nature-related risks and opportunities in each business Assess environmental impact in relevant supply chains and work to alleviate such impact by reducing the Group's CO2 emissions 50% or more by 2035 (compared to 2019)
Promote environmental education and communication related to environmental issues	<ul style="list-style-type: none"> Hold events, including awareness-raising seminars related to environmental conservation Expand disclosure of non-financial information

Environmental Data Targets and Results (Non-consolidated in Japan)

To achieve carbon neutrality and a circular economy by 2050, Sumitomo Corporation set the following long-term goals for electricity consumption, water withdrawal and waste emissions in FY2017.

Each intensity and total amount are for its head office, regional offices, branches, sub-branches in Japan.

	Target
Electricity Consumption	To reduce electricity consumption per square meter by an average of at least 1% annually and at least 20% until FY2035 both from base year of FY2013.
Water Withdrawal	To reduce water withdrawal per employee by an average of at least 1% annually from base year of FY2010.
Waste Emissions	To reduce waste emissions per employee by an average of at least 1% annually from base year of FY2010.

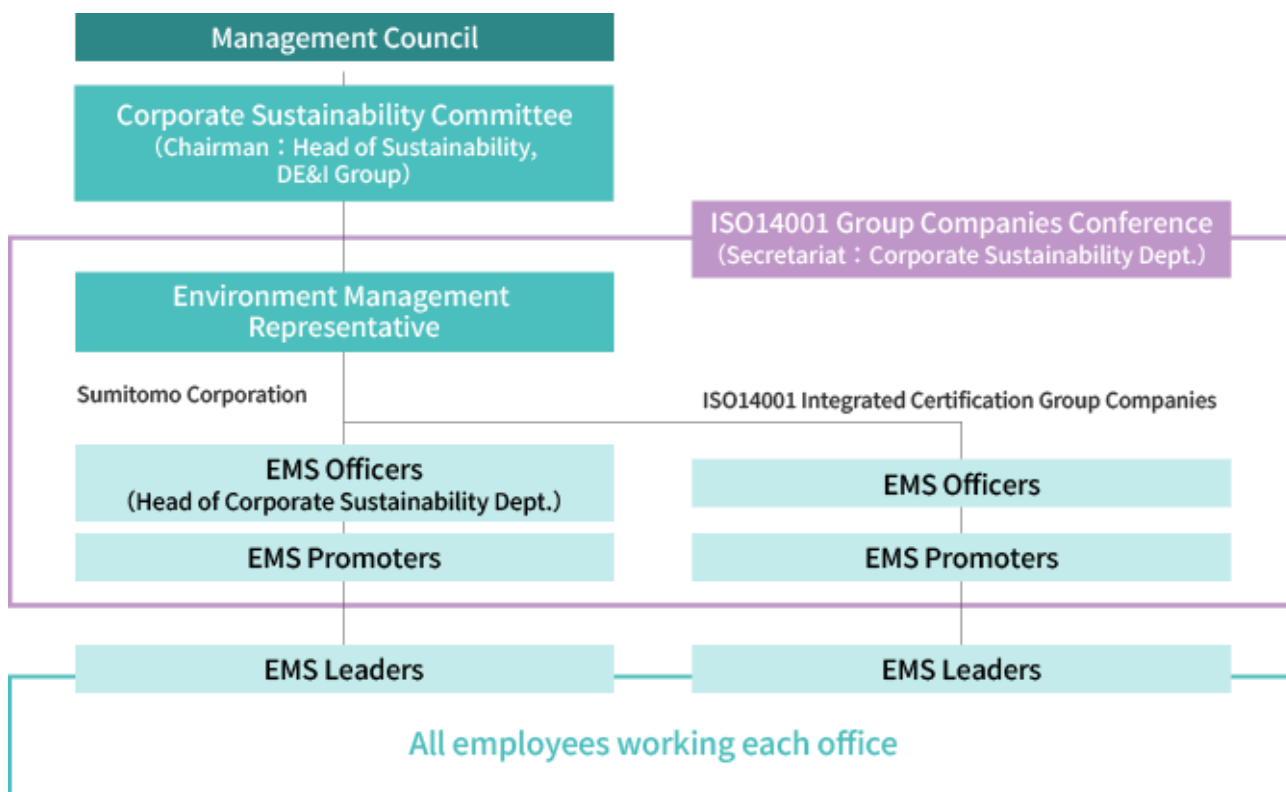
The targets converted from long-term goals, results of FY2023, targets of FY2024 are as follows.

Index		Results of the Base year	Targets of FY2023	Results of FY2023	Targets of FY2024
Electricity Consumption	Consumption (MWh)	7,859	5,343	3,651	5,285
	Intensity (MWh/m ²)	0.1079	0.0976	0.0667	0.0966
Water Withdrawal	Withdrawal (m ³)	32,191	20,548	9,314	23,098
	Intensity (m ³ /employee)	6.93	6.08	2.43	6.02
Waste Emissions	Emissions (t)	508	324	77	365
	Intensity (t/employee)	0.109	0.096	0.020	0.095

Management system

Environmental Management Structure

The Sumitomo Corporation Group has established, based on the environmental policy, the environmental management structure with the Corporate Sustainability Committee as the center of the structure. As for the ISO 14001 environmental management system (EMS), since Tokyo and Osaka offices of Sumitomo Corporation acquired the Group's first ISO 14001 certification in June 1999, the coverage of the system has been extended continuously. About 20,000 employees in domestic locations of Sumitomo Corporation and certain group companies participates in these environmental management activities. At the ISO 14001 Group Companies Conference, which consists of Sumitomo Corporation and ISO 14001 integrated certification group companies, we share the environmental activities, and report to Corporate Sustainability Committee if necessary. Depending on the importance of the subject, Corporate Sustainability Committee discusses and reports to the Management Council and the Board of Directors.



* EMS : Environmental Management System

ISO 14001 Integrated Certification Group Companies

(As of April 2024, Sumitomo Corporation and 25 group companies)

SUMITOMO CORPORATION KYUSHU CO., LTD.
SUMITOMO CORPORATION HOKKAIDO CO., LTD.
SUMITOMO CORPORATION TOHOKU CO., LTD.
METAL ONE SUMISHO TUBULAR PRODUCTS CO., LTD.
SUMITOMO CORPORATION GLOBAL METALS CO., LTD.
SUMISHO AERO-SYSTEMS CORPORATION
SUMITOMO MITSUI AUTO SERVICE COMPANY, LIMITED
SMA SUPPORT CO., LTD.
SPACE MOVE CORPORATION
SUMITOMO CORPORATION POWER & MOBILITY CO., LTD.
SUMITOMO SHOJI MACHINEX CO., LTD.
SUMISHO GLOBAL LOGISTICS CO., LTD.
SCSK CORPORATION
SCSK NEC DATA CENTER MANAGEMENT, LTD.
SUMISHO MONTBLANC CO., LTD.
SC FOODS CO., LTD.
CHIBA KYODO SILO CO., LTD.
SMB KENZAI CO., LTD.
S.C.BUILDING SERVICE., CO., LTD.
SUMISHO MATERIALS CORPORATION
SUMISHO METALEX CORPORATION
SUMITOMO SHOJI CHEMICALS CO., LTD.
SUMITRONICS CORPORATION
SUMMIT PHARMACEUTICALS INTERNATIONAL CORPORATION
SUMMIT AGRO INTERNATIONAL LTD.

ref) Percentage of Sumitomo Corporation group's sites covered by ISO14001

➤ Percentage of sites covered by ISO14001

Initiatives

Internal Environmental Audit

Sumitomo Corporation conducts internal environmental audits on an annual basis to ensure the environmental management system of Sumitomo Corporation and group companies with ISO14001 integrated certification are properly functioning.

〈Audit Priority Items〉

- (1) proper establishment of environmental targets,
- (2) management of progress in implementing the environmental action plan,
- (3) evaluation of compliance with legal requirements and
- (4) implementation and enhancement of environmental training.

External Audit

In February 2024, the third-party audits were conducted by an independent auditing organization, Japan Quality Assurance Organization, for the renewal of the current ISO 14001 certification status. We received approval as a result of the audits.

▶ [ISO14001 Management System Certificate](#) 



Environmental Educational Activities

Sumitomo Corporation Group develops a variety of educational programs to help its employees engage in environmental conservation. We raise environmental awareness among all Group employees by organizing such programs as trainings on environmental laws and regulations as well as global environmental issues given by outside experts.

Theme	Summary	Number of Activities
Training on the ISO 14001 Environmental Management System (release of video)	The management principles, environmental contribution activities and the processes of an environmental management system in accordance with the ISO 14001 international standard.	All year round
Training for internal environmental audits	The basics and processes of internal environmental audits, through exercises, to be able to conduct audits effectively.	Twice a year
Trainings on industrial waste disposal	Practical knowledge, including responsibilities of industrial waste generators, contract criteria and proper disposal methods.	Twice a year
Trainings on environmental laws and regulations	The latest trends in environmental laws and regulations, basic knowledge on these, and points to note to comply with the laws and regulations.	Twice a year
Basic environmental education (e-learning)	Sumitomo Corporation Group's environmental policy and its environmental management system.	once a year

Climate Change

Policies on Climate Change Issues

We put an importance on the international determinations stipulated in the Paris Agreement, and we set “Policies on Climate Change Issues” in order to contribute to achieve the carbon neutrality goal of society in aligned with the Agreement.

The Board of Directors adopted a resolution concerning the Group's policies on climate change issues in 2019 and we have been regularly reviewing our policies. In May 2024, in response to recent changes in the external environment, including climate change countermeasures and energy security, we have updated our equity generation capacity-based ratio target among the Group's climate-related targets. In addition, we have added a commitment to reduce indirect CO₂ emissions from general coal mines to zero by the end of 2020s, and to work on natural gas only in projects that contribute to the realization of a carbon neutral society.

Basic Policy

- Aim to make the Sumitomo Corporation Group carbon neutral in 2050(*1). Develop technologies and business models for creating a sustainable energy cycle by reducing CO₂ emissions and achieving negative emissions(*2) for society as a whole.
- In addition to reducing and absorbing CO₂ emissions from our business, we will contribute to the carbon neutralization of society through cooperative initiatives and recommendations made with business partners and public institutions.

Policy on Business Activities

- Promote renewable energy, efficient energy utilization and fuel conversion that contributes to reducing CO₂ emissions throughout society. We will also work to offer new energy management and mobility services utilizing renewable energy and also to materialize hydrogen technologies and applications.
- In the power generation business, we provide a stable supply of the energy, essential for the economic and industrial development of local communities. At the same time, we continuously shift management resources to renewables and other energy sources with low environmental burden in the power generation portfolio.
- Regarding the development of thermal power generation and fossil energy concession, we will work on the premise of carbon neutralization in 2050.
 - We will not be involved in any new coal-fired power generation business neither IPP (Independent Power Producer) nor EPC (Engineering, Procurement, Construction). For IPP business, we aim to reduce CO₂ emissions by 60% or more by 2035 (compared to 2019) and we will end all the coal-fired power generation business in the late 2040s.
 - We will not make any further investment in the thermal coal mining interest and aim to achieve zero production from thermal coal mines by the end of the 2020s. We will only undertake upstream gas development that contribute toward society's energy transition.

*1 The scope of business targeted for carbon neutralization is as follows

[Scope1・2] Direct CO₂ emissions from Sumitomo Corporation and its subsidiaries, as well as indirect CO₂ emissions from the generation of energy used by each company (however, for power generation businesses, emissions from those affiliated companies under the equity method are also included)

[Scope3] Indirect CO₂ emissions associated with the use of energy resources produced by fossil energy concession of Sumitomo Corporation Group, its subsidiaries, and affiliated companies under the equity method.

Carbon neutrality means net-zero CO₂ emissions that combine CO₂ emissions from our business and our contributions to CO₂ emission reduction.

*2 Negative emission refers to the absorption, capturing, and removal of CO₂ emitted in the past and accumulated in the atmosphere.

Disclosure Based on TCFD Recommendations

- ✓ Governance
- ✓ Strategy: Climate Change-Related Risks and Opportunities
- ✓ Risk Management
- ✓ Metrics and Targets

Governance

Structure for Responding to Climate Change Issues

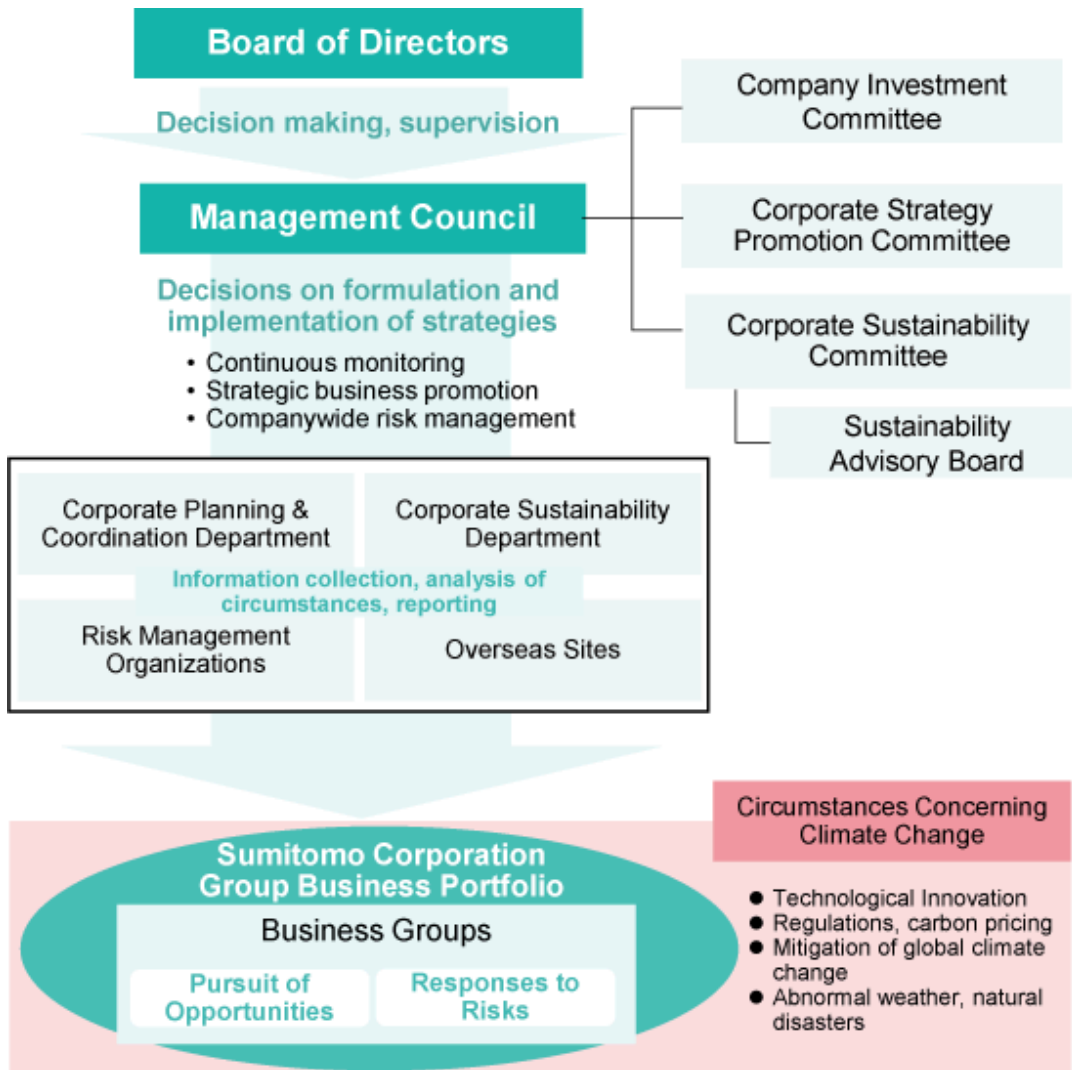
Overseeing

- The Board of Directors is responsible for making decisions on important management matters based on our Group's climate change-related risks and opportunities, and for supervising the execution of business operations. For decision-making on important management matters regarding climate change, the Board of Directors deliberates and determines on the formulation and revision of climate-related policies, important individual cases, which are submitted to the Board of Directors after review by the Management Council and other bodies.
- Also, the Board of Directors receives reports on macro-environmental analyses and responses to climate change issues several times a year and supervises the efforts of the business execution side.
- In addition, to ensure that the Company's officers, including directors, are more aware of our commitment to the advancement of sustainability management, evaluation based on the non-financial indicators including "climate change" is used to calculate the amount of the remuneration of officers. For more details, please visit our website ["Executive Remuneration Plan."](#)

Execution of Duties

- Management Council and executive management are responsible for decision-making and business execution of important climate-change management matters of our group. The Management Council makes comprehensive decisions after consulting with the Corporate Sustainability Committee and other committees in order to assess and manage climate change-related risks and opportunities and make effective decisions.
- In addition, with regard to sustainability-related initiatives and responding to risks and opportunities, the Corporate Sustainability Department, which is a specialized organization in charge of planning and disseminating measures to promote sustainability within the Company, and related corporate organizations such as the Corporate Planning & Coordination Department, which plans the Company's overall management plan and important measures, as well as and the person in charge of sustainability promotion in each business group, and overseas regional organizations work together. Based on information provided by the Company's internal research organizations, the business groups, overseas regional organizations, etc., we formulate and promote company-wide plans and measures.
- In addition, we have established the Sustainability Advisory Board, which is comprised of outside experts on ESG, to obtain advice and recommendations on our overall sustainability management including response to climate change.

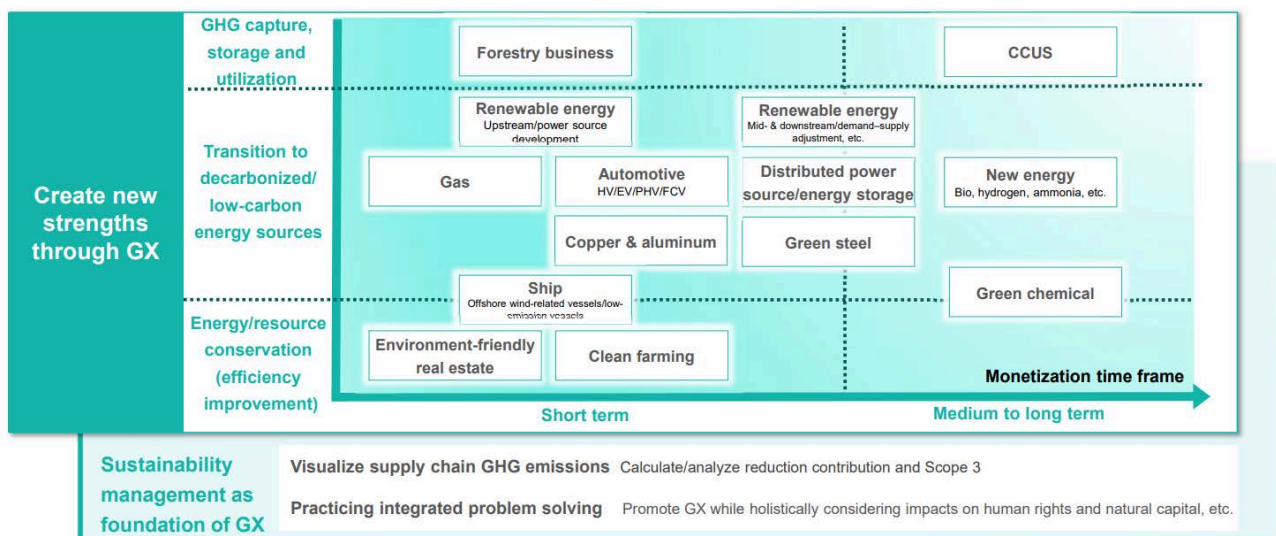
<Climate change governance structure (as of June 2024)>



Strategy: Climate Change-Related Risks and Opportunities

Accelerated new growth driven by GX (Green Transformation)

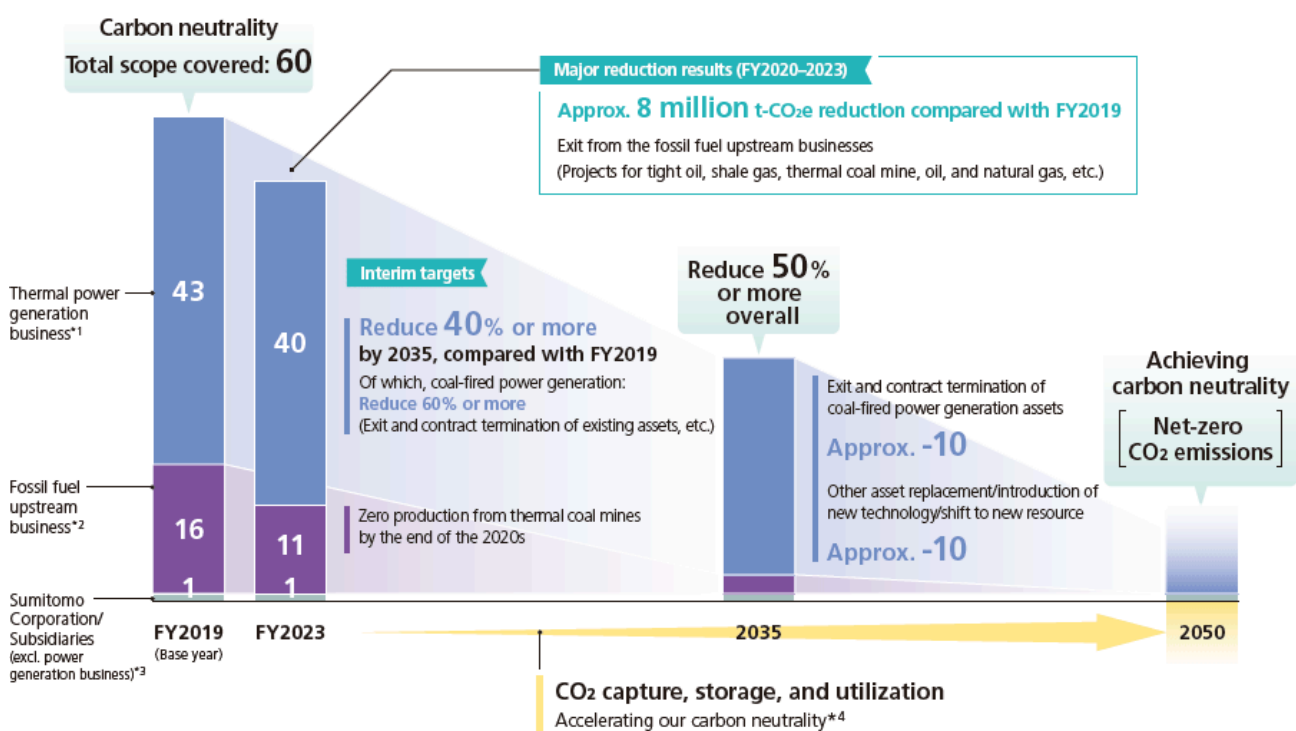
We have promoted the creation of next-generation businesses that contribute to the realization of a carbon-neutral society under prior Medium-Term Management Plan (FY2021-2023), including the promotion of sustainable management and the establishment of EII (Energy Innovation Initiative), a company-wide cross-functional organization. In the new medium-term management plan started from FY2024, we will further strengthen businesses where they have strengths and competitive advantages through green transformation in the short term. At the same time, we pursue green transformation considering time frame to monetization (including market formation) in various industries fields and create new strengths for the future in the mid- to long-term. To this end, we have begun efforts to visualize GHG emissions throughout our supply chain, including the calculation and analysis of Scope 3 emissions. In addition, in addressing climate change issues, we intend to promote GX while taking into account the impact on human rights and natural capital in an integrated manner.



Steady Advancement of the Business Portfolio SHIFT (Achieving Carbon Neutrality across the Group)

Toward the Group's goal of becoming carbon neutral by 2050, we have established specific milestones for CO₂ emission reduction as shown in the chart below and are steadily promoting them.

Milestones for CO₂ emission reduction toward carbon neutrality of the Group (Millions of t-CO₂e)



*1 Includes estimated figures after the construction and operation of the businesses for projects still under construction and emissions from equity-method affiliates

*2 Indirect CO₂ emissions from the use of energy resources produced by fossil energy concession of Sumitomo Corporation, its subsidiaries, and affiliated companies under the equity method

*3 Direct CO₂ emissions of Sumitomo Corporation and its subsidiaries and indirect CO₂ emissions of the generation of energy used by them

*4 Through means recognized by international standards such as capture and storage by forests and other technical methods

Coal-fired power generation business

Sumitomo Corporation policy

- No involvement in any new coal-fired power generation business, neither in IPP nor EPC, without any exception
- End all coal-fired power generation business by the late 2040s

Approach to efforts

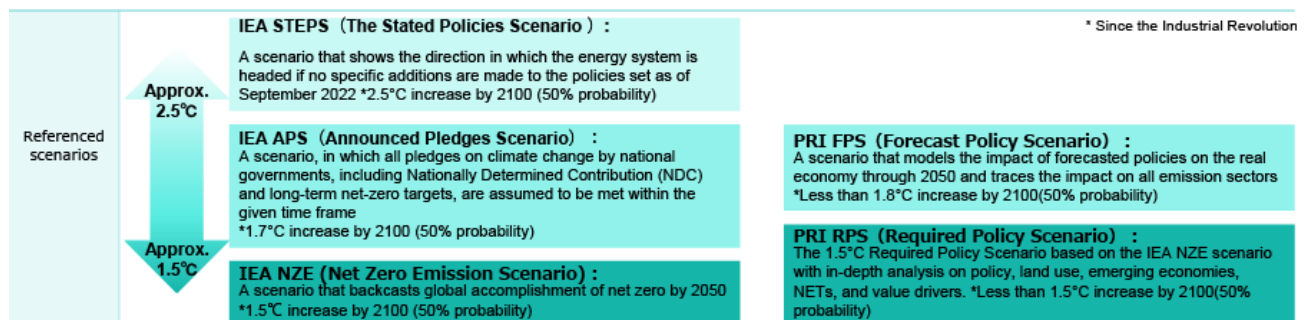
From the perspective of our social responsibility, including the development of local communities and economies and our obligation to supply, we will pursue every option, not eliminating the possibility of accelerated withdrawal from the business, while implementing the following efforts to accelerate the decarbonization of our Company and society as a whole.

- Consensus building based on sincere dialogue with host countries, local communities, and other stakeholders
- Pursuit of consideration and efforts toward the decarbonization and low carbonization of existing facilities
- Maximum support for host countries to shift power sources to renewable energy and other sources

Strategy: Scenario analysis (Climate Change-Related Risks and Opportunities)

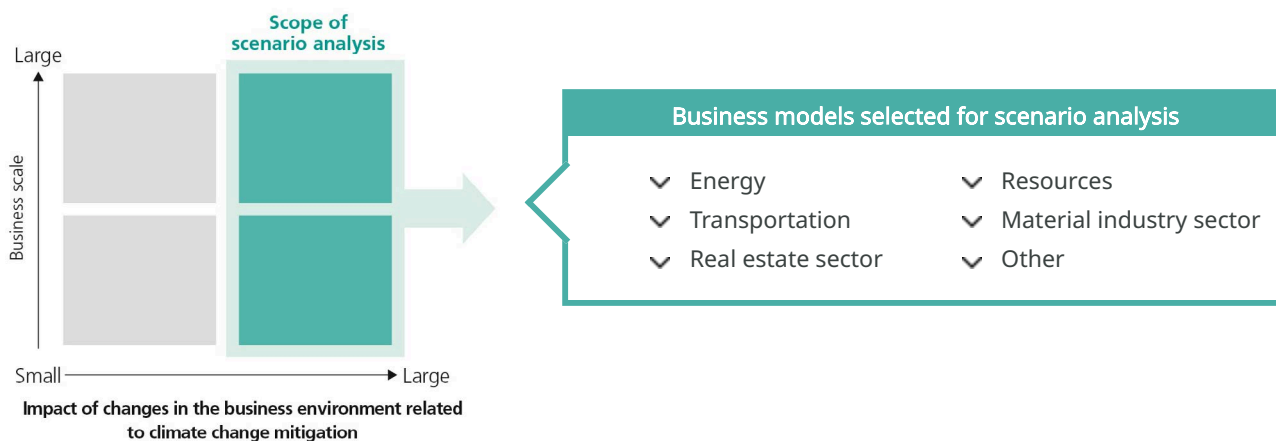
Climate scenario selection

- We analyzed the impacts of transition risks and opportunities to our business models toward 2050, using IEA's and PRI's scenarios, in order to identify new business opportunities and assess businesses' resilience in the case of the occurrence of significant changes of our business environment. In terms of the timeframe of the analysis on risks and opportunities, we set mid-term: by 2030 and long-term points: by 2050.
- The scenarios mentioned above are used as references to analyze our business activities and do not prejudice our future management policies and business strategies.



Identifying the Businesses for Which to Perform Scenario Analysis

- Our scenario analysis scope encompasses all of our business sectors which will be highly affected by business environment changes related to climate change mitigation, regardless of the scale of the business.



Identified climate-related risks and opportunities

- The problem of climate change can be broadly classified into two categories: transition risks posed by changes in policies and regulations, technological developments, market trends, and market evaluation, etc., and physical risks posed by an increase in natural disasters and extreme weather conditions due to climate change.
- The Group operates globally in a variety of industries and has identified and analyzed the following climate-related risks and opportunities that could affect the Group's forecasts. For specific details, please see the results of the scenario analysis below.

Category	Identified risks and opportunities	Relationship with business models
<p>Transition risks and opportunities</p>	<p>Risks Our business environment may presumably be affected by introducing regulations for reducing GHG emissions or decarbonization in the future, strengthening international climate actions, updates of each country's GHG reduction target and changes of technologies and market trends in broad industrial sectors.</p> <p>Opportunities Our business environment may presumably be affected by increase of societal needs for low-carbon and energy-saving products and services and creation of new climate-favored market, corresponding to introducing regulations for reducing GHG emissions or decarbonization and change of preferences of consumers.</p>	<p>Business models with relatively higher risks described left are electricity generation and energy resource; automobile; aircraft; shipping; steel; chemicals; cement; aluminum smelting; real estate. Throughout the analysis on these business models, we periodically recognize risks to affect our business activities in taken up business models and gravity of the risks and consider implementing necessary measures to minimize negative impacts on our performance. In order to take advantage of opportunities, we have been strengthening our business activities to contribute to realizing a carbon neutral society by formulating strategies including investing in potential businesses such as next generation energy and increasing evaluations of existing climate-related businesses through improving business efficiency.</p>
<p>Physical risks</p>	<p>Chronic physical risks Our business environment may presumably be affected by occurrence of average temperature increase, precipitation pattern change and sea level rise in a continuous and chronic manner.</p> <p>Acute physical risks Our business environment may presumably be affected by intensification of extreme whether events such as storms, floods, droughts, and forest fires in an acute manner</p>	<p>We analyzed physical risks described left focusing on power generation including renewable energy, upstream energy resource, real estate, agriculture and forestry businesses as areas with relatively higher physical risks in terms of possessing larger scale assets or requiring more natural resources for their operation. We manage these physical risks by assessing impacts related to local weather conditions and geological factors before investing, conducting continuous assessment after involved, clarifying scope of contractual responsibility and securing coverage of damage insurance.</p>

Results of Scenario Analysis

- The macro environment for the models identified for the scenario analysis is based on a five grade evaluation of future market trends for each sector in 2030 and 2050, as described in the main scenarios presented by the IEA and other organizations. The forecasts for demand trends and the business environment shown by these scenarios include many potential risks and uncertainties.
- Our business environment, policies and initiatives related to each sector describe the policies and initiatives that consider the factors and certainty of various changes in the business environment shown in these scenarios and the circumstances unique to our business. Furthermore, we are working on the premise of carbon neutralization in 2050 for thermal power generation, fossil energy concession, and other business activities by Sumitomo Corporation and its subsidiaries and disclose the related indicators.
- About 70% of the business environment for the analyzed businesses is positioned as neutral or increase in the year 2050 under NZE/APS/STEPS. We then identified risks and opportunities for each of our businesses and confirmed that we are steadily taking steps to mitigate risks and seize opportunities. Below is a summary of the macro environment that the scenarios represent, and please refer to the bottom of the page for a description of our policies and initiatives considering these scenarios.

Trends of Supply and Demand Changes in Referenced Scenario (Macro Environment)



: Significant increase to increase



: Neutral



: Slightly decrease to decrease



: Increase to Slightly increase



: Decrease to Significant decrease

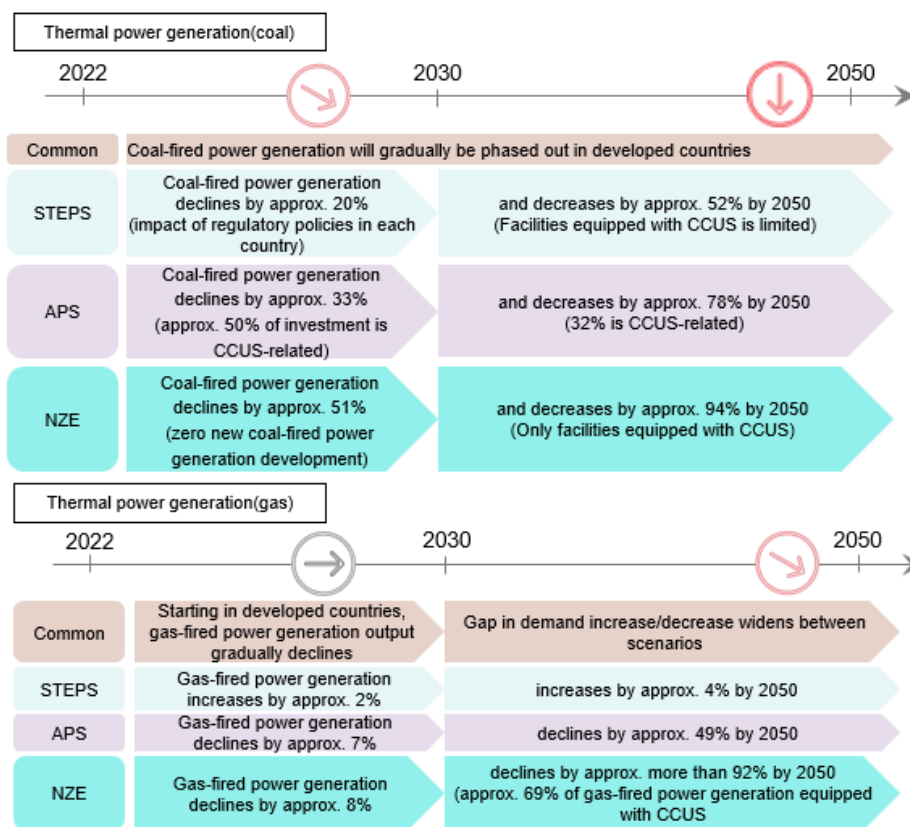
		Referenced scenarios (Macro Environment)		
Sector	Business	2030	2050	
Energy	Thermal power generation (coal)			
	Thermal power generation (gas)			
	Renewable energy power generation			
	Next generation energy	Hydrogen, ammonia, synthetic fuels		
		Storage battery, energy management		
		CCUS		
Resources	Thermal coal			
	Coking coal			
	Iron ore		*	
	Natural gas and LNG			
	Nickel			
	Copper			
Transportation	Vehicles		*	
	Shipping			
	Aviation			
Material industry sector	Steel	Steel sheets		
		Tubular products		
	Cement			
	Chemicals			
	Aluminum			
Real estate sector	Office buildings / residential building sales business			
Other	Forestry			

* No 2050 trend for sectors with "*" because of insufficient data for the scenario

Strategy: Transition Risks and Opportunities Related to Climate Change (Scenario Analysis)

Energy sector

Referenced scenarios (Macro environment: changes in thermal power generation(coal and gas) output)



Our business environment, policies and initiatives

Our Businesses

Thermal power generation (coal and gas) businesses

External Environment, Risks and Opportunities

Regarding coal-fired power generation, there is a gradual decline starting in developed countries and in all scenarios, there is a significant decline by 2040 or 2050. While gas-fired power generation as a percentage of total power generation will decline over the medium to long term, we expect that investigations will continue into reducing CO2 emissions through the use of hydrogen, CCUS, and other new technologies. However, to advance the energy transition, we expect gas to remain an important power generation source because, from the perspective of stability of power supply, a certain level of gas-fired power generation will be required.

Our Policies, Strategies, and Initiatives

We have set policies on power generation businesses (*1) and we have been shifting our allocation of management resources from thermal power to power generation businesses with low environmental impact, such as renewable energy. In FY2023, we ceased the operation of coal-fired power plant in Japan. We believe that gas-fired power generation is an important power generation method that will play a bridging role in the energy transition, and a dispatchable power supply role to support power supplies as renewable energy power generation spreads. We also have high expectations, and are implementing initiatives, for innovative low-carbon technologies, including the use of green hydrogen, to help achieve carbon neutrality. While contemplating the development of local communities and economies and our obligation to supply electric power as stabilized power supply, we will pursue various options, without eliminating the possibility of accelerated withdrawal from the business to realize decarbonization of our company and society as a whole. We will pursue the decarbonization and low-carbonization of existing facilities and providing maximum support for host countries to shift power sources to renewable energy and other sources. We are utilizing our extensive know-how in power generation businesses to deliver high-efficiency, high-quality power supplies with outstanding environmental performance in countries around the world.

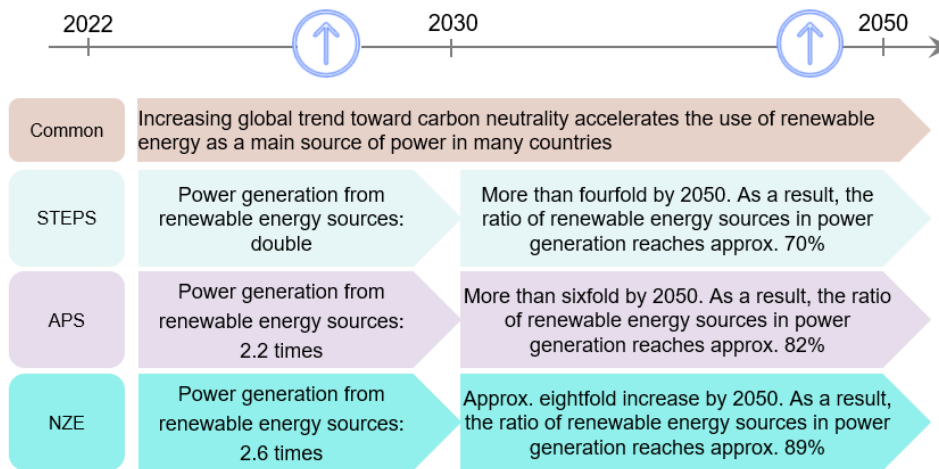
<Reference>

Coal-fired power generation business*1	As of Mar. 31, 2024	Estimate for 2035	Latter half of the 2040s
Outstanding investments, loans and guarantees*2	310 billion yen	Approx. 150 billion yen	Zero
Net ownership generation capacity	5.2GW	Approx. 2GW	Zero

*1 Regarding coal-fired power generation, we aim to reduce CO2 emissions by 60% or more by 2035 (compared to 2019) and will end all the coal-fired power generation business in the late 2040s. Please visit our Sustainability website for more details.

*2 We disclose all of our outstanding balances of investments, loans, and guarantees for all coal-fired power generation projects, regardless of investment scheme or contract type, for your reference. Result of March 31, 2024 is calculated based on the exchange rate at the end of March 2024 <YEN/US\$>; 151.4 yen.

Referenced scenarios (Macro environment: changes in renewable energy power generation output)



* If the rate of change exceeds 100%, the change is expressed as the increased amount only. For instance, a 120% rate of change is expressed as an increase of 20%.

Our business environment, policies and initiatives

Our Businesses

Renewable energy power generation

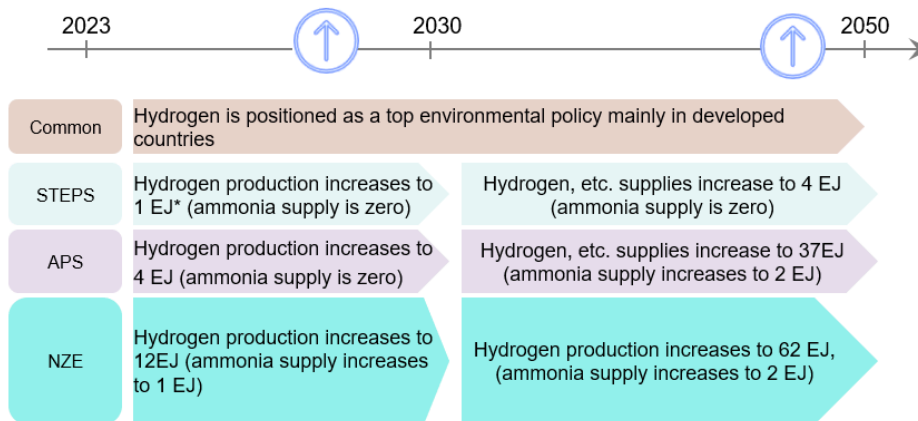
External Environment, Risks and Opportunities

With an increasing trend toward carbon neutrality, the use of renewable energy as a main source of power is accelerating around the world. In addition to renewable energy such as solar, wind, and geothermal power generation, the demand for renewable energy to produce green hydrogen is also increasing. In each of the scenarios to the left, renewable energy power generation output increases dramatically by 2050, while it is forecast to increase roughly ninefold from the current output in the NZE scenario.

Our Policies, Strategies, and Initiatives

To overcome the issue of climate change and bring about a carbon neutral society, the Sumitomo Corporation Group is engaged in various renewable energy businesses such as wind, solar, geothermal, hydroelectric, and biomass. While providing the stable supply of energy essential for the development of economies and industries in local societies, we are putting forward a policy of continuing to shift management resources to a power generation portfolio with low environmental impact, such as renewable energy. We also aim to achieve net generation capacity of 5 GW or more for renewable energy by 2030. As of the end of March 2024, our net generation capacity is approximately 2GW which is a steady progress, mainly from offshore wind power in Europe. In addition to growing our solar and wind power generation businesses, we are also promoting hydroelectric power generation businesses in regions where there is an abundance of water resources, and we are promoting operation and development of geothermal power generation businesses in Indonesia, a country with the world's second-largest reserves of geothermal resources.

Referenced scenarios (Macro environment: changes in hydrogen and ammonia supplies)



* Hydrogen, etc. supplies include hydrogen and ammonia supplies, and low-carbon hydrogen, ammonia, and synthetic fuels, in the electricity and heating sector.

1 EJ (10¹⁸ joules) is equivalent to the heat value of approximately 25.8 million kL of crude oil. (EJ : Exajoules)

Our business environment, policies and initiatives

Our Businesses

Carbon-free energy (hydrogen, ammonia, synthetic fuels, etc.) development businesses

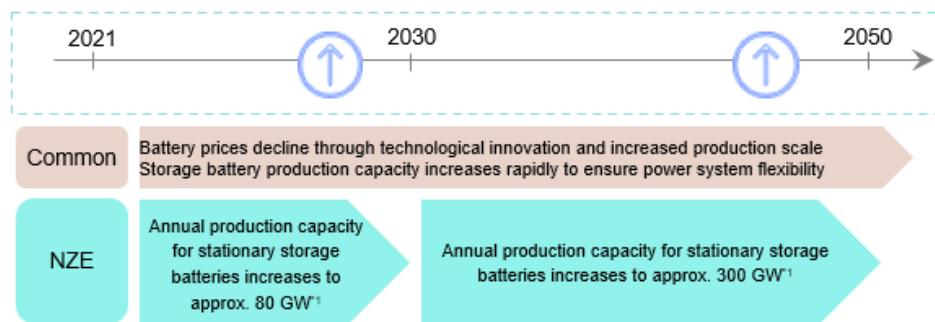
External Environment, Risks and Opportunities

Demand for next-generation energies as fossil fuel alternatives that contribute to reduced lifecycle CO₂ is increasing. In all IEA scenarios, clean energy investment is projected to account for the majority of energy investment in 2030. On the supply side, in areas where natural gas and renewable energy are rich and available, global investment plans are already in place for development of hydrogen and ammonia plants. On the demand side, governments in Europe, Japan and Asia are formulating plans to use hydrogen and ammonia to realize decarbonization in industry. Government support frameworks, technology development, and social acceptance are essential to establish successful business.

Our Policies, Strategies, and Initiatives

In FY2021, we launched the Energy Innovation Initiative to promote the development of businesses related to hydrogen, ammonia, synthetic fuels, and other next-generation energies as an important focus area. As for hydrogen, for instance, we have been engaged in developing hydrogen-related businesses from various perspectives, such as projects for locally produced and consumed hydrogen that take advantage of the characteristics of locales and of hydrogen itself, large-scale hydrogen value-chain projects that promote the mass production, transportation, storage, and utilization of hydrogen, and investments in new technologies. We will build supply chains based on optimal technologies, cost, and timeframes for each next-generation energy and contribute to realize a decarbonized society by ensuring the stable supply of next-generation energies.

Referenced scenarios (Macro environment: changes in stationary storage battery production capacity)



^{*1} Because the data has not been updated in the scenario, last year's ratings and figures are quoted.

Our business environment, policies and initiatives

Our Businesses

Storage battery and energy management businesses, etc.

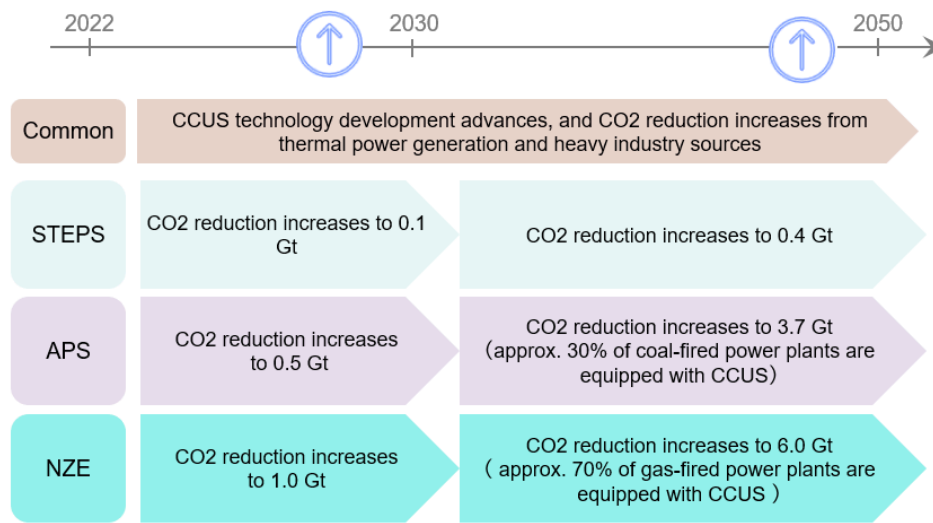
External Environment, Risks and Opportunities

If current government targets and policies around the world are promoted, electric vehicles will apparently reach market share of 45% globally. There will be a much greater need for storage batteries that have high energy and storage efficiency, so from the perspective of energy management as well, the market is forecast to expand to around 10 times of the current market size. In line with this, European battery regulations are moving to require storage battery recycling, carbon footprint disclosure, and traceability. In addition, with an uneven geographical distribution of mining for the critical mineral resources used in batteries, there is a risk that increased prices for cobalt, lithium, and nickel will cause the price of storage batteries to increase.

Our Policies, Strategies, and Initiatives

To secure stability of power networks, which is a major challenge for greater spread of renewable energy, we are commercializing new energy management technologies that use storage batteries. As another key to mitigating climate change, we are also promoting businesses that reduce energy consumption and utilize renewable energy on the energy demand side, such as the car sharing business. Specifically, by developing businesses ourselves utilizing our accumulated know-how and internal resources within Sumitomo group including electricity wholesale and renewable generation development, we manage project development and operation from economics point of view and improve project revenues from our electricity service businesses. In this way, we are strategically ensuring commercial viability of those businesses and promoting trials of new ideas in society. Going forward, we will also consider contributing to further utilization of vehicle storage batteries around the world.

Referenced scenarios (Macro environment: changes in CO2 absorption through introduction of CCUS)



Our business environment, policies and initiatives

Our Businesses

CCUS* adoption business

External Environment, Risks and Opportunities

CCUS is a new technology, so the spread of such technology is limited at present. However, with a range of support including subsidies and tax deductions in Europe, the United States, and other developed countries, investment is growing. In the NZE scenario, a high need for CO2 capture is forecast for 2030 due to new construction and refurbishment of blue hydrogen manufacturing equipment, coal-, gas-, and biomass-fired power plants, and cement, steel, chemicals and other industrial facilities. Thus, CCUS adoption globally is forecasted to increase. At the same time, the idea of cross-border CO2 transport from high-emitting countries to countries with large carbon storage capacity is also being considered in Asia and some European countries. On the other hand, unlike the referenced scenarios, if there is a global softening of CO2 reduction initiatives, potential risks include shrinking markets, cessation of subsidy schemes, and increasing costs associated with capital investment.

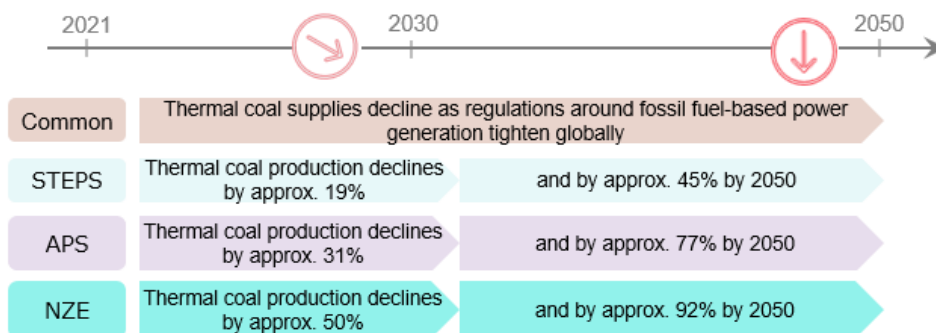
Our Policies, Strategies, and Initiatives

The existence or otherwise of subsidy schemes in the future will greatly impact the economic efficiency of the business and the feasibility of establishing it. Therefore, in countries and regions that are already starting to develop frameworks for subsidies, we aim to actively utilize those frameworks, participate in projects at an early stage, and build up a track record. Specifically, these include acquiring CO2 storage sites in the UK, promoting joint CCS project development with local partners in Canada, and considering cross-border CO2 exports between Japan and Australia. On the other hand, in countries and regions that are establishing carbon emission targets and considering related policies, we aim to develop a market and create projects from our accumulated expertise, by collaborating with governments and being involved in the establishment of legislative systems as much as possible. We are also working to build a CCUS value chain through the creation of carbon removal credits. Specifically, we have invested in Inherit Carbon Solutions AS, a Norwegian company that develops CDR from biogenic CO2, and we are also investigating a Direct Air Capture (DAC) business in the Americas with Tokyo Gas Co., Ltd.

* Carbon Capture, Utilization and Storage: Technologies for sequestration and effective utilization of high-concentration CO2 emitted from industrial activities, and direct air capture technologies for capturing CO2 directly from the atmosphere

Resources sector

Referenced scenarios (Macro environment: changes in thermal coal production)



Our business environment, policies and initiatives

Our Businesses

Upstream

External Environment, Risks and Opportunities

The energy policies of many countries, especially developed countries, include plans to shift from coal-fired power generation to gas-fired power generation and then renewable energy, so demand for the thermal coal used in coal-fired power generation is forecast to decline.

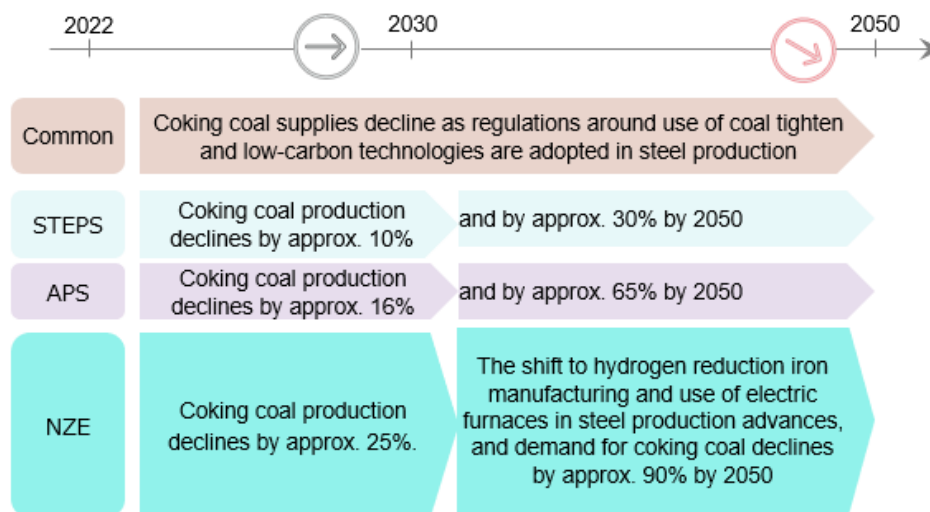
Our Policies, Strategies, and Initiatives

We will not acquire new interests in the thermal coal mine development, and we plan to reduce equity production volume from thermal coal mines to zero by the end of 2020s. The weight of thermal coal interests in our resource portfolio is relatively small. Going forward, mines of currently owned interests are scheduled to reach the end of their mine life in the near future. Also, the concession produces high-grade coal, which is in relatively high demand, and is cost-competitive, making it resistant to price declines even when there is a drop in demand.

<Reference>

As of March 31, 2024 Thermal / coking coal Exposure: 80 billion yen

Referenced scenarios (Macro environment: changes in coking coal production)



Our business environment, policies and initiatives

Our Businesses

Upstream

External Environment, Risks and Opportunities

In the long term, many countries and regions will develop policies for adopting or strengthening carbon taxes, so demand for coking coal is forecast to decline as low-carbon iron-making processes with fewer CO₂ emissions are put to practical use and the ratio of electric furnace use increases.

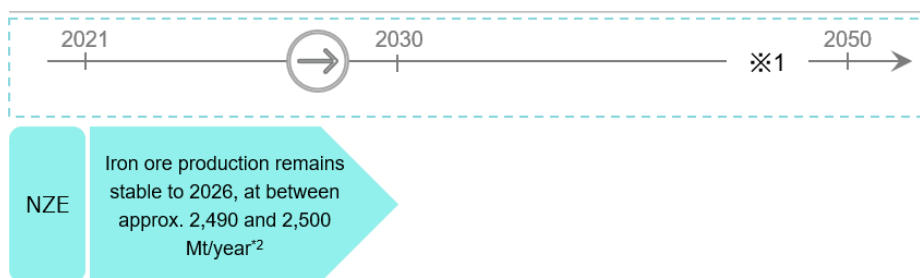
Our Policies, Strategies, and Initiatives

In combination with CCUS and other CO₂ capture and storage technologies, it is predicted that steel businesses that use blast furnaces will be preserved for the time being. In addition, we believe that a certain level of demand will be maintained for the interests we hold as they produce hard coking coal, which is considered rare among coking coals.

<Reference>

As of March 31, 2024 Thermal / coking coal Exposure: 80 billion yen

Referenced scenarios (Macro environment: changes in iron ore production)



*1 No 2050 trend for iron ore because of insufficient data for the scenario

※2 Because the data has not been updated in the scenario, last year's ratings and figures are quoted.

Our business environment, policies and initiatives

Our Businesses

Upstream

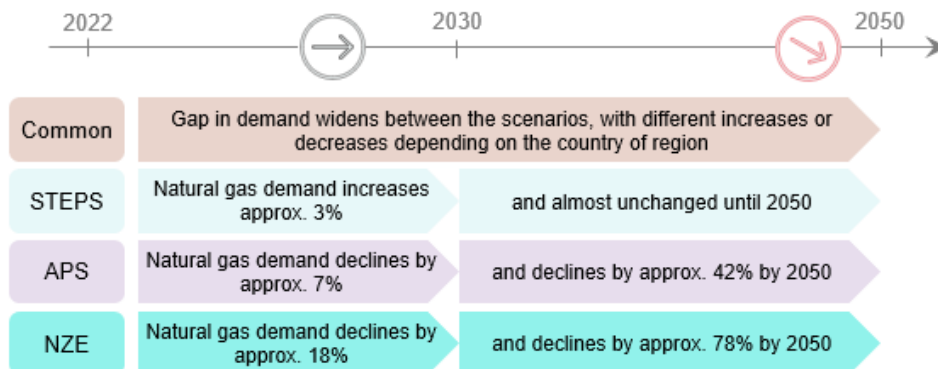
External Environment, Risks and Opportunities

Despite a forecast gradual increase in global demand for steel, an increase in the ratio of electric furnace steel as a result of moves toward decarbonization may lead to a portion of raw materials being replaced with steel scrap and a decline in demand for iron ore. On the other hand, demand and production of direct reduced iron is forecast to increase as a way to reduce CO₂ emissions in both the blast furnace method and the electric furnace method, so demand for the high-grade iron ore used as raw materials for direct reduced iron may increase.

Our Policies, Strategies, and Initiatives

Regarding our iron ore-related businesses, through our projects in South African and Brazilian mines, we contribute to stable supply of resources to Asia, with a focus on China and Japan. We will continue to take actions for stable supply while paying close attention to the impact on demand due to changes in the iron-making and steel-making methods in response to decarbonization in the steel industry, and also to the impact of an increase in the ratio of electric furnace steel.

Referenced scenarios (Macro environment: changes in natural gas demand)



Our business environment, policies and initiatives

Our Businesses

Upstream, midstream and downstream, trading of natural gas/ LNG

External Environment, Risks and Opportunities

Despite a significant gap in demand increase/decrease between each of the scenarios, natural gas will be used as an alternative power fuel for coal in the transition phase to a low-carbon society. In addition, it will continue to play an important role as a raw material for petrochemical products, ammonia, and fuel for transportation.

In the short to medium term in particular, demand is forecast to increase in the ASEAN nations, and it is expected that business opportunities will increase in the Asian Pacific (including India) and China. The main supply-side countries and regions for LNG in the future may be the Middle East and United States and, with the impact of the conflict between Russia and Ukraine, LNG trade opportunities with demand-side countries and regions may increase.

In the long term, the spread of renewable energy will offset increased demand in emerging countries, so demand is forecast to trend downward. However, a certain level of demand for natural gas is forecast to remain in some countries and regions where the use of renewable energy is not suitable, so natural gas will continue to play an important role in the best mix of renewable energy, such as a balancing function when renewable energy is not available.

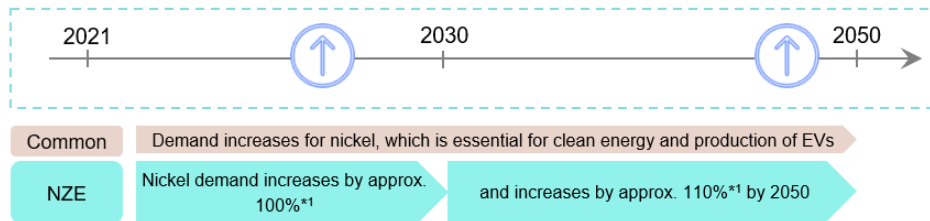
Our Policies, Strategies, and Initiatives

We will focus on strategic regions from the medium to long-term perspective, and we will work to maximize opportunities by creating a natural gas and LNG value chain in combination with upstream LNG projects, LNG trading, and midstream and downstream businesses. Furthermore, we will contribute to the stable supply of energy to the appropriate countries and regions while securing demand for transition fuels which support the shift to a carbon neutral society while introducing environmental technologies such as CCS/CCUS and promoting the best mix of renewable energy sources.

<Reference>

As of March 31, 2024 Gas, LNG Exposure: 70 billion yen

Referenced scenarios (Macro environment: changes in nickel demand)



*1 Because the data has not been updated in the scenario, last year's ratings and figures are quoted.

Our business environment, policies and initiatives

Our Businesses

Upstream

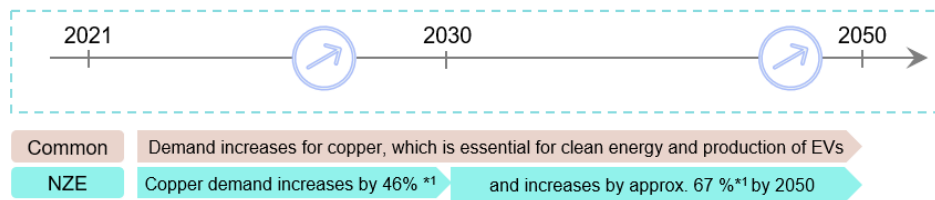
External Environment, Risks and Opportunities

With the spread of renewable energy, EVs, and storage batteries, which are essential in the expansion of low-carbonization and decarbonization, demand for the nickel used in rechargeable batteries is forecast to increase dramatically in the medium to long term.

Our Policies, Strategies, and Initiatives

We are proceeding with projects as a producer in the Republic of Madagascar. We sell the products to Japan, Europe, North America, and Asia, and we are aiming to create further business opportunities. While continuing to conserve biodiversity, including reforestation of quarries, and conserve the environment surrounding mines and plant sites, we will also continue to find and implement CO2 emission reduction measures, and work to stabilize production and increase production volumes.

Referenced scenarios (Macro environment: changes in copper demand)



*1 Because the data has not been updated in the scenario, last year's ratings and figures are quoted.

Our business environment, policies and initiatives

Our Businesses

Upstream

External Environment, Risks and Opportunities

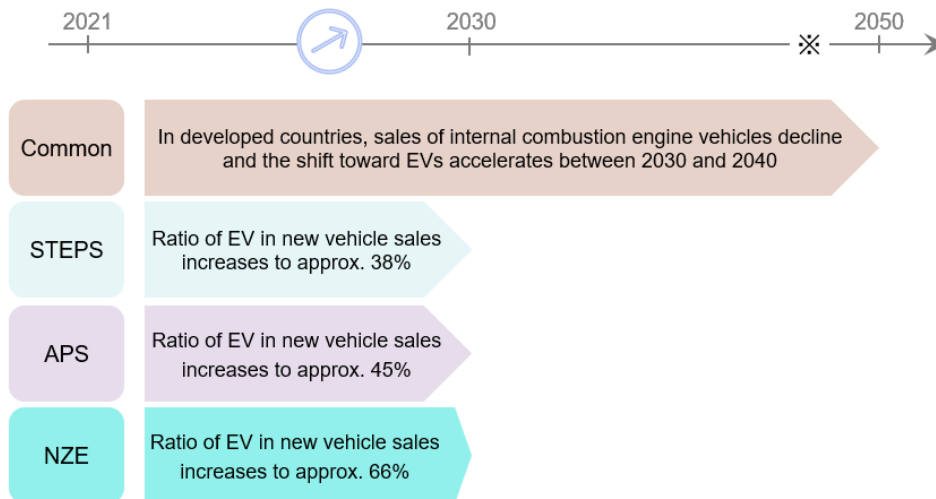
With the spread of renewable energy and EVs, demand for copper is forecast to increase in the medium to long term. On the other hand, increasing supplies is forecast to be difficult due to increasing risks and difficulty of operating newly developed mines, and impacts of things like a tightening of environmental protection regulations.

Our Policies, Strategies, and Initiatives

We will continue to contribute to stable procurement of copper products by acquiring new concessions and expanding production at existing concessions through investment in copper mines overseas, and by strengthening our operations on the copper production value chain. These include our upstream copper concentrate production business and midstream copper bullion production and sales business. We will also continue working to conserve the environment around our mines by monitoring rare species living in the vicinity of the mine, for instance.

Transportation sector

Referenced scenarios (Macro environment: Changes in Sales of passenger vehicles and EVs' share)



* No 2050 trend for vehicles because of insufficient data for scenario

Our business environment, policies and initiatives

Our Businesses

Sales of automobiles, manufacture and sales of automobile components, automobile finance, automobile leasing, car sharing, parking lot operation, etc.

