



ESG Communication Book 2021

Ver. 1

ESG Communication Book

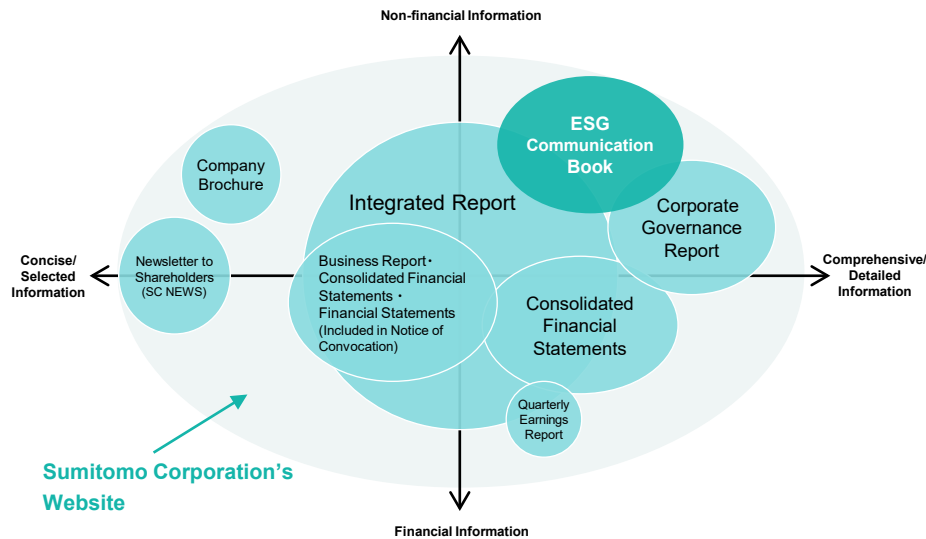
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Editorial policy

At Sumitomo Corporation Group, to respond to the interests of our stakeholders, we are working to provide both financial and non-financial corporate information by utilizing various information disclosure tools. Of these tools, the ESG Communication Book summarizes detailed information about our activities related to sustainability from the perspective of ESG (Environment, Society, and Governance). The below diagram is an overview that shows the information listed in each disclosure tool and its position. Please also refer to the tools other than this book, such as the Integrated Report.

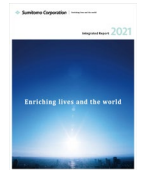
Sumitomo Corporation Group's Information Disclosure Tools



Integrated Report

As a communication tool for all stakeholders, this is an annual report that integrates our financial and non-financial information. This Integrated Report helps stakeholders understand the overview of our value creation and the enhancement of corporate value in the short, medium, and long term as well as corporate strategy and the overall progress of our business.

[Click here for details](#)



ESG Communication Book

With regard to non-financial information, the ESG Communication Book summarizes detailed information about our activities related to sustainability from an environmental, social, and governance (ESG) perspective. It is published on our corporate website, and information is updated occasionally during the year.



Business Report - Consolidated Financial Statements - Financial Statements (Included in Notice of Convocation)

The Business Report conveys important matters related to business results and status of each fiscal year. The Consolidated Financial Statements disclose our corporate group's consolidated financial position and profit/loss. The Financial Statements disclose our non-consolidated financial position and profit/loss. (All three are in accordance with the Japanese Companies Act.)

[Click here for details](#)



Reporting Scope of this book

Sumitomo Corporation and group companies

Reporting Period of this book

Business activities mainly in FY2020 (April 2020-March 2021), including some policies and activities before March 2020 and after April 2021.

Date of Issue

September 10, 2021

Last Revision Date : November 12, 2021

Page 23 Updated sustainability promotion system chart

Page 39 Added note to Net ownership generation capacity of Renewable energy.

Conformed Guidelines

Final Report: Recommendations of the Task Force on Climate-related Financial Disclosures
World Economic Forum: Stakeholder Capitalism Metrics

Referenced Guidelines

- Ministry of Economy, Trade and Industry: Guidance for Collaborative Value Creation
- ISO26000 : Guidance on social responsibility
- Ministry of the Environment: Environmental Accounting Guidelines. 2005
- METI / MOE: Calculation and Reporting Manual for Greenhouse Gas Emissions



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Top message

President and CEO



Our corporate mission statement carries on Sumitomo's business philosophy, which has formed the foundation for Sumitomo's businesses over the course of approximately 430 years. One of the credos of this philosophy states: "Benefit for self and others, private and public interests are one and the same. This credo underscores the importance that Sumitomo's business activities not only benefit Sumitomo, but must also benefit society around us in order to achieve sustainable growth together.

We announced our new Medium-Term Management Plan "SHIFT 2023" in May 2021. Through the reinforcement and expansion of businesses that apply our strengths as well as the development of next-generation businesses from a medium- to long-term perspective, we aim to make a shift into a business portfolio that has even higher profitability and downturn resilience. We believe that continuing to create value needed by society will lead to the Group's sustainable growth. Under this belief, we will further advance our initiatives to enhance the functionality of sustainability management while keeping contribution to solving social issues at the forefront of our mind, working toward the realization of a sustainable society and enhancement of corporate value.

As the Group's corporate message—"Enriching lives and the world"—implies, we will aim to further enrich the world, society, and people's lives. We will continue to act on our principles to get it done and create new value. We will move forward, shaping the future, and staying ahead.

**Representative Director
President and Chief Executive Officer
Masayuki Hyodo**

Chairperson of the Corporate Sustainability Committee



Sustainability management involves both "sustainable corporate growth" and "contribution to the development of a sustainable society." I believe that future corporate activities should combine the two as a single initiative. Companies can demonstrate value creation story over the long term by anticipating future changes in the business environment and realizing those two pursuits together.

The Sumitomo Corporation Group has been practicing sustainability management, which pursues sustainable growth together with society, with an essential management theme, "the achievement of a sustainable society. Since FY2020, we have also been promoting the enhancement of sustainability management. Specifically, among the social issues the world is tackling, we identified six key social issues that are especially relevant to the Group's business activities. We have formulated long-term and mid-term goals to contribute to resolving each of those issues. For companies, social issues could be both opportunities and risks in the medium to long term. The sustainable growth of companies will depend on how well they are able to gain business opportunities ahead of time amid a changing business environment. It will also depend on how they can manage risks while recognizing and assessing them.

We believe that defining social issues that we will face, clarifying the paths to achieving our goals, and openly sharing our progress are all part of the social responsibility required of companies. We hope this ESG Communication Book will help our stakeholders better understand our sustainability management.

I appreciate your confidence in us.

**Representative Director
Senior Managing Executive Officer
Hideki Yamano**

Our approach to sustainability

Sumitomo Corporation Group will take a step forward in its sustainability management utilizing its strengths. We will create the value that society truly needs by further clarifying the roles we play in achieving a sustainable society and strategically allocating management resources as we anticipate the shifting business landscape impacted by these social issues.

Sumitomo Corporation Group's sustainability initiatives

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 Page 6】](#)

Today, after 100 years since the Osaka North Harbor Company Limited has established, we have 70,000 employees working at more than 900 group companies in 81 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 Page 6】](#)

What actions we need to take now

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.

In 2017, based on Sumitomo's Business Philosophy and Sumitomo Corporation Group's Corporate Mission Statement, the Group identified the six material issues for achieving sustainable growth with society. Of the six material issues, four were identified as how each of our business contributes to society and two were added as our important management topics. We have been placing the six material issues at the core of our management to constantly be aware that the business strategies and each business align with the material issues and making sure that Sumitomo Corporation Group is contributing to society.

[【⇒ Sumitomo Corporation Group's Material issues Page 7, 8】](#)

However, social issues such as the climate change have become increasingly serious and have become a major threat to the sustainability of society. We believe that we now need to make an even stronger commitment to further identifying the issues that we should address and the roles that we should take for the development of a sustainable society, and the Sumitomo Corporation Group has commenced initiatives to enhance its sustainability management.

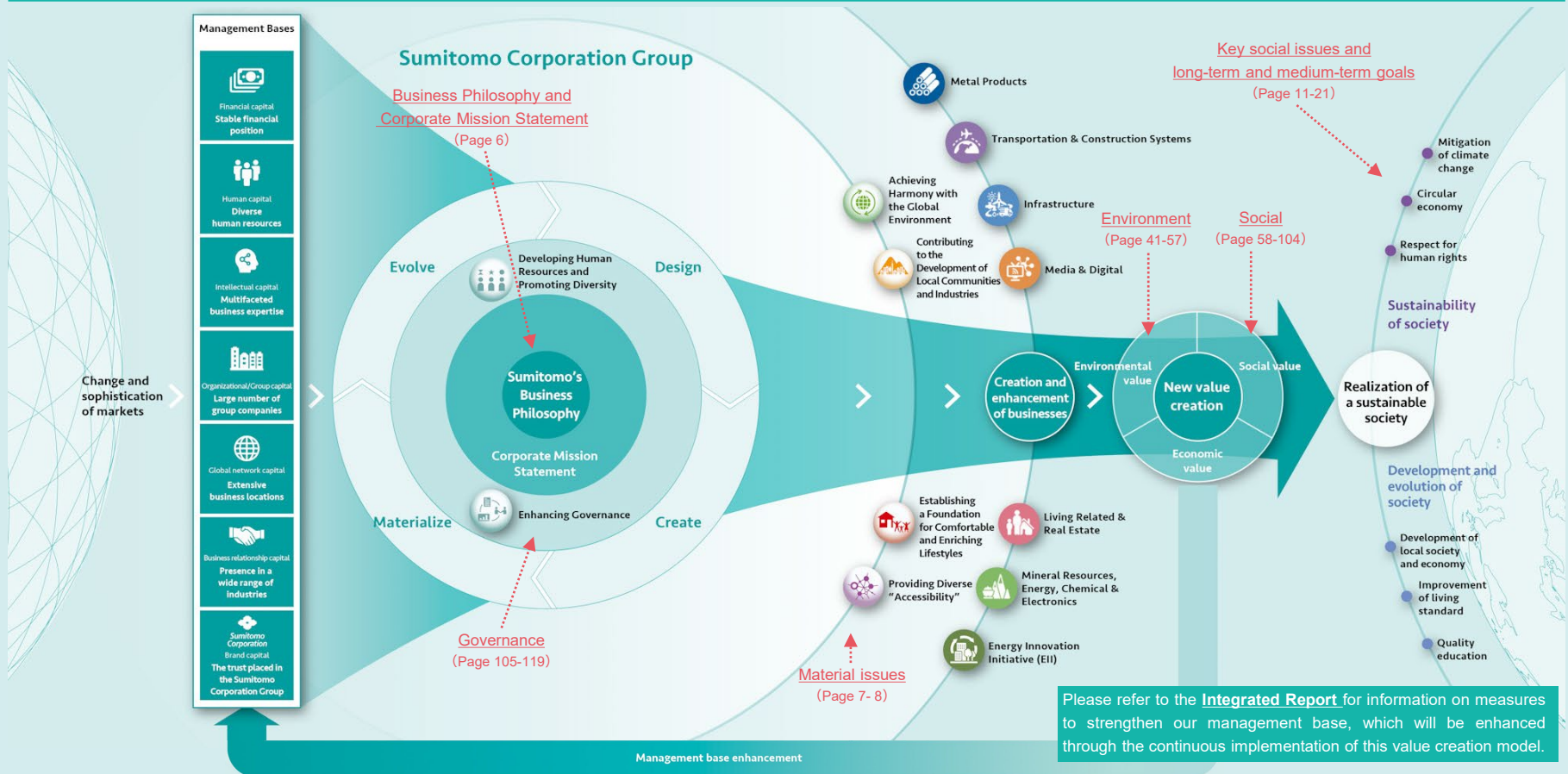
[【⇒ Enhancing sustainability management Page 11 to 21】](#)

Our approach to sustainability

The Sumitomo Corporation Group pursues the creation of new businesses and the enhancement of existing businesses based on Sumitomo's Business Philosophy and the Sumitomo Corporation Group's Corporate Mission Statement that has been passed down over the years. We accomplish it by anticipating changes in the times and quickly assessing the challenges of the global environment and society while combining the management base comprised of seven types of capital with the diverse business functions of the business group. The Sumitomo Corporation Group contributes to realizing a sustainable society by creating social, environmental, and economic value through the business activities. The mechanism for this entire process of value creation is illustrated in the Value Creation Model presented here.

In our corporate activities, we will implement sustainability management that aims to achieve sustainable growth under sound governance. We will do so through a continual awareness of material Issues that illustrates how our businesses should be connected to society and key social issues that we should contribute to solving.

Value Creation Model of the Sumitomo Corporation Group



Business Philosophy and Corporate Mission Statement

Our business was founded on Sumitomo's Business Philosophy and Sumitomo Corporation Groups Management Principles. The year 2019 will mark the 100th anniversary of our company. Since our foundation, we have always placed importance on trust and certainty based on the spirit of "Benefit for self and others, private and public interests are one and the same" and in accordance with Sumitomo's Business Philosophy and Sumitomo Corporation Group's Management Principles. To deal with the change of the times, we have accordingly changed our business through our constant effort to stay a step ahead and create new value so that we can contribute broadly to society. Sumitomo's Business Philosophy and Sumitomo Corporation Group's Management Principles have supported our growth over the last 100 years and will ensure sustainable growth and help create long-term corporate value over the next 50 and 100 years.

Sumitomo's Business Philosophy

Sumitomo's Business Philosophy has been refined through many generations based on the Founder's Precepts "Monjuin Shiigaki," which Masatomo Sumitomo (1585-1652), the founder of the Sumitomo family, wrote and handed on to describe how a merchant should conduct business. The basic points of Sumitomo's Business Philosophy have been passed on in the form of the two articles of the Business Principles.

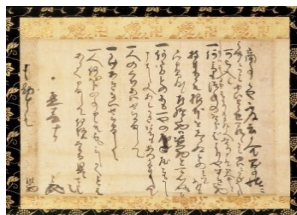
Article 1 emphasizes the utmost importance of integrity, while Article 2 advocates the importance of having an enterprising spirit to generate profits quickly and faithfully while adapting to a changing society, and renovating business operations while avoiding the pursuit of easy gains or acting carelessly. Sumitomo's Business Philosophy, which has been passed on since the Founder's Precepts was written, still serves as the timeless principles Sumitomo Group companies follow in their activities. There are also several other credos that are contained in Sumitomo's Business Philosophy.

One example is: "Benefit for self and others, private and public interests are one and the same." To put it another way, Sumitomo's business, while benefiting Sumitomo, must also benefit the nation and benefit society. This represents the corporate vision that the Sumitomo Corporation Group as a whole must pursue at all times.

The second credo is "Grand Design." This derives from copper mine management, Sumitomo's core business in its early days, which required long-term vision and continuous effort. This attitude of viewing business from a broad and long-term perspective and working for the benefit of the entire nation and society based on foresight of the future has been inherited from preceding Company operators.

The third credo is "People are our most important asset." The cultivation and development of human resources has always been our most important concern regardless of the times.

Sumitomo's Business Philosophy thus 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.



Founder's Precepts of Sumitomo
(Source: Sumitomo Historical Archives)

Corporate Mission Statement

Sumitomo Corporation Group's Management Principles are a contemporary translation of Sumitomo's Business Philosophy, which was devised 400 years ago, using simplified language and a clear structure, and rewritten from a more global perspective. The Activity Guidelines provide guidance on how each company as well as their executives and employees should behave as they conduct daily business activities to realize the Management Principles.

As declared in the Management Principles, our corporate mission is to support our shareholders, clients, local communities, employees, and everyone else around the world in their endeavors to achieve economic and spiritual prosperity and realize their dreams through our sound business activities. We also maintain—throughout our business practices—a unique management style that respects the personality of each Individual and places prime importance on integrity and sound management, which represent the essence of Sumitomo's Business Philosophy, while cherishing a corporate culture that allows each employee to take the initiative and demonstrate creativity that is conducive to continuous reform and innovation. By sharing the values presented in the Management Principles and the Activity Guidelines across the Group to materialize them in specific business activities, we aim to be a global organization that constantly stays a step ahead in dealing with change, creates new value, and contributes broadly to society.

SUMITOMO CORPORATION GROUP'S CORPORATE MISSION STATEMENT

Corporate Vision

We aim to be a global organization that constantly stays a step ahead in dealing with change, creates new value, and contributes broadly to society.

Management Principles

Corporate Mission

To achieve prosperity and realize dreams through sound business activities

Management Style

To place prime importance on integrity and sound management with utmost respect for the individual

Corporate Culture

To foster a corporate culture full of vitality and conducive to innovation

Activity Guidelines

To act with honesty and sincerity on the basis of Sumitomo's business philosophy and in keeping with the Management Principles

To comply with laws and regulations while maintaining the highest ethical standards

To set high value on transparency and openness

To attach great importance to protecting the global environment

To contribute to society as a good corporate citizen

To achieve teamwork and integrated corporate strength through active communication

To set clear objectives and achieve them with enthusiasm

Material issues

Sumitomo Corporation Groups Material Issues

In April 2017, Sumitomo Corporation Group identified its material issues that illustrate the relationships between its business activities and society. We have defined the Six Material Issues to achieve Sustainable Growth with Society as an important factor in developing business strategies and in the decision-making process for individual businesses. Going forward, we will pursue sustainable growth by resolving these issues through our business activities.



Leveraging our trust-based relationships with customers and partners across the globe and utilizing our business expertise, we will secure our growth and address social issues simultaneously by fulfilling our Corporate Mission: "To achieve prosperity and realize dreams through sound business activities."



Achieving Harmony with the Global Environment

To realize recycling-oriented society and mitigate climate change, we are working to establish frameworks for the efficient use of resources and stable supply of renewable energy. In doing so, we will achieve growth in harmony with the global environment.



Establishing a Foundation for Comfortable and Enriching Lifestyles

We strive to realize more convenient and comfortable lifestyles by providing goods and services for daily use while also responding to needs for high-quality lifestyles in order to support the physical and mental health of people around the world.



Contributing to the Development of Local Communities and Industries

We steadily procure and provide goods and services to meet the needs of people in various countries and regions and contribute to developing industrial platforms. Through these means, we will create a virtuous cycle in which we can grow and develop together with local communities.



Providing Diverse "Accessibility"

We provide diverse accessibility to open up the possibility of creating new value. To this end, we will improve mobility for safe and efficient flow of people and goods, and expand the network connecting information and finance.

As a prerequisite for resolving the issues listed above, we strive to maintain and enhance our Management Style that places prime importance on integrity and sound management with utmost respect for the individual and our Corporate Culture full of vitality and conducive to innovation.



Developing Human Resources and Promoting Diversity

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 resources.



Enhancing Governance

We will enhance our ability to draft and implement strategies for achieving sustainable growth and to provide appropriate supervision of these strategies, all while maintaining transparency. In this manner, we will improve management efficiency and maintain sound management.

Material issues

Implementing Material Issues in the company's business

Sumitomo Corporation Groups material issues illustrate, in an easy-to-understand way, how the group addresses social issues through its business activities in accordance with its Management Principles so as to contribute to achieving sustainable societies. These material issues show stakeholders and our company's executives and employees how the group applies the Management Principles. The entire group is involved in addressing these issues.

Material issues initiatives include: implementation of the Management Principles in individual business activities and the provision of the value necessary in our society from a long-term perspective; careful management of impacts of the entire group's business activities on society and the environment; and a grasp of business opportunities in the long-term trends of social issues to strategically develop business projects that contribute to addressing social issues.

We believe these initiatives help enhance the long-term business growth and stability of our company, constantly improve our group's value, receive high evaluations and trust from various stakeholders, and raise employees' motivation.

Important factor on decision-making process
= making decisions on strategies and individual investments base on the trend of long-term social issues and attitude towards provision of value required by society

Practice on Management Principles through Each Business

Provision of value, governance, and risk control respond to long-term social trend

Control of Impacts to Social / Environmental Issues on Business

Social/environmental risk management on our group and supply chain

Strategic Development of Business for Solving Social Issues

Allocation of resources to emerging fields / Creation of next-generation business


















































































Increase in stability and growth potential on management and corporate value in the long-term

Better recognition from shareholders and stakeholders

Increase in employees' motivation

















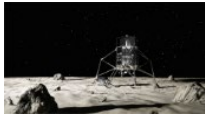





Relationship between various social issues and the company's business

At present, international organizations, national governments, local governments, private enterprises, and other groups and individuals throughout the world are cooperating to achieve common goals for sustainable development: The Sustainable Development Goals (SDGs). The SDGs are becoming the common language for people who are addressing many social issues to achieve sustainable societies. Our Group has risks and opportunities for various social issues in our business activities covering different countries and industries, and aims to contribute to the achievement of the SDGs through addressing material issues and to realize a sustainable society. In response to opinions and expectations received from many stakeholders, including representative ESG rating organizations, we have divided our initiatives into 12 major categories to provide an easy-to-understand explanation. On the following page, specific cases for solving social issues are shown for each business unit.