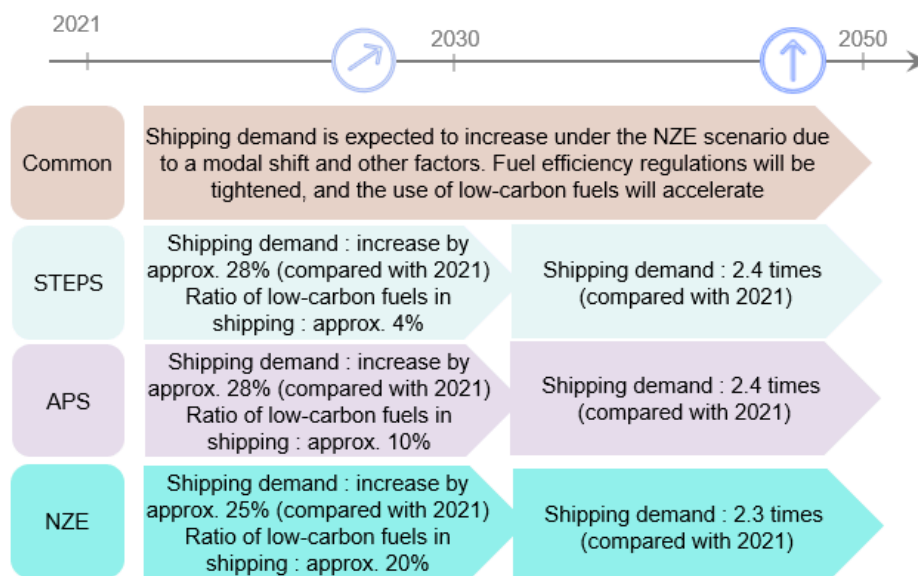
External Environment, Risks and Opportunities

Sales of passenger cars are forecast to increase, especially in emerging countries, and the ratio of EV sales in new car sales are forecast to increase in all the scenarios as fuel efficiency regulations tighten. In terms of automobile components, demand for internal combustion engine parts expected to decline with the spread of EVs, but demand for tires is expected to increase with the associated increase in automobile body weight. If car prices increase as a result of the introduction of carbon tax and so on, there is a risk that new car sales will decline. At the same time, however, demand for automobile finance and leasing businesses is forecast to increase.

Our Policies, Strategies, and Initiatives

In addition to manufacturing and selling automobiles and automobile components, we are engaged in a wide range of businesses in the MaaS field. We see the spread of EVs and developments in MaaS as business opportunities. For example, as part of our parking business in Northern Europe, we are expanding the charging networks essential for the spread of EVs and the EV subscription services using our parking facilities. In Japan, we are working on new business opportunities such as providing fleets of EVs for commuter use, workplace charging facilities, and solar power generation services. Demand for internal combustion engine parts is expected to decline with the spread of EVs, but we consider ourselves to have a limited financial exposure as these parts account for less than a few percent of our parts manufacturing business. We are investigating and implementing a range of initiatives, such as use of carbon-free energy and low-carbon and carbon-free technology to contribute OEM's supply chain carbon neutrality.

Referenced scenarios (Macro environment: Changes in shipping demand and the ratio of low-carbon fuels in marine fuel consumption)



Our business environment, policies and initiatives

Our Businesses

Shipbuilding, trading, ship owning and operation, sales of energy storage systems for ships, etc.

External Environment, Risks and Opportunities

Shipping demand is expected to increase steadily over the medium to long term due to the development of modal shift and other factors. While the cost of investment in low-carbon technologies and the cost of operation could both increase as a result of GHG emission regulations and taxes by IMO*2 and authorities in each country, the need for zero-emission and low-emission ships*3 and energy storage systems for ships are also forecasted to increase.

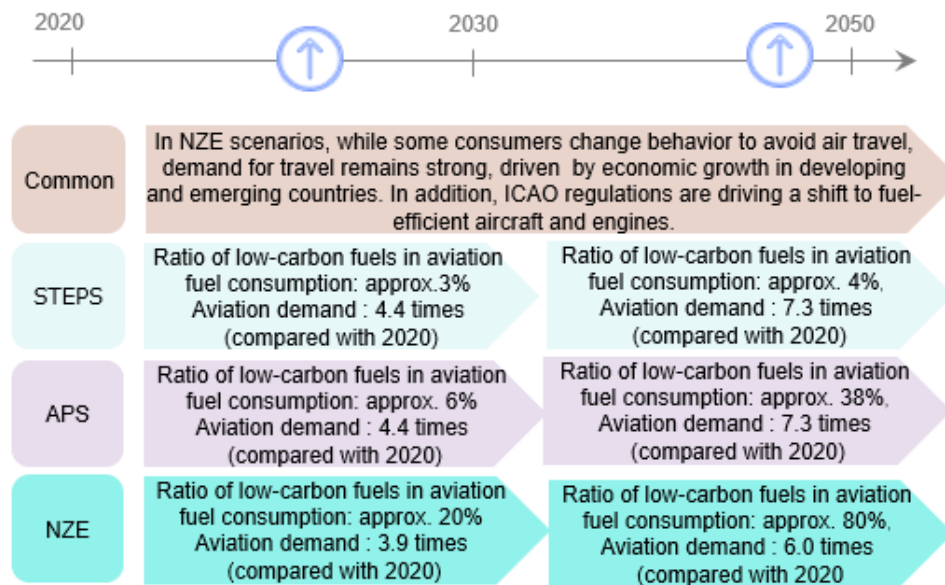
Our Policies, Strategies, and Initiatives

While monitoring the legal regulations and markets in each country, as well as trends in zero-emission and low-emission ships technologies and costs, we are working to increase the ratio of low-emission ships in our shipbuilding business product lineup and ship owning portfolio in expectation of future adoption of regulations. In addition, we strengthen sales of energy storage systems for ships in Japan through a joint venture with Corvus Energy which boasts a high global market share, as the systems expected to improve the fuel efficiency of large ocean-going ships, and also to contribute to realize zero emissions for small coastal ships. Furthermore, we have been working on the joint development of an ammonia-fueled ship through the partnership with Oshima Shipbuilding. Also, we are investing in offshore windfarm support vessels, a new field expected to see growing demand in the future. In this way, we will create new business opportunities for achieving decarbonization and low-carbonization in society.

*1 International Maritime Organization : International Maritime Organization

*2 LNG-, methanol-, and ammonia-fueled ships, etc.

Referenced scenarios (Macro environment: Changes in aviation demand and the ratio of low-carbon fuels in aviation fuel consumption)



Our business environment, policies and initiatives

Our Businesses

Commercial aviation and engine leasing, manufacturing aircraft components, aircraft part-out, carbon credit trading, etc.

External Environment, Risks and Opportunities

Aviation demand is forecasted to increase over the medium to long term. There is a shift toward fuel-efficient aircraft due to ICAO*1 and IATA*2 regulations, and the start of the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA). At the same time, fuel prices are expected to rise with increased adoption of SAF*3 and other low-carbon fuels and increased demand for carbon credits.

Our Policies, Strategies, and Initiatives

In our mainstream commercial aviation and engine leasing businesses, we are working to achieve sustainable revenue growth by replacing aircraft and engine portfolio with better fuel-efficient ones and capturing leasing demand for addition and replacement of airline customers. We are also contributing to customer (airline) initiatives toward decarbonization. By shifting our portfolio while monitoring market and technology trends and legal legislations regarding aircraft fuel efficiency, we will respond flexibly to changes in the business environment and manage the risk of decrease in leasing fees and prices of our owned aircraft.

We are promoting efforts that contribute to the creation of a circular economy through the aircraft part-out business, selling dismantled parts from retired aircraft. In addition, as for SAF and other biofuels which demand is growing rapidly, we are working on commercial production to begin in Japan and North America. In this way, we are striving to reduce CO2 emissions in society while aiming to acquire business opportunities at the same time.

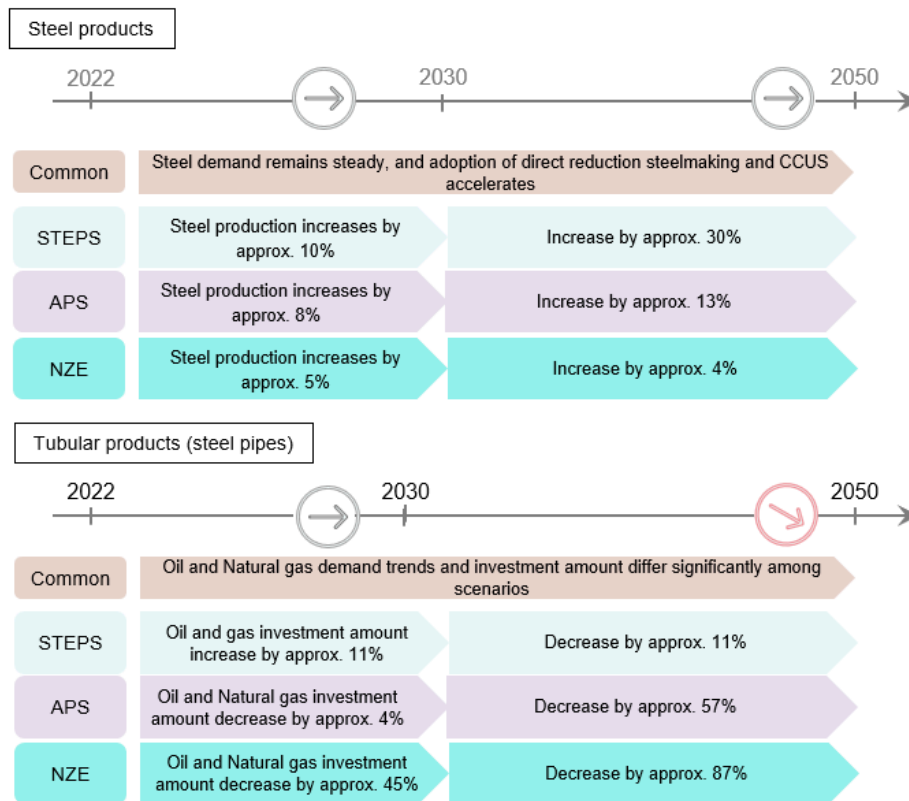
*1 International Civil Aviation Organization

*2 International Air Transport Association

*3 Sustainable Aviation Fuel : Fuel made from plants and waste oil

Material industry sector

Referenced scenarios (Macro environment: Changes in steel production and oil and gas investment amount)



Our business environment, policies and initiatives

Our Businesses

Trading of steel flat rolled products and tubular products, and other steel products with necessary fabrication process. Related investments are included.

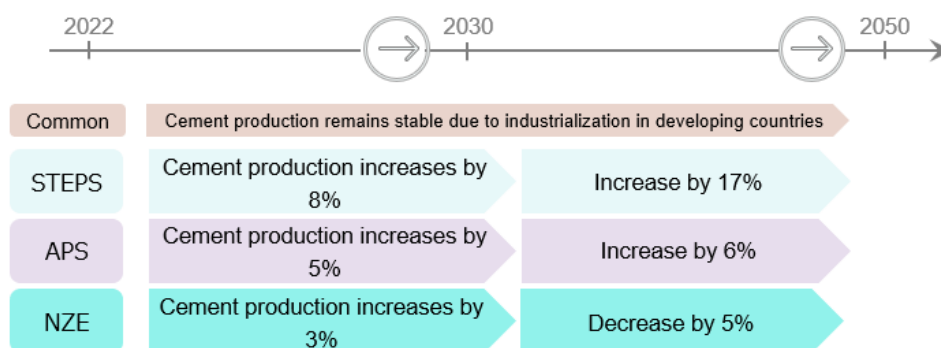
External Environment, Risks and Opportunities

The demand for steel flat rolled products is expected to increase in emerging countries, but a shift to local consumption in the producing countries is anticipated. While, the demand for steel pipes, mainly used for oil and natural gas industries, is expected to decrease in the long term. However, the need for energy security is becoming more prominent, and the demand for environmentally friendly natural gas is expected to remain stable for the time being. In response to the societal demand for decarbonization and low carbonization, efforts to reduce carbon emissions, such as using hydrogen-based steelmaking methods with lower CO₂ emissions, shifting to electric furnace materials are expected to accelerate. Additionally, an increase in demand for various steel materials and pipes is anticipated due to the construction of green infrastructure such as wind power generation and CCUS.

Our Policies, Strategies, and Initiatives

Our company will collaborate with strategic partners to promote the sale of green steel products and explore new business opportunities that contribute to the greening of the steel industry. We also aim to capture the demand for steel flat rolled products and pipes associated with the construction of green infrastructure. In response to the energy transition pursued by integrated energy companies, which involves the greening and diversification of energy sources, we will promote related businesses and continue to focus on the sale of highly corrosion-resistant steel pipes needed for natural gas development. Furthermore, we will actively utilize new technologies that contribute to the decarbonization and low carbonization of the steel and energy industries and focus on capturing the surrounding business of CCUS.

Referenced scenarios (Macro environment: changes in cement production)



Our business environment, policies and initiatives

Our Businesses

Cement distribution business

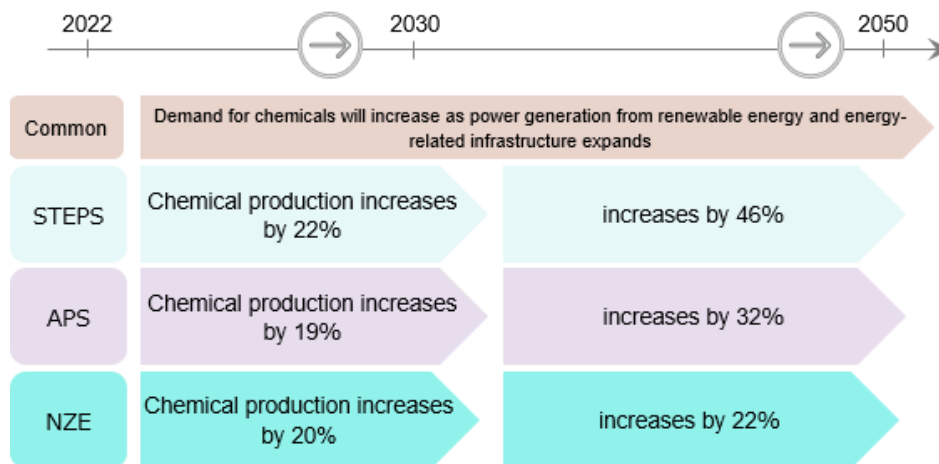
External Environment, Risks and Opportunities

Global demand for cement is expected to increase due to urbanization and industrialization in emerging countries such as India and African countries, and the expansion of new infrastructure facilities such as green energy mainly in mature countries. If climate change mitigation progresses, the increase in cement demand is expected to be smaller due to focused measures on more efficient material, but overall it is expected to remain flat. While there is a risk of increased costs and reduced demand due to the introduction of regulations promoting decarbonization of conventional cement, which has high CO₂ emission, there is also an opportunity of increased demand for cement produced using low-carbon methods.

Our Policies, Strategies, and Initiatives

Our company is involved in the cement distribution business, which does not include the cement manufacturing process. Therefore, our own CO₂ emissions are limited. We will develop a sales strategy in response to market changes in order to capture the growth in the conversion of fuels in cement production to clean energy and the increase in distribution of low-carbon cement that replaces the main raw material limestone with other materials. We are also collaborating with promising cleantech companies to verify clean cement production technologies and develop related products using those technologies.

Referenced scenarios (Macro environment: changes in chemical production)



Our business environment, policies and initiatives

Our Businesses

Manufacturing, trading

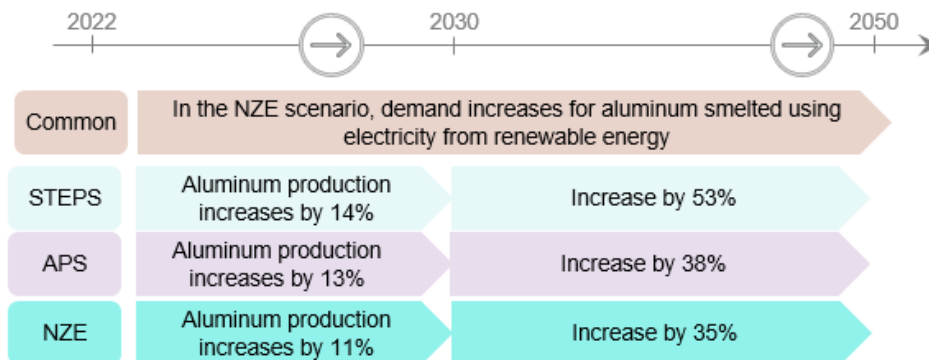
External Environment, Risks and Opportunities

Chemical demand is expected to increase with the expansion of renewable energy and energy-related infrastructure. On the other hand, naphtha produced by refining petroleum and gas is used as the principal raw material, but in the long-term process of energy decarbonization, the supply of naphtha used as raw material is expected to decline. In addition, CO₂ is emitted in huge volumes from fossil fuel energy used in the synthesis and decomposition processes of petrochemical product manufacturing, so demand for low-carbon manufacturing processes, including shifting energy used in the processes to renewable energy, is expected to grow.

Our Policies, Strategies, and Initiatives

We have been monitoring customer demand for decarbonization, and trends in relevant technologies, and exploring business opportunities in chemical product manufacturing using biomass materials and CCU (CO₂ capture and utilization). For example, in 2024, we have started trading petrochemical products using bio-naphtha as the main raw material, in response to structural changes in the petrochemical industry. In addition, we will continue our global trading by adjusting to changes in supply and demand in petrochemical product raw materials and finished product markets.

Referenced scenarios (Macro environment: changes in aluminum production)



Our business environment, policies and initiatives

Our Businesses

Smelting

External Environment, Risks and Opportunities

Because of its lightness and excellent recyclability, aluminum is an essential metal for decarbonization of society, including improving fuel efficiency of automobiles by reducing vehicle weight, so demand is forecast to increase. On the other hand, large amounts of electricity are consumed in the primary smelting process, so in a future society promoting low-carbonization and decarbonization, demand for green aluminum, manufactured using electricity from renewable energy and other methods to reduce CO₂ emissions, is forecast to increase.

Our Policies, Strategies, and Initiatives

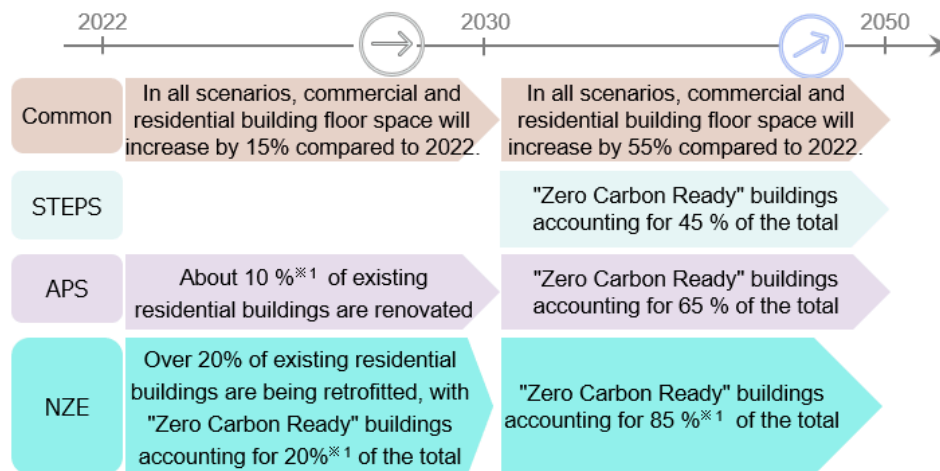
Our aluminum smelting business in Southeast Asia chiefly utilizes renewable energy derived from hydroelectricity, so future risks pertaining to carbon pricing is expected to be limited, and the business is likely to remain competitive in the medium to long term. For this reason, future demand for decarbonization in the supply chain from end-users is expected to present business opportunities where Sumitomo Corporation is able to utilize its strengths. In FY2023, we have launched a cross-industrial project to jointly design and produce cans made from green aluminum (*1) under the mass balance approach and it was adopted by famous brand beer. We will work toward strengthening our competitiveness by further expanding our interests in green aluminum and increasing volumes we handle.

*1 Aluminum produced using renewable energy to reduce CO₂ emissions

*2 Under the mass balance approach, for a product manufactured by mixing a material that has a specific characteristic with those without that characteristic, the characteristic can be allocated to a part of the output of the product in proportion to the amount of the material with the characteristic used in the production process.

Real estate sector

Referenced scenarios (Macro environment: changes in floor space in commercial and residential buildings and renovation ratio of buildings)



* Because the data has not been updated in the scenario, last year's ratings and figures are quoted.

Our business environment, policies and initiatives

Our Businesses

Office buildings, commercial facilities, residential housing, distribution facilities and real estate funds

External Environment, Risks and Opportunities

Demand in the real estate sector is forecast to increase in light of population increases and urbanization in emerging and developing countries and increasing refurbishment of existing buildings. On the other hand, a major challenge for buildings is to reduce CO₂ emissions by reducing energy consumption.

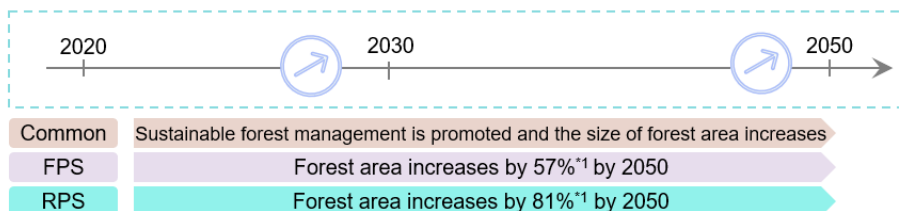
In Japan, in order to achieve carbon neutrality by 2050, energy-saving performance equivalent to the ZEH/ZEB standards will be required for new properties after 2030 as part of demand for CO₂ emission reductions through improved energy efficiency. If unable to meet these requirements, the risks are that real estate prices will fall, and demand will decline due to increased operating costs. However, meeting the requirements offers opportunities for increased earnings as demand for ZEH/ZEB-compliant building increases and property values increase.

Our Policies, Strategies, and Initiatives

We are involved in development and operation of a range of real estate properties. To reduce both embodied carbon, which is emitted through construction, and operational carbon, which is emitted during the use of buildings, we are adopting the latest equipment including smart meters and EMS, updating facilities, and introducing renewable energy, based on trends in customer demand and technologies. In addition, we are cooperating with tenants to implement environmentally friendly initiatives and working on acquiring environmental certification and developing properties to the ZEH/ZEB standards.

Other

Referenced scenarios (Macro environment: changes in size of forest area)



¹ Because the data has not been updated in the scenario, last year's ratings and figures are quoted.

* Temperature ranges used in PRI's FPS and RPS scenarios are similar to those used in IEA's APS and NZE scenarios respectively.

– The temperature range in PRI's FPS scenario (rise of less than 1.8°C by 2100) is similar to the temperature range in IEA's APS scenario (rise of 1.7°C by 2100).

– The temperature range in PRI's RPS scenario (rise of 1.5°C by 2100) is similar to the temperature range in IEA's NZE scenario (rise of 1.5°C by 2100).

Our business environment, policies and initiatives

Our Businesses

Forestry business

External Environment, Risks and Opportunities

With the trend toward carbon neutrality, the United Nations, COP26, and national governments are establishing many targets for such objectives as stopping forest destruction and land degradation, and increasing forest protection and the size of forest areas. In each of the scenarios to the left, forest area is forecast to increase in size by 2050.

Under these circumstances, while monitoring of illegal logging and activities that can lead to deforestation will be strengthened, we believe that sustainable forest management and timber supply will increase in value.

Also in the future, demand is forecast to increase for carbon removal credits that recognize absorption of CO₂ in forest cultivation processes, and for alternatives to petrochemical products by using low environmental impact forest products from sustainable logging. We therefore expect competition around investment and development will intensify among countries and companies in this field.

Our Policies, Strategies, and Initiatives

We established the Forest Management Policy and the Sourcing Policy for Forest Products in 2022 as part of efforts toward sustainable forest management and sourcing of forest products. We also set Operational Guidelines for putting the policies into actions and conduct annual monitoring in accordance with these guidelines.

In line with these policies, we will expand our forestry business on the assumption of sustainable forest management. While supplying conventional forest products, we will also work to develop new products and businesses that contribute to the capture, storage, and utilization of CO₂.

[Disclaimer regarding forecasts]

The projections and forecasts contained here are based on information available as of the date of this announcement, and on certain assumptions and projections. Therefore, actual results and performance may differ significantly due to various uncertainties, including future economic trends and market prices. Neither the company nor the information providers assume any responsibility for any errors in the information posted or for any damages incurred based on the information presented.

Strategy: Physical Risks Related to Climate Change and Countermeasures

Each year, we identify the Group's sectors and businesses affected by physical risks and inspect the status of their response to these risks. In particular, for businesses with large outdoor sites or those that require large amounts of natural resources for operations, we use assessment tools to analyze the degree of impact of physical risks and individually check the status of their response.

[Identification of Risks and Status of Response at Sumitomo Corporation]

Since the Group operates in a wide range of sectors around the world, we refer to UNEP FI reports describing the impact of physical risks on major sectors, as well as other reports. We identify the major risk characteristics for each of our sectors that are likely to have a significant impact, as well as the major businesses we are involved in, as shown in the table below. This year, we have added forestry to this list.

Physical risks are largely divided into chronic risks that have continuous and chronic impacts on business activities, (e.g., rise in average temperatures, change in rainfall patterns, rise in sea level, etc.) and acute risks caused by unforeseen damage (e.g., escalation of extreme weather conditions such as huge rainstorms, flooding, drought, and forest fires, etc.). The impact is wide-ranging, including direct impact on production site facilities and working conditions, and indirect impact on a broad range of supply chains of raw materials and products. For our business in a broad range of fields and regions, we manage such risks by assessing the impact of local weather and geographical factors on our business at the time of investment, conducting continued assessments after participation in the business, clarifying the scope of contractual responsibility, and concluding nonlife insurance policies.

Sector	Awareness of the impact of physical risks in each sector		Principal business related to the risk described at left
	Chronic	Acute	
Energy	Water shortage resulting in decline in production efficiency and in operation efficiency, risk of submergence due to sea level rise, etc.	Damage on facilities, disruption of operation, etc., caused by flooding and huge rainstorms	Thermal power generation in Southeast Asia, Middle East and Africa, Wind power generation in Japan and overseas, biomass power generation in Japan, solar power generation, and other renewable energy generation businesses, etc.

Sector	Awareness of the impact of physical risks in each sector		Principal business related to the risk described at left
	Chronic	Acute	
Resource & Interest	Rise in temperature & water shortage resulting in decline in production efficiency, disruption in operation, risk of flooding with rise in sea level, etc.	Damage on facilities, disruption of operation, etc., caused by flooding and huge rainstorms	Mining operations in North America, South America, Australia, Africa, etc.; energy interests in Southeast Asia, Middle East & Europe; and sales of such resources and energy
Raw materials	Rise in temperature & water shortage resulting in decline in production efficiency, disruption in operation, etc.	Damage on facilities, disruption of operation, delay in raw materials/product shipment, etc., caused by flooding and huge rainstorms	Manufacturing, processing, sales, etc., of metal products, transportation equipment and parts, chemical products, materials, etc.
Transportation systems	Water shortage resulting in decline in production efficiency, disruption of operation, etc.	Damage on facilities, disruption of operation, delay in raw materials/product shipment, etc., caused by flooding and huge rainstorms	Manufacturing and sales, etc., of transportation equipment and parts
Real estate	Delay in project schedule, rise in utility cost, decline in property value with a rise in sea level, etc., resulting from rising temperature	Delay in project schedule, decline in property value caused by structural damage & flooding, etc., caused by flooding and huge rainstorms	Office building business, retail facilities business, residential business, logistics facility business, etc.
Agriculture	Rise in temperature & climate change resulting in decline in production efficiency, etc.	Disruption in operation, etc., caused by huge rainstorms, flooding or drought	Agriculture & import and wholesale of food products, retail sales business, etc.
Forestry	Temperature change resulting in changes in the growth environment, etc.	Decline in asset value of forest resources, etc., caused by natural disasters	Forestry business in Russia, New Zealand, etc.

[Results of Risk Analysis of Susceptible Businesses and Status of Response]

While physical risk includes a variety of risks, we have conducted a more detailed risk analysis of the sectors and businesses identified on the previous page as being susceptible to physical risk based on the factors such as having large outdoor locations or requiring a large amount of natural resources for operations.

In addition to power generation, upstream resources and energy, real estate, and agriculture businesses, we also conducted a risk analysis of forestry businesses this year using assessment tools such as the RCP8.5 scenario*1 based on the IPCC*2 scenario of a 4°C rise by 2100, mainly in terms of water stress, flooding and sea level rise, temperature rise, and forest fires, based on information such as the geographical information of major business sites, while considering the actual conditions of the businesses. For these businesses, we also confirmed that risk management was being conducted appropriately by assessing the impact of local weather and geographical factors on our business at the time of investment, conducting continued assessments after participation in the business, clarifying the scope of contractual responsibility, and concluding nonlife insurance policies.

Sector	Analysis Results and Status
Energy	Analysis of water stress on power generation business showed there are regions with possible water shortage. However, water used in our thermal power generation business, which uses large amounts of water for cooling, is supplied by seawater, water production facilities within the power plant, etc., leading to the conclusion that the risk of operation disruption caused by water shortage, etc., is not significant.
Resource & Interest	In the study of the resource & interest business in terms of water stress and continual temperature increase risk, there are regions found to have relatively high risk of long-term increase in the number of days when temperature reaches 35°C or higher and possibility of water shortage. Sumitomo Corporation plans to execute risk control through assessment of disaster risks vis-à-vis geographical conditions, etc., definition of working conditions with sufficient attention to temperature and other conditions, subscription to nonlife insurance, etc.
Real estate	In the real estate business, sufficient research and analysis are being conducted on flooding risks for various locations during the development studies stage. Property projects are being selected through conservative assessment of risks based on information from hazard maps and specific conditions of each property site, etc. In promoting project development, measures are being taken on physical risks in order to minimize them. For this reason, risks in the business portfolio as a whole are not considered significant.

Sector	Analysis Results and Status
<p>Agriculture</p>	<p>In the analysis of temperature rise and water stress for major agricultural sites in each country, there are regions with a possible increase in the number of days when temperature rises to 35°C or higher and possible water shortage. Although adverse impact is anticipated on such agricultural operations if such risks affect agricultural product quality, output, etc., Sumitomo Corporation has diversified crops and regions in the business and has therefore built risk resistance to a certain degree in terms of total performance.</p>
<p>Forestry</p>	<p>In the analysis of forest fire risk in the forestry business, it was confirmed that the risk is low for the forest assets currently owned by the Company. For our forests, we are taking measures in accordance with fire prevention plans, etc. In the risk analysis based on TNFD^{*3} framework, our forest assets in New Zealand were analyzed as a whole for natural disaster risk, including floods, etc. (For details of the analysis results, please refer to the ▶ Trial Analysis Based on TNFD's Beta Framework).</p>

*1 Representative Concentration Pathway : A scenario in which the temperature rises by 4°C by 2100

*2 Intergovernmental Panel on Climate Change : Intergovernmental Panel on Climate Change

*3 Taskforce on Nature-related Financial Disclosures : A global initiative aimed to develop and deliver a risk management and disclosure framework for organizations to report and act on evolving nature-related risks.

Risk Management

- Our business activities are comprised of a broad range of fields and regions and correlated with various social issues. Therefore, we formulated several policies to properly address social and environmental impacts resulting from our business activities and these policies are fully publicized in our group in order to take account of the various social issues.
- In detail, we evaluate social and environmental risks and check each business plan on how to respond to the risks as a part of our deliberation processes when considering and executing new businesses. Especially on climate change, we assess following climate-related risks and opportunities resulting from various adverse effects and business environmental changes from climate transition, which may possibly have negative impacts on our business activities' feasibility:
 - Impacts of climate change such as the frequent occurrence of natural disasters and extreme weather events
 - Impacts of introduction of regulations
 - Impacts of technology changes, etc.
 - Potentials of business expansion and performance improvement resulting from mitigation and adaptation action in markets
- Regarding our existing business, we regularly monitor both companywide and individual business management status on social and environmental risks in order to make use of such monitoring information for strategic decisions.
- Regarding response to climate-related risks, we regularly report the Board of Directors and the Management Council about the risk information from which each Group collecting climate-related regulations and market's changes when it expands its businesses and the Corporate Sustainability Department collecting and analyzing global climate trends including specific climate actions and regulations. In case that there are any unacceptable risks from the perspective of risk management for our business portfolio, measures including reduction of exposures may be considered and executed in collaboration with organizations responsible for risk management.

Metrics and Targets

Metrics and Targets

Targets : Effort for carbon neutrality

The Group set “Policies on Climate Change Issues” and long- and medium-term goals for Material Issues, and aim for realizing carbon neutrality by 2050 as well as contributing to carbon neutrality of society. The main points made in the policy and in the long-term and medium-term goals are as follows. Please check [“Policies on Climate Change Issues”](#) and [“Material Issues”](#) for details.

- Reduce the Group's CO₂ emissions 50% or more by 2035 (compared to 2019) Of which, Reduce CO₂ emissions of the power generation business by 40% or more by 2035 (of which reduce 60% or more for coal-fired power generation business)
 - For coal-fired power generation business, no further involvement in IPP (Independent Power Producer) nor EPC (Engineering, Procurement, Construction) business and will end all the coal-fired power generation business in the late 2040s
 - For thermal coal mine interest, no additional investment and reduce indirect CO₂ emissions generated from thermal coal mines to zero by the end of the 2020s
 - Increase supply of renewable energy (5GW or more by 2030)
- * The scope of business targeted for carbon neutralization is as follows
- Direct CO₂ emissions from Sumitomo Corporation and its subsidiaries, as well as indirect emissions from the generation of energy used by each company (however, for power generation businesses, emissions from those affiliated companies under the equity method are also included)
 - Indirect CO₂ emissions associated with the use of energy resources produced by fossil energy concession of Sumitomo Corporation Group, its subsidiaries, and affiliated companies under the equity method

Index: Internal carbon pricing utilization index for achieving carbon neutrality

From April 2023, we have been operating an internal carbon pricing (ICP) system to calculate carbon emission costs, environmental values and avoided emissions. We utilize analysis from the system to consider companywide measures to create new climate-related business opportunities and check potential impacts on future businesses for decisions on investment.

In the ICP system, we use the outlook on carbon price of the Net Zero Emission Scenario (NZE) in the World Energy Outlook 2023 published by the IEA.

<Carbon price in our ICP>

(\$/t-CO₂)

	2030	2035 (*)	2040	2050
Advanced economies with net zero emissions pledges	140	172.5	205	250
Emerging market and developing economies with net zero emissions pledges	90	125	160	200
Selected emerging market and developing economies (without net zero emissions pledges)	25	55	85	180
Other emerging market and developing economies	15	25	35	55

* Carbon prices in 2035 are average figures of 2030 and 2040 from the NZE in the World Energy Outlook.

Results

CO2 Emissions (*1)

(Thousand t-CO2e)

Index	Result of FY2019 (The base year)	FY2023	Percentage of change	Reduction targets of 2035
Entirety	59,939	51,606	▲ 13.9%	50% or more
Sumitomo Corporation and its subsidiaries (other than power generation) (*2)	1,005	782	▲ 22.2%	-
Power generation business (*3)	43,126	39,632	▲ 8.1%	40% or more
	Of which, coal-fired power generation (*3)	34,452	32,820	▲ 4.7%
Fossil energy concession (*4)	15,808	11,192	▲ 29.2%	-
	Of which, thermal coal mine interest	12,538	10,164	▲ 18.9%

*1 Figures for active power generation projects and fossil energy interests are calculated with the advice of a third party.

*2 Direct CO2 emissions from Sumitomo Corporation and its subsidiaries, as well as indirect CO2 emissions from the generation of energy used by each company

*3 Includes estimates for projects under construction and emissions from those affiliated companies under the equity method

*4 Indirect CO2 emissions associated with the use of energy resources produced by fossil energy concession of Sumitomo Corporation, its subsidiaries, and affiliated companies under the equity method.

Net ownership generation capacity of Renewable energy

(MW)

Index	Result of March 31, 2020 (The base year)	Result of March 31, 2024	Targets of 2030
Renewable energy (*)	1,397	2,075	5,000 or more

* Includes capacity held by a fund whose management company is 51% owned by Sumitomo Corporation.

<Reference> Net ownership generation capacity portfolio

(MW)

	As of March 31, 2024
Coal-fired power generation	5,172
Gas-fired power generation	2,994
Renewable energy (*1)	2,075
Total	10,241

* Includes capacity held by a fund whose management company is 51% owned by Sumitomo Corporation.

Contributing to the sustainable development of local communities and the global environmental protection through the renewable energy business in Japan

Operating six solar and two wind power plants in Japan

Among power stations sourced by renewables such as solar, wind, biomass and geothermal energies, solar (photovoltaic) power plants generate the greatest amount of electricity in Japan. So called "mega-solar (far-over-MW photovoltaic)" power plants started to be constructed across the country in 2012, after the introduction of the Feed-in Tariff system.

In the 1990s, Sumitomo Corporation began importing polysilicon and other materials for Japanese photovoltaic panel manufacturers, while exporting their products to overseas markets. We subsequently started the development of mega-solar power plants in Europe and the United States, and from 2012, in Japan. Today, we own and operate mega-solar projects at six locations nationwide.

Construction of wind power plants came into full swing in Japan in the early 2000s, before mega-solar projects gathered momentum. Sumitomo Corporation started the commercial operation of its first wind power plant in 2004, when wind power generation had just begun to take off. We then launched several projects, including those in Kashima, Ibaraki Prefecture and Oga, Akita Prefecture, which are well into the operational stage today.



The wind power plant in Kashima stands on a landfill site facing the Kashima-nada Sea. The nacelles of wind turbines bear the logos of the local football team (Kashima Antlers) and other local corporations. (Summit Wind Power Kashima Wind Farm)



Oga is an ideal site for wind power generation, with average annual wind velocity exceeding 6 m/s at many points. (Oga wind power plant)

Solar power plants in Minamisoma stand as a symbol of restoration from the earthquake disaster

Our latest initiative in solar power generation is the development of a mega-solar power plant with a generation capacity of 92,000 KW in Minamisoma, Fukushima Prefecture, which suffered devastating damage from the Great East Japan Earthquake. In 2012, one year after the earthquake disaster, we began drawing up a plan to build a solar power plant with cooperation from the local municipality with the aim of making use of coastal land that subsided due to the tsunami. After overcoming numerous challenges, commercial operation commenced in March 2018 for the first phase of construction, and in December 2018 for the second phase of construction.

Fukushima Prefecture aims to expand its renewable energy power generation capacity to meet 100% of the prefecture's demand by around 2040. Installed on a vast plot of 150 ha land, which is 32 times the size of the Tokyo Dome stadium, the two solar power plants will not only contribute to achieving this target, but also stand as a symbol of restoration from the disaster for the regional people.

Sumitomo Corporation has the vision of operating its plants over the long term, even after the Feed-in Tariff period has ended, to continue supplying environmentally friendly and cost-competitive electricity to society. The prerequisite for fulfilling this vision is to build a relationship of trust with the local communities. The only way our facilities can sustain operations over decades to come is to be accepted and loved by the local people.



First-phase construction; Mano Migita Ebi solar power plant



Second-phase construction; Haramachi Higashi solar power plant

Realizing optimal electricity management through Group-wide collaboration

Solar and wind power generation is susceptible to weather conditions. As a means of compensating for this weakness and ensuring stable electricity supply, Sumitomo Corporation is looking to use the storage batteries in its renewable energy business in pursuit of optimal electricity management. Furthermore, we are seeking to supply the electricity continuously and stably to consumers, in cooperation with Summit Energy Corporation, a subsidiary engaged in electricity retail business, who own and operate large-scale biomass power plants within the Group.



Our affiliate conducts panel inspections at periodical local meetings. (Second-phase construction; Haramachi higashi solar power plant)

Developing new renewable energy power generation projects

The Japanese government has revised upward the 2030 target for the proportion of renewable energy in the domestic energy consumption mix to up to 38%. The Sumitomo Corporation Group meanwhile, has a medium-term goal of increasing its renewable energy power supply capacity to at least 3 GW in combined total by 2030 and, toward this end, is expanding the development of carbon-free energy projects. These include a number of new projects started in Japan, namely: a biomass energy plant in Sendai, Miyagi Prefecture (March 2021); an onshore wind farm extending across Tamura, Okuma, Namie and Katsurao, Fukushima Prefecture (April 2022); and another onshore wind farm in Tosashimizu and Mihara, Kochi Prefecture.

Also eyed are new business areas such as domestic offshore wind power generation, which is currently the subject of global attention, and district energy management businesses that provide renewable energy for local consumption.

Drawing on our long years of operational experience in solar, wind and biomass power generation, we are confident that we can contribute to the development of Japan's renewable energy power generation industry and the realization of a sustainable society.

Sustaining Indonesia's power supply with geothermal power generation

Renewable energy that is less susceptible to climate conditions

Geothermal power generation is a method used to generate electricity with a renewable energy source. The mechanism itself is simple: ground water is heated by deep underground magma near volcanoes, and the resulting steam turns the turbine of a generator that produces electricity. As it requires no fossil fuel consumption, geothermal power generation has a low environmental impact. Also, the cost of generating electricity is unaffected by fuel market fluctuations. Compared to other renewable energy sources such as solar and wind power, geothermal energy is undisturbed by climate conditions. Accordingly, this generation method can deliver electricity on a stable basis.

However, geothermal power generation entails some risks. It is unclear to know if enough hot water or steam (i.e. geothermal fluid) can be obtained for power generation until after a deep well has been drilled. In fact, some projects must be aborted as a result of drilling 2,000 to 3,000 meters in depth. Developing geothermal energy projects requires know-how of surface level surveys, ability to fund wells for drilling, ample time, and even a certain amount of luck.



Steamfield Above-Ground System (SAGS) extending from the Ulubelu production well (Ulubelu power station [left] and Lahendong power station [right])

Abundant geothermal resources in Indonesia

Business models for power generation infrastructure are generally grouped into two main categories: EPC and IPP. EPC refers to construction contracts where the Engineering, Procurement, and Construction of a power plant are contracted. Under EPC arrangements, the contract is typically fulfilled when the completed facility is delivered to the local government or company. IPP stands for Independent Power Producer, where the operator becomes the owner of the generating facility and sells electricity on an ongoing basis.

With a view to the diversification of power sources in the future, Sumitomo Corporation has kept a keen eye on geothermal power generation since the early days when these projects were becoming larger in scale and more practical, and began delivering related equipment in the 1970s. Indonesia has the second highest number of geothermal resources in the world. We began our work in geothermal power generation there in 1995, and won our first EPC contract for a geothermal power plant in 1997. To date, we have been involved in a total of 12 projects (17 units totaling approximately 900 megawatts of power generation capacity). This represents 40 percent of the total geothermal capacity in the country and is the highest among Japanese integrated trading and business investment companies.

Our success with numerous geothermal EPC projects has been built on the productive partnerships we have forged. Our partners include Fuji Electric Co., Ltd. the world's leading manufacturer of steam turbines for geothermal power stations, and an Indonesian company PT. Rekayasa Industri, which take charge of civil construction, installation and local procurement. Among our recent geothermal EPC projects are the Lahendong power station in north Sulawesi and the Ulubelu power station in south Sumatra.



Most geothermal power stations are located deep in rural mountainous areas. Encountering Sumatran tigers posed a threat during construction work for the Ulubelu power station on in Sumatra. (Ulubelu power station [left] and Lahendong power station [right])

Demonstrating persistence in geothermal IPP project development

Our first geothermal IPP project in Indonesia was the Muara Laboh project, launched in west Sumatra in 2011.

Geothermal power stations are generally developed and built in untouched mountainous areas near volcanoes. Development of a geothermal project begins with construction works which consists of clearing and leveling the ground at the project site. Muara Laboh is located in a remote area, requiring four to five hours of overland travel from the nearest airport. In March 2012, the Project Company which Sumitomo Corporation along with its partners invests in entered into a long-term power purchase agreement over 30 years with the Indonesian state-owned electricity utility. After obtaining a Government Guarantee Letter from the Ministry of Finance of the Republic of Indonesia, the Project Company embarked on trial well drilling.

However, as a result of drilling exploration wells, the need to downscale power generation capacity became clear. We renegotiated with the Indonesian government and the Indonesian state-owned electricity utility regarding the terms and conditions of the project. It took nearly two years before all parties reached a unanimous agreement. The next step was to make financial arrangements for the actual power station construction. After five years of concluding the initial long-term power purchase agreement, we were able to achieve finance close and start the construction work in March 2017.

We were also contracted to provide EPC services for the construction of this plant. To achieve our goal of completing our first geothermal IPP project in Indonesia on time and contributing to the country's electricity supply, we not only leveraged our expertise as an operator that we have cultivated through other IPP projects, but also our extensive experience in geothermal EPC projects and the comprehensive strengths of our electric power infrastructure business as well. Finally, we were able to commence commercial operation in December 2019.

It was unprecedented for a Japanese company to be involved in the development of an Indonesian geothermal power project from the earliest stage, even prior to test drilling. Systemic difficulties made negotiations on project terms and conditions as well as financial arrangements a prolonged endeavor. Despite this obstacle, the successful completion of the power plant was achieved, helping us build a foothold for our next projects in Indonesia. Our projects currently underway include expansion work for the Muara Laboh power plant and the construction of our next geothermal IPP project, the Rajabasa power plant, on Sumatra Island



Production well drilling at the Muara Laboh power station (left) and a panoramic view of the entire site

Indonesia to increase geothermal power generation capacity by 2.5 times by 2030

With the fourth largest population in the world at more than 270 million people, and an economy that continues to grow at around 5 percent per year, shifting to renewable energy and ensuring a stable supply of electricity have been national challenges for Indonesia. Geothermal power generation, which utilizes Indonesia's abundant geothermal resources, has been recognized as an effective means to simultaneously solve both of these issues, and the Indonesian government plans to increase its geothermal power generation capacity from the current 2,400 megawatts to 5,800 megawatts by 2030. The government is looking to Sumitomo Corporation, with its 20-plus years of experience in the construction of geothermal power plants and its experience in Muara Laboh geothermal IPP project, for support in this endeavor.






Geothermal power projects entail unique risks that other power sources do not. Building on our accumulated knowledge and expertise, we will contribute to the realization of a low-carbon society in Indonesia by managing those risks in cooperation with government agencies and financial institutions.



Good communication is essential among project staff. We also value communication with local community members and promote local hiring.



Related Information

- ▶ [Start of Commercial Operation at Muara Laboh Geothermal Power Plant in Indonesia](#) 
- ▶ [Contract Awarded by PT Pertamina Geothermal Energy for Construction of Units 5 and 6 at Lahendong Geothermal Power Station in Indonesia](#) 
- ▶ [Contract Awarded by PT Pertamina Geothermal Energy for Construction of Units 3 and 4 at Ulubelu Geothermal Power Station in Indonesia](#) 
- ▶ [Sumitomo Corporation to enter into Power Purchase Agreements for Geothermal Projects in Indonesia](#) 
- ▶ [Purchase of Additional Equity Stake in Muara Laboh Geothermal Power Project in Indonesia](#) 

Participation in European offshore wind power projects

Rapid development of offshore wind power generation in Europe

The European Union ("EU") aims to increase its use of renewable energy to at least 32% of the EU's total energy consumption by 2030. In July 2021, the European Commission announced policy packages containing a proposal for raising the target ratio to 40%. Under this circumstance, the development of offshore wind power generation projects is growing rapidly in Europe. This technology involves large turbines installed in the sea that harness the power of the wind to produce electricity. Wind farms are currently being constructed in earnest, mainly in the North Sea, which borders Norway, Denmark, Germany, the Netherlands, Belgium, France and the United Kingdom ("UK").

The greatest advantage of offshore wind power generation is the absence of physical obstacles to wind, such as mountains and buildings. This increases efficiency in energy conversion and facilitates output projection. The vast open spaces of the sea are also convenient for the transportation of turbine blades, a headache for onshore wind power projects situated on restrictive land sites. The North Sea is particularly suited to wind farms since shallow waters stretch out for over 40 kilometers off the coast.

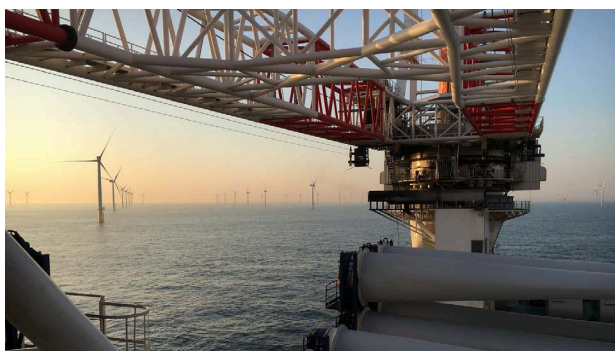


An offshore wind farm is often likened to a flock of egrets.

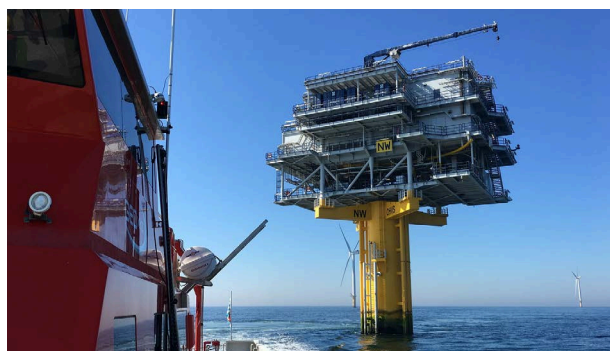
Four Belgian projects

Sumitomo Corporation entered the offshore wind power business in 2014. Under a strategic partnership with Parkwind, a Belgian offshore wind company, we participated in Belwind, Northwind and Nobelwind wind farm projects, then in operation, under construction or in development in the North Sea.

Since August 2018, Sumitomo Corporation has also participated in Northwester 2, the fourth joint project with Parkwind. Construction was completed in May 2020. Recently, the European offshore wind power market has been shifting toward ever larger turbines driven by technology innovation. Northwester 2 is running the world's largest turbines currently in commercial operation. Constructing and operating these huge wind turbines requires stable funding, management skills to see the project through, and operational expertise. Having already accumulated considerable related experience through building and running conventional power plants and participating in onshore wind power projects in North America, China and South Africa, Sumitomo Corporation has been able to bring about successful outcomes in the Belgian projects.



A service vessel in the North Sea at sunrise—construction goes on day and night.



A towering offshore substation

Participation in projects expanding in Europe: From Belgium to the UK and then to France

Sumitomo's European bases for its offshore wind power business are Dusseldorf in Germany (European hub), Leuven in Belgium, London in the UK, and Paris in France. We have been exploring new business possibilities, working locally as an IPP firmly anchored in each locale and utilizing our global network as an integrated trading and business investment company to gather information.

In fact, it was due to our steady local efforts, in addition to our highly acclaimed role in the Belgian projects, that we were able to successively take part in two British offshore wind farm projects, Galloper in 2016 and Race Bank in 2017. Wind farms of Race Bank and Galloper, far larger in scale than their Belgian projects, were completed in March and September 2018, respectively. Sumitomo Corporation's experience and know-how accumulated through the Belgian projects is utilized in the operation of these British wind farms. Following them, we have started the new project Five Estuaries, an extension of Galloper.

In 2018, we took part in the Le Tréport and Noirmoutier offshore wind projects in France, following our participation in Belgium and the UK. Le Tréport project is being developed in the English Channel about 15 kilometers off the coast of France and Noirmoutier project is being developed in the Bay of Biscay about 12 kilometers off the coast of France. We are currently working to achieve financial close*. The two projects have a total power generation capacity of 992 megawatts, enough to meet the consumption needs of 1.64 million people.

As evidenced here, the European offshore wind power market is expanding year by year. Our goal is to expand our business in this field by increasing our participation in projects in European countries, including for floating offshore wind turbine farms, an area for which growth is expected going forward. Today, the renewable energy business, which thus far has largely been supported by government subsidies, is quickly transitioning to a self-supporting model. Sumitomo Corporation is also moving in this direction, pursuing greater stability in power generation and higher cost competitiveness, so as to ensure continuity of power supply in Europe.

* Financial Close: Entering into a loan agreement for a project and meeting the lending requirements



The wind may agitate the sea, but it also makes turbine blades spin.

Potential in Asia

Outside Europe, Asia, Oceania, and North America are attracting global attention for their lofty potential in offshore wind power generation.

In Asia, Japan, Vietnam and other countries are those who draw much attention, not only because of its abundant wind resources over spacious oceans but also thanks to the government's commitment to renewable energy. Although there are obstacles to be overcome, such as frequent typhoons and less extensive shallows than in the North Sea, Sumitomo Corporation believes that it will be able to apply the expertise acquired through the European projects to initiatives in Japan and the rest of Asia and Oceania in the near future.



A wind farm at sunset shows various expressions.

Establishment of the Fund to Expand the Renewable Energy Business

In April 2018, Sumitomo Corporation integrated its conventional power and renewable energy business segments and established a global system to enable it to work on power generation projects in a seamless fashion. The company's objective in this area is to establish a robust energy business that contributes to society and preserves the global environment for future generations.

In 2019, Sumitomo Corporation, Sumitomo Mitsui Banking Corporation and the Development Bank of Japan established the first fund through Spring Infrastructure Capital (SIC), a fund management company jointly established by the three companies. The fund—the first fund in Japan to invest in offshore wind power projects overseas—has acquired the UK-based Race Bank and Galloper offshore wind farm as seed assets (assets for investment by the fund). In 2022, SIC established a second fund to acquire solar power generation projects in Japan as seed assets.

Through SIC, we will provide institutional investors with opportunities to invest in renewable energy assets both in Japan and overseas, and contribute to the development of global infrastructure centered on renewable energy.

To protect our planet while guaranteeing the day-to-day comfort and convenience that electricity provides, Sumitomo Corporation continues to vigorously promote its renewable energy business.



Related Information

- ▶ [Sumitomo Corporation to invest in Galloper Offshore Wind Farm](#) 
- ▶ [Sumitomo, Parkwind, and Meewind Secure Financing for Nobelwind Off-shore Wind Farm Project in Belgium and Start Construction](#) 
- ▶ [Participation in Offshore Wind Farm Projects \(Le Tréport and Noirmoutier\) in France](#) 
- ▶ [Establishment of Renewable Energy Fund](#) 

Providing the global market with sustainable wood resources

Managing forests to contribute to carbon neutrality across the globe

Wood represents a recyclable resource because trees can be systematically planted, grown and harvested repeatedly. In addition, wood is one of our most familiar resources. Sumitomo Corporation started wood business by importing logs, lumber and veneer into Japan to support the high economic growth of the country. Since the 2000s, the Company has also expanded the business to include forest management, with a view to securing and utilizing forest resources in a more sustainable manner. We are also supplying wood products coming from the forests that we manage, targeting not only Japan's matured market, which does not have much room for remarkable growth, but also markets with high growth potential around the world.

Forests, which absorb and store CO₂, can contribute to carbon neutrality across the globe through proper management and harvesting. Sumitomo Corporation also conducts sustainable forest management by practicing environment-friendly harvesting in the forests owned and managed by the Company. Looking ahead, we are committed to further expanding forest resources on a global scale while leveraging the expertise we have built in forest management.



A port in New Zealand to export wood

Achieving sustainable forest management in New Zealand through forestation

In March 2013, Sumitomo Corporation acquired forest in New Zealand and subsequently began to manage it through Summit Forests New Zealand. The forest extends over about 50,000 hectares on the North Island, where Radiata pine is grown and harvested to be exported to China and other Asian countries.

Forest management entails much labor, such as thinning out and pruning. There are also management risks to consider, including damage caused by fires and storms. Moreover, it might also be necessary to establish roads, ports and other infrastructure to transport harvested trees. Despite these challenges, Sumitomo Corporation is engaged in forest management in order to ensure a stable supply of wood on a long-term basis.

In Summit Forests New Zealand, trees are planted, grown and harvested in a cycle of 30 years to supply wood resources in an environment-friendly manner. For this forest, Sumitomo Corporation employs local inhabitants. They have long been engaged in and have vast knowledge of forestry. They are therefore efficiently sharing the work of planting, growing and harvesting trees in the plantation. On an annual basis, trees are hauled from the forest in the volume of about 600,000 m³ (equivalent to the volume of 900 25-meter pools). Nature is preserved in the forest, with wild horses running free.

Sumitomo Corporation is thus managing the forest in harmony with the local environment, instead of just trading wood from the forest, and this approach is highly evaluated by the local people. Also, we are applying advanced technologies to the industry, particularly to support harvesting operations. This involves employing drone and satellite photography systems to grasp the topographic features of plantation areas and to confirm the dimensions of harvesting areas.



Wild horses inhabit the forest in New Zealand, which is managed in an eco-friendly manner



The forest area owned in New Zealand's North Island has been expanded to about 50,000 hectares

Related Information

▶ [Summit Forests](#) 

Renewable Energy Related Business

We have entered power generation business using renewable energy, which is expected to grow as a medium- to long-term energy source, contributing to mitigating climate change.

As of March 31, 2023

Fuel	Power plant	Country	Generation Capacity (MW)
Solar power	Osaka Hikarinomori Project	Japan	10.0
	Solar Power Saijo	Japan	29.0
	Solar Power Kitakyushu	Japan	16.0
	Solar Power Tomakomai	Japan	15.0
	Solar Power Minamisoma/Kashima	Japan	59.9
	Solar Power Minamisoma/Haramachi	Japan	32.3
	EVM/EVM2	Spain	14.0
	Thang Long Industrial Park (TLIP)/TLIP II /TLIP III	Vietnam	25.1
Wind power	Oga Wind Power Plant	Japan	28.8
	Summit Wind Power (Kashima)	Japan	20.0
	Abukuma Wind Power Plant	Japan	147.2
	Datang Sino-Japanese (Chifeng) New Energy	China	50.0
	Stanton Wind Energy	USA	120.0
	Cimarron II Wind	USA	131.1
	Ironwood Wind	USA	167.9
	Dorper Wind	South Africa	100.0
	Mesquite Creek Wind	USA	211.2
	Amunet	Egypt	500.0

Fuel	Power plant	Country	Generation Capacity (MW)
Offshore wind power	Northwind	Belgium	216.0
	Nobelwind	Belgium	165.0
	Northwester2	Belgium	219.0
	Galloper	UK	352.8
	Race Bank	UK	573.3
Woody biomass	Summit Handa Power	Japan	75.0
	Summit Sakata Power	Japan	50.0
	Summit Myojo Power	Japan	50.0
	Sendai-ko Biomass Power	Japan	112.0
Geothermal Power	Muara Laboh	Indonesia	85.0
Hydraulic power	CBK	Philippines	792.0

Green Building Initiatives and Issuance of Green Bonds

In our real estate business, we have formulated and implemented basic policies related to environmental, social and governance (ESG) issues. As a real estate management company, Sumisho Realty Management Co., Ltd. ("SRM") believes that incorporating ESG elements into investment decisions and operation processes is essential for maximizing value of medium- to long-term investor. SOSiLA Logistics REIT, Inc. ("SLR") has obtained real estate environmental certifications such as CASBEE, DBJ Green Building, LEED, BELS. Also, SOSiLA Logistics REIT Inc. has been awarded "5 Stars" in the 2023 GRESB Real Estate Assessment and the highest "A Level" for the GRESB Public Disclosure, which measures the quality of ESG disclosure.

As the first J-REIT to formulate a green finance framework since IPO, SLR has been promoting ESG-oriented asset management through green finance. In June 2023, SLR issued 3.0 billion yen Green Bonds with aims to strengthen the funding platform by expanding the ESG investor base, along with promoting ESG initiatives. Funds procured through Green Finance are used for the acquisition of existing or new assets (including scheduled acquisition) of Eligible Green Assets that satisfy any of the following eligible criteria, used for the renovation of Eligible Green Assets, or repayment and redemption of loans (including Green Loan) and Investment Corporation Bonds (including Green Bonds) required for these.

<Eligibility Criteria>

- **Green Building**

Any of the following items that have been or will be certified

- B+ rank, A rank, or S rank in CASBEE certification for new construction or for real estate
- Three-star, four-star, or five-star DBJ Green Building certification
- Three-star, four-star, or five-star BELS certification (2016 standard)
 - * Excluding BEI over 0.75 for logistics facilities
 - Level 6, Level 5 or Level 4 in BELS certification (2020 standard)
- Silver, Gold or Platinum in LEED certification

- **Renovation of existing building**

Renovation of the owned assets which meet the following;

- To aim for improving environmental benefits such as reducing CO2 emission, energy consumption or water consumption (30% or more decrease in its volume)
- To improve the certification level by one rank, acquisition or reacquisition of the certifications

- **Energy Saving Equipment**

- Costs related to renewal of air-conditioning equipment, conversion of lighting fixtures to LEDs, and introduction of power storage systems (expected energy savings of 30% compared with conventional systems)

- **Renewable Energy**

Acquisition or installation of renewable energy power generation facilities (installed on the premises or on the rooftop of the property)

Major environmental certifications obtained by SLR (as of November 2023).

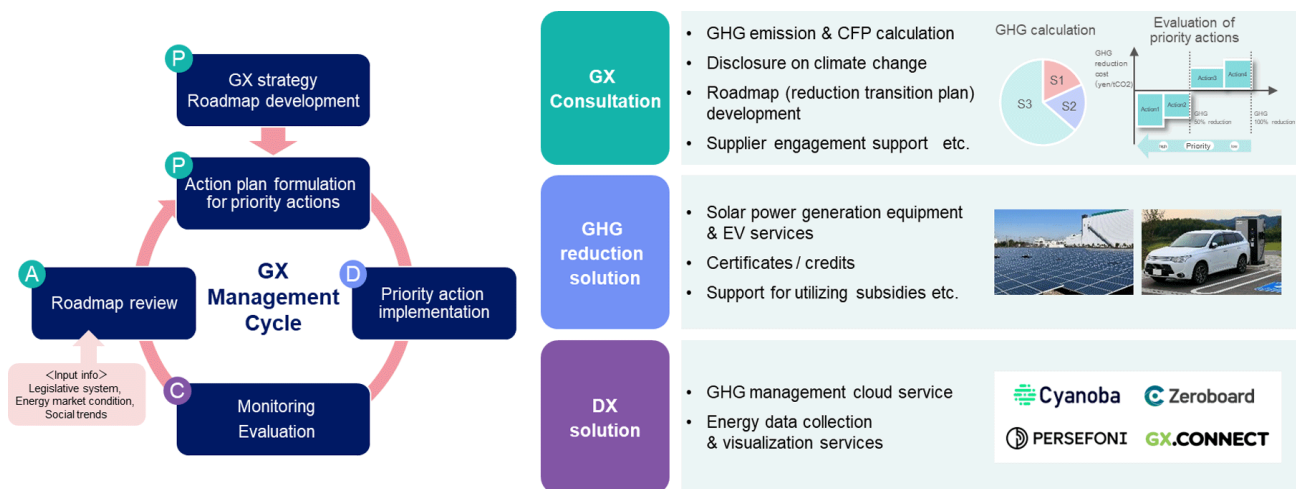
Certifications	Property Name	Evaluation
CASBEE: 11 properties	SOSiLA Yokohama Kohoku	Real estate Rank A
	SOSiLA Sagamihara	Real estate Rank A
	SOSiLA Kasukabe	Real estate Rank A
	SOSiLA Kawagoe	Real estate Rank A
	SOSiLA Nishiyodogawa I	Real estate Rank A
	SOSiLA Nishiyodogawa II	Real estate Rank A
	SOSiLA Ebina	Real estate Rank S
	LICS Narita	Real estate Rank A
	SOSiLA Itabashi	Building (New Building) A Rank
	SOSiLA Amagasaki	Real estate Rank S
	SOSiLA Yashio	Real estate Rank S
LEED: 1 properties	Atlanta Financial Center	SILVER

Certifications	Property Name	Evaluation
BELS : 11 properties	SOSiLA Yokohama Kohoku	☆☆☆☆☆
	SOSiLA Sagamihara	☆☆☆☆☆
	SOSiLA Kasukabe	☆☆☆☆☆
	SOSiLA Kawagoe	☆☆☆☆☆
	SOSiLA Nishiyodogawa I	☆☆☆☆☆
	SOSiLA Ebina	☆☆☆☆☆
	SOSiLA Nishiyodogawa II	☆☆☆☆☆
	LiCS Narita	☆☆☆☆
	SOSiLA Itabashi	☆☆☆☆☆
	SOSiLA Amagasaki	☆☆☆☆☆ ZEB Ready
	SOSiLA Yashio	☆☆☆☆☆ ZEB Ready

GX Concierge, Providing Side-by-Side Support for Decarbonized Management

To realize carbon neutrality, companies need to develop a green transformation (GX) management cycle for the ongoing process of assessing their current GHG emissions, formulating GX strategies and measures, adopting GX solutions, and evaluating and revising the process. Sumitomo Corporation and ABeam Consulting have established a new joint-company called "GX Concierge Inc." to mitigate climate change to carbon neutrality for society. Specifically, GX Concierge provides various GX-related consulting services, including support for measuring GHG emissions, developing a GHG reduction roadmap, and making disclosures under the TCFD. It acts as a one-stop service for all the customer's needs, from adoption of various Sumitomo Corporation Group's GX solutions, such as solar power generation and EV leasing businesses, to GHG emission management cloud services for visualizing GHG emissions. With climate change disclosures in line with TCFD recommendations becoming mandatory from FY2022 for companies listed on the Prime Market of the Tokyo Stock Exchange, we have already been providing GX consulting and other support services to our suppliers.

Sumitomo Corporation Group is deeply involved in the supply chains of a wide range of industries, so we aim to work with our suppliers and business partners to tackle climate change mitigation head-on and help realize a carbon neutral society through GX Concierge.



ZEB Ready Certification for Yaesu Avenue Project (tentative title)

Sumitomo Corporation is working with business partners to develop the Yaesu Avenue Project. In June 2023, this project received ZEB Ready certification (for net zero energy buildings) in a first for office buildings that we have developed. The ZEB Ready certification is given to non-residential buildings that are able to reduce primary energy consumption by 50% or more compared to base energy consumption through various energy-saving measures.

This office building achieved a BEI value of 0.48 (52% reduction compared to the standard) by adopting Low-E glass and light shelves on the exterior, high-efficiency air conditioning equipment, changes in room illumination, and the addition of lighting control equipment, thereby realizing an energy-saving building with a low environmental impact.



Using GX Concierge to Visualize GHG Emissions from Logistics Facilities (SOSiLA)

To assist efforts toward decarbonization, we have used GX Concierge to calculate and visualize GHG emissions at logistics facilities developed and owned by us (including our group companies) and SOSiLA Logistics REIT, Inc. To date, the SOSiLA series has been actively pursuing environmental certification in order to provide logistics facilities with high environmental performance to its tenant companies and SOSiLA Logistics REIT, Inc. investors.

As part of efforts to further reduce our GHG emissions, we will work to reduce the full life-cycle of GHG emissions by securing green power for facilities that are currently operating through installation of rooftop solar panels and other initiatives, and by adopting materials with high environmental performance for future facilities.



Operating an Environmentally Friendly Data Center

SCSK Group plays a central role in the IT business of Sumitomo Corporation Group. SCSK conduct management aimed at resolving social issues through business and achieving sustainable growth together with society.

Serving as an IT infrastructure platform to support the accelerating digitalization of customers, SCSK's data centers are also positioned as an important business in achieving our materiality of "contributing to the global environment." SCSK Group is working on follow two measures: "mitigation" measures to reduce suppress the progress of global warming by reducing greenhouse gas emissions, such as CO₂, and "adaption" measures to prepare for natural disasters associated with climate change.

Contribution to Reducing Environmental Impact - Promotion of Green IT

In the data center business, SCSK Group is reducing greenhouse gas emissions. This includes adopting energy-saving IT equipment, implementing highly efficient cooling and air conditioning systems, and providing services that contribute to power saving, such as server virtualization and cloud services.

Contributing to Building Resilient Society Against Natural Disasters

SCSK's data centers are certified as robust facilities resilient to natural disasters, ensuring business continuity for customers who utilize the data centers and contributing to strengthening resilience. SCSK group also support customers' business continuity by, for example, preparing some of the rooms in the facility for customers to use as a disaster recovery room in the case of a disaster.

Going forward, the SCSK Group will continue its ambitious efforts to reduce greenhouse gas emissions by promoting further power conservation and the use of natural energy. And will contribute to the realization of a decarbonized society and the development of a sustainable society through the practice of environmentally friendly business activities and the creation of business opportunities.

Retrofitted EV Bus Business with Nishitetsu Group

Sumitomo Corporation is working with Nishi-Nippon Railroad Co., Ltd. (Nishitetsu) to develop a retrofitted EV bus business that converts existing diesel buses into electric vehicles. With reducing CO2 emissions being an important challenge for the bus industry as well, EV buses have become increasingly important in recent years. However, only limited numbers of EV buses have been put into operation so far due to the high price of the vehicles. Focusing on this challenge, we have successfully deployed the Retrofitted EV Bus scheme, together with Nishitetsu Auto Body Tech Co Ltd, with practical cost using EV kits powered by RAC Electric vehicles Inc. which is the leading EV bus manufacturer in Taiwan.

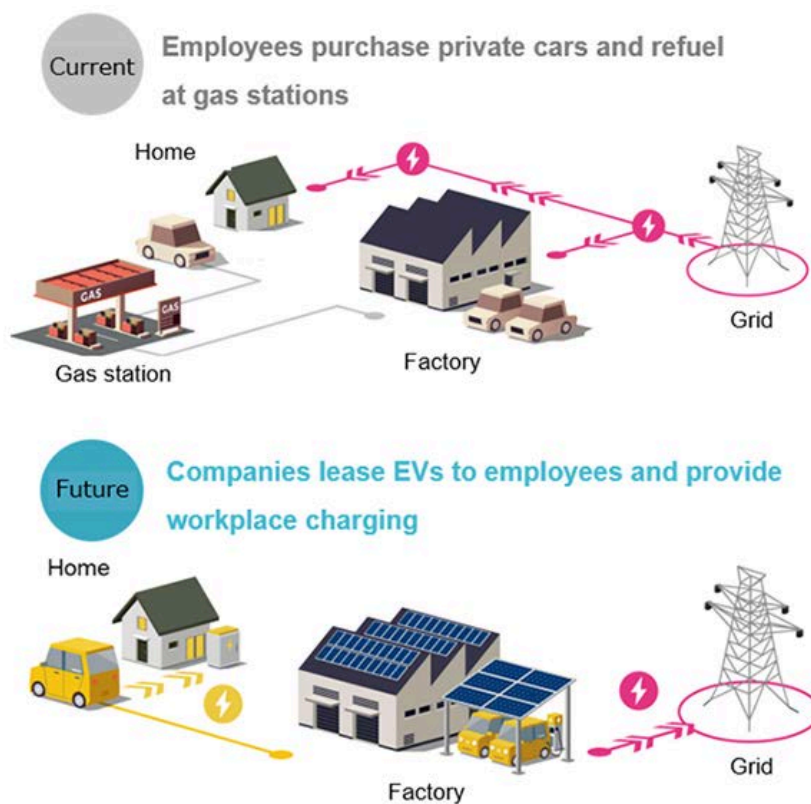
This business is an initiative that contributes to various social issues, including development of local society and economy, the circular economy, and mitigation of climate change. By introducing and expanding use of these domestic retrofitted EV buses by Nishitetsu and other domestic bus businesses, we will contribute to decarbonization of the bus industry in Japan.



First retrofitted EV bus assembled in Japan (operating in Fukuoka City from June 2023)

Hakobune Established to Provide a Service Combining EVs with Energy Management

Hakobune Inc., Sumitomo Corporation established in April 2023, provides “EV x energy management” services. Hakobune provide companies with commuter EVs for employees and workplace charging (WPC) facilities on a monthly subscription basis. If required by the companies, solar power generation equipment can be added to the package. To help employees update their commuting options and help companies decarbonize, Hakobune will provide commuter EV vehicles and WPC equipment for solar charging at workplaces to companies and their employees in areas where cars are critical for commuting. Sumitomo Corporation will make full use of its experience in the automotive and electric power businesses to accelerate its efforts to become carbon neutral through Hakobune's business while providing workers with a comfortable mobility lifestyle, thereby realizing the development of local communities and economies.



Contributing to the Decarbonization of Mining Sites Through the Supply of Trolley-assisted or AHS Mining Dump Trucks

Through our Komatsu dealer business, which currently operates in 12 countries, we are contributing to the decarbonization efforts of mining companies. Specifically, in Canada and Finland, we are supplying products that enable mining operations with reduced CO₂ emissions by electrifying some truck haulage processes using a trolley system and improving operational efficiency through the introduction of Autonomous Haulage System (AHS). Because the characteristics of mining sites vary depending on the region and site, decarbonization efforts require providing optimal solutions tailored to those characteristics. Going forward, we will leverage our customer relationship that we have cultivated through our Komatsu dealer business to continue providing new products and services that meet the needs of our customers and on-site operations, thereby contributing to efforts toward decarbonization at mining sites.



Sustainable Use of Natural Resources and Circular Economy

Basic Concept

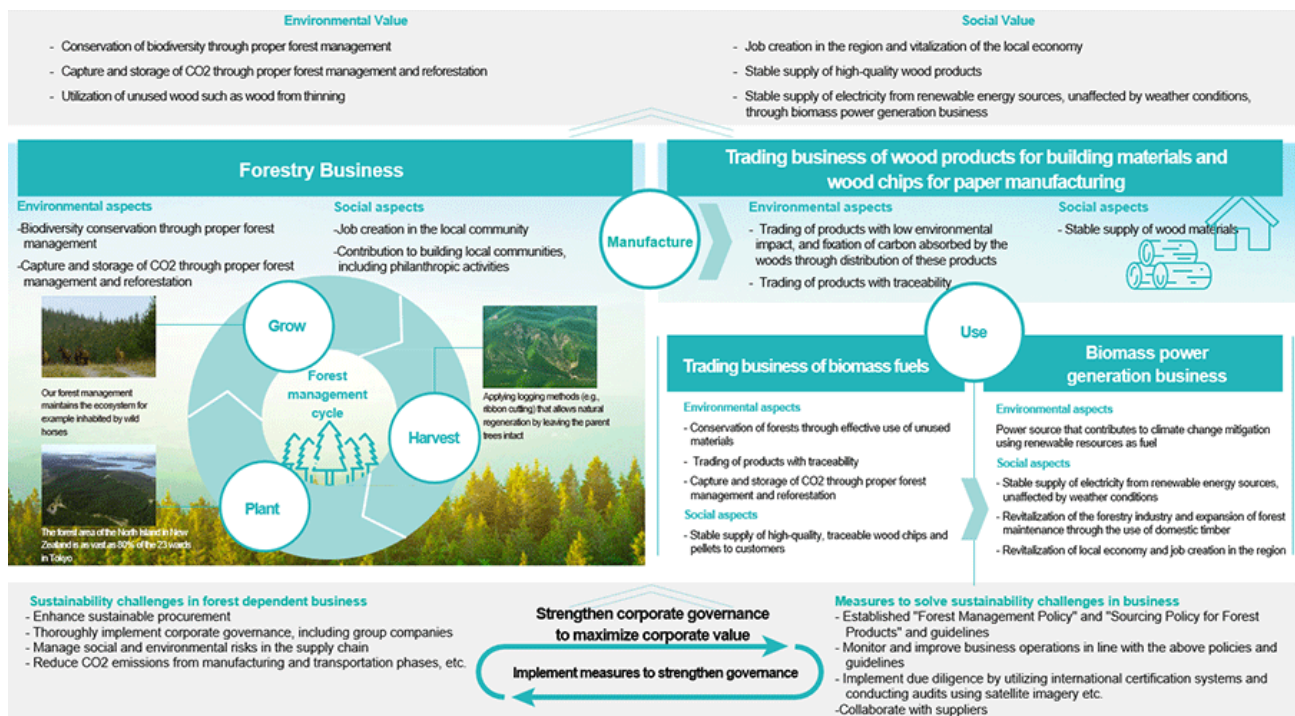
A variety of issues that threaten the sustainability of society have been brought to the fore, such as the growing world population and the associated increases in demand for resources and energy and in the volume of waste. Instead of continuing the conventional practices of mass production, mass consumption and mass disposal, building circular economy systems through recycling, reuse, reproduction, resource-saving product development, and sharing, to reduce dependence on natural resources is important for maintaining sustainable society.

The Group will make effective use of limited resources and contribute to the realization of sustainable resource recycling by switching to resource-saving technologies and products, and working on sustainable procurement from forests and other natural resources.

➤ ESG Quantitative Data on Resources and Waste

Effective Use of Forest Resources

Forests are a circulative resource that can be permanently regenerated through continuous planned logging and regrowth. In addition to providing diverse food sources and timber products in each region, appropriate management of these resources contributes to the conservation of biodiversity and mitigation of climate change by capture and storage of CO₂. The Sumitomo Corporation Group, conducting business using these precious resources, implements sustainable forest management to maximize the environmental and social value provided by them, while striving to strengthen governance to prevent deforestation, forest degradation, and human rights violations.



We established the Sumitomo Corporation Group Forest Management Policy and Sumitomo Corporation Group Sourcing Policy for Forest Products in March 2022. Furthermore, in order to reinforce due diligence to mitigate risks, we also set Operational Guidelines for putting the policies into actions.

Sumitomo Corporation Group Forest Management Policy

Established in March 2022

Scope of application

Forestry business directly managed by Sumitomo Corporation and its Consolidated subsidiaries. In addition, other forestry business that Sumitomo Corporation and its subsidiaries are involved in management are included if determined to be material.

Governance

This policy was approved by the Management Council and the Board of Directors of Sumitomo Corporation. If any serious issues arise in implementing this policy, measures and corrective action plans will be discussed at the Corporate Sustainability Committee and reported to the Management Council and the Board of Directors.

Commitment

Based on the principles of zero deforestation and respect for human rights, Sumitomo Corporation will strive to implement the following in its sustainable forest management, with the cooperation of its Group companies.

Environmental aspects:

- We will not engage in development that leads to gross deforestation, or the conversion of natural forests into plantations for forestry business.
- We will not develop forests with high conservation value (HCVF), or forests with high carbon stock (HCSF) such as in peatlands.
- We will work to protect endangered species and reduce the impact of our forestry business on ecosystems.
- We will conduct thorough management to prevent forest fires and will not conduct any operations which can cause forest fires.
- We will engage in forest conservation and reforestation.

Social aspects:

- We will conduct our forestry business with consideration for human rights in accordance with the Sumitomo Corporation Group's Human Rights Policy.
- We will respect human rights as stipulated in the "International Bill of Human Rights" and the International Labor Organization's "Declaration on Fundamental Principles and Rights at Work," and we will operate in accordance with the "United Nations Guiding Principles on Business and Human Rights."
- We will respect international norms related to the rights of indigenous peoples, such as the "United Nations Declaration on the Rights of Indigenous Peoples" and the "principle of Free, Prior and Informed Consent (FPIC)."
- We will support local communities through creating employment and offering educational programs related to forests.

Operational guidelines for Forest Management Policy

To reinforce due diligence to mitigate risks, we have also set operational guidelines for putting the policy into actions.

Risk assessment and monitoring:

- We will conduct environmental and social risk assessments in accordance with the Sumitomo Corporation Group Forest Management Policy before starting any new forest management. In addition, we will continue monitoring the status of our environmental and social commitments after the project started.

Certification:

- In addition to the above monitoring, we will make effective use of the internationally recognized forest management certification system for the forests managed by the Group and promote obtaining certification.

Stakeholder dialogue:

- In order to prevent global deforestation and forest degradation, we will promote the sustainable use of forest resources in society through dialogue with our stakeholders in the regions where our forests are located.
- We will develop a grievance mechanism* to respond to issues raised by our stakeholders.

Disclosure:

- In order to implement forest management with high level of transparency, we will strive to disclose information on our initiatives in accordance with the Sumitomo Corporation Group Forest Management Policy.

Reviewing process of the Guidelines:

- The Business Units will annually report on implementation of the policy to the Corporate Sustainability Department.
- Based on the report, the Corporate Sustainability Department will annually review the necessity of updating the Operational Guidelines.
- If any serious issues arise in implementing this policy, measures and corrective action plans will be reported to the Management Council and the Board of Directors.

* A process that employees, local residents or other stakeholders can use to lodge complaints regarding human rights violations and other issues related to enterprise's business activities including its supply chain, for resolving such issues

Sumitomo Corporation Group Sourcing Policy for Forest Products

Established in March 2022

Scope of application

Logs, wood products (plywood, lumber, veneer, laminated timber), wood chips and wood pellets traded by Sumitomo Corporation and its Consolidated subsidiaries.

Governance

This policy was approved by the Management Council and the Board of Directors of Sumitomo Corporation. If any serious issues arise in implementing this policy, measures and corrective action plans will be discussed at the Corporate Sustainability Committee and reported to the Management Council and the Board of Directors.

Commitment

In accordance with the principles of zero deforestation and respect for human rights, Sumitomo Corporation will strive together with its Group companies to source products based on this policy while cooperating with suppliers and customers.

Environmental aspects:

- We will not procure materials sourced from lands associated with destructive forest use or development which leads to gross deforestation causing significant environmental impacts.
- We will not procure materials sourced from lands associated with serious environmental issues including the destruction of forests with high conservation value (HCVF) or high carbon stock (HCSF) such as in peatlands.
- We will not procure materials produced from genetically modified wood.
- We will procure in compliance with the Washington Convention to protect endangered species.

Social aspects:

- We will procure products harvested in forests where human rights are respected in accordance with the Sumitomo Corporation Group's Human Rights Policy.
- We will respect human rights as stipulated in the "International Bill of Human Rights" and the International Labor Organization's "Declaration on Fundamental Principles and Rights at Work," and we will operate in accordance with the "United Nations Guiding Principles on Business and Human Rights."
- We will respect international norms related to the rights of indigenous peoples, such as the "United Nations Declaration on the Rights of Indigenous Peoples" and the "principle of Free, Prior and Informed Consent (FPIC)."
- We will not procure materials produced from illegally logged wood.

Operational guidelines for Sourcing Policy for Forest Products

To reinforce due diligence to mitigate risks, we have also set operational guidelines for putting the policy into actions.

Monitoring:

- In order to procure forest products in accordance with the “Sumitomo Corporation Group Sourcing Policy for Forest Products,” we will promote the use of products that have been certified by reliable international forest management certification systems. Additionally, we will request detailed information from suppliers through audit activities such as questionnaires and on-site visits.
- In order to ensure compliance with the Commitment, we will conduct supplier risk assessments and consult with non-compliant suppliers to request improvements. If no improvement is observed, we will consider reviewing the transaction.

Stakeholder dialogue:

- In order to prevent global deforestation and forest degradation, we will promote the sustainable use of forest resources in society through dialogue with our stakeholders, including suppliers and customers.
- We will develop a grievance mechanism* to respond to issues raised by stakeholders.

Disclosure:

- We will strive to disclose the status of our initiatives based on the “Sumitomo Corporation Group Sourcing Policy for Forest Products,” including reporting on monitoring results.

Reviewing process of the Guidelines:

- The Business Units will annually report on implementation of the policy to the Corporate Sustainability Department.
- Based on the report, the Corporate Sustainability Department will annually review the necessity of updating the Operational Guidelines.
- If any serious issues arise in implementing this policy, measures and corrective action plans will be reported to the Management Council and the Board of Directors.

* A process that employees, local residents or other stakeholders can use to lodge complaints regarding human rights violations and other issues related to enterprise’s business activities including its supply chain, for resolving such issues

Initiatives for Forest Management and Forest Products Procurement

We spoke to group companies conducting forest management to understand their response to mitigating environmental and social risks, including forest conservation, mitigation of impacts on ecosystems, and consideration of local residents, and we confirmed that activities conducted during FY2023 were in line with our Forest Management Policy. We also confirmed compliance of our forest product suppliers with the commitments of our Sourcing Policy for Forest Products during FY2023, using an annual questionnaire and on-the-spot surveys.

New Zealand Timber Business

In New Zealand, a sustainable supply of timber resources is provided on a 30-year cycle through a harmonious arrangement with local communities under the environmentally friendly forest management system of planting trees, growing them, cutting them down, and replanting them. In the approximately 66,000 hectares of forest owned by Summit Forests New Zealand Limited., besides protecting water resources, cultural sites, and indigenous biodiversity conservation areas, the company has also forged friendly relationships with the indigenous Māori people in the course of running its business. Moreover, much of the company's forest holdings are international forest management certified, which offers objective proof that the company is managing the forest appropriately.

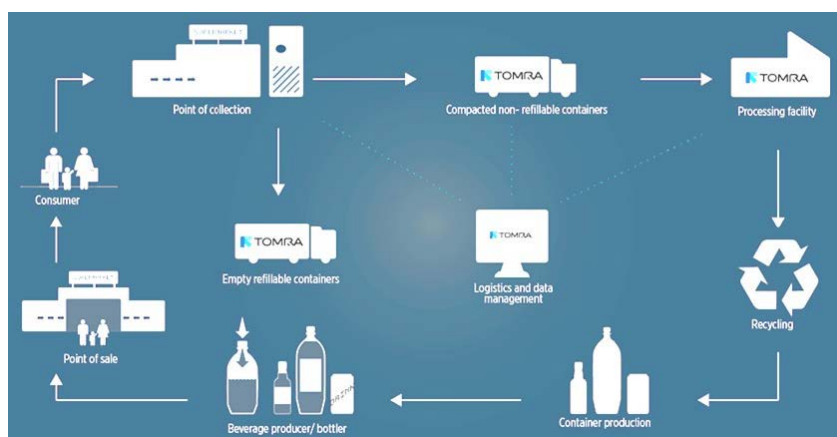


Forest owned by SFNZ

- ▶ Please see here for more details on the Forestry business in New Zealand. [📄](#)

Tomra Japan: Creating and Deploying a PET bottle Recycling System in Which Consumers Take Part Actively

Reducing the usage of plastic resources while ensuring its effective consumption - importance of this issue is increasing year by year as a measure for addressing global environmental issues, such as marine litter and global warming. In this context, importance of resource recovery system is increasing, to materialize and enhance sustainable resource recycling. Tomra Japan is a joint venture between TOMRA Systems ASA (Norway) and our company. In addition to selling equipment such as reverse vending machines (RVMs) for the efficient collection of used PET bottles, we have also created and deployed a recycling system whereby we collect PET bottles from RVMs installed at supermarkets and other retail stores and deliver them to recyclers. RVMs only collect PET bottles after their caps and labels are removed by the consumers, this enables us to collect high-quality resources with fewer impurities. Through the supply of high-quality recovered resources, Tomra Japan has been contributing to horizontal recycling, in which fresh PET bottles are made from used PET bottles. In addition to such activities, in 2021 the company launched a new brand named “bottlium” with the aim to contribute to the recycling of PET bottles into polyester clothing. By recycling PET bottles into clothing that can be repeatedly washed, continuing the horizontal recycling of PET bottles, and encouraging consumers to actively take part in collecting and recycling higher-quality resources in an efficient manner, Tomra Japan will continue to contribute to the reduction of environmental burden and the development of a recycling-based society.



Circulation recycling system with RVM as a platform



Reverse Vending Machine



“bottlium” – New brand of recycled PET bottle by Tomra Japan. Made from the high-quality resources (used PET bottles) collected by Tomra Japan, through chemical agent-free aqueous cleaning process. The highest quality expands the possibilities for various applications such as hollow fibers.

Construction Equipment Rental Business Expanded Globally

In Japan and the United States, which are advanced construction equipment rental countries, we are developing the business through TAIYOKENKI RENTAL CO., LTD., and Sunstate Equipment Co., LLC, respectively. In Southeast Asia where further mechanization and rental demand expansion is expected, we are also operating through Aver Asia (S) Pte Ltd. Because customer needs are growing more diverse with increased awareness of workplace safety and productivity, we aim to provide new value by upgrading services utilizing IT and DX, such as enhancement of rental products and offering of various rental apps. We will take advantage of the knowledge of business operations cultivated in each areas while also efficiently allocating managerial resources between group companies. By providing and promoting the use of highly reliable and economically efficient machinery, we will contribute to the realization of a sustainable circular economy.



Machinery yard at Sunstate Equipment



Corporate culture of people and teamwork

Results

We are working toward our goal of actively promoting the sale of certified timber. The following table shows our actual use of certified timber in New Zealand (Summit Forests New Zealand) during FY2023.

FY2023 Results	
Certified log (New Zealand)	168 thousand m ³

Water Resources

Basic Concept

Water is an essential natural resource. However, due to an increase in water demand as a result of population growth and economic development, there will be more and more areas where water will become scarce. According to the Organization for Economic Co-operation and Development (OECD), water demand is projected to increase by 55% between 2000 and 2050 and, in 2050, 240 million people will have no access to clean water and 1.4 billion people will be without access to basic sanitation.

Our Group conducts its business around the world, including in highly water-stressed areas. Fully recognizing the . niteness of water resources, we approach relevant issues both in terms of risk and opportunity through our efforts to reduce water consumption, improve efficiency, and establish water infrastructure.



➤ [Environmental-related data on Water](#)

Water Business

While water demand is expected to increase on a global basis as a result of population growth, urbanization and industrialization, the infrastructure environment to ensure the supply of safe and hygienic water has not been improved and water issues are expected to become even more serious. In response, in the 21st century, water business that aims to address water issues has started attracting people's attention globally. Increasing awareness that developed countries are responsible for contributing to achieving a safe and hygienic living environment in developing countries has also contributed to the increased attention to water business.

We regard water business combining water supply and sewerage systems as an important pillar of social infrastructure. Based on this recognition, we are engaged in various business projects around the world. We have been expanding our water business from BOOT and BOO business*1 using private-sector capabilities*2, such as water and sewage treatment and seawater desalination, to fully privatized business in promising markets around the world, including areas with rapidly increasing water demand. We have realized substantial achievements in these business areas. We will continue to take on challenging issues in globally expanding and multifaceted water business by supplying safe and secure water using Japanese technology and responding to the demand for reducing social costs by using private capital.

- *1 BOOT (Build-Own-Operate-Transfer) is a form of providing services under a long-term contract with the public sector and, after the contract period, transferring the business assets to the public sector
BOO (Build-Own-Operate) is a form of providing services under a long-term contract with the public sector as in BOOT but the assets will be maintained by the business operator.
- *2 Use of private-sector capabilities: Use of business operation capabilities and funds of the private sector for business projects that have traditionally been conducted and financed by the public sector to increase efficiency

Country	Activity Description	Business category
Brazil	Investment in BRK Ambiental, one of the largest private water-related companies, holds assets of 23 business projects of water supply and sewerage treatment (our indirect ownership ratio is 14%). We are participating in promising water supply and sewerage treatment business in Brazil.	Water supply and sewerage treatment business
China	We established Capital Summit at 40% share ratio with Beijing Capital Eco-Environment Protection Group, a leading water infrastructure company in China. Capital Summit operates sewage treatment plants in Shandong Province and Zhejiang Province.	Sewerage treatment business
Oman	We have been awarded a seawater desalination project using reverse osmosis membrane technology and private-sector capabilities/funds. Commercial operation was started in February 2016.	Seawater Desalination business

Biodiversity

Basic Concept

Sumitomo Corporation Group's business activities largely depend on the wealth of Earth's diverse living organisms as well as from the biodiversity that is generated by their many networks. Therefore, our Environmental Policy recognizes placing great importance on preserving the environment, including the natural ecosystem and biodiversity as an important issue for us. We make efforts to understand how our business activities that may have a significant impact on biodiversity depend on such biodiversity, as well as what kind of impact such activities have on biodiversity, in order to minimize their impact on ecosystems and contribute to ecosystem restoration.

In the process of reviewing new projects and monitoring existing projects, we also assess social and environmental risks including impact on ecosystems, and check the status of management and improvement.



▶ [Sumitomo Corporation Group Environmental Policy](#)

Trial Disclosure Based on the TNFD Recommendations

Contents

- ✓ 1. Introduction (background and objectives of trial disclosure)
- ✓ 2. Outline of initiatives
- ✓ 3. Governance
- ✓ 4. Strategy
- ✓ 5. Risk & impact management
- ✓ 6. Metrics & targets
- ✓ 7. Issues and future outlook
- ✓ 8. Appendix: Response to TNFD general requirements

Introduction

In June 2022, Sumitomo Corporation endorsed the philosophy of the Taskforce on Nature-related Financial Disclosures (TNFD)* and joined the TNFD Forum supporting TNFD activities. In January 2024, we also registered as a TNFD Early Adopter, of the recommended disclosures announced in September 2023, with the aim of reporting in line with the TNFD recommendations within FY2025.

We updated our material issues in May 2024 and added “Preserve and regenerate natural capital” with “Accelerate initiatives toward a nature-positive world by 2030” as its medium-term goal to again demonstrate our medium- to long-term commitment to natural capital.

* The Taskforce on Nature-related Financial Disclosures (TNFD) is an international organization that has developed a framework for appropriate assessment and disclosure of risks and opportunities related to natural capital and biodiversity.

We also conducted a gap analysis based on the TNFD recommendations as a way of organizing our existing efforts concerning natural capital, accelerating our future efforts, and linking them to enhanced disclosures. Because we conduct business in a wide range of sectors and regions, the businesses and themes potentially subject to analysis of nature-related risks and opportunities are wide-ranging. Therefore, we identified the sectors with significant dependencies and impacts on natural capital and took a risk-based approach to exploring those sectors in depth to enable us to use the analysis in business operation and disclose useful information to stakeholders.

Here, we present the analysis as a trial disclosure ahead of our FY2025 report. The objective of this trial disclosure is to provide an interim report of the details, issues, and future outlook of our initiatives that can be used as a tool for dialogue with stakeholders and to further enhance our initiatives and disclosures. The trial disclosure is presented in the following order.

- Outline of initiatives
- Details of initiatives according to the four disclosure pillars of the TNFD recommendations
- Issues and future outlook
- Response to TNFD general requirements (Appendix)

TNFD's recommended disclosure framework

Governance	Strategy	Risk & impact management	Metrics & targets
<p>Disclose the organisation's governance of nature-related dependencies, impacts, risks and opportunities.</p> <p>A. Describe the board's oversight of nature-related dependencies, impacts, risks and opportunities.</p> <p>B. Describe management's role in assessing and managing nature-related dependencies, impacts, risks and opportunities.</p> <p>C. Describe the organisation's human rights policies and engagement activities, and oversight by the board and management, with respect to Indigenous Peoples, Local Communities, affected and other stakeholders, in the organisation's assessment of, and response to, nature-related dependencies, impacts, risks and opportunities.</p>	<p>Disclose the effects of nature-related dependencies, impacts, risks and opportunities on the organisation's business model, strategy and financial planning where such information is material.</p> <p>A. Describe the nature-related dependencies, impacts, risks and opportunities the organisation has identified over the short, medium and long term.</p> <p>B. Describe the effect nature-related dependencies, impacts, risks and opportunities have had on the organisation's business model, value chain, strategy and financial planning, as well as any transition plans or analysis in place.</p> <p>C. Describe the resilience of the organisation's strategy to nature-related risks and opportunities, taking into consideration different scenarios.</p> <p>D. Disclose the locations of assets and/or activities in the organisation's direct operations and, where possible, upstream and downstream value chain(s) that meet the criteria for priority locations.</p>	<p>Describe the processes used by the organisation to identify, assess, prioritise and monitor nature-related dependencies, impacts, risks and opportunities.</p> <p>A(i) Describe the organisation's processes for identifying, assessing and prioritising nature-related dependencies, impacts, risks and opportunities in its direct operations.</p> <p>A(ii) Describe the organisation's processes for identifying, assessing and prioritising nature-related dependencies, impacts, risks and opportunities in its upstream and downstream value chain(s).</p> <p>B. Describe the organisation's processes for managing nature-related dependencies, impacts, risks and opportunities.</p> <p>C. Describe how processes for identifying, assessing, prioritising and monitoring nature-related risks are integrated into and inform the organisation's overall risk management processes.</p>	<p>Disclose the metrics and targets used to assess and manage material nature-related dependencies, impacts, risks and opportunities.</p> <p>A. Disclose the metrics used by the organisation to assess and manage material nature-related risks and opportunities in line with its strategy and risk management process.</p> <p>B. Disclose the metrics used by the organisation to assess and manage nature-related dependencies, impacts, risks and opportunities and its performance against these.</p> <p>C. Describe the targets and goals used by the organisation to manage nature-related dependencies, impacts, risks and opportunities and its performance against these.</p>

Source: Recommendations of the Taskforce on Nature-related Financial Disclosures

Outline of initiatives

TNFD's four pillars	Main nature-related initiatives
<p>Governance</p>	<ul style="list-style-type: none"> • The Board of Directors makes decisions concerning key management matters related to sustainability, including natural capital, and oversees the decision-making and business execution of the Management Council and Executive Officers. • The Management Council and Executive Officers make decisions and execute business concerning key management matters related to sustainability, including natural capital. • The Corporate Sustainability Committee is established as the advisory body of the Management Council. • The Sustainability Advisory Board is established as the advisory body of the Corporate Sustainability Committee, and sustainability-related advice and recommendations are obtained from outside experts. • Business operation is conducted according to the Environmental Policy, Policies on Climate Change Issues, and Sumitomo Corporation Group's Human Rights Policy formulated through discussion by the Board of Directors and Management Council.
<p>Strategy</p>	<ul style="list-style-type: none"> • "Preserve and regenerate natural capital" is added to our material issues updated in 2024. • Considerations for preserving the environment, including the natural ecosystem, and maintaining and preserving biodiversity are clarified in the Environmental Policy. • Individual measures are implemented for businesses that are traditionally considered as areas of high risk to natural capital (formulation of Forest Management Policy and Sourcing Policy for Forest Products, environmental impact assessments for development businesses, etc.). • Initiatives are implemented to create business opportunities through building of a circular economy and other measures.
<p>Risk & impact management</p>	<ul style="list-style-type: none"> • When applying for new investment, the applying division prepares a social and environmental risk assessment sheet, which includes nature-related matters, and identifies anticipated risks and opportunities. • For existing businesses, high-dependency, high-impact sectors and related priority businesses, where the dependency and impact on natural capital is high, are identified and policies are developed for implementing initiatives in those sectors and businesses using a risk-based approach that prioritizes analysis and countermeasures.
<p>Metrics & targets</p>	<ul style="list-style-type: none"> • "Accelerate initiatives toward a nature-positive world by 2030" is set as a medium-term goal. Each Strategic Business Unit (SBU)*1 sets related goals on a voluntary basis. • Conducting LEAP*2 analysis of priority businesses on an individual basis, and setting indicators and goals based on that analysis.

*1 SBU stands for Strategic Business Unit. A group of businesses that share the same strategies in the company.

*2 LEAP is TNFD's suggested four stage process for identifying and assessing nature-related issues. It stands for Locate, Evaluate, Assess and Prepare.

Governance

Structure

The Sumitomo Corporation Group conducts risk and opportunity assessments, decision-making, and business execution and oversight under a governance structure of sustainability management. Please refer to [Governance of Sustainability Management](#) for the functions of the Board of Directors and the roles of our executives. The key management matters related to sustainability, and sustainability management measures, detailed on this page include natural capital-related topics.

We have established the Corporate Sustainability Committee that provides advice on sustainability measures and other matters to the Management Council, and the Sustainability Advisory Board comprised of outside experts that gives advice on sustainability, including natural capital, to the Corporate Sustainability Committee. Through this structure, advice is reflected in the decision-making of management on issues that are complex and require expertise. In FY2023, advice was obtained from the Sustainability Advisory Board on adding natural capital to our material issues and on enhancing related efforts.

We define various policies through discussion by the Board of Directors and Management Council, and operate businesses in line with those policies. They include natural capital initiatives such as helping to build a circular economy based on our Environmental Policy, carbon neutrality by 2050 initiatives for our own businesses and society based on our Policies on Climate Change Issues, and risk reduction initiatives such as engagement with diverse stakeholders (indigenous peoples, local communities, etc.) based on the Sumitomo Corporation Group's Human Rights Policy and international standards*.

Please refer to the following pages for details of each initiative.

- Environmental Policy and related initiatives
- Policies on Climate Change Issues and related initiatives
- Sumitomo Corporation Group's Human Rights Policy and related initiatives

* Including the International Bill of Human Rights, United Nations Guiding Principles on Business and Human Rights, Declaration on the Rights of Indigenous Peoples, and the principle of Free, Prior and Informed Consent (FPIC)

Strategy

We updated our material issues in May 2024 and added “Preserve and regenerate natural capital” to achieve sustainable growth through resolution of social issues, with consideration also given to the further aggravation of social issues such as climate change and the loss of biodiversity over recent years, the Group’s strengths, and expectations from stakeholders. To address the issue of “Preserve and regenerate natural capital,” we established the medium-term goal of “Accelerate initiatives toward a nature-positive world by 2030” and demonstrated our medium- to long-term commitment to natural capital. To achieve a nature-positive world by 2030, we recognize the importance of reflecting reduction of nature-related risks and seizure of nature-related opportunities in our strategies, while also taking advantage of existing initiatives.

In terms of risk reduction, our Environmental Policy gives full consideration to preserving the environment, including the natural ecosystem, and maintaining and preserving biodiversity. Following the Environmental Policy, we conduct environmental impact assessments, based on international standards and the laws and regulations of each country, of businesses that are traditionally considered as areas of high nature-related risk, including mining businesses, large-scale development businesses (power generation businesses, etc.) and forestry businesses. We also formulate individual policies if needed and manage suppliers through which implemented measures to mitigate individual impacts on natural capital of those businesses. For example, we have formulated our Forest Management Policy to define sustainable forest management practices in our forestry businesses, and our Sourcing Policy for Forest Products to set out our environmental and social commitments to forest products sourced by all our businesses, and we manage those businesses in line with the policies. (Please refer to our page on [Sustainable use of natural Resources and Circular economy](#) for details.)

As new measures to achieve a nature-positive world by 2030, we have also started to identify sectors that require a priority response due to their significant dependencies and impacts on natural capital, to identify our Group businesses conducted in those sectors, and to both understand and promote related initiatives. As the first step in this process, in FY2024, we analyzed the dependencies and impacts of our overall asset portfolio on natural capital and identified 20 high-dependency, high-impact sectors. (Please refer to the “[Risk & impact management](#)” section below for details.) The sectors include mining and forestry sectors which we have already implemented individual measures to mitigate impacts on natural capital. With that we were able to confirm the validity of our individual efforts to date.

As part of our efforts to seize opportunities, we are trying to develop businesses that goes beyond our traditional regions and business areas. In particular, we perceive the development of products, services, and schemes that encourage the shift toward a circular economy to offer significant business opportunities, with examples of specific initiatives including launching proof-of-concept trials to establish solar panel reuse and recycle businesses. In FY2023, we saw opportunities in the increasing momentum toward a nature-positive world, and we formed a company-wide working group of diverse members from business units and corporate group to work on creating nature-related businesses. With increasing demands and expectations on companies to implement nature-related initiatives, we also recognize that implementing the above risk-reduction measures may lead to business expansion through positive responses from suppliers and consumers. As we work to achieve internal penetration of the new material issues we established, we will also link those efforts to value creation by not only preserving natural capital, but also by pursuing regeneration and effective use.

We recognize that society as a whole is in the process of developing initiatives toward a nature-positive world, including the expected formulation and updating of international rules and indicators going forward. Therefore, we will work to accurately understand changes in the external environment, and update the above strategies or respond as necessary, while actively engaging in dialogue with investors and other stakeholders.

Risk & impact management

Structure for managing risks and impacts

The business activities that we conduct as a Group have connections with various social issues. To always reflect those social issues in our management decisions and business execution, we establish company-wide frameworks and policies to appropriately assess, manage, and address the social and environmental impacts of those businesses, and we work to ensure awareness and implementation within the Group. Please refer to [Risk Management](#) for details of our approach to social and environmental risks and our related management structure.

Management of nature-related risks and impacts of new businesses

In the review process for new investments, the SBU in charge of executing the investment prepares a social and environmental risk assessment sheet, and considers and confirms important measures for value creation and against value loss from relevant businesses. The assessment sheet contains eight main social and environmental sections focusing on things like impacts on human rights and local communities, environmental pollution and destruction of nature, and climate change risks. The impacts of the business activities of new businesses (companies in which we invest), together with those of their business partners, subcontractors, and direct suppliers, are then assessed and, if problems or issues are identified, we implement any necessary remedy while referring to international standards and criteria. Depending on the size and importance of the new business, the assessment results are used in discussions of the Company Investment Committee, which is an advisory body of the Management Council, and the Management Council, Board of Directors, and other bodies make decisions in light of those discussions.

Assessment category

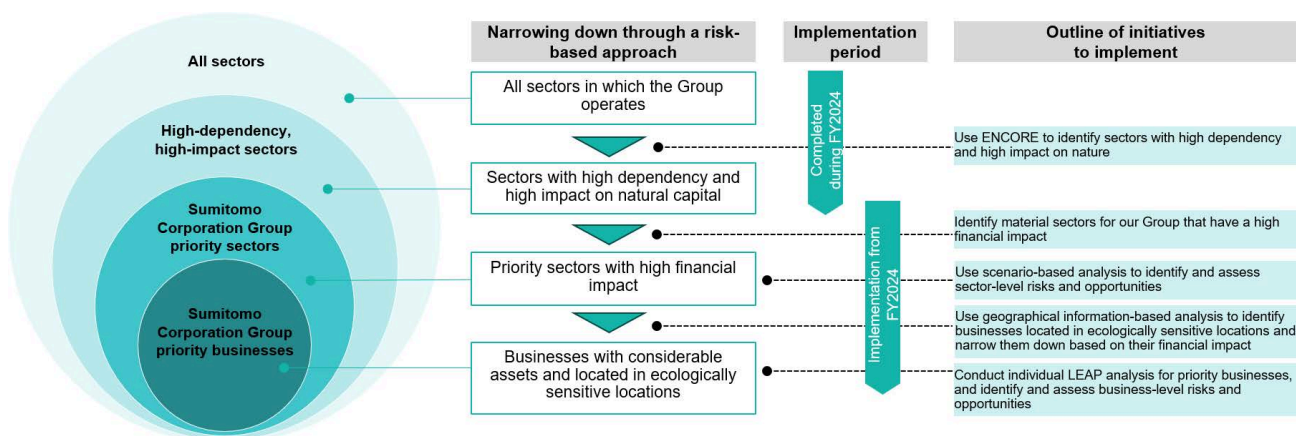
Natural capital-related assessment requirements, etc.

I. Human rights of workers	Human rights of workers in business fields with high nature-related dependencies and impacts
II. Impact on local communities	Rights of Indigenous Peoples and Local Communities (IPLCs) during large-scale land acquisition and utilization, including changes to ecosystems, and large-scale water withdrawal and discharge
III. Environmental pollution and destruction of nature	Possibility of outflows or waste and handling/leakage of hazardous materials or chemical substances, environmental pollution such as air, water, and land pollution, or destruction of ecosystems, associated with own business activities
IV. Sustainable procurement	Risks associated with production or procurement of raw materials, including depletion of precious natural resources, destruction of forests, or human rights risks
V. Partners, subcontractors, supply chain	Reports, or criticism by NGOs, about environmental pollution or destruction of nature by business partners, subcontractors, and direct suppliers, etc.
VI. Risks related to new technologies	
VII. Other risks	
VIII. Climate change	Possibility of long-term escalation of climate change, or chronic occurrence of natural disasters or abnormal weather conditions, impacting on business performance

Management of nature-related risks and impacts of existing businesses

Because of the diversity of existing businesses across our Group, each has different relationships with nature, including dependencies and impacts on natural capital, depending on the business sector or region in which they operate. We have implemented individual initiatives according to these business characteristics in the past, but due to the medium-term goal of “Accelerate initiatives toward a nature-positive world by 2030” that we established, we now believe it is also necessary to organize and consider measures for risks and impacts from a company-wide perspective. This is why we have launched new initiatives following a risk-based approach that takes a company-wide view of all Group businesses and supply chains, identifies businesses where the dependency and impact on natural capital is high, and prioritizes management and response.

Overview of initiatives that follow a risk-based approach



Progress in FY2024 (identification of high-dependency, high-impact sectors)

In FY2024, in accordance with advice received from experts, we analyzed general dependency and impact factors related to natural capital using the ENCORE* analysis tool used internationally, while referring to TNFD recommendations and other methods, and we identified 20 high-dependency, high-impact sectors from among the diverse sectors in which we operate Group businesses. Specifically, we assessed dependencies and impacts of each sector against the 33 dependency and impact categories related to natural capital that are specified in ENCORE, such as water use and soil quality, and we calculated dependencies and impacts on a four-level scale—very high (VH), high (H), medium (M), low (L)—based on the results. We then selected our high-dependency, high-impact sectors as those recording the highest VH level for either dependencies or impacts and those recording the second-highest H level for both dependencies and impacts.

* ENCORE (Exploring Natural Capital Opportunities, Risks and Exposure), jointly developed by a network of UN agencies and financial institutions (Natural Capital Finance Alliance), is a TNFD-recommended tool for visualizing dependencies and impacts on natural capital by sector. ENCORE does not account for geographical variations.

Selection of high-dependency, high-impact sectors through analysis of general dependency and impact factors related to natural capital

Matrix for assessing dependency and impact level		Impact level			
		VH	H	M	L
Dependency level	VH				
	H				
	M				
	L				

Dependency level: High (VH, H, M, L) Low
 Impact level: High (VH, H, M, L) Low

Dependency and impact level

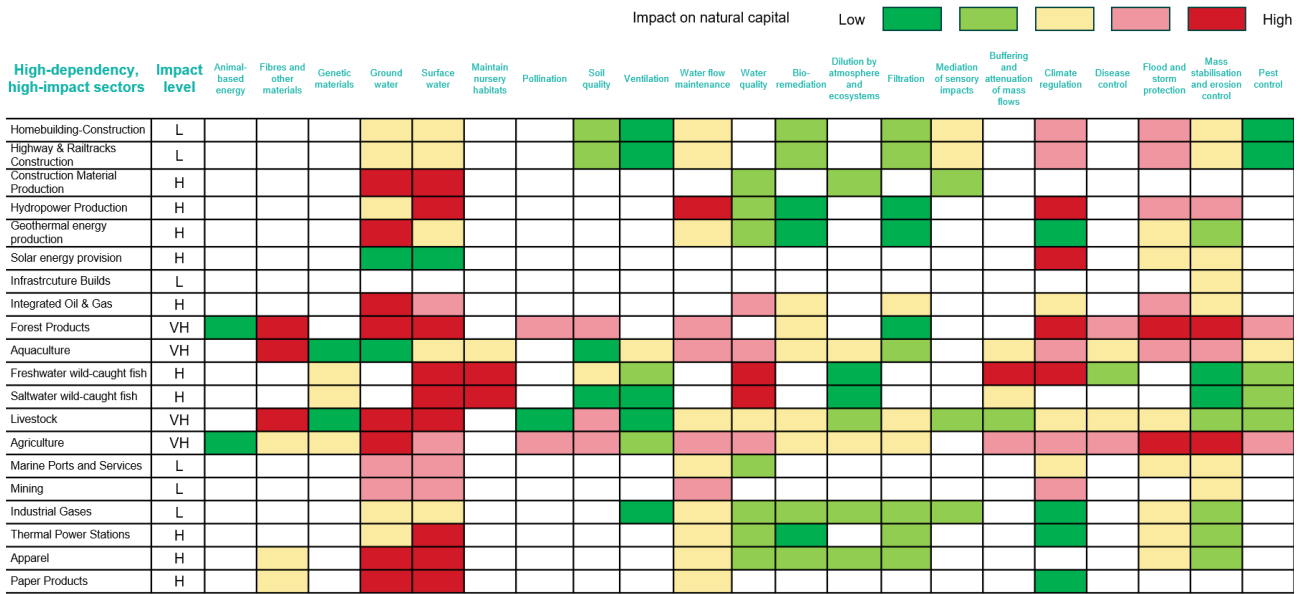
- High
- Medium
- Low

High-dependency, high-impact sectors (20 sectors)	Dependency level	Impact level
Homebuilding-Construction	L	VH
Highway & Railtracks Construction	L	VH
Construction Material Production	H	VH
Hydropower Production	H	VH
Geothermal energy production	H	H
Solar energy provision	H	H
Infrastructure Builds	L	VH
Integrated Oil & Gas	H	VH
Forest Products	VH	H
Aquaculture	VH	H
Freshwater wild-caught fish	H	H
Saltwater wild-caught fish	H	H
Livestock	VH	H
Agriculture	VH	H
Marine Ports and Services	L	VH
Mining	L	VH
Industrial Gases	L	VH
Thermal Power Stations	H	VH
Apparel	H	H
Paper Products	H	H

* Selection is based on generally-available information and does not reflect information specific to businesses operated by the company.

We found that the natural capital-related dependencies were rated highly (level H or higher) in the majority of these 20 sectors, with Forest Products, Aquaculture, Livestock, and Agriculture sectors in particular rated at the VH level. As one example, large amounts of water are required for growing crops in the Agriculture sector, including when irrigating, so it has a high dependency on underground water, giving it a dependency at the highest VH level. In addition, the flood regulation function and soil erosion prevention function of vegetation are important for protecting and maintaining agricultural land, making the Agriculture sector highly dependent on vegetation.

Assessment of high-dependency, high-impact sectors against 21 dependency categories



* White cells denote no available ENCORE data.

On the other hand, we found that natural capital-related impacts were rated highly (level H or higher) in all of these 20 sectors, with Homebuilding Construction, Hydropower Production, and Mining sectors in particular rated at the VH level. As one example, the Mining sector has an impact at the highest VH level due to the potential for high impact on the terrestrial ecosystem by large-scale land changes during mine development, and the potential for depletion of water resources through large-scale use of water when processing ores, so impacts on the terrestrial ecosystem and water use are both high.

Assessment of high-dependency, high-impact sectors against 12 impact categories

Impact on natural capital Low ■ ■ ■ ■ ■ High

High-dependency, high-impact sectors	Impact level	Impact on natural capital											
		Terrestrial Ecosystem Use	Freshwater Ecosystem Use	Marine Ecosystem Use	Other Resource Use	Water Use	GHG Emissions	Non-GHG Air Pollutants	Water Pollutants	Soil Pollutants	Solid Waste	Biological interferences /alterations	Disturbance
Homebuilding-Construction	VH	Red	Pink			Pink	Pink	Pink	Yellow	Yellow	Pink		Pink
Highway & Railtracks Construction	VH	Red	Pink			Pink	Pink	Pink	Yellow	Yellow	Pink		Pink
Construction Material Production	VH	Red	Pink	Pink		Pink	Pink	Yellow	Yellow		Pink		Pink
Hydropower Production	VH	Red	Red			Red	Pink		Pink	Pink			Pink
Geothermal energy production	H					Red	Pink		Pink	Pink			Pink
Solar energy provision	H	Red				Red			Light Green	Light Green			
Infrastructure Builds	VH	Red	Pink	Red		Pink	Pink	Pink	Yellow	Yellow	Pink		Pink
Integrated Oil & Gas	VH	Red	Red	Red		Red	Pink	Pink	Yellow	Yellow	Pink		Pink
Forest Products	H	Red					Pink		Pink				
Aquaculture	H		Red	Pink					Pink	Pink			
Freshwater wild-caught fish	H		Red		Pink				Pink				
Saltwater wild-caught fish	H			Red	Pink				Yellow				
Livestock	H	Red				Red	Pink		Yellow	Yellow			
Agriculture	H	Red	Red			Red			Pink	Pink			
Marine Ports and Services	VH	Pink	Red	Red			Pink	Pink	Pink	Pink	Yellow		Pink
Mining	VH	Red	Pink			Red	Pink	Pink	Pink	Pink	Pink		Pink
Industrial Gases	VH	Pink				Red	Pink	Pink	Pink	Pink			Pink
Thermal Power Stations	VH		Pink			Red	Pink	Pink	Yellow	Yellow	Pink		Pink
Apparel	H	Pink				Red		Pink	Yellow	Yellow	Yellow		
Paper Products	H					Red		Yellow	Pink	Pink			

* White cells denote no available ENCORE data.

According to the results of these assessments, we will analyze Group businesses operated in our high-dependency, high-impact sectors and assess related risks and opportunities. We also recognize the need for future assessment of whether any of our high-dependency, high-impact sectors apply to the supply chains of our businesses, so we are currently considering how we will do that as well. While utilizing information on high-dependency, high-impact sectors identified through these assessments, we will identify priority supply chains to focus on by incorporating the unique perspectives of supply chains, such as businesses related to the High Impact Commodity List established by the Science Based Targets Network (SBTN)*, and we will consider a risk-based approach to these supply chains like we do with our Group businesses.

* The Science Based Targets Network (SBTN) is a framework being developed to encourage companies and cities to set science-based nature-related targets. The network publishes a list of high-impact commodities comprising around 40 raw materials with high impacts on nature.

Metrics & targets

We have established the medium-term goal of “Accelerate initiatives toward a nature-positive world by 2030” and our SBUs sets related goals on a voluntary basis. Please refer to [\[Reference\] Key Social Issues and Medium- and Long-term Goals](#) for details on these goals. To further these efforts, we are considering how to clarify the definition of achieving nature-positive for the company. Utilizing the assessment result of the dependencies and impacts on natural capital as described in our risk and impact management, we will consider the necessity and effectiveness of company-wide indicators and goals which will lead to clarifying the definition of nature-positive for the company.

In line with the risk-based approach, we will also consider disclosure of core global metrics and core sector metrics, as recommended by the TNFD, for priority businesses and priority supply chains identified in the future. For priority businesses, we plan to conduct individual LEAP analysis of each business and then set indicators and goals based on the actual situation of the business and the natural capital characteristics around the areas.

For the Forest Products sector, which is one of our high-dependency, high-impact sectors, we conducted a trial analysis of our forestry business in New Zealand according to the LEAP approach to identify dependencies, impacts, risks, and opportunities related to natural capital, and we established indicators and goals for future initiatives. (Please refer to [LEAP Analysis of New Zealand Forestry Business](#) for details.)

Issues and future outlook

Since participating in the TNFD Forum in 2022, we have been increasing our understanding of the relationship between our business activities and natural capital, and the initiatives needed, by conducting individual LEAP analysis of some of our businesses and organizing information for this trial disclosure. On the other hand, we need to continue discussions on natural capital initiatives that contribute to value creation, and on the appropriate form of information disclosure.

Taking our initiatives to date into account, we currently recognize the following as our main issues.

- (1) We need to clarify the definition of achieving nature-positive for the company. It is preferable that this definition takes into account both reduction of risks and seizure of opportunities. However, there are no comprehensive indicators that apply to natural capital, in the way that greenhouse gas emissions apply to climate change, and regional dependencies on natural capital are high. As an integrated trading company conducting business in a wide range of sectors and regions, we need to consider these issues, including the need for a company-wide definition of nature-positive and related goals.
- (2) To achieve the nature-positive defined in (1) above, we need to consider the effectiveness, necessity, and methods of reflecting existing business monitoring and new investment decisions in company-wide strategies. The following are the main points to consider.
 - Existing businesses: Identification of businesses with high dependencies and impacts on natural capital, and enhancement of initiatives in directly-operated businesses, and in upstream and downstream supply chains. Also, a risk management structure that integrates initiatives in each business with company-wide strategic considerations.
 - New investment projects: Necessity of the additional assessment process that exceeds the level of previously conducted environmental impact assessments based on laws, regulations, and international standards.
 - Method of assessing the financial impacts of risks and opportunities related to natural capital.

Lastly, the following table describes the future outlook of previously detailed issues for each of TNFD’s four disclosure pillars. We will use this trial disclosure to engage in active dialogue with stakeholders, drive initiatives to preserve and regenerate natural capital, and enhance actual reporting in line with the TNFD recommendations in FY2025.

TNFD’s four pillars	Future Outlook	Corresponding TNFD recommendations
Governance	<ul style="list-style-type: none"> Enhancement of structures for regularly reporting the results of assessments of nature-related risks and opportunities in our businesses to the Board of Directors and Management Council, and for utilizing the results in management decisions. 	<ul style="list-style-type: none"> A. Oversight by the Board of Directors
	<ul style="list-style-type: none"> Further enhancement of engagement with Indigenous Peoples and Local Communities (IPLCs) and consideration of ways to utilize that engagement. 	<ul style="list-style-type: none"> C. Stakeholder-related human rights policies and engagement activities
Strategy	<ul style="list-style-type: none"> Visualization of such things as material nature-related dependencies, impacts, risks, opportunities, and priority regions of our Group businesses. Consideration of building mechanisms for reflecting this in strategies. 	<ul style="list-style-type: none"> A. Description of dependencies, impacts, risks, and opportunities B. Impact on the organization’s business model and strategies, etc. C. Scenario-based analysis of resilience of the organization’s strategies D. Disclosure of priority regions
	<ul style="list-style-type: none"> Analysis of supply chains and visualization of such things as material nature-related dependencies, impacts, risks, opportunities, and priority regions. Consideration of building mechanisms for reflecting this in strategies. 	<ul style="list-style-type: none"> A. Description of dependencies, impacts, risks, and opportunities B. Impact on the organization’s business model and strategies, etc. C. Scenario-based analysis of resilience of the organization’s strategies D. Disclosure of priority regions A(ii) [Risk & impact management] Assessment of dependencies, impacts, risks, and opportunities in value chains

TNFD's four pillars	Future Outlook	Corresponding TNFD recommendations
Risk & impact management	<ul style="list-style-type: none"> Consideration of the necessity of a company-wide monitoring structure for priority businesses in high-dependency, high-impact sectors. 	<ul style="list-style-type: none"> B. The organization's processes related to dependencies, impacts, risks, and opportunities
	<ul style="list-style-type: none"> Consideration of methods, taking a risk-based approach, for effective assessment of nature-related risks in value chains, and implementation of pilot assessments. 	<ul style="list-style-type: none"> A(ii) Assessment of dependencies, impacts, risks, and opportunities in value chains A. Description of dependencies, impacts, risks, and opportunities D. Disclosure of priority regions
	<ul style="list-style-type: none"> Consideration of assessment and response methods for contributing to a nature-positive world at the new business consideration stage. 	<ul style="list-style-type: none"> A(i) Assessment of dependencies, impacts, risks, and opportunities in direct operations A. Description of dependencies, impacts, risks, and opportunities
	<ul style="list-style-type: none"> Consideration of integrated risk assessment and management, including other social and environmental risks. 	<ul style="list-style-type: none"> C. Integration of the organization's overall risk management processes
Metrics & targets	<ul style="list-style-type: none"> Consideration of clarifying our definition of a nature-positive world. 	<ul style="list-style-type: none"> C. Targets, goals, and performance of the organization
	<ul style="list-style-type: none"> Consideration of necessity and effectiveness, and formulation, of company-wide metrics and goals. 	<ul style="list-style-type: none"> A. Metrics for material risks and opportunities B. Metrics for dependencies and impacts B. [Governance] Role of management
	<ul style="list-style-type: none"> Consideration of disclosure of core global metrics and core sector metrics for priority businesses, establishment of goals where necessary, and monitoring of performance against the goals. 	<ul style="list-style-type: none"> C. Targets, goals, and performance of the organization

Appendix: Response to TNFD general requirements

Our response to the six general requirements in the TNFD guidance for this trial disclosure is detailed below.

1. Application of materiality

We take a double materiality* approach whereby we consider not only dependencies of our Group on natural capital, but our impacts on natural capital as well.

2. Scope of disclosures

We recognize the need to not only disclose information about our Group businesses, but about our supply chains as well. We start by analyzing our Group businesses, and we describe our approach to analyzing the supply chains as part of the future outlook.

3. Location

We take a risk-based approach to identifying sectors with high dependency and high impact on natural capital, and related priority businesses. Going forward, we will individually analyze our priority businesses in light of their location information.

4. Integration with other sustainability-related issues

We describe how we recognize the issue of considering integrated risk assessment and management, including not only environmental risks, but social risks as well.

5. Time horizons

We describe time horizons holistically, including initiatives to date.

6. Stakeholder engagement

In line with our Environmental Policy and Sumitomo Corporation Group's Human Rights Policy, we have traditionally conducted stakeholder engagement, including with Indigenous Peoples and Local Communities, for individual businesses. We intend to actively engage in dialogue with investors and other stakeholders about initiatives and disclosure content.

* Double materiality is the approach of applying equal emphasis to the risks and opportunities that environmental and social issues have on corporate activities and business models, and to the impacts that corporate activities and business models have on the environment and society.

LEAP Analysis of New Zealand Forestry Business

In anticipation of the final recommendations from the Taskforce on Nature-related Financial Disclosures (TNFD), we conducted a trial LEAP analysis of our forestry business in New Zealand (NZ) in FY2023, based on the TNFD's Beta v0.4 framework. The purpose was to understand the TNFD framework and contribute to updating the standard. We also provided the insights gained from this analysis to the TNFD.

In FY2024, [we identified 20 high-dependency, high-impact sectors](#) through analysis of general dependency and impact factors related to natural capital. The forestry sector was among those sectors, confirming the validity of selecting the NZ forestry business for the trial analysis in 2023. Moving forward, as we identify priority businesses and conduct individual analyses, we will utilize insights from the NZ forestry business trial analysis.

Although this trial analysis was based on the TNFD's Beta v0.4 as of September 2023, we have confirmed that the final recommendations published later did not change the recommended content of the LEAP analysis.

Details of Our Trial Analysis

We conducted our trial analysis in line with procedures of the LEAP analysis, which is a technique recommended by the TNFD. This time, we conducted an in-depth analysis of our forestry business in New Zealand, with separate analysis of the characteristics of each of the four sites where we do business in the country.

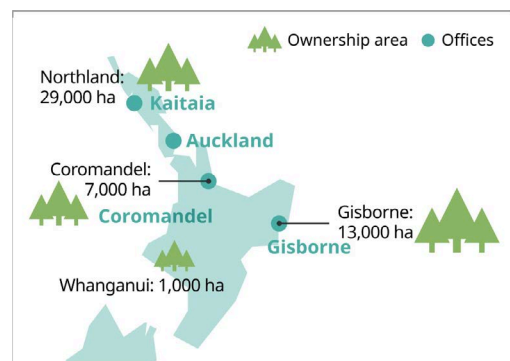


Identifying a Business Case for a Trial Analysis

Using the ENCORE analysis tool recommended by the TNFD, we conducted a primary screening of each of our business divisions and confirmed that businesses related to metal resources refining, oil drilling, agricultural products, real estate, and forestry have the highest risk scores. In addition, the TNFD beta framework has categorized Renewable Resources and Alternative Energy, including forest management and biofuel-related businesses, as a priority sector that is more likely to be financially impacted. Based on these findings, we determined that the upstream supply chain, which includes material procurement, is an area of high nature-related dependencies, impacts, and risks. Therefore, we decided to conduct this trial analysis on Summit Forests New Zealand (SFNZ), our forestry company in New Zealand.

Company details

Company Name	Summit Forests New Zealand Ltd. 
Year of founding	2013
Business Description	Management of owned forests and sale of timber harvested by the company or others to domestic lumber mills or export thereof
Capital	137million NZD(approx. ¥ 10.2billion) / Ownership: 100%
Offices	Auckland, Kaitaia, Gisborne, Coromandel
Harvestable area	50,000hectares (Main species under cultivation: Radiata pine)

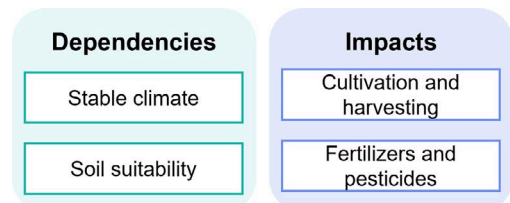


➡ Please see here for more details on the Forestry business in New Zealand. [🔗](#)

Confirming Nature-related Dependencies and Impacts of Forestry Business in General

As part of our analysis of the forestry business, we started by using the TNFD-recommended ENCORE analysis tool, academic papers, and other methods to confirm dependencies and impacts associated with a typical forestry business, and we found that this business is dependent on climate and soil.

We also learned that the forestry business in New Zealand is particularly dependent on a “stable climate” and “soil suitability.” On the other hand, when looking at the impact that this business has on nature, we found that excessive harvesting and excessive use of chemicals in this business carries risks for ecological destruction of the surrounding environment, and therefore we organized these risks into “cultivation and harvesting” and “fertilizers and pesticides.”