	Major Risks (enhancement of competitiveness)	Major Opportunities (expansion of earning opportunities)	SDGs	Material Issues
Climate Change	Decreased demand for coal fuel due to GHG emissions regulations, etc.	Promotion of renewable energy business and environmentally conscious business, etc.	  	   
Water Resources	Continuity risks for business involving production processes in water shortage areas, etc.	Promotion of water supply and sewerage/freshwater generation business to contribute to addressing water issues around the world, etc.	  	   
Biodiversity	Impact of shortage of raw materials due to destruction of natural ecosystems, reputation loss due to manifestation of adverse impacts, etc.	Creation and development of business opportunities by maintaining and protecting ecosystems, improvement of employee motivation, etc.	 	   
Prevention of Pollution	Reputation loss and decreased trust due to the occurrence of environmental problems, etc.	Development and stability of business through harmonious coexistence with the global environment, etc.	  	   
Resource Use	Business continuity risk due to the loss of the public value of forests, etc.	Expansion of forest management business by securing and using sustainable forest resources, etc.	  	   
Human Rights	Hollowing out of human resources, reputation loss and decreased trust as a result of human rights violation, etc.	Development and stability of local communities and business through harmonious coexistence with local residents, etc.	   	   
Work Health and Safety/Health and Productivity Management	Decreased labor productivity, hollowing out of human resources, and business continuity risk due to inappropriate risk management, etc.	Improvement of labor productivity and employee motivation by giving due consideration to health, etc.	 	   
Human Resources Management	Hollowing out of talented human resources, decreased labor productivity, decreased motivation of employees, and business continuity risk due to lack of appropriate measures and inappropriate working environment, etc.	Human resources retention, enhanced labor productivity, increase in employee motivation, and opportunities to enter new business areas through providing appropriate human resource development programs and realizing a fulfilling working environment, etc.	    	   
Supply Chains	Business continuity risk and reputation loss as a result of the occurrence of problems related to the environment, human resources and labor practices in supply chains, etc.	Development and stability of business by resilient value chains, etc.	 	   
Industrial/Technological Innovation	Deterioration of existing business and hollowing out of human resources as a result of the shift to ICT, the disappearance of borders for all industries, and complexity, etc.	Enhancement of existing business and creation of new business models through the shift to ICT, etc.		   
Healthcare	Medical malpractice-related risks, etc.	Improvement of access to better medical care, enhancement of efforts to respond to increased demand for drugs, etc.	 	   
Local infrastructure/Community Planning	Business continuity risks as a result of the occurrence of problems related to the environment, human resources and labor practices at sites of urban development and infrastructure construction, etc.	Promotion of urban development and infrastructure projects mainly in emerging countries, etc.	  	   

Relationship between various social issues and the company's business

Business description of each Business Unit in solving social issues

Business Unit	Metal Products	Transportation & Construction Systems	Infrastructure	Media & Digital	Living Related & Real Estate	Mineral Resources, Energy, Chemical & Electronics	EII	
Business Examples	 Remarkable improvement in the safety of workers through the introduction of non-contact tags	 EV car-sharing in Sweden	 Sewage treatment plant in Rio Grande do Sul Province	 Cable TV operator JCOM Head office entrance	 Interior of Summit supermarket, Summit Store Hon-Amanuma	 Cerro Verde Copper Mine in the Republic of Peru	 Utilization of Forest Resources in New Zealand	
	 Steel Service Center	 Motor grader used for ground leveling	 Reverse Vending Machine	 Mobile phone shops managed by T-Gaia Corporation	 SC Foods "Yongenton Silky Pork"	 Diademed sifaka (Propithecus diadema), critically endangered species (Ambatovy Project)	 Renewable Energy	 Green Hydrogen
	 Long rail transport vessel	 Lunar module manufactured by ispace (illustration)	 Dorper Wind Farm Pty Ltd. in South Africa	 Companywide DX promotion	 KANDA SQUARE	 Agrochemical project in Brazil (Agro Amazonia Produtos Agropecuarios Ltda.)	 Distributed Solar Power Business	
Climate Change		Page 47	Page 16, 45	Page 16, 46	Page 16, 48	Page 46, 48, 49	Page 16, 27, 46, 49	
Water Resources			Page 50, 51					
Biodiversity			Page 54		Page 54	Page 53		
Prevention of Pollution			Page 56			Page 55, 56		
Resource Use			Page 17		Page 17	Page 17	Page 17, 57	
Human Rights	Page 18		Page 62		Page 18, 61, 62	Page 62		
Work Health and Safety/Health and Productivity Management	Page 72	Page 73				Page 71	Page 71	
Human Resources Management		Page 19, 80						
Supply Chains					Page 91	Page 91	Page 91	
Industrial/technological innovation	Page 40	Page 40, 92		Page 40, 92				
Healthcare					Page 93	Page 94		
Local Infrastructure/Community Planning		Page 20, 97	Page 19, 20	Page 20, 95, 96				

Enhancing sustainability management

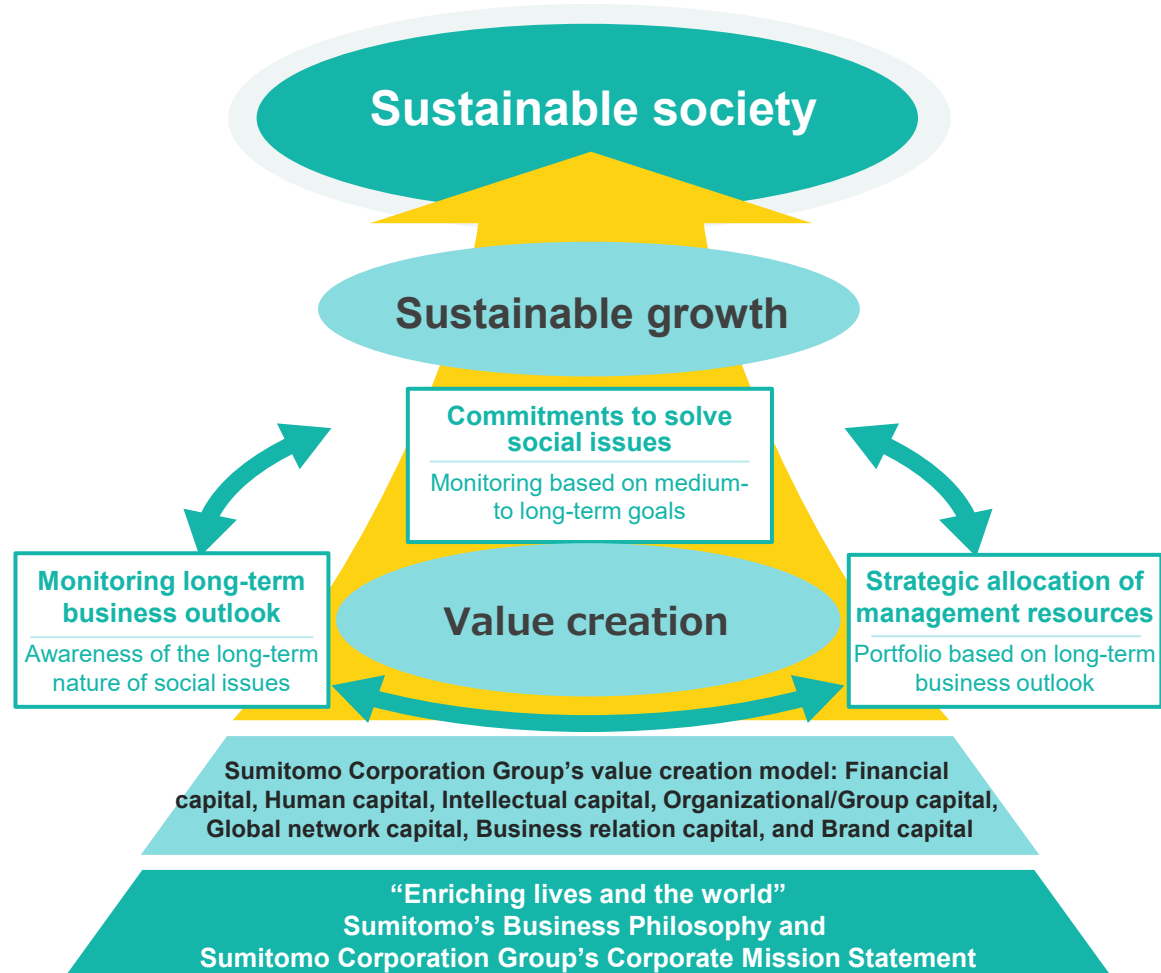
The Enhancement of Sustainability Management that we seek

Enhancing sustainability management at Sumitomo Corporation goes beyond identifying issues and setting goals.

In addition to clear commitment to the role we play in achieving a sustainable society, it is necessary that we focus on the optimal status of companies and their business that will be needed in a sustainable society, such as carbon neutrality, circular economy and zero violation of human rights. We need to recognize the paths to achieve them and the challenges to be overcome, and consider the strategies and allocation of management resources that we should implement from a long-term perspective.

We believe that capturing and pursuing the ideal state of society will bring more business opportunities. The Sumitomo Corporation Group's sustainability management is about perfectly aligning the vision of a sustainable society with the Group's value creation and sustainable growth, and we continue to work on establishing a management framework to achieve the vision.

Pursue sustainable growth with society



Enhancing sustainability management

What the Group will bring about for the development of a sustainable society

As Sumitomo Corporation works to enhance its sustainability management, we have identified six key social issues related to our business 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".

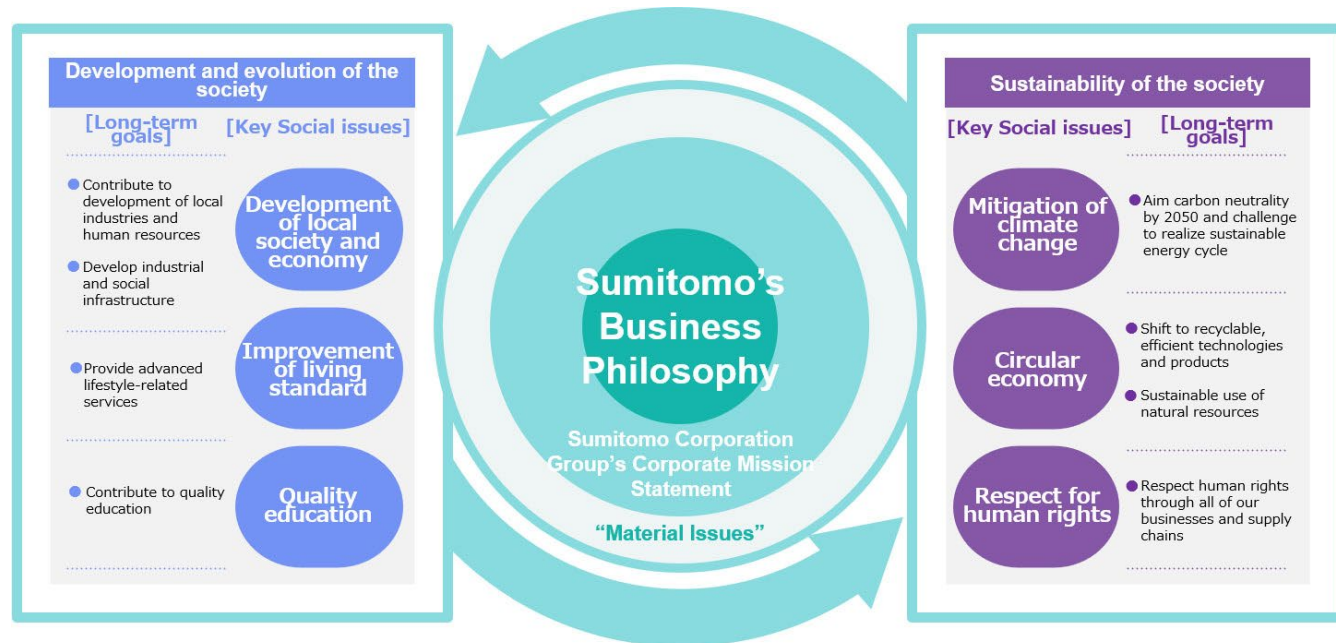
As we pursue these lofty goals, it will be necessary for us to demonstrate our strengths as an integrated trading company. The Group will make use of its human resources, business expertise as well as networks and business relationships. The six social issues will demonstrate our role in the society and become our guideline to the Group's entire business operations.

The six social issues have two themes: the sustainability of society and development and advancement of society.

The sustainability of society is a globally shared goal as well as a major premise of the Group's business. On the other hand, the solutions for pursuing the sustainability of society will be generated from further social and economic development and therefore, we believe that these two themes are mutually complementary.

Also, we will pursue to achieve these goals through business activities, however, we will contribute to providing quality education through our philanthropy as well as human resources development initiatives.

Key social issues and long-term goals for Sumitomo Corporation Group



- Our diverse human resources
- Multifaceted business expertise
- Global networks
- Business relations with partners and customers

Enhancing sustainability management

Key social issues and long-term goals for Sumitomo Corporation Group

For development and advancement of society, we identified development of local society and economy, improvement of living standard, and quality education as the key social issues.



The Group's business is expanding to countries and regions around the world. Helping to develop the communities where we do business is a common challenge to all our business operations. The Group will contribute to industrial development as well as human resource development in the local communities and will endeavor to provide industrial and social infrastructure.



The world's population continues to grow, and many areas are facing problems such as aging and urbanization. The Group will make effort to provide advanced life-related services that contribute to a better life for all people.



Quality education plays an important role in the development of local communities and economies, which enriches people's lives and leads to creation of a sustainable society. The Group will promote various activities, including philanthropy, to contribute to quality education.

We identified mitigation of climate change, circular economy, and respect for human rights as social issues that must be addressed to pursue a sustainable society.



Preventing global warming and mitigating climate change are urgent issues that are indispensable for realizing a sustainable society. The Sumitomo Corporation Group seeks to become carbon neutral in its business by 2050 and develop sustainable energy cycles and create new business.



The circular economy through recycling, reuse, reproduction, resource-saving product development, and sharing is an important element for maintaining social sustainability. The Group will contribute to achieve circular economy by recycling, switching to resource-saving technologies and products, and working on sustainable procurement of natural resources.



Respect for human rights is a universal issue that must be achieved in any place and at any time. The Group operates business while engaging with multiple stakeholders including customers, local communities and employees, and we will strive to respect human rights throughout the Group's business and supply chains.

Identification Process of key social issues

In FY2019, we launched an internal project team to enhance the sustainability management.

Based on the characteristics of our business activities as an integrated 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 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 each issue. Finally, after comparing their hypotheses with the survey results and organizing them into categories, the team identified six key social issues. The key social issues and long-term goals were decided in June 2020 after resolutions by the Management Council and the Board of Directors. We also decided on 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.

Long-term and medium-term goals are introduced on the next and following pages.

Setting long-term and medium-term goals to address key social issues

Key social issues	Long-term goals	Medium-term goals (newly set)	
Sustainability of society	Mitigation of climate change	<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 (3GW 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. 	
	Circular economy	<ul style="list-style-type: none"> ■ Shift to recyclable, efficient technologies and products 	<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.) .
		<ul style="list-style-type: none"> ■ Sustainable use of natural resources 	<ul style="list-style-type: none"> ■ 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. 	

(*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

Setting long-term and medium-term goals to address key social issues

Key social issues	Long-term goals	Medium-term goals (newly set)
Development and evolution of society	<p>Development of local society and economy</p> <ul style="list-style-type: none"> Contribute to development of local industries and human resources Develop industrial and social infrastructure 	<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. 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.
	<p>Improvement of living standard</p> <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.
	<p>Quality education</p> <ul style="list-style-type: none"> Contribute to quality education 	<ul style="list-style-type: none"> Provide quality and equal learning opportunities through 100SEED(*) 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).

(*) Social contribution projects with employee participation at Sumitomo Corporation Group

Monitoring of progress and disclosure of information

Going forward, the Company will disclose the initiatives and progress with achieving each goal in its communication materials, including the ESG Communication Book and the Integrated Report which are published annually.

Key social issues : Mitigation of climate change

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

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

Business description

Reducing Electricity Consumption at Data Centers, etc

SCSK, a member of the Group, is making efforts to reduce the power consumption of IT equipment and server cooling air conditioning equipment at its data centers. It is aiming for the target of 1.5 degrees Celsius established by the SBT (*) certification standards, and will promote power saving and the use of natural energy to reduce greenhouse gas emissions.



netXDC Chiba Center No. 3

(*) SBT=Science Based Targets. They are greenhouse gas emissions reduction targets set by companies for the next 5 to 15 years that are consistent with the levels required by the Paris Agreement.

Business description

Conserving Energy and Reducing CO₂ Emissions at Supermarkets

At our Group Summit, we established the "GO GREEN" Challenge Declaration based on our SDGs, and we are promoting solutions to social and environmental issues, including the achievement of virtually zero CO₂ emissions by 2050.

In terms of specific initiatives, we are promoting energy conservation and furthering reductions in CO₂ emissions by striving to improve our refrigeration and freezing facilities, as well as changing our lighting, which accounts for 10-20% of our electricity consumption, to LED lighting, among other efforts. In addition, we've introduced solar power at some stores.



Solar panels installed on building walls

 ["GO GREEN" Challenge Declaration](#)

■ Medium-term goal : Establish businesses that will form the foundation for a sustainable energy cycle in society

Business description

Developing Our Renewable Energy Business

The Group is engaged in a variety of renewable energy businesses around the world, from wind power (onshore and offshore) to solar power, geothermal power, hydroelectric power, and biomass power. In addition to supporting society by supplying electricity (creating social value), we also aim to reduce greenhouse gas emissions through the creation of new renewable energy businesses (creating environmental value), and we will continue to expand our business model globally to secure stable, long-term profits (economic value) through a sustainable electricity sales business.



Offshore wind turbines, also known as "egrets"

Business description

Establishing An International CO₂-free Hydrogen Supply Chain

By utilizing the abundant water resources and hydroelectric power in Sarawak, Malaysia, we are studying the production of CO₂-free hydrogen and the export of MCH (methylcyclohexane) to Japan in collaboration with SEDC (Sarawak Economic Development Corporation), a company run by the state government, and ENEOS Corporation.

Key social issues : Circular economy

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

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

Business description

Achieving a Recycling-oriented Society through our Maxicon Rental Business

For about 30 years, Sumisho Global Logistics Co., Ltd., as one of our group companies, has been developing "Maxicon foldable container rental business" mainly for food and cosmetic products in liquid bulk to be transported and stored safely. This business has contributed to solving social issues such as resource conservation and improvement of transportation efficiency to reduce CO2 emission, but the main material of the inner bag installed inside Maxicon is polyethylene, which we believe may result in our next challenge to deal with the waste disposal problem. Currently, we are trying to develop a new inner bag made of plant-derived resin containing more than 10% of biomass materials to be certified by the third party organization for realizing the recycle-based society throughout the whole supply chain



Installing inner bag inside Maxicon container



Environmentally friendly reusable container "Maxicon (1000L)"

Long-term goal : Sustainable use of natural resources

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

Business description

Acquisition of FSC® certification, an international standard for forest management

Forests are a vitally important resource for the sustainable development of the world. We have acquired FSC® certification, an international standard, for all 2.66 million hectares of our forested land in the Russian Far East and most of our 37,000 hectares of forested land in New Zealand. This is so that we can have our forest management objectively evaluated and certified as being conducted in an appropriate manner that takes the environment and local communities into consideration. ⇒ See Page 57 for details.



Forest we own in the Russian Far East

Business description

Joining the 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. will obtain RSPO supply chain certification in 2021. ⇒ See Page 91 for details.



Key social issues : Respect for human rights

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

- **Medium-term goal : 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 description

Supplier Management in the foods business

As a trading company that specializes in food and food products, SC Foods is engaged in a comprehensive range of activities, from product development, selection of production sites around the world, procurement of raw materials, and production/processing management to logistics and domestic distribution. Its goal is to promote respect for human rights throughout the value chains in which the Group’s businesses are involved. SC Foods is engaged in supply chain management with the aim of providing safe, trustworthy, and high-quality products that respect human rights and other sustainability issues.