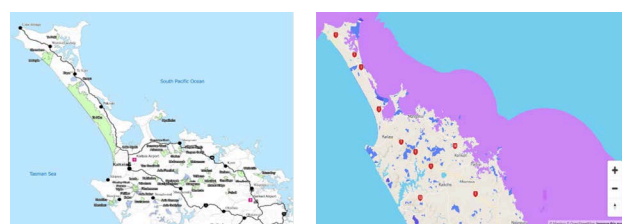


Possible natural capital-related dependencies and impacts of a typical forestry business in New Zealand

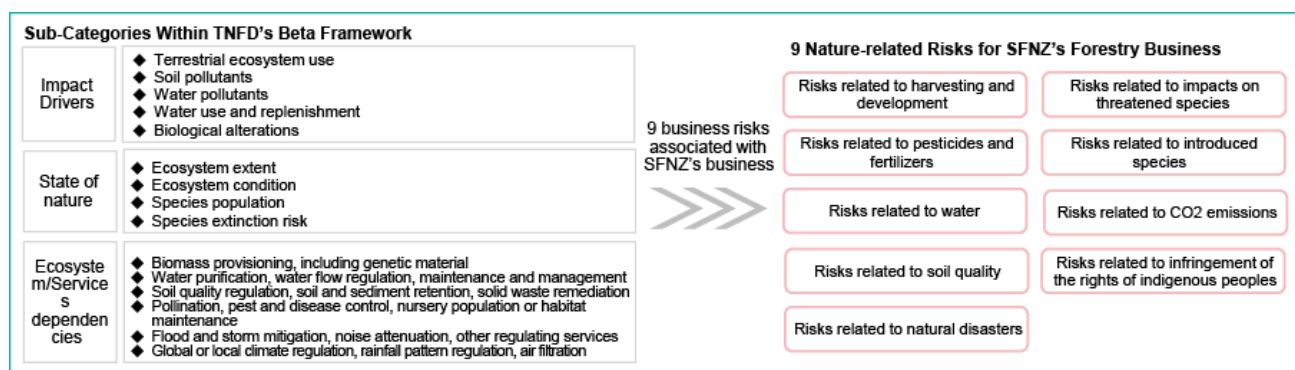
Identifying Nature-related Risks for SFNZ and Evaluating their Materiality

1) Business Risks Related to Nature

We identified 9 associated risks as a result of applying the impact drivers, state of nature, and ecosystem services, indicated by the TNFD beta framework, to SFNZ’s forest operation. We also referenced the forestry business risks illustrated by the World Business Council for Sustainable Development (WBCSD).



Example: Risk analysis of impacts on threatened species, with SFNZ-owned forest areas (left) and biodiversity hotspots (right) (Tool: IBAT)



2) Analysis of Each Business Site and Identification of Material Business Risks

Using IBAT and other tools recommended by the TNFD, we conducted a risk analysis of the nine business risks that we identified in each of the four areas where SFNZ operates in New Zealand, and then applied a qualitative matrix evaluation to each of them along two axes—degree of impact on business (financial and legal perspectives), and likelihood of impact occurring (relevance of business and risks). As a result, we identified four material business risks for SFNZ's business. They are "Risks related to harvesting and development," "Risks related to natural disasters," "Risks related to impacts on threatened species," and "Risks related to infringement of the rights of indigenous peoples."



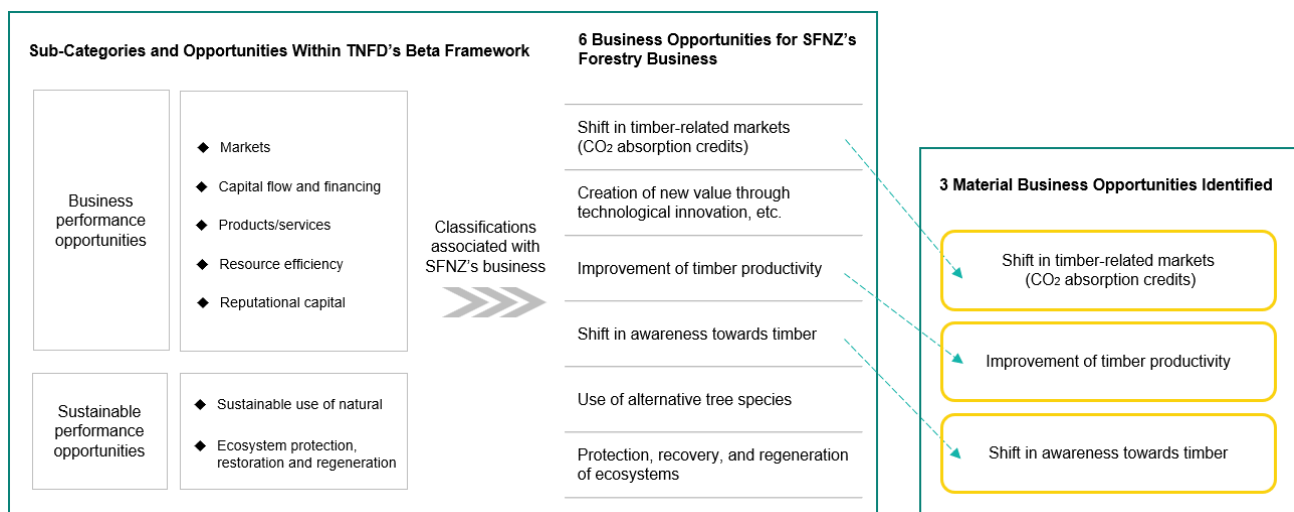
Identifying Nature-related Business Opportunities for SFNZ and Evaluating their Materiality

1) Business Opportunities Related to Nature

Using the same approach as when identifying business risks, we applied the sub-categories, detailed in the TNFD beta framework, to the forestry business and identified six business opportunities.

2) Identification of Material Business Opportunities

We applied a qualitative matrix evaluation to each of the business opportunities that we identified along two axes—degree of impact on business (financial and legal perspectives), and likelihood of impact occurring (relevance of business and risks). As a result, we identified three material business opportunities for SFNZ's business. They are "Shift in timber-related markets (CO₂ absorption credits)", "Improvement of timber productivity" and "Shift in awareness towards timber."



Examining Metrics and Targets

Based on the material risks and opportunities that we identified, we examined metrics and targets for SFNZ’s business operation. As a result, we set targets for future business operations and illustrated examples of typical business opportunities.

Business Targets Related to Material Risks

For SFNZ’s business risks that we considered to be particularly high risk for the company, with a high likelihood of occurring and a high degree of impact on business, we established specific business targets based on the Kunming-Montreal Global Biodiversity Framework (GBF) and in light of initiatives in SFNZ’s Forest Management Plan. The company is already implementing many initiatives that contribute to achieving these targets and will continue the efforts.

Risks		Reference GBF Indicators	Targets	Initiatives already underway and contributing to achieving the targets
Business-related Material Risks	Infringement of the rights of indigenous peoples	Target 22	<ul style="list-style-type: none"> Develop and implement management processes that take the rights of indigenous peoples into account 	<ul style="list-style-type: none"> Conduct extensive business partnerships with indigenous peoples Create employment opportunities and conduct vocational training for local communities Implement measures to support landowners become sustainable forest managers
	Impacts on threatened species	Target 4	<ul style="list-style-type: none"> Implement initiatives to prevent species extinction and to dramatically reduce extinction risk 	<ul style="list-style-type: none"> Develop operational guidelines for the protection of threatened species and identify rare and threatened species that could be found in the forest areas Develop and share operational guidelines in the event of an employee discovering threatened species
			<ul style="list-style-type: none"> Manage actions to maintain and restore the genetic diversity of native species 	<ul style="list-style-type: none"> Conduct ecological surveys to monitor kiwi bird populations Conserve rare animals and plant species and implement bio-controls in cooperation with nature protection authorities

Risks		Reference GBF Indicators	Targets	Initiatives already underway and contributing to achieving the targets
Business-related Material Risks	Harvesting and development	Target 1	<ul style="list-style-type: none"> Develop and implement management processes that respect the rights of indigenous peoples and local communities 	<ul style="list-style-type: none"> Develop measures with local community representatives to mitigate impacts of harvesting plans on biodiversity
	Natural disasters	Target 11	<ul style="list-style-type: none"> Develop measures to reduce river, flood, and fire risks 	<ul style="list-style-type: none"> Participate in and advocate for development and amendment of rules related to operating forestry businesses with a focus on river and flood risk measures led by New Zealand authorities Develop plans for fire prevention Maintain firebreaks

Material Business Opportunities

For SFNZ's business opportunities that we consider to be particularly material for the company, with a high likelihood of occurring and a high degree of impact on business, we recognized the following potential business opportunities.

Potential business opportunities (examples)

Shift in timber-related markets (CO₂ absorption credits)

Official participation in the New Zealand Emissions Trading Scheme (NZ ETS)

It is said that obtaining and selling credits for the CO₂ absorption value of existing forest resources not only creates a new source of revenue, but also contributes to climate change measures and biodiversity conservation.

We are forecasting an expansion of this new source of revenue by leveraging the absorption capacity of the 66,000 hectares of forest area owned by SFNZ to participate in the NZ ETS.

Shift in awareness towards timber

Maintaining and promoting FSC certification

In New Zealand, the government has established strict controls on forest management, and a government-led legal guarantee system is also being developed. Furthermore, the entire country is currently acquiring and promoting FSC certification.

Large portions of forest area owned by SFNZ already have FSC certification, hence it is possible that a shift in social and consumer awareness will increase demand for certified timber and contribute to growth of revenues.

Improvement of timber productivity

Digitalization and smartification in forest operations

Using IoT in the forestry business can help to appropriately understand the state of a forest's health, which leads to stable production of high quality timber.

We are using a geographical information system (GIS) to understand the topography of the 66,000 hectares of forest area owned and managed by SFNZ, but adoption of technologies such as laser measurement of our forest resources may lead to growth of revenues.

Insight Earned from the Trial Analysis (Feedback submitted to the TNFD in February 2023)

In light of the processes and results of our trial analysis, we provided the following feedback to the TNFD to improve the usefulness of information provided to investors through TNFD framework-based disclosures.

- 1 Due to lack a of normative scenarios, it is difficult for a company to set and disclose its own scenarios for each of its businesses.
- 2 As identifying priority areas for a conglomerate company which operates in various sectors is a challenge, a specific LEAP analysis guidance for such companies would be desirable.

Ambatovy Project Targeting “No Net Loss, Net Gain”

The Ambatovy Project in the Republic of Madagascar, which is one of the largest mine development projects in the world, began development in 2007 to expand the supply of nickel, cobalt and other metals. Establishing the environmental target of “no net loss, net gain,” it is conducting a unique biodiversity program.

In the Ambatovy Project, many new facilities, such as mining sites, refinery plants and pipelines, need to be constructed and operated, which poses substantial impacts on the surrounding environment. Particularly in Madagascar, there remains a globally precious natural environment where as many as 1,000 species of endangered animals are living. Giving careful consideration to these natural habitats in developing and operating the project, the biodiversity program accounts for the impact on every site. In developing and implementing plans for the project, special emphasis is placed on environmental management in compliance with not only Madagascar national laws but also various guidelines, such as the World Bank safeguard policy, the International Financial Corporation's (IFC) Performance Standards, the World Health Organization (WHO) standards, and the Equator Principles. In line with the ISO 14001 standard, we are also managing according to the Ambatovy Environmental Management System (EMS).

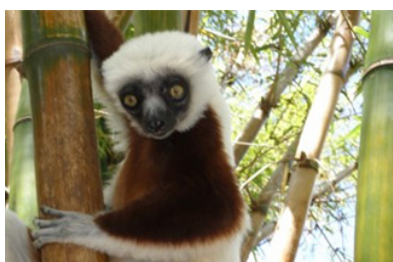
Under the Ambatovy EMS, we identified a number of priority areas, including flora and fauna habitats and marine ecosystems, and when developing, operating, and closing mines, we formulate management plans for business-related sites, such as plants and port facilities, and work according to those plans. For example, in developing the mining area, we created a buffer zone around the mining site of about 1,600 ha to ensure protection of wild animals. When trees are cut down to develop the mine site, felled trees are left on site for a while so that animals inhabiting these trees can move into the buffer zone. We also conduct ecosystem surveys jointly with international environmental NGOs. If endangered or other species that need to be protected are identified in such a survey, we adopt various programs designed to reduce impacts on ecosystems, for example, relocation of such species to a sanctuary and use of a fish farming system.

Furthermore, as part of this biodiversity program, we are collaborating with governments, local communities, and conservation and development NGOs to apply the IFC and BBOP standards while also promoting a large-scale biodiversity offset program. This is an approach to mitigate impacts of the development on ecosystems by restoring or creating another ecosystem. Specific measures include the conservation of a forest area of about 4,900 ha in the Ankerana area, which has an ecosystem similar to that of the development site of the project. In an attempt to offset the net loss of biodiversity, we have implemented measures to protect four conservation areas of almost 14,000 ha in total, equivalent to about nine times the affected areas, such as protection of areas near the mine site, tree replanting after the installation of pipelines, and tree replanting on the mine site after the closure of the mine. For this biodiversity program and its offsets, we are taking a comprehensive approach that controls not only the impact of businesses, but impacts received prior to them as well.



Survey and conservation of endangered plants

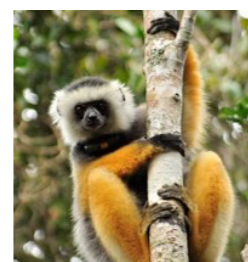
[▶ Ambatovy Sustainability Report2022](#)



Coquerel's Sifaka (Propithecus coquereli), endangered species



Reforestation after logging



Diademed sifaka (Propithecus diadema), critically endangered species

BBOP participating through the Ambatovy Project (Business and Biodiversity Offsets Program)

Business and Biodiversity Offsets Program (BBOP) is an initiative to prepare international standards regarding biodiversity offsets, participated in by companies, governments, NGOs and other specialists. The BBOP initiative ended successfully and is now recognized as an international standard for biodiversity offsets that is also referred to by the Convention on Biological Diversity. The Ambatovy Project in Madagascar continues to comply with this standard while maintaining a balance between conserving biodiversity and the lives of local residents.

BBOP Principles on Biodiversity Offsets

1	Adherence to the mitigation hierarchy: A biodiversity offset is a commitment to compensate for significant residual adverse impacts on biodiversity identified after appropriate avoidance, minimization and on-site rehabilitation measures have been taken according to the mitigation hierarchy.
2	Limits to what can be offset: There are situations where residual impacts cannot be fully compensated for by a biodiversity offset because of the irreplaceability or vulnerability of the biodiversity affected.
3	Landscape Context: A biodiversity offset should be designed and implemented in a landscape context to achieve the expected measurable conservation outcomes taking into account available information on the full range of biological, social and cultural values of biodiversity and supporting an ecosystem approach.
4	No net loss: A biodiversity offset should be designed and implemented to achieve in situ, measurable conservation outcomes that can reasonably be expected to result in no net loss and preferably a net gain of biodiversity.
5	Additional conservation outcomes: A biodiversity offset should achieve conservation outcomes above and beyond results that would have occurred if the offset had not taken place. Offset design and implementation should avoid displacing activities harmful to biodiversity to other locations.
6	Stakeholder participation: In areas affected by the project and by the biodiversity offset, the effective participation of stakeholders should be ensured in decision-making about biodiversity offsets, including their evaluation, selection, design, implementation and monitoring.

7	<p>Equity: A biodiversity offset should be designed and implemented in an equitable manner, which means the sharing among stakeholders of the rights and responsibilities, risks and rewards associated with a project and offset in a fair and balanced way, respecting legal and customary arrangements. Special consideration should be given to respecting both internationally and nationally recognised rights of indigenous peoples and local communities.</p>
8	<p>Long-term outcomes: The design and implementation of a biodiversity offset should be based on an adaptive management approach, incorporating monitoring and evaluation, with the objective of securing outcomes that last at least as long as the project’s impacts and preferably in perpetuity.</p>
9	<p>Transparency: The design and implementation of a biodiversity offset, and communication of its results to the public, should be undertaken in a transparent and timely manner.</p>
10	<p>Science and traditional knowledge: The design and implementation of a biodiversity offset should be a documented process informed by sound science, including an appropriate consideration of traditional knowledge.</p>

Bird-strike Prevention in Wind Power Generation

Dorper Wind Farm generates electricity using wind in a mountainous area of about 130 km² in Eastern Cape, South Africa. In the Doper wind power generation project, measures to prevent bird strikes are implemented.

Windmills are installed in pastures and bird strikes are caused by birds that flock to feed on the carcasses of livestock and other animals. We therefore ensure to remove animal carcasses found in the power plant.

We also hire local residents to visually confirm if there is any endangered bird species circling around the windmills and, if detected, to send an emergency notice to stop the operation of the windmills. It is our aim to achieve a harmonious balance between wild animal conservation and wind power generation business.



Dorper Wind Farm Pty Ltd. in South Africa

Bird Friendly® Coffee

Sumitomo Corporation Group has imported and supplied Bird Friendly®-certified coffee (BF®-certified coffee) since 2004 as part of our biodiversity-friendly activities, which ensures a stable income for farmers. Since FY2014, SC Foods Co., Ltd. started dealing in BF®-certified coffee. BF®-certified coffee is grown under the shade of natural forest trees to conserve the environment and provide migratory birds a place to rest. The BF certification was created by the Smithsonian Migratory Bird Center (SMBC). As of June 2024, 48 farms and agricultural cooperation in 11 countries*1 are certified and part of the proceeds are used for SMBC's research, surveys and conservation activities.



In 2019, this project was recognized by the Japan Committee of the International Union for Conservation of Nature and Natural Resources (IUCN) as a cooperative project authorized by the Japan Committee for the United Nations Decade on Biodiversity (UNDB-J)*2. This authorization means that the project is an important activity to conserve biodiversity as well as an activity that has achieved results toward meeting the Aichi Biodiversity Targets*3. We will continue our efforts to contribute to protecting migratory birds and ecosystems through this project.



This project has been recognized as a project recommended by the Japan Committee for the United Nations Decade on Biodiversity (UNDB-J).

- *1 11 countries: Ethiopia, Peru, El Salvador, Columbia, Guatemala, Nicaragua, Bolivia, Honduras, India, Mexico, Venezuela
- *2 The committee was established in September 2011 to encourage the participation and cooperation of all sectors in Japan to promote efforts to conserve biodiversity and ensure its sustainable use.
- *3 New international targets to conserve biodiversity, which were adopted by the 10th Conference of Parties (COP10)



BF® certified farm in Honduras



BF® certified farm in El Salvador



Harvest of BF® certified farm in Guatemala

Prevention of Pollution

Basic Concept

Sumitomo Corporation Groups business covers a wide range of areas around the world. As described in the Environmental Policy, the Group complies with environment-related laws and regulations and contributes to creating a recycling society. We consider it important not only to comply with laws, ordinances and standards to prevent pollution caused by waste water, sludge, exhaust and other wastes but also to reduce environmental impact through waste reduction, reuse and recycling in order to achieve a sustainable society. We will continue to address relevant issues through our business activities.

Efforts to Reduce Environmental Impacts in the Agrochemical / Fertilizer Sales Business

Our major mission in the realm of agrochemical/fertilizer business is to provide the best-quality agrochemicals/fertilizers that fulfill the needs of farmers worldwide with the aim of contributing to increasing the productivity of agricultural crops. We select and combine functions such as import, manufacturing, distribution, wholesale and direct sales by taking into account the characteristics of each market, and we are currently conducting agrochemical/fertilizer business in about 40 countries.

In some areas, unfortunately, farmers and distributors inappropriately dispose of emptied plastic bottle containers and aluminum bags of agrochemicals, which can pollute the environment. There are also concerns that agrochemical remains in such containers could lead to an accident and adversely affect the environment. Agro Amazonia Produtos Agropecuarios Ltda. in Brazil and Summit Agro Mexico S.A. de C.V. in Mexico involve other companies in the industry to make joint efforts to collect and recycle empty containers of agrochemicals to promote environmental conservation.

Efforts are also made to reduce the environmental impacts of agrochemicals themselves, including investment in Bio-solution manufacture called Futureco Bioscience S.A., in Spain and Bio Insumos Nativa SpA in Chile, and application of integrated pest management (IPM), which does not depend on agrochemicals alone and has low environmental impacts.

As an IPM effort, we are spreading the use of a communication disruptor (pheromone agent) developed by Shin-Etsu Chemical Co., Ltd., which uses insect's natural sex pheromone. It is harmless to non-target organisms, and not only reduces the population of the target pest but is also effective on pests that enter inside plants and are hard to control.

It can also be expected to reduce the pesticide resistance of pests. This control method is currently applied by about 60% of orchards in France. In the European region, we have expanded our sales territory to include Poland, Bulgaria and Turkey.

In addition, we put our efforts into reducing the amount of conventional chemical fertilizer applied and reducing environmental impacts on farmland by expanding the sales of coated fertilizers (allowing farmers to control the pace of fertilizer elution and enhance the effective utilization rate of fertilizer constituents, thereby reducing the amount of fertilizer applied) and biostimulants (which increase plants' tolerance to diseases and pests as well as to cold/heat stresses by enhancing their innate immunity and vitality, thereby enabling the use of reduced amounts of fertilizer). (equity participation in Naturevo S.R.L, a Romanian company whose main product is such high-performance fertilizers)



Investment in a bio-agrochemical manufacturer in Spain



Agrochemical project in Brazil (Agro Amazonia Produtos Agropecuarios Ltda.)



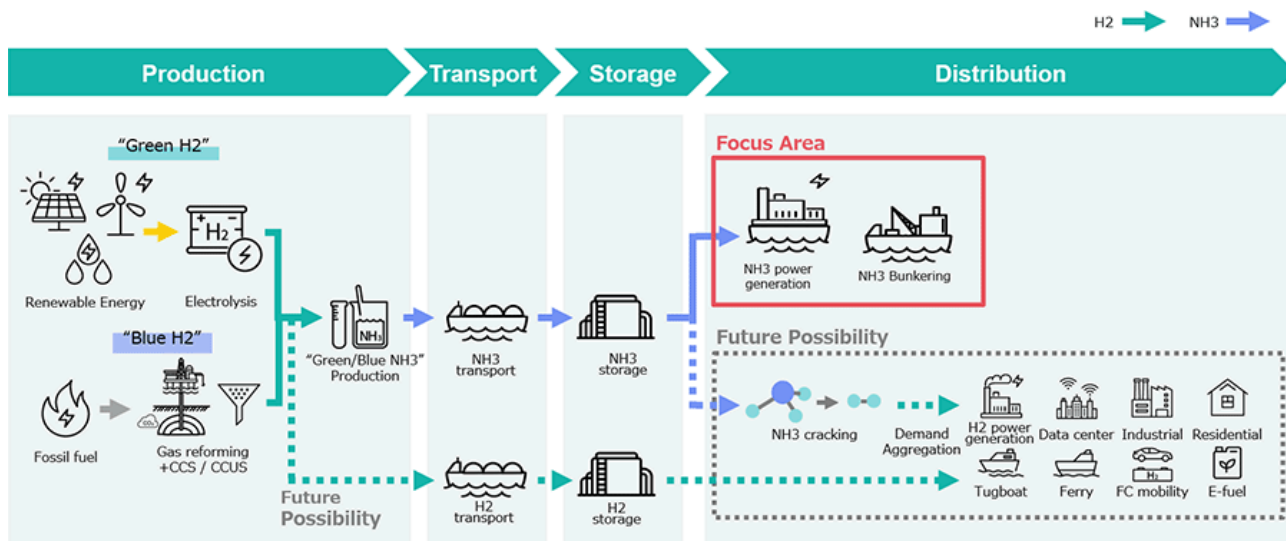
Use of a pheromone agent

Reducing the Environmental Impact of Marine Fuel

Since 1954, we have been supplying marine fuel to shipping companies in Japan and abroad. To contribute to reductions in the shipping industry's environmental impact, we are also working to supply LNG fuel, which emits no sulfur oxides and contains 40-70% fewer nitrogen oxides and 20% less carbon dioxide than conventional fuels. Specifically, through a joint venture with Uyeno Transtech Ltd., Yokohama-Kawasaki International Port Corporation, and the Development Bank of Japan Inc., we placed an order for an LNG bunkering vessel to be utilized for LNG fuel supply business in Tokyo Bay.

The International Maritime Organization (IMO), a specialized agency of the United Nations, has formulated a strategy to reduce greenhouse gas (GHG) emissions from maritime transportation globally to zero by around 2050. In this context, it is believed that ammonia will be the next generation of alternative marine fuels that have the potential to contribute significantly to reducing GHG emissions in the shipping industry because it does not emit CO₂ during combustion. Green ammonia in particular has the potential to be a major factor in making the shipping industry carbon-free, as it is produced solely from renewable electricity, water, and air and emits no CO₂ during its lifecycle.

We are working with A.P. Moller - Maersk A/S and other partners in a joint study on the commercialization of supplying ammonia fuel for ships in Singapore and the east coast of North America. Through this initiative, we aim to contribute to the decarbonization of the shipping industry by creating a comprehensive supply chain that includes the supply, transportation, storage, and bunkering of non-GHG emitting marine fuel.



Social

Supply Chain Management	215
Respect for Human Rights	226
Our People	243
Diversity, Equity & Inclusion	267
Health and Productivity Management	280
Health & Safety	290
Social Responsibility	297
Social Contribution Activities	313

Social

Supply Chain Management

Basic Concept

The Sumitomo Corporation Group has established the CSR Action Guidelines for Supply Chain Management. Through the implementation of these guidelines, we are aiming to realize a sustainable society by working together with our suppliers and business partners to achieve responsible value chain management. The Company provides numerous opportunities to promote the understanding and entrenchment of these guidelines, including training for new employees and locally hired employees, meetings within business units and domestic and overseas regional organizations, and pre-departure briefings with employees being sent on overseas assignments in order to promote sustainable supply chain management. We also share these guidelines with our suppliers and business partners and confirm their compliance as necessary.

In the event that we find violations of these guidelines in our supply chains, we will urge the suppliers, business partners or contractors, etc. to remedy and improve the situation, while providing support to them as needed. However, if there are no improvements to the situation by them, we will consider carefully whether to continue our business with them or not.

The Sumitomo Corporation Group CSR Action Guidelines for Supply Chain Management

Established in November 2009

Revised in November 2013

The Sumitomo Corporation Group aims to be a global organization that, by constantly staying a step ahead in dealing with change, creating new value, and contributing broadly to society, strives to achieve prosperity and realize the dreams of all our stakeholders through sound business activities in strict adherence to our Corporate Mission Statement, and the management style principle contained therein, wherein prime importance is given to integrity and sound management with the utmost respect being paid to the individual.

In order to promote sustainability and social wellbeing in accordance with our mission, the Sumitomo Corporation Group hereby sets down these CSR Action Guidelines for Supply Chain Management. With a view to further strengthening the global relations which form one of the foundations of our core competence of integrated corporate strength, we request our suppliers and business partners to kindly accept, understand, and practice these guidelines so that together we can achieve responsible value chain management.

Our suppliers and business partners are expected to:

1. Respect human rights and not to be complicit in human rights abuses
2. Prevent forced labor, child labor and the payment of unfairly low wages
3. Not engage in discriminatory employment practices
4. Respect the rights of employees to associate freely in order to ensure open and fair negotiations between labor and management
5. Provide employees with safe and healthy work environments
6. Protect the global environment and give due consideration to biodiversity
7. Ensure the quality and safety of products and services
8. Ensure fair business transactions, to abide by all applicable laws, rules and regulations, and to prevent extortion, bribery and all other forms of corrupt business practices
9. Ensure appropriate information security
10. Cooperate with members of local host communities and contribute to sustainable regional development
11. Disclose information regarding the above in a manner both timely and appropriate.

➤ [Interpretation of The Sumitomo Corporation Group CSR Action Guidelines for Supply Chain Management](#) 

Supply chain management policies for specific commodities

To realize a sustainable society by working together with our suppliers and business partners, Sumitomo Corporation has established the CSR Action Guidelines for Supply Chain Management. We have also established specific policies for natural resource-related commodities requiring sustainable procurement.

- ▶ Forest Management Policy
- ▶ Sourcing Policy for Forest Products

Policy and Concept on sustainable procurement of palm oil

Palm oil is the most produced vegetable oil in the world which is used in a wide variety of products and closely related to our lives. Meanwhile, we, the Sumitomo Corporation Group recognize that palm oil comes with various social and environmental risks especially in the upstream supply chain, as its raw material, oil palm, may be linked to the deforestation of valuable forests, damage to biodiversity and impact on a local community due to plantation development, and forced and child labor in some production process.

Therefore, in order to fulfill social responsibility with relevant stakeholders based on The Sumitomo Corporation Group CSR Action Guidelines for Supply Chain Management”, we strive to build a high transparent supply chain with our suppliers through being a member of RSPO* as a group.

Our consolidated subsidiaries SC Foods Co., Ltd., a trading company specializing in food products, and Summit Oil Mill Co., Ltd, an edible oil manufacturer, conduct a survey of the suppliers with an aim of confirming the existence of inherent problems in human rights in the supply chain. In addition, Summit Cosmetics Corporation, our consolidated subsidiary specializing in cosmetics-related products trade, also survey of the suppliers and request compliance with “The “Sumitomo Corporation Group CSR Action Guidelines for Supply Chain Management” which committed to the sustainable procurement of palm oil.

* Roundtable on Sustainable Palm Oil

Supply Chain Management

In monitoring social and environmental risks in each business, we confirm the supply chain based on the Sumitomo Corporation Group CSR Action Guidelines for Supply Chains, individual procurement policies, and laws and regulations.

Conflict Minerals Policy

The Dodd-Frank Act, which was enacted in July 2010, requires US-listed companies to trace the country of origin of minerals used in their products within their supply chains to determine whether or not "conflict minerals"* produced in and around the Democratic Republic of the Congo are included. The results must be reported annually to the U.S. Securities and Exchange Commission (SEC) and disclosed on their websites. Such reporting is not mandatory for the Sumitomo Corporation Group itself because it is not US listed. However, if it is revealed that a conflict mineral is used by our partner company, our reputation could be harmed and it may affect customer selections. We therefore gather relevant information regularly and manage it unitarily.

* The Dodd-Frank Act defines conflict minerals as tin, tantalum, tungsten and gold

Measures Taken through Sustainable Supply Chain Certification

RSPO: Roundtable on Sustainable Palm Oil

We became an ordinary member of the RSPO in 2019. Further, our consolidated subsidiaries SC Foods Co., Ltd. and Summit Oil Mill Co., Ltd. obtained RSPO supply chain certification in 2021.



FSC: Forest Stewardship Council®

We obtain FSC (FSC-C016535) certification, an international forest management certification system, and provide customers with FSC-certified products mainly from our group-companies.

PEFC™: Program for the Endorsement of Forest Certification Schemes

We obtain PEFC™ CoC certification, an international forest management.

SBP: Sustainable Biomass Program

In September 2019, we became the first Japanese company to obtain SBP certification for CoC (Chain-of-Custody) and Collection and Communication of data. SBP is a certification system providing assurance that woody biomass used in energy production is sourced from legal and sustainable sources.

ISCC PLUS: International Sustainability & Carbon Certification PLUS

We obtain ISCC PLUS, an international certification for bio-based products. This allows us to trade ISCC certified products. In addition, the following group companies have also obtained ISCC PLUS certification.

- Sumitomo Shoji Chemicals Co., Ltd.
-

ASI: Aluminium Stewardship Initiative

We are a member of the Aluminium Stewardship Initiative (ASI), the global aluminium industry organization. As an active participant in trading aluminium materials and products globally, we support ASI activities and standards across the global aluminium value chain.

EcoVadis Certification for Chemical Solutions Group

EcoVadis provides a unique platform for assessing a company's social and environmental sustainability performance. The following Sumitomo Corporation Group companies received EcoVadis Medals for their efforts.

- Gold Medal: Summit Cosmetics Corporation, Summit Cosmetics Europe, Summit Cosmetics LATAM, Corporation
- Silver Medal: Summit Pharmaceuticals International, Summit Pharmaceuticals Europe SUMITOMO DEUTSCHLAND GMBH

* Platinum is awarded to the top 1%, Gold to the top 5%, Silver to the top 15%, and Bronze to the top 35% of companies

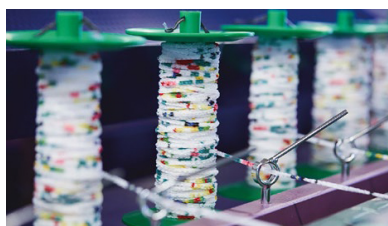
Measures Taken in the Chemical and Electronics Industries

Sumitomo Shoji Chemicals Co., Ltd. is mainly engaged in trading business of chemical and electronic products, which are involved in various industries and have a multitude of applications. The company confirms that each supplier of raw materials does not use conflict minerals, which are key funding sources for local armed groups, and appropriately manages chemical substances contained in their products in line with customer's demands, to make sure that no issues related to the environment and human rights have been reported. Sumitomo Shoji Chemicals is a member of Sedex, a nonprofit membership providing a world's largest platform to manage and share ethical organization data within supply chains, with the aim of ensuring ethical and responsible business practices in global supply chains. The company has also passed the human rights and environmental audit of Sedex. Sumitomo Shoji Chemicals agrees on the Green Partner Environmental Quality Approval Program of its clients, whose objectives include the promotion of environmental protection. It also requires its suppliers of raw materials to agree on a green procurement program and other relevant programs and to comply with environment-related laws and regulations, and follows their implementation.

Feiler Initiatives

Feiler Japan Co., Ltd., a subsidiary of Sumitomo Corporation, imports, plans, and sells products of the German textile brand "FEILER", which features chenille fabrics. Feiler purchases all cotton yarns used for chenille fabrics from companies certified under OEKO-TEX® Standard 100*1, which meets international safety standards for textile products.

* OEKO-TEX® Standard 100 is the world's highest standard for safe textile products, awarded only to products that have passed strict analytical tests for over 350 hazardous chemicals.



SC Foods Initiatives: Contributing to society through fairtrade products

SC Foods Co., Ltd., a member of the Sumitomo Corporation Group, won the Silver Award in the Trader category at the first Fairtrade Japan Awards, announced in October 2023. This is an award sponsored by Fairtrade Label Japan, a specified non-profit organization, that honors and recognizes companies and organizations that have made outstanding achievements in promoting fairtrade in Japan. SC Foods was selected in recognition of its proactive import of fairtrade coffee and sesame seeds from around the world and its proactive actions to communicate the efforts being made in producing areas to manufacturers and consumers. The activities were considered as a significant contribution to the spread of fairtrade by serving as a bridge between producing areas and Japan.

SC Foods is constantly pursuing to distribute coffee that is not only delicious, but also contributes to a sustainable and rich future of food. Through the initiatives, SC Foods also aims to communicate the socially beneficial significance of the products. As part of this effort, SC Foods imports and sells fairtrade certified coffee, which is good for society and the global environment. Specifically, SC Foods collects detailed information from suppliers with whom we have built relationships over many years about how the fairtrade premium, which is paid based on the sales volume of fairtrade certified coffee, helps the production area. In addition to providing products to roasters and consumers who purchase our products, SC Foods also collaborates with fairtrade-related organizations both domestically and internationally to actively engage in activities to expand awareness and purchasing of fairtrade certification itself.

One example of fairtrade certified coffee SC Foods handles is Con Manos De Mujer (CMM: English name: WOMAN'S HAND). CMM certification was launched in 2010 by Mayacert S.A. together with the Asobagri cooperative with the aim of improving women's social status and economic environment. The premium added to the price of certified coffee is transformed into scholarships and medical expense subsidies, providing a platform for the female producers who belong to the cooperative to thrive and help them achieve self-realization.



Summit Initiatives: Handling of certified marine products

SUMMIT, INC, a member of the Sumitomo Corporation Group that operates a supermarket business, handles marine products that have acquired MSC*1 and ASC*2 certification for some of its marine products for the purpose of sustainable procurement and environmental and social considerations.

- *1 MSC: A certification system for sustainable fisheries to protect the world's marine resources, administered by the Marine Stewardship Council.
- *2 ASC: An international certification program for environmentally and socially responsible aquaculture products, administered by the Aquaculture Stewardship Council.



Initiatives Taken in the Real Estate Business (Sumisho Realty Management's ESG Policy)

Initiatives Taken in the Real Estate Business

Sumisho Realty Management Co., Ltd., a real estate asset management business of the Sumitomo Corporate Group, has identified seven material issues and is implementing initiatives to adapt to changing global trends, meet the expectations of stakeholders, and contribute toward a sustainable society. As a real estate management company, it also believes that incorporating ESG elements into its investment decisions and operational processes is essential for maximizing medium- to long-term value for investors. For this reason, it defines and implements basic policies toward ESG.

Seven Material Issues & Initiatives

Material Issues		Initiatives
E	<ul style="list-style-type: none"> Climate change mitigation 	<ul style="list-style-type: none"> Consideration for reduction of energy consumption, CO2 emissions, etc.
	<ul style="list-style-type: none"> Portfolio greening 	<ul style="list-style-type: none"> Promote acquisition of green building certifications such as GRESB, CASBEE, DBJ Green Building Certification, BELS, etc.
S	<ul style="list-style-type: none"> Human resource development 	<ul style="list-style-type: none"> Provide ample training programs Support acquiring professional accreditations Develop real estate professionals with an emphasis on teamwork
	<ul style="list-style-type: none"> Diversity, Equity & Inclusion 	<ul style="list-style-type: none"> Create a working environment in which diverse human resources can flourish over the medium to long term Respect human rights Provide ongoing employment support to achieve work-life balance
	<ul style="list-style-type: none"> Tenant satisfaction improvement & contribution to local communities 	<ul style="list-style-type: none"> Provide/operate facilities with high tenant satisfaction Consideration for environment/society by collaborating with tenants, PMs, BMs, etc. Contribute to and consider local community
G	<ul style="list-style-type: none"> Engagement with investors and trustworthy governance 	<ul style="list-style-type: none"> Disclose information to investors and promote constructive dialogue Develop a governance structure trusted by investors
	<ul style="list-style-type: none"> Thorough compliance & risk management 	<ul style="list-style-type: none"> Monitor and respond to risks Appropriately operate an internal control system for compliance with laws and regulations

Sumisho Realty Management's ESG Policy

ESG Policy

SRM believes that it is indispensable as a real estate management company to include environmental, social and governance (ESG) factors in investment decisions and management process for maximization of unitholder value over the medium to long term, and thus establishes the following basic policies on ESG and puts them into practice.

1 Climate Change Measures

SRM shall aim for realization of carbon neutrality through efforts on efficient use and reduction of energy and minimization of greenhouse gas emissions to as close to zero as possible at real estate under management. Furthermore, recognizing the importance of renewable energies, SRM shall consider possible utilization of such.

2 Efforts on Reducing Environmental Burden

Recognizing environmental burden at real estate under management, including water consumption and waste discharge, SRM shall continuously make efforts to reduce such.

3 Consideration for Natural Environment

With sufficient consideration for protection of natural ecosystem and other natural environment as well as for maintenance/conservation of biodiversity, SRM shall promote greener buildings and communities.

4 Efforts on Improving Health and Comfort

SRM shall strive to improve real estate value by raising tenant satisfaction through assessment of needs and appropriate implementation of measures for enhancing health/comfort of tenants and local communities.

5 Efforts on Enhancing Resilience

SRM shall strive to improve real estate value by retaining and gaining good tenants through enhancement of resilience of real estate under management against climate change and disasters. In addition, SRM aims for real estate management that can respond flexibly to changes in social structure such as urbanization and work sharing.

6 Collaboration with Stakeholders

SRM shall establish a good relationship with tenants, property management companies, local communities and other stakeholders involved in real estate under management and collaborate to promote ESG.

7 Efforts for SRM's Employees

SRM shall strive to develop employees' skills by providing specialized training, support for acquisition of qualifications and such based on its human resources strategy. In addition, SRM shall work to create a favorable working environment to allow diverse employees to work comfortably in good health.

8 Compliance and Strengthening of Governance

In order to protect investors and ensure SRM's proper operations, SRM shall not only abide by laws and regulations, but also strive to prevent corruption, prevent conflicts of interest, manage information properly, and value human rights and diversity.

9 Disclosure of ESG Information and Utilization of Outside Evaluation

SRM shall make efforts to implement appropriate and transparent disclosure of ESG-related information for its stakeholders, and consider utilization of outside evaluation and third-party certification.


Expression of support for UN Systems Summit

Sumitomo Corporation expressed its support for the United Nations Food Systems Summit (FSS), declaring that it will contribute to global sustainable food systems through a range of food and agricultural businesses conducted by the Sumitomo Corporation Group.



The FSS, scheduled for September 2021 in New York, was the first international forum having discussions on the sustainability of food systems as a global common agenda and setting a vision for the future. The summit is being held based on the belief of UN Secretary-General Antonio Guterres that transformation to sustainable food systems will be crucial for delivering the Sustainable Development Goals (SDGs).

* The term "food system" refers to the constellation of activities involved in producing, processing, transporting and consuming food. According to the FSS Scientific Group, food systems embrace the entire range of actors and their interlinked value-adding activities involved in the production, aggregation, processing, distribution, consumption and disposal of food products that originate from agriculture, forestry, fisheries and food industries as well as the broader economic, societal and natural environments in which they are embedded. (Source: MAFF Website)

- ▶ Sumitomo Corporation's statement on the FSS 
- ▶ The FSS-related website of MAFF, Japan (Japanese only)
- ▶ The FSS-related website of United Nations

Respect for Human Rights

Sumitomo Corporation Group's Human Rights Policy

Established in May 2020

Sumitomo Corporation declares in its management principles that it aims to be a global organization that contributes broadly to society and places prime importance on utmost respect for the individual. We will respect human rights to fulfill our corporate social responsibility, and pursue sustainable growth with society.

Sumitomo Corporation became a signatory in 2009 to the "Ten Principles of the United Nations Global Compact", which advocates for values common to its own management principles, including those regarding human rights and labor. We also respect the "International Bill of Human Rights" and the International Labor Organization's "Declaration on Fundamental Principles and Rights at Work", and we operate in accordance with the "United Nations Guiding Principles on Business and Human Rights".

1. Scope of application

Sumitomo Corporation endeavors to ensure that all executives and employees within its group fulfill their responsibility to respect human rights. In addition, we encourage our suppliers and business partners to accept, understand and practice this policy so that we can work together to fulfill our social responsibilities, including respect for human rights in the relevant value chain.

2. Human rights due diligence

Sumitomo Corporation strives to identify and to prevent or mitigate any adverse impact on human rights through the application of human rights due diligence processes. Where we identify that our group's practices have caused or contributed to an adverse impact on human rights, we will endeavor to take appropriate remedial measures.

3. Compliance with relevant laws

Sumitomo Corporation will comply with national and regional laws and regulations applicable to its group operations. When those laws and regulations are incompatible with internationally recognized human rights, we will seek to employ measures to respect international human rights norms.

4. Stakeholder engagement

Sumitomo Corporation will seek to improve and progress human rights measures through engagement and dialogue with relevant stakeholders.

5. Education

Sumitomo Corporation will appropriately educate its executives and employees within its group in order to ensure that this human rights policy is understood and implemented effectively.

6. Reporting

Sumitomo Corporation will disclose appropriate information regarding its efforts to respect human rights.

Compliance with labor-related global standards and laws

The Sumitomo Corporation Group is addressing human rights issues. While complying with laws and regulations in our countries of operation, we support and respect the Ten Principles of the UN Global Compact, as well as the International Labour Organization's core labor standards of ten conventions in five areas: freedom of association and the effective recognition of the right to collective bargaining, elimination of all forms of forced or compulsory labor, effective abolition of child labor, elimination of discrimination in employment and occupation, and occupational safety and health. With regard to the elimination of discrimination in particular, we have clearly stated that no person should be discriminated against due to human race, nationality, gender, religion, creed, age, origin, physical or mental disability, or other reasons that are not related to business operations. We are also complying with minimum wage requirements based on the labor standards and labor conventions of each country.

Respect for the rights of children

As the world population is mostly made up of children and younger generations, the Sumitomo Corporation Group is aware that its corporate activities have an impact on the lives of children both directly and indirectly. For companies, children are family members of employees, as well as important stakeholders who will play future roles in the sustainable development of society. Based on this recognition, we signed the United Nations Global Compact in support of the Ten Principles, and respect Children's Rights and Business Principles. We are committed to preventing the violation of children's rights through our business and social contribution activities.

Respect for the rights of indigenous peoples

As part of its commitment to respect human rights, the Sumitomo Corporation Group respects global standards pertaining to the rights of indigenous peoples, including the United Nations Declaration on the Rights of Indigenous Peoples, and the principle of "free, prior and informed consent (FPIC)." In business operations in areas where indigenous peoples reside, we recognize their unique culture and history and comply with applicable laws and regulations of each country or region.

Concept concerning the use of security companies

In the operation of its business in countries around the globe, the Sumitomo Corporation Group uses security companies to protect the safety and security of its employees. When necessary, we may use armed security personnel, recognizing the human rights risks involved and complying with laws and regulations of the countries in which we operate. We select security companies in accordance with the Voluntary Principles on Security and Human Rights and the Basic Principles on the Use of Force and Firearms by Law Enforcement Officials.

Implementation and Progress of Human Rights Due Diligence

In accordance with the Sumitomo Corporation Group Human Rights Policy, Sumitomo Corporation began human rights due diligence in 2020 so that we can identify, prevent, and correct how we address any adverse human rights impact that the Group business activities may cause or contribute to. Since FY2021, we started conducting human rights due diligence to identify and assess risks in the business unit, the Media & Digital Business Unit and Living Related & Real Estate Business Unit in FY2021, the Infrastructure Business Unit and Mineral Resources, Energy, Chemical & Electronics Business Unit in FY2022, the Transportation & Construction Systems Business Unit and Metal Products Business Unit in FY2023, and the Energy Innovation Initiative in the first half of FY2024. Our human rights due diligence is conducted through a process in accordance with international guidelines including the United Nations Guiding Principles on Business and Human Rights, United Nations Guiding Principles Reporting Framework, and OECD Due Diligence Guidance for Responsible Business Conduct.

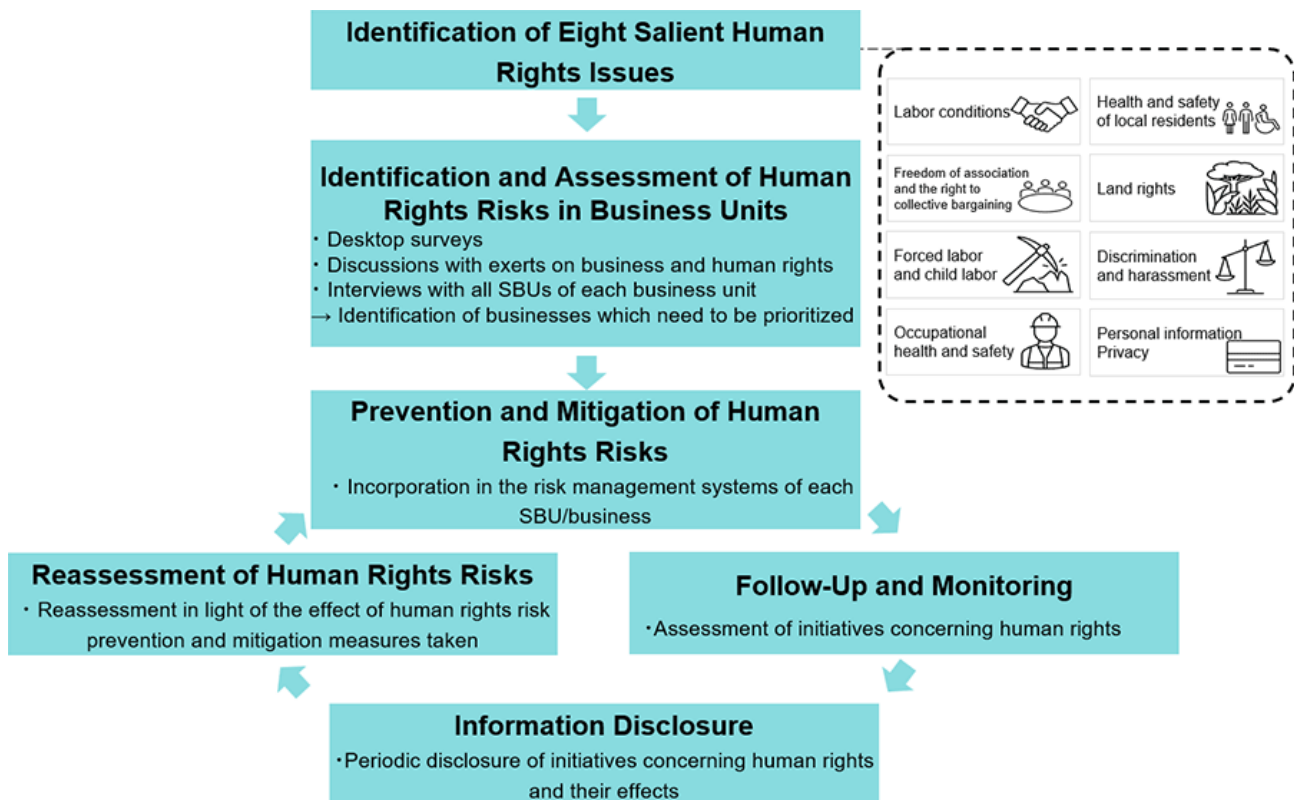
Completing human rights due diligence in all business units, we will continue our efforts to address any adverse human rights impacts with a risk-based approach through creating a risk mapping for identification of high-risk businesses based on the results of the human rights due diligence and enhanced human rights due diligence including engagement with rights holders.

Process of Human Rights Due Diligence in Business Units

After having conducted a desktop survey in which we identified human rights issues, mainly but not limited to our eight salient human rights issues and referred to the actual cases of human rights risks which occurred in global business activities of ourselves or other companies, we had been conducting human rights due diligence starting from business units whose businesses are considered to have relatively higher human rights risks.

Specifically, interviewing all related SBUs of the business units with the support from outside experts, we confirmed the situation in each business and actual human rights risks including the impact on stakeholders, such as local residents and others related to the supply chain and business activities of each business. Besides, we identified potential risks that could be anticipated and discussed the status of any responses being taken. In light of these findings, and from the perspectives of the possibility to materialize human rights risks which we identified and their severity if materialized, we prioritized SBUs, or individual businesses within SBUs, to focus our prevention and mitigation effort on. After following these processes, with the cooperation of the Corporate Sustainability Department and relevant SBUs and group companies, we have implemented concrete measures to prevent or mitigate the identified human rights risks. Through this process, we are continuously promoting understanding and penetration of the corporate responsibility to respect human rights among the executives and employees of Sumitomo Corporation Group.

➤ Please see here more details on our human rights due diligence. [📄](#)



* Also promote human rights due diligence in prioritized SBUs/businesses other than those identified in human rights due diligence in business units.

* Information prior to March 2024 does not reflect the organizational changes effective April 1, 2024.

Completed in FY2024

Energy Innovation Initiatives (EII)

For human rights risks of forest management and forest product sourcing businesses which EII is taking leads, it is confirmed that responsible group companies take appropriate actions to mitigate environmental and social risks including the rights of indigenous people, working conditions and safety as well as those of suppliers.

We conducted human rights due diligence for the rest of business in EII through interviews mainly on risks such as occupational health and safety, working conditions, and the health and safety of local residents, based on the characteristics of the business. As a result, we did not identify any actual human rights risks or unaddressed potential high risks.

Completed in FY2023

Transportation & Construction Systems Business Unit

Eight Salient Human Rights Issues in the Group's business

Labor conditions 	Freedom of association and the right to collective bargaining 	Forced labor and child labor 	Occupational health and safety 
Health and safety of local residents 	Land rights 	Discrimination and harassment 	Personal information Privacy 

Main human rights issues	Identified actual and potential risks	Assessment and countermeasures
Labor conditions, Freedom of association and the right to collective bargaining, Occupational health and safety	<ul style="list-style-type: none"> In businesses with manufacturing sites, such as automotive castings and parts and shipbuilding, attention must be paid to worker health and safety and working conditions. 	<ul style="list-style-type: none"> Confirmed that there are no issues with the PDCA process, including the safety management system (occupational accident risk reduction process, occupational accident rate targets and measures to achieve) and prevention of recurrence of accidents when they occur. Confirmed the status of appointment of the technical intern trainees in Japan and the care taken to ensure that workers are not negatively affected with regard to working conditions and occupational health and safety.
Forced labor and child labor	<ul style="list-style-type: none"> In manufacturing operations of automotive parts, industrial equipment, etc, forced labor in the upstream of the supply chain, such as raw materials to be procured, should be noted. 	<ul style="list-style-type: none"> In some businesses, confirmed that efforts to further reduce the risk of human rights violations in their supply chain are strengthened by ensuring traceability of procured items and informing suppliers of the Group's "CSR Action Guidelines for Supply Chains" and "Human Rights Policy".
Personal information, Privacy	<ul style="list-style-type: none"> In the automobile and motorcycle finance business, parking lot business, and vehicle leasing business for individuals, attention should be paid to risks related to leakage of personal information and invasion of privacy. 	<ul style="list-style-type: none"> Confirmed that personal information is managed in accordance with local laws and regulations, and that there are no issues with the management status.

Metal Products Business Unit

Eight Salient Human Rights Issues in the Group's business



Main human rights issues	Identified actual and potential risks	Assessment and countermeasures
Occupational health and safety	<ul style="list-style-type: none"> Many businesses have sites with high risk of occupational accidents, such as the processing and transportation of heavy steel products and steel pipes. 	<ul style="list-style-type: none"> Although occupational accidents have occurred in some businesses, confirmed that there is a safety management system in place and that there are no issues with the PDCA process, including the prevention of recurrence of accidents. In the steel pipe business, confirmed that a global safety management system has been established and is in operation, and that the performance management of subcontractors' occupational safety and requests for improvement are being implemented.
Labor conditions, Freedom of association and the right to collective bargaining, Forced labor and Child labor	<ul style="list-style-type: none"> At sites where steel products and pipes are processed and transported, due consideration should be given to working conditions and freedom of association, such as employment of foreign workers and shift work. As the business uses minerals as raw materials, respect for human rights upstream in the supply chain, including conflict minerals, must be taken into consideration. 	<ul style="list-style-type: none"> Although some operations employ foreign workers and some sites have two/three shift work schedules, confirmed that no serious issues have occurred in dialogue with the labor union as well as responses to events raised in the Speak-Up System. Confirmed that investigations related to conflict minerals and requests for investigations related to human rights from suppliers are being handled appropriately and no issues have been identified upstream in the supply chain.

Completed in FY2022

In FY2022, we identified and assessed actual and potential human rights risks in all SBUs of the Infrastructure Business Unit and Mineral Resources, Energy, Chemical & Electronics Business Unit, and confirmed the status of concrete initiatives, such as supplier surveys and improvement activities, for human rights risks of concern associated with the character of the business (product or region, etc.). As for some of the human rights risks identified through discussions, we will consider and implement further strengthening measures. In addition to the promoting of the understanding and entrenchment of the company's responsibility to respect human rights to officers and employees of the Sumitomo Corporation Group, through this process, we are driving concrete initiatives for human rights education based on the United Nations Guiding Principles on Business and Human Rights. In FY2022, we conducted a training program for all officers and employees of Sumitomo Corporation and achieved our medium-term goal of 100% participation rate.

Infrastructure Business Unit

Eight Salient Human Rights Issues in the Group's business

Labor conditions 	Freedom of association and the right to collective bargaining 	Forced labor and child labor 	Occupational health and safety 
Health and safety of local residents 	Land rights 	Discrimination and harassment 	Personal information Privacy 

Main human rights issues	Identified actual and potential risks	Assessment and countermeasures
Occupational health and safety, Labor conditions	<ul style="list-style-type: none"> Infrastructure Business Unit has many projects that have sites such as construction sites, where workers' working conditions and health and safety must be taken into consideration. 	<ul style="list-style-type: none"> Confirmed that all businesses are highly aware of the importance of occupational health and safety management, including employee training. Confirmed that there is a system in place to check whether working conditions are appropriate through dialogue with workers, etc., and to take action as necessary, and that no serious issues are currently occurring.
Health and safety of local residents, Land rights	<ul style="list-style-type: none"> In infrastructure business that procure and use natural resources, it is necessary to give due consideration to respecting the human rights of local residents upstream in the supply chain. 	<ul style="list-style-type: none"> For the upstream supply chain of natural resources used, the process of confirming social and environmental risks has been strengthened, taking into consideration the impact on local residents.
Health and safety of local residents, Land rights, Labor conditions	<ul style="list-style-type: none"> For infrastructure businesses that involve land development, construction work, and infrastructure facility operation in each country region, it is important to have a system that leads to prompt and careful engagement with local residents and workers involved and appropriate actions. 	<ul style="list-style-type: none"> Confirmed that dialogue with local residents is carefully conducted in all of the projects, including the holding of preliminary explanatory meetings about the projects and daily communication at the local offices.

Mineral Resources, Energy, Chemical & Electronics Business Unit

Eight Salient Human Rights Issues in the Group's business



Main human rights issues	Identified actual and potential risks	Assessment and countermeasures
Labor conditions, Occupational health and safety	<ul style="list-style-type: none"> In the mining and manufacturing businesses, there is a high risk of issues with working conditions and occupational health and safety for workers. 	<ul style="list-style-type: none"> Confirm that there is a safety management system at the group companies, and that there are no issues with the PDCA process, including prevention of recurrence of accidents when they occur. We also confirmed that there are no issues with working conditions.
Forced labor and child labor	<ul style="list-style-type: none"> In the manufacturing and trading businesses, there are concerns about the risk of human rights abuses, including working conditions and forced labor, at the top of the supply chain. 	<ul style="list-style-type: none"> Confirm traceability of procured items with suppliers, and inform them of the Group's "CSR Action Guidelines for Supply Chains" and "Human Rights Policy," and consider further reducing the risk of human rights violations in the supply chain.
Labor conditions, Health and safety of local residents, Land rights	<ul style="list-style-type: none"> In the mining business, employee compensation (for finding new jobs, etc.) and impacts on local communities and neighboring environments must be kept in mind when closing mines. These considerations must also be incorporated into mine closure plans. 	<ul style="list-style-type: none"> For mining operations that have already submitted closure plans to the government, we confirmed that the mine closure plan has been in dialogue with the community for many years during the process of establishing the closure plan, and that the plan also describes rehabilitation activities to stabilize the mining area after the closure of the mine.
Labor conditions	<ul style="list-style-type: none"> In the mining and manufacturing businesses, it is preferable to develop mechanisms for obtaining employee feedback (speak-up system, suggestion box, etc.). 	<ul style="list-style-type: none"> SC Global Speak-Up is available at our group companies. Some group companies are considering the establishment of a Speak-Up system or a reference box, if necessary.
All	<ul style="list-style-type: none"> In the mining business and other businesses, Sumitomo Corporation is a minor investor in many of their businesses. It is important to have a system for rapid sharing of information, including actual human rights abuses and the status of measures, from major investors to Sumitomo Corporation. 	<ul style="list-style-type: none"> In some businesses, discussions were held with the majority investor to ensure that information was shared with us by the majority investor at board meetings and in reports after the incident occurred.

Completed in FY2021

Media & Digital Business Unit

Eight Salient Human Rights Issues in the Group's business

Labor conditions 	Freedom of association and the right to collective bargaining 	Forced labor and child labor 	Occupational health and safety 
Health and safety of local residents 	Land rights 	Discrimination and harassment 	Personal information Privacy 

Main human rights issues	Identified actual and potential risks	Assessment and countermeasures
Labor conditions, Forced labor and child labor	<ul style="list-style-type: none"> Concern about human rights issues in supply chain: indirect suppliers and subcontractors. 	<ul style="list-style-type: none"> To establish human rights policies and procurement policies and publicize to suppliers. To understand actual human right situation of supply chain.
Discrimination and harassment	<ul style="list-style-type: none"> Discriminatory statements and expressions may be included in the video distribution, entertainment content and advertisements. 	<ul style="list-style-type: none"> To consider risk prevention and mitigation measures, such as warning related staffs and introducing education programs for them.
Personal information Privacy	<ul style="list-style-type: none"> Personal information leaks and privacy violations especially in digital marketing business. 	<ul style="list-style-type: none"> Confirmed that each business has been aware of the risks and has been working thoroughly to ensure legal compliance.
The right to know and freedom of expression	<ul style="list-style-type: none"> The overseas telecommunications business is subject to the risk of infringement of the right to know and freedom of expression by shutting down or interception of communications. 	<ul style="list-style-type: none"> To continue initiatives to contribute to respect for human rights in the Myanmar telecommunications business based on human rights assessments.
New human rights issues (AI and data)	<ul style="list-style-type: none"> Discrimination or privacy violations may occur through the use of data or algorithms. 	<ul style="list-style-type: none"> To conduct survey and case studies on the trends of legal and governance.

Living Related & Real Estate Business Unit

Eight Salient Human Rights Issues in the Group's business



Main human rights issues	Identified actual and potential risks	Assessment and countermeasures
Labor conditions (wages and working hours), Occupational health and safety	<ul style="list-style-type: none"> In the real estate related business, attention must be paid to labor conditions and occupational health and safety of not only to parties contracting directly with our company but also of parties related to the supply chain, including construction contractors and property-owning management contractors. 	<ul style="list-style-type: none"> Room to further consider broad communication of human rights and procurement policies when in discussions or contracting with construction contractors and other subcontracting business partners.
Freedom of association and the right to collective bargaining	<ul style="list-style-type: none"> It is important to establish mechanisms for obtaining feedback from workers, including employees on agricultural land, in respect to the freedom of association and right to collective bargaining. 	<ul style="list-style-type: none"> Confirm that initiatives are being implemented to develop human rights due diligence processes, including interviews with employees, and to establish and publicize contact points for listening to the opinions of workers and other stakeholders.
Forced labor and child labor	<ul style="list-style-type: none"> Some domestic businesses are employing foreign technical trainees. The food distribution business must be on the lookout for forced labor and child labor upstream (agricultural land) in the supply chain. 	<ul style="list-style-type: none"> Confirm that consideration is being given to understanding the employment situation of the foreign technical trainees and to preventing adverse impacts on the workers in terms of labor conditions and occupational health and safety. Going forward, continue efforts to maintain and improve the working environment through regular discussions with the interns themselves. Confirm that initiatives are being implemented to investigate and improve the situation after risks are materialized, and to identify and investigate supply chains with a high potential risk.
Land rights, Health and safety of local residents	<ul style="list-style-type: none"> In the real estate related business, preparations must be made for situations that impact land rights and the day-to-day lives of local residents. 	<ul style="list-style-type: none"> Confirm legal compliance and briefings/discussions with local governments and communities.

Prevention and Mitigation Human Rights Risks

Timelines and ways of responding to human rights risks vary according to a number of factors, including the severity of the risks and their level of involvement with each business. For this reason, each SBU and each group company should be responsible for their responses to the related human rights risks. For risks identified and assessed through our human rights due diligence, each SBU and each group company prioritizes the risks based on their severity of the impact, incorporates them into concrete action plans, and implements the plan-do-check-act (PDCA) cycle.

Grievance Mechanism (Whistleblower report for external stakeholders)

In addition to an internal whistleblower system for employees, we accept opinions and grievance from external stakeholders, including the general public and customers.

Since FY2024, we have been a regular member of the Japan Center for Engagement and Remedy on Business and Human Rights (JaCER), a general incorporated association that provides a platform for redress of grievances in compliance with the UN Guiding Principles on Business and Human Rights, and we accept various opinions on human rights from external stakeholders on the platform provided by JaCER. We accept opinions through a third party with expertise to improve fairness and transparency. Besides, the content of grievance is reported to the management, including Chief Sustainability, DE&I Officer and the Corporate Sustainability Committee, to ensure that issues are corrected and prevented from recurrence in a timely and appropriate manner.

In dealing with the report, we ensure that the whistleblower and related parties will not suffer any disadvantages as a result of reporting, and we protect the privacy and confidentiality of the whistleblower.

➤ [Report Form of JaCER](#) 

The progress and results of the response to the received report will be disclosed on the Grievance List on the JaCER website.

Employee Training on Human Rights

Sumitomo Corporation Group's business activities cover a wide range of countries, regions and industrial fields. As per our Human Rights Policy, we consider that we have a responsibility to work with suppliers and business partners, instead of acting alone, to ensure respect for human rights throughout the entire supply chain, and we have been providing training on respect for human rights with employees. In addition to providing the training programs for the newly appointed manager and mid-career employees, in line with our mid-term goal, e-learning on business and human rights in multiple languages were deployed for regional organizations and subsidiaries in Japan and overseas in FY2023, following the rollout to all non-consolidated officers and employees.

Stakeholder Engagement and Collaboration with External Initiatives

Regarding the progress of human rights due diligence in business units and those conducted in some individual businesses where human rights risks are a concern, we engage, as necessary, with various external experts, including lawyers, NGOs, United Nations organizations, and consultants, and reflect on various opinions to improve our efforts. In addition, we have also been working to gain knowledge on human rights through participation in various external initiatives, such as working groups of the UN Global Compact Network Japan and Business and Human Rights Academy of the UNDP.

AI and Human Rights

While AI, advanced technology, enriches people's lives, it is globally pointed out that its development, operation, and utilization may lead to human rights issues such as invasion of privacy and algorithmic discrimination. Recognizing the need to prevent such human rights issues, the Group closely monitors guidelines and discussions of government agencies, academic societies as well as practices conducted by other companies. As we pursue digital transformation (DX) in our various business areas, we will continuously address to ensure that we do not cause human rights violations by protecting the privacy of our customers and users, and preventing unfair discrimination.

The Statement for the UK Modern Slavery Act 2015

We set out the steps Sumitomo Corporation has taken to help ensure that modern slavery and human trafficking are not taking place in all of our business or supply chains. The statement has been approved by the board of directors of Sumitomo Corporation.

[▶ FY2023 Statement](#) 

[▶ FY2022 Statement](#) 

[▶ FY2020 Statement](#) 

[▶ FY2018 Statement](#) 

[▶ FY2016 Statement](#) 

[▶ FY2021 Statement](#) 

[▶ FY2019 Statement](#) 

[▶ FY2017 Statement](#) 

[▶ FY2015 Statement](#) 

Activity Description

Human Rights Initiatives at Fyffes

Fyffes, one of our group companies and, one of the world's leading companies in the production and wholesaling of fresh produce, is the only company in its sector to have completed three years of human rights due diligence, starting in 2019. The most recent Human Rights Impact Assessment (HRIA) was finalized in 2023 and was conducted by an independent expert. The HRIA updated previous findings, strengthened understanding of the company's human rights' salient issues across key value chains and geographies and assessed and strengthened current level of management. In addition, it assessed human rights impact and opportunity specific to its operations in three countries. As such, site-visits were conducted Colombia and Honduras, and a remote, desk-based assessment in Guatemala, to better understand risk profiles and identify opportunities for mitigation and remediation of identified impacts.



In addition to HRIAs, Fyffes has conducted Community Needs Assessment (CNA) in five countries' local communities surrounding our operations, acknowledging their concerns and interests while managing or mitigating the potential or actual risks that our operations may have on them. Over 2,200 people were interviewed anonymously as part of the CNAs.

Fyffes has had a United Nations Guiding Principles-compliant grievance mechanism available to employees and stakeholders since 2019. In 2023 Fyffes changed the provider of its grievance mechanism to address failings in network coverage in Honduras and Belize. The hotline is communicated to employees via email, via posters in farms and ripening centers and via townhalls. The hotline is available for stakeholders to report misconduct against the company's Code of Conduct – the Fyffes Principles of Responsible Business Conduct. Grievances are managed according to the Fyffes Principles Grievance Procedures and are received, assessed and investigated by the Fyffes Ethics Committee. The Ethics Committee is comprised of the Chief Corporate Affairs Officer, the Chief Human Resources Officer, the Global Head of Legal and the Global Director of Compliance.

Fyffes has a target to ensure 100% of its own workers and supply chain workers are trained on human rights. One third of Fyffes employees are already trained in human rights*. Fyffes has a target to ensure 100% of its own workers and 50% of supply chain workers are trained on gender equality. Currently, gender equality training has begun for 37% of Fyffes' suppliers*.

* As of March, 2024

Fyffes does not tolerate any forced labor nor migrant human rights violations and continues to conduct and participate in internal and third-party ethical and social audits, including Sedex Members Ethical Trade Audit (SMETA) audits throughout a large proportion of its supply chain, such as Fyffes owned farms, various grower partners and ripening facilities. In the UK, Fyffes Group Ltd has regular audits on its labor providers and investigates any signs of forced labor, e.g. retention of passports etc. Fyffes has formed a Human Rights and Environmental Due Diligence Committee and they are responsible for implementing mitigation measures to address the salient human rights risks. This Committee oversees the resolution of 86 separate mitigation actions to ensure Fyffes is fully compliant with the Corporate Sustainability Due Diligence Directive which will apply to Fyffes in 2027. Fyffes has committed to conducting a human rights impact assessment annually and an independent HRIA every third year. In September 2024, Fyffes published its third Human Rights Report, way ahead of its competitors and the vast majority of its customers.

In 2021, Fyffes published its first Sustainability Report. The report shared its 13 ambitious sustainability targets under the four focus areas "Stewardship for the Planet," "Enriching People's Lives," "Healthy Food for Healthy Lives," and "Fyffes Principles of Responsible Business Conduct." Fyffes sustainability targets are specifically aligned to nine United Nations Sustainable Development Goals and include six targets relating to human rights, including a commitment to train 100% of its employees, contractors and supply chain workers on human rights. Fyffes second Sustainability Report was published in September 2023.



Sustainability Report



Human rights Report

Supplier Management and Human Rights Due Diligence in the Food Business

We also urge suppliers and other trading partners as well as business partners to take action in order to promote respect for human rights throughout entire value chains related to Sumitomo Corporation Group businesses. As a specialized food and food products trading company that is involved in all processes from product development to selection of production areas in regions around the world, procurement of ingredients, production and processing management, logistics, and domestic distribution, SC Foods Co., Ltd. conducts supply chain management so that it can provide safe, reassuring, and high-quality products that take into consideration sustainability including respect for human rights.

Surveys are being conducted sequentially on products considered to have high human rights risks, and after completing investigations with all overseas counterparts, the scope is being expanded to domestic counterparts. Furthermore, based on the survey results, for those identified as high-risk, measures to prevent or mitigate the risks are being considered and implemented. The outcomes are monitored, and a PDCA cycle for human rights due diligence is being established to lead to further improvements.

Black Economic Empowerment Act in South Africa

Due to the history of apartheid in South Africa, there are policies that aim to reduce inequality in rights and opportunities for black people to participate in economic activities and to improve their social status. It is required to include at least a certain number of black companies in a business project and to give back part of the profits to the community.

To comply with such policies, Dorper Wind Farm company, in which we invest, offers cooperation in improving the living environment of local residents and creating new jobs. Specific efforts include donation of equipment and refurbishment of buildings at kindergartens, schools and hospitals located close to the power plant, and support to restaurants operated by black women. Through these activities, we appoint local companies where possible. A portion of the shares of Dorper Wind Farm company are owned by local sponsors run by local residents and dividends distributed to such sponsors are used for various projects that meet the needs of local residents.

Dialogue with Local Residents in Mining Projects

In promoting resource development projects, understanding of local areas is essential. In the development project of the Ambatovy nickel mine in Madagascar, we have taken the initiative in having dialogues with the government and local residents, in cooperation with the diplomatic corps and lending banks group since the start of the development. We use these dialogues to share our belief that “this project is extremely important to the future of Madagascar” and deepen the mutual understanding of the significance of the project. In the Ambatovy project, we also promote the employment of people in Madagascar and improve their skills. In FY2023, about 86% of all workers are Madagascar people, and we are systematically working on technology transfer and human resource development for them. We have a complaint system to receive any kind of complaints, including human rights violations, in cooperation with local communities, in order to prevent accidents associated with the project and address them if they occur. Employees and external stakeholders are eligible to access this system. Project staff appropriately respond to complaints while protecting personal information. Since 2016, the Ambatovy project has joined the Voluntary Principles on Security and Human Rights (VPSHR) program in partnership with NGOs, the Madagascar government and other countries' embassies.



An elementary school built within the project site

Our People

Policy and Concept

HR Initiatives Centered around the Global HR Management Policy

The Group defines its ideal employee (individual) and company (organization) within the Global HR Management Policy, and aims for “Enriching lives and the world” by building relationships in which individuals and the organization grow together. Based on Sumitomo’s Business Philosophy underlying the Group’s talents, we are working to upgrade the HR management cycle. Specifically, we are creating a work environment and workplace culture that serves as the foundation for each and every employee to demonstrate their abilities and potential, and implementing various measures and systems from the perspectives of recruitment, development, right talent to the right positions, performance management, and fair treatment. At the same time, following the concepts of expanding the pool of Top-Tier Professionals, implementing thorough “Pay for Job, Pay for Performance,” promotion of diversity, equity and inclusion, and enhancing people management skills, we provide a place where each and every employee can realize autonomous growth and self-realization and encourage them to take on new challenges for value creation. Through this cycle, we are maximizing the performance of the organization and our diverse workforce, thereby realizing our vision and creating new value for the Group. Furthermore, important HR management policies, strategies, and measures are discussed at meetings of the Management Council. The Board of Directors makes decisions on important directions and conducts supervises and monitors these policies accordingly.



Global HR Management Policy

Sumitomo Corporation established the Sumitomo Corporation Group "Global HR Management Policy". This policy sets forth the vision and concept of talent management on a global basis with the aim of achieving talent management for the creation of new value. It is used as the foundation for each HR initiative.

01 Why we established this policy

The Sumitomo Corporation Group, through our "Global HR Management Policy", presents a vision for global talent management. With this as the foundation of all our HR initiatives, we will implement HR management to foster an environment that creates new value.



02 What we aim for



SC people

The Sumitomo Corporation Group aims to be a group of individuals "creating new value on a global scale, sharing SC Group's vision and mission, and maintaining high aspirations and a continuous intrinsic motivation with Enterprising Spirit".



SC organization

The Sumitomo Corporation Group aims to build a "Great Place to Work" on a global scale, where individuals continuously and passionately create new value. We aim to be an organization recognized for nurturing talents that continuously take on new challenges throughout the world.

03 Diversity, Equity & Inclusion

The Sumitomo Corporation Group recognizes Diversity, Equity & Inclusion as "the core enabler for value creation, innovation and competitiveness", eliminating any barriers, and pursuing the realization of our shared vision, by leveraging our mix of diverse wisdom.



04 How we realize this aim

The Mindset that Sumitomo Corporation Group values in HR management.

STRATEGY DRIVEN

To realize business growth strategy.

GEMBA ORIENTED

To be responsive to different needs in various businesses, regions, and markets, and to provide flexibility.

FAIR & OBJECTIVE

To treat and reward individuals in a fair manner, with "medium and long-term perspective" and "objectivity".

TRANSPARENT & CONSISTENT

To continue highly transparent operations understood by individuals from different backgrounds, so we can elevate our collective understanding.

RESPONSIBLE & ACCOUNTABLE

To value individual responsibility, commitment, and accountability.

RESPECTFUL IN COMMUNICATION

To convey your own thoughts to another with respect while drawing out the other person's views so as to build a bridge of understanding.

ETHICAL & COMPLIANT

To comply with local laws, as well as governance systems and agreements.

1. Talent recruitment

The Sumitomo Corporation Group continuously endeavors to be attractive to diverse talents. In recruitment, we value the sharing of core values, regardless of one's background or any dimension of diversity.

2. Talent development and training

The Sumitomo Corporation Group values the fundamental significance of "talent development". We encourage individuals to grow proactively by continuously learning with a heightened sense of awareness.

3. For talent success - Performance management -

The Sumitomo Corporation Group pursues transparent and fair evaluation for each contribution to organizational growth and value enhancement, thereby connecting the performance management process to the growth of both individuals and organizations.

4. For talent success - Right talent in right position -

The Sumitomo Corporation Group draws out the full potential of individuals rich with diversity. Through a Talent Review and Succession Planning mechanism, we deploy the right talents to the right positions according to our business strategy.

5. Fair treatment

The Sumitomo Corporation Group, while bearing in mind Total Rewards, spotlights and respects different promoters of value creation and pursues fair treatment.

6. Work environment and workplace culture that support talents

The Sumitomo Corporation Group provides a safe, healthy and sound work environment. We create a workplace culture that provides psychological safety and encourages growth of individuals and trustworthy relationships.

05 Who takes responsibility for HR Management

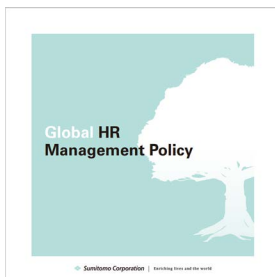


All members of the Sumitomo Corporation Group assume the ownership and responsibility to execute this "Global HR Management Policy".

What we aim for

Based on this policy, we seek to increase talent throughout the Group who can create new value on a global scale, sharing the Group's vision and mission, and maintaining high aspirations and a continuous intrinsic motivation with Enterprising Spirit. We also aim to build a "Great Place to Work" on a global scale, where individuals continuously and passionately create new value. We aim to be an organization recognized for nurturing talent that continuously take on new challenges throughout the world.

Booklet Download



e-book


▶ English  (e-book)



▶ Japanese  (e-book)



PDF

▶ English 



▶ Japanese 



Recruiting

Basic Policy on Recruiting

As a company that engages in global business, Sumitomo Corporation Group requires talents who are attuned to our businesses and principles, have high aspirations and a continuous intrinsic motivation with Enterprising Spirit, and a willingness to create new value on a global scale. Our basic policy is to conduct fair and equitable recruitment that respects fundamental human rights without discrimination, and hires employees based on the professionalism, abilities, experience, potential, and aspirations of applicants regardless of nationality, gender, age and other attributes. We actively hire both new graduates and mid-career hires throughout the year, in line alignment with our management and business strategies.

Number of New Graduates/Mid-career Hires

(Unit: persons)

		FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
New graduates(※1)		209	154	106	101	100	99
	Male	118	102	75	72	63	62
	Female	91	52	31	29	37	37
Mid-career(※1)		35	27	20	75	88	-
	Male	27	24	14	47	68	-
	Female	8	3	6	28	20	-
Ratio of mid-career hires (*2)		14%	15%	16%	43%	47%	-

*Updated on May 1, 2024

*1 Including medical employees

*2 Number of mid-career hires as a percentage of all hires in a single fiscal year

Recruitment of New Graduates

We hold various seminars relating to recruitment and create opportunities to support the career development of post and undergraduate students.

Internships for University and Graduate Students

We offer internships to university and graduate students every year to have them experience the business of an integrated trading company and to provide an opportunity to support the development of their career views. In FY2023, we conducted three internship programs relating to our business. The first program was a business experience program based on our renewable energy project. The second program, a business creating program on beyond mobility business, allowed participants to experience the process of creating a new business with design thinking skills. The third program was based on our cosmetic business, allowing participants to realize the significance of an integrated trading company engaging in the business. Participants can experience the process of bringing a business into reality, and through this process also develop their career views as well as deepen an understanding of our own way of the new value creation process.

〈Number of Past Participants〉

FY2020: 164 / FY2021: 148 / FY2022: 230 / FY2023: 319

Recruitment of Mid-career hires

The business environment surrounding us is changing rapidly. In order to survive the competition in this age of tremendous changes, we need to take on the challenge of doing business in new fields while expanding and advancing our existing businesses. To respond to these business needs, in line with our business strategy, we recruit mid-career professionals with diverse expertise and knowledge. Our mid-career hires have a wide range of backgrounds and include lawyers, public accountants, and those with other qualifications, as well as people with experience in the manufacturing, finance, media, IT, and other industries. These professionals from various fields are making use of their respective expertise for the benefit of our company.

Sumitomo Corporation recruits mid-career hires not only for their expertise and knowledge. We expect these talents who have diverse backgrounds, to revitalize the company and organizations with their ways of thinking, work methods, out-of-the-box ideas, values, and help us enhance our competitive strength. Sumitomo Corporation will continue to promote mid-career recruitment along with the employment of new graduates for the retention of a diverse workforce.



➤ [New graduates \(Japanese\)](#) 



➤ [Mid-careers \(Japanese\)](#) 

Development

Basic Talents' Development Principles

For the Sumitomo Corporation Group, human capital is our most critical management capital. Our Global HR Management Policy, established in 2020, articulates our vision for individuals as those who “create new value on a global scale, sharing SC Group’s vision and mission, and maintaining high aspirations and a continuous intrinsic motivation with Enterprising Spirit”. To realize this vision, the most crucial aspect is for each individual to "enhance their globally competitive capabilities (i.e., expertise)." To develop such a "group of Top Tier professionals," it is essential to integrate On-the-Job Training (OJT) with Off-the-Job Training (OFF-JT). By engaging in "reflection and review" of successes and failures in their work, as well as "generalizing and conceptualizing" their experiences, individuals can acquire the necessary skills and knowledge to undertake more advanced assignments.

Introduction to Our Talent Development Programs

Our company organizes approximately 200 OFF-JT training sessions annually under the Sumisho Business College (SBC). We provide an environment where individuals can proactively acquire the knowledge and skills required in their respective fields. We believe it is vital to develop talent based on each person's career perspective, experience, aptitude, and challenges. Thus, we offer "career development training" to enhance and maximize the professionalism of our employees. We also focus on strengthening "people management skills," as well as "Diversity, Equity & Inclusion," to foster organizational and individual growth.

In addition, we continue to offer long-term, selective programs that provide the knowledge and skills necessary for business management. Many of our participants, upon completing these programs, assume leadership roles in domestic and international business operations. We also leverage high-level external training opportunities, such as overseas executive programs, to further enhance our talent development efforts.

And starting from fiscal year 2024, we have introduced the e-learning platform “[LinkedIn Learning](#)” company-wide. This initiative aims to provide equitable self-learning opportunities regardless of location or working conditions, fostering a self-initiated learning culture within the company and supporting each employee's autonomous growth and career development.

<Reference : FY 2023 Entire Sumitomo Corporation Training Data>

	SBC Training	Training Conducted by Business Units (excluding SBC Training)	Total
Number of sessions (per year)	195 sessions	868 sessions	1,063 sessions
Total number of participants (non - consolidated)	5,442 people	35,088 people	40,530 people
Total training hours (non - consolidated)	44,623 hours	61,982 hours	106,605 hours
Average number of training courses taken per employee (non - consolidated)	1.1 sessions	7.0 sessions	8.1 sessions
Hours of training per employee (non - consolidated)	8.9 hours	12.3 hours	21.2 hours

Long-Term Programs for Selected Employees

In our long-term selective programs, we aim to cultivate a comprehensive understanding of management, facilitate self-reform, and develop practical leadership skills—objectives that are challenging to achieve through short-term programs. Each training session is designed to select individuals who are currently excelling in their fields or are anticipated to become future leaders. These programs are dedicated to fostering and advancing the development of "Top Tier professionals" across diverse fields.

SEP (Sumitomo Executive Program)

This program is designed for individuals at the managerial to senior managerial level, who are expected to assume future leadership positions and are anticipated to develop a company-wide management perspective. Through dialogue with top management and members from various industries, participants will receive insights and external stimuli from executives and industry leaders. The program aims to help them gain awareness of the broad strategic perspective, thinking, and commitment essential for executives. Approximately 30 participants will engage in the program over a six-month period, which includes around 30 days of sessions. They will conceptualize Sumitomo Corporation's management strategy and present action plans as leaders towards their envisioned goals.

MCP (MIRAI Creator Program)

This program is designed for employees who are expected to gain experience in strategic planning from the perspective of SBU heads or division managers, as future executives. Through various case studies, participants will repeatedly engage in simulated executive experiences to develop their strategic vision, decision-making abilities, and leadership skills. Additionally, by visiting the Besshi Copper Mine and participating in leadership philosophy sessions, participants will solidify their personal theories and worldview regarding management and organizational talent, thereby fostering their own management perspectives. Approximately 25 participants will take part in this program, which spans about 10 months and includes approximately 20 lectures. Upon completion, participants will deliver presentations on the theme of "The Desired Vision as the Head of an SBU/Division/Key Business Unit Ten Years from Now."

Company-funded participation in domestic and international executive programs

We sponsor employees who are expected to become future executive candidates within their respective organizations to participate in executive programs at business schools both domestically and internationally. The objectives of these programs include cultivating an awareness and mindset suitable for future executives, acquiring comprehensive management knowledge and decision-making skills, and gaining insights through interactions with professionals and executives from other companies. Each year, we send over 30 participants to domestic business schools and consistently send more than 10 participants to top-tier business schools abroad.

Selective Programs

In our selective programs, we offer over 80 different programs that cover a broad range of knowledge and skills, from foundational to advanced levels, necessary for thriving as a management professional who can contribute to society through business. Initially, participants are required to complete the "Introduction" and "Fundamentals" courses to acquire the standard skills expected of a trading company professional. Following this, they have the freedom to select and enroll in programs that provide the specific knowledge and skills needed for their roles from among the available options. Our programs are designed to be accessible regardless of the participant's current department or responsibilities, supporting employees who are committed to continuous learning through comprehensive training opportunities.

Level-Specific Programs

At the time of promotion, we conduct tiered training programs to provide understanding of internal systems and literacy required to drive business forward. From new employees to senior management, these training sessions aim to help individuals recognize the expectations and roles pertinent to each level, serving as a catalyst for behavioral change. Additionally, we offer tiered training programs for our group companies. These programs emphasize the cultivation of leadership that contributes to society through business and provide participants with insights to facilitate their autonomous self-development.

New Employee Development Structure • Instructor System / New Employee Supporter System

The Instructor System and Newcomer Supporter System are important initial training programs to develop new employees into full-fledged member of society and Sumitomo Corporation employee.

Instructor System

We provide on-the-job training to help new employees start their first experience as a member of society smoothly (explanation of job duties and basic behavior as a member of society), comprehensive education, values to have as a Sumitomo Corporation employee, and the transmission of the organization's work culture, etc. to foster a mindset that will be the foundation for growth as a Sumitomo Corporation employee.

New Employee Supporter System

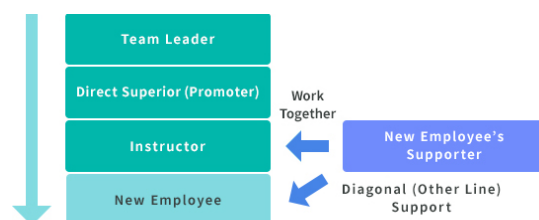
In FY 2022, we introduced the New Employee Supporter System with the aim of supporting new employees in their working environment. The newcomer supporter is a senior employee who stands a little apart from the new employee and provides support and training through periodic one-on-one interviews. We aim to develop our talents throughout the organization in cooperation with supervisors and instructors.

	Instructor	New Employee Supporter
Requirement	P1 (AP possible)	
Term	1 year	

* AP: Advanced Professional, P1: Professional 1

* Supervisor, as "Promoter," provide guidance from a higher perspective and create an organization-wide environment to guide and develop new employee.

Workplace-wide Human Resources Development System



Role of Promoter transferred to Direct Superior
Diagonal (Other Line) Support helps
New Employee's training

Trainee Programs (Overseas and Domestic Programs)

As a global business group, the Sumitomo Corporation Group offers many intern programs to develop our talents who can work effectively around the world.

These include a trainee program designed to develop talent who can play an active role on the global stage, a language training program that develops language and regional specialists, an overseas study program primarily for acquisition of an MBA, a venture intern program designed to foster individual strengths in domestic startups, and a global intern program that focuses on business in emerging countries.

Each year, 80 to 100 trainees in these training programs are dispatched to different regions of the world, including Japan.

Trainee Program					
	Overseas Trainee	Language Trainee	Global Internship	Venture Internship	International Students
Objective	<p>Training for candidates for expatriate staff</p> <p>Candidates are trained at overseas stores and Group companies to acquire special expertise that could not be acquired at the Head Office. Overseas stores, business investment companies and other companies.</p>	<p>Training for language specialists</p> <p>Future specialists in languages (other than English) study at overseas language schools and universities for one year and receive practical training at overseas stores and Group companies for a further one year, thereby acquiring business-level language proficiency.</p>	<p>Training for the cultivation of a global mindset</p> <p>Fostering a global mindset and acquire language abilities (other than English) through business experience in countries, particularly emerging economies.</p>	<p>Training intended to develop individual skills</p> <p>Fostering individual skills through the experience from perspective of managerial at a domestic start-up company (we call it venture), creating business from R&D and promote sales.</p>	<p>Training for the Acquisition of expertise and skills</p> <p>Participants will acquire tremendous expertise and skills that meet global standards and other business needs.</p>
Target	P1・P2			AP~P2	
Period	1.5 to 2 years	2 years	1 year	6 months to 1 year	1 to 2 years
Dispatched to	Overseas stores, business investment companies and other companies	Language schools and universities + Overseas stores, business investment companies in non-English-speaking countries (One-year study and one-year practical training = Two years)	Offices, Group companies and business partners in emerging economies (Middle East, Africa, South and Central America, CIS, and Asia including China)	Domestic start-up company	Business/Law School

* AP: Advanced Professional, P1: Professional 1, P2: Professional 2

In-house Education and Awareness on Human Rights

As a global organization contributing broadly to society, the Sumitomo Corporation Group holds management principles that place prime importance on integrity and sound management with utmost respect for the individual. Based on this principle, the Group developed the “Human Rights Policy” and the “CSR Action Guidelines for Supply Chain Management” that take into consideration human rights and other various issues. We will respect human rights to take our social responsibility and pursue sustainable growth with society.

To this end, we have created the Human Rights and Dowa Issues Promotion Committee, which facilitates discussions on human rights issues such as discrimination against marginalized communities, persons with disabilities, foreign residents, and online human rights violations at various organizational levels annually. Additionally, we conduct annual "Human Rights Training" with external speakers to further raise awareness of human rights issues. Moreover, we distribute e-learning content on the impact of corporate activities on human rights and the responsibility of companies to respect human rights, enhancing internal awareness efforts. We also conduct training on mental health and talent management. Our tiered training programs for management include content on harassment prevention, and we provide education and awareness on creating environments free from harassment and handling any incidents that may arise, ensuring a workplace free from human rights violations.

Inheritance of the Sumitomo Business Philosophy

Sumitomo's Business Philosophy stresses the need for an enterprising spirit to stay a step ahead in dealing with change, while ascribing importance to maintaining integrity and sound management, avoiding easy gains, and working for the public interest, without being misled by short-term immediate changes. This philosophy has continuously formed the basis of Sumitomo Corporation Group's business for more than 400 years. With the aim of experiencing and assimilating Sumitomo's Business Philosophy, which is the basis of the Group's Management Principles, we conduct training annually at Besshi Copper Mine in Niihama City, Ehime Prefecture (Trainings in FY2020 and FY2021 were cancelled due to the spread of COVID-19). The Besshi Copper Mine continued to produce copper for approximately 280 years from its opening in 1691 to its closure in 1973 and supported the foundation of Sumitomo's business. The visit of this mine is an opportunity to reconfirm the role that the Sumitomo Corporation Group should play in society. Also, all employees learn the history of Besshi Copper Mine upon joining the company.

Programs for Sumitomo Corporation Group companies within and outside Japan

The Sumitomo Corporation Group also attributes importance to talents' development at Group companies in and outside Japan. We make use of the development know-how gained at Sumitomo Corporation to provide Group companies with training programs suitable for them. These programs also provide participants with opportunities for interpersonal exchange and to build great networks.

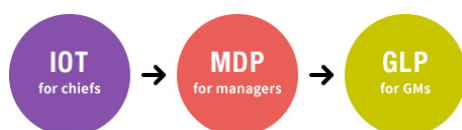
Development program for locally hired employees

Overseas National Staff Training

We provide national staff of our overseas bases and Group companies with level-specific training in English, with a view to helping them achieve growth.

We invite locally hired employees from across the world to the Head Office in Tokyo to speak to them about the Sumitomo Corporation Group's philosophy and strategies and help them acquire business skills such as cross-cultural leadership. Through this training they can develop a sense of unity and improve their skills as members of the Group.

*FY 2020-2022 conducted online



Long-term programs to develop selected employees of Group companies into managerial talent

School for developing strategic professionals (9 months)

Targeting Sumitomo Corporation Group employees who are expected to become managers and future leaders of the company, we implement a leadership program in which participants acquire the skills necessary to set visions and strategies from a long-term perspective and hone the leadership abilities they will need to implement the strategies.



Development program for employees of domestic Group companies

Level-specific programs for Sumitomo Corporation Group companies

For Group companies in Japan, we provide a range of programs for new employees, mid-level employees, senior managers and clerical employees to help them acquire the leadership mindset and skills required for their respective positions and make progress for further improvement.

Managers

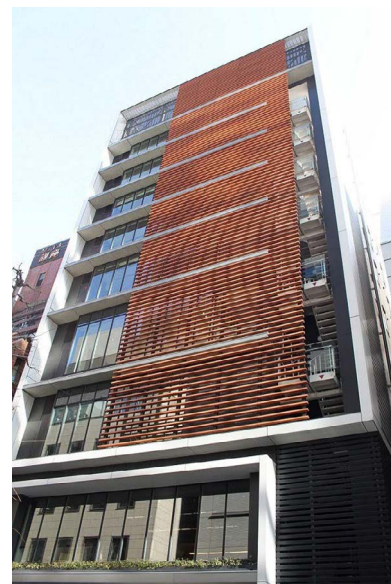
Career-track employees

Clerical employees

Sumitomo Corporation Global HRD Center

- A training center to develop global talent and for the use as a strategic multipurpose facility

The Sumitomo Corporation Global HRD Center in Ginza, Tokyo serves as a training center to develop global talent as well as a strategic multipurpose facility. International colleagues from different organizations and countries all over the world meet at this facility for intensive discussions on the future visions and strategies of the Sumitomo Corporation Group.



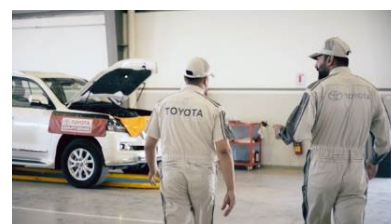
Sumitomo Corporation Global HRD Center

Job Training Programs at Toyota Iraq

Sumitomo Corporation conducts job training programs through Toyota Iraq, a subsidiary, to create local opportunities for stable employment and enhance the skills of job seekers. Prolonged conflict in Iraq has had tremendous impacts on the people, and more than 3 million people have been forced to leave their homes and have become internally displaced persons (IDPs).

Over recent years, employment has become a more serious issue for the younger generation in particular, and creating local skills training and employment opportunities is an urgent matter. Because of such problems, Toyota Iraq has been working with the UNDP since 2016 to conduct job training programs for such IDPs. Starting in 2020, the company has also been working with the International Organization for Migration, an organization affiliated with the United Nations, to conduct new programs offered to persons other than IDPs as well. To date, 108 persons have completed a total of 9 job training programs. These graduates have been offered support in finding work at local companies, and the programs themselves are continuing.

Sumitomo Corporation hopes to achieve sustainable development of local communities through these programs and will continue to support the creation of job opportunities and skill enhancement in Iraq through these business activities.

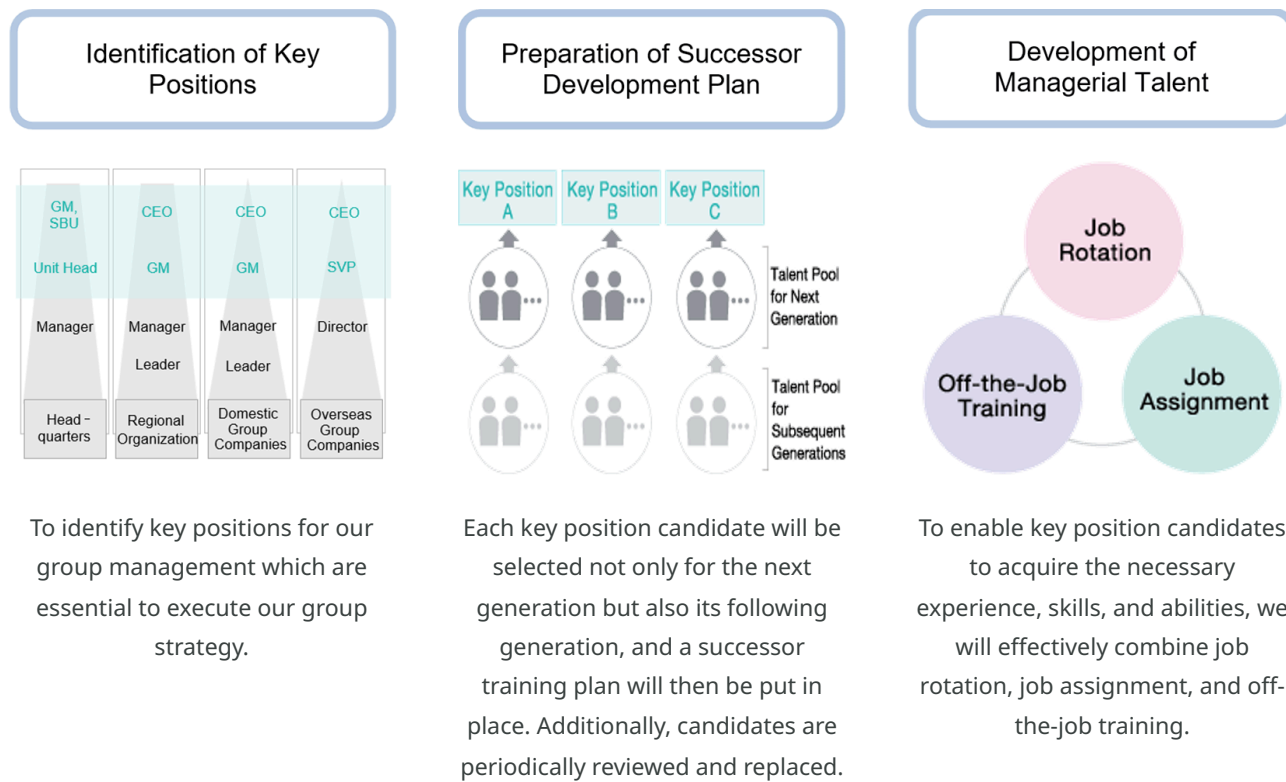


Trainees receiving training on vehicle maintenance, parts warehouse management and customer services

Allocation, Performance Management, Compensation

Enhancement of Talent Management

Talent development does not happen overnight. There is a need to envision, develop and deploy talents required for the growth of each business in the medium to long-term. In order to assign talent continuously and strategically in line with business strategies on a global basis, the Sumitomo Corporation Group implements the measures below to help all talent to play an active role, regardless of whether they belong to Sumitomo Corporation non-consolidated, overseas offices or group companies.



- Create a global talents database**

To visualize our talent pool, we have a database which includes overseas talent as well.
- Introduce the Global Mobility Policy**

Common Groupwide Policies on employment conditions and welfare packages to be applied in the case of transfer between overseas bases.
- Introduce the Global Job Grading**

Introduce the Job Grading System, which enables job size comparisons on a global basis, in each region.

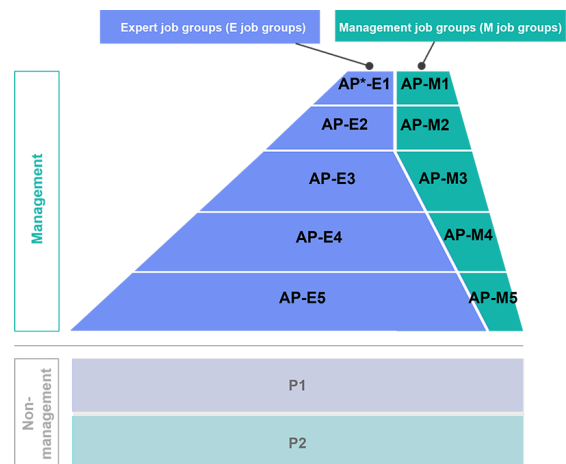
HR System

Optimal Allocation Under HR System

Under our HR system, to achieve the “Intrinsic motivation/Great Place to Work” described in the Global HR Management Policy, we conduct talent allocation after thorough alignment with the company’s expectations and the individual’s career aspirations. As an integrated trading company, continuous development of talent who possess a variety of knowledge and expertise is essential for the sustainable creation of value tailored to the social issues of the times, and we will continue assignment rotations to expand this talent pool. To develop “Top-Tier Professionals” as specified in the policy, more diverse rotations will be required, and there are cases such as longer term assignments in a particular field to enhance the talent’s expertise in that field.

Introduction of the job grading system

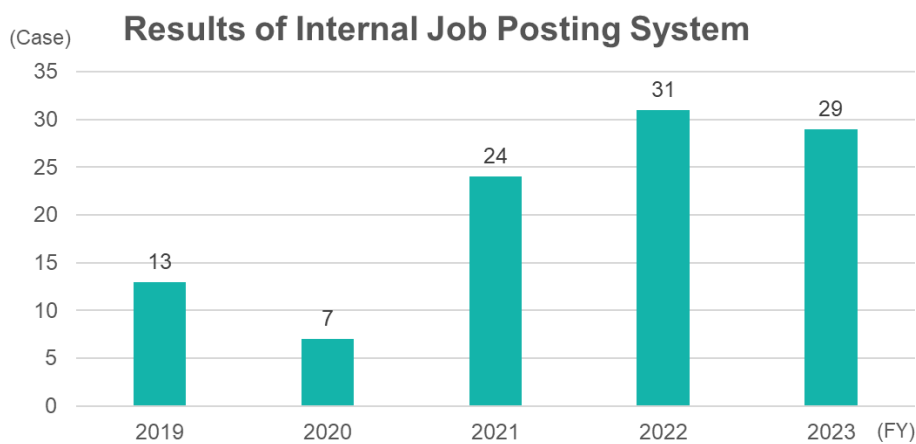
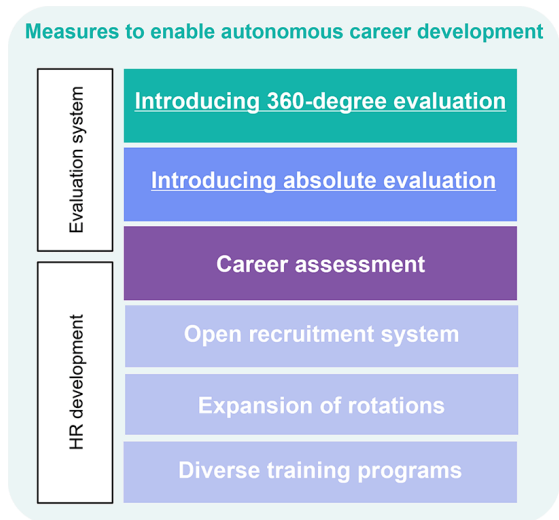
- Terminate seniority-based system for managers and introduce a job grading system that determines grades according to job size.
- Maximize organizational performance by optimally allocating the best talents with an emphasis on expertise and skills.
- Pursue talent revitalization in all generations, from recent university graduates to veteran employees, through job-based HR management.
- Achieve a shift to diverse models of professional training with double track formats consisting of expert job groups, which demonstrate high levels of creativity and expertise, and management job groups, which are responsible for organizational management.



- * AP: advanced professional
- * P1: Professional 1, P2: Professional 2

Autonomous career development

- By introducing “360-degree evaluation” and “absolute evaluation,” we will improve fairness in our evaluations and draw out our talents’ potential by paying earnest and full attention to them as individuals.
- Through career assessment and Internal job posting system, we will enhance our reviews on each of the individuals’ career philosophy, experience, aptitude and challenges to optimize how we match training needs with business needs.
- We will support the autonomous career development of each individual through a diversity of settings where they can take on challenges in the course of advancing their business objectives and also through an extensive talents’ development program.



Evaluation System

Absolute Evaluation / 360-degree Evaluation

As part of our current efforts to reform talent management, we are implementing a range of measures that enhance people management skills in dealing with individuals. We have introduced an “absolute evaluation” system that focuses on the individual. Instead of comparing specific actions, progress, and outcomes against those of others, the evaluation is based on the degree of achievements of the individual’s assignments and assignment-related objectives. We have also adopted a “360-degree evaluation” as a mechanism for improving the objectivity and validity of the “absolute evaluation,” and dealing sincerely with the individual to draw out their potential. The 360-degree evaluation is currently applied to managers and above. By soliciting a wide –range of comments from colleagues involved through work, supervisors can make their final evaluation based on those comments. In this way, we aim to achieve a greater level of information on how others see the individual, which improves the people management skills of the supervisors and enables them to deal more sincerely with their subordinates. It also provides opportunities for the subordinates to gain better insights as well.

In addition, a career assessment interview is held once a year between supervisors and subordinates to help reflect and align the career views of the subordinates with their supervisor. In these interviews, we review the individual’s career goals, experience, aptitude, and challenges from the medium to long-term perspective as we align company expectations for work and personal development needs with the individual’s own aspirations. This also aims to facilitate communication and help individuals understand that the interviews offer opportunities for superiors and subordinates to deal comprehensively with career plans and challenges to overcome. We are expanding our training programs to improve such communication skills to create references for effectively communicating with subordinates. Through these evaluation system and career assessment, we aim to provide support for the development of the individual and open diverse career paths for each individual. Furthermore, by combining talent development measures, such as Internal Job posting system and planned rotations, we support the autonomous growth and diverse career development for each individual. Our objective is to continuously develop “Top-Tier professionals”.

Evaluation based on the Progress of Strategy Execution

We have introduced evaluations based on the progress of strategy execution as a measure to enhance each individual’s commitment in accomplishing each organizational strategy. Under this system, progress toward achievement of the KAIs and KPIs established at the SBU level is evaluated and reflected in individual bonuses. This leads to the internal sharing of good practices toward KAI/KPI execution and the enhancement of the overall PDCA cycle for the accomplishment of each organizational strategy.

Investment Performance-linked Compensation

We have adopted “a system of compensation linked to investment performance” as part of our efforts to strictly select investments and strengthen post-investment value-creation. By reflecting the performance of new investment projects in remuneration, this system seeks to improve the probability of success of new large-scale investments, and also the sense of ownership of the individual executing the investment.

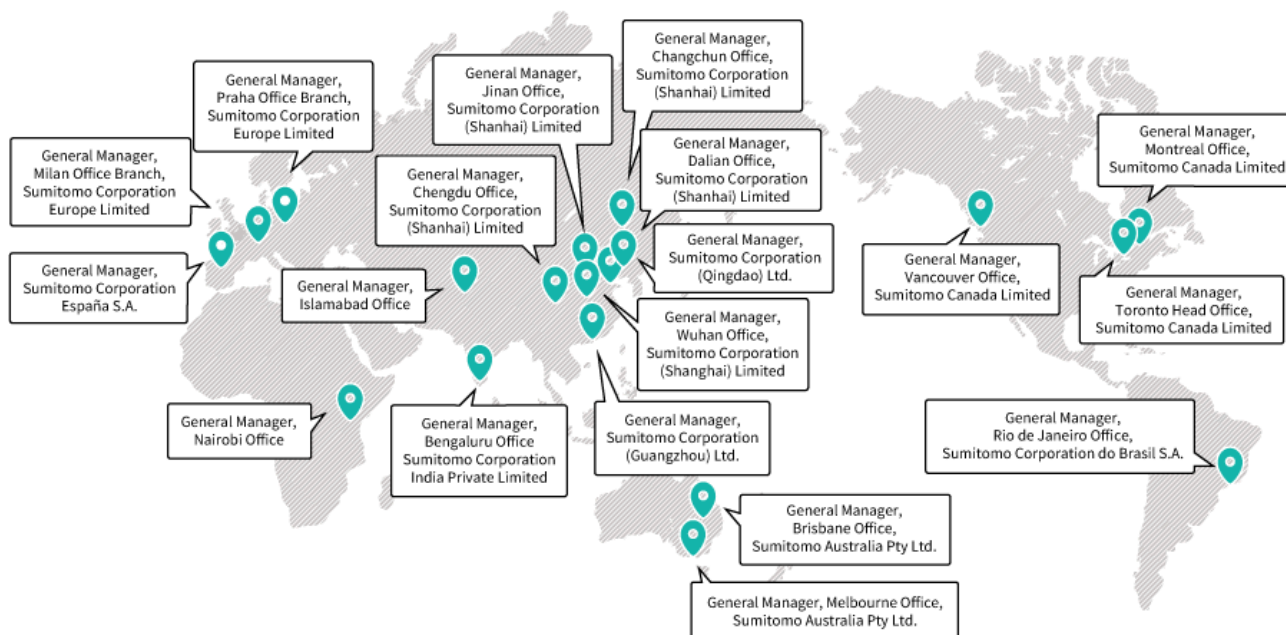
Development of Global Talent

Advancing Global Measures to Develop Talent

Aiming to recruit and develop talent who can lead global business operations, the Sumitomo Corporation Group is focusing on promoting and developing locally hired employees in its overseas offices and Group companies. As part of these efforts, we conduct training programs for locally hired employees at different career levels, such as senior executives, managers, and senior staffs. These training programs establish a shared sense of the Sumitomo Corporation Group's corporate DNA and strengthen the sense of unity among employees as members of the Group by reaffirming participants' understanding of Sumitomo's Business Philosophy and the Group's management principles.

Global Talent

Sumitomo Corporation Group promotes the right talent in the right positions on a global basis, regardless of nationality and affiliation. Based on this policy, locally hired staff and employees of overseas offices and group companies are transferred beyond the borders of countries and companies. We positively appoint local staff to executive positions of overseas offices to promote our policy of placing the right talent to the right positions on a global basis.



Executives / upper managements In regional offices: 36

*As of April 2024

Engagement

Engagement Survey

Sumitomo Corporation conducts an annual Engagement Survey for all of its employees to assess (1) their level of commitment to the organization, their engagement indicating their willingness to take initiative in their work, and (2) whether their work environment enables them to maximize their performance. The results of the survey are affected by not only the area of HR management but also by various factors such as business strategy, organizational structure, and work procedures. By carefully interpreting them, we are promoting various measures at company-wide level and at each workplace.

From FY2023, the survey is conducted for all employees worldwide, including locally hired employees in domestic and overseas offices, and “Employee Engagement” has been added as one of the evaluation indicators for stock based remuneration in the executive remuneration. In addition, we have set year-on-year improvement in Employee Engagement index as a target, and are checking whether it has been achieved.

Cross-organizational Collaboration

0→1 Next

0→1 Next (Zero One Next) is an in-house entrepreneurship program launched in FY2018 with the name of 0→1 Challenge, and then its design has been partially updated in FY2024. All Sumitomo Corporation Group employees worldwide regardless of affiliation or title are eligible to participate. Its aim is to enable individuals in each workplace to realize new business ideas. The concept of the challenge is to create businesses from zero (ideas never seen before) to one (creating next-generation businesses). In addition to creating new businesses, the program serves for enhancing business engineering power and leadership through challenge. Driven by their enthusiasm and intrinsic motivation to "absolutely make their ideas a reality," challengers go beyond the boundaries of their own organizations, and proactively interact and collaborate with people and organizations both inside and outside the company to refine their business concepts. The visions and aspirations of those challengers have resonated widely within the company and led to a culture of taking on challenges. Over 1,000 applications were received over the six years from FY2018 to FY2023. As of the end of FY2023, 15 ideas, including ones that passed the selection process in previous years, are in the process of achieving commercialization. Program participants are working passionately to bring to realize new ideas that Sumitomo Corporation Group have not embarked yet and that respond to new trends in our society. Even after the challenge is over, previous challengers play active roles in their organization, and colleagues around who witness the participants' challenges also become inspired. This program energizes the organization and leads to new initiatives in existing businesses and increased interaction with others internally and externally.

0→1 Next



Alumni Network

The SC Alumni Network was established in FY2019 to provide opportunities for alumni now working in other companies to interact with current officers and employees of Sumitomo Corporation. The purpose of the network is to foster an open corporate culture while creating new business opportunities by merging various knowledge and personal networks inside and outside the company. Alumni are expected to play a supporting role in securing talent while working to create a more interconnected network.

Open Innovation Lab "MIRAI LAB PALETTE"

MIRAI LAB PALETTE promotes various collaborations as a community organizer to create new values with partners in diverse fields beyond the framework of the Sumitomo Corporation Group. We've launched it in 2019 as part of Sumitomo Corporation's 100th anniversary initiative.

Based on the concept of breaking away from traditional practices, creating a space where people of completely different backgrounds and cutting-edge technologies can meet and inspire each other, and creating new value that transcends all organizational boundaries, we provide facilities (Otemachi) and functions designed to bring together a diverse range of people and foster collaboration and co-creation.

MIRAI LAB PALETTE's greatest strength lies in its diversity, with over 7,500 members registered (as of August 2024) from various sectors, including industry, academia, government, and the private sector. Additionally, the average number of active visitors per month is approximately 1,800.

Through various daily activities, such as providing collaboration spaces, hosting events and programs, and facilitating member matchmaking, we create collaborations that transcend all boundaries.

MIRAI LAB PALETTE



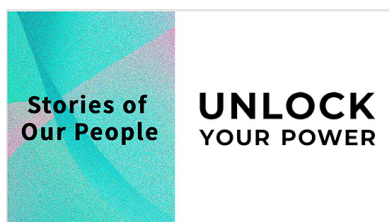
Labor Union


Labor Union

Based on the collective agreement with the Sumitomo Corporation Labor Union, Sumitomo Corporation provides its employees with explanations of management policy and business status, as well as opportunities to discuss wages, labor conditions, personnel affairs, safety and health, and employee benefits on a regular basis. The agreement defines that the company must maintain and improve employment conditions and ensure stable lives for employees, and the labor union must keep order and discipline at work and make an effort to increase labor efficiency, and both parties must cooperate with each other in developing the company's business. To achieve this objective, we make every effort to have serious and sufficient discussions on each specific project, while ensuring mutual understanding and trust. In addition to matters for collective bargaining and negotiations on an official level, we hold various meetings to share opinions on a wide range of issues. They include informal meetings with the president, round-table discussions on business performance, medium-term management plan and related issues, Human Capital Strategy and personnel systems, work styles, and rewarding work. We also hold seminars organized jointly with the labor union. As the number of Mid-career hires increases, both the company and the labor union are engaged in networking initiatives. Sumitomo Corporation adopts a union shop system in which all employees participate, excluding executives above a certain level and employees classified as non-union members based on an individual agreement considering the nature of their jobs. As of March 2024, the number of members of the Sumitomo Corporation Labor Union is 3,200, accounting for 65% of all employees of Sumitomo Corporation (non-consolidated basis).

Stories of Our People

Our group's human capital is our most critical management capital. Through interviews, we will introduce you to our talents who are active in various business fields and regions, as well as the diverse ways in which they build their careers.



[▶ Stories of Our People](#) 

Diversity, Equity & Inclusion

Promotion of Diversity, Equity & Inclusion (DE&I)

The Sumitomo Corporation Group recognizes Diversity, Equity & Inclusion as "the core enabler for value creation, innovation and competitiveness" in its Global HR Management Policy.

The business environment surrounding the Group has been rapidly changing and the regions and business fields where we operate, as well as business models have also rapidly diversified. To address such changes and continue to develop in a sustainable way, it is essential to make DE&I one of the core aspects of our management strategy.

To that end, we are working to create an environment in which diverse individuals fulfill their potentials and continue to generate new value and innovation without any bias based on nationality, gender, age, sexual orientation, gender identity, gender expression or any other individual attributes and without being restricted by any conventional values, and to foster a culture and awareness that makes the most of diversity.

In advancing our growth strategy, it is essential to effectively utilize the mixture of diverse wisdom of diverse individuals to enhance our competitiveness. In other words, we need to focus on the diversity of our global talent, especially on each individual's strengths, and combine our forces together. In order to further accelerate our growth strategy, we collaborate with overseas organizations and pursue DE&I in the Group on a global consolidated basis.



Diversity Weeks

Every March, we hold a company-wide DE&I awareness-building event called “Diversity Weeks”.

“Diversity Weeks” is a set period during which we focus on the conduction of DE&I programs. The aim is to remind all our global officers and employees that DE&I is the source of competitiveness, and help trigger specific changes in their behavior to further drive DE&I. We deliver management messages and hold participatory events and seminars where employees can think about DE&I from various perspectives. Each year, many employees from all over the world participate. We will continue to hold “Diversity Weeks” on a regular basis in order to further cultivate DE&I awareness.

Promoting Women’s Empowerment


Our Approach towards Promoting Women’s Empowerment

Sumitomo Corporation regards women’s empowerment as an important pillar of Diversity, Equity & Inclusion especially in Japan, and we have formulated action plans with the aim of advancing this further, and set the following goals to be achieved by 2030.

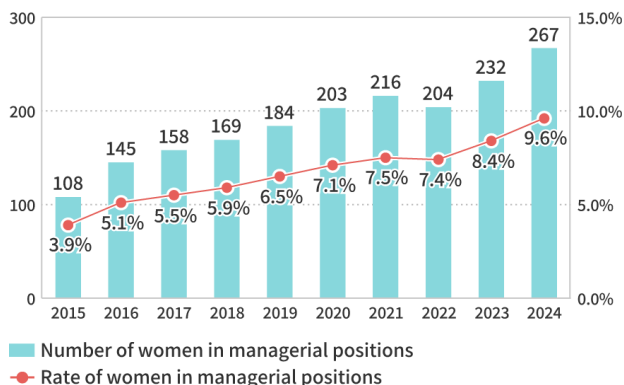
- ① Ratio of women in managerial positions: At least 20% or more
- ② Ratio of women in general manager positions: At least 10% or more
- ③ Ratio of women in Director and Audit & Supervisory Board Member positions: At least 30% or more

To achieve these goals, we are reinforcing talent development and allocation/appointment centered on the new HR system introduced in FY2021 and are working to create an environment where each individual can fulfill their potential, as well as actively appointing experienced personnel to positions such as executive officer positions, and women and younger employees to executive management and general managerial positions.

In addition, in order to support our employees to balance life events and career development, we have reinforced tangible aspects including the establishment of internal policies that go beyond regulatory requirements and have addressed the intangible elements such as correcting long working hours, encouraging employees to take paid leave, and reforming employee awareness with the aim of creating an environment that facilitates active participation in the company after childbirth and childcare.

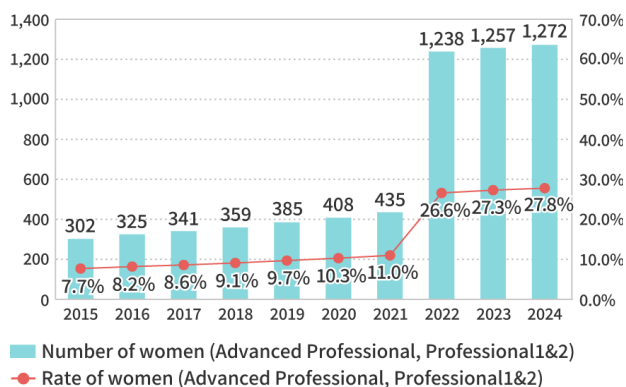
- Action Plan (Japanese only) 
- External Recognition

Number of women in managerial positions*



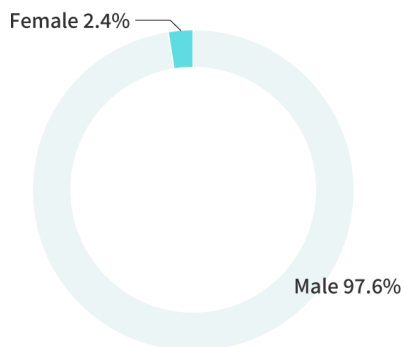
* The Number of women in managerial positions is included within the number of women on the right
* Figures are as of April 1

Number of women (Advanced Professional, Professional1&2)

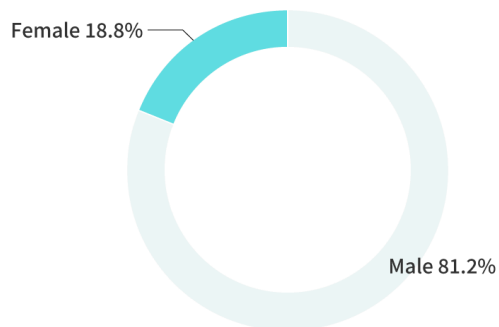


* The reporting coverage was expanded in fiscal 2022 as a result of the abolition of the previous position-based reporting
* Figures are as of April 1

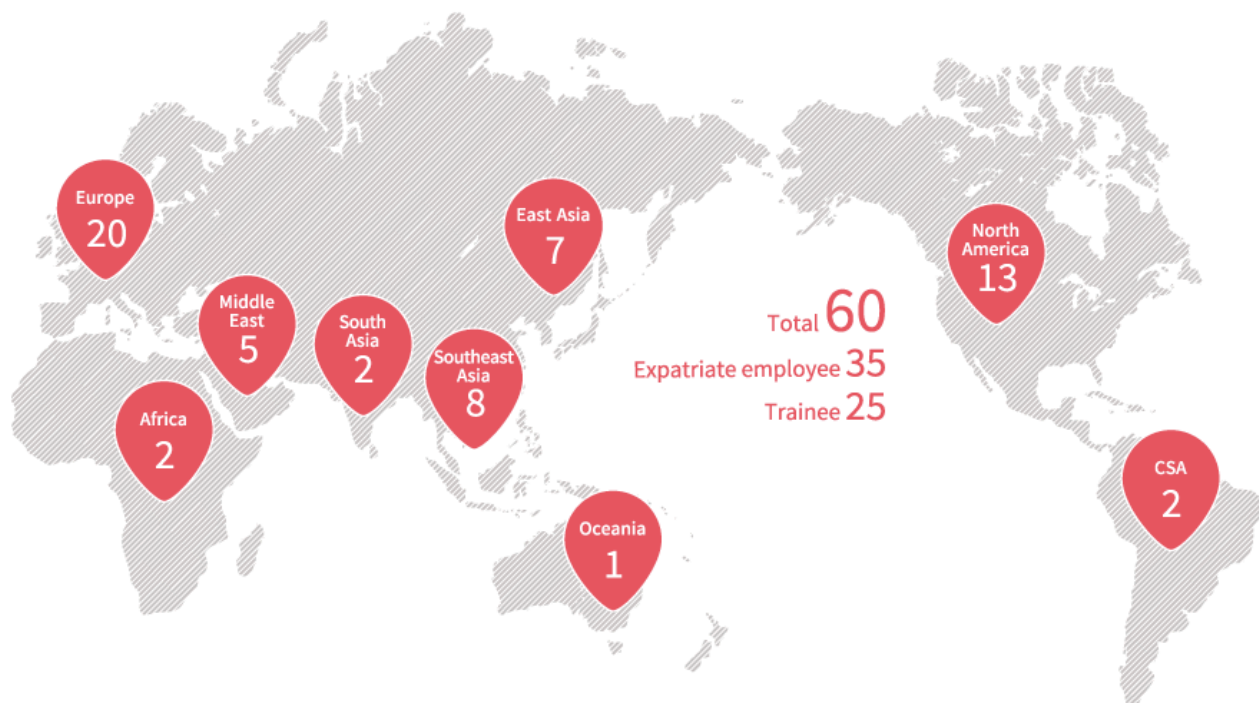
Ratio of women in general manager positions



Ratio of women in Director and Audit & Supervisory Board Member positions



Women of expatriate employees and trainees



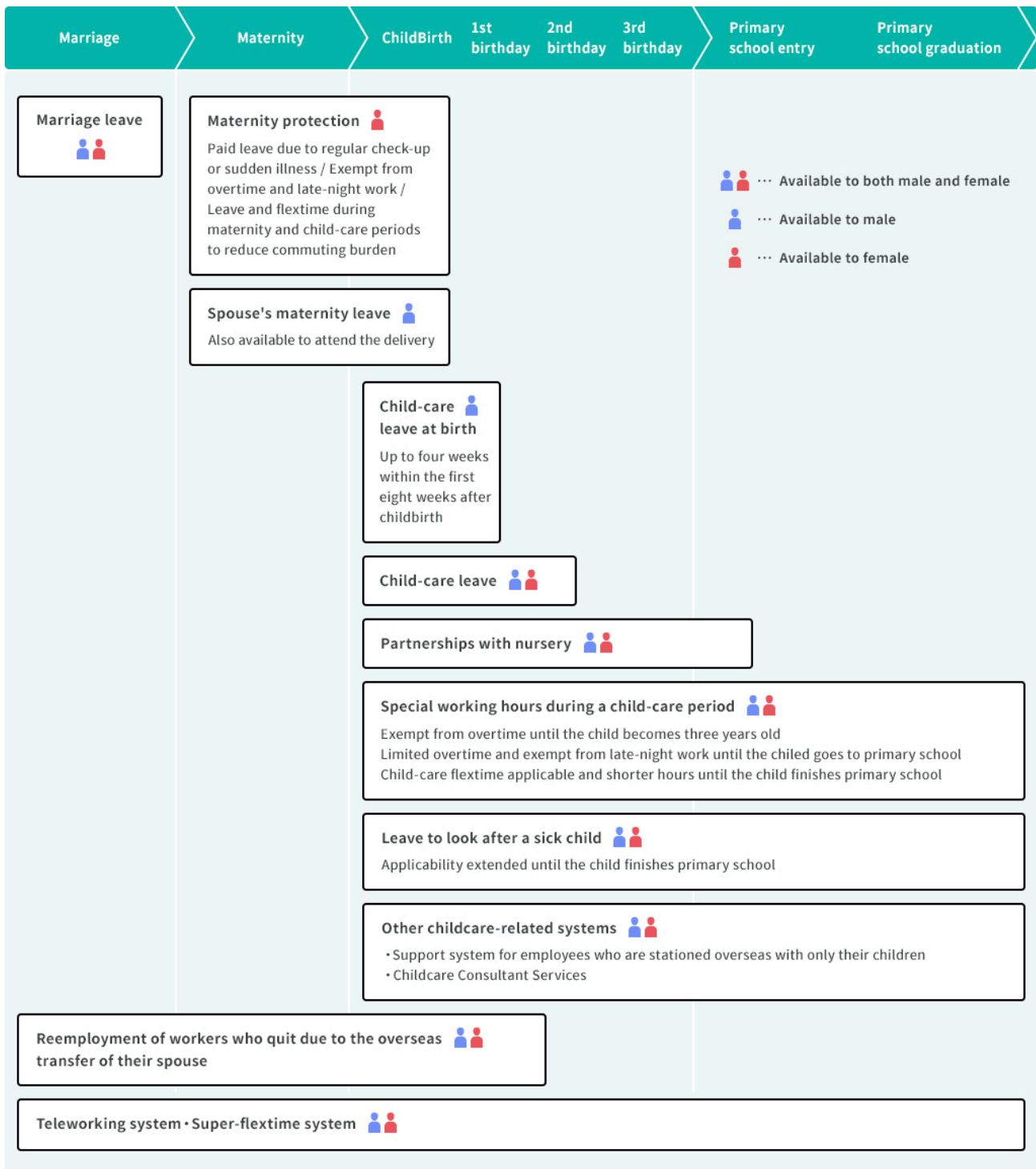
Work-Life Balance

Support for Balancing Work and Child-rearing

Sumitomo Corporation offers various options that are available employees regardless of gender with the aim of creating a work environment where diversified employees who have entered the life stage of child-rearing can exert their maximum performance. When an employee files a notice of pregnancy or childbirth for themselves or their spouse, we provide information on the systems for childcare leave and confirm if they want to use those systems through a survey. If they want to use the system, we assist them (men and women) with HR's support as needed, etc., through the process of using childcare leave.