⇒ See Page 61 for details.

Business 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, completed its first ever corporate-wide Human Rights Impact Assessment in January 2020, through its partner BSR. The human rights impact assessment was conducted through reviews of existing Fyffes policies and procedures and interviews with internal and external relevant stakeholders, including NGOs, employees and customers. In addition, Fyffes chose five countries to do an in-depth analysis - Belize, Colombia, Costa Rica, the Dominican Republic, and Honduras. The countries were chosen due to their importance to Fyffes as well as their potential risk profile. ⇒ See Page 61 for details.

- **Medium-term goal : Ensure a safe workplace environment**

Business description

Continuing and developing the health and safety management system we have cultivated over the years

The Metal Products Business Unit has continued to engage in health and safety management initiatives to protect the lives and safety of its employees. Typical examples of such initiatives include, the global initiatives for zero accidents in Steel Service Center Business Groups (steel products related business) and the global HSSE management system for eliminating occupational and environmental accidents in the tubular products business.

We will continue to pursue zero accidents in both the steel and tubular products businesses and fulfill our social mission by creating ever better work environments. ⇒ See Page 72 for details.



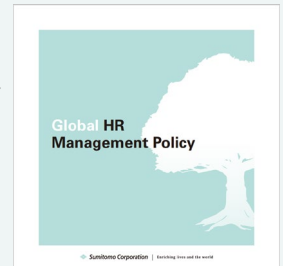
- **Medium-term goal : Achieve a diverse organization grounded in mutual respect**

Business description

Establishing Sumitomo Corporation Group’s Global HR Management Policy

In December 2020, we established the Sumitomo Corporation Group’s Global HR Management Policy. The policy sets forth our vision and establishes important concepts with regard to human resources management around the world, and will be used as the basis for all human resources policies so that we can implement human resources management aimed at creating new value.

⇒ See Page 75 for details.



Key social issues : Development of local society and economy

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

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

Business description

Develop and operate industrial parks internationally to create jobs and promote sound regional development

The overseas industrial park business was launched to meet the needs of customers looking to expand its overseas production, based on the idea of providing comprehensive support functions for such companies as one package. We are now operating industrial parks in Southeast Asia such as the Philippines, Vietnam, and Myanmar, and also in South Asia such as in the suburbs of Chennai in south India. Our industrial park business is truly one stop: from land acquisition to full scale development, attracting companies, day to day operations, and tenant company support. We aim to continuously exceed customer expectations and improve our support, utilizing the Sumitomo Corporation group's strengths and services, such as logistical support and procurement of production materials to provide a more comprehensive support.



Thang Long Industrial Park II (Vietnam)

Business description

Offering job training programs

Through our consolidated subsidiary Toyota Iraq, we are implementing a job training program for young internally displaced persons in Iraq to help them acquire skills, with the goal of offering stable employment opportunities and a foundation for building an independent life for the future.

⇒ See Page 80 for details.



Trainees receiving training on vehicle maintenance, parts warehouse management and customer services

Long-term goal : Develop industrial and social infrastructure

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

Business description

Helping to promote the development of railroad infrastructure

We have been implementing projects to supply rolling stock and railway systems to countries throughout Asia, including the Philippines, Indonesia, Taiwan, Thailand, Myanmar, and Vietnam, as well as to North America. Of these, the Philippines is one of our most important markets. We have been involved in the construction of all of the urban railways that currently run through the Manila metropolitan area, which includes Lines 1, 2, and 3.

The Philippines marks one of the highest rates of economic growth among the ASEAN countries. With a population of over 100 million, the population of the Manila metropolitan area is experiencing rapid growth, and traffic congestion resulting from the large concentration of people poses a serious issue. We will contribute to the Philippines' economic development by utilizing our extensive experience in developing railroad infrastructure, providing access that is inexpensive and convenient, and both improving the environment and eliminating economic losses by reducing traffic congestion.



Conceptual rendering of completed Manila Metro railcar

Key social issues : Improvement of living standard, Quality education

Long-term goal : Provide advanced lifestyle-related services

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

Business description

Solving Social Issues through Developing 5G Infrastructure and Solutions

5G is a key technology for promoting DX and an important platform that will have an impact on society in general. We are working on the "base station sharing business" and the "local 5G business for regional communities." Through the expansion of "base station sharing," we aim to realize a 5G society as soon as possible and lessen the environmental impact by reducing the installation of base stations. At the same time, we will use "local 5G" to solve social issues and achieve industrial DX in various fields such as factories, universities, railroads, and disaster prevention, and realize more convenient and developed regional communities.

⇒ Page 96 for details

Business description

Contributing to solving local social issues through smart city development in North Hanoi

We will integrate the real estate business and infrastructure business, both of which the Group has extensive experience in, and undertake efficient management of urban development utilizing digital infrastructure*. At the same time, we will utilize various smart services and the data obtained from these initiatives to promote urban development for achieving sustainable growth.

* Integrated IoT platform for integrating, accumulating, and analyzing urban data



Pleasant living environment surrounded by waterfronts and other natural scenery

Long-term goal : Contribute to quality education

- **Medium-term goal : Provide quality and equal learning opportunities through 100SEED(*) activities**

Activity description

100SEED Launched with Global Employees to Mark Centennial

On the occasion of the Sumitomo Corporation Group's 100th anniversary in 2019, Group employees around the world launched the "100SEED" social contribution program to discuss together and carry out globally. By participating in a three-step process—POST (post social issues of interest), DISCUSS (discuss the actions to be taken), and ACT (carry out those actions)—each employee takes ownership of the solutions to social issues, puts the Sumitomo Business Philosophy and Sumitomo Corporation Group Management Principles into practice, and achieves sustainable growth with society. We will provide our diverse human resources, our most important management resources, and their time on all organizational levels to address quality education with the aim of creating a sustainable society. ⇒ Page 102 for details

(*) Social contribution projects with employee participation at Sumitomo Corporation Group



Information on activities and their progress will be released from time to time on [corporate websites](#) and other media.

Enhancing sustainability management

A step forward in our Sustainability Management : Material issues and Key social issues

Sumitomo Corporation has identified its material issues in 2017 which are the Group's priority issues in order to sustainably grow in harmony with society. Based on Sumitomo's Business Philosophy and Sumitomo Corporation Group's Corporate Mission Statement, we organized how each business in our portfolio contributes to society and classified them into four material issues. In addition, two issues were added, which are our important management topics. We have been placing the six material issues at the core of our management to constantly check that the business strategies and each business align with the material issues and making sure that they are contributing to solve the social issues.

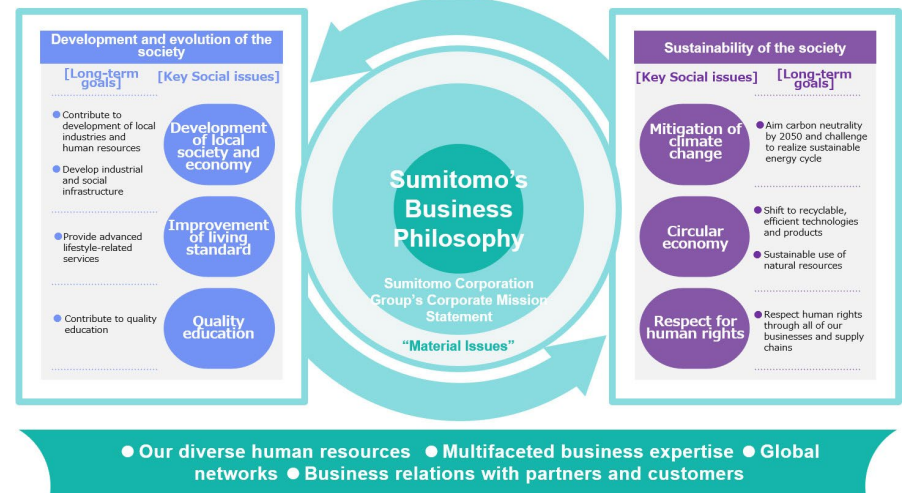
On the other hand, with the newly identified key social issues and their long-term goals, Sumitomo Corporation Group will take a step forward in its sustainability management by defining the role it plays in achieving a sustainable society.

We believe that both of these initiatives are essential in order to understand how our business relates to social issues and also to make clear commitments to society.

Six material issues to achieve sustainable growth with society



Key social issues and long-term goals for Sumitomo Corporation Group



- Important issues that should be prioritized by making the most of our strengths through business activities
- Illustrate how our business contributes to society
- The basis of mid to long-term management strategies and individual business activities
- Confirm that all strategies and businesses are compatible with the material issues

- Social issues closely related to our business activities
- Commitment to the role of the Group in achieving a sustainable society
- Set medium-term targets and KPIs and monitor progress

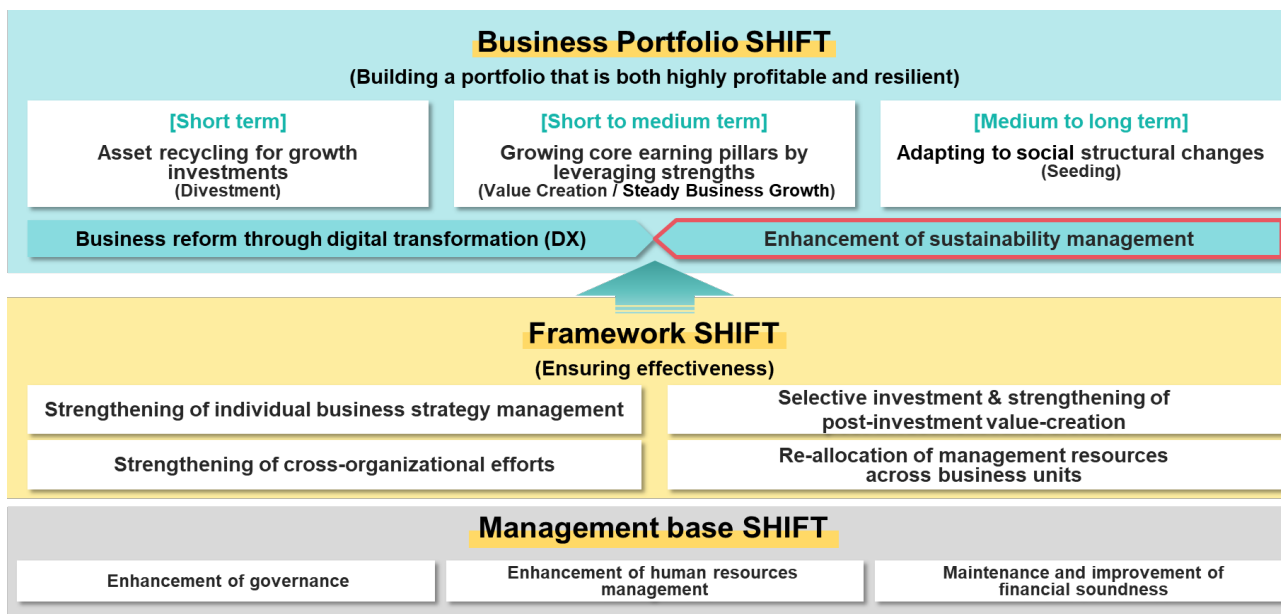
Medium-term Management Plan SHIFT 2023

In May 2021, we formulated the Medium-Term Management Plan SHIFT 2023 to cover the three-year period from FY2021 to FY 2023. We will focus on the following three measures : a shift in our business portfolio to one that is both highly profitable and resilient to changes in the business environment while firmly grasping the two major social trends of digitization and the demand for sustainability ; a shift in our framework which will lead to steady implementation of the PDCA cycle after brushing up individual business strategy discussions in depth and cross-organizational efforts and decisions on the allocation of management resources ; a shift in the management base which will be achieved by enhancing governance and human resources management, maintaining and improving our financial soundness . We will complete thorough structural reforms and achieve a return to a new long-term growth trajectory by focusing on these three shifts .

In SHIFT 2023, we have identified "enhancement of sustainability management" as an important element, along with DX, in our growth strategy of promoting a shift in our business portfolio. We will transform our business activities suitable for a sustainable society and pursue sustainable growth together with society.

We are strongly committed to addressing social issues and will promote strategic allocation of management resources by backcasting from a sustainable society to determine business opportunities and risks with regard to the long-term changes in the business environment.

SHIFT 2023 Overview



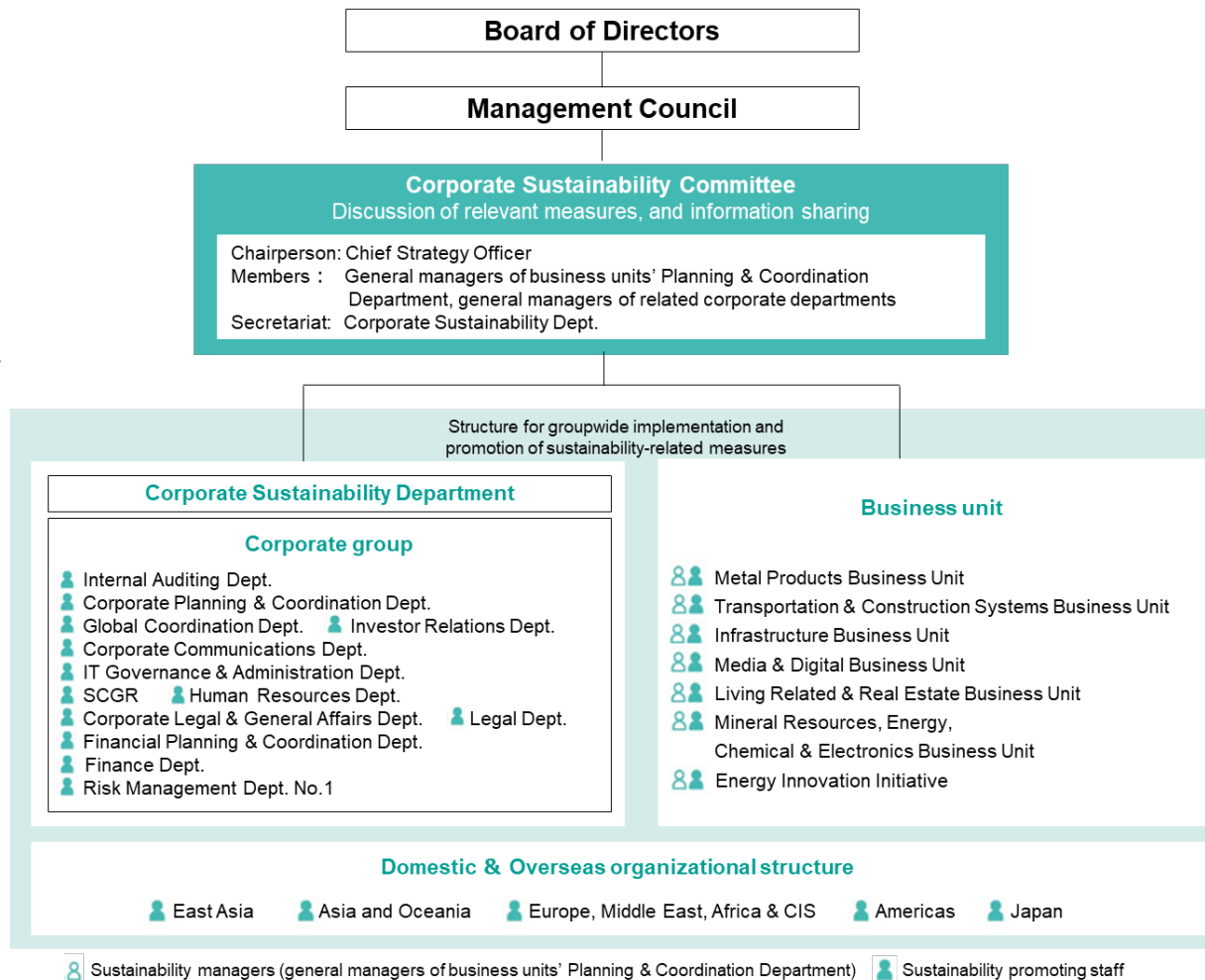
Sustainability promotion system

Organization for Promoting Sustainability

Sumitomo Corporation has established the Corporate Sustainability Department, which is responsible for the planning of measures to promote sustainability and ensuring their implementation throughout the organization.

Meanwhile, the department coordinates with general managers, who are responsible for promoting sustainability within each business unit, and with the sustainability promoting staff of each business unit's Planning & Coordination Department. The department also works with the sustainability promoting staff of relevant corporate departments and overseas regional organizations to ensure that sustainability promotion measures are fully implemented groupwide and also that the different business units and regional organizations pursue measures tailored to the specifics of their business or region.

The Corporate Sustainability Committee acts as an advisory body to the Management Council and discusses important policies, measures, and initiatives relating to the promotion of sustainability. Important initiatives relating to sustainability promotion are referred by the committee to the Management Council and the Board of Directors for further discussion. Some important initiatives are subject to the decisions of the Management Council and the supervision of the Board of Directors.



Commitment to international codes of conduct

UN Global Compact

WE SUPPORT



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

The GC is an initiative aimed at realizing the sustainable growth of the global economy through the voluntary participation of businesses in a worldwide network. The UN invites companies and organizations from around the world to join in the GC and currently has over 13,000 companies and organizations from approximately 160 countries participating.

The GC has compiled 10 universal principles recognized by the international community based on international agreements in the areas of human rights, labour standards, environment and anti-corruption. Participating companies adopt the 10 principles into their business operations and strategies and are expected to assume responsible and creative leadership as a good corporate citizen for the purpose of achieving sustainable growth.

In March 2009, Sumitomo Corporation Group 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 board member companies. In FY2020, 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; and ESG. 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.

Our climate change initiatives : Disclosure based on TCFD

The issue of climate change is an important issue that must be overcome to bring about a sustainable society. Global efforts towards the faster realization of a carbon-neutral society are accelerating. We value the global consensus of the Paris Agreement, and in order to play a more active role in achieving the carbon-neutralization goals of society set forth in the agreement, we reviewed our "Policies on Climate Change Issues" in May 2021. We have set medium-term goals that show a clearer action plan for "Climate Change Mitigation" and its long-term goals, one of our six important social issues. (For medium-term goals, please refer to Page 14 and Page 39)

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.**
(in 2035: 20% for coal-fired, 50% for gas-fired, and 30% for renewables in terms of net ownership generation capacity(*3))
- **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)(*4).
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 2030.

(*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.

(*3) As of 2020 : coal 50%, gas 30%, renewables 20%

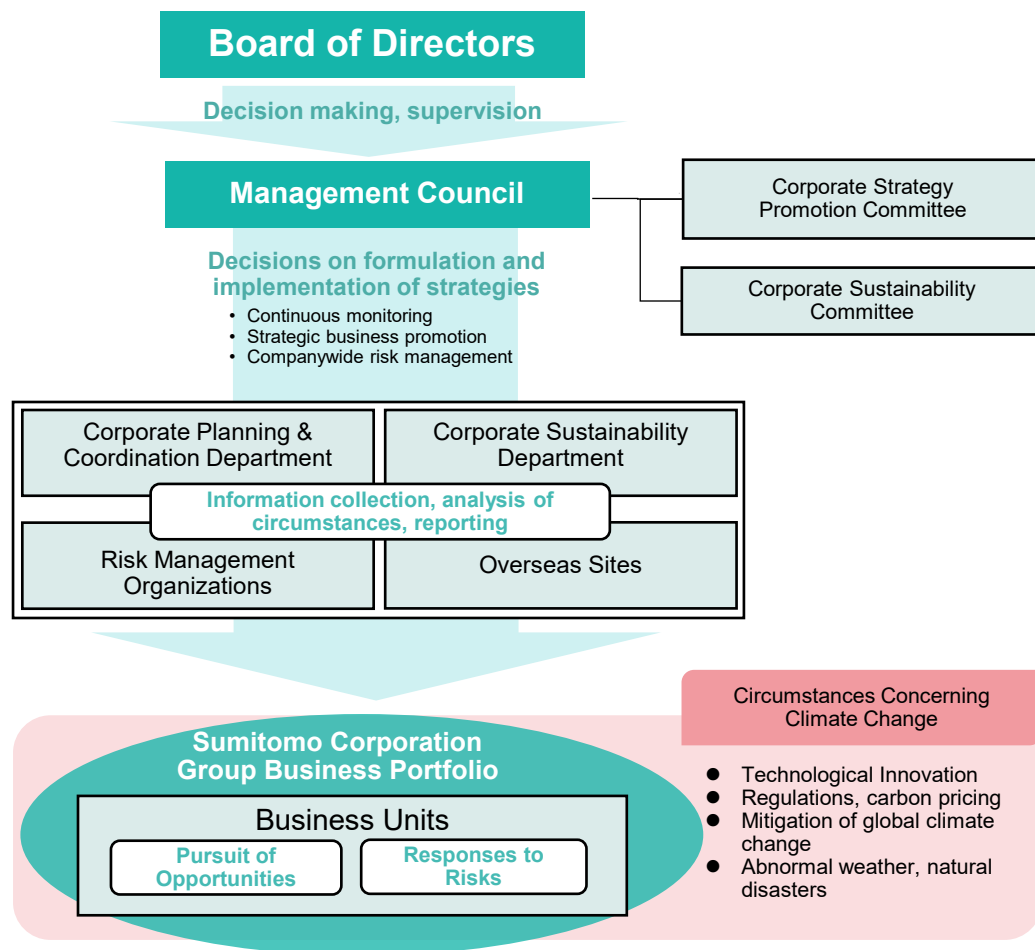
(*4) As the only exception, we acknowledge the project of Unit 3 and 4 of Matarbari plant in Bangladesh, which is under discussion between the Bangladesh and Japanese governments, as a potential expansion project of the Unit 1 and 2 project which we participate as a contractor.