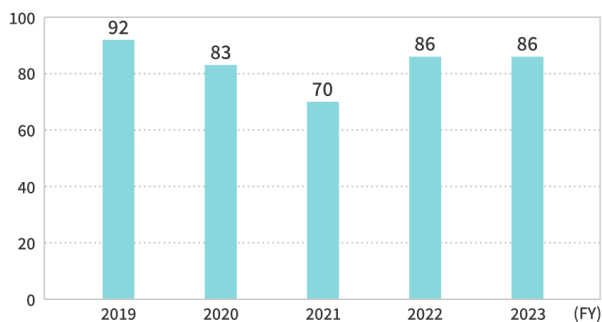
- Support Handbook for Balancing Work and Child-rearing
- Childcare Consulting Services
- Partnering with Childcare Facilities
- Support for Employees Stationed Overseas with Children
- Roundtable Discussion on Maternity Leave for Male Employees

➤ External Recognition

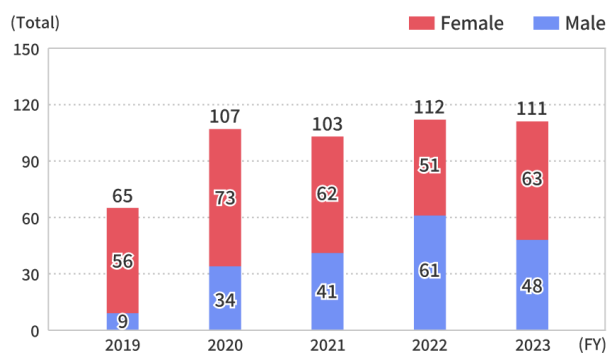


Use of childcare-related systems by employees

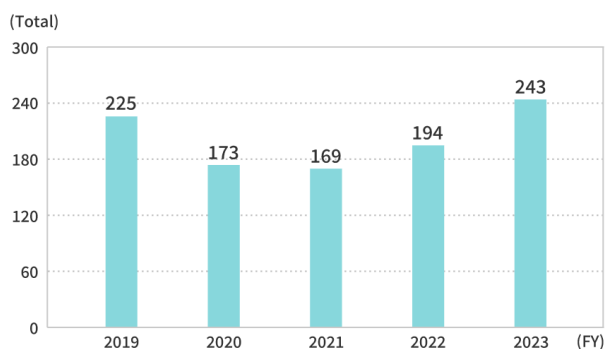
Spouse's maternity leave



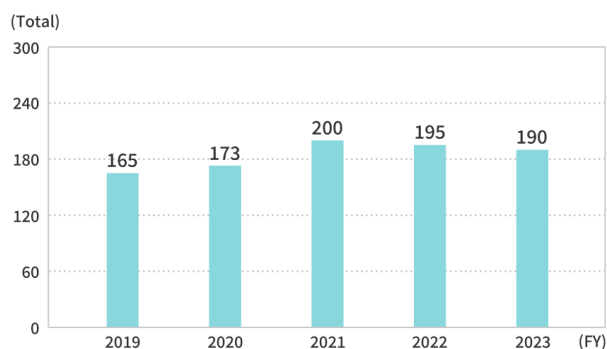
Child-care leave



Leave to look after a sick child



Those who have reduced working hours



Reemployment of employees who quit due to the transfer of their spouse

We have a system to reemploy, under certain conditions, employees who had to quit their jobs with the company due to the transfer of their spouse, with a view to providing them with an opportunity to once again put their abilities to work for the company.

	2015	2016	2017	2018	2019	2020	2021	2022	2023
Number of applicants for reemployment under the system for those who had to quit due to the transfer of their spouse	7	9	4	9	11	4	14	11	16

Support for Balancing Work and Long-term Care

Sumitomo Corporation offers various programs to help its caregiving employees to continue work with a sense of security. Through activities such as seminars on basic long-term care knowledge mandatory for managers and individual consultation sessions (once a month) on caregiving, introduction of subsidies for purchase of long-term care services and supplies and long-term care diagnostic tools, and creation of “Handbook for Managing Work-Caregiving Balance,” we are working to create a work environment where employees who have entered the life stage of caregiving can maximize their performance.

Consultation on caregiving issues	Seminars on caregiving issues	Sumitomo Corporation employees	Once or twice/year
	long-term care diagnostic tools		Applicants
	Consultation sessions on caregiving issues		Once monthly
Caregiving while working	Flex-time work system	When any of the following people needs long-term care: spouse, parent, child, grandparent, sibling, grandchild, or spouse's parent	—
	Short working hours		Under the flex-time work system, daily work hours can be shortened by a maximum of 120 minutes.
	Exemption of overtime work		—
	Exemption of late night work		—
Taking a leave of absence for a certain period of time for caregiving	Short term	A leave of absence for nursing care	When any of the following people needs care: spouse, parent or child Thirty days for one case as a rule
			When any of the following people needs long-term care: grandparent, sibling, grandchild, or spouse's parent Five days annually for one person Ten days annually for two or more persons
	Long term	Long-term care leave	When any of the following people needs long-term care: spouse, parent, child, grandparent, sibling, grandchild, or spouse's parent Three times/person Up to 365 days in total

Organization of various seminars

- **Seminars on long-term care**
Regularly holds seminars for managers to improve their ability to support keeping balance between work and long-term care, as well as seminars on support systems and basic knowledge for long-term care.
- **Long-term care diagnostic tools**
An online diagnostic tool for long-term care risk, aimed at providing opportunities for awareness and increasing knowledge. E-learning tailored to each individual is provided according to the results of the diagnosis.

Develop a Work Environment

Providing a “Great Place to Work” where diverse talent maximize their performance with passion and a sense of security.

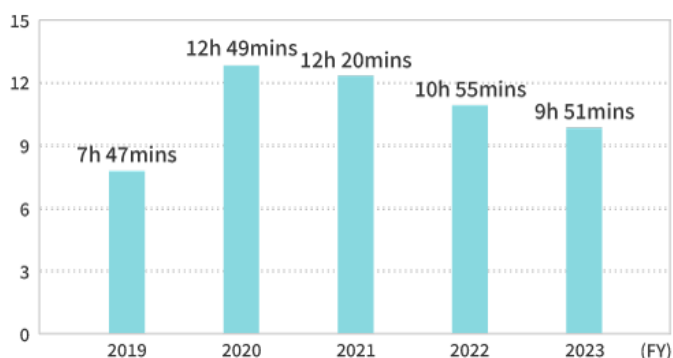
As per our Global HR Management Policy, we aim to build a “Great Place to Work” where diverse individuals continuously and passionately create new value. In this context, we offer a range of work style options so that each individual, with their diverse values and lifestyles, can maximize their performance both at work and in private to enrich their overall quality of life. By cultivating an environment that enables our people to work autonomously and flexibly, we promote an output-oriented approach to work to generate high added value.

Reducing long working hours



Sumitomo Corporation has been fostering the separation of professional and private life, aiming to increase the work efficiency of employees. In this age of diversification and sophistication of businesses, it is not appropriate to manage working hours simply to reduce the hours regardless of the specific business conditions, although longer working hours do not always lead to better business performance. In recognition of this fact, we need to pursue more value-added work styles also from the viewpoint of global competition.

Average Monthly Overtime Hours (Non-Consolidated Basis)



Awareness-raising seminars

The following is an example of our efforts to raise employees’ awareness and to provide them with useful information.

- **Labor Management Seminars**

We provide training on labor management as a part of the newly appointed manager training and newly appointed team leader training programs. We undertake ongoing educational activities, including holding seminars on labor management and productivity improvement, to raise awareness regarding labor management.

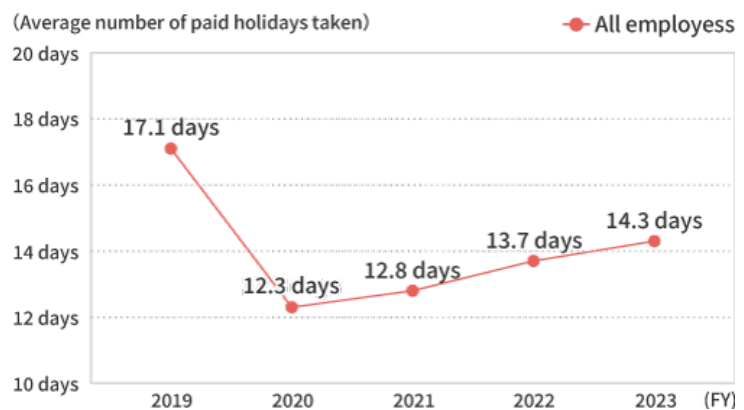
Encouraging employees to take more holidays



Sumitomo Corporation fosters the separation of work and private life to encourage our people to increase their productivity to achieve greater results within a limited time.

Number of paid holidays taken by employees

We promote a smart work style with the aim of improving productivity to achieve maximum results in a limited time. Efforts to achieve this goal include the setting of a company-wide target for the number of paid leaves to be taken in a single year through 2016 to 2019. The number of days of paid leave taken has steadily increased, and the targets were achieved. Starting in 2020, rather than setting a company-wide target that applies uniformly to all employees, we adopted a policy of allowing each organization and individual to exercise autonomous management.



Fostering flexible work styles



The teleworking and super-flextime systems are designed to provide employees with an environment that enables them to work autonomously and flexibly beyond the conventional framework and thereby promote high-value-added, output-oriented work styles. By working autonomously and flexibly, employees will proactively make more effective use of time to foster their own mental and physical health and increase their own value, which will lead to the maximization of their performance.


Dress Code Modification

As a part of our efforts to develop flexible work environments that promote the autonomy of employees, we focused on the “location” and the “time” of work and introduced the teleworking system and the Super flexible work hours system in 2018. To build on these systems, in 2020, we modified the dress code to further promote mindset shifts in the individual and the organization as well as autonomous work styles. After reviewing current rules on attire, we eliminated dress codes as long as it is within the scope of common sense and appropriate for work and the workplace based on TPO.

Teleworking system

In 2018, we adopted a teleworking system and expanded flexibility around work location, with workers able to work at home or any of the hundreds of contracted satellite offices up to a certain number of days. In principle, there are no restrictions to the use, and employees with different circumstances, such as providing childcare and long-term care are provided an opportunity to work proactively and flexibly. Since 2021, we have been encouraging the best-mix of work style that allows employees to autonomously combine in-office and remote work in a well-balanced manner to maximize the performance of the organization. As a result, the average in-office attendance rate in FY2022 was approximately 60%.

In recognition of these efforts to promote teleworking, we received the Excellence Award of the FY2020 Telework Promotion Award (Kagayaku Telework Award) presented by the Minister of Health, Labour and Welfare. Please refer to the following link for more information.

- [Sumitomo Corporation won the Excellence Award of the FY2020 Telework Promotion Company Award \(Kagayaku Telework Award\) presented by the MHLW \(Japanese only\)](#) 

Super Flexible Work Hours System

In 2018, we abolished the flexible “work hours system”, under which employees were required to be present during the fixed core hours from 11:00 to 15:00, and newly adopted the “super flexible work hours system.” The new system has no core hours. Employees can start and end their work at any time during the flexible time band from 5:00-22:00. This system allows employees to design and manage their own work style, leading to further improvement of both the organization's and the individual's performance.

Workplaces with no harassment

Sumitomo Corporation regards all issues related to harassment, including sexual harassment, power abuse, and discrimination against pregnant women and minorities including LGBTQ+ people, as a serious infringement of human rights and deals with these issues sincerely and strictly.

Specifically, we have implemented the following measures:

1. Clearly stated in the working rules that any forms of harassment will be subject to disciplinary action.
2. Clearly prohibited any forms of harassment in the compliance manual.
3. Made all directors and employees aware of the fact that the company will deal with harassment-related issues strictly by launching a website and providing level-specific training on the issues. Since 2014, the company has also been holding training sessions to help all managers deepen their understanding of sexual harassment and power abuse.
4. In order to prevent any harassment and solve a harassment issue if it unfortunately happens, established a contact for employees to make complaints about harassment within the departments supervised by the Chief Administration Officer and Chief Compliance Officer (COO).
5. Using the Speak-up System, also established a system for detectors of harassment to directly inform the COO of the fact.

Raising Awareness of LGBTQ+*


The Sumitomo Corporation Group Compliance Policy and the Employment Rules codify that no fear or discomfort shall be caused through sexualized speech or conduct, harassment, slander or defamation, intimidation, violent behavior, or the like on the basis on sexual orientation or gender identity. We also work on awareness-raising activities such as in-house training, with the aim to create a work environment where each employee provides support for LGBTQ+ community with correct understanding on sexual orientation, gender identity and gender expression. In addition, we are also continuously working to improve our systems and environment, by establishing LGBTQ+ guidelines, setting up a consultation service, installing universal restrooms, removing dress codes at work, allowing the use of a name other than legal name in business and applying certain HR-related policies and benefit programs to same-sex partners of employees.

In 2023, we received the highest “Gold rating” in the “PRIDE Index 2023”. This index was developed by the Japanese voluntary association “work with Pride” to evaluate workplace initiatives related to LGBTQ+.

In April 2024, we sponsored “Tokyo Rainbow Pride 2024” for the first time and in addition to exhibiting a booth, our employees, their families, and friends also participated in the pride parade.

We will continue to work to create an environment in which each individual can fulfill their potential and continue to generate new value, regardless of sexual orientation, gender identity, or gender expression.

* LGBTQ+: L=Lesbian, G=Gay, B= Bisexual, T=Transgender, Q=Questioning, Queer

- Sumitomo Corporation participates in Tokyo Rainbow Pride 2024, its first-ever engagement in the event 
- External Recognition



Support for Senior Employees' Activities

We are developing working environments where every individual can work with intrinsic motivation regardless of their age.

In both our current HR management system and post-retirement re-employment system revised in FY2022, we follow the basic concepts of “pay for job, pay for performance.” We have eliminated the seniority-based promotion and ensured that we promote the right talent to the right positions according to the strengths and expertise of each talent.

On the other hand, for senior employees who have a wide range of experience and extensive knowledge, we have other support measures to help developing a strengths-based career path. This includes encouraging autonomous career development and offering opportunities for recurrent training throughout their careers.

- Career Development Programs and Career Design Seminars
- Career Assessment Interviews
- Support to Find a New Job Outside the Company

Career Development Programs and Career Design Seminars

Sumitomo Corporation gives career development programs and holds career design seminars for employees aged 45 and older. Through these programs and seminars, employees look back on their career and are provided with an opportunity to obtain information useful to making plans for their future career and life and making new findings in a manner that will enable them to further develop themselves and demonstrate more of their abilities.

In addition to senior employees, we also provide employees in their 20s to 40s with age-specific career training, encouraging them to make an early start to autonomously design their career for the future.

Career Assessment Interviews

Every year, employees aged 45 and older are provided with an opportunity to talk with their direct superiors and consult with them about their post-retirement career and life plans. Through this system we support them in choosing flexible post-retirement work styles according to their individual needs.

Moreover, in the interview, employees aged 58 and 59 are briefed on the assumptions about their post-retirement assignment and treatment. The interview thus provides the employees and the company with an opportunity to make adjustments about their mutual expectations.

Giving support to employees searching for next career paths

Sumitomo Corporation has an organization devoted to helping employees aged 50 and older search for their next career paths within the HR Solutions Dept. This organization offers career counseling service to the subject employees, including providing them with a matching service for transfers inside the Company, supporting them in changing their career paths outside the Company, and giving useful information as they plan for their next careers.

We have appointed a re-employment support agency to help employees who like to change their career paths outside the Company, including finding a new job and starting a business. The agency's professional counselors work closely with these employees to support their next careers by providing various services tailored to their specific needs.

Promotion of the Employment and Retention of People with Disabilities

As part of its efforts in corporate social responsibility and toward diversity, Sumitomo Corporation Group has been promoting the employment of people with disabilities.

In 2014, we established Sumisho Well Support Co., Ltd., a special subsidiary company, and we have worked with them since then to employ people with disabilities and provide them with opportunities to participate.

As of June 2024, a total of over 100 employees with disabilities are working for the two companies.

Employees of Sumisho Well Support are engaged in various tasks, such as outsourced general office tasks, scanning documents for digitization, printing and binding of business profiles, and business-related data input. They are extremely important for the business activities of our company. Going forward, Sumitomo Corporation Group will continue to rely on the uniqueness of each of our employees with disabilities to help in our creation of added value.



Health and Productivity Management

Basic Policy

Sumitomo Corporation has adopted the “Declaration of Iki-iki Waku-waku Health and Productivity Management” for the Sumitomo Corporation Group, based on the concept that a healthy mind and body are essential for each employee to maximize their performance and are the foundation for the continuous creation of new value. In line with the “Declaration of Iki-iki Waku-waku Health and Productivity Management,” the Sumitomo Corporation Group will engage in various initiatives according to current conditions at each group company.

Declaration of Iki-iki Waku-waku Health and Productivity Management

The Sumitomo Corporation Group aims to be a company in which all employees work with energy (Iki-iki), excitement (Waku-waku), and in good health, taking on challenges to create new value.

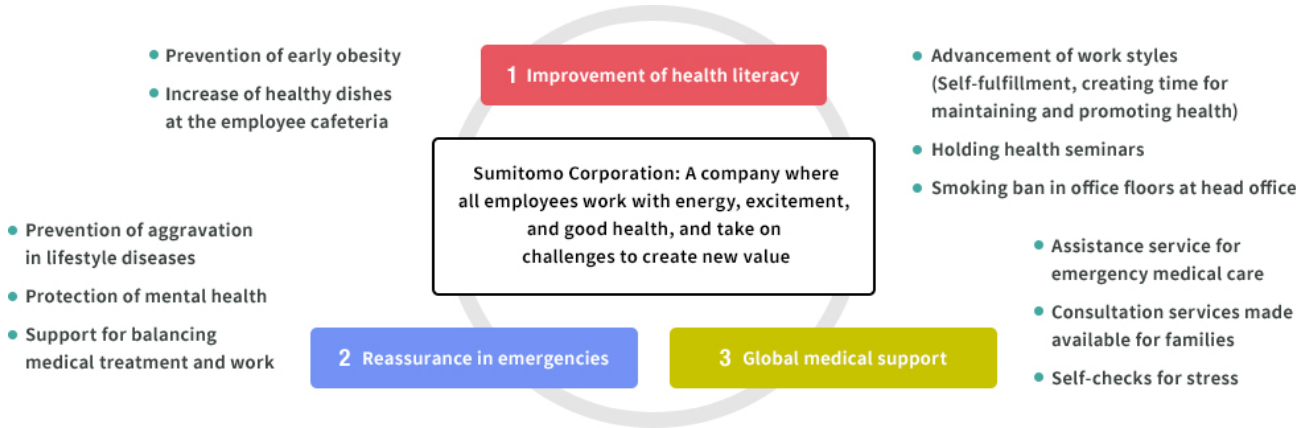
Our Group's Corporate Mission is: “To achieve prosperity and realize dreams through sound business activities.” In order to fulfill this mission, it is necessary for all employees to perform at their highest level and to continue to create new value. To this end, it is crucial that each employee maintain good health.

As a human resources strategy, the Sumitomo Corporation Group will engage in “health and productivity management” that allows employees to work with energy, excitement, and good health, and creates value by further enhancing existing measures for maintaining and promoting employee health.

We will consider, implement, verify, and improve viable measures by establishing a foundation for health promotion that can be shared throughout the Sumitomo Corporation Group in accordance with the current circumstances at each group company.

The Sumitomo Corporation Group believes that its most important management resource is the health of its employees, who work in challenging global business environments characterized by complexity and rapid change, and declares its intention to strategically implement measures to maintain and promote the health of its employees in mind and body.

In addition, Sumitomo Corporation has set three main pillars for health and productivity management: “Improvement of health literacy,” which will enable employees to continue to work energetically, “Reassurance in emergencies,” which provides reassurance that employees will be taken care of when they fall ill, and “Global medical support,” which is unique to trading companies. With these three pillars, Sumitomo Corporation will further promote health and productivity management in accordance with the aforementioned Declaration.



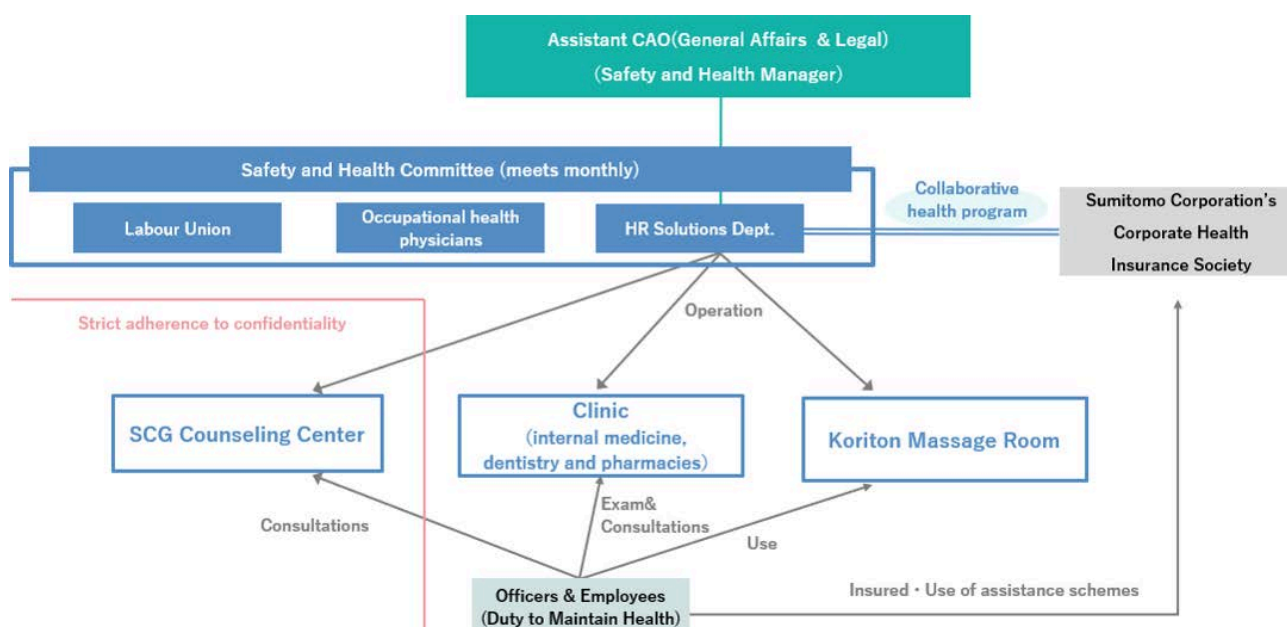
We have been certified by METI (Ministry of Economy, Trade and Industry) as a “White 500” enterprise with outstanding health and productivity management for eight consecutive years from 2017 to 2024.



System

Health Management Promotion Structure

Health management is carried out through the following structure to maintain and enhance the health of employees under the direction of the Assistant CAO (Executive Officer) who serves as the Safety and Health Manager.



Employee Engagement: Health and Safety Committee

Sumitomo Corporation holds a monthly health and safety committee meeting, which is attended by labor union officials on behalf of employees, to receive reports on worksite patrols by an industrial physician and discuss health promotion for employees and better work environments. A roundtable conference on work styles is also held twice a year by management and the labor union, where participants exchange opinions with a view to improving work styles qualitatively and quantitatively in terms of appropriate working hours for union members.

Supporting employees' health

Sumitomo Corporation has established an in-house clinic (internal medicine and dentistry) to support employees' health management.

The internal medicine department provides general medical care by specialized doctors in infectious diseases, respiratory diseases, and psychiatry, as well as preventive measures for lifestyle diseases such as diabetes and hyperlipidemia. Before employees are stationed abroad for overseas assignments, we conduct additional tests in addition to the usual examination items and provide assistance for vaccination according to the medical situation at the destination. We also support appropriate medical care during overseas assignments. At the dentistry department, they conduct regular dental health checkups and individual dental oral hygiene guidance. HR Solutions Department conducts regular health awareness surveys targeting all employees working domestically and abroad, grasping health issues of employees as well as implementing various initiatives for prevention and resolution. The presenteeism rate in the 2023 health awareness survey was 12.5%*.

Below are some examples of health management measures which were implemented:

- Seminars on various health issues (alcohol consumption habits, sleep, mental instability, infertility treatment, women's specific health issues, etc.)
- Regular health information dissemination by medical staff at the in-house clinic
- Internal FemTech exhibitions where products can be viewed in person
- Smoking cessation support programs

* Complied by SPQ (Single-Item Presenteeism Question) . Aggregating the survey "Rate your work performance over the past four weeks based on 100% of your work performance when you were not sick or injured (health problems)" and subtracted from 100%

Health checkups

The in-house clinic provides employees with a regular health checkup service. New employees as well as employees to be transferred overseas and those who have returned to Japan can also undertake health checkups at the clinic. Employees aged 35 and older are encouraged to take a comprehensive medical examination at an external medical institution, for which they can receive financial support from the Health Insurance Society. The percentage of employees who undertook a regular health checkup (including a comprehensive medical examination at an external medical institution) was 100%. Based on the results of the regular health checkups, we also offer careful follow-up services such as treatment at the in-house clinic and health guidance for younger employees who are not included in the specific health guidance (participation rate: around 40%). In addition, the Health Insurance Society endeavors to give the specific health guidance to employees to help them with the prevention and early detection of any diseases.

Mental healthcare measures

We provide training on mental health several times a year, including self-care education and training for managers. Through these comprehensive programs implemented by inviting external instructors, trainees learn key points about their own mental health and that of those around them. Many employees (including those from Group companies), mainly young employees and managers, take this training each year. We have also set up the “SCG Counseling Center” “for everything, with confidentiality totally protected,” which is used by a total of over 1,500 employees annually. In addition, we conduct stress checkups, which are extended to employees working overseas as well. The in-house clinic offers counseling services for both physical and mental health, which are also available to expatriate employees. To prevent the progression of mental illness and help employees return to work, the in-house clinic also has a specialist in psychosomatic medicine. In the FY2023 stress checkup, the percentage of those experiencing high levels of stress was around 5.9% (2019 national average: 14%).

Supporting the health of employees working outside Japan

Sumitomo Corporation has more than 900 employees and their family members stationed in 68 countries and regions (as of April 2024). We provide these expatriates working in different environments from Japan with healthcare services to maintain their health, such as support for annual health checkup. Counseling services provided by our in-house clinic and the “SCG Counseling Center” are also available for those with mental and physical disorders.

Measures Against Global Health Issues

Currently, many countries around the world are struggling with serious health issues, such as HIV (AIDS), tuberculosis and malaria, and COVID-19. The Sumitomo Corporation Group is determined to take active measures against these global health issues.

To ensure that officers and employees of our Group have accurate information about these infectious diseases and take preventive measures, the Company provides health checkups in advance for officers and employees who are assigned overseas and when necessary, encourage them to be vaccinated. We also provide a variety of training prior to their deployment. Moreover, we started e-learning and seminars on safety measures in response to requests by employees preparing for their first overseas business trip and for those looking for the latest information on infectious diseases. These programs aim to enhance awareness of crisis management and disseminate accurate and up-to-date information. We make these programs available to all the Group officers and employees within and outside Japan. Through these activities, we support employees' health and safety while they are overseas.

Anti-smoking measures

Following the relocation of the head office in September 2018, we completely banned smoking on the office floors of the head office building. We give financial support for employees wanting to stop smoking to buy gum sold for the purpose and have been implementing programs to help them attain the goal.

SCG Counseling Center

Sumitomo Corporation has the SCG Counseling Center within the head office to help Sumitomo Corporation Group employees work energetically. It is staffed with multiple counselors, who work to mitigate employees' concerns and help them solve problems. It was opened in April 2005 as a center where employees could consult about any issue and all the details would be treated in strict confidence. Being widely recognized as such, the center has been used with ease of mind by a range of employees. (The center received more than 2,600 requests for counseling per annum.)



Provider	Service	Target	Function
SCG Counseling Center	Counseling in person	Mainly for employees in Tokyo	Qualified counselors provide counseling to employees in Japan and overseas. Qualifications of the counselors include certified public psychologists, senior industrial counselors, clinical psychotherapists, career consultants, and family consultants.
	Counseling by phone and on line	All employees	
	Counseling by visiting the employee's site	Employees outside of Tokyo	
	Various seminars	All employees	Implementing seminars for managers, general employees, employees overseas, and employees' families
	Consultation	Management	Consultation for managers regarding how to respond to their subordinates
External contracting company	Counseling in person, by phone, and on line	All employees	Contracting external companies to provide counseling in person and by phone

SCG Massage Room “Koriton”

The “Koriton” massage room was opened within the head office in April 2008, with a view to helping Sumitomo Corporation Group employees promote their health and recover from fatigue. This service is highly evaluated by users, because it helps them improve their health condition in their spare time and subsequently increase their work efficiency. Approximately 280 employees use this massage service every month. We are currently implementing infection prevention measures.



Clinic

Sumitomo Corporation has an in-house clinic (internal medicine and dentistry) to support employees' health management on a day-to-day basis.

Subsidies for Costs of Health Checkups and Complete Physical Examination

The in-house clinic provides services such as periodic health checkups (for those under 35), a health checkup immediately after joining the company, and health checkups before and after overseas transfer. Employees aged 35 and older are required to undergo a complete physical examination at an external medical facility. Its cost can be covered by the Corporate Health Insurance Society.

Reimbursement of Influenza Vaccination Expenses

As a part of efforts to prevent infectious disease, influenza vaccinations are offered in the Head Office building, and the Corporate Health Insurance Society reimburses insured employees and their dependents when they receive such vaccinations at outside clinics.

Health Results Indicators

Indication	Target	FY2019	FY2020	FY2021	FY2022	FY2023
Percentage of Employees Undergoing Health Checkups	100%	100%	100%	100%	100%	100%
Stress check Implementation rate	90%	88.5%	89.9%	90.6%	88.7%	89.3%
Smoking rate	10%	18.0%	-	13.7%	13.3%	14.2%
Rate of female employees under 35 years old who undergo gynecological exams	15%	4.6%	2.9%	19.1%	20.7%	-

Conduct of Employee Health Awareness Survey

A health awareness survey has been conducted annually since 2019 to measure the effects of health management measures and presenteeism*, as well as to discover health issues specific to the company.

* A condition where an employee reports to work but experiences a decline in work performance that derives from physical or psychological problems.

Health Guidance for Younger Employees Expanded

Health guidance is provided by a health nurse from the in-house clinic to younger officers and employees who have shown deterioration of health data or physical changes since joining the Company or in conjunction with changes in their living environments. From FY2022, we implemented an "Under 40s health support program" in collaboration with the corporate health insurance society.

Expansion of Health Management Seminars

[List] Previous Seminars

	Name	Format
December 2021	Sleep is the Best Weapon of Selfcare	Online
February 2022	About the Ovum	Online
July 2022	Eating Habits Improvement Seminar	In person and online
October 2022	Femtech Exhibition	In-house Exhibition
December 2022	How to Deal with Mental Health Problems and “Life Rhythm Theory”	Online
March 2023	The Connection between “Periodontal Disease” and Systemic Disease	Online
March 2023	Mental disorders in Youth and Middle Age ~To survive in society~	Online
August 2023	Smart Drinking Habits for Enjoying Alcohol in Later Life	In person and online
October 2023	Coping Strategies for Men and Women During Menopause	Online
December 2023	The Era of Visible Sleep: Improving Sleep Through Visualization	Online
March 2024	Understanding the Mind and Mental Health	Video Streaming with Live Q&A
March 2024	Femtech Day	In-house Exhibition

Online seminars and video streaming can be viewed by group company employees and family members, thereby helping improve health literacy widely.

Expanded Measures Supporting Women’s Health

To improve the rate of young female employees undergoing gynecological exams, we have partnered with medical facilities, and raised the subsidy from the corporate health insurance for the exams. We are also increasing activities such as holding seminars and sharing information to raise awareness of health issues that are specific to women.

Advanced Healthcare Expense Coverage Program Introduced

We introduced an advanced healthcare expense coverage program for employees to cover substantial financial burden for treatment of medical conditions not covered by insurance.



Health & Safety

Basic Policies

The Sumitomo Corporation Group offers a safe, hygienic and healthy working environment for its employees. The Group positions physical and mental health management as the foundation of work-life management, and encourages employees to work efficiently to create sufficient time for their private lives. The aim is to promote a work style that allows employees to maintain and enhance their health while being highly productive.

“To achieve prosperity and realize dreams through sound business activities” is a management principle upheld by Sumitomo Corporation. The Company believes that its corporate mission is to deliver financial and emotional enrichment to people around the world including its employees, shareholders, business partners and local community members, and realize their dreams. Maintaining and enhancing employee health is one of the most critical factors that underpin this pursuit. Sumitomo Corporation will continue with its diverse health management initiatives.

In recognition of these initiatives, Sumitomo Corporation has been certified, for eight consecutive years from 2017 to 2024, as an Excellent Enterprise of Health and Productivity Management—White 500 by METI (Ministry of Economy, Trade and Industry) for its superior management practices that focus on promoting employee health.

➤ [Sumitomo Corporation's Health and Productivity Management](#)

Occupational health and safety

To prevent occupational accidents, we are working to create a common sense of value for safety, establish a safety management system, and improve occupational safety at key sites. Our main achievements in FY2023 are described below. Going forward, we will continue striving to prevent occupational accidents by stepping up various initiatives, such as education and awareness-raising.

- Held cross-organizational occupational safety liaison meetings to share case studies of workplace accidents and best practices for improvement within the Group
- The Disaster Response & Safety Management Department provided first-response support for occupational accidents that occurred within the Group
- Disaster Response & Safety Management Department members visited our material subsidiaries in Japan and overseas to conduct safety seminars and site inspections



Safety seminar

Crisis Management System

In order to prepare for the incidents, accidents, and disasters that could occur anywhere in the world, each employee all over the world always needs to be aware of risks and appropriate safety measures. At the same time, each organization also needs to develop an infrastructure for safety measures to prepare for emergency. In addition, in the event of an emergency, immediate report of the incident is crucial to provide a support and promptly resume business operations.

We have therefore centralized reporting of all domestic and international emergency cases to the Disaster Response and Safety Management Dept. and ensure prompt reporting to the president and established companywide structure in order to promptly provide necessary supporting activities by appointing the head of Human Resources, General Affairs & Legal Group as General Manager of Crisis Management Team. When a major natural disaster occurs, we will react promptly based on our fundamental policy, which is to prioritize (1) employees' safety, (2) mutual assistance, and (3) prompt recovery of business operations. We have created manuals to inform all officers and employees of this policy.

Most recently, we have been improving the effectiveness of the business continuity plans (BCPs) of each organization by implementing a crisis management program from FY2021. This activity includes not only formulating plans but also conducting exercises, reviews, and then making improvements through PDCA cycle. Furthermore, in January 2022, we established a dedicated team within the Disaster Response and Safety Management Dept. to strengthen the work safety systems of group companies and support emergency responses and recurrence prevention measures in the event of a work-related accident. We also gather safety management-related information, gain experience, and share best practices within the entire Group.

Measures against global health problems

Currently, many countries around the world are struggling with serious health issues, including HIV (AIDS), tuberculosis and malaria. The Sumitomo Corporation Group is determined to take active measures against these global health problems.

In order to ensure that officers and employees of our Group have accurate information about and protect themselves from these infectious diseases, the Company provides health checkups in advance for officers and employees who are assigned overseas and, when necessary, encourages them to be vaccinated against infectious diseases. We also provide a variety of training before their assignments.

Moreover, we started organizing e-learning and seminars on safety measures in FY2017 in response to requests by employees about to go on their first overseas business trip as well as those looking for the latest information on infectious diseases. These programs aim to enhance awareness of crisis management and disseminate accurate and up-to-date information. We make these programs available to officers and employees not only of Sumitomo Corporation but also of the entire Group within and outside Japan.

Through these activities, we support employees' health and safety while they are overseas.

Reporting of Work-related Accidents

If an accident occurs, it must be immediately reported to the Disaster Response & Safety Management Dept.. The number of occupational accidents reported in Sumitomo Corporation's Employee last 5 years are as follows:

Number of work-related accidents

FY2019	FY2020	FY2021	FY2022	FY2023
3 cases	2 cases	2 cases	2 cases	5 cases

We have been holding the Work Safety information Committee that consists of persons in charge of internal control in each sales division every other month since last July. We share the occurrence situation of SC group's occupational accident cases, and preventive countermeasures as the best practice.

Against fatal or very serious occupational accidents, our Disaster Response & Safety Management Dept. makes an immediate report to the president and authorized members. They also share the information that includes root cause analysis and temporary counter measures.

Education on Crisis Management

Sumitomo Corporation offers a variety of training programs and seminars in order to foster crisis awareness and to equip each employee with necessary knowledge.

As a countermeasure against natural disasters, the Tokyo Head Office has systems in place for establishing the Crisis Management Team. Each year that team conducts tabletop exercises and emergency response exercises at each floor of the Headquarters in anticipation of an earthquake under the Tokyo Metropolitan area. At the same time, we also developed impact based BCPs for the Group that can be used to respond to multiple disasters, including not just earthquakes, but also typhoons, floods, and pandemics, etc., and encourage each organization to conduct exercises as well.

As safety measures for Group employees working or travelling abroad, we have prepared safety manuals and provide information to increase awareness about safe behavior at each location. We also provide various e-learning and practical training programs with levels from beginner to advanced, depending on the experience of each employee. Further, we have built systems to provide prompt and effective supports by cooperating with regional offices in case of emergency there. We have also established systems together with overseas offices to obtain real-time information on every risk (conflicts, terrorism, riots, casualty, and natural disasters, etc.) occurring in the world, and share the information with relevant parties.

PT FUMAKILLA INDONESIA

Under the slogan “protecting people’s lives,” Fumakilla Indonesia has been working for over 30 years in the Indonesian market, where protection of people from Dengue fever, malaria and other infections is a daily concern. It has made steady efforts in spreading its high-quality mosquito repellent coils to every corner of the region. As a result, it now has the largest share in the Indonesian market and contributes to addressing local social issues. In terms of social contribution, not only the product performance but also the marketing method applied there (The business model is delivering the products not only in the urban area but also in the rural area through warungs and grosirs that are part of the traditional General Trade channel in Indonesia.) are significant. With completion of a new research lab with the latest equipment in FY2021, the company now also has a new product development system in place for pursuing greater efficacy and safety. Since its foundation in 1991, we have been continuing our investment (current share of 20%). Our employees assigned there also support the local operation of Fumakilla.



Mosquito repellent coil
of Fumakilla

Steel Group's Commitment to Safety Management Activities

The Steel Group works globally across various industries, continuously engages in safety management activities. We set “safety” as top priority above all in each business to protect the lives and safety of employees and all stakeholders.

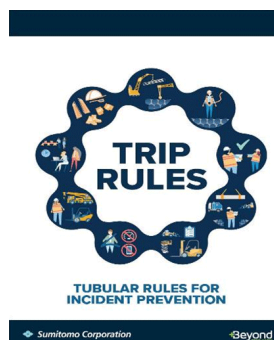
One of remarkable examples is the global zero-accident initiative in the Steel Service Centers (SSCs, steel sheet processing and sales network) in steel sheet businesses. Another is the global HSSE (Health, Safety, Security, and Environment) management in steel pipe businesses (supply chain management, wholesaling, and processing) that target to zero-accidents, including security and hygiene, and go beyond.

SSCs supply services to various industries, including automotive, electrical, electronics, and building materials, and run in more than ten countries, including Japan. Due to the varying degrees of risk associated with various products and labor conditions, the group not only sets up common safety standards but also supports tailored safety initiatives based on the specific circumstances of each country and company. These activities are led by the Safety TQM Team at Sumitomo Corporation Global Metals Co., Ltd. This team implements and promotes TQM (Total Quality Management) across SSCs, linking company safety goals with individual performance targets to enhance safety awareness and the effectiveness of safety activities. The team also conducts safety audits, setting up a safety checklist with over 150 items, verifying self-diagnosis results from companies through site visits, and following up on items that are not adequately addressed.

In 2024, Sumitomo Corporation Global Metals Co., Ltd. has set up and announced its safety policy, encouraging all employees to personally elevate their safety awareness. The policy states, “We aim for all our invaluable employees and all business partners to return home safely and healthy after work every day.”

In the steel pipe business, which primarily serves oil and gas companies, the slogan “Beyond Zero Harm” is adopted to normalize a state of zero accidents and embed HSSE as part of the organizational culture. To implement this, HSSE experts are stationed at key overseas locations to accumulate and analyze data on labor accidents and incidents, and audits are conducted, including for transport and processing contractors. The “TRIP RULES (Tubular Rules for Incident Prevention)” have been compiled to ensure safety in handling steel pipes and distributed worldwide in booklet form. Efforts are also made to set up a safe and secure working environment, including the development of a global information-sharing IT system and e-learning education programs.

Moving forward, the Steel Group will continue to strive for “zero accidents” across all businesses, including steel sheets (SSCs), steel pipes, heavy plates, special steels, railway equipment and automotive parts, as well as initiatives within Steel GX, fulfilling its social mission to create a better working environment.



TRIP RULES booklet title page

“G-CMSG HSE Initiatives” Aiming to achieve Zero Serious Incidents by combining the expertise of the Global Construction and Mining Systems Group

The Global Construction & Mining Systems Group (G-CMSG) established the HSE Promotion Office in 2018. By making full use of its global human resources, the HSE Promotion Office started implementing Health, Safety & Environment (HSE) activities with the aim of eliminating serious industrial incidents and improving HSE activities at all G-CMSG companies.

The office formulated a vision and HSE standards, publishes a monthly Safety News report, issues Safety Alerts to share examples of incidents, and has conducted safety inspections (gap analysis) of the Group companies. From FY2022, the office started conducting safety audits which are more detailed and comprehensive than the gap analysis and has audited seven companies by the end of FY2023, with plans to audit another four companies in FY2024. As part of safety education, it also conducts safety training for new Construction & Mining Systems SBU members and all employees who are dispatched overseas from Japan. To facilitate communications within the Group, the office has been organizing further activities such as creating a portal in March 2021 and the introduction of Safety Awards, which awarded the three companies that achieved zero accidents in 2022 at a global meeting held in September 2023, in order to increase the group companies’ motivation for safety.



Safety Alerts are used to share information about findings and corrective actions of incidents.

G-CMSG Audit Scores Average (7 Companies)



Safety inspections are conducted at each company. Best practices are identified and shared for other Group companies to emulate. Activities are implemented by using HSE experts from Group companies.

“Zero Harm” to people and environment



Visiting a Group company for a safety audit

Safety Measures in Uranium Mining

Our Group's development of uranium mines, production and sales of uranium concentrates*1, and trading of various kinds of nuclear fuels containing radioactive materials comply with each country's laws and regulations based on the IAEA (International Atomic Energy Agency) standards. With our highest priority on HSSE (Health, Safety, Security and Environment), we place the utmost importance in ensuring the safety of onsite employees and local residents. Specific measures taken in production and sales of uranium concentrates include the measurement of radiation exposure of all those entering and leaving the plant, and the management and monitoring of cumulative radiation doses in employees*2. Furthermore, the uranium concentrates and various kinds of nuclear fuels we deal in are all used for peaceful purposes such as power generation. Our relevant activities comply with security trade control-related laws and regulations, and we also constantly reviewing and improving management system for safety and quality in order to meet even higher standards.

- *1 Products manufactured in the said business are natural uranium concentrates, and waste materials produced in mines and refining plants are limited to a small amount of low-level (naturally occurring) radioactive waste derived from the refining process. Such waste materials are appropriately treated in accordance with IAEA standards and Kazakhstan's laws. Furthermore, no high-level radioactive waste or medium-level radioactive waste has been produced in the business for the two years from FY2022 to FY2023. In addition, a management structure for ensuring safety and quality has been put in place.
- *2 We have established an internal standard for the maximum permissible exposure of workers that is stricter than the laws and regulations of Kazakhstan, where we conduct the business, and we are compliant with such standard. Further, no external radiation leaks have occurred in the two years from FY2022 to FY2023.

OHSAS18001, ISO45001-certified Facilities

As of December 2020, 4 of 372, or 1.1% of Sumitomo Corporation consolidated companies, had been certified to OHSAS18001 Certification.

As for ISO45001, which was issued in March 2018 and is recommended for transition, we have confirmed that the following five companies have obtained ISO 45001 as of September 2024.

- KIRIU CORPORATION
- FUJIWA MACHINERY INDUSTRY (HUBEI) CO., LTD.
- FUJIWA MACHINERY INDUSTRY (KUNSHAN) CO.,LTD
- Aver Asia (S) Pte. Ltd.
- SummitD&V Kft

Social Responsibility

Policy and Concept

Basic concept of responsibility for customers

The Sumitomo Corporation Group operates TV shopping, food supermarket, and other businesses that handle consumer products and services, but will not handle products that seriously negatively impact society and run counter to corporate social responsibility, including: any product that has not been confirmed as safe and therefore is socially questionable; any product that may impair human rights, dignity or reputation; any product that defames or disparages another company; and any product that infringes on intellectual property, including patents, utility model rights, design rights, trademarks and copyrights, or other rights of third parties. We also comply with laws and regulations on product and service safety and quality standards. If any product or service we provide has a quality problem, we will take prompt actions to prevent related damage from spreading, and make efforts to investigate the cause of the problem and prevent a recurrence.

Responsible advertising and marketing

In lifestyle, retail, and other business areas that deliver products directly to consumers, we are fully aware of the significance of the impact that advertising expressions have on consumers. Placing first priority on safety and security, we carry out advertising and marketing activities with due consideration of our social responsibilities. Taking into account the position of consumers and using factual expressions in principle, we will not use misleading expressions describing the characteristics or quality of our products and services.

Creating local employment

The Sumitomo Corporation Group operates large-scale resource development, infrastructure development, manufacturing, processing and sales businesses in countries around the world, and therefore the impact of its business activities on the economies and lifestyles of these countries and regions is significant. Recognizing that we have a responsibility to pay attention to the history of the country or region and care about local residents as we carry out our business activities, we contribute to the development of local communities not only by creating and promoting local employment but also by working on skills advancement for sustainable development, support for self-reliance, and protection of the local culture and the environment.

Policies for Specific Commodities

Food and beverage safety

The Food Business Line of the Lifestyle Business Group, Sumitomo Corporation, established a food safety management team in 2003 and is working on food safety management throughout the group.

Vision

Address social issues related to food and health from consumers' perspectives to make their lives more enjoyable.

Food Safety Management Policy

Sumitomo Corporation Foods Business Line and SC Foods Co., Ltd. prioritize food safety and security, and implement product management (ingredients, additives, labeling), supplier management (quality control, process control), food safety information collection, and employee training. Through such food safety management activities, we comply with food-related laws and regulations, prevent food-related hazards, and strive to provide safe and secure food, processed foods, and fresh foods.

Issues and approaches in the food business

The Sumitomo Corporation Group has developed a broad value chain which ranges from the procurement of raw materials to the delivery of products and services to consumers. As well as contributing to food safety and security, we also address nutrition issues by offering food products with superior functionality. We recognize various issues involved (see table below) and implement initiatives to prevent them from occurring and reduce their impact.

Key Issues	Main Themes	Management Approach and Awareness
<p>Reducing negative impact of food products on customers</p>	<p>Ensuring the safety of processed foods and fresh foods Safety management of imported foods, processed foods, and fresh foods (production areas, manufacturing processes, factories, raw materials, food additives, foreign substances, residual pesticides, genetically modified foods, etc.).</p>	<ul style="list-style-type: none"> • Safety Management using a “Store Hygiene Management Plan” based on the HACCP concept • Conducting suppliers’ factory inspections • Food safety management of imported, processed, and fresh food products in accordance with food safety management regulations by the food safety staff • Supplier management (quality control system survey, factory survey, etc) • Product management (product information management using product charts) • Education and awareness of staff
<p>Responsible advertising, marketing, and promotion of food products</p>	<p>Providing information regarding food allergies and food additives Providing and labeling accurate information regarding raw materials, food additives, production areas, food allergies, etc. of imported foods, processed foods, and fresh foods in the Food Business Line and SC Foods Co., Ltd..</p>	<ul style="list-style-type: none"> • Thorough food labeling management using the raw material registration system • Improving initiatives regarding checking skills of food label contents • Accurate labeling and provision of product information (ingredients, food additives, production areas, food allergies, etc.) to customers through checks by food safety staff and product chart management at the Food Business Line of Sumitomo Corporation and SC Foods Co., Ltd.

Key Issues	Main Themes	Management Approach and Awareness
Responsible advertising, marketing, and promotion of alcoholic beverages	Providing information on preventing drinking by persons under 20 years of age and pregnant women	<ul style="list-style-type: none"> • In-house training programs regarding Liquor Tax Law, etc
Access to better nutrition	Labeling of nutritional information for in-store processed products	<ul style="list-style-type: none"> • Providing information to help customers choose the foods they want

Access to better nutrition

"In the food sector, our group operates a wide range of food businesses from upstream to downstream including: distribution and processing businesses centered on fresh fruits, vegetables and meat, raw material businesses such as grains, fats/oils and sweeteners, and retail businesses such as supermarkets and drug stores. We are developing our business with the concept of health and wellness and working to address social issues.

In developed countries, with the arrival of super-aging societies, increased medical costs and an increase in the number of people requiring nursing care due to undernutrition and imbalanced nutrition among the elderly have become major issues. Furthermore, it is necessary to maintain nutrition for home care patients who require dietary restrictions due to diabetes or kidney disease, and to ensure a nutritional balance to prevent obesity. Meanwhile, emerging countries faces social issues such as hunger and malnutrition caused by poverty."

Some of SUMMIT,INC and Tomod's CO., LTD. stores are running the Health Community Corner "Kenkomi" as a place that supports local consumers with food and health. We also offer them services such as health condition self-check, nutrition guidance and health consultations by our resident registered dietitian, and recipe introductions.

Our group will contribute to solving these social issues by improving nutrition through the stable supply of food and providing foods and services with high added value in nutritional terms, thereby creating a society where people can live healthy and prosperous lives.

Targets

Targets

Aiming to make life more enjoyable by addressing social issues from the consumers' perspective, the Sumitomo Corporation Group places the highest priority on food safety and health, and provides stable access to high-quality nutritional sources through its business. We also aim to develop and provide value-added specialty products and services that meet diverse needs, including health- and nutrition-conscious products and services, as well as environmental and sustainability needs.

Management system

Quality management for our food business

With the diversification of dietary habits, the globalization of food distribution, and a growing awareness regarding health issues, consumers are increasingly paying attention to the safety and quality of their food. On the other hand, there have been cases of incidents and problems threatening food safety, such as those regarding violation of food labeling standards, residual pesticides, and the distribution of foods using unauthorized additives.

In response to these issues, the Food Business Line of the Lifestyle Business Group of Sumitomo Corporation and SC Foods Co., Ltd. have established a quality management system centered on food safety personnel (Lifestyle Business Group Internal Control & Food Safety Line and SC Foods Co., Ltd. Food Safety Management Department) to prioritize food safety.

Sumitomo Corporation's Food Business Line of the Lifestyle Business Group and group company SC Foods Co., Ltd. are implementing the following initiatives regarding food safety management:

- Employee education and awareness activities regarding food safety
- Management of food safety, food labeling, etc.
- Checking of food safety management status of group companies and suppliers and inspection of factories
- Sustainability-related measurements in the supply chain

Supplier management audits for our food business

Due Diligence for New Suppliers

When initiating business with a new supplier, the Food Business Line of Sumitomo Corporation and SC Foods Co., Ltd. conduct due diligence in accordance with our Food Safety Management Regulations. A team responsible for food safety (Food Business Line food safety staff and SC Foods Co., Ltd. Food Safety Management Department) judges the necessity of factory inspections after confirming the supplier's quality management system, manufacturing process, transaction status, food safety standard certification status, and sustainability compliance status, etc., using a preliminary quality management survey.

Securing the Safety of Food through Regular Audits of Overseas Suppliers

Furthermore, in accordance with the Food Safety Management Regulations, our food safety officer conducts factory inspections in principle once every five years, targeting factories that the food safety staff deems necessary based on quality and manufacturing process management systems, product risk characteristics, product handling conditions, and other factors in addition to new transactions with overseas suppliers. For overseas suppliers, we also check the status of their sustainability initiatives using a survey.

Factory inspections

The procedures and results regarding factory inspections are as follows.

Process	Description
Target companies and system settings	Food Business Line of Sumitomo Corporation and SC Foods Co., Ltd. conduct preliminary surveys of supplier factories of imported and processed food products in accordance with the Food Safety Management Regulations (Contractor Management Manual and Purchasing Management Manual) to determine their management systems and food safety certification status. In addition, we conduct a factory inspection on the factories that the food safety manager determines to be necessary, taking into consideration the risk characteristics and handling conditions of the products, using the factory inspection sheet.
Factory inspections	Inspections are conducted at the start of transactions and once every five years in principle. (Inspections are conducted each time the food safety officer deems it necessary)

	FY2021	FY2022	FY2023
Factory inspections results (Number of factories)	17 factories	19 factories	15 factories

Certifications

Group companies in the Food Business Line of Sumitomo Corporation have acquired food safety standard certification that supports food safety management based on HACCP, and are building and operating a food safety management system.

Group companies that have acquired food safety standard certifications that comply with HACCP, such as SQF, FSSC22000, ISO22000, and JFS.

- SQF certification acquired: Juice Products New Zealand Limited
- FSSC22000 certification acquired: Nissin Sugar Co., Ltd. (Renamed to WELLNEO SUGAR Co., Ltd., in October 2024), ITOCHU Sugar Co., Ltd. (Wellneo Sugar Group)
- ISO22000 certification acquired: SC Foods Co., Ltd. Kawasaki Shiohama Processing Center
- JFS-B certification acquired: Summit Oil Mill Co., Ltd., Shinko Sugar Mill Co., Ltd.

Food safety responsible marketing and compliance education and training program

Regarding responsible marketing and compliance related to food safety, we conduct training programs aimed at increasing employees' awareness and knowledge of food safety, legal compliance, and sustainability.

<p>Main contents</p>	<p>①Food safety management introduction seminar (held at least once a year)</p> <ul style="list-style-type: none"> • Food safety and responsible advertising, marketing, and promotion (responsibilities of food business operators, food safety management, sustainability) • Food-related laws and regulations (Food Sanitation Act, Food Labeling Act) • Food safety initiative system (internal regulations, rules, organizational structure) • Food product management, quality control, and process control <p>②Food Compliance Committee (conducted 6 times a year, bimonthly) Updating and disseminating information related to food safety management, sustainability, and compliance</p>
<p>Target Persons</p>	<p>①A member of the Food Business Line of the Lifestyle Business Group and a member of SC Foods Co., Ltd.. (required for those in employment/transfer positions)</p> <p>②In charge of food safety at Food Business Line, Lifestyle Business Group, SC Foods Co., Ltd.; Committee members selected from each sales department, logistics-related departments, and group companies participate. (conducted 6 times a year, every other month)</p>

Attendance status	FY2021	FY2022	FY2023
<p>Number of participants</p>	<p>①1 person ②15 people/time</p>	<p>①30 people ②14 people/time</p>	<p>①10 people ②14 people/time</p>

Initiatives

Addressing Negative Impacts of Processed Foods

Development and provision of products and services that promote health and eliminate negative impacts

The labeling of processed foods is crucial information for ensuring the safety of individuals with food allergies when consuming food and for preventing health issues due to excessive intake of specific substances. SUMMIT,INC is committed to providing accurate and easy-to-understand food labeling and information in compliance with laws and regulations in order to prevent health issues for people with food allergies.

Sumitomo Corporation's food business line and SC Foods Co., Ltd., are working to provide accurate and easy-to-understand food labeling and information in compliance with laws and regulations by checking product information such as ingredients, food additives, allergens related to food allergies, and country of origin by the food safety management staff.

Development and provision of products and services that promote health and eliminate negative impacts

Wellneo Sugar Co., Ltd. aims to realize "Well-being" (happiness and health) by exploring the power and potential of sugar.

Nissin Sugar Co., Ltd. (Renamed to WELLNEO SUGAR Co., Ltd., in October 2024), a Wellneo Sugar Group, offers a variety of sugar and sweetener products, including general sugar, to meet the needs of consumers, such as products using galactooligosaccharide, which is effective as a substance that promotes the growth of bifidobacteria in the intestines, and products that strengthen bones. We develop and provide products that meet the needs of consumers and help solve social issues, such as products that contain calcium and magnesium, which are necessary for human health.

Developed by Nissin Sugar Co., Ltd. (Renamed to WELLNEO SUGAR Co., Ltd., in October 2024) using biotechnology, "Cup Oligo" is an oligosaccharide made from the lactose contained in milk. Its main component, galactooligo saccharide (GOS), is effective in promoting the growth of Bifidus bacteria. "Cup Oligo" has superior physical properties as a food sweetener and – as a substance also present in breastmilk – is reliable in terms of safety. Research on the functionality of galactooligosaccharides is currently attracting a lot of attention, with the number of papers increasing all over the world.

Our group companies, SC Foods Co., Ltd. and Summit Oil Mill Co.,Ltd., procure premium vegetable oils with a variety of functionalities from around the world in response to growing health-conscious needs and provide them to customers and consumers.

Flaxseed oil and perilla oil contain omega-3 (n-3 fatty acids), which are "essential fatty acids" that cannot be produced in the body and support the health maintenance functions of the human body, and are also being developed as functional foods.

Food safety and reliability

The Sumitomo Corporation Group has established and manages its own quality control standards, which are even stricter than those required by law, in order to deliver products that customers can enjoy with peace of mind.

Process	Food safety
Ingredient Management	<ul style="list-style-type: none"> • We manage imported and processed food products (raw materials, food additives, manufacturing processes, production sites, product standards, labeling, analytical information, etc.) through a product medical record system after food safety officers examine compliance with laws, regulations, and standards.
Manufacturing and Quality Control	<ul style="list-style-type: none"> • We confirm compliance with legal and contractual standards through various inspection results, in addition to inspections of supplier factories for imported and processed foods. • Inspection items are selected according to product characteristics. (pesticide residue test, microbiological test, physical and chemical test, sensory test) • Inspection frequency is set individually depending on product characteristics and product handling conditions.
Distribution Management	<ul style="list-style-type: none"> • Distribution center facility management • Storage and transportation by temperature zone – frozen, chilled, and fixed temperature
Store management	<ul style="list-style-type: none"> • Education on hygiene management at stores • Implementation of hygiene management in accordance with HACCP

Addressing the negative impact of alcohol products on socially vulnerable groups

SUMMIT,INC

SUMMIT,INC runs community-based retail business and implement the following initiatives to support the socially vulnerable groups.

SUMMIT,INC sells alcoholic beverages and tobacco, and is committed to strictly preventing the sale of alcoholic beverages and tobacco to persons under 20 years of age.

Alcohol consumption by people under 20 years of age has a number of negative effects, including those on health, such as impeding physical growth (sexual function, brain, liver, etc.), causing higher risk of becoming addicted to alcohol. Also people who start drinking at a younger age are more likely to engage in risky behaviors.

As a responsible business operators, SUMMIT,INC recognizes that drinking alcohol can have these negative effects on people under the age of 20. We take the following precautionary measures and work diligently to prevent the negative effects of alcohol consumption on people under the age of 20 and other vulnerable groups in society.

1. Warning to Customers

We give warnings to customers about the sale of alcohol by displaying posters stating that we do not sell alcoholic beverages to persons under 20 years of age, and by indicating that the products are alcoholic beverages. In addition, store managers regularly check to ensure that these posters and displays are appropriate and properly operated.

2. Age verification at the cash register

To prevent the sale of alcoholic beverages to persons under 20 years of age, we always check the age of customers when selling alcoholic beverages. At the self-checkout system, we have introduced a system in which an alarm is turned on when an alcoholic beverage is purchased, and turned it off after an attendant confirms that no alcohol is sold to those under 20 years of age.

3. Regular employee training

At SUMMIT,INC, we ensure that alcoholic beverages are not sold to anyone under the age of 20 by regularly educating and enlightening our employees on alcohol-related knowledge and warnings to customers. We include this information in department training textbooks and alert store employees at meetings and through letters before seasonal occasions when alcohol consumption increases, such as during summer vacation and the end of the year.

4. Sales of non-alcoholic products

At SUMMIT,INC, we sell products with fewer negative effects, such as non-alcoholic products and alcoholic beverages with lower alcohol content.

Creating a safe and secure local community for a better future for the local community

SUMMIT,INC

SUMMIT, INC is committed to coexisting with the local community, not only by fulfilling its function as an infrastructure that supports daily lifestyles of the community, but also by working to revitalize the community through collaboration with schools, shopping districts, and municipalities, as well as creating "places for people to interact and gather". Supermarkets, where people come together, facilitates communication. We aim to be a place where the community can feel "joyful" and "relaxed", supporting local life as infrastructure.

In order to continue to be an infrastructure that supports people's lives even in the event of a disaster, we have developed a "Business Continuity Plan for Natural Disasters," concluded disaster support agreements with some municipalities where our stores are located, and distributed our original disaster prevention guidebooks. In addition, the company accommodates local elementary and junior high school students for store tours and hands-on learning opportunities, participates in donation activities through the sale of collected PET bottle caps, and hosts fun in-store events to deepen engagement with the local community.

As another example of our efforts to coexist with the local community, we host the Sugunami Hanagasa Festival every year at Ohmiya-Hachimangu shrine in Sugunami-ku, Tokyo where Summit's headquarter is located. The festival features food booths sponsored by our business partners, the iconic Hanagasa-odori parade by local community and our employees, and events such as raffles, attracting more than 20,000 visitors every year and becoming a popular winter feature.

SC Foods Co., Ltd

SC Foods Co., Ltd., a member of the Sumitomo Corporation Group, deals in coffee certified by Con Manos De Mujer (CMM: English name: : WOMAN'S HAND). In 2010, Mayacert S.A. and Asobagri Cooperative jointly established the CMM certification system with the goal of bettering the social standing of women and improving their economic environment. The premium attached to the price of CMM certified coffee is transformed into scholarships, medical assistance, etc. given to female farmers who are members of the cooperative, supporting their active efforts to achieve self-actualization.

SC Foods Co., Ltd., a member of our group, continuously purchases raw materials and products from developing countries that are produced with consideration for local community and the environment at fair prices, thereby supporting vulnerable producers and workers in developing countries. We carry multiple products certified by Fair Trade, a trade system aimed at improving people's lives and increasing their independence.

SC Foods is actively importing Fair Trade certified coffee, sesame seeds and other products from all over the world, expanding our product lineup, production areas, and sales channels, and working to communicate to manufacturers and consumers the significance and benefits of fair trade and the efforts of production areas that are not limited to trade.

While the world's population continues to increase, here is a growing concern about the future shortage of food resources. Soybeans are now attracting attention as a food that can meet the challenges of the future, as they have a low environmental impact, consuming only 1/8th of the water and 1/85th of the greenhouse gas emissions (CO₂ equivalent) of raising cattle.

SC Foods Co., Ltd., a member of our group, was quick to recognize the value of soybeans, which have high nutritional value and low environmental impact, and is expanding its handling of soybeans as an alternative protein that contributes to environmental impact and food issues.

Tomod's CO., LTD.

With the increasing demands on drugstores due to the aging of the population, Tomod's CO., LTD., our group company, aims to become a "family drugstore" that supports the healthy and enriching lives of people in the community. In addition to the traditional functions of a drugstore and dispensing pharmacy, Tomod's offers a variety of services that leverage its expertise, including counseling by dietitian, seminars and health events, and specific health guidance, as well as online medication guidance via video call, and nutritional guidance for home patients accompanied by a dietitian during home medication dispensing. Also, since 2017, Tomod's has stopped selling cigarettes in all of its stores and are working on educational activities such as providing information on smoking cessation support.

Initiatives in the mining business

“Social license to operate” is a term that means to gain approval from society to carry out business activities. The mining business in particular requires initiatives to reduce environmental impact arising from development and to facilitate sustainable development of local society. In conducting the mining business, the Sumitomo Corporation Group values compliance with laws and regulations, as well as the concept of a social license to operate, and works on rehabilitation at all mining sites where it operates to minimize its impact on the ecosystem and contribute to environmental restoration.

Eventually the production at the mine will come to an end. It is therefore important to support economic independence and minimize environmental impact after the operation shuts down so that the local community can achieve sustainable development. When participating in a mining project, the Sumitomo Corporation always develops a business plan that covers the costs required to restore the site to its original state after closure, according to the life of the mine. When actually closing a mine, we take appropriate steps in accordance with local laws and regulations.

Initiatives in the media business and digital business

The Sumitomo Corporation Group respects personal information provided by customers and pays the utmost attention to data privacy. We recognize their importance particularly in the media business and the digital business, which require strict and proper management, and accordingly ensure compliance with laws and regulations on the handling of personal information, guidelines set forth by administrative bodies, and other standards. For example, Jupiter Shop Channel, as an operator of the “Shop Channel” for TV shopping; SCSK as an IT services provider; and T-Gaia as a mobile phone retailer, are certified as handling personal information properly in compliance with Japanese Industrial Standards JIS-Q 15001 personal information protection management systems—requirements, making them eligible to use the privacy mark.

In operating the media business, including the multichannel programming distribution, we are making efforts to meet society’s trust by observing freedom of speech and expression, following the spirit of democracy, respecting basic human rights and public opinion, and protecting law and order.

Commitment to External Initiatives

Participation in Industry Initiatives on Responsibility for Customers

Sumitomo Corporation Group's members delivering products directly to consumers (i.e., Jupiter Shop Channel operating the "Shop Channel" for TV shopping, the food supermarket chain SUMMIT,INC, and Tomod's operating pharmaceutical-dispensing drug stores) are participating in the following industry initiatives (as of June 2024).

Japan Direct Marketing Association (JADMA)

JADMA is the official representative body of the direct marketing industry, as specified in Article 30 of the Act on Specified Commercial Transactions. It collaborates with consumer organizations and public offices to create and disseminate guidelines for fair trade, resolve complaints from consumers and businesses, identify industry trends through surveys and information exchange, and grant the JADMA Mark to direct marketing companies (Full Members) that comply with all relevant laws and regulations.