We will judge the possibility of participating in the Unit 3 and 4 project based on dialogue with our various stakeholders and also after we confirm the project's consistency with the Paris Agreement (this will be the last project of coal-fired power generation business that we may have a possibility to consider).

Our climate change initiatives : Disclosure based on TCFD

Governance (Structure for Responding to Climate Change Issues)

- ◆ With regard to the various opportunities and risks related to climate change issues involved in the Group's diverse business activities, the Board of Directors receives periodic reports on strategies in the Group's diverse activities each business field, their progress, and the status of risks affecting the company's entire business portfolio, and monitors whether appropriate management is being carried out. In addition, the Board of Directors adopts resolutions establishing policies on the Group's responses to climate change problems and discusses the handling of important issues related to policies on responses to climate change issues.
- ◆ As a recent example, our Management Council repeatedly discussed the path to achieve the Group's long-term goal of "becoming carbon neutral in our business activities by 2050 and taking on the challenge of realizing a sustainable energy cycle," the policies of our power generation and energy-related businesses, and the initiatives necessary to realize a carbon-neutral society. Based on this, the Board of Directors reviewed the "Policy on Climate Change Issues" and resolved the medium-term goals for "Climate Change Mitigation." The Group holds biannual strategic conferences with the participation of Management Council members to discuss strategies in each business field including measures for addressing social problems such as climate change under the Medium-term Management Plan.
- ◆ In addition to the measures taken by individual business units with regard to the opportunities and risks presented by climate change issues, the Corporate Sustainability Department, a dedicated organization for dealing with social problems, the Corporate Planning & Coordination Department, which creates the company's overall management plans and formulates key initiatives, and the risk management organizations work together, formulating company-wide policies and promoting necessary initiatives. Based on information provided by investigative organizations and sales organizations within the Group, overseas sites, and other parties, they deliberate on companywide measures.
- ◆ The Corporate Sustainability Committee (chairperson: Chief Strategy Officer, secretariat: Corporate Sustainability Department) follows global climate change mitigation trends and the Corporate Strategy Promotion Committee (chairperson: Chief Strategy Officer, secretariat: Corporate Planning & Coordination Department) deliberates on strategies and risk management measures related to climate change. The two committees provide reports and refers issues to the Management Council, which makes critical decisions regarding climate change-related measures.



Our climate change initiatives : Disclosure based on TCFD

Strategy: Climate Change-Related Risks and Opportunities

To overcome the issue of climate change, it is necessary to bring about a carbon-neutral cycle by shifting to decarbonization technology and renewable energy across the industry and utilizing emitted CO₂.

We will respond to the risks posed by changes in various technologies and business models due to decarbonization as we globally develop businesses in a wide range of industries. At the same time, we will cultivate diverse business opportunities and meet the new social needs that arise in response to these changes.

Develop new businesses for realizing a sustainable energy cycle

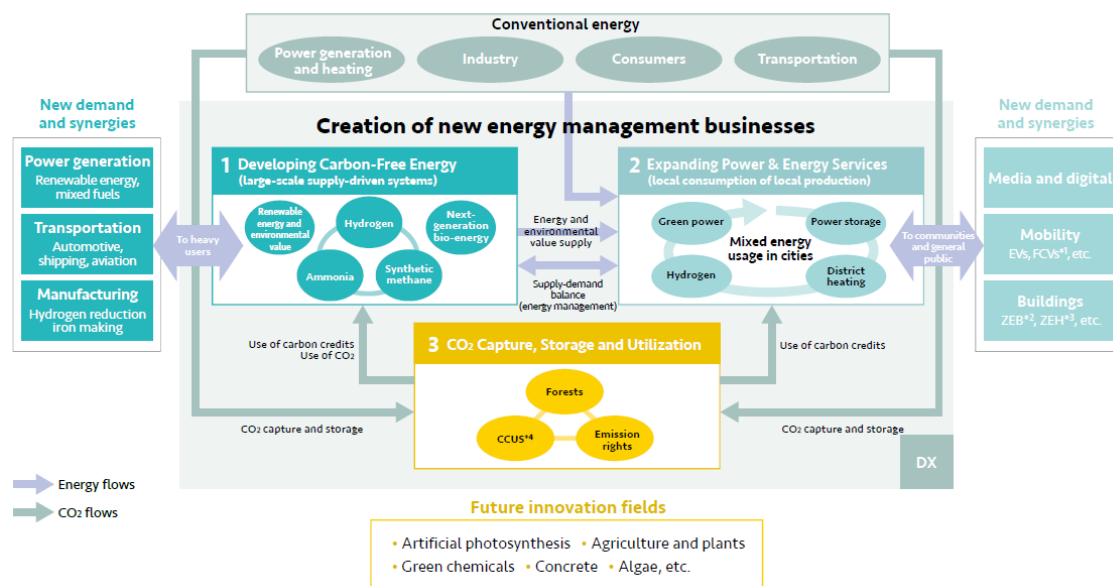
We established the Energy Innovation Initiative (EII), a new business organization that aims to create next-generation businesses that contribute to the realization of a carbon-neutral society, in April 2021.

This organization aims to develop a decarbonization and recycling energy system and is engaged in cross-organizational efforts.

Specifically, these efforts are carried out in the three priority fields of “developing carbon-free energy” (such as hydrogen and next-generation bio-energy), “expanding power & energy services” (such as large-scale storage batteries and distributed power resources), and “CO₂ capture, storage and utilization”.

These three priority fields do not exist independently of each other but rather are interrelated, forming a single energy system. It will create new value by combining and uniting these fields. The EII calls this “the new energy management business” and is pursuing the creation of a next-generation business by combining related demand and synergy. The various projects of the EII include ones already commercialized and ones in different stages from field testing to social implementation. Work is underway to establish a sizable earnings base with 2030 as one possible target.

In addition to these initiatives, we will continue to build businesses that serve as the basis for the sustainable energy cycle of society. This will be achieved through expanding the supply of renewable energy and the switching of fuels, electrification, and improvements to energy and carbon efficiency across various industries, along with the expansion of businesses that promote energy conservation.

Creation of next-generation businesses for a carbon-free, recycling-oriented energy system

Our climate change initiatives : Disclosure based on TCFD

Strategy: Climate Change-Related Risks and Opportunities

- ◆ With regard to the problem of climate change, various regulations may be introduced in the future to encourage carbon emissions reductions and decarbonization, in the long term, advances in international deliberations, revisions to the greenhouse gas reduction plans of individual countries, and changes in the technologies and markets of diverse industrial fields may bring about various changes in our Group's business environment.
- ◆ We are analyzing the impact on businesses including power generation/energy and resource-related businesses, automobiles, aircraft, shipping business, steel, chemicals, cement, aluminum smelting, and real estate, which are presumed to be fields that face a relatively high risk of change in the business environment. These include changes in technology related to climate change mitigation and the introduction of regulations. It is assumed that there are risks that affect business activities in these fields. By recognizing the magnitude of the risks through regular scenario analysis and considering appropriate countermeasures, we are working to keep the negative impact on business performance to a minimum. We are also strengthening initiatives that contribute to the development of business opportunities, such as the construction of carbon-free and recyclable energy systems.

Scenario Analysis

- ◆ We see climate change as a major issues faced by the entire world, and we identify businesses on which climate change will have a significant impact and perform scenario analysis based on the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

Climate scenario selection

- ◆ In the event of significant changes to the business environment, from the perspective of objectively evaluating new business opportunities and business resilience, we are analyzing the impact on business by 2050 using the below scenarios. In doing so, we primarily reference the IEA's (International Energy Agency) World Energy Outlook 2020, and Energy Technology Perspective 2020, Net Zero by 2050 Roadmap for the Global Energy Sector. These scenarios are referenced as examples of possible changes in the business environment of each sector for long-term trends in global climate change mitigation, and do not necessarily represent assumptions for our management policies or business strategies.

**Referenced
scenarios**

- NZE (Net Zero Emission Scenario):
A scenario that backcasts global accomplishment of net zero by 2050
*1.5°C increase by 2100 (50% probability)
- SDS (Sustainable Development Scenario):
Towards the achievement of the goals of the Paris Agreement and the SDGs, a sustainable growth scenario that achieves carbon neutrality by 2070
*Less than 1.65°C increase by 2100 (50% probability)
- STEPS (Stated Policies Scenario):
A public policy scenario in line with policies already announced by governments and Nationally Determined Contribution (NDC) submitted by each country
*Less than 2.7°C increase by 2100 (50% probability)

Our climate change initiatives : Disclosure based on TCFD

Strategy: Climate Change-Related Risks and Opportunities

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.

This fiscal year we are conducting scenario analysis after confirming trends in technological changes and the introduction of regulations for businesses in power, energy, transportation, materials industry, and real estate.

Business sectors selected for scenario analysis

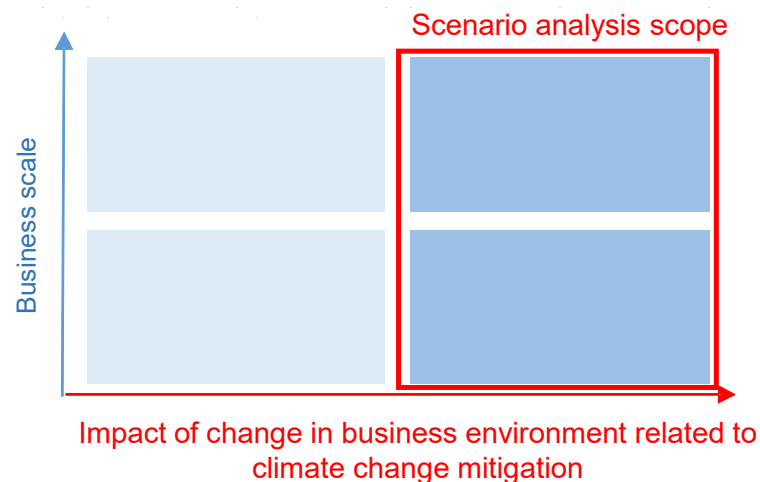
Electric power: Power generation (Coal and gas), Renewable energy

Resources: Thermal coal and coking coal, Natural gas and LNG, Metals and rare metals (Nickel, copper, and iron ore)

Transportation: Vehicles (Manufacture and sales of automobile parts/sales of finished vehicles), Shipping (Shipbuilding/ship ownership and operation), Aviation(Lease business)

Material industry sector: Steel (Steel sheets & tubular products manufacturing & sales), Cement (Distribution business), Chemicals (manufacturing/trade), Aluminum (Smelting and refining business)

Real estate sector: Office buildings/residential building sales business



Results of scenario analysis

- ◆ For the recognition of the business environment related to the sectors identified for scenario analysis, power, energy, transportation, materials industry, and real estate, the future demand trends for each sector listed in the main scenarios presented by the IEA are evaluated in three levels: positive, neutral, and negative. The forecasts for demand trends and the business environment shown by these scenarios include many potential risks and uncertainties. Also, our 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.

Our climate change initiatives : Disclosure based on TCFD

Strategy: Transition Risks and Opportunities Related to Climate Change <Scenario Analysis>

Electric power sector

◆ Power generation (Coal and gas)

	NZE/SDS	STEPS
Business environment assessment	<ul style="list-style-type: none"> In SDS, coal-fired thermal power is reduced to about 80% compared to 2019 in 2040. Gas-fired thermal power temporarily increases as a substitute but decreases about 34% compared to 2019 in 2040. In NZE, there are no new coal-fired thermal power plants at the current point in time. In developed countries, coal-fired thermal power without CCUS is abolished in 2030 and is abolished globally in 2040. Gas-fired thermal without CCUS power peaks in 2030 and decreases 90% compared to 2020 by 2040. 	<ul style="list-style-type: none"> For 2040, demand for coal-fired thermal power generation will decrease by about 14% from 2019. Demand for gas-fired thermal power generation is expected to increase by about 16% in 2040 from 2019. Power generation demand for gas-fired thermal power increases about 16% compared to 2019 in 2040.
	Negative	Neutral
Our policies and measures	We will shift our allocation of management resources from coal-fired thermal power to power businesses with low environmental impact, such as renewable energy. Regarding coal-fired thermal power businesses, we will not work on new projects, and we plan to complete all of our businesses and withdraw by the latter half of the 2040s. Most of our existing coal-fired thermal power generation businesses are based on long-term contracts with governments of developing nations where power demand continues to increase. Provisions are included in power sales contracts that hedge against risks in return volatility caused by changes in the legal system. We have also obtained guarantees from the governments regarding the performances of these contracts, and we are covered by NEXI foreign investment insurance. Even with demand for coal-fired thermal power decreasing across society as a whole, risks for the significant deterioration of the commercial viability of individual projects are not considered to be high. However, we will continue to monitor changes to the surrounding business environment.	

◆ Power generation (Renewable energy)

	NZE/SDS	STEPS
Business environment assessment	<ul style="list-style-type: none"> With carbon-neutral trends growing globally, renewable energy is increasingly becoming a primary power source in many countries. In NZE/SDS, consumer demand for renewable energy increases. In SDS the total renewable energy ratio which includes solar and wind power, increases 22% compared to 2019 in 2040, and the renewable energy ratio is 36%. In NZE, in 2050 there is a 59% increase compared to 2020, and the ratio is 88%. 	<ul style="list-style-type: none"> Demand for renewable energy sources is expected to increase by 83% in 2040 from 2019.
	Positive	Positive
Our policies and measures	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 managerial resources to a power generation portfolio with low environmental impact. We have set goals to have the scale of our renewable energy provided at over 3GW and share the power generation capacity ratio to be move from 50% to 20% for coal, 30% to 50% for gas, 20% to 30% for renewable energy.	

Our climate change initiatives : Disclosure based on TCFD

Strategy: Transition Risks and Opportunities Related to Climate Change <Scenario Analysis>

Resources sector

◆ Thermal coal and coking coal

	NZE/SDS	STEPS
Business environment assessment	<ul style="list-style-type: none"> In SDS, due to impacts from the shift from low-grade to high-grade coal, the reduction and streamlining of coal-fired thermal power, and hydrogen reduction in steel, demand will fall 65% compared to 2019 in 2040. In NZE, demand for coal will drop rapidly. The creation of new coal mines and expansion of existing mines will become unnecessary. Demand for coking coal will decrease at a slower rate than thermal coal. Existing production sources will cover demand until 2050. Demand for coal will fall over 90% compared to 2020. In NZE, the implementation of CCUS is proceeded significantly in the 2040s, and CCUS will be applied to about 80% of coal production facilities in 2050. 	<ul style="list-style-type: none"> Demand for coal-fired thermal power generation will decline, and by 2040, demand for coal will decline by about 12% from 2019.
	Negative	Negative
Our policies and measures	We will not acquire new interests in the thermal coal mine development, and we plan to aim for zero equity production volume from thermal coal mines. The proportion of thermal coal interests in our energy portfolio is relatively small and we are maintaining satisfactory competitiveness. Going forward, each mine is scheduled to reach the end of its mine life gradually. Regarding coking coal, with the shift to electric furnaces that use scrap and the practical application of iron-making process with low CO2 emissions, it is forecast that demand for coking coal will decrease in the long term. However, it is predicted that steel businesses that use blast furnaces with CCUS technology installed will be preserved for the time being. We believe that the superiority of our high-quality coking coal interests will be maintained.	

◆ Natural gas and LNG

	NZE/SDS	STEPS
Business environment assessment	<ul style="list-style-type: none"> In SDS, while gas-fired thermal power will replace coal-fired thermal power as a source of power, demand for natural gas will remain persistent until around 2030, and in 2040 will decrease 12% compared to 2019. In 2040, demand for LNG will increase about 1.5 times globally compared to 2020. In NZE, to bring about carbon neutrality by reducing gas-fired thermal power, the development of new gas fields will not be necessary. Usage of natural gas will peak in the mid-2020s, decrease after 2030, and in 2050 will decrease 55% compared to 2020, with LNG decreasing 60%. In SDS and NZE, gas fuel is increasingly replaced with hydrogen and biomass fuel, and mainly in Europe, regulations may become stricter. 	<ul style="list-style-type: none"> There is no switch to renewable energy as a power source, and as a replacement for coal-fired thermal power, demand for natural gas and LNG increases about 30% compared to 2019 in 2040.
	Negative (NZE) / Neutral (SDS)	Neutral
Our policies and measures	In the transition phase to a low-carbon society, gas will be used as a replacement power fuel for coal. It will continue to play an important role as chemical raw material and fuel for transportation. In particular, it is anticipated that LNG demand will increase focused on China, India (which does not have a pipeline for import), and the ASEAN nations. It is expected that business opportunities will increase in the Asian Pacific (including India). Going forward, we will focus on strategic regions in the medium-to-long term perspective, and we will work to create a natural gas and LNG value chain.	