All Japan Supermarket Association (AJS)

AJS was established in 1962 to contribute to the development of the entire supermarket industry by supporting member companies from the viewpoint of education, products, and information.

Japan Supermarkets Association (JSA)

JSA was established in 1999 to plan, propose, and promote food distribution policies together with local communities.

Japan Chain Stores Association (JCA)

JCA was established in 1967 to rationalize distribution systems, facilitate their modernization, and contribute to people's lives by improving retailing management through the promotion of healthy development and expansion of chain stores.

Nippon Pharmacy Association (NPhA)

The main purposes of this association are as follows, based on three key words of safety, convenience and economy which are to clarify the roles of national insurance pharmacies to prioritize the profit of Japanese people. It also aims to contribute to realize health insurance pharmacies that can be truly trusted and satisfied by Japanese people through activities such as fostering health insurance pharmacies with people's viewpoint, providing relevant information and streamlining pharmacy operation and establishing various infrastructures to do so.

Tomod's discontinued tobacco sales at all of its stores at the end of July 2017 to help customers achieve a healthy and affluent life. Even before this, Tomod's has supported efforts to quit smoking, introducing customers to medical institutions that provide smoking cessation outpatient service in the neighborhood, as well as products that help them to quit smoking, and providing nutritional guidance from national registered dietitians before and after smoking cessation. Additionally, to encourage its employees to work together with customers in quitting smoking, Tomod's introduced a welfare program for employees that supports the smoking cessation program. In recognition of these activities, the Japan Society for Tobacco Control recently offered a letter of appreciation to Tomod's.

Participation in industry initiatives related to alcohol safety

It is important to our business that we thoroughly address issues regarding the potential negative impacts of alcoholic products such as alcoholism, alcohol poisoning, and drinking under 20 years of age. We also recognize that these negative impacts are also especially important with regard to vulnerable groups. Therefore, The Sumitomo Corporation Group are members to the following industry organizations, in order to participate in knowledge sharing and confirming the latest market trends and best practices.

Tokyo Retail Liquor Sales Association

Regarding alcoholic beverages, in order to protect the liquor tax by law and the product's characteristics as an intoxicating beverage, both manufacturing and sales are regulated by the liquor sales license system, and only licensed products can be sold. The license is granted based on personal requirements such as the licensee's social qualifications, management knowledge/sales ability, and management capital requirements.

The social responsibility of those who have been granted an alcoholic beverage sales license is to comply with related laws and regulations, take into consideration the social harm caused by the characteristics of the product and national health, and ensure that the culture of drinking is inherited, stable business management, and proper management to maintain and improve a proper drinking environment, and to promote market competition under fair rules, while striving for measures that emphasize the welfare and interests of the public.

To this end, we will strive to promote the common interests of maintaining individual management and the development of the industry as a whole through activities based on the spirit of close communication and mutual support through the association.

Participation in Food Safety-Related Initiatives and Organizations

Sumitomo Corporation Group belongs to the following external related organizations for the purpose of collecting information, improving knowledge, and exchanging opinions regarding food safety in order to supply safe and secure processed foods.

Japan Food Additives Association

Japan Food Additives Association(JAFA) was established in 1982 by companies and organizations that manufacture, import, sell, and use food additives to disseminate correct knowledge about food additives, and became a general incorporated association in April 2014.

JAFA works under the guidance of the Ministry of Health, Labour and Welfare and other related government agencies with the objectives of providing members with accurate knowledge pertaining to the production, sale, and use of food additives, and promoting consumer understanding of safety and utility. In addition, JAFA seeks to contribute to the sound development of food-related industries, and to better consumer dietary habits and public hygiene.

As a member of the association, Sumitomo Corporation strives to improve knowledge about food additives by acquiring and utilizing information on food additives, and by attending courses.

Participation in industry initiatives related to hunger and poverty in developing countries

Support for World Food Programme (WFP)

SC Foods Co., Ltd., is a supporter of the United Nations World Food Programme WFP Association (United Nations WFP Association), a certified non-profit organization that supports the WFP United Nations World Food Programme, whose mission is to eradicate hunger and poverty, and is the official support window for the WFP United Nations World Food Programme in Japan.

Involvement with external initiatives

Declaration of partnership building

In June 2020, the Council on Promoting Partnership Building for Cultivating the Future, whose members consist of the Chairman of Keidanren (the Japan Business Federation), the Chairman of the Japan Chamber of Commerce and Industry, the President of Rengo (the Japanese Trade Union Confederation) and the relevant ministers (the Minister of State for Economic and Fiscal Policy; the Minister of Economy, Trade and Industry; the Minister of Health, Labour and Welfare; the Minister of Agriculture, Forestry and Fisheries; and the Minister of Land, Infrastructure, Transport and Tourism), introduced a framework called the Declaration of Partnership Building.

This framework allows a company to declare, in the name of the company's representative, that it will build a new partnership for shared prosperity throughout the supply chain by reinforcing relationships with supply chain partners and enterprises that seek to create value.

By adopting the Declaration, companies publicly commit to:

1. shared prosperity throughout their supply chains and new partnerships across the borders of business scales and groups; and
2. compliance with the Promotion Standards stipulated in the Act on the Promotion of Subcontracting Small and Medium-sized Enterprises regarding fair transactions with subcontractors.

Hence, each company's efforts in this regard become visible.

Sumitomo Corporation has endorsed this initiative and expressed its commitment to building trust and creating new value through sound business activities with suppliers, customers, joint venture partners, financial institutions, logistics companies and all other business partners. (August 17, 2021)

Social Contribution Activities

Social Contribution Activities

The Sumitomo Corporation Group's Basic Principles on Social Contribution Activities

OBJECTIVE

We, as a global organization, will work on social issues through our business activities and social contribution activities with the aim of building a sustainable society by implementing the Sumitomo Corporation Group's Management Principles and Activity Guidelines.

ACTIVITIES

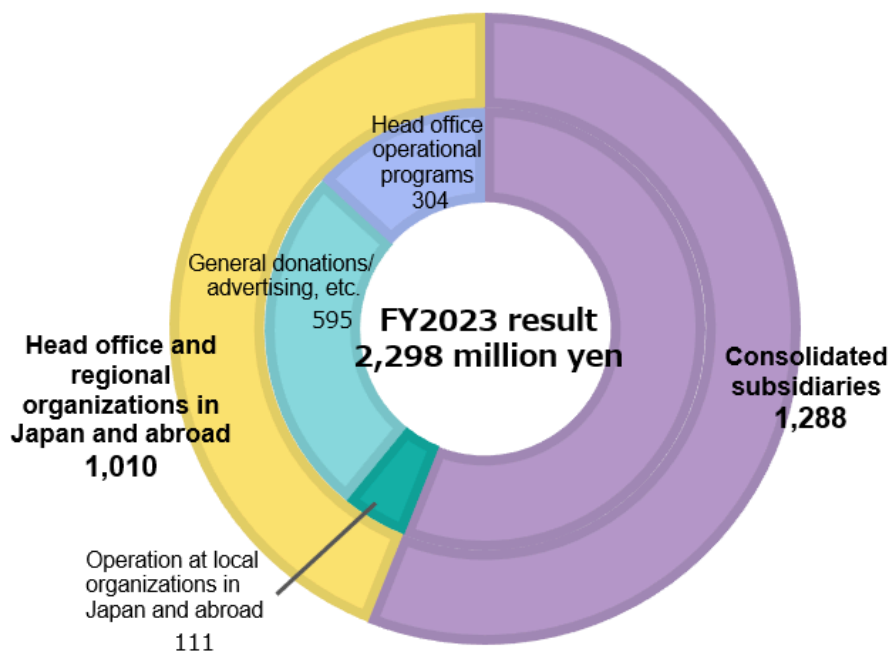
We will engage in social contribution activities aimed at developing the next generation of human resources who will drive the sustainable development of society, and contributing to local communities in areas we do business all over the world. We will also take part in various activities as a good corporate citizen.

APPROACH

We will perform and seek to continuously improve our activities with modesty and high aspirations and endeavor to maintain a high level of transparency while strengthening our relationships with all our stakeholders.

FY2023 Social Contribution Activity Costs

Total Social Contribution Activity Costs (unit: million yen)



* The values above for local organizations and consolidated subsidiaries were calculated based on questionnaire results.

* Does not include Associated companies.

* Values reported by overseas offices were converted to yen using the exchange rate as of February 2024.

“100SEED” Social Contribution Program Looks ahead to the Next 100 Years

100SEED Launched with Global Group Employees to Mark Centennial

Under the 100SEED social contribution program, Sumitomo Corporation Group employees around the world hold discussions and conduct activities in consideration of the society 100 years from now.

Selecting “Quality Education” as the global theme, Sumitomo Corporation will make use of its human resources to implement this program on a medium- to long-term basis, thereby contributing to society and achieving sustainable growth together with it.



Mission Statement for 100SEED

We have selected “Quality Education” as the grand theme of the 100SEED (SC Emergent Evolutional Deed) program upheld to mark the Sumitomo Corporation Group’s 100th anniversary. Under this theme, we are committed to develop and support a variety of social contribution activities on a global scale.

Recognizing that “Quality Education” is a vital part of the sustainable development of society, we will continue to inspire ideas for supporting quality education to produce the talent needed to solve the many social challenges facing the world.

By promoting 100SEED, we encourage our SC colleagues around the world to create opportunities and leverage our diverse capabilities and resources so we can engage in activities that will dynamically realize our goal of “Enriching lives and the world.”

100SEED provides us a valuable opportunity for personal growth by learning from others and pursuing individual ideas through collaboration. We will commit time and resources to social action that will benefit any of us seeking to better society through quality education.

Activities to date

We launched activities to address educational issues in each region from 2020. In FY2023, 68 projects were implemented in 24 countries. We have been exercising our ingenuity in each region to gradually expand the initiative.

Item	Boundary	Unit	FY2020	FY2021	FY2022	FY2023
Number of projects (Number of participating countries)	Sumitomo Corporation and regional organizations	Projects (Countries)	31 (14)	44 (16)	53 (19)	68 (24)
Number of participating employees	Sumitomo Corporation and regional organizations	Employees	696	765	1,506	1,331

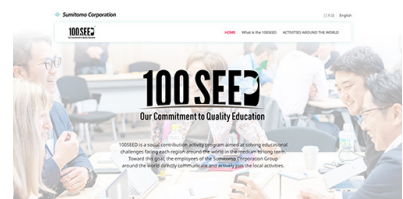
In recognition of management involvement, activity targets, progress management and other KPIs, we won the special “Tanemaki (Seeding) Century Award” for 100SEED at the 19th Corporate Philanthropy Awards.



Refer to the following website for more information on this activity.

➤ [100SEED Website](#)

➤ [Please see here for more details on 100SEED \(activity in Thailand\).](#)



Developing the Next Generation of Human Resources

The Sumitomo Corporation Scholarship



Having supported the development of future leaders in Asian countries since 1996

In 1996, as part of its 50th anniversary initiative, Sumitomo Corporation established the Sumitomo Corporation Scholarship. Since then, the scholarship has been given to outstanding university students in Asian countries, including Mongolia, Bangladesh and Pakistan, for the development of future leaders in those countries. The number of recipients of the scholarship has increased from an initial 263 students of 33 universities in 17 countries to about 1,000 students of 45 universities. In response to changes in the economic situation of each country, Sumitomo Corporation has been changing the support in cooperation with its local organizations located in the countries.



Scholarship award ceremony held at the National University of Mongolia

The total number of students who have benefited from the scholarship reached about 18,000 by the end of fiscal 2023. Sumitomo Corporation is operating the scholarship program in cooperation with its subsidiaries and offices located in the targeted countries, and the program is indeed a unique initiative that would not be possible without our global network. We will continue the activity in consideration of the local needs of each country and region, while further advancing the program.



Scholarship award ceremony held at the Institute of Technology of Cambodia

Sumitomo Corporation Scholarship Program for Exchange Students from China



Supporting the development of the next generation of leaders who will act as a bridge between Japan and China

Sumitomo Corporation initiated the Sumitomo Corporation Scholarship in 1996 and has since been supporting Chinese students under this program. In light of China's remarkable economic development over recent years, believing it important to strengthen the friendship and relationship between Japan and China in private sector, Sumitomo Corporation launched a scholarship program for Chinese students studying in Japan to foster the development of global leaders who would make it happen.

In addition to financial assistance to cover round-trip travel expenses and living costs in Japan, scholarship recipients enjoy opportunities for interaction with employees from Sumitomo Corporation China prior to leaving for Japan, and they are provided with advice regarding day-to-day life in Japan. These students are also invited to the Tokyo head office while in Japan to participate in training designed to enhance their understanding of business and culture in Japan. In addition, they pay a courtesy visit to the Chinese Embassy and attend an event to interact with participants of the University of Tokyo's Global Leadership Program. The students are thus provided with a range of opportunities to broaden their views and gain tips to design their own futures. Students who participated in the scholarship program have made comments, such as, "I would like to make an effort to improve my ability so as to act as a bridge between China and Japan for a better bilateral relationship."

* The University of Tokyo's Global Leadership Program (GLP): Special educational program implemented by the University of Tokyo to develop undergraduate students into international leaders. Sumitomo Corporation has been giving financial support to the program since its inception in 2014.



Meeting the president while receiving training at the head office



Event for exchange with participants in the University of Tokyo's GLP*

The TOMODACHI Sumitomo Corporation Scholarship Program



Through this scholarship, Sumitomo Corporation gives support to Japanese university students wishing to study in the United States, with a view to contributing to the development of global talents with global insights.

Sumitomo Corporation participates in the TOMODACHI Initiative led by the U.S. Embassy in Tokyo and the U.S.-Japan Council and has been implementing the TOMODACHI Sumitomo Corporation Scholarship Program since 2014.

Under this program, Sumitomo Corporation gives financial support to cover the travel and living expenses of students who will participate in a year-long exchange scheme based on the mutual agreements made between Japanese and the US universities. In addition, Sumitomo Corporation of Americas provides the supported students with training to have experiences that would be unavailable on campus. Moreover in New York, the students visit Columbia Business School to exchange opinions with professors and students at the school. In Washington, they are also given opportunities to talk with the U.S.-Japan Council as well as officials of the Japanese and US governments, those related to the Congress and NGOs, and others. Through this program, Sumitomo Corporation will continue to contribute to the development of talents who can act as a bridge between Japan and the US and become leaders of next generation.

[TOMODACHI Initiative]

The TOMODACHI Initiative is a public-private partnership between the U.S.-Japan Council and the U.S. Embassy in Tokyo, with support from the Government of Japan. Born out of support for Japan's recovery from the Great East Japan Earthquake, TOMODACHI invests in the next generation of Japanese and American leaders through educational and cultural exchanges as well as leadership programs. The initiative seeks to foster a "TOMODACHI Generation" of young American and Japanese leaders who are committed to and engaged in strengthening U.S.-Japan relations, appreciate each other's countries and cultures, and possess the global skills and mindsets needed to contribute to and thrive in a more cooperative, prosperous, and secure world.



- ▶ Please see here for more details on TOMODACHI Sumitomo Corporation Scholarship Program for development of the next generation of global leaders [📄](#)

Sponsored Lectures Bearing the Company Name Offered in Tsinghua University, China



Inviting prominent Japanese top executives to lecture at leading university in China with the aim of helping students gain a better understanding of Japanese corporations and business management.

In 2006, Sumitomo Corporation concluded a memorandum of understanding on joint research with Tsinghua University in Beijing, under which we invite Japan's prominent top executives to the university twice a year to deliver a lecture for students shouldering the future of China. The lectures are on themes associated with leadership in the global society and corporate management. Each lecture attracts around 250 attendees including professors, government officials, and students from other nearby universities, as well as Tsinghua University students, and is always concluded with a heated Q&A session. The joint research program is highly regarded by Tsinghua University, and both the Company and the university have agreed to continue with this initiative into the future.



The famous Old Gate, which was constructed in 1909 and has been a witness of Tsinghua University's history.

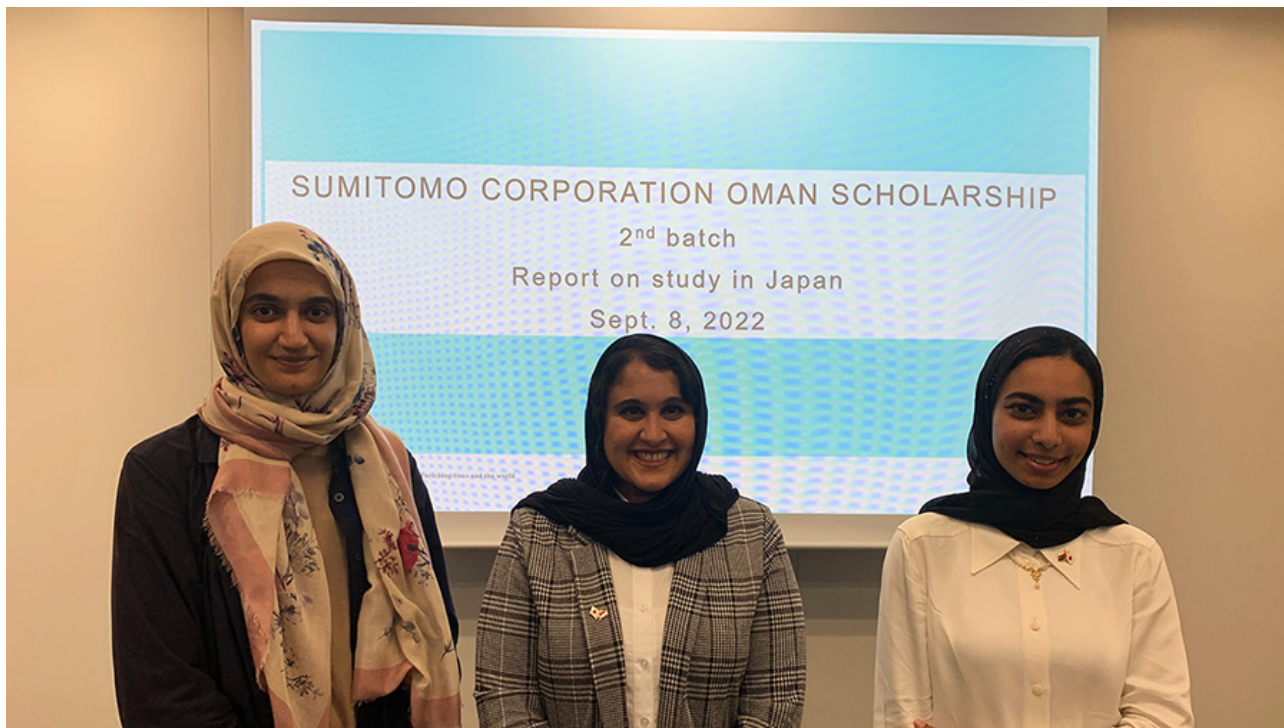
Past lectures sponsored by Sumitomo Corporation at Tsinghua University

Lecturer	Official Position (at that time)	Lecture Theme	Date
Mr. Motoyuki Oka	Chairman, Sumitomo Corporation	Leadership Demonstrated by Global Corporations	11/6/2007
Mr. Hirokazu Yoshikawa	Chairman, Dowa Holdings Co., Ltd.	Corporate Reform and Leadership	4/26/2008
Mr. Masahiro Sakane	Chairman, Komatsu Ltd.	Komatsu's Management Structure Reform	11/10/2008
Mr. Koichi Ikeda	Chairman, Asahi Breweries, Ltd.	Efforts to Enhance Corporate Value	4/23/2009
Mr. Tadaharu Ohashi	Chairman, Kawasaki Heavy Industries, Ltd.	Technological Innovation as the Key to Survive in the New Era for Resources, Energy and the Environment	11/5/2009
Mr. Akio Mimura	Chairman, NIPPON STEEL CORPORATION	Corporate Reform and its Cornerstone	4/15/2010
Mr. Shoichiro Suzuki	Chairman, OJI PAPER CO., LTD.	Reform at Oji Paper—Sustainable Development Achieved by a Long-established Corporation	11/11/2010

Lecturer	Official Position (at that time)	Lecture Theme	Date
Mr. Susumu Kato	President, Sumitomo Corporation	Leadership for Managing an Integrated Trading Company in Drastic Global Economic Changes	4/14/2011
Mr. Masayuki Oku	Chairman, Sumitomo Mitsui Financial Group, Inc.	Leadership in a Rapidly Changing Economic/Financial Environment	11/22/2011
Mr. Hiromichi Iwasa	Chairman, Mitsui Fudosan Co., Ltd.	Value Creation and Leadership: My Way of Managing a Corporation	4/11/2012
Mr. Motoyuki Oka	Senior Adviser, Sumitomo Corporation	What Constitutes a Good Organization	4/8/2013
Mr. Keiichi Okamoto	President, Nikken Sekkei Ltd.	As a World-leading Architectural Design Firm	10/24/2013
Mr. Atsutoshi Nishida	Chairman, Toshiba Corporation	Leadership and Human Resources Development in the Age of Globalization	4/17/2014
Mr. Fujio Cho	Honorary Chairman, Toyota Motor Corporation	Building a Strong Foundation Based on Collaborations among the Three Pillars of Management	9/25/2014
Mr. Yuji Ohashi	Corporate Counselor, ANA Holdings Inc.	Vision Upheld by Top Executive; Global Talent ANA Seeks for	4/16/2015
Mr. Yasuchika Hasegawa	Chairman, Takeda Pharmaceutical Company Limited.	Takeda Pharmaceutical's Globalization and Organizational Reform	11/25/2015
Mr. Noriyuki Inoue	Chairman, Daikin Industries, Ltd.	Essence of Daikin's Organizational Reform	4/20/2016
Mr. Shinzo Maeda	Senior Adviser, Shiseido Company	Shiseido's Mission and Organizational Measures for Embodying It	10/17/2016
Mr. Takeo Higuchi	Chairman, Daiwa House Industry Co., Ltd.	Thinking Well Ahead for Preemptive Management: Learning from Nobuo Ishibashi, the Founder of Daiwa House Industry	4/18/2017
Mr. Nobuhiro Endo	Chairman, NEC Corporation	Corporate Values and Roles	11/15/2017
Mr. Kuniharu Nakamura	Chairman, Sumitomo Corporation	What is sustainable corporate management?	9/20/2018
Mr. Takahisa Takahara	President, Unicharm Corporation	Sustainable management envisioned by Unicharm Corporation	4/25/2019

Lecturer	Official Position (at that time)	Lecture Theme	Date
Mr. Kenichiro Yamanishi	Executive Corporate Adviser, Mitsubishi Electric Corporation	Aiming for sustainable management; strengthening the adaptability	11/7/2019
Mr. Yasuyoshi Karasawa	Chairman, MS&AD Holdings	Sustainable Management of MS & AD Group - toward a group that supports a resilient and sustainable society	4/14/2022
Mr. Shinya Katanozaka	Chairman, ANA HOLDINGS INC.	ANA Group Sustainability Management	3/9/2023
Mr. Tetsuji Ohashi	Chairman, Komatsu Ltd.	Komatsu's Management and Business Strategies for Sustainable Growth	4/6/2023

Sumitomo Corporation Scholarship Program in the Sultanate of Oman



Sumitomo Corporation supports Omani students studying at graduate schools in Japan with the aim of helping to develop human resources that will sustain the future of Oman.

Sumitomo Corporation and Sumitomo Corporation Middle East FZE have launched, through the Sumitomo Corporation Muscat Liaison Office, the Sumitomo Corporation Scholarship Program in the Sultanate of Oman in 2019 and have since been supporting Omani students studying at graduate schools in Japan.

Under this Program, Sumitomo Corporation Middle East provides Omani students studying at Japanese graduate schools with tuition and living expenses for two years plus round-trip travel expenses. Additionally, Sumitomo Corporation supports students in selecting a graduate school in Japan, taking entrance examinations and completing admission procedures to give enthusiastic students the opportunity to study in Japan.

It is hoped that Omani students who will study in Japan for two years will come to understand Japan through their studies and interactions with the local community, will nurture personal friendships, and will become lifelong bridges of international friendship between the two countries. We support up to four students every year.

Support for the University of Tokyo Global Leadership Program



Sumitomo Corporation promotes the training of future global leaders

Sumitomo Corporation is in partnership with the University of Tokyo for its GLP-GEfIL (Global Leadership Program-Global Education for Innovation and Leadership), which aims to develop capable future leaders in the international community. We have been cooperating in this university-wide undergraduate program since its launch in 2013. In 2018, we became UTokyo GLP Leading Partner through finding common ground with the program's HR development vision, which focuses on the abilities to engage in transverse collaboration and to propose innovative solutions to global issues. This has allowed us to support and engage in the program in various manners.



All GLP-GEfIL classes are taught in English, and GLP-GEfIL students are required to participate in academic programs at prestigious universities abroad at least twice during the program period. Corporate endowment is used to offer grants to overseas program participants.

As the UTokyo GLP Leading Partner, Sumitomo Corporation makes available its corporate resources to enable GLP students to come into contact with the world of work and have rich learning experiences.

Supporting the Activities of the Center on Japanese Economy and Business at Columbia Business School



Sumitomo Corporation of Americas has been supporting to the Center as the lead corporate sponsor since its inception in 1986.

The Center on Japanese Economy and Business (CJEB), a major research organization at Columbia Business School, was established in 1986 to promote good relations between Japan and the United States as well as business and economic development in the two countries, with Professor Hugh Patrick serving as its director. With a faculty consisting of leading experts in a variety of fields, CJEB has long been implementing survey and research programs to address rapidly changing global situations and offering policy recommendations when requested. In addition, CJEB proactively hosts conferences and lectures by inviting renowned speakers, and provides opportunities for joint research on global economy. The Center also annually holds a conference in Tokyo.

Supporting the Junior Philharmonic Orchestra



Promoting the activities since 1992, with the hope for healthy development of the youth

Since 1992, Sumitomo Corporation has been a major supporter of the Junior Philharmonic Orchestra. This youth orchestra consists of approximately 60 young musicians between the ages of 10 and 22 years, founded in Tokyo in 1972 by the late composer Setsuo Tsukahara, who advocated his hope of contributing to the growth of the next generation through the orchestra. Known for his valuable efforts over many years to promote classical music, the late Naozumi Yamamoto conducted performances with the orchestra. It has performed in Japan and throughout the world, including America, Europe and China, and, over the years, has become a truly advanced group of musicians, receiving high critical acclaim. Many professional musicians serve as mentors for the orchestra in support of its activities.

As a means to support the JPO, Sumitomo Corporation also holds the Sumitomo Corporation Young Symphony Concert several times a year, thereby giving more performance opportunities to members of the orchestra. Performing with professional musicians on the same stage gives a precious opportunity for the members to show the results of their daily hard work.



String quartet at the Young Symphony



Rehearsal before Performances

CAMP Workshop (SCSK group)

The SCSK Group upholds “Create Our Future of Dreams” as its corporate philosophy. In cooperation with a range of stakeholders, the Group has been conducting social contribution activities to solve social issues in order to help create a sustainable society.

The Group’s Children’s Art Museum & Park (CAMP) is an activity for children—the next generation of leaders. By engaging in creative, collaborative activities and presenting their work in the workshops, children find how to express themselves in their own way and expand their circle of communication.

By participating in the workshops as facilitators, Employees gain learning and fulfillment as well, which help them growth and increase their work motivation.

Since the activity’s launch in 2001, the SCSK Group has held a total of 1,442 workshops as of the end of FY2023, in which a total of 26,046 children participated.



Contributing to Local Communities in Areas We Do Business

Volunteer Leave System



Having a volunteer leave system in place to encourage employees to participate in volunteer activities

In 1998, Sumitomo Corporation initiated a volunteer leave system to encourage its employees to participate in volunteer activities.

Under the system, each employee can take up to five days off per year, and by the end of fiscal 2023, a total of 207 employees had utilized the system to participate in volunteer activities, including those for natural environment conservation, local sports competitions, international exchange, and disaster relief activities.

Providing a Wide Range of Support Through the Sumitomo Corporation of Americas Foundation (USA)



Since its establishment in 2004, we continue to support activities in the areas of Japan-U.S. exchange, research and education, culture and art, and social welfare.

In 2004, Sumitomo Corporation of Americas (SCOA) established the Sumitomo Corporation of Americas Foundation to more clearly define the social contribution activities it promotes as a member of local communities and provide more effective support for them. Because foundations are less likely to be affected by changes in economic conditions and business performance, we can continue to contribute about US\$500,000 worth of funds each year to different projects in a variety of fields, including Japan-U.S. exchange, research and education, culture and art, and social welfare, as well as disaster relief.

In the field of disaster relief, we provide financial support to the American Red Cross Society, CDC, etc. We also match donations made by SCOA employees for the recovery of disaster-affected areas. In the area of Japan-U.S. exchange, we have been supporting the operation of "Japan Day" events since 2007. To support research and education, we make financial contributions to research programs, including studies run by the Center on Japanese Economy and Business at Columbia University. To support cultural and art activities and operations, we make donation to the Lincoln Center for the Performing Arts, the Metropolitan Museum of Art, and the American Museum of Natural History.

Contribution to Local Communities in Thang Long Industrial Park in Vietnam

We have developed three industrial parks in northern Vietnam: Thang Long Industrial Parks (TLIPs). More than 240 companies operate in total, which provide for approximately 90,000 direct employment. Sumitomo Corporation, in cooperation with the Vietnamese government, is operating the Parks to ensure stable supply of infrastructure and employment, including electricity and industrial water. The TLIPs also support tenant companies in its employee recruitment and labor affairs. Furthermore, we are building a community and contributing to increase tenant satisfaction through the annual soccer tournament and relay run race. Last year, we were able to hold our Japanese-style summer festivals again after being suspended due to the COVID-19 pandemic. More than 10,000 Vietnamese people participated and it was a great success. In addition, in line with our vision to deeply root our developments within the local communities, we provide scholarships for nearby students, carry out traffic safety awareness-raising activities. We plan to further expand the capacity of rooftop solar power generation using the roofs of tenant companies, which started in 2020 to contribute to Vietnam's carbon neutral goal in 2050. Together through our business and social activities, we will contribute to the prosperity of everyone related to the industrial parks as well as the sound development of local communities.



Disaster Relief Activities

Providing Donations and Supplies for Natural Disasters



In the wake of large-scale natural disasters in and outside Japan, Sumitomo Corporation provides support in the form of donations and relief supplies along with its sincere hopes for the earliest possible recovery of the affected areas.

In the event of a large natural disaster, in cooperation with our offices located in the afflicted areas, Sumitomo Corporation Group promptly gathers information about the damage caused and support needed by the areas after the occurrence of the disaster. Based on the information thus collected, Group quickly determines the details of its support, including the monetary amounts and specific recipients, and provides the support to the victims.

Recent disaster donation toward relief efforts

April 2024 Eastern Taiwan Earthquake	the amount of 10 million yen
January 2024 Noto Peninsula Earthquake	the amount of 10 million yen
September 2023 Flood Damage in Northeast Libya	the amount of 3 million yen
September 2023 Earthquake-Hit in Central Part of the Kingdom of Morocco	the amount of 5 million yen
February 2023 Earthquake-Hit in Southeast-Turkey	the amount of 12 million yen
July 2020 Torrential rain in Japan	the amount of 10 million yen
February 2020 Coronavirus infection in China	the amount of 10 million yen
January 2020 Bushfire-hit regions in Australia	the amount of 200,000 AUD
October 2019 Typhoon Hagibis	the amount of 10 million yen

Assisting Reconstruction after the Great East Japan Earthquake

Supporting Recovery of the Fish Processing Industry in Kesenuma



Supporting the Kesenuma Shishiori Processing Cooperative Association to help industrial reconstruction

The 2011 earthquake and tsunami brought devastating damage to Kesenuma City in Miyagi Prefecture and to its core industry, the fish processing industry. Sumitomo Corporation and Sumitomo Corporation Tohoku teamed up with Mitsui to support reconstruction of the industry in collaboration with Miyagi Prefecture, Kesenuma City, and the local chambers of commerce. This coalition is helping to develop a recovery business model by assisting the Kesenuma Shishiori Processing Cooperative Association, which was formed after the earthquake.

On May 27, 2015, a new office building for the cooperative association was completed. In the ceremony for the building's completion, Sumitomo Corporation's former President & CEO Kuniharu Nakamura and many representatives from related parties gathered together to celebrate the milestone. By supporting the activities of the Association with the slogan "Share the same vision toward reconstruction," we contribute to the reconstruction of the local fish processing industry and the sustainable development of the entire community.



Participants in the new office building ceremony



New office completed (left) and the refrigerated warehouse under construction (right)

Sumitomo Corporation Follow-up Program for the Revitalization of East Japan



Supporting the organizations devoted to problem solving in the areas afflicted by the Great East Japan Earthquake

Sumitomo Corporation implemented the Sumitomo Corporation Follow-up Program for the Revitalization of East Japan over the three years from fiscal 2017 to 2019, in the hope of reconstructing the area and helping disaster victims rebuild their lives.

When the Sumitomo Corporation Youth Challenge Program for the Revitalization of East Japan (YCP) which was the predecessor of this program completed in 2016, the reconstruction of the lives of the victims was still halfway through the recovery, and the remaining issues were becoming more complicated.

Therefore, in this program, we mainly targeted NPOs that have achieved certain results in regional revitalization of disaster-stricken areas and reconstruction of the lives of disaster victims through YCP, and supported their efforts to aim for solves specialized, latent, and individualized issues. In order to create a program that can be designed to closely meet local situations and needs, we implemented a planned (interactive) grant that emphasizes in-depth dialogue with the candidates rather than public offering.

Related Information

- ▶ Exchange session hosted for grant recipient organizations of Sumitomo Corporation Follow-up Program for the Revitalization of East Japan

Sumitomo Corporation Youth Challenge Program for the Revitalization of East Japan



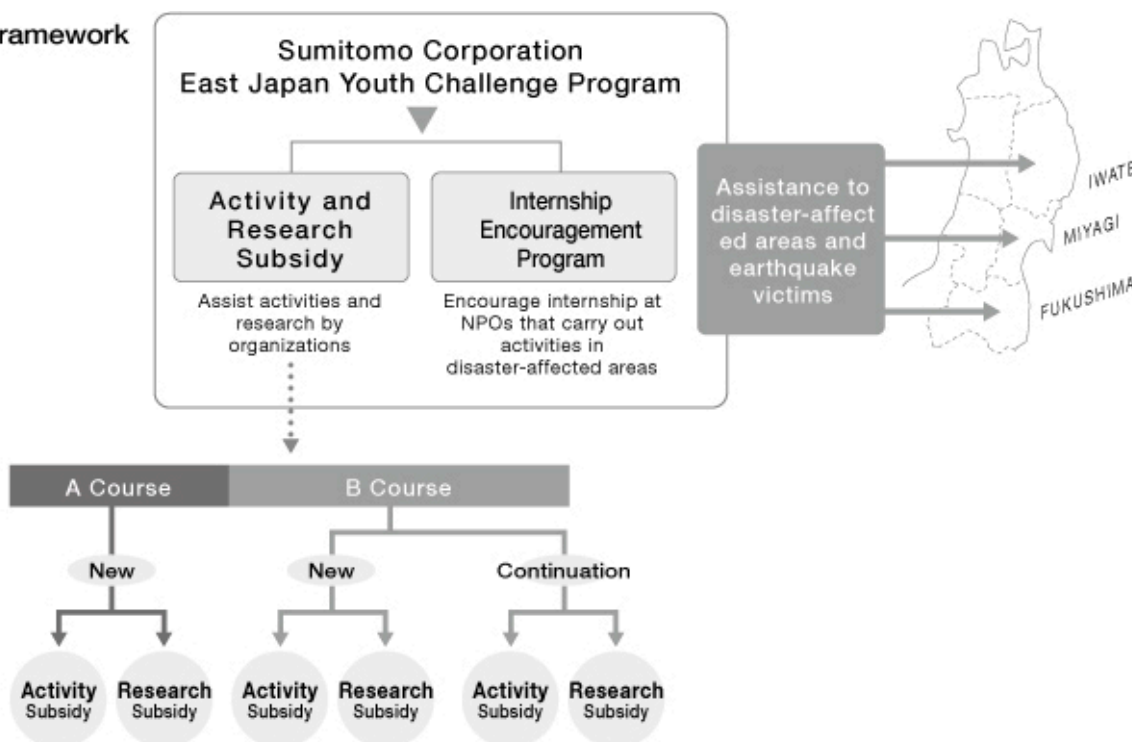
Supporting the youth who will participate in support the recovering of East Japan

Over the five years from fiscal 2012 to 2016, Sumitomo Corporation's Sumitomo Corporation Youth Challenge Program for the Revitalization of East Japan supported young people involved in revitalizing eastern Japan in the hope of reconstructing the area and helping disaster victims rebuild their lives.

This program consists of two parts: the Activity and Research Subsidy and the Internship Encouragement Program. It is intended to help young participants expand both their knowledge and experience base and develop into future leaders who can play active roles in the further development of local communities and society at large.

* "Youth" refer largely to undergraduate and graduate students aged in their late teens and 20s.

Program framework



Volunteer Program for Earthquake Disaster Reconstruction



Organizing employee volunteer program, as part of the reconstruction assistance of the Great East Japan Earthquake

As part of its actions to give humanitarian aid to the afflicted areas, nearly 160 employees had participated in the volunteer program for earthquake disaster reconstruction from early August to December, 2011. Sumitomo Corporation organized this program that supports employees who want to participate in disaster volunteer activities. It was developed after a series of consultations with local government officials and with the staff of a local social welfare council that manages a volunteer center for disaster reconstruction. Participants in the program have taken part in activities in Yamamoto Town located at the southern end of Miyagi Prefecture.

Employees were assigned at the local volunteer center in the town, carrying out support activities that included helping to accept volunteers, allocate work to those volunteers, and disseminate helpful information through a blog. They also helped to remove debris and mud from the houses of residents that had been damaged by the disaster and to plant seedlings and thin out leaves at strawberry farms, since strawberries are a local specialty. Employees who participated in the volunteer program made the following comments.

Governance


Corporate Governance	341
Group Governance	372
Compliance	374
Risk Management	381
Information Security	385
Internal Control	387

Corporate Governance

Principles

Corporate Governance Principles

Sumitomo's Business Philosophy and the Sumitomo Corporation Group's Management Principles form the backbone of the corporate ethics and represent the foundation underpinning our corporate governance. Based on this, we established the Sumitomo Corporation Corporate Governance Principles, recognizing that the essence of corporate governance is enhancing management efficiency and maintaining sound management, as well as ensuring management transparency to secure the first two. Efforts to build a better corporate governance system and carry out business activities following these principles help the Company achieve sustainable growth, enhance corporate value over the medium to long term, and fulfill its mission as a good corporate citizen, as well as benefits the interests of shareholders and all other stakeholders. For this reason, we continuously work to further enhance and improve our corporate governance.

➤ [Sumitomo Corporation Corporate Governance Principles](#) 

System

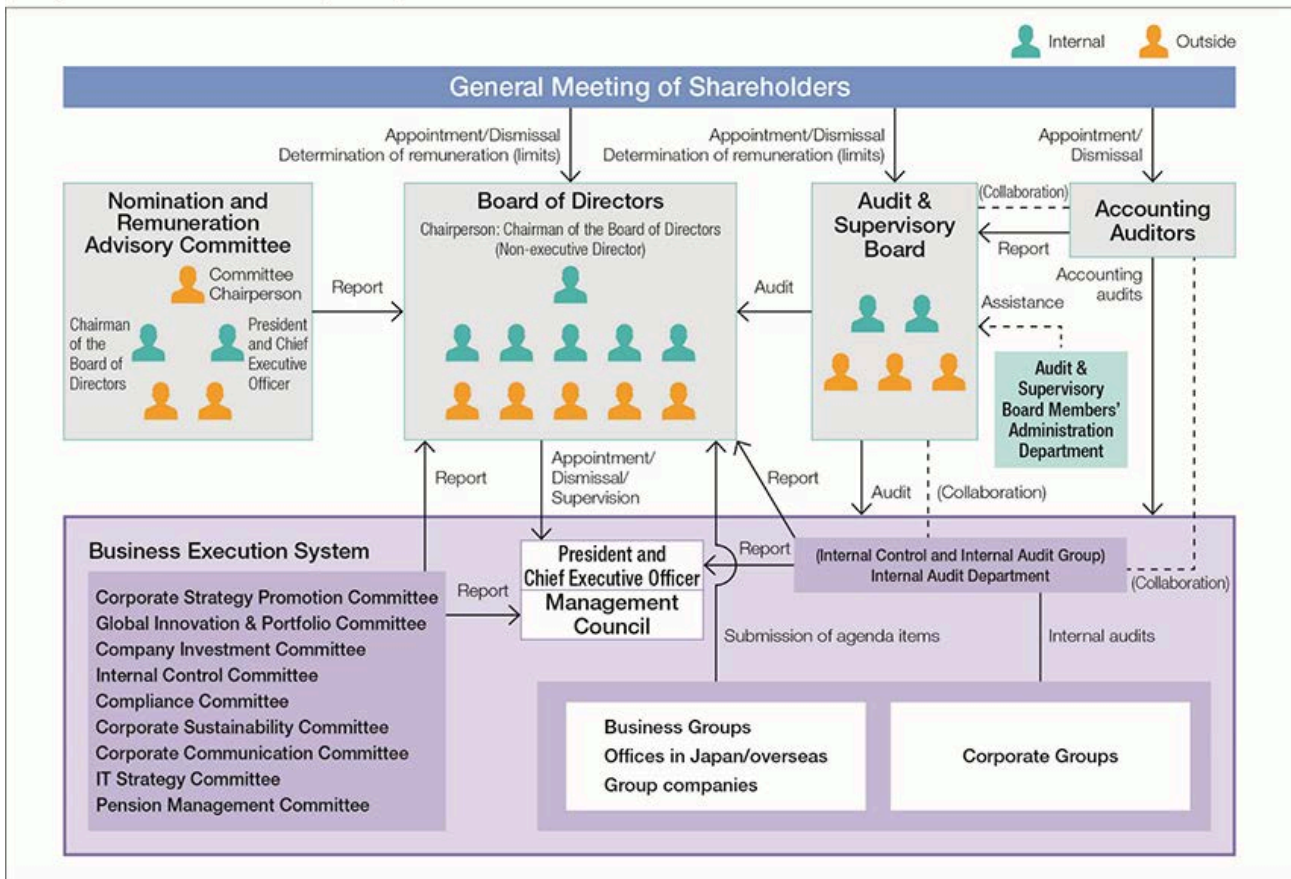
System and features of corporate governance

The Company believes that it is the most appropriate system for the Company by securing the effective supervisory and monitoring function of management oversight by electing independent Outside Directors and Outside Audit & Supervisory Board Members and by establishing the Nomination and Remuneration Advisory Committee, comprised mainly of independent Outside Directors, under an audit & supervisory board member system. The Company has elected multiple independent Outside Directors (as of June 21, 2024, the number of independent Outside Directors is five.) with a wealth of experience and a high degree of specialized knowledge and expertise in different fields. This ensures appropriate decision-making in board meetings and further reinforces the oversight function through further diverse perspectives. Also, the Company has established the Nomination and Remuneration Advisory Committee (chaired by an Outside Director) as an advisory body of the Board of Directors in which the majority of members are Outside Directors. This enhances independence, objectivity and transparency of the Board of Directors' function with respect to nomination and remuneration of Executive Officers. To strengthen the oversight framework from an external perspective, three of five Audit & Supervisory Board Members are the independent Outside Audit & Supervisory Board Members, one has an experience in business management, one is a legal expert, and the other is a certified public accountant with considerable knowledge of finance and accounting, thereby ensuring an auditing system that incorporates a diversity of perspectives. Furthermore, in addition to attending the Board of Directors Meeting, Audit & Supervisory Board Members are permitted to attend all internal meetings, enabling them to obtain sufficient information essential for auditing. By implementing the measures above, the Company believes that it has developed an effective, enhanced corporate governance system.

Our Material Issues which were updated in 2024, include "Maintain and strengthen governance." To strengthen the functions of the Board of Directors, the Company will strive to further improve the functions of the Board of Directors in monitoring the execution of operations through the effective supervision of key management policies and strategies (allocation of management resources, strategies related to business portfolio, sustainability management, etc.) and enhancing organizations for further strengthening the objectivity of the Board of Directors.

The Company's Corporate Governance System

【Corporate Governance System】



➤ [Corporate Governance Report](#)

Framework for "Improving Management Efficiency" and "Maintaining Sound Management"

Directors and the Board of Directors


Election of Outside Director

To facilitate thorough debate and prompt, rational decision-making, the Board of Directors is composed of an appropriate number of members and diversity is ensured in terms of attributes including experience, knowledge, expertise, and gender. In addition, of the eleven Directors elected, five are Outside Directors with a wealth of experience and a high degree of specialized knowledge and expertise in different fields. This ensures appropriate decision-making in board meetings and further reinforces the oversight function through diverse perspectives. All Outside Directors meet the standards related to independence set by the financial instruments exchange that the Company is listed on, and the Standards for Independence set by Sumitomo Corporation.

Name	Reasons for proposing and summary of expected roles
<p style="text-align: center;">Akiko Ide since June 2020 <Attendance at Meetings of the Board of Directors in fiscal 2023 > 17 of 17 meetings (100%)</p>	<p>Ms. Ide served in several key positions for many years at a major telecommunications carrier, working as a group company executive and as a full time audit & supervisory board member of the parent (holding) company. Through these and other roles, she has accumulated wide-ranging knowledge and a wealth of experience in information and communications, business management, and corporate governance, etc.; she is also honest in character, as well as highly insightful and capable. She will contribute to the Company's aims of ensuring appropriate decision-making from diverse perspectives in board meetings and further enhancing supervisory functions, and is thus judged to be qualified for the role of Outside Director of the Company and to be able to perform her duties properly in that position. For these reasons, she is appointed as the position of Outside Director. She is expected to draw on her experience and knowledge to fulfill the role of ensuring appropriate decision-making by the Board of Directors and further enhancing management supervisory functions. In addition, as Member of the Nomination and Remuneration Advisory Committee, she is also expected to contribute to further enhancing the independence, objectivity and transparency of the nomination and remuneration process for Director, Audit & Supervisory Board Member and executive management.</p>

Name	Reasons for proposing and summary of expected roles
<p style="text-align: center;">Takashi Mitachi since June 2022 < Attendance at Meetings of the Board of Directors in fiscal 2023 > 17 of 17 meetings (100%)</p>	<p>Mr. Mitachi served in several key positions for many years at a major US consulting firm. Through these and other roles, he has accumulated wide-ranging knowledge and a wealth of experience in business management and enterprise risk management, etc.; he is also honest in character, as well as highly insightful and capable. He will contribute to the Company's aims of ensuring appropriate decision-making from diverse perspectives in board meetings and further enhancing supervisory functions, and is thus judged to be qualified for the role of Outside Director of the Company and to be able to perform his duties properly in that position. For these reasons, he is appointed as the position of Outside Director. He is expected to draw on his experience and knowledge to fulfill the role of ensuring appropriate decision-making by the Board of Directors and further enhancing management supervisory functions. In addition, as Chair of the Nomination and Remuneration Advisory Committee, he is also expected to contribute to further enhancing the independence, objectivity and transparency of the nomination and remuneration process for Director, Audit & Supervisory Board Member and executive management.</p>
<p style="text-align: center;">Takahisa Takahara since June 2023 < Attendance at Meetings of the Board of Directors in fiscal 2023 > 14 of 14 meetings (100%) (Since appointed Director on June 23, 2023)</p>	<p>Mr. Takahara has held several key positions for many years at a major consumer goods manufacturer, serving as Director, Senior Director, and President & CEO. Through these and other roles, he has accumulated wide-ranging knowledge and a wealth of experience in business management; he is also honest in character, as well as highly insightful and capable. He will contribute to the Company's aims of ensuring appropriate decision-making from diverse perspectives in board meetings and further enhancing supervisory functions, and is thus judged to be qualified for the role of Outside Director of the Company and to be able to perform his duties properly in that position. For these reasons, he is appointed as the position of Outside Director. He is expected to draw on his experience and knowledge to fulfill the role of ensuring appropriate decision-making by the Board of Directors and further enhancing management supervisory functions. In addition, as Member of the Nomination and Remuneration Advisory Committee, he is also expected to contribute to further enhancing the independence, objectivity and transparency of the nomination and remuneration process for Director, Audit & Supervisory Board Member and executive management.</p>

Name	Reasons for proposing and summary of expected roles
<p>Haruyasu Asakura since June 2024</p>	<p>Mr. Asakura has held several key positions for many years at private equity fund investment companies and served in executive and outside director positions for multiple companies. Through these and other roles, he has accumulated wide-ranging knowledge and a wealth of experience in M&A and business management, etc.; he is also honest in character, as well as highly insightful and capable. He will contribute to the Company's aims of ensuring appropriate decision-making from diverse perspectives in board meetings and further enhancing supervisory functions, and is thus judged to be qualified for the role of Outside Director of the Company and to be able to perform his duties properly in that position. For these reasons, he is appointed as the position of Outside Director. He is expected to draw on his experience and knowledge to fulfill the role of ensuring appropriate decision-making by the Board of Directors and further enhancing management supervisory functions.</p>
<p>Nana Otsuki since June 2024</p>	<p>Ms. Otsuki has held several key positions for many years at companies including leading securities firms and has served as a university professor and in outside director positions for listed companies. Through these and other roles, she has accumulated wide-ranging knowledge and a wealth of experience in market analysis and corporate governance, etc.; she is also honest in character, as well as highly insightful and capable. She will contribute to the Company's aims of ensuring appropriate decision-making from diverse perspectives in board meetings and further enhancing supervisory functions, and is thus judged to be qualified for the role of Outside Director of the Company and to be able to perform her duties properly in that position. For these reasons, she is appointed as the position of Outside Director. She is expected to draw on her experience and knowledge to fulfill the role of ensuring appropriate decision-making by the Board of Directors and further enhancing management supervisory functions.</p>

➤ Standards for Appointment and Independence of Outside Directors and Outside Audit & Supervisory Board Members 

Improvement of Deliberation and Enhancement of Monitoring Function at the Board of Directors

The Board of Directors enhances its deliberations and strengthen its monitoring functions by the following initiatives:

- Agenda items for the Board of Directors are carefully selected by the Board of Directors to promote more focused discussion of management policies and plans and other important matters for companywide management. Members of the Board of Directors also select items that should be taken up for more intensive discussion at the Board of Directors meetings each year (agenda setting).
- The Board of Directors receives reports from each business group on the state of progress on its strategies, any associated issues and its response to those issues, and carries out a discussion focusing on such issues. The Board of Directors also periodically monitors the state of business execution companywide by receiving reports on the activities of the main corporate committees.
- The Board of Directors holds off-site meetings in addition to regular meetings, for free and open discussions on important management topics, including management policies and plans and ESG (Environment, Social and Governance) issues. Moreover, to ensure that Outside Directors and Outside Audit & Supervisory Board Members actively contribute to the discussions at the Board of Directors, a monthly meeting is held, which is comprised of Outside Directors and Outside Audit & Supervisory Board Members, in which they engage in robust discussion.
- Prior to every meeting of the Board of Directors, Outside Directors and Audit & Supervisory Board Members are briefed on the agenda items due for discussion.

Separation of Duties between the Chairman of the Board of Directors and the President and Chief Executive Officer, and Limits on Their Terms of Office

In principle, the positions of Chairman of the Board of Directors and the President and Chief Executive Officer are clearly defined and separate in order to ensure mutual supervision, and both positions cannot be held simultaneously by the one person. The role of the Chairman of the Board of Directors is to supervise the management of the Company; the Chairman has no involvement in day-to-day execution of operations and no authority to represent the Company.

In principle, the Chairman of the Board of Directors and the President and Chief Executive Officer are each limited to term of six years. This limitation on the tenure of top management helps eliminate the possibility of governance problems occurring as a result of the top management not being changed over for a long period of time.

Evaluation of the Board of Directors

To maintain and enhance the effectiveness of the Board of Directors, each year Directors and Audit & Supervisory Board Members engage in analysis and evaluation of the Board's effectiveness through evaluation and several discussions. This is followed by the disclosure of overviews of the results. The effectiveness evaluation for fiscal 2023 and the overview of the results is as follows.

1. Evaluation method

- (1) Target: All members of the Board of Directors (11) and all Audit & Supervisory Board members (5)
- (2) Implementation method:

In November 2023, we implemented a questionnaire survey (*). Based on the results, Directors and Audit & Supervisory Board members held several discussions to evaluate and analyze the results, and to identify issues and the initiatives on how we should improve them.

* The questionnaire survey primarily consists of a free-writing format regarding topics that Directors and Audit & Supervisory Board members view as issues. In addition, given the current candid exchange of opinions by the Board of Directors to grasp the background of respondents' issue awareness and opinions to deepen discussions, from fiscal 2022 respondents are asked to fill in their names.
- (3) Evaluations items:
 - (i) Functions and roles of the Board of Directors
 - (ii) Composition of the Board of Directors
 - (iii) Agenda items (iv) Quality and content of discussions
 - (v) Provision of support and information
 - (vi) Advisory body to the Board of Directors
 - (vii) Fulfillment of roles of the Board chair
 - (viii) Fulfillment of roles of internal Directors
 - (ix) Fulfillment of roles of Outside Directors
 - (x) Self-evaluation
 - (xi) Expectations in Audit & Supervisory Board members
 - (xii) Comprehensive evaluation
- (4) Third-party Assistance:

We received advice and assistance from a third party (external consultant) mainly to determine the questions used in this questionnaire.

2. Evaluation results overview

All Directors and Audit & Supervisory Board Members held discussions based on the results of the questionnaire, and evaluated that the Board of Directors is functioning effectively overall, with the level of operations and performance of functions improving year by year through constant efforts. The main opinions are as follows:

- Functions and roles that should be fulfilled by the Board of Directors
[Evaluation results] In general, evaluated that the current format with both monitoring and management functions is effectively functioning.
[Issues/initiatives going forward] Opinions were exchanged on each member's recognition of the roles of the Company's Board of Directors, as well as the anticipated roles of Outside Directors and internal Directors that also concurrently execute duties. As a result of the discussion, the members decided to reconfirm the functions and roles of the Board of Directors, which is the foundation of the Board of Directors by way of documentation etc. We plan to further strengthen supervisory functions.

- Composition of the Board of Directors
[Evaluation results] At present, we evaluated that there are no major issues with the current system.
[Issues/initiatives going forward] With respect to direction going forward, there were various opinions regarding the diversity and skills of Outside Directors, the composition of Outside/internal Directors, and institutional design. An ongoing discussion is being carried out on the composition and structure of the Board of Directors, and based on a review of the structure of Management Council and organization in April 2024, we have decided to continue considering the future ideal structure of the Board of Directors.
- Setting the agenda for the Board of Directors
[Evaluation results] In general it was evaluated that we systematically discussed the agenda, and the agenda is being properly set up.
[Issues/initiatives going forward] A proposal was discussed to narrow down the agenda items appropriate for discussion by the Board of Directors (expanding the scope of delegation for the execution of duties). With respect to the agenda setting for in and after fiscal 2024, there were opinions, on which discussions should be focused and concentrated: (1) Focus should be shifted to companywide strategies as opposed to individual business strategies; and (2) Taking into account the situation the Company is in and the opinions of investors, the focus of discussion should be narrowed down to issues that should be undertaken, in particular, in the three-year, medium-term management plan, starting from fiscal 2024 (Examples: companywide growth strategy, reshuffling the business portfolio, human resources training/education, etc.). In fiscal 2024, we decided to set agendas that allow more effective discussions while taking into account these opinions.
- Issues taken up in the results of the effectiveness evaluation conducted in fiscal 2022 as opposed to the results of initiatives implemented in fiscal 2023
 - With regard to the issue of taking more time to deepen discussion on medium-and-long-term corporate strategies, the Board of Directors held a total of four (4) discussions at off-site meetings to discuss the formulation of the next medium-term management plan from the initial stage.
 - To strengthen the Board of Directors' supervisory function, we revised discussion criteria, including addressing discussions to the Board earlier regarding the implementation of investment or divestment and financing projects to the point where the Company embarks on full-fledged consideration of a project, as opposed to the point prior to the conventional implementation of a transaction depending on the project.
 - With respect to the enhancement of support and information provision to the Board of Directors, a dedicated organization, which was newly set up in fiscal 2023 to support communications between the Board of Directors and individuals executing duties, has started functioning. The evaluation assessed that improvements have been made to the establishment of discussion points and to brushing up discussion materials.

In this effectiveness evaluation, we are undertaking further improvement to the effectiveness of the Board of Directors by taking into consideration the opinions raised by and issues recognized by the Board of Directors and Audit & Supervisory Board Members.

Establishment of the Nomination and Remuneration Advisory Committee

The Nomination and Remuneration Advisory Committee, of which a majority of members are Outside Directors, and which is also chaired by an Outside Director, has been established as an advisory body to the Board of Directors. The Committee meets as necessary, and is in charge of deliberating the matters on (1) policies and procedures regarding appointment and dismissal of the President and Chief Executive Officer, (2) policies and procedures regarding appointment and dismissal of the Chairman of the Board of Directors, (3) nomination criteria for Directors and Audit & Supervisory Board Members, (4) appointment and dismissal of the President and Chief Executive Officer (including the nomination of a successor of the President and Chief Executive Officer), (5) nominations of candidates for Directors and Audit & Supervisory Board Members (including determination of Representative Directors and Executive Directors), (6) appointment of Management Council members, (7) the structures/levels of remuneration and bonuses for Directors and Executive officers and the limit of remuneration for Audit & Supervisory Board Members, and (8) the advisor system, and will submit the results thereof as recommendations to the Board of Directors. Additionally, the committee also deliberates and determines any matters delegated by the Board of Directors that are not included in (1) to (8) above, and reports the outcome of such deliberation or decision to the Board of Directors. In FY2023, the Nomination and Remuneration Advisory Committee met 9 times to deliberate the abovementioned matters, and submitted the results thereof as recommendations to the Board of Directors.

Composition of the Nomination and Remuneration Advisory Committee

Total Members	Internal Directors	Outside Directors	Committee Chairman
5 persons	2 persons (President and Chief Executive Officer, Chairman of the Board of Directors)	3 persons	Outside Director Outside Director

The Skills such as knowledge, experience and competencies, etc., that the Board of Directors is required to possess, and Skills that Directors or Audit & Supervisory Board Members currently in office possess (as of June 2024)

The Skills that the Board of Directors is required to possess

All Directors and Audit & Supervisory Board Members of the Company, regardless of whether they are internal or Outside Directors or Audit & Supervisory Board Members, are required to be honest in character, as well as highly insightful and capable, in accordance with their respective qualifications. Also, the Company raises "No.1 in Each Field" as a theme under the Medium-Term Management Plan 2026, and the Company accelerates business portfolio transformation through growth of business which has strengths and strengthening people and organizations, which are the driving forces for growth. Through such initiatives, the Company will strive to enhance the Group's competitive advantages and achieve growth by addressing social challenges. For successful implementation of this management plan, we have identified the types of knowledge, experience, and competencies, etc. (hereinafter "Skills") which enables the Board of Directors to adequately fulfill its roles of making decisions on important business matters and supervising business execution. "Governance" and "Global perspective" are Skills that all Directors and Audit & Supervisory Board Members are required to possess, while we believe that the Board of Directors as a whole should possess the other seven Skills. Of these seven Skills, for Audit & Supervisory Board Members we place a particularly high priority on "Corporate Management", "Finance/Accounting", and "Legal/Risk Management". As the Skills that the Board of Directors is required to possess may vary according to business strategies or changes in the external environment, the Board of Directors will continue to discuss the skills required, make necessary changes, and disclose such changes.

Skills that all Directors and Audit & Supervisory Board Members are required to possess and reasons why these Skills are necessary

<p>Governance</p>	<p>We believe that in order to fulfill our mandate from shareholders while at the same time managing our business in the interests of all stakeholders, it is essential for all Directors and Audit & Supervisory Board Members to be well-equipped with a high level of knowledge regarding governance. The essence of corporate governance based on our view is defined in the Sumitomo Corporation Corporate Governance Principles as "improving management efficiency," and "maintaining sound management," as well as "ensuring management transparency".</p>
<p>Global Perspective</p>	<p>From the perspective that the Company conducts business transactions and investments throughout the world, we believe that all Directors and Audit & Supervisory Board Members should have keen insight from a global perspective. We view that this Skill entails the ability to plan and implement an optimal business strategy that combines caution with flexibility even under extremely uncertain situations, taking into account different cultures, different industrial structures, or the latest geopolitical developments, etc. We also view that this Skill includes the ability to appropriately supervise the execution of related management duties.</p>

Skills that the Board of Directors as a whole is required to possess and reasons why these Skills are necessary

<p>Corporate Management</p>	<p>The Company engages in a range of business activities, aiming for a stable and sustainable increase in its corporate value. As the Board of Directors is the body that makes decisions on the Company's important business matters and supervises operational execution, we place a high priority on Skills related to corporate management. Such Skills are necessary to plan and implement an optimal business strategy for creating value in accordance with the Company's Management Principles while also meeting our stakeholders' expectations in a constantly changing operating environment.</p>
<p>Investment/M&A</p>	<p>The Company invests in a diverse range of business domains. We consider Skills related to investment and M&A to be important for maximizing corporate value by selecting and implementing investment projects aligned with our strategy, and for supervising the progress of such projects. Such Skills include the abilities to clearly define investment objectives and determine their compatibility with our strategy, to properly evaluate investment targets, to undertake post-investment monitoring, and to ascertain the best timing for replacement of assets. We believe that it is expected for the Board of Directors to take a broad overview of investment projects and express its opinions on such projects from a standpoint one step away from that of Executive Officers and other executives.</p>
<p>IT/DX/Technology</p>	<p>As accelerating technological advancements transform societies and industrial structures, the Company will continue to create value by responding with agility to such change, by anticipating change to pursue business innovation, and by creating new businesses. We will also reform our own business foundation by making effective use of new digital technologies such as AI in our business activities in line with our own values. We therefore place priority on Skills related to IT, DX, and Technology to facilitate decision-making and supervision in relation to such initiatives.</p>
<p>Sustainability</p>	<p>Having identified certain important challenges that need to be prioritized as Material Issues, and placed these issues at the core of its business management, the Company always pays attention to whether its businesses are contributing to society. We are pursuing sustainability management, which entails anticipating long-term changes in our operating environment relating to social issues and allocating management resources strategically to contribute to a sustainable society and achieve sustainable growth for the Company. In order to implement and supervise such management, therefore, we place priority on knowledge and Skills relating to sustainability, including awareness of international trends and understanding of the relevant issues.</p>
<p>Finance/Accounting</p>	<p>To enhance its sustainable corporate value, the Company endeavors to achieve medium- to long-term earnings growth and increase its returns to shareholders while maintaining a healthy balance between investment for growth and a solid financial position. To enable us to make appropriate decisions and properly inform the Company's initiatives to stakeholders as we work forward toward these goals, we need to provide accurate, timely financial reporting. We regard specialized Skills relating to finance and accounting as vital for the implementation and supervision of these tasks.</p>

<p>Legal/Risk Management</p>	<p>We consider three goals to be of key importance in ensuring that the Company achieves sustainable, robust growth: stabilizing performance, strengthening our financial base, and maintaining our corporate reputation. To achieve these objectives, we conduct appropriate risk management using various means. These include assessing and analyzing the risks that accompany commercial transactions, business investments, and other business opportunities; keeping the Company's total Risk-weighted Assets to within our buffer (shareholder's equity); and maximizing Risk-adjusted Return. Accordingly, we place priority on a wide variety of risk management-related skills necessary to achieve these ends, including the ability to screen and monitor transactions, investments, and loans, and expertise in legal and compliance risk management.</p>
<p>HR Management & Development</p>	<p>Regarding human capital as its most important form of business capital, the Company provides each individual with opportunities for autonomous growth and self-realization and strives to upgrade its HR management cycle. Through such efforts, we are maximizing the performance of our diverse talents and the organization as a whole, thereby pursuing our business strategies and creating new value. We particularly emphasize Diversity, Equity & Inclusion, which we recognize as the core enabler for value creation, innovation, and competitiveness. We therefore regard Skills related to HR management and development as important for enabling the Board of Directors to make key decisions on such initiatives and supervise their implementation.</p>

Skills that Directors or Audit & Supervisory Board Members currently in office possess

Of the Skills identified above as necessary for the Board of Directors as a whole, Skills currently possessed by individual Directors or Audit & Supervisory Board members are shown in the table below. The skills of individual Directors or Audit & Supervisory Board Members are determined after considering all their attributes, including their careers, knowledge, experience, capabilities, qualifications, and specific achievements, and discussing these with the individuals concerned.