Our climate change initiatives : Disclosure based on TCFD

Strategy: Transition Risks and Opportunities Related to Climate Change <Scenario Analysis>

◆ Metals and rare metals (Nickel, copper, and iron ore)

	NZE/SDS	STEPS
Business environment assessment	<ul style="list-style-type: none"> With the dissemination of renewable energy and electric vehicles, in NZE, demand for metal resources (rare metals) will increase seven times compared to 2020 in 2030, and in SDS will increase by roughly four times compared to 2020 in 2040. In SDS and NZE, it is believed that demand for iron ore will increase steadily, supported by robust demand for steel. 	<ul style="list-style-type: none"> While the dissemination speed of EV and renewable energy is slow, expansion to a certain extent is visible, and by 2040 demand, for metal resources will be roughly double compared to 2020. Steel demand will increase compared to NZE and SDS, and as a result, demand for iron ore will also increase.
	Positive	Positive
Our policies and measures	<p>Regarding nickel, to respond to growing global demand, 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.</p> <p>Regarding copper, through investing in copper mines overseas, we are involved in copper refining and the sale and production of copper bullion which are the upstream of the copper production value chain.</p> <p>Regarding iron ore, through our projects in South African and Brazilian mines, we contribute to stable supply of commodities to Asia with a focus on China and Japan. Going forward, so that we do not lose sales opportunities due to supply not keeping up with the rapid increase in demand for metal materials, we will continue to promote the securing and expansion of procurement sources in line with increasing demand for rare metals in light of market trends, securing scarce resources based on trends in the circular economy. With regard to iron ore, we will continue to secure sources for stable supply while paying close attention to the impact on demand due to changes in the iron-making and steel-making processes in response to decarbonization in the steel industry, and also to the impact of an increase in the ratio of electric furnace steel.</p>	

Transportation sector

◆ Vehicles (Manufacture and sales of automobile parts/sales of finished vehicles)

	NZE/SDS	STEPS
Business environment assessment	<ul style="list-style-type: none"> In SDS and NZE, sales of passenger vehicles will remain steady, driven by economic growth in developing nations. Sales will increase by 18% compared to 2019 in 2030. On the other hand, consumers' preference for car ownership will change due to the development of MaaS. In SDS, EVs will account for roughly 40% of the sales of passenger vehicles by 2030. There will be a significant reduction in demand for internal combustion engine parts. In NZE, the diffusion of EVs will increase with the introduction of restrictions in various countries. By 2030 EVs will account for 60% of the sales of passenger vehicles, and by 2035 the sale of gasoline passenger vehicles will be forbidden. In SDS and NZE, carbon neutralization initiatives for the OEM supply chain will speed up. 	<ul style="list-style-type: none"> The sales of passenger vehicles will increase 30% compared to 2019 by 2030. The EV ratio will remain at 20%, and there will be a limited reduction in demand for internal combustion engine parts. The carbon neutralization of OEMs will develop gradually.
	Neutral	Neutral
Our policies and measures	<p>At the Sumitomo Corporation, we are involved with the manufacture and sales of finished vehicles, automobile finance, and automobile leasing. The handling of internal combustion engine parts is only a small proportion of the parts manufacturing business, so we consider the direct impact to automobile-related businesses due to the switch to EVs to be limited. Also, as a response to carbon neutralization, including OEM supply chains, we will investigate the use of carbon-free energy and low-carbon and carbon-free technology in manufacturing and transporting parts. With the switch to EVs and developments in MaaS, changes to the business model of our automobile-related businesses are conceivable. However, we see these changes as business opportunities. We will develop new business foundations, including car sharing businesses and parking businesses, creating added value for existing businesses, and reviewing our product portfolio.</p>	

Our climate change initiatives : Disclosure based on TCFD

Strategy: Transition Risks and Opportunities Related to Climate Change <Scenario Analysis>

◆ Shipping (Shipbuilding/ship ownership and operation)

	NZE/SDS	STEPS
Business environment assessment	<ul style="list-style-type: none"> In SDS and NZE, demand for marine transportation will remain steady. In SDS, demand will rise roughly 3.3 times compared to 2019 in 2070, and in NZE, it will rise roughly 2.7 times compared to 2020 in 2050. On the other hand, with IMO restrictions and the dissemination of LNG ships, there is the possibility the demand for ships that emit large amounts of CO₂ will decrease. In SDS, the rate of low-carbon-fuel (ammonia, hydrogen, and biofuels) will be a little over 5%, and the reduction in CO₂ emissions by improving fuels and optimization of logistics will be vital. In NZE, low-carbon-fuel will comprise less than 20% of all ships. By 2050, in SDS, more than 50% of fuel consumption will be low-carbon-fuels, and in NZE, it will be over 80%. 	<ul style="list-style-type: none"> The demand for marine shipping will increase 3.6 times compared to 2019 by 2070. Demand for ships with high CO₂ emissions may decrease slowly. Dissemination of low-carbon-fuels will also be gradual.
	Neutral	Neutral
Our policies and measures	At the Sumitomo Corporation, we are involved in shipbuilding, and we also own and operate our own ships. As a result of CO ₂ reduction targets by IMO and changing preferences from shippers, we assume that the shift from heavy fuel oil ships to low CO ₂ emission fuels and heavy oil dual-fuel ships will continue in the medium to long term. While monitoring regulations of nations and trends in markets and technology, we believe that we will be able to create new business opportunities and flexibly respond to changes in the business environment as a result of the move to a carbon-neutral society by promoting the review of the product lineup of our manufacturing businesses and our portfolio of ships.	

◆ Aviation (Lease business)

	NZE/SDS	STEPS
Business environment assessment	<ul style="list-style-type: none"> While the behavior of some consumers has changed and they are avoiding using aircraft, demand for air travel is steady driven by the economic growth of developing nations. In SDS, demand for air travel will increase around 2.5 times compared to 2019 by 2050. In NZE, demand for air travel will increase 1.7 times compared to 2019 by 2050. In SDS and NZE, the switch to fuel-efficient aircraft and engines will progress due to ICAO regulations. In 2030, SAF (Sustainable Aviation Fuel) will comprise 7% of total aviation fuel consumption. In NZE, this will be about 18%, of which almost all will be biojet kerosene (a type of liquid biofuel). In 2050, the SAF percentage will increase to roughly 50% in SDS and 78% in NZE, with the remainder being offset by BECCS (Bio-Energy CCS) and DAC (Direct Air Capture). 	<ul style="list-style-type: none"> Changes in consumer behavior will be limited. Demand for air travel will increase 3 times compared to 2019 by 2050. The switch to fuel-efficient aircraft and engines will progress to a certain extent, and the dissemination of SAF will be moderate.
	Neutral	Neutral
Our policies and measures	At the Sumitomo Corporation, we are involved in the lease of aircraft and engines along with the manufacture of some aircraft parts. Going forward, it is assumed that the shift to fuel-efficient aircraft will continue in the long term due to ICAO regulations. However, for our aircraft and engine lease business, we procure new aircraft and engines for lease, reflecting on the demand from each passenger airline company. We also continuously replace our aircraft and engine portfolio through sales at the end of the lease. Therefore, by monitoring market and technology trends and laws and regulations regarding aircraft fuel efficiency, we believe we can respond flexibly to changes in the business environment by controlling the risk of reductions in leasing fees and aircraft price.	

Our climate change initiatives : Disclosure based on TCFD

Strategy: Transition Risks and Opportunities Related to Climate Change <Scenario Analysis>

Material industry sector

◆ Steel (Steel sheets & tubular products manufacturing and sales)

	NZE/SDS	STEPS
Business environment assessment	<ul style="list-style-type: none"> • In terms of SDS/NZE, global steel demand is to remain robust until 2050. • Green Steel activities, e.g., use of carbon-free energy and efficient hydrogen use, is to speed up, with SDS target set on 2070 and NZE target on 2050. • In SDS/NZE, greater demand for decarbonization in the supply chain is expected from users. 	<ul style="list-style-type: none"> • In addition to increased demand, material efficiency has not declined, resulting in an approx 30% increase in production in 2050 compared to 2019.
	Neutral	Neutral
Our policies and measures	Sumitomo Corporation engages in the processing and marketing of steel sheets, tubular products and other steel products. Because the business operation excludes nearly all of the steel refining process, CO2 emission is limited. If demand for decarbonization in the supply chain rises among the end-users, of which the leading customers are in the fields of transportation systems, household appliances, energy, etc., demand is likely to shift to recycling-derived steel products and in the long term to products that utilize decarbonization and decarbonization technology, represented by direct reduction steelmaking utilizing hydrogen. For this reason, effort will be directed to cultivating business opportunities that emerge from the carbonization of steelmaking technologies, in coordination with the leading customers and business partners.	

◆ Cement (Distribution business)

	NZE/SDS	STEPS
Business environment assessment	<ul style="list-style-type: none"> • Alongside growth in power generation with renewable energy sources and in energy-related infrastructure, the SDS target is set at 2040, with NZE target at 2030. Global cement demand is expected to increase but decline by 2050, remaining roughly constant vis-à-vis the 2020 level. • The ratio of clinker ash (cement material) that rates high in CO2 emission is expected to fall from roughly 71 to 60 percent in terms of SDS and from 70 to 57 percent for NZE. • In terms of SDS/NZE, roughly 2/3 of CO2 emission in the cement production process derives from raw materials. Carbon neutrality will be promoted with CCUS, by switching from fossil fuel-derived energy to carbon-free energy. 	<ul style="list-style-type: none"> • The growth in demand, combined with the absence of dip in material efficiency, is expected to result in increase in production output by more than around 20% compared in 2050. • Clinker ash ratio does not decline, and little progress is made in reduction of CO2 emission from manufacturing process.
	Neutral	Neutral
Our policies and measures	Sumitomo Corporation engages in cement distribution business. Because the business operation excludes nearly all of the cement production process, CO2 emission is limited. While effort is underway for transition in fuel used in the cement productions process to clean energy sources and research conducted on replacement of limestone used as the principal raw ingredient with other materials, Sumitomo Corporation is utilizing its own information network to explore into effective CCUS technologies, etc., in the cement industry.	

Our climate change initiatives : Disclosure based on TCFD

Strategy: Transition Risks and Opportunities Related to Climate Change <Scenario Analysis>

◆ Chemicals (manufacturing/trade)

	NZE/SDS	STEPS
Business environment assessment	<ul style="list-style-type: none"> Alongside growth in power generation with renewable energy sources and in energy-related infrastructure, the global demand for chemical products is expected to grow by 30% in 2050 vis-à-vis the 2019 level in terms of SDS. 30s% growth is expected vis-à-vis the 2020 level in NZE. In terms of SDS/NZE, fossil fuels have been used as raw material for petrochemical products. For this reason, use of fossil fuel is expected to remain to a certain degree, and carbon neutrality will be promoted through activities based on use of carbon-free energy and CCUS. 	<ul style="list-style-type: none"> The growth in demand, combined with the absence of dip in material efficiency, is expected to result in increase in production output by more than 30% in 2070 vis-à-vis SDS. Market share of chemical products manufactured with materials other than fossil fuels fails to rise, resulting in continued application of conventional manufacturing methods.
	Neutral	Neutral
Our policies and measures	Sumitomo Corporation engages in petrochemical product trade and manufacturing. In petrochemical product manufacturing,, naphtha produced by refining petroleum and gas is used as the principal raw material. Carbon dioxide is released in huge quantity from fossil fuel energy used in the synthesis and decomposition processes. In the long term process of energy decarbonization, the supply of naphtha used as raw material is expected to decline, and demand for use of renewable energy is expected to grow. Sumitomo Corporation expects to continue gaining revenues from global trade by adjusting changes in supply and demand in petrochemical product raw materials and finished product markets and at the same time plans to monitor trends in customer demands and in relevant technologies, in order to explore into business opportunities in the effective use of biomass materials and chemical product manufacturing utilizing CCU (carbon dioxide capture and utilization).	

◆ Aluminium (Smelting business)

	NZE/SDS	STEPS
Business environment assessment	<ul style="list-style-type: none"> In terms of SDS, dissemination of electrified vehicles and reduction in weight of transport vehicles are expected to increase demand in aluminum by roughly 20% in 2040 over the 2018 level (*). Although developments in aluminum is not explicitly referred to in NZE, demand for the material is to increase further, even when compared with the SDS, with wider use of electrified vehicles. In SDS/NZE, user demand is expected to grow for aluminum smelted with renewable energy-powered electricity. 	<ul style="list-style-type: none"> Dissemination of electrified vehicles, etc., is expected to increase aluminum demand by more than 60% in 2040 vis-à-vis the 2018 level. User demand for aluminum smelting powered with renewable energy-derived electricity is not likely to spread, and manufacturing with conventional production method is likely to continue.
	Neutral	Neutral
Our policies and measures	Sumitomo Corporation's aluminum production business in southeast Asia chiefly utilizes hydroelectricity. For this reason, future risks pertaining to carbon pricing is expected to be limited, and the business is likely to remain competitive in the medium and long range. 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.	

(*) Limited to demand forecast data for smelted aluminum only; refer to WEO 2019 figures.

Our climate change initiatives : Disclosure based on TCFD

Strategy: Transition Risks and Opportunities Related to Climate Change <Scenario Analysis>

Real estate sector

◆ Office buildings/residential building sales business

	NZE/SDS	STEPS
Business environment assessment	<ul style="list-style-type: none"> In terms of SDS/NZE, real estate demand is expected to remain strong with growth in population in newly emerging and developing countries. In terms of NZE, floorspace and commercial and residential buildings is expected to increase by roughly 1.2 times over the 2020 level by that year 2030 and by 1.7 times in that year 2050. In NZE, all new buildings built as of the year 2030 are to be compliant with "zero-carbon ready" criteria. In terms of existing structures in industrialized nations, roughly 28% are expected to be renovated to satisfy the criteria in terms of SDS and roughly 45% in NZE. In NZE, 85% of all buildings in 2050 are to be compliant with "zero-carbon ready" criteria in 2050. 	<ul style="list-style-type: none"> Real estate demand is expected to remain robust. Dissemination of environment-conscious structures and changes in customer preferences are expected to remain moderate
	Neutral	Neutral
Our policies and measures	Sumitomo Corporation engages in real estate business, including office buildings, commercial facilities, residential housing, distribution facilities and real estate funds. In view of the fact that energy consumed in buildings and homes is perceived as a source of CO2 emission and in face of demand for zero carbon emission, continued effort will be directed to improving energy efficiency and to introduction of renewable energy in the course of installation of new facilities in new buildings and facility updates in existing buildings. For office buildings, distribution facilities and real estate fund operations, action will be taken to acquire environment-related certification. In residential home business, attention is directed to development of ZEH condominium complexes.	

(*) Structure to undergo decarbonization by 2050 by means of high energy efficiency and choice of energy sources for the purpose and to achieve zero carbon emission without additional changes in facilities.

Progress in decarbonization across sectors

As the scene in the new decarbonization targets and rise in existing target levels by various countries at the April 2021 Leaders Summit on Climate, global acceleration is underway for activities aimed at realizing carbon neutrality at an early stage. In addition to decarbonization effort by individual industries in each country and region, action is underway to promote decarbonization across industries, with establishment of carbon pricing and promotion of sustainable financing.

The introduction and reinforcement of CO2 emission trade and carbon tax by various nations have combined with the carbon border adjustment mechanism under study in Europe and other regions, raising the possibility of impact on supply chain in various industries across national and regional boundaries. Forecast on carbon pricing differs by region. As of 2040, it is expected to be in the range of 125-140 dollars/t-CO2 in SDS and 30-205 dollars/t-CO2 in NZE scenario. Carbon pricing levels in terms of carbon tax and emission trade in the future are expected to hugely affect business performance, chiefly in the carbon-intensive industries.

Additionally, financial support is provided in the use of decarbonization and decarbonization technologies in various nations and regions. For this reason, effort is underway to develop sustainable financing guidelines, including the EU taxonomy.

Because the weight of carbon-intensive manufacturing businesses is limited in Sumitomo Corporation's business portfolio, the direct impact of the aforementioned developments is expected to be limited. However, attention will be directed to the impact of these decarbonization promotion measures and policies on the supply chains that are linked to Sumitomo Corporation's business operations, in order to explore into new business opportunities with attention to changes in technologies and business models through decarbonization.

Our climate change initiatives : Disclosure based on TCFD

Strategy: Physical risks related to climate change and countermeasures

Because Sumitomo Corporation Group engages in business activities over a wide range of industrial sectors in various countries, possible escalation in climate change is likely to cause the following risks to become chronic and impact its business operations.

(For sector category and characteristics of risks per sector, referred to UNEP FI reports on physical risks, etc. / For analysis on water stress and temperature rise, refer to Representative Concentration Pathway (RCP) 8.5 scenario by the Intergovernmental Panel on Climate Change (IPCC).)

Sector	Awareness of the impact of physical risks in each sector		Principal business related to the risk described at left
	Chronic	Acute	
Power generation	Water shortage resulting in decline in production efficiency and in operation efficiency	Damage on facilities, disruption of operation, etc., caused by flooding and huge rainstorms	Thermal power generation in Southeast Asia, Middle East and Africa; renewable energy power generation, including solar power generation, etc., in Japan
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 air-conditioning 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 leasing, development of commercial complexes & distribution facilities, condominium sales, etc.
Agriculture	Rise in temperature & water shortage 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.

Physical risks are largely divided into chronic risks that have continual and chronic impact on business activities (e.g., rise in average temperature, change in rainfall pattern and rise in sea level) and acute risks caused by unforeseen disasters (e.g., escalation of abnormal weather conditions such as huge rainstorms, flooding, drought, etc.). The impact is wide-ranging, including direct impact related to production site facilities and working conditions and indirect impact on a broad range of supply chains for raw materials and products. In view of Sumitomo Corporation's business operations over a broad range of fields and regions, studies will be conducted on investments related to impact of the region's weather conditions, geographical factors, etc., continual assessment after project participation, identification of its own scope of liability under contract terms and conditions, nonlife insurance contracts, etc., for management of such risks. In the following analysis, we focused on power generation, energy and natural resources, real estate, and agriculture, and analyzed their physical risks based on the location of their main sites, focusing on two main factors: water stress and continuous temperature rise.

- In the study of resources & energy interest business in terms of continual temperature increase risk, there were 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.
- The analysis of water stress on power generation business showed there are regions with possibility of possible water shortage. However, water used in the business operation, e.g., cooling water for the power generation operation, etc., 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.
- 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 is not considered significant.
- In the analysis of temperature rise and water stress for major agricultural sites in each country, there are regions with possibility of increase in the number of days when temperature rises to 35°C or higher and of 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 crop varieties and regions in the business and has therefore built risk resistance to a certain degree in terms of total performance.

Our climate change initiatives : Disclosure based on TCFD

Risk Management

- ◆ Our Group's activities cover businesses across a broad range of fields and regions, and involve various social issues. 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 such as the Environmental Policy, Human Rights Policy, CSR Action Guidelines for Supply Chain Management, Anti-Corruption Policy, and Compliance Guiding Principles, and publicize and thoroughly enforce them within the Group.
- ◆ We evaluate social and environmental risk and confirm response measures as part of our deliberation processes when considering and implementing new business from a broad perspective. In particular, with regard to climate change, we confirm the following with regard to risks (and opportunities) related to business continuity being impeded by the inability to appropriately respond to changes in the business environment resulting from social and environmental problems such as climate change.
 - The impact of climate change such as the frequent occurrence of natural disasters and abnormal weather
 - The impact of the introduction of regulations
 - The impact of technology changes, etc.
 - The potential for the expansion of business or the improvement of business performance through advances in climate change mitigation and adaptation to climate change
- ◆ With regard to our existing business, as well, we regularly monitor the overall management status of these risks to each business, including social and environmental risks. In addition to managing risk related to individual businesses, we assess the status of companywide social and environmental risks and develop systems that enable these assessments to be used to make strategic management decisions.
- ◆ With regard to the handling of the risks of climate change, each business unit assesses the introduction of regulations and market changes for related business sectors and conducts business activities, and as a part of companywide portfolio management, the Corporate Sustainability Department summarizes the status of major risks to the Group, taking into consideration global efforts relating to climate change and regulatory trends. The results are periodically reported to the Management Council and the Board of Directors. If there are any unacceptable risks from the perspective of the portfolio as a whole, measures including reduction of exposure are investigated with organizations responsible for risk management.

Our climate change initiatives : Disclosure based on TCFD

Metrics and Targets

Targets : Effort for carbon neutrality

The Group has adopted the following as its basic policy on climate change issues.

- Reduce CO₂ emissions 50% or more by 2035 (compared to 2019)

Power generation business

CO₂ emissions: Reduce 40% or more (of which 60% reduction or more for coal-fired power generation business)

Net ownership generation capacity: coal 20%, gas 50% renewables 30%

Fossil fuel upstream business

CO₂ emissions (*1): Reduce 90% or more

- For coal-fired power generation business, no further involvement in IPP (Independent Power Producer) nor EPC (Engineering, Procurement, Construction) business(*2) and will end all the coal-fired power generation business in the late 2040s. For thermal coal mine interest, no additional investment and aim to achieve zero equity production from thermal coal mines by 2030.

- increase supply of renewable energy (3GW or more by 2030)

Targets : Effort for carbon neutrality(*3)

	Scope 1 Direct emissions	Scope 2 Indirect emissions from acquired electricity etc.	Scope 3 Other indirect emissions
Sumitomo Corporation/ Subsidiaries	Approx. 1 million tons (Excluding power generation business)		Fossil energy concession Approx. 16 million tons
Associated companies (equity method)	Thermal power generation business (Includes estimates for projects under construction.) Approx. 43 million tons		

*1 Indirect CO₂ emissions by others associated with the use of energy resources produced

*2 As the only exception, we acknowledge the project of Unit 3 and 4 of Matarbari plant in Bangladesh, which is under discussion between the Bangladesh and Japanese governments, as a potential expansion project of the Unit 1 and 2 project which we participate as a contractor. We will judge the possibility of participating in the Unit 3 and 4 project based on dialogue with our various stakeholders and also after we confirm the project's consistency with the Paris Agreement (this will be the last project of coal-fired power generation business that we may have a possibility to consider).

*3 As of 2019

Results

CO₂ Emissions(Thousand t-CO₂e)

Index	Result of 2019 (The base year)	Result of 2020	Percentage of change	Reduction targets of 2035
Entirety	59,939	55,367	▲7.6%	50% or more
Power generation business (*1)	43,126	40,581	▲5.9%	40% or more
Of which, coal-fired power generation (*1)	34,452	32,337	▲6.1%	60% or more
Fossil energy concession	15,808	13,811	▲12.6%	90% or more

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

(*1) Includes estimates for projects under construction.

Net ownership generation capacity portfolio (Figures noted in brackets indicate net ownership generation capacity)

(MW)

Index	Result of 2019 (The base year)	Result of 2020	Targets of 2035
Coal	54% (5,240)	53% (5,208)	20%
Gas	31% (3,011)	31% (3,011)	50%
Renewable energy (*2)	15% (1,397)	16% (1,509)	30%
Total	100% (9,651)	100% (9,731)	-

Net ownership generation capacity of Renewable energy

(MW)

Index	Result of 2019 (The base year)	Result of 2020	Targets of 2035
Renewable energy (*2)	1,397	1,509	3,000 or more

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

DX X Sustainability

Through its Group companies, Sumitomo Corporation conducts business globally on a wide range of industrial fields and has many business sites and customer bases. In order to solve on-site problems, create new customer value, and solve social issues, in addition to providing functions for trading and business investment, we collaborate with Group companies, such as SCSK, to provide digital transformation solutions from the comprehensive perspective unique to an integrated trading company.

Business description

Initiatives for Inter-Company EV Sharing and Energy Managing Using EVs

Against a backdrop of decreased opportunities for mobility in conjunction with the widespread practice of remote work due to the COVID-19 pandemic and the acceleration of initiatives that take environmental issues into consideration, the optimal status of company-owned vehicles and vehicles for company use is being called into question, and there are expectations regarding the use of digital technologies for optimum use.

The Sumitomo Corporation Group is developing a MaaS for Business service that proposes the best mobility mix from among the various forms of mobility available to corporations, and we are currently working to develop a new service model, referred to as e-MaaS for business, that utilizes electric vehicles (EVs). In collaboration with Nippon Gas Co., Ltd. and REXEV Inc., we launched a trial of an EV car sharing service for corporate clients in March 2021. Two EVs are located in a car port with solar panels on the roof. The vehicles are used for car sharing by multiple companies during business hours. In addition, digital technologies are employed to measure the rate of charging using renewable energy generated by the solar panels, calculate the amount of CO2 emissions reduction, and verify the possibility of energy management and environmental contribution.

In addition to achieving optimal use of company cars and giving consideration to the environment, in the future, we will investigate even more convenient and appealing new services and create new value.



Nippon Gas head office parking lot (Chuo-cho, Kagoshima City)



Tackling the challenges of new "Beyond Mobility" business that integrates mobility and different industries

Business description

Digital transformation in the production site utilizing local 5G communication

In order to resolve the issues of labor shortage and lack of skilled workers brought on by falling birthrate and aging population, automation, greater work efficiency, etc., have begun urgently necessary in recent years in manufacturing in Japan. To resolve these issues, interest is growing in the use of local 5G communication as infrastructure (*).

In 2021, Sumitomo Corporation conducted a pilot experiment for production site DX utilizing local 5G network at Summit Steel Osaka Factory, in cooperation with Sumitomo Corporation Global Metals, Sumitomo Shoji Machinex, Grape One, etc. The experiment specifically focused on automation of visual inspection through high-resolution image AI analysis and remote quality inspection with high-resolution image transmission in the local 5G environment. It became an effort that paves the way for the future of the production plant where various solutions are put into operation in a local 5G environment. The knowledge and experience gained through the experiment utilizing the local 5G infrastructure that supports social change is expected to be applied beyond manufacturing to a broad range of sectors, including medicine.

(*)The pilot experiment was selected by the Ministry of Internal Affairs and Communications (MIC) as a consignment project involving the investigation/examination of technological conditions for local 5G at manufacturing plants (automation of visual inspections and remote verification of quality) in connection with its FY2020 Development Demonstrations for Realizing Local 5G to Solve Local Issues.



Summit Steel Osaka Factory in operation (1)



Summit Steel Osaka Factory in operation (2)

Environmental management

Policy and Concept

Throughout its 400-year history, Sumitomo Group has pursued industrial development in harmony with local communities and the natural environment. Based on this foundation, 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 on the right.

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.

Sumitomo Corporation Group Environmental Policy

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:

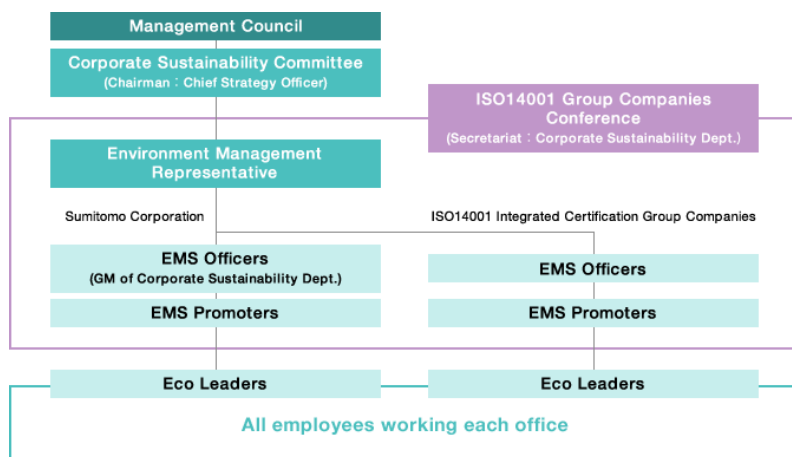
To communicate this Environmental Policy to all people who are working for or on behalf of the Sumitomo Corporation Group, as well as disclosing it externally.

Environmental management

System

Environmental Management Structure

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.



[ISO14001 Integrated Certification Group Companies \(Sumitomo Corporation and 25 Group companies as of April 2021\)](#)

[Group Companies with ISO 14001 Certified \(19 Group companies as of June 2021\)](#)

Targets and Results

Taking account of the results of the 2°C target set forth by the Paris Agreement, Sumitomo Corporation sets long-term goals for electricity consumption, water consumption and waste emissions and promotes environmental improvement activities respectively.

Long-term goals (Non-consolidated in Japan)

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 Consumption	To reduce water consumption 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 FY2020, targets of FY2021 are as follows.

	Index	Results of the Base year	Targets of FY2020	Results of FY2020	Targets of FY2021
Electricity Consumption	Consumption (MWh)	7,859	5,673	3,074	5,553
	Intensity (MWh/m2)	0.1079	0.1006	0.0551	0.0996
Water Consumption	Consumption (m3)	32,191	20,450	4,234	20,190
	Intensity (m3/employee)	6.93	6.26	1.3	6.2
Waste Emissions	Emissions (t)	508	323	43	319
	Intensity (t/employee)	0.109	0.099	0.013	0.098

The figures in the table below are calculated from the fuel, heat and electricity consumption data with appropriate GHG emission factors, and the GHG emissions of FY2013 (the base year) are calculated as 5,626t-CO2e and targets and results for FY2020 and FY2021 are as follows.

	Index	Results of the Base year	Targets of FY2020	Results of FY2020	Targets of FY2021
GHG Emissions (Scope1+Scope2)	Total (t-CO2e)	5,626	3,678	2,396	3,514

Environmental management

Targets

Sumitomo Corporation Group promotes activities that are beneficial to the environmental improvement and reduce environmental negative impact. Further, as the whole Sumitomo Corporation Group, we follow to a policy related to climate change that stated in Medium-Term Management Plan SHIFT 2023, in which we aim to achieve carbon neutrality in 2050. At Sumitomo Corporation, Eco Leader identifies the environmental aspects of each department and evaluates their impacts, and defines risks and opportunities considering relevant compliance obligations. Based on the results, EMS Promoters specify significant environmental aspects, risks and opportunities for each Business Unit 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	FY2020 Major Environmental Achievements
Comply with environmental laws and regulations	<ul style="list-style-type: none"> • Implement continuing education program on the Waste Disposal and Public Cleansing Act and other environment-related laws/regulations • Held trainings featuring outside instructors by Corporate Sustainability Department • Conducted education of legal compliance in e-learning environmental course
Pursue environmentally-sound projects	<ul style="list-style-type: none"> • Expand renewable energy businesses • Promote businesses that help create a recycling-oriented society • Promote other businesses to reduce environmental burden • Promoted renewable energy businesses both in Japan and abroad: participated in an offshore wind power generation project in Europe, implemented the solar power project in Australia and in Minamisoma City in Fukushima Prefecture, Japan, in Thang Long Industrial Park II, Vietnam, geothermal power plant in Indonesia, use of renewable energy fund, etc • Promoted businesses to create a recycling-oriented society, to reduce environmental burden: Sustainable forest management, verification of a large scale power storage system utilizing reused EV batteries in Satsumasendai City in Kagoshima Prefecture, investment in Taiwan's largest electric bus manufacturer, Promotion of hydrogen-related businesses including efforts for Japan-Australia Hydrogen Supply Chain Development, Sales of lithium carbonate produced in the U.S, Investment in a plant-based plastic substitute material manufacturing business, etc
Manage and reduce environmental burden	<ul style="list-style-type: none"> • Measure and reduce electric power/gas consumption and waste generation at all sites in Japan • Measure and reduce the environmental burden/impact of business activities • Assess environmental impact in relevant supply chains and work to reduce such impact • Reduced the consumption of electric power/gas/water and waste generation at office year-on-year • Measured consolidated environmental data • Conducted environment assessments on mine development and mining operation businesses abroad and on domestic construction and real estate businesses, as well as Environmental Management
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 • Promote effective use of environmental management systems • Expand disclosure of non-financial information • Continued to hold trainings on environment-related laws/ordinances • Held seminar on climate change measures • Conducted e-learning environmental course which was completed by 100% of new employees • Publication of ESG Communication Book 2020

Environmental management

Activities

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.

As a result of the audits in 2020, serious nonconformity was not found.

External Audit

In March 2021, 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	The management principles, environmental contribution activities and the processes of an environmental management system in accordance with the ISO 14001 international standard.	Twice a year
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



Policy and Concept

The impact of climate change is a global threat to the stability of society and the environment across generations. Considering that climate change is also a serious risk to our group, which is globally engaged in various business areas, we have recently reviewed the group's policy on climate change in response to relevant international trends. For details of the policy, please refer to the Special Section on Page 25.

Activities

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, 2021

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
Wind power	Oga Wind Power Plant	Japan	28.8
	Summit Wind Power (Kashima)	Japan	20.0
	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	

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
Geothermal Power	Sendai-ko Biomass Power	Japan	112.0
	Muara Laboh	Indonesia	85.0
	Hydraulic power	CBK	Philippines

Climate change



Activities

Other Eco-Friendly Business

To address climate change issues, we have entered power generation business using renewable energy. Our efforts also include eco-friendly business using new technology to promote the use of renewable energy and to increase energy efficiency.

Project	Details
Secondary Use of Lithium-ion Batteries for EVs	Power storage business by recycling lithium-ion batteries used for electric vehicles (EVs), enabling stable power supply with renewable energy sources and stable power supply by power companies and maintenance of its quality.
Production of CO ₂ -Free Hydrogen	CO ₂ -free hydrogen can be produced via electrolysis of water using renewable energy such as solar, wind, hydro power, and geothermal power. The goal is to create a supply chain for CO ₂ -free hydrogen from two perspectives: to build "local production for local consumption" model, which aims to expand the use of hydrogen by fostering demand based on local characteristics; and to create an international large-scale value chain that manufactures and transports large volume of hydrogen in areas with abundant sources of renewable energy.
Initiatives for creating a carbon fiber business	We are considering expanding into the business of manufacturing and recycling base materials and composites for carbon fiber, which are lighter and stronger than conventional materials such as steel. Carbon fiber composite materials are increasingly being used for a variety of applications, including aircraft, automobiles, wind power generation, pressure vessels, and sports/leisure equipment. They will help reduce environmental impact by conserving energy through weight reductions.
CCUS (Carbon Capture, Utilization and Storage)	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 CO ₂ in the ground, as well as chemical synthesis of CO ₂ . In December 2018, we joined the Global CCS Institute (GCCSI) to promote global development, verification and application of carbon capture and storage (CCS) through sharing of GCCSI's knowledge and fact-based advice and advocacy. Our aim is 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.

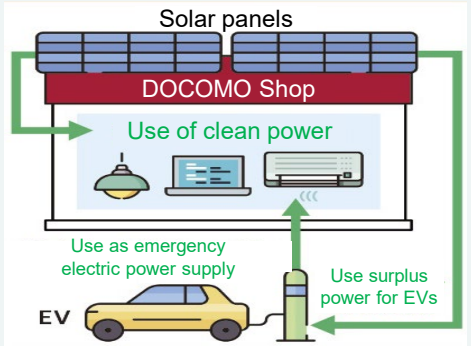
Business description

Ecological Solution Using Solar Panels

T-Gaia Corporation, which operates about 2,000 mobile phone shops in Japan, entered the solar power business based on "local production for local consumption" concept through its fully owned subsidiary TG Power Inc. T-Gaia has been installing solar panels at T-Gaia's mobile phone shops, distribution warehouses, restaurants and other facilities. The use of clean power generated by solar panels helps reduce CO₂ emissions and address climate change. It also allows shops and facilities to optimize energy balance between supply and demand and improve cost efficiency. Designated by NTT DOCOMO, INC. as a company to install solar power generation systems at DOCOMO Shops nationwide, T-Gaia is gradually installing systems at about 300 DOCOMO Shops. The company is also planning to deploy electric vehicles (EVs) as an energy storage combined with power generation system in cooperation with Sumitomo Mitsui Auto Service Company, Limited, which is engaged in car leasing. In the event of a disaster, electric power will be supplied from solar panels as well as the batteries of EVs to resume the operation of shops as quickly as possible and to ensure the safety and security of customers and staff members.



Battery chargers: the bottom left of the picture



Installation of solar panels, EVs and battery chargers at mobile phone shops

Climate change

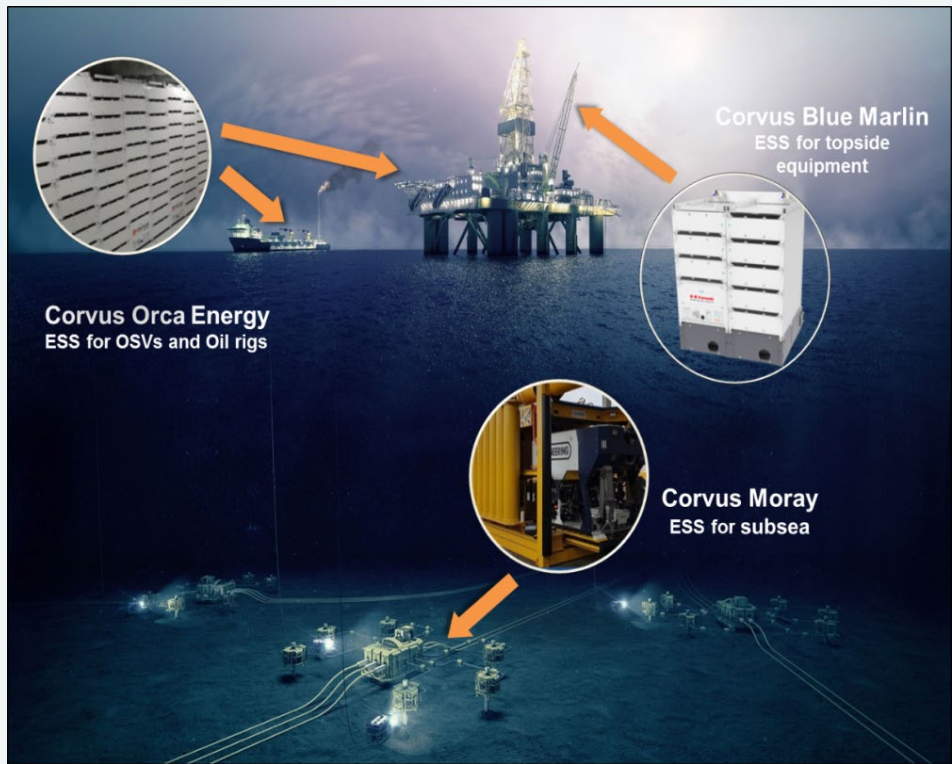
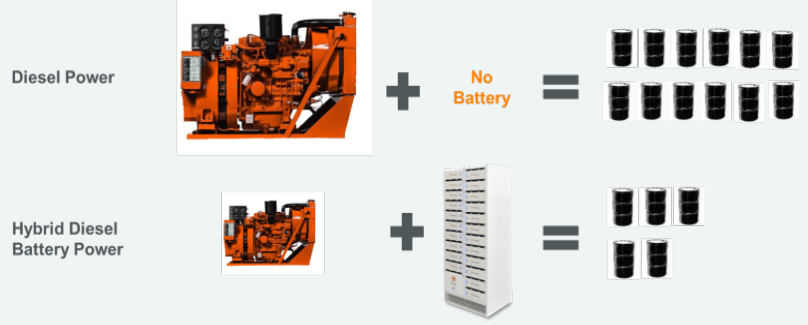


Activities

Business description

Efforts to Reduce Greenhouse Gas Emissions from Ships to Zero

We collaborate with Corvus Energy Holding SA, a leading provider of marine battery systems in Norway, to conduct market research on energy storage systems, promote the sale of these systems, and introduce them in Japan and other areas in Asia. The energy storage system provided by Corvus Energy consists of lithium-ion battery module and its control system, whose strength lies in temperature control of individual battery cells. An energy storage system on a ship increases the supply of required power and electricity and levels the load (peak cutting), and thereby improves the ship's fuel efficiency and enables downsizing of its generators. Ships with an energy storage system can cruise in a port/harbor or an emissions control area with electric propulsion using batteries, which generates less or no gas emissions and causes less vibration and noise, thereby contributing to improving the onboard environment as well. An energy storage system is a core system for the electrification of ships, which leads to an improved environment inside and outside ships, improved fuel efficiency, and labor-saving inspections, and eventually contributes to achieving zero emissions of greenhouse gases from ships.



Climate change



Activities

Business description

Green Building Initiatives

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. believes that incorporating ESG elements into investment decisions and operation processes is essential to maximizing value of medium- to long-term investor. For SOSiLA Logistics REIT, Inc. and other fund properties under the company's management, it has had its real estate performance evaluated by CASBEE, DBJ Green Building, LEED, BELS, and so on.

● Acquisition of major environment-related certifications at fund properties managed by Sumisho Realty Management Co., Ltd. (as of July 2021).

Certification Obtained	Property Name	Evaluation
CASBEE: 6 properties	SOSiLA Yokohama Kohoku	Rank A
	SOSiLA Sagamihara	Rank A
	SOSiLA Kasukabe	Rank A
	SOSiLA Kawagoe	Rank A
	SOSiLA Nishiyodogawa I	Rank A
	SOSiLA Nishiyodogawa II	Rank A
LEED: 3 properties	203 North LaSalle	PLATINUM
	Miami Tower	GOLD
	Atlanta Financial Center	SILVER
BELS : 7 properties	SOSiLA Yokohama Kohoku	★★★★★
	SOSiLA Sagamihara	★★★★★
	SOSiLA Kasukabe	★★★★★
	SOSiLA Kawagoe	★★★★★
	SOSiLA Nishiyodogawa I	★★★★★
	SOSiLA Ebina	★★★★★
	SOSiLA Nishiyodogawa II	★★★★★

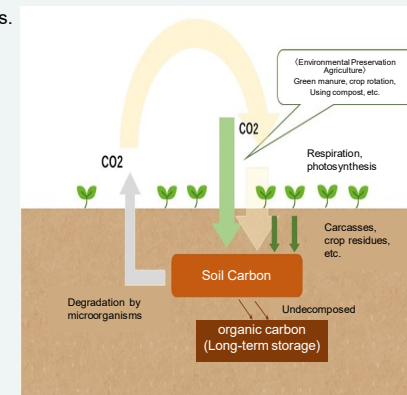
Business description

Use of Agricultural Soil Carbon Storage technology

Sumitomo Corporation and Indigo Agriculture (hereinafter, "Indigo") are pleased to announce that the parties have entered into a Memorandum of Understanding to explore new business approaches to improve the sustainability of Sumitomo's existing businesses, looking at a wide spectrum of areas centering on agricultural technology and soil carbon storage in Japan and Asia.