* A brief history of each of the incumbent Directors and Audit & Supervisory Board Member is disclosed.

➤ Management 

Directors(Internal)

Name	Role (Term of office as Director)	Skills such as knowledge, experience and competencies, etc.						
		Corporate management	Investment/ M&A	IT/DX/ Technology	Sustainability	Finance/ Accounting	Legal/Risk management	Human resources management & development
Masayuki Hyodo	Director, Chairman (6 years)	•	•	—	•	•	•	•
Toshikazu Nambu	Director Vice Chairman	•	•	•		•		•
Shingo Ueno	Representative Director, President and Chief Executive Officer (1year)	•	•	—	•	—	—	•
Takayuki Seishima	Representative Director, Executive Vice President (5 years)	•	—	—	—	•	•	•
Reiji Morooka	Representative Director, Senior Managing Executive Officer (2 years)	•	—	—	—	•	•	—
Norihiko Nonaka	Representative Director, Senior Managing Executive Officer	•	•	—	—	—	—	—

Directors(Outside)

Name	Role (Term of office as Director)	Knowledge, experience and competencies, etc. (Skills)						
		Corporate management	Investment/ M&A	IT/DX/ Technology	Sustainability	Finance/ Accounting	Legal/Risk management	Human resources management & development
Akiko Ide	Outside Director (4 years)	●	—	●	●	—	—	—
Takashi Mitachi	Outside Director (2 years)	●	●	—	●	—	●	●
Takahisa Takahara	Outside Director (1year)	●	●	—	●	—	—	—
Haruyasu Asakura	Outside Director	●	●	—	—	●	—	—
Nana Otsuki	Outside Director	—	●	—	●	●	—	—

Audit & Supervisory Board Members(Internal)

Name	Role (Term of office as Director)	Knowledge, experience and competencies, etc. (Skills)						
		Corporate management	Investment/ M&A	IT/DX/ Technology	Sustainability	Finance/ Accounting	Legal/Risk management	Human resources management & development
Daisuke Mikogami	Senior Audit & Supervisory Board Member (Full- Time) (1year)	•	•	•	—	—	—	•
Kazunari Sakata	Audit & Supervisory Board Member (Full- Time) (2years)	•	•	—	—	—	—	—

Audit & Supervisory Board Members(Outside)

Name	Role (Term of office as Director)	Knowledge, experience and competencies, etc. (Skills)						
		Corporate management	Investment/ M&A	IT/DX/ Technology	Sustainability	Finance/ Accounting	Legal/Risk management	Human resources management & development
Yukiko Nagashima	Outside Audit & Supervisory Board Member (3years)	•	•	—	—	—	—	•
Nobuo Inada	Outside Audit & Supervisory Board Member	—	—	—	—	—	•	•
Taisei Kunii	Outside Audit & Supervisory Board Member	•	—	—	—	•	—	—

Currently, 2 of the 11 members of the Board of Directors and 1 of the 5 members of the Audit & Supervisory Board are female.

Audit & Supervisory Board Members and the Audit & Supervisory Board

Enhancement of Auditing capabilities

The Audit & Supervisory Board comprises five members—two Inside Fulltime Audit & Supervisory Board Members and three Outside Audit & Supervisory Board Members (including one woman). The Inside Audit & Supervisory Board Members must have a sincere character, deep insight, and high-level skills as well as specialized business knowledge and a broad range of experience, and they are appointed without regard for gender, nationality, and other such characteristics.

The Outside Audit & Supervisory Board Members must also have a sincere character, deep insight, and high-level skills as well as advanced specialized knowledge, particularly in fields such as corporate management, law, or accounting and extensive experience, and they too are appointed without regard for gender, nationality, and so on. Among the Outside Audit & Supervisory Board Member, one is a fulltime Audit & Supervisory Board Member of a listed company and has an experience in business management, and one is a legal expert (a former Prosecutor-General), and the other is a certified public accountant with considerable knowledge of finance and accounting. All of the Outside Audit & Supervisory Board Members satisfy the criteria on independence set by financial instruments exchanges on which the Company is listed, as well as the Standard for Independence established by Sumitomo Corporation.

Ensuring Audit Effectiveness

Each Audit & Supervisory Board Member attends important meetings such as the Board of Directors Meeting, receives reports from Directors and employees, etc. regarding the execution of their duties, asks them for explanations as necessary, inspects important internal authorization documents and examines the status of operations and the financial status regarding the head office and important operating locations. As for subsidiaries, each Audit & Supervisory Board Member promotes communication and exchange of information with Directors and Audit & Supervisory Board Members, etc. of subsidiaries, and receives reports on the subsidiaries' business as necessary. The Audit & Supervisory Board Members' Administration Department (five employees) has been established as a specialized organization to support the work of the Audit & Supervisory Board Members. The Audit & Supervisory Board Members participate in personnel evaluations and transfers and so on regarding these employees to ensure their independence from the Board of Directors.

Collaboration between the Internal Auditing Department and Accounting Auditors

To ensure audit efficiency, Audit & Supervisory Board Members interact closely with the Internal Auditing Department, receiving reports on internal audit plans and their results in a timely manner. In addition, Audit & Supervisory Board Members exchange information with and monitor the auditing activities of the accounting auditors through regular meetings. By attending audit review meetings and observing inventory audits by the accounting auditors, the Audit & Supervisory Board Members constantly work to improve audit efficiency and quality.

Training and Information Provision for Directors and Audit & Supervisory Board Members

On taking office, Outside Directors and Audit & Supervisory Board Members have the opportunity to receive a briefing on areas including the Sumitomo Corporation Group's Management Principles, management policy, business activities, finances, organization, medium-term management plan, and risk management system. To enable Directors and Audit & Supervisory Board Members to acquire the necessary knowledge and update it as appropriate, we additionally provide access to resources including seminars and e-learning facilities, offering financial support to cover the necessary costs.

To deepen their understanding of "Sumitomo's Business Philosophy" and the Company's business activities, Outside Directors and Outside Audit & Supervisory Board Members, in principle, visit Sumitomo-related facilities during the first fiscal year of their term in office and have opportunities to observe at least one workplace in Japan and at least one workplace overseas every year. In fiscal 2023, in addition to one Japanese workplace and two overseas workplaces visits, Sumitomo-related facility visits were conducted.

Executive Remuneration Plan

Matters related to policy for deciding the remuneration for individual directors

The decision making policy for the remuneration of individual Directors was resolved at the Board of Directors meeting after deliberation within the Nomination and Remuneration Advisory Committee (chaired by Outside Director), a majority of whose members are Outside Directors.

(1) System for remuneration (● indicates such Director eligible for each type of remuneration)

Type of Remuneration		Director Type		
		Executive Director	Chairman of the Board of Directors/Director, Vice Chairman	Outside Director
Fixed	Monthly Remuneration	●	●	●
Variable	Performance Linked Bonus	●	—	—
	Stock-based remuneration	●	●	—

(2) Ratio and remuneration standards regarding each types of remuneration

The Company will establish an appropriate ratio, etc. between fixed remuneration (monthly remuneration) and variable remuneration (“performance linked bonus” which is linked with short term performance of the Company and “stock-based remuneration” which is linked with middle and long term performance of the Company and shareholder value) which corresponds to Director’s position, (i) by setting an appropriate remuneration standards to acquire and retain highly capable management who will bring about the Company’s sustainable growth and increase of corporate value in the middle to long term, and (ii) to design as healthy incentive to sustainable growth of the Company, based on its business environment, management strategy and human capital strategy, with reference to objective remuneration market research data, etc. provided by external specialized agencies.

(3) Policy and method on the decision of the amount of each remuneration

- Policy on the decision of the amount of each remuneration: as follows
- Method on the decision of the amount of each remuneration: Remuneration of each Directors is resolved by the Board of Directors within the limit resolved at the General Meeting of Shareholders. For the resolution by the Board of Directors, the details are deliberated by the Nomination and Remuneration Advisory Committee and the results thereof are reported to the Board of Directors. For other method, as follows

		Policy on the decision of the amount of each remuneration	Method on the decision of the amount of each remuneration
Fixed	Monthly Remuneration	<ul style="list-style-type: none"> Fixed amount remuneration determined based on the abovementioned standards is provided. 	—
Variable	Performance Linked Bonus	<ul style="list-style-type: none"> From the perspective of reinforcing the relationship with its group's management strategy, the total amount to be paid is determined in accordance with the performance management index to be focused on in the medium-term management plan. The amount to be paid to individual Executive Directors is distributed according to their position and personal evaluation and is paid after the end of the fiscal year. Each Executive Director is evaluated on the basis of both financial indicators and non-financial indicators. 	<ul style="list-style-type: none"> The Board of Directors, reflecting reports from the Nomination and Remuneration Advisory Committee, set assumed values for each performance management index and decide formula for calculating the performance linked bonuses for individual Executive Directors (for the relevant fiscal year) based on actual values for each performance management index. After the end of fiscal year, Representative Director, President and Chief Executive Officer (who is delegated such decision by the Board of Directors) shall decide personal evaluations of each Executive Directors regarding the performance management index which is a part of the formula, following meetings with each of Executive Directors, and performance linked bonuses for each fiscal year will be determined as per the formula, within the limit resolved at the General Meeting of Shareholders. Representative Director, President and Chief Executive Officer will report to the Nomination and Remuneration Advisory Committee about the grading results to make sure that the personal evaluations are appropriate.

		Policy on the decision of the amount of each remuneration	Method on the decision of the amount of each remuneration
Variable	Restricted Performance Share Unit-Based Remuneration	<ul style="list-style-type: none"> This remuneration is aimed at promoting efforts at optimizing its business portfolio, increasing corporate value in the medium to long term and to ensure sustainable growth, focusing on the link with indicators related to environment, society and governance (ESG) together with shareholder value. Further, we shall promote to share value with the shareholders. The actual contents and timing of payment of the stock-based remuneration for each Directors is decided by the Board of Directors after consultation with the Nomination and Remuneration Advisory Committee. 	<ul style="list-style-type: none"> The Board of Directors, reflecting reports from the Nomination and Remuneration Advisory Committee, decide formula for calculating the stock-based remuneration for individual Executive Directors at the first board meeting of relevant evaluation period based on actual values for each performance management index in several fiscal years. Nomination and Remuneration Advisory Committee (who is delegated such decision by the Board of Directors), comprised of Outside Directors, Chairman of the Board of Directors and Representative Director, President and Chief Executive Officer, shall decide personal evaluations of each Executive Directors on the non-financial indicator which is a part of the formula, and report the evaluations to the Board of Directors.

Remuneration system

(1) Executive remuneration plan (● indicates the persons eligible for each type of remuneration, etc.)

Type of remuneration, etc.		Eligibility			
		Executive Directors/ Executive Officers	Chairman of the Board of Directors/Director, Vice Chairman	Outside Directors	Audit & Supervisory Board Members
Fixed	Monthly Remuneration	●	●	●	●
Variable	Performance Linked Bonus	●	—	—	—
	Restricted Performance Share Unit-Based Remuneration	●	●	—	—

(2) Remuneration standards and remuneration composition ratios of Executive Directors and Executive Officers

- We have set competitive remuneration standards and remuneration composition ratios in light of the current business environment, business strategies, and human capital strategy. We have done so with reference to remuneration market research data, etc. provided by independent external specialized agencies.
- We have increased the ratio of variable remuneration accounted for by restricted performance share unit-based remuneration to further strengthen the incentive to increase the Company's corporate value over the medium to long term and to pursue business management that is more concerned than ever before with the Company's stock price and with a focus on sharing value with the shareholders.
- We have amended the overall remuneration standard for Executive Directors and Executive Officers in light of current business results and the level of business results we seek to achieve, with the aim of setting a standard that assists in acquiring and retaining our management personnel.
- The image of the remuneration of Representative Director, President and Chief Executive Officer is as shown below.

	Fixed remuneration	Variable remuneration	
	Monthly Remuneration	Performance Linked Bonus	Restricted Performance Share Unit-Based Remuneration
Before change	34%	33%	33%
	Total 34%	Total 66%	

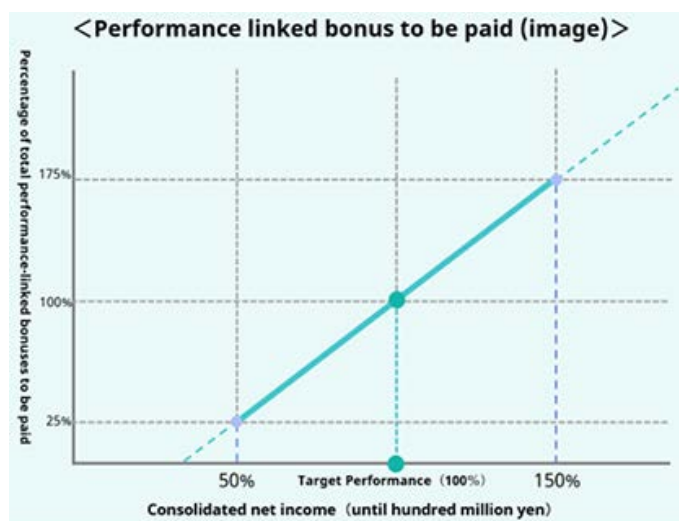


	Fixed remuneration	Variable remuneration	
	Monthly Remuneration	Performance Linked Bonus	Restricted Performance Share Unit-Based Remuneration
After change	27%	33%	40%
	Total 27%	Total 73%	

Note: The above breakdown is calculated based on the rate of achievement of business results, the stock price growth rate, and the results on non-financial indicators all being 100%. The composition ratios for each type of remuneration vary according to changes in these rates.

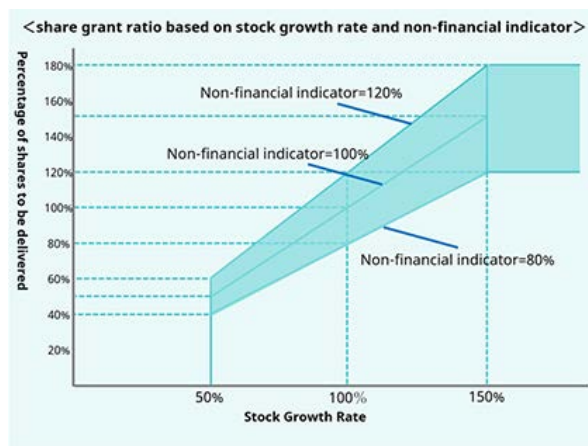
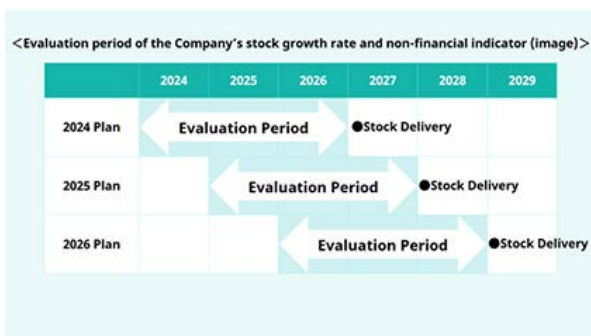
(3) Performance linked bonus

- Each fiscal year the Company sets the full-year forecast (consolidated net income for the year) or the consolidated net income for the year when ROE is 12% (whichever amount is higher) as the target business result and decides the total amount of performance linked bonuses to be paid according to the rate of achievement of this target business result.
- The potential range of business results is assumed to be up to 50% above or below the target business result set each fiscal year and the standard for the total amount of performance linked bonuses to be paid is set at 100% when the target business result is achieved, with a range of variation from 25% to 175% in line with the potential range of business results.
- If business results fall outside this range, the total amount of performance linked bonuses to be paid is decided separately by the Board of Directors based on a report from the Nomination and Remuneration Advisory Committee.
- The amount to be paid to individual officers is distributed according to their position and personal evaluation and paid after the end of the fiscal year.
- Each officer is evaluated on the basis of both financial indicators (achievement of business plans, etc. in the respective areas of responsibility) and non-financial indicators (such as individual Strategic Business Units' achievement of KPIs and KAIs, and progress in addressing important company-wide issues) so that they can become more aware regarding their commitment to management strategy and results.
- The ratio of financial indicators to non-financial indicators in personal evaluation is 50:50, and of evaluation based on non-financial indicators, 20% relates to the important company-wide issues of business reform through digital transformation (DX), enhancement of sustainability management, and promotion of Diversity, Equity & Inclusion.
- As a result of increasing the ratio of stock-based remuneration, the stock price growth rate will no longer be included as an element in the calculation of performance linked bonuses.



(4) Restricted Performance Share Unit-Based Remuneration

- With the aim of promoting efforts to increase the Group's corporate value over the medium to long term and pursue business management that ensures a focus on sharing value with the shareholders, the number of the Company's common shares (restricted) to be provided is calculated according to the Company's stock growth rate (ratio of the Company's stock price growth to the growth rate of the TOPIX (Tokyo Stock Exchange Stock Price Index)) during the three-year evaluation period.
- Evaluation based on non-financial indicators (measures to tackle climate change, promotion of women's empowerment, and employee engagement) is used to calculate the number of the Company's common shares to be granted as restricted shares. In this way the Company aims to enable increased awareness of its commitment to the enhancement of sustainability management by linking non-financial indicators (related to environment and/or society) more closely to stock-based remuneration and further promoting efforts to address its Key Social Issues.
- To enable a shared focus on shareholder value over the medium to long term, the restriction period will be from the day the shares are provided until the day the recipient resigns or retires from all their positions as Director or Executive Officer of the Company or any other position determined by the Board of Directors.



Internal Audit

The Internal Audit Department that reports directly to the President and Chief Executive Officer, is an independent organization that monitors the operations of the Group, and audits organizations and operating companies of the Group. As well as reporting the internal audit results directly to the President and Chief Executive Officer, in principle on a monthly basis, periodic reports are also made to the Board of Directors and the Audit & Supervisory Board. The department regularly conducts audits on all aspects of internal control, comprising asset and risk management, compliance and business operations. It evaluates the effectiveness and adequacy of the internal controls of auditees, taking into account the significance of the inherent risks. At the same time, it provides appropriate advice for improvements and expedites improvement and maintenance on the auditee's own initiative, thereby contributing to the improvement of governance and internal controls within the Sumitomo Corporation Group.

Committees

Corporate Strategy Promotion Committee, Global Innovation and Portfolio Committee, Company Investment Committee, Internal Control Committee, Compliance Committee, Corporate Sustainability Committee, Corporate Communication Committee, IT Strategy Committee, and Pension Management Committee are established as advisory bodies for the Management Council with regard to specific matters that are important from the perspective of Sumitomo Corporation as a whole.

System for Ensuring Management Transparency

Basic Policy on Information Disclosure

To bring an accurate understanding of the Company's management policies and business activities to all our stakeholders, we shall strive to make full disclosure, not limiting ourselves to the disclosure of information required by law but also actively pursuing the voluntary disclosure of information.

➤ [Corporate Disclosure Policy](#)

Communicating with Shareholders and Other Investors

Measures relating to the General Meeting of Shareholders

We send out a convening notice describing how to access the material for the General Meeting of Shareholders (for shareholders who requested the delivery of such material in paper, the printed material for the General Meeting of Shareholders) to shareholders approximately three weeks prior to each Ordinary General Meeting of Shareholders. For the convenience of shareholders, we also provide the notice on our corporate website in advance of sending a Notice of Convocation, together with its English-language translation. We allow shareholders and investors sufficient time to thoroughly examine the propositions to be resolved at the Meeting by enabling them to exercise their voting rights via internet (including through the Electronic Voting Platform for institutional investors operated by Investor Communication Japan, Inc. [ICJ]). In addition, we stream the General Meeting of Shareholders live for shareholders on internet and the streaming video of the meeting is posted on our website for a certain period after the close of the meeting. Furthermore, we accept questions from shareholders on internet prior to the General Meeting of Shareholders.

Disclosing Various Information

The IR section of our corporate website provides various materials that may be useful in making investment decisions in a timely manner. These materials include financial results, yukashoken houkokusho (Japanese annual securities reports) and other Tokyo Stock Exchange filings as well as documents from company briefings. Moreover, we endeavor to ensure proactive disclosure of not only financial information but non-financial information as well on our Integrated Report and our Sustainability Website.

Investor Relations and Shareholder Relations

In order to ensure direct communication with shareholders and other investors, we hold quarterly meetings attended by top management to provide information on our financial results for analysts and institutional investors in Japan, as well as one-on-one meetings with them. For individual investors, we hold company briefings online as well as in major cities across Japan. For overseas, we continuously hold one-on-one meetings with institutional investors mainly in Europe, North America and Asia. In addition to these, we ensure regular and constructive engagement with domestic and overseas institutional shareholders who substantially hold the Company's shares. Such engagement primarily addresses our initiatives and policies, etc. relating to ESG (Environment, Social and Governance) issues. While increasing management transparency, we aim to strengthen our relationships of trust with shareholders and investors.

While working to improve and enhance our corporate governance structure and systems, from the perspectives of "improving management efficiency" and "maintaining sound management" by implementing the measures above, we will continue to further strengthen internal auditing, risk management, compliance, to further improve the effectiveness of internal control.

Status of Compliance with the Japan's Corporate Governance Code

Status of Compliance with the Japan's Corporate Governance Code

The Company complies all Principles of the Corporate Governance Code. Please refer to Corporate Governance Report for details.

▶ Corporate Governance Report 

Policy on Cross-shareholdings and Standards for Exercising Voting Rights

As a general rule, the Company will neither acquire nor hold shares in other listed companies for purposes other than pure investment.

However, the Company may decide to hold shares in listed companies in some exceptional cases when the Company determines that it is appropriate. For such determination, the Company will comprehensively assess and verify the capital cost of individual stocks and the economic rationality and significance of holding the stocks in light of the necessity of partnering or other business needs. Each year, the Board of Directors reviews whether or not the Company's holding of listed shares is appropriate.

If such annual review concludes that specific shareholdings are of little significance, the Company will push ahead with the sale of the shares.

In FY 2023, the Company sold shares of 18 listed stocks (either in whole or in part), amounting to 20.6 billion yen in total. As of the end of March 2024, the Company's shareholdings in listed companies cover 48 stocks, with the total balance of 272.2 billion yen.

When exercising voting rights, the Company examines various aspects through both quantitative and qualitative approaches in accordance with its own guidelines. Such examination focuses on whether each proposal presented to shareholders will lead to the enhancement of shareholder value and medium- to long-term corporate value of both the Company and the investee company. In this way, the Company tries to make adequate decisions as to whether to vote in favor of or against each proposal based on comprehensive judgments.

If an entity holding shares in the Company for purposes other than pure investment indicates its intention to sell the shares, the Company will, in principle, respect such intention, and the business relationship between the entity and the Company will not be affected.

History of Strengthening Governance

History of Strengthening Governance

Sumitomo Corporation has worked continuously to strengthen governance. This has included introducing the Audit & Supervisory Board system, increasing the number of Outside Audit & Supervisory Board Members and Outside Directors, and evaluating the effectiveness of the Board of Directors. Looking ahead, we will make further efforts toward enhancing the effectiveness of governance by strengthening group governance and reinforcing the functions of the Board of Directors.

1993	Appointed first Outside Audit & Supervisory Board Member
1998	Established the Sumitomo Corporation Group's Corporate Mission Statement
2003	Established the Sumitomo Corporation Corporate Governance Principles
	Reduced the number of Directors (from 24 to 12)
	Introduced the executive officer system
	Specified the term of office of Chairman and President (limited to 6 years) in the Sumitomo Corporation Corporate Governance Principles
	Increased the number of Outside Audit & Supervisory Board Members by 1 to 3 (for a total of 5 Audit & Supervisory Board Members)
2005	Shortened term of office of Directors and Executive Officers to 1 year
2007	Established the Remuneration Committee as an advisory body to the Board of Directors, the majority of whom are outside members
2013	Appointed first 2 Outside Directors
	Specified the term of office of Outside Directors (limited to 6 years) and Outside Audit & Supervisory Board Members (limited to 8 years) in the Sumitomo Corporation Corporate Governance Principles
2015	Reviewed governance and decision-making processes <ul style="list-style-type: none"> • Management Council became the highest executive-level decision-making body • Enhanced the monitoring function by the Board of Directors • Reorganized the Remuneration Committee as the Nomination and Remuneration Advisory Committee, the majority of whose members are Outside Directors
	Increased the number of Outside Directors by 1 to 3
2016	Began evaluating the effectiveness of the Board of Directors (evaluation period began with FY2015; continues each year)
	Complied with all principles of Japan's Corporate Governance Code (continues each year)
	Increased the number of Outside Directors by 1 to 4

2017	Reduced the number of Internal Directors from 10 to 6
2018	Increased the number of Outside Directors to 5
2019	Revised the counselor and honorary advisor system
	Set the policy and procedure for appointment and dismissal of the President and Chief Executive Officer
	Determined the policy and procedure for appointment and dismissal of the Chairman of the Board of Directors
2020	Began agenda setting for the Board of Directors
2021	Disclosed the skills matrix for Directors and Audit & Supervisory Board Members
2023	Newly established a dedicated department to support Directors

Group Governance

Promoting maximization of corporate value based on the Group Management Policy

The Sumitomo Corporation Group consists of 884 companies in 65 countries and regions (as of 31st of March, 2024). These companies are the source of the Group's strength. Their business domains fall under a wide range of industrial fields, and many of them are industry leaders.

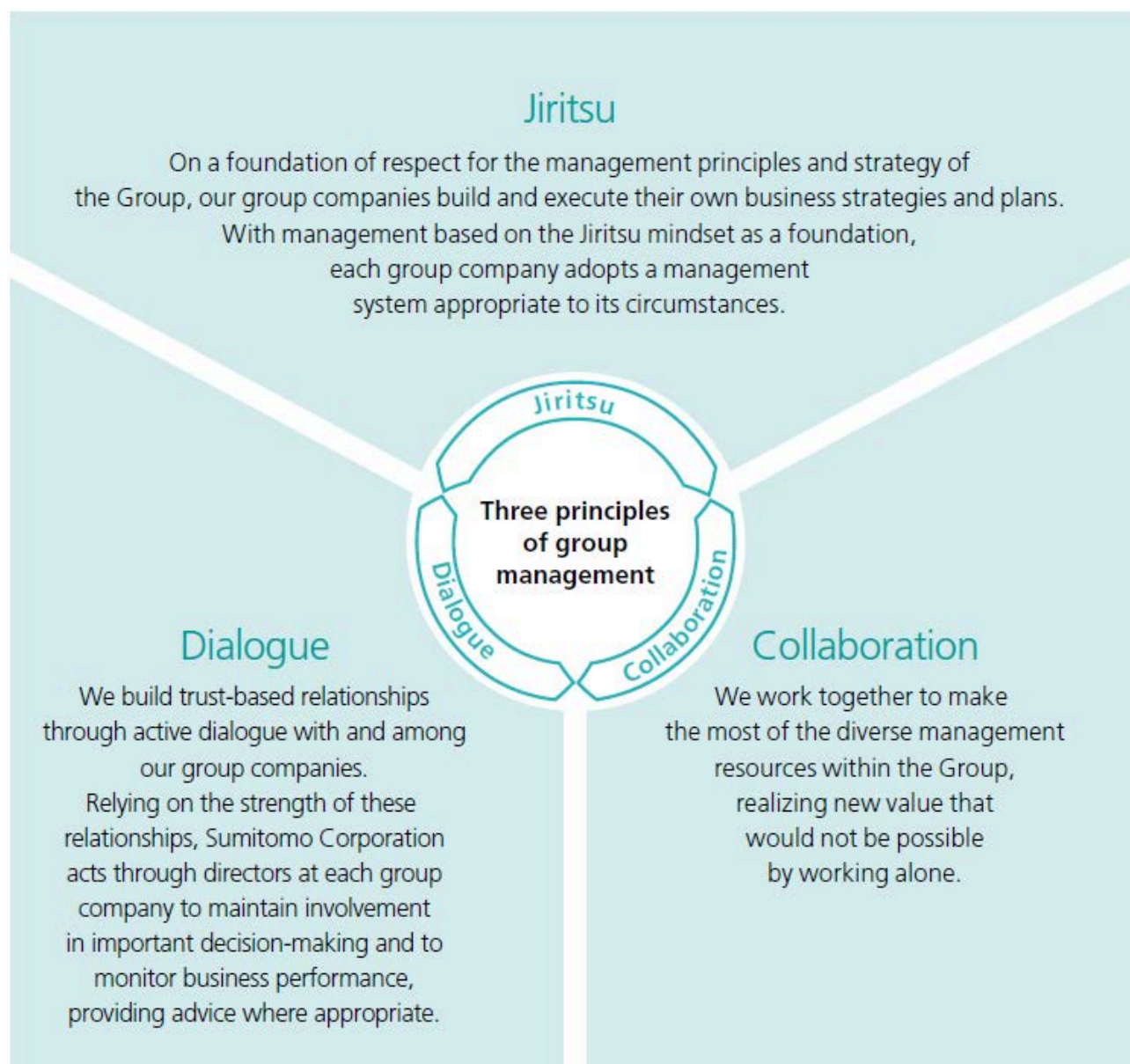
The group companies respect the Sumitomo Corporation Group's Corporate Mission Statement and management strategies, and engage in Jiritsu* management. Our approach to group management is to contribute to important decision-making at Board and other meetings through active dialogue based on relationships of trust as a shareholder, and to create new value through collaboration among group companies including Sumitomo Corporation. For the purpose of sharing and better implementing this basic approach and policies within the Group, we established the Group Management Policy (GMP) in 2021.

The GMP clarifies the roles and responsibilities in group management, setting forth the three principles of Jiritsu, dialogue, and collaboration to be respected by Sumitomo Corporation and its group companies.

The values set forth in the Sumitomo Corporation Group's Corporate Mission Statement and the GMP are shared and implemented within the Group. This allows us to swiftly and appropriately respond to industry structural transformation and trends surrounding sustainability and to grow our group companies into future earnings pillars, thereby further solidifying the Group's business portfolio and maximizing corporate value.

* Jiritsu is a Japanese term. In the GMP, we define it to mean "following the rules necessary for the management of a Sumitomo Corporation Group company, such as the Sumitomo Corporation Group's management principles, strategies, and policies, to discipline oneself, to think, make decisions, act for oneself in order to achieve goals, and to be accountable to stakeholders."

Three principles of the GMP



Compliance

Basic Policy

Basic Compliance Policy

The basis for the Sumitomo Corporation Group's compliance is to win the trust of society by practicing the Activity Guideline that states "to comply with laws and regulations while maintaining the highest ethical standards."

Accordingly, we follow our principles of "Giving First Priority to Compliance," which means that compliance takes priority over all activities of the Group and that we must never violate compliance as a result of giving priority to the pursuit of profit, and "Reporting Compliance Issues Immediately" or "Immediate Report," which means, in the event of a compliance problem, employees must report the situation without delay to their line manager, including the management level personnel, or to the relevant department of the Corporate Group.

Sumitomo Corporation Group Compliance Policy

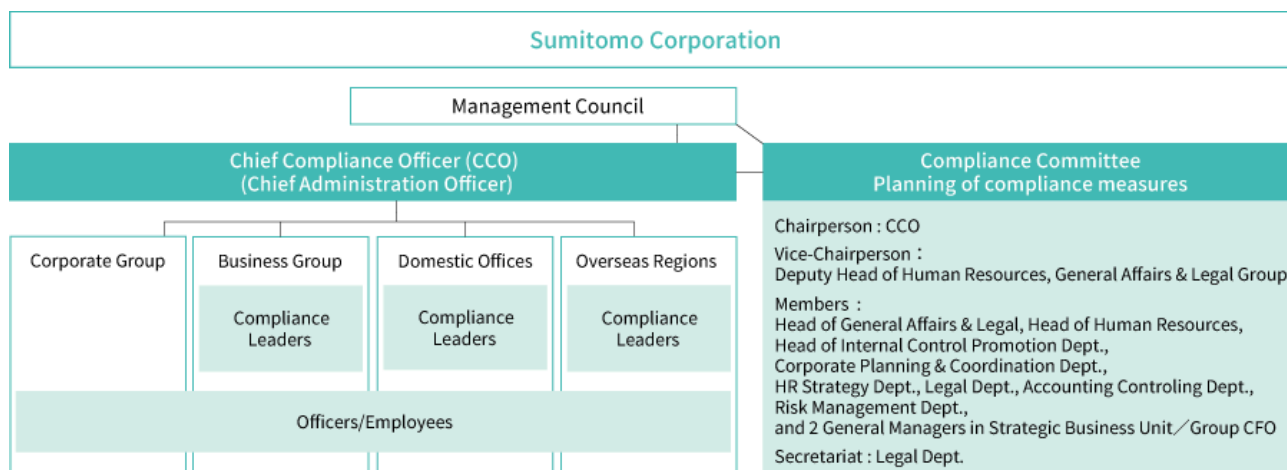
The Sumitomo Corporation Group Compliance Policy was developed in March 2019 upon approval and under supervision of the Board of Directors, based on the previous Compliance Guiding Principles to clarify and adopt the basic policy above throughout the Group. Educational programs, such as seminars and e-learnings, are provided on a continuing basis with the aim of spreading and ensuring the adoption of the policy throughout the Group. Sumitomo Corporation also has the Compliance Manual in place and will review its effectiveness and propriety on a regular basis and revise the content of the Manual as necessary.

➤ [Sumitomo Corporation Group Compliance Policy](#)

Compliance Management System

Aiming for more agile responses to compliance issues which arise in the Group, Sumitomo Corporation appoints a Chief Compliance Officer (CCO), who has ultimate responsibility for compliance. Further, the Compliance Committee, which plans compliance measures, includes not only the Head of the Department in Corporate Group but also the general managers of Strategic Business Unit of the Business Group, enabling it to examine such measures in a multifaceted way that reflects our actual business operations.

Our Group will actively continue to establish and improve the internal systems that realize our principle of "Giving First Priority to Compliance."



Speak-Up System

Overview of Speak-Up System and Various Points of Contact

Our internal rules stipulate and ensure that any issues or potential issues in relation to compliance must be reported immediately to their line manager, including the management level personnel, or to the relevant department of the Corporate Group (Immediate Report). Such issues include not only the violation of antitrust/competition laws or anti-bribery/corruption laws but also workplace misconduct, falsification of accounts, or harassment. Upon occurrence of such issues, we use collective efforts of the relevant departments and promptly take the optimum actions and measures on a case by case basis.

If reporting through the usual reporting line is difficult for some reason, we maintain a "Speak-Up System" * available to officers and employees, who face an issue, to report it to the Chief Compliance Officer through an internal or external hotline since November 2000.

* Sumitomo Corporation calls so-called whistleblowing system as "Speak-Up System." We use the term "Speak-Up" to positively encourage officers and employees "to have the courage to tell even a delicate subject" and believe that it is an appropriate expression for one of our compliance systems.

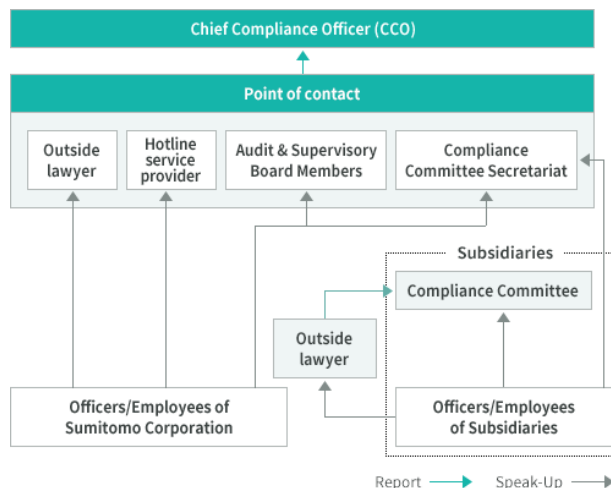
Our Speak-Up System provides, in addition to the Chief Compliance Officer (Compliance Committee Secretariat), various points of contact such as hotline service providers, outside lawyers, and Audit & Supervisory Board Members, and it accepts any information report made by any of our officer and employee (including contract workers, dispatch workers and secondees, etc.) and any person who used to be our officer or employee within one year before the day on which the information report is made.

Status of Operation and Encouragement of Use of Speak-Up System

Under the Speak-Up System, an information report can be made anonymously, and the fact and details of the report are maintained in the strictest confidence, and it is ensured that the whistle-blower is not subject to disadvantageous treatment for making the report.

In the fiscal year 2023, the Compliance Committee of Sumitomo Corporation accepted 68 Speak-Up reports,* and we settle each case appropriately after the fact-finding under the directions and instructions of the Chief Compliance Officer.

* The number of the Speak-Up reports herein does not include the number of "Immediate Report" submitted. As stated above, our Group basically adopts "Immediate Report" and ensures "Immediate Report" throughout the Group. Therefore, any issues or potential issues in relation to compliance are reported to the management level mainly under "Immediate Report" system (reporting through the usual reporting line), and we use collective efforts of the relevant departments and promptly take the optimum actions and measures on a case by case basis.



Speak-Up System

Inquiries or reports submitted by outsiders through "Inquiry" etc on our website are handled by an appropriate department depending on the nature of the inquiry or report.

We take measures, including those listed below, to encourage the use of the Speak-Up System and to explain simply how the maintenance of strictest confidence and prohibition of disadvantageous treatment is ensured in practice in the Speak-Up reporting cases, thereby aiming at the improvement of the environment to ensure that the System can be used without worry.

- Seminars for officers and employees
- Posting on the Intranet of, Q&As of the Speak-Up System, motion video for informing of the Speak-Up System, and detailed explanations about the operation of the System for officers and employees
- Distributing messages from Chief Compliance Officer to officers and employees
- Distributing to all officers and employees "Speak-Up Cards" with an overview of the System as well as the contact details for the hotline
- Posting of posters about the Speak-Up System on all floors of our office and the Intranet, and other measures

The status of the operation of the Speak-Up System is periodically reported to the Compliance Committee, the Management Council, the Audit & Supervisory Board and the Board of Directors.

Operation of the SC Global Speak-Up system

The group-based Speak-Up system, which enables officers and employees of group companies both in and outside Japan to report compliance-related issues, has also been established and operated. We accept reports in 16 languages under this System.

Appropriate responses to compliance violations and preventive measures

In case of a compliance problem, the Company, primarily through the Legal Department with the aid of external specialists when necessary, and in cooperation with relevant departments in and outside of Japan, promptly takes steps to establish the facts and clarify the causes of the incident. Based on the outcome, we take corrective measures, disciplinary action, and recurrence preventive measures.

The Compliance Committee Secretariat annually keeps records of the details of the circumstances of compliance violations in the Group. These are analyzed, evaluated and used to plan future compliance measures. The results and details are deliberated at meetings of the Compliance Committee and then reported to and discussed by the Management Council, the Audit & Supervisory Board, and the Board of Directors. Thus, through this process of repeatedly improving and enhancing such measures while using the Plan-Do-Check-Action cycle, we strive to increase awareness of and ensure compliance throughout the Group.

Continuous education program initiatives

The Compliance Manual, which explains particularly important issues, such as compliance of competition law, security trade control and anti-bribery/corruption, is communicated to all officers and employees of Sumitomo Corporation.

Both in Japan and overseas, we implement various education programs for each class of employee, such as new comers, newly appointed general managers, and newly appointed corporate officers, as well as provide e-learning programs about the theme according to the current situation for all officers and employees (including secondees and overseas workers) of Sumitomo Corporation every year, in order to promote and deepen understanding of the Sumitomo Corporation Group Compliance Policy and the Compliance Manual.

We also obtain the written pledge ensuring thorough compliance from all officers and employees of Sumitomo Corporation once a year, to confirm our Group's Activity Guideline that states "to comply with laws and regulations while maintaining the highest ethical standards." In addition to these regular activities, we hold seminars and training sessions on an ongoing basis as required under a specific theme, such as anti-bribery/corruption, compliance of antitrust law and subcontract law, security trade control, prevention of insider trading, and elimination of harassment.

In Business Group, Domestic Offices, and Overseas Regions, we provide relevant compliance training sessions, under the leadership of a compliance leader, depending on the characteristics of the Group or Region, thus engaging in attentive education program initiatives. We also implement a variety of support measures to reinforce compliance systems at Group companies, including deployment of e-learning content on the Sumitomo Corporation Group Compliance Policy to Group companies.

Anti-bribery/corruption initiatives

Based on the principle of "Giving First Priority to Compliance" and as stipulated in the Sumitomo Corporation Group Compliance Policy, the Group implements strict measures to prevent all forms of corruption. Specifically, we have established the Rules for Prevention of Bribery of Public Officials, which regulate the provision of entertainment, gifts, invitations, and donations to domestic and foreign public officials as well as the selection of agents, and conduct required internal review. In addition, taking into account revisions to the laws and regulations of each country, and advice from various external specialists, and changes in other social circumstances and other factors, we continuously review our internal rules, guidelines, and manuals. Further, we extend these rules and manuals to overseas offices and Group companies and encourage them to establish and implement a system appropriate for the bribery risk level of each company, and we also offer ongoing employee education, such as internal seminars, and work constantly to prevent bribery and corruption in Japan and overseas.

The Group's principles and policies in this regard are summarized in the Sumitomo Corporation Group Anti-Corruption Policy (enacted and announced in 2017). This Policy includes the following statement: "The Sumitomo Corporation Group will not commit bribery or conduct any activity raising the suspicion of bribing Japanese government or other public officials; and will as a principle prohibit its officers and employees from providing such officials with entertainment, gifts, or the equivalent. It will not make any offer, payment, promise to pay, or authorize the payment of any money or anything of value to any foreign government or other public official, for the purpose of influencing any act or decision of such official in order to assist it in obtaining or retaining business." This statement declares the Group's principles in relation to preventing bribery. Furthermore, through this Policy, we explain our anti-bribery system and our initiatives for the prevention of bribery to our business partners, and request their understanding and cooperation.

➤ [Sumitomo Corporation Group Anti-Corruption Policy](#) 

Measures for ensuring compliance with laws concerning antitrust and fair competition

We stipulate our policy for compliance with laws concerning antitrust/fair competition in the Sumitomo Corporation Group Compliance Policy and the Compliance Manual. We have also published a separate manual concerning antitrust/competition laws for our officers and employees that describes key considerations in daily dealings. Additionally, we endeavor to ensure, by measures such as regular internal training, that antitrust/competition laws are observed.

Security trade control and logistics compliance

As an integrated trading company, Sumitomo Corporation regularly implements various measures, on a continuing basis, to ensure that we comply with treaties and international frameworks related to international trade, as well as Japanese laws and regulations related to trading activities. Our group companies do likewise. We implement various measures related to security trade control to prevent weapons or products and technology for civilian use that could be converted to military use from falling into the hands of states or non-state organization (terrorists) which may develop weapons of mass destruction. We also provide internal rules, manuals, and guidelines, and provide training sessions, instructions and monitoring as needed to ensure compliance with laws and regulations related to tariffs and customs as well as those related to public order and safety.

Prevention of insider trading

To prevent violations of insider trading regulations related to our business activities as well as personal dealings by our officers and employees, we have established "Rules for Prevention of Insider Trading" as well as internal checking systems from various perspective. To ensure compliance with insider trading regulations as well as internal rules, we also provide, on a regular basis, internal training courses and other activities to raise awareness.

The Sumitomo Corporation Group Tax Principles

The Sumitomo Corporation Group established the "Sumitomo Corporation Group Tax Principles", which sets forth its basic stance and code of conduct regarding taxation, under the supervision of the Board of Directors at 2018. According to the principles, the group will adhere to the tax and related laws and regulations of each country, will not conduct any transaction whose purpose is solely or mainly for tax avoidance or tax mitigation, and will endeavor to enhance tax compliance.

▶ [Sumitomo Corporation Group Tax Principles](#) 

Risk Management

We define “risk” as “the possibility of losses due to the occurrence of anticipated or unanticipated situations,” and also as “the possibility of not achieving the expected return on business activities.” We have set the following three items as the goals of our risk management activities.

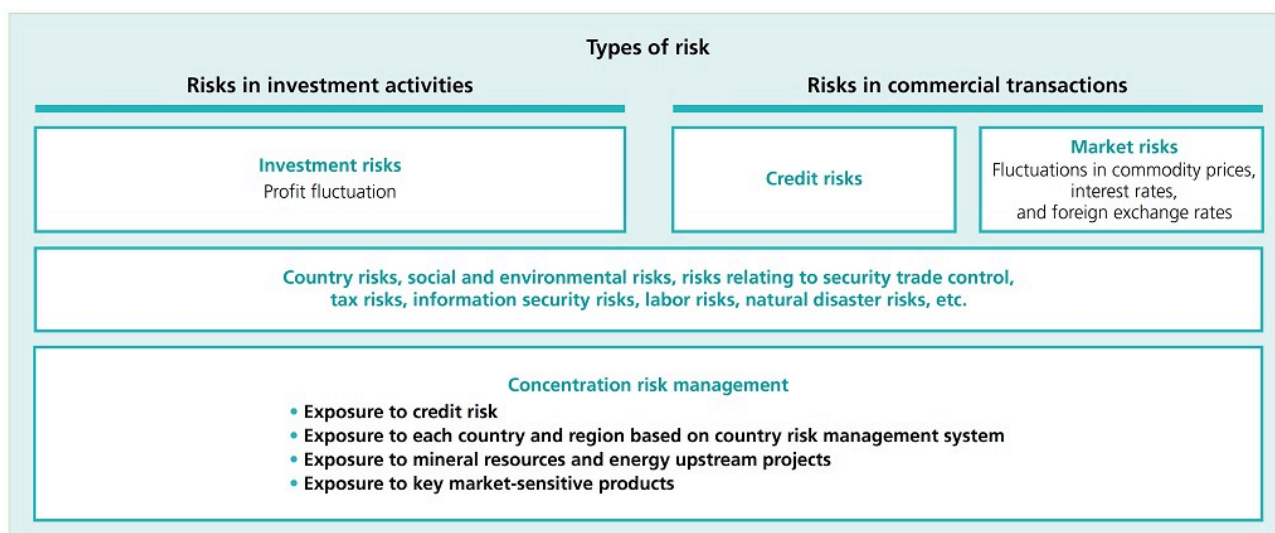
1. Stabilize Performance : Minimize discrepancies between the plan and actual results and secure stable profits
2. Strengthen Financial Base : Maintain Risk-weighted Assets within the buffer (shareholders’ equity)
3. Maintain Corporate Reputation : Fulfill CSR requirements and preserve corporate reputation

We categorize our business activities into investments and commercial transactions and manage risk after identifying both common and category-specific risk factors. By studying advanced methods and processes, we have created an effective risk management framework that anticipates changes in the external environment.

Our goal is to implement the best practice in risk management while maintaining the flexibility to adapt to changes in the business environment. The business environment is continually altering, and new business models that we could never have imagined are emerging on a daily basis. To respond to such situations in a timely and effective manner, we continue to evolve our risk management activities under the leadership of senior management.

As an example, we have established rigorous investment discipline as the common basis of judgment to select more appropriate investments among diverse investment opportunities in a wide range of business domains. At the same time, we have built an optimal governance structure for improving the value of each business after investment and introduced an incentive plan linked to investment performance.

Types of risk in investment activities and commercial transaction



Selective investment & strengthening of post-investment value creation

We have adopted a unified framework that covers everything from the entry into the investment to the exit and that takes into account changes in the portfolio as a whole, as well as the nature of the risks involved in each individual investment opportunity, while reviewing the process for assessing and following up investment projects as appropriate.

When assessing investment projects, we clarify the investment theme at the initial stage of the process and verify its appropriateness as a key point of due diligence. In addition, by applying a discount rate appropriate to each business risk, we are able to calculate an “appropriate price” for the investment and evaluate the opportunity from both quantitative and qualitative aspects.

With regard to the decision-making process, the Company Investment Committee or the Group Management Council, which is a newly established decision-making body in each Business Group, meets at each stage of consideration and implementation, depending on the scale and importance of the project. From an early stage, these institutions conduct in-depth discussions from a variety of perspectives on the various factors that may affect the success or failure of investments, such as the strategic positioning of the project, the background to and the reasoning behind the selection of the project, the assumptions and certainty of post-investment value-up measures and the ESG issues.

In addition, we have enhanced the mechanisms for improving the probability of investment success at each investment stage. We will increase the value of each business by steadily implementing measures, including establishment of strict investment discipline for selecting investments, development of an optimal governance structure for increasing the value of each business after investment, reviewing strategies and establishing a medium-term plan for addressing changes in the external environment, and investing the right resources at the right time. Furthermore, to increase our commitment to value creation, we introduced a new compensation system linked to investment performance in 2022. Stepping up our monitoring efforts, we set a clear time frame and make improvements to business investments that do not increase in value as expected. If improvement is not expected, we will continue to engage in thorough asset recycling.

Basic Principles on Social and Environmental Risk Management

The Sumitomo Corporation Group operates businesses dealing in different products and business models in various regions of the world and its business activities have a variety of impacts on the global environment and on different stakeholders such as local communities, business partners, and our officers and employees. To achieve sustainable growth together with society, we work to control the social and environmental impacts of each business of the Group, and, by monitoring its entire supply chain, to ensure that the impact of the associated business activities is not a threat to people’s lives or the global environment and does not constrict the sustainability of our management. As the basis for these initiatives, we have established Environmental Policy, Human Rights Policy and CSR Action Guidelines for Supply Chain Management to clarify our approach to social and environmental issues in the Group’s business operation. Because the impact of each business on society and the environment and the nature of the risks requiring management focus differ depending on the products dealt with, the business type and the region where it operates, risk management needs to be adapted to the specific character of the business. Specifically, for each of our businesses, we obtain the relevant data, including information on its interface with society and the environment and the associated risks. In addition, we ascertain whether serious issues are present by maintaining communication channels with local communities, employees, and other stakeholders, and check not only that the business is legally compliant across the range of social and environmental issues but also that its response in the area complies with international standards on the environment and human rights. Within the Sumitomo Corporation Group and its diverse range of businesses, the responsible business department of individual businesses and the related corporate departments are working jointly to raise the standard of social and environmental risk management groupwide, utilizing the knowledge of outside experts.

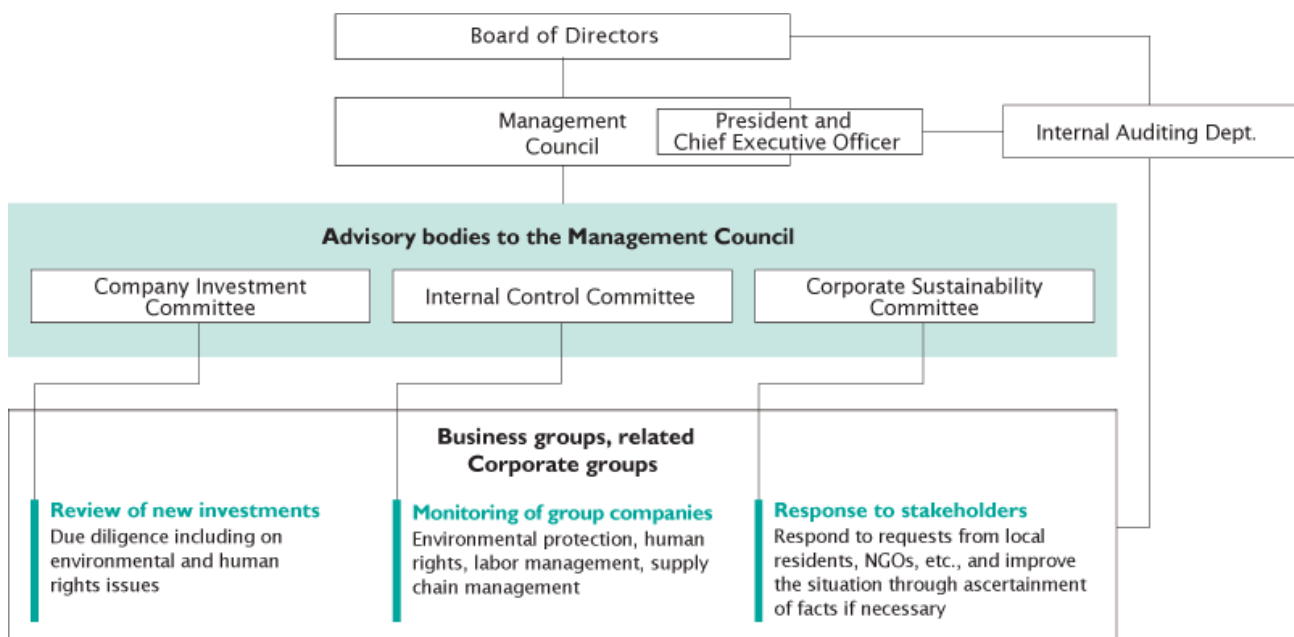
Major risks business may pose to society and the environment

- Climate change
- Biodiversity
- Pollution
- Resource depletion
- Local residents’ human rights
- Employees’ human rights
(Health and safety, Forced labor, Child labor, Discrimination)



Framework for Social and Environmental Risk Management

The Sumitomo Corporation Group has established a companywide framework to perform appropriate monitoring of the social and environmental impact of the Group's entire business activities. When we conduct business due diligence of new investments, we also assess both environmental and social risks associated with the business. To enhance the efficiency of the risk management process, we have prepared a self-assessment sheet that includes risk information described in SASB standards and other sources on relevant social and environmental risks to be used at the time of investment application to identify anticipated risks and opportunities with respect to the nature and regional characteristics of each business. Our decision-making mechanism in Company Investment Committee then takes into account impacts on society and the environment. As follow-up to the investment, the responsible business department and related corporate departments work together through dialogue with group companies to carry out regular monitoring from the viewpoint of the environment, human rights, labor management, the supply chain, and other aspects. If an issue arises, remedial action is taken in line with the specifics of the case. Internal audits that take into account special characteristics of the business are used to confirm that management operations are legally compliant and meet international standards on social and environmental issues. When a case relating to the impact of the Sumitomo Corporation Group's business activities is referred to by a local community, a non-governmental organization (NGO), or another stakeholder, we ascertain the facts and engage in dialogue and discussion toward improvement. In addition, we have enhanced our engagement activities through dialogue with stakeholders and rights holders of our material businesses with respect to social and environmental risks. If, as a result of this process of review and monitoring of investments, an important social or environmental risk is confirmed, we actively consider appropriate responses, based on advice from external specialists if necessary, and the individual response is reported or referred for further discussion to the Management Council and the Board of Directors through the relevant internal committees.



Information Security

Basic Policy and System

Recognizing the importance of information security, Sumitomo Corporation, led by the IT Strategy Committee chaired by the Chief Information Officer (CIO), has established an Information Security Policy and other relevant regulations, and works to ensure information security and the appropriate management of information assets. For personal information, we operate a Privacy Policy and have put in place relevant regulations and organizational structures to ensure appropriate protection.

Information Security Policy

1 Recognition of Information Security

Sumitomo Corporation acknowledges the importance of ensuring information security, and wishes to further enhance the company's trustworthiness in its business operations. Therefore, Sumitomo Corporation shall implement appropriate measures including, but not limited to, the establishment and maintenance of relevant rules and guidelines so as to responsibly manage information assets on a consolidated basis globally and shall review them regularly.

2 Compliance

Sumitomo Corporation shall comply with any applicable local, regional, national and international laws and regulations in relation to information security.

3 Management of Information Assets

Sumitomo Corporation shall preserve confidentiality, integrity and availability through responsibly managing all information assets including personal data, and shall take all reasonable precautions in order to prevent unapproved disclosure, loss or impairment of such data.

4 Response to Information Security Incidents

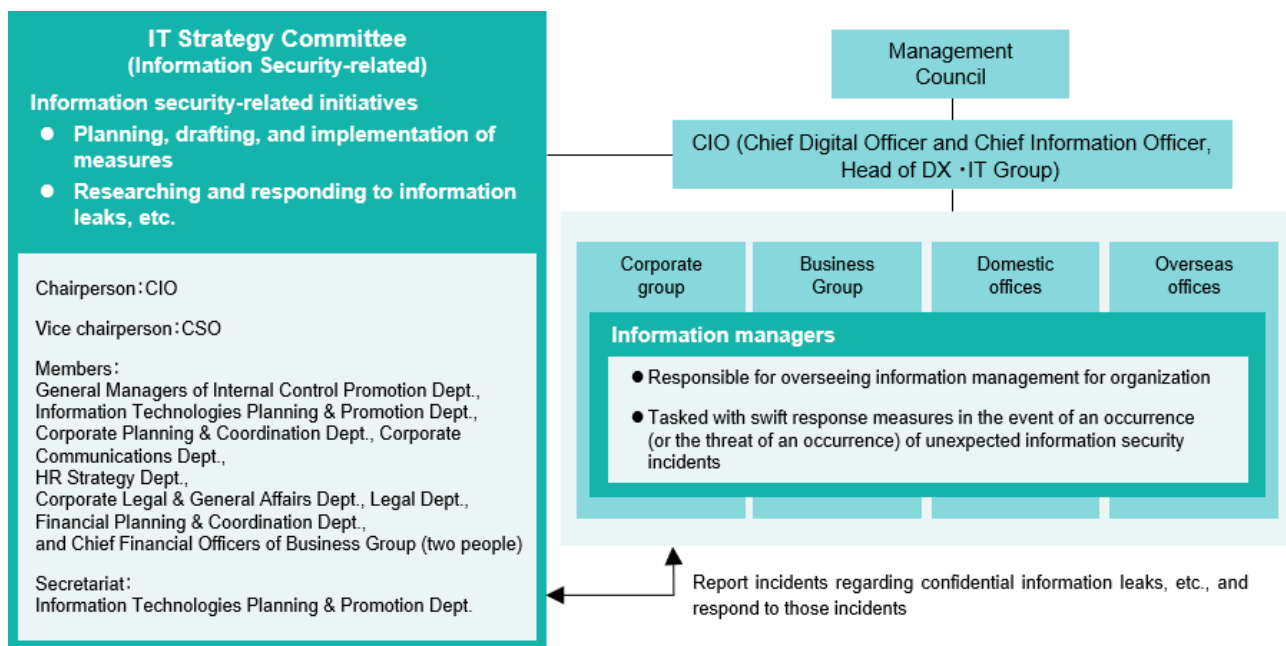
Whilst making the utmost endeavour to prevent information security incidents from occurring, in the unlikely event such an incident should occur, Sumitomo Corporation shall respond promptly to the incident and implement whatever preventive measures are necessary to avoid recurrence.

5 Awareness Education of Information Security

Sumitomo Corporation shall regularly promote and maintain the provision of information security education including, but not limited to, further heightening the awareness of the importance of responsibly managing information assets.

We also take steps to minimize the risk from unexpected situations involving information security, such as external attacks aimed for instance at theft or destruction of corporate information through collaboration with external specialized agencies. In addition to system-based safeguards, we conduct continuous training and drills for officers and employees and system monitoring and upgrades covering our major subsidiaries and other group entities.

Furthermore, we have assigned information managers to each organization. These people classify information assets according to their importance and provide instructions on how to handle them, thereby ensuring overall information security.



➤ [Privacy policy](#)

Internal Control

Basic Policy and System

To realize sustainable growth and development, the Sumitomo Corporation Group is working on enhancing group governance and improving the overall quality of groupwide operations through the development, operation, evaluation, and improvement of appropriate internal controls. We have established basic regulations on internal controls to reasonably ensure compliance with laws and regulations related to business activities, safeguarding of assets against loss, effectiveness and efficiency of operations, and reliability of financial reporting in the Group's overall businesses.

To ensure efficient operation of existing internal control frameworks, create synergy, and coordinate with internal audit functions, the Internal Control Promotion Department, which takes on overall control of the Group's internal control-related operations, has been established alongside the Internal Auditing Department under the Head of Internal Control and Internal Audit Group. By actively identifying issues and utilizing internal control activities within the Group, the department will promote greater effectiveness and consistency of the above efforts throughout the Group.





As of April 1, 2024

Internal Control System

The Company's Board of Directors resolved and implemented the systems set forth in the Companies Act, Article 362, Paragraph 4, Item 6 (internal control system) to realize the high effectiveness of internal control of the Company. The Company will endeavor to establish a system in line with requests from time to time based on ongoing reevaluations by reviewing the Company's internal control implementation status each year.

Internal control system which is resolved by the Board of Directors and an overview of our internal control systems and their implementation status are 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.

- ▶ Internal Control System (as of April 1, 2024) 
- ▶ An overview of the Company's internal control systems and their implementation status 

Financial Reporting

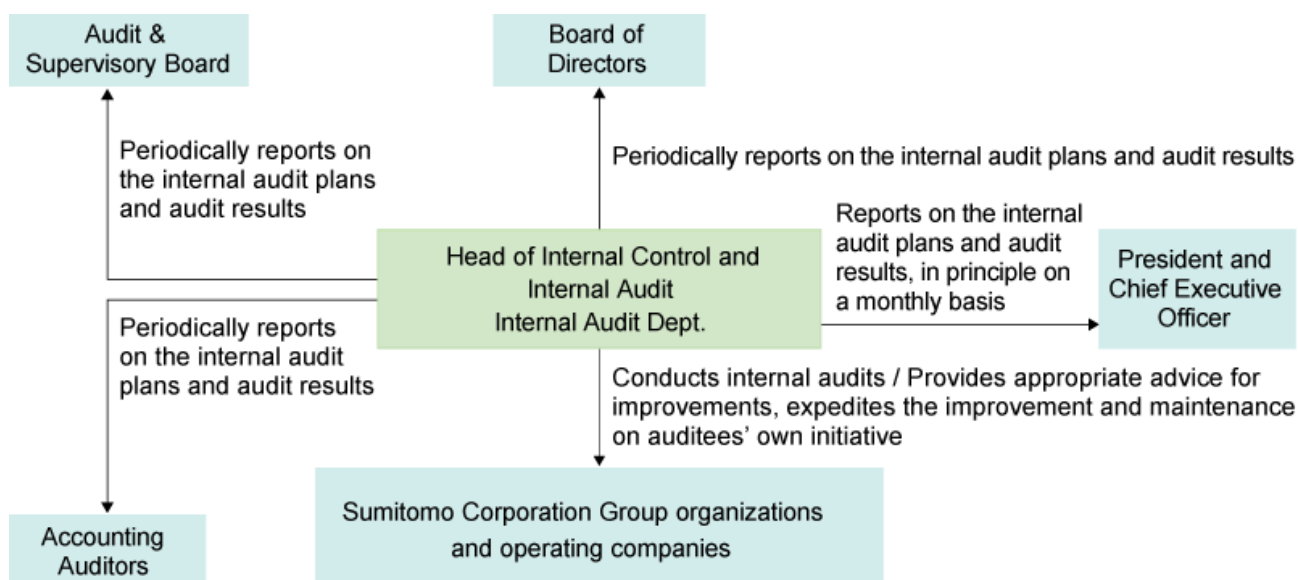
The Sumitomo Corporation Group creates financial reports in accordance with the Accounting Policy Manual that lays out the Group's internal policies for accounting, and discloses information in a timely and appropriate manner and in compliance with relevant laws, regulations, and accounting standards.

For its financial reporting internal control system, the Company acts in accordance with the Internal Control Reporting System stipulated in the Financial Instruments and Exchange Act, which is in line with COSO (The Committee of Sponsoring Organizations of the Treadway Commission) Internal Control-Integrated Framework, by promoting internal control activities as required by the Act, and evaluating and improving its business processes.

Internal Audit

The Internal Audit Department that reports directly to the President and Chief Executive Officer, is an independent organization that monitors the operations of the Group, and audits organizations and operating companies of the Group. As well as reporting the internal audit results directly to the President and Chief Executive Officer, in principle on a monthly basis, periodic reports are also made to the Board of Directors and the Audit & Supervisory Board. The department regularly conducts audits on all aspects of internal control, comprising asset and risk management, compliance, and business operations. It evaluates the effectiveness and adequacy of the internal controls of auditees, taking into account the significance of the inherent risks. At the same time, it provides appropriate advice for improvements and expedites improvement and maintenance on the auditee's own initiative, thereby contributing to the improvement of governance and internal controls within the Group.

Internal audit process



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