One potential collaboration includes Sumitomo's investment in agricultural carbon offsets through Indigo Carbon, a program designed to support farmers in transitioning to practices that reduce atmospheric carbon dioxide levels by maximizing soil carbon sequestration and abating on-farm emissions. Agriculture, currently a major carbon emitting industry, has the potential to be a nature-based solution to climate change. Through a set of farming methods, known as regenerative practices – including crop rotation and cover cropping – farmers have the ability to curtail on-farm carbon emissions and pull atmospheric carbon dioxide into their soils. To support farmers in transitioning to these practices, the Indigo Carbon program provides a financial incentive to farmers in the form of a third-party-verified carbon credit for soil carbon sequestration and on-farm emissions reductions. Sumitomo Corporation will collaborate with Indigo to explore new businesses approaches to higher added value for existing businesses, looking at a wide spectrum of business areas centering on agricultural soil carbon storage. Additional areas of exploration include: sale of carbon-neutral LNG and steel oil/gas pipes with carbon credits; generation of carbon credits in Japan and Asia; and expanding the distribution of Indigo's biological seed treatments.

Under the Agreement, Sumitomo Corporation and Indigo are exploring potential paths to addressing the global challenge of achieving a low-carbon society.



Agricultural Soil Carbon Storage

Climate change



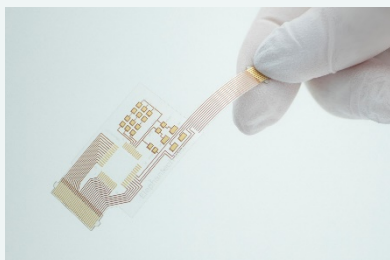
Activities

Business description

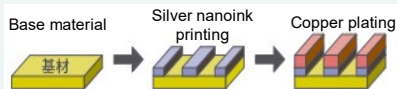
Promoting an Energy-saving Society through Funding Startups

We invest in Elephantech Inc., which has successfully developed its original method of manufacturing flexible printed circuits (FPC) board based on inkjet printing technology. This technology can reduce waste, energy consumption and water consumption to less than one-tenth compared to the conventional method, in which unnecessary parts of copper foil are melted, thus significantly reducing environmental impact. Unlike the conventional technology designed to remove unnecessary parts, the inkjet-based manufacturing technology allows the printing of material only on the necessary parts. It is expected that this inkjet-based technology will become the international standard in the future.

Automobile manufacturers that aim to reduce the weight of their vehicles have shown an interest in the application of this technology to In-Mold Electronics (IME, integral molding of resin and electronic circuits). We, in cooperation with other companies that invested in Elephantech at the same time we did, will focus our efforts on creating new value based on Elephantech's technology. We will aim, for example, to establish global supply chains in the FPC licensing business and commercialize in-vehicle IME.



Flexible Printed Circuit Board
manufactured by Elephantech Inc.



Advantages of the Elephantech manufacturing method

- ✓ Wires can be formed only on necessary parts, reducing manufacturing costs and environmental impact.
- ✓ The simple manufacturing process can shorten the lead time.

Business description

Efforts to Establish an International CO2 Free Hydrogen Supply Chain

Utilizing the plentiful water resources and hydroelectric power available in Sarawak, Malaysia, Sumitomo Corporation, in collaboration with the Sarawak Economic Development Corporation (SEDC) and ENEOS Corporation, is studying the production of CO₂-free hydrogen, hydrogen utilization in Sarawak, and the export of hydrogen to Japan in the form of MCH (methylcyclohexane).

In November 2019, we launched a feasibility study with SEDC, a company operated by the state government, and ENEOS Corporation joined the project in October 2020. We will begin by producing CO₂-free hydrogen for local consumption by 2023, and once we have expanded hydrogen utilization and production in the state, we will promote the export of hydrogen to Japan via MCH and thus contribute to establishing a CO₂-free hydrogen supply chain.

Participation in Initiatives

As a member of the Subcommittee on Global Environment of the Committee on Environment and Safety of Keidanren (Japan Business Federation), our company addresses global warming and climate change and helps design environmental policies that will not harm the economy. We also participate in the Global Environment Committee of Japan Foreign Trade Council, Inc. to discuss how to realize a low-carbon society and a recycling society, and to compliance with environment-related laws and regulations. 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.

Water resources



Policy and 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 finiteness 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.



Activities

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*2 using private-sector capabilities*1, 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 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

*2 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.

Country	Business description	Business category
Brazil	Investment in BRK Ambiental, a top Brazilian company engaged in water business, holds assets of 23 business projects of water supply and sewerage and industrial water treatment (our indirect ownership ratio is 14%). We are participating in promising water supply and sewerage business in Brazil.	Water supply and sewerage business
UK	We acquired 50% of the shares of Sutton & East Surrey Water, a UK water business company, and became involved in fully-privatized water business in the UK.	Water supply business
China	We entered a partnership with Beijing Capital Co., Ltd., a major Chinese water business company and has been involved in sewage treatment business in China. We currently hold assets in Shandong Province and Zhejiang Province.	Sewage 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.	Fresh water generation business

Water resources



Activities

Business description

Water Business in Brazil

We hold shares in BRK Ambiental, the largest private water supply and sewerage company in Brazil, with 23 subsidiary companies engaged in water supply and sewerage and industrial water treatment, and have been involved in water business in Brazil. Due to the low penetration rate of water supply and sewerage systems in Brazil, infrastructure needs to be established and relevant business operations need to be improved. The aim of our business project is to provide services of water supply and sewerage in about 100 municipalities in 13 provinces with about 15 million residents in Brazil. We contribute to expanding the use of water supply and sewerage systems and improving their operational quality in Brazil with high quality Japanese operational know-how and technology.

We use our expertise gained through our extensive experience in water business and send our knowledgeable employees to operate water business in Brazil. We consider that the stable provision of water infrastructure contributes to improving the regional water environment and furthermore developing regional communities.



Sewage treatment plant in Rio Grande do Sul Province



Water treatment plant in the State of São Paulo

Biodiversity



Policy and 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.

Activities

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. BBOP is referred to by the Convention on Biological Diversity and has become recognized as an international standard regarding biodiversity offsets. We, as a Japanese company, participate in the program through the Ambatovy Project in Madagascar. (Refer to the next page.)



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	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.
8	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.
9	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.
10	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.

Biodiversity



Activities

Business description

Ambatovy Project Contributing to Sustainable Development in Madagascar

One of the examples of collaboration between BBOP and Japanese companies in implementing biodiversity offsets is a nickel mine development project in Ambatovy in Madagascar in which we have made a capital participation. This is the Ambatovy Project in Madagascar, one of the largest-scale mine development projects in the world, which has been developed since 2007 in preparation for increasing demand for nickel, cobalt and other metals.

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. We give careful consideration to these natural habitats in developing and operating the project. 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 the project, rigorous measures have been applied to protect the environment, including efforts to maintain biodiversity, in compliance with the aforementioned and various other standards. 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.

After starting the construction of pipelines, habitats of endangered animals were found on the routes where the construction was planned. In response, we changed 24 routes in total to bypass these habitats. We are also promoting a large-scale biodiversity offset program under the “no net loss, net gain” concept. 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 6,800 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 are implementing measures to protect four conservation areas of more than 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.



Diademed sifaka (*Propithecus diadema*), critically endangered species



Coquerel's Sifaka (*Propithecus coquereli*), endangered species



Golden Mantella (*Mantella aurantiaca*), critically endangered species

Biodiversity



Activities

Business description

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 May 2020, 52 farms and agricultural cooperation in 12 countries*1 are certified and part of the proceeds are used for SMBC's research, surveys and conservation activities.

*1 12 countries: Ethiopia, Thailand, El Salvador, Columbia, Peru, Nicaragua, Bolivia, Honduras, India, Mexico, Dominica, Guatemala



Harvest of BF®-certified coffee

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.

*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)



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

Business description

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 Dorper 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.



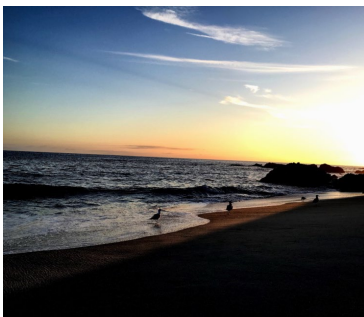
Dorper Wind Farm Pty Ltd. in South Africa

Prevention of pollution



Policy and 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.



Activities

Business description

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, wholesale and direct sales by taking into account the characteristics of each market, and we are currently conducting agrochemical/fertilizer business in over 30 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 Futureco Bioscience S.A., a bioagrochemical manufacturer in Spain, 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 Russia since 2015. In Russia, Summit Agro LLC, a local distributor, is recognized as the first company to have introduced a pheromone agent to the country.

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).



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



Investment in a bio-agrochemical manufacturer in Spain



Use of a pheromone agent

Prevention of pollution



Activities

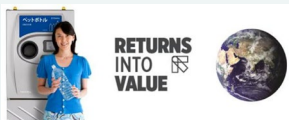
Business description

Tomra Japan: Creating and deploying a PET bottle recycling system in which consumers take part actively

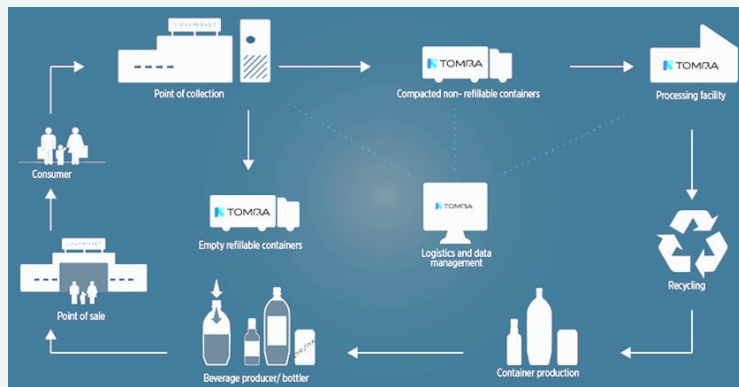
Reducing the usage of plastic resources while ensuring its effective consumption - importance of this issue is increasing year by year as a measure for addressing global environmental issues, such as marine litter and global warming. In this context, horizontal recycling, in which used PET bottles are recycled into new PET bottles, is growing more widespread as a method of 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 bottle, we have also created and deployed a recycling system whereby we collect PET bottles from RVMs installed at convenience stores as well as supermarkets 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 those activities, where consumers actively take part in collecting and recycling higher-quality resources in an efficient manner, Tomra Japan is contributing to reduction of the environmental burden and development of the recycling-based society.



Reverse Vending Machine



Slogan of the TOMRA Group :
「RETURNS INTO VALUE」



Circulation recycling system with RVM as a platform

Business description

Reducing the environmental impact of marine fuel

Since 1952, 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 in February 2019, and we plan to start supplying LNG fuel to ships in Tokyo Bay beginning in 2022.

The International Maritime Organization (IMO), a specialized agency of the United Nations, has formulated a strategy to halve greenhouse gas (GHG) emissions from maritime transportation globally by 2050 compared to 2008 levels. 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 have signed a Memorandum of Understanding with five partners, including A.P. Moller - Maersk A/S, regarding a joint study on the commercialization of the ammonia fuel supply for ships in Singapore. Through this initiative, we aim to contribute to the decarbonization of the shipping industry by introducing and spreading ammonia fuel throughout the world through the creation of a comprehensive supply chain that includes the supply, transportation, storage, and bunkering of ammonia fuel.

Resource use



Policy and Concept

Humans depend on the socially beneficial functions of forests. Forests are therefore a significantly important resource for the sustainable development of the world. More than 1.6 billion people in the world receive benefits from forests, such as food, water, houses, fuel, medicinal plants and means of livelihood. Sumitomo Corporation Group, which is engaged in wood business using such precious forest resources, has been expanding its business to include forest management with the aim of securing and using forest resources in a more sustainable manner than before.

In line with the concept of sustainable forest management, which means that activities using forests should be conducted in such a way as not to lose the socially beneficial functions of forests, the Group sets its business goals in such a way as to fulfill its social responsibilities and in compliance with the Environmental Policy and Supply Chain CSR Activity Guidelines.

Results

We are selling the certified log, certified wood products and wood chips from forests owned by the Sumitomo Corporation Group in Russia (OAO Terneyles) and New Zealand (Summit Forests New Zealand).

	FY2020 Results	
Certified log (Russian)	325 thousand m3	
Certified log (New Zealand)	383 thousand m3	
Certified wood products (Russian)	Softwood lumber	47 thousand m3
	Veneer	126 thousand m3
	Softwood laminated lumber	29 thousand m3
	Hardwood lumber/laminated lumber	3 thousand m3
Wood chips (Russian)	55 thousand BDT	

Activities

Business description

Russia Timber Business (FSC License Number : C009842/C106397/C016535)

In 2004, to be certified that we manage forests appropriately with consideration for the environment and local communities based on objective evaluation, OAO Terneyles obtained FSC® Certification(*1), an international standard, for part of 2.66 million hectares of the forest area in the Russian Far East. After receiving FSC-FM certification(*2) in 2004 as the first company in the Russian Far East, Terneyles made improvements one by one to meet the requirements for the FSC-CoC (Chain-of-Custody) certification(*3). In 2011, the company successfully acquired the certification for all of its products, from round wood to lumber, laminated timber, veneer, and woodchips. Sumitomo Corporation also received the FSC-CoC certification, and the supply chain for providing customers with FSC®-certified products from raw materials logged by Terneyles was completed.



Forest owned by Terneyles

New Zealand Timber Business (FSC License Number: C112972)

In New Zealand, a sustainable supply of timber resources is provided in 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 37,000 hectares of forest owned by Summit Forests New Zealand, besides protecting water resources and primeval forests and co-existing in harmony with the wildlife, the company has also forged friendly relationships with the indigenous Maori people in the course of running its business. Moreover, most of the company's forest holdings are FSC®-certified, which offers objective proof that the company is managing the forest appropriately.



Forest owned by SFN

(*1) FSC® Certification : a global forest certification system provided by FSC (Forest Stewardship Council®)

(*2) FSC-FM (Forest Management) Certification: confirms that the forest is managed in a proper way

(*3) FSC-CoC (Chain-of-Custody) Certification (the management of processing and distribution processes): verifies that FSC® certified material is identified or kept separated from non-certified material throughout the chain.

Human rights



Policy and Concept

In May 2020, we established the "Sumitomo Corporation Group's Human Rights Policy" that represents our commitment to respect human rights through human rights due diligence, stakeholder engagement, education and so on, in order to fulfil our corporate social responsibility and to grow sustainably with society.

Sumitomo Corporation Group's Human Rights Policy

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.

Human rights



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, mitigate and account for how we address any adverse human rights impact that the Group business activities may cause or contribute to.

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. As a first step in 2020, we identified salient human rights issues that should be addressed with priority so that we can assess impacts concerning human rights throughout the Group.

<Process of Identification of Salient Human Rights Issues>

The Sumitomo Corporation Group's business activities extend to various industries and regions. We started by conducting a desktop 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. For the survey, we referenced and analyzed international human rights indices and data, benchmarks relating to human rights including the Corporate Human Rights Benchmark and Know the Chain, and examples of human rights risks recognized globally including those involving other companies. We also interviewed stakeholders including outside experts concerning business and human rights and exchanged opinions regarding the results of the analysis of the desktop survey as well as the Company's initiatives to respect human rights.

We next hired outside experts and conducted interviews between July and November 2020, on 12 internal business teams to compare the desktop survey results with the understanding of those at the business sites. We also discussed the status of managing anticipated human rights risks.

Through these surveys and 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 eight salient human rights issues within the Sumitomo Corporation Group. The entire process and the results were reported to the Management Council and Board of Directors.

Identification and Assessment of Human Rights Risks and Impacts

- Desktop survey
 - Interviews of experts on business and human rights
 - Internal interviews
- **Identification of salient human rights issues**

Prevention and Mitigation of Human Rights Risks

- Incorporation in risk management systems

Follow-Up and Monitoring

- Assessment of initiatives concerning human rights

Disclosure

Periodic disclosure of initiatives concerning human rights and their effects

Remediation

In cases where an adverse impact on human rights is identified, an appropriate remedial measure is investigated in cooperation with the responsible departments

Human rights



Human Rights Due Diligence

<Salient Human Rights Issues>

Through the process described in the previous page, we identified the following eight salient human rights issues within the Group.



We believe that the human rights of workers throughout the supply chain including Group employees is essential as the foundations of business. In addition to the freedom of association and collective bargaining rights, forced labor and child labor, and discrimination and harassment, which are related to the four core labor standards of the International Labour Organization (ILO), we also take action to address labor conditions and occupational health and safety. The Group engages in business with strong ties in local communities centered on the infrastructure business and resource development, and we have a responsibility to protect the health and safety of local residents and land rights. Moreover, since the Group engages in wide-ranging business, we have positioned the personal information and privacy of stakeholders including customers as priority issues.

Examples of Potential Human Rights Risks Associated with

Our Businesses

Business Unit	Sector	Labor conditions	Freedom of association Right to collective bargaining	Forced labor Child labor	Occupational health and safety	Health and safety of local residents	Land rights	Risk	
								Discrimination Harassment	Personal information Privacy
Metal Products	Steel Products Processing	High	High	High	High	High	High	High	High
Transportation & Construction Systems	Automobile Parts Manufacturing	High	High	High	High	High	High	High	High
Infrastructure	Power, Industrial Parks	High	High	High	High	High	High	High	High
Media & Digital	Tel-communications, e-commerce	High	High	High	High	High	High	High	High
Living Related & Real Estate	Food, Textile	High	High	High	High	High	High	High	High
	Healthcare	High	High	High	High	High	High	High	High
Mineral Resources, Energy, Chemical & Electronics	Mining	High	High	High	High	High	High	High	High

<Future Initiatives and Issues>

For each of these issues, the Group will investigate and carry out action plans to prevent and mitigate specific risks with priority on areas of high risk in the Group's business. In individual businesses, we will monitor initiatives to respect human rights that are already underway and periodically disclose the results. Based on the results of risks assessments, we will also incorporate human rights into the overall risk management cycle including supply chain management and work to make improvements.

The social environment in which we find ourselves is changing and transforming on a daily basis due to advances in digital technologies, effects from COVID-19, and other factors. In conjunction with this, the status of value chains and human rights issues in various businesses are continuously changing. The Group will periodically confirm relevant human rights risks and effects involved in the conduct of our diverse businesses around the world through dialogue with different stakeholders and other means and strive to gain an accurate and detailed understanding.

Human rights



Activities

<Discrimination and harassment>

- See Page 79 for information on harassment training.
- See Page 114 for information on the Speak-Up System.

<Personal information and privacy>

- See Page 118 for information on Information Security Policy and internal education.

Business description

Supplier Management in the Foods 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.

When selecting new suppliers, SC Foods conducts data surveys, and when determined to be necessary, also performs on-site visits. With regard to existing suppliers, more detailed questionnaire surveys are conducted of suppliers of products such as coffee, sugar, and sesame seed from certain countries with high human rights risks to confirm that there are no issues.

To strengthen these management cycles even further, SC Foods introduced a system of implementing on-site inspections once every five years, even with respect to existing suppliers, in 2019, and these inspections have been completed for approximately 20% of suppliers. During the COVID-19 pandemic, it has been difficult to conduct on-site inspections, so SC Foods will investigate alternate methods such as remote inspections in the future.

See P 91 for information on acquisition of certification.

Related Salient Human Rights Issues

Labor conditions	Freedom of association and right to CB	Forced labor and child labor	Occupational health and safety
Health and safety of local residents	Land rights	Discrimination and harassment	Personal information and privacy



Business 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, completed its first ever corporate-wide Human Rights Impact Assessment in January 2020, through its partner BSR. The human rights impact assessment was conducted through reviews of existing Fyffes policies and procedures and interviews with internal and external relevant stakeholders, including NGOs, employees and customers. In addition, Fyffes chose five countries to do an in-depth analysis – Belize, Colombia, Costa Rica, the Dominican Republic, and Honduras. The countries were chosen due to their importance to Fyffes as well as their potential risk profile.

The Assessment highlights the 13 most relevant human rights risks for Fyffes and Fyffes Global Sustainability Steering Committee has endorsed the Company's Human Rights Mitigation and Management Plan which provides a framework to manage, mitigate and help resolve identified risks. Out of 13 identified human rights risks, 3 priority areas emerged from Fyffes analysis for its immediate action: 'access to a grievance mechanism', 'child labor' and 'migrant worker labor violations and forced labor'. Regarding a grievance mechanism, Fyffes has already implemented a global, independent grievance mechanism, available in the language of our employees via telephone or online since April 2019. In accordance with the mitigation plan, it was agreed to run a broader campaign internally to make sure that all employees were aware of the hotline.

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 Core Team and they are responsible for implementing 11 mitigation measures to address the 13 salient human rights risks.

Related Salient Human Rights Issues

Labor conditions	Freedom of association and right to CB	Forced labor and child labor	Occupational health and safety
Health and safety of local residents	Land rights	Discrimination and harassment	Personal information and privacy



Human rights



Activities

Business description

Human Rights Audit Implemented at Thailand Chicken Processing Plants

In March 2019, with the appointment of external experts, Sumitomo Corporation implemented a human rights audit at three chicken processing plants operated by Thai business partners. Cases have come to light in Thailand of infringement of the human rights of foreign workers in labor-intensive industries such as poultry rearing, seafood processing, and garment manufacture. We make periodic visits to the processing plants of its business partners to check that regulations on human rights and other areas are stringently observed. This audit was carried out with particular focus on the work environment of foreign employees.

The audit team visited the plant and the employees' dormitory to check for forced overtime working, confiscation of identification documents, and labor health and safety issues, which are cited as common human rights risks in the poultry industry. In addition, employees of non-Thai nationality from Cambodia, Myanmar, and other countries were randomly selected for interview. The audit found no human rights issues relating to foreign workers at any of the three locations and the processing plants demonstrated proactive communication with us and a strong commitment to further improvement of operations. To fulfill its social responsibility in the supply chain, Sumitomo Corporation Group will continue to address human rights issues in its relationships with important suppliers and to carry out audits, taking account of local conditions and industry practices in those countries and regions with concerns over human rights risk.

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.

In South Africa, Dorper on-land wind power generation company in which we have an investment offers cooperation in improving the living environment of local residents and creating new jobs, in line with such policies. Specific efforts include repair of buildings of kindergartens, schools and hospitals located close to the power plant, provision of machinery to them, and support to restaurants operated by black women.

In these activities, we use local companies as much as possible. About 10% of the stocks of this company are owned by an NPO operated by local residents. It is planned to launch various projects that meet the demand from local residents with the dividends as a capital in the future.

Business description

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 FY2019, 93% 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.



Job creation (Central Purchasing Center)



An elementary school built within the project site

Human rights



Activities

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 its 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.

For more information on social and environmental risk management, see page 116.

We have put in place a companywide framework to apply when starting new businesses, including review and periodic monitoring, in order to appropriately manage the social and environmental impacts including human rights.

Sumitomo Corporation Group Statement for UK Modern Slavery Act 2015

We set out the steps Sumitomo Corporation Group has taken to help ensure that modern slavery and human trafficking are not taking place in SC Group's business or supply chains. The statement is approved by the board of directors of Sumitomo Corporation as the parent company of Sumitomo Corporation Group.

 [Statement for UK Modern Slavery Act 2015](#)

Training Seminars on Human Rights

Sumitomo Corporation Group's business activities cover a wide range of countries, regions and industrial fields. We therefore consider that it is necessary for the Group to cooperate with suppliers, customers and business partners, instead of acting alone, in promoting the entire supply chain to promote CSR throughout the entire supply chain. Since FY2014, we have held seminars with external experts and e-learning on human rights issues that need special attention in business activities.



The seminars cover a wide range of topics, including the relationship between companies and human rights issues, actual cases of reputational risks from human rights and how to assess the influence of human rights. Comments from seminar participants include "Since the Group is engaged in diverse business activities all around the world, we should continue awareness-raising activities so that as many employees as possible can better understand relevant issues."

Work health and safety / Health and productivity management



Policy and Concept

Basic Policy

“To achieve prosperity and realize dreams through sound business activities” is one of the management principles of the Sumitomo Corporation Group. Based on this principle, our mission is to ensure the economic and spiritual prosperity of people around the world, including our employees, shareholders, clients, and local communities, and to fulfill their dreams. We also believe that in order for every employee to maximize his/her performance, good physical and mental health is essential, without which it is not possible to continuously create new value. Based on this, the Sumitomo Corporation Group formulated the Declaration of Iki-iki Waku-waku Health and Productivity Management. The Group implements various efforts based on this declaration and by taking into account the actual situation of each group company. We will continue to promote health management with a focus on three aspects: “improvement of health literacy” to enable employees to continue working in good health, “reassurance in emergencies” to be well-prepared for unexpected illness, and “global medical support,” which is unique to integrated trading companies. Also, Medium-Term Management Plan SHIFT 2023 positions health management at the core of our human resources strategy.

 [Declaration of Iki-iki Waku-waku Health and Productivity Management](#)

Safety Measures in Uranium Mining

Our Groups 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.

(*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 FY2019 to FY2020. 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 FY2019 to FY2020.

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.

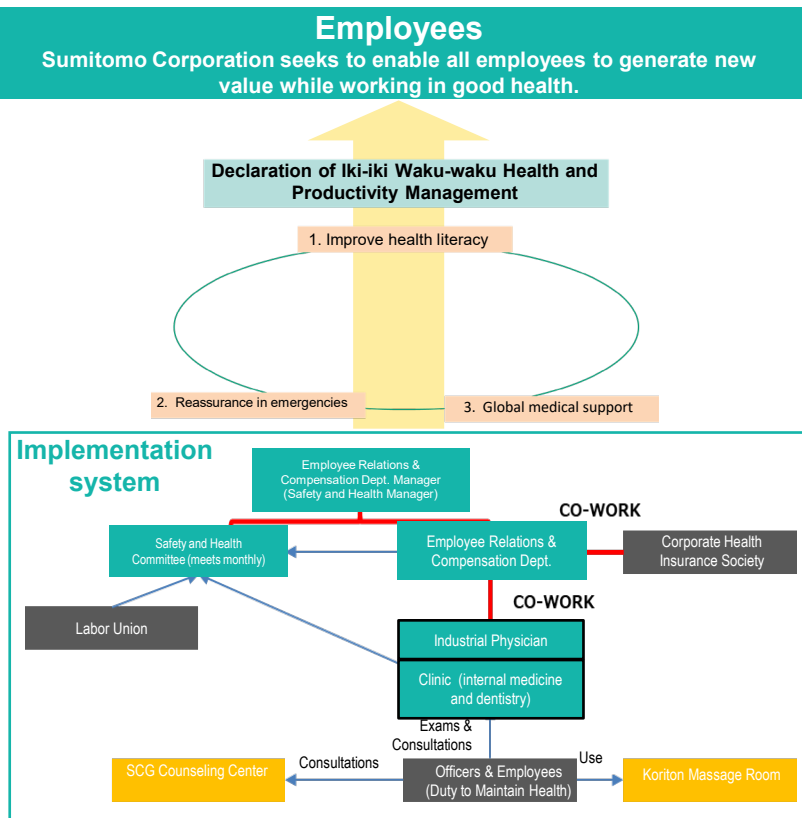
Work health and safety / Health and productivity management



System

Health Management Promotion Systems

Health management is carried out through the following system to maintain and enhance the health of employees under the direction of the Assistant CAO 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 union, where participants exchange opinions with a view to improving work styles qualitatively and quantitatively in terms of working hours for union members.

Crisis Management System

On a consolidated basis, the Company employs around 75,000 workers around the world. In order to prepare for the incidents, accidents and disasters that will inevitably continue to occur within and outside Japan, each employee needs to be aware of crises and proper safety measures on a day-to-day basis. Meanwhile, each organization also needs to develop infrastructure for safety measures to prepare for an emergency. Also, in the event of an emergency, we need to understand the situation with speed as it is critical to build a support system and promptly resume business operations.

We have therefore centralized reports on all emergency cases, within and outside Japan, within Disaster Response and Safety Management Dept. and ensure speedy reporting to the president by appointing the executive in charge of human resources, general affairs and legal affairs as General Manager of Emergency measures. This system also enables provision of necessary support in a timely and unified manner. If a major natural disaster occurs, our fundamental policy is to prioritize (1) protecting human life, (2) mutual assistance, and (3) prompt recovery of business operations. We have stated this in manuals and inform employees.

Excellent Health and Productivity Management Enterprise

Sumitomo Corporation's efforts relating to employee health have been recognized, and the company was certified as a member of the White 500 category by the Ministry of Economy, Trade and Industry and the Nippon Kenko Kaigi for the fourth consecutive year.

 [Recognized as an excellent health and productivity management enterprise in the White 500 category](#)

Work health and safety / Health and productivity management



System

Reporting of Work-related Accidents

We take measures to prevent work-related accidents. If an accident occurs, it must be immediately reported to the Employee Relations & Compensation Department. The numbers of work-related accidents reported in Sumitomo Corporation alone are as follows:

Number of work-related accidents

FY2016	FY2017	FY2018	FY2019	FY2020
1 accident	2 accidents	1 accident	3 accidents	2 accidents

No fatal accidents were reported. If a work-related accident or disaster occurs at Sumitomo Corporation or any of its affiliated companies despite our prevention efforts, it must be immediately reported to the Disaster Response and Safety Management Information Liaison Committee led by Representative Director/Senior Managing Executive Officer as chairman. Managers of major departments of the Corporate Group serve as members the Disaster Response and Safety Management Information Liaison Committee. At the end of every month, they are required to submit a monthly report to the Manager of the Planning & Coordination Department of each Business Unit (Executive Officers, Directors) to keep executives informed of the current situation. Measures to address work-related accidents, such as investigations and responses to relevant issues, and prevent them from recurring are taken appropriately. Important issues are determined by the Disaster Response and Safety Management Information Liaison Committee and particularly important ones are reported to the Management Council by Chairman (Representative Director/Senior Managing Executive Officer) to discuss and decide upon.

OHSAS 18001-certified Facilities

Consolidated subsidiaries that have already obtained OHSAS 18001 are transitioning to the standard ISO 45001, which was issued in March 2018.

As of December 2020, following 4 of 372 Sumitomo Corporation consolidated companies, or 1.1%, have been certified to OHSAS 18001 certification.

Edgen Murray (Middle East, Asia Pacific)

FUJIWA MACHINERY INDUSTRY (HUBEI) CO., LTD.

Infinite Energy Holdings Pty Ltd.

Minera San Cristóbal S.A.

Work health and safety / Health and productivity management



Activities: Employee Health Management

Clinic

Sumitomo Corporation has set up an in-house clinic (internal medicine and dentistry) to support employees' health management on a day-to-day basis. The internal medicine department is open five days a week for outpatients, with specialists in lifestyle diseases such as diabetes and hyperlipidemia, infectious diseases, and the liver, kidney and respiratory organs. The department also provides employees at high risk of developing lifestyle diseases with ongoing support, including nutrition counseling by registered dietitians and collaboration between specialists in diabetes and nurses, as well as regular blood tests. At the dentistry department, checkups are provided twice a year in addition to regular treatment. Dental and oral hygiene education is also offered on an individual basis as needed.



SCG Massage Room "Koriton"

The "Koriton" massage room was opened in the Harumi Triton Square in April 2008 as a place where SCG employees can receive relaxing therapy. We have received many favorable comments, such as "It's very convenient to keep in good shape in a break from working" and "The efficiency of my work after massage was improved." The total approximately 3,000 people have used the service (Results for FY2019).



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), health checkup immediately after joining the company, and health checkup 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. The percentage of those who received a periodic health checkup, including complete physical examination at an external medical facility, in FY2018 was 100%. Based on results of a periodic health checkup and complete physical examination at an external medical facility, the internal clinic provides detailed follow-up care, and the corporate health insurance society provides specific health guidance. These services help employees prevent disease and detect disease at an early stage.

Reimbursement of Influenza Vaccination Expenses

As a part of efforts to prevent infectious disease, the corporate health insurance society reimburses the full amount of flu vaccination expenses for insureds and their dependents.

Health Results Indicators

Indicator	Target	FY2016	FY2017	FY2018	FY2019	FY2020
Percentage of Employees Undergoing Health Checkups	Keep 100% every year	98.7%	100%	100%	-	100%
Stress check Implementation rate	90% by the fiscal year ending March 2021	92.2%	90.2%	88.1%	88.5%	89.9%
Smoking rate	10% by the fiscal year ending March 2021	-	-	-	18.0%	-
Rate of female employees under 35 years old who undergo gynecological exams	15% by the fiscal year ending March 2022	-	-	-	4.6%	2.9%

Work health and safety / Health and productivity management



Activities: Declaration of Health and Productivity Management (1): Improve Health Literacy

Employee Health Awareness Survey Conducted

After the Declaration of Iki-iki Waku-waku Health and Productivity Management was announced in October 2018, a health awareness survey has conducted annually starting in 2019 to measure the effects of performing health management and to measure presenteeism(*). The survey covered all employees, and the latest response rate was 86% (increased 8% compared with last year). The survey starkly revealed that a decline in productivity as a result of mental disorders, poor sleep, and general malaise or fatigue is a particular problem. Countermeasures to eliminate these causes including health seminars are being implemented. The survey will be conducted periodically in the future to verify the effects of health management.

(*) A condition where an employee reports to work but experiences a decline in the work performance that should be demonstrated as a result of some physical or psychological problem.

Health Guidance for Younger Employees by Public Health Nurses Expanded

Health guidance is provided by a public health nurse from the clinic to younger officers and employees (under 35 years old) who have shown deterioration of health data or physical changes since joining the Company or in conjunction with changes in their living environments. A program is being created so that pre-symptomatic personnel at high risk of developing lifestyle diseases can independently change their lifestyles through discussions with a public health nurse.

Health Guidance Process

Initial
Interview
(Goal Setting)

Observation
Over Time (1st
month)

Continuous
Over Time
(2nd month)

Final Interview
(3rd month)

Expansion of Health Management Seminars

The health awareness survey starkly revealed that a decline in productivity as a result of mental disorders, poor sleep, and general malaise or fatigue is a particular problem. Seminars are held to eliminate these causes. Seminars on seven topics were held through January 2021. These seminars will continue to be held to raise employee health literacy.

List of Seminars Conducted

	Seminar Title	Number of participants
January 2018	Stretching Seminar	147
March 2019	Women's Health Seminar	34
May 2019	Smoking Cessation Seminar	5
July 2019	Eyestrain Seminar	95
August 2019	Acidophilus Seminar	67
October 2019	Sleep Improvement Seminar	94
January 2021	Women's Wellness Issues and Corporate Life Seminar	138

Healthy Lunches Offered at Tokyo Head Office Building Employee Cafeteria

The employee cafeteria began offering healthy lunches in July 2019. The specific meal compositions and value settings were supervised by a clinic nutritionist based on the Smart Meal* standards. In September 2019, the company received Healthy Meal and Food Environment certification as a business enterprise the provides healthy meals (smart meals).

Work health and safety / Health and productivity management



Mental Healthcare

We provide training on mental health several times a year, including self-care education and training for managers. Through these comprehensive programs taught by external instructors, trainees are able to comprehensively learn key points about their own mental healthcare and that of others. About 450 employees (including those from Group companies), mainly young employees and managers, take this training in the form of 10 sessions per year. We have also set up a counseling center “for everything, with confidentiality totally protected,” which is used by a total of over 1,600 employees annually (result of FY2020). In addition, we conduct an annual stress checkup, which is extended to employees working overseas. The health consultation office within the in-house clinic, also covering mental health, is also available to employees working abroad. To prevent the progression of mental illness and help employees return to work, the in-house clinic also has a specialist in psychosomatic medicine available three days a week.

Expanded Measures Supporting Women’s Health

Since the incidence and death rates of breast cancer and uterine cancer have been increasing among younger women in recent years, and we started providing information on a gynecological exam subsidy program during periodic health checkups. In conjunction with Pink Ribbon month, every October we distributed information on health issues unique to women to all domestic female employees from 2019. Other informational measures include setting up a Woman’s page on the intranet health management site to provide information on women’s health. Also, in January 2021, we held Women’s Wellness Issues and Corporate Life Seminar.

Support for Quitting Smoking

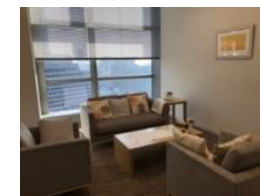
On the occasion of the relocation of the Head Office in September 2018, we designated office floors of the Head Office as non-smoking areas. We have also supported for smoking, including a subsidy to those who want to quit smoking to buy antismoking gums and an anti-smoking support program provided by the clinic.

Activities: Management Declaration (2): Reassurance in Emergencies

SCG Counseling Center

The Sumitomo Corporation Group is an organization that supports its employees so they can work with enthusiasm, and provides the SCG Counseling Center in the Harumi Triton Square, where Sumitomo Corporation’s Head Office is located. This center is staffed with multiple counselors to help solve various problems and concerns. Since its establishment in April 2005, confidentiality has been well protected, and employees have become used to consulting staff about any problems at this center with ease of mind. (Approximately 1,600 consultation inquiries are made annually.)

Service provider	Services	Eligible users	Activities
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 senior industrial counselors, clinical psychotherapists, career consultants, and family consultants.
	Counseling by phone	All employees	
	Counseling by visiting the employee’s site	Employees in offices and outside of Tokyo including overseas	
	Various seminars	All employees	
	Consultation	Management	Consultation for managers regarding how to respond to their subordinates
External contracting company	Counseling in person	All employees	Contracting external companies to provide counseling in person, by e-mail, phone, and visiting the employee’s site.
	Counseling by phone, by visiting the employee’s site		



Work health and safety / Health and productivity management



Advanced Healthcare Expense Program Introduced

An advanced healthcare expense program (the “Program”) was introduced in October to cover conditions that give rise to substantial economic burdens as a result of treatment not covered by insurance. The Program was introduced as a part of efforts to provide “reassurance during emergencies,” of the three pillars of the health management declaration, so that employees can feel reassured even if they become ill. The program is not limited to specific conditions such as cancer, but also covers advanced medical treatment* and treatment not approved as advanced medical treatment (treatment requested by the patient). By broadly covering treatment not covered by health insurance, the program is intended to support employees who become ill receive treatment with reassurance and return to work at the earliest possible time or continue working while receiving treatment.



* Advanced medical treatment refers to cutting-edge and advanced treatment methods that have been determined by the Ministry of Health, Labor and Welfare to be effective and safe and are under consideration for coverage by health insurance. Patient requested treatment is a program whereby healthcare institutions can use unapproved medications and so on at the request of the patient.

Activities: Health Management Declaration (3): Global Medical Support

Health Support Services to Employees Stationed Overseas

Sumitomo Corporation has more than 1,000 employees and their family members stationed in 65 countries and regions (as of March 2021). We provide these expatriates working in an environment different from Japan with health care services to maintain their health, such as an annual health checkup. Counseling services provided by a clinic and the SCG Counseling Center are also available for those with mental and physical disorders. We have a contract with Emergency Medical Assistance Services, which cover a wide range of support services from health counseling offered by an external doctor, public health nurse and other healthcare professionals to emergency transfers. We provide information on necessary vaccinations, local safety conditions, how to prevent infectious disease and other important issues to employees before overseas business trip and transfer and their family members.

Measures Against Global Health Problems

Currently, many countries around the world are struggling with serious health issues, including HIV (AIDS), tuberculosis and malaria, not limited to COVID-19. 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.

Work health and safety / Health and productivity management



Activities

Education on Crisis Management

Sumitomo Corporation provides various trainings and seminars in order to encourage each employee to have crisis awareness and to acquire necessary knowledge.

As a countermeasure against natural disasters, each year we conduct emergency response drills of the Crisis Management Team and on each floor of the Tokyo Head Office in anticipation of an earthquake under the Tokyo Metropolitan region. Throughout the Group, we also promote the development of impact based BCPs that can be used to respond to multiple disasters, including not just earthquakes, but also typhoons, floods, and pandemics.

We organize over 90 seminars on safety measures a year, dividing the programs into 4 grades and 6 courses so that participants can join according to their experience and learning levels. Also, manuals on safety measures which each office has prepared is shared with Disaster Response and Safety Management Dept., in order to ensure a prompt and effective initial response when a contingency occurs. We have built a system to provide prompt and effective relief and support through cooperation within and outside the country in times of emergency.

We also develop safety net systems as part of our regular practice. For example, we have a system that obtains real-time information on troubles around the world (e.g., terrorism, major accidents, severe weather, natural disasters, etc.) and forwards it in push type to employees who are working on assignment in or taking a business trip to various places. Another example is a system to provide support when emergency medical care is needed.

Business description

Measures Taken in Logging of Raw Wood

The incidence of occupational accidents in the forestry industry is higher than those in other industries. The ratio of serious accidents, including deaths, is also very high. To cope with this situation, we comply with the international safety management standards required for Forest Stewardship Council (FSC) certification by OAO Terneyles in Russia in which we invest. If we receive instructions as a result of an audit for the renewal of the certificate, we take improvement measures immediately.

We have thus been certified consecutively since 2004. We have also implemented various measures to prevent occupational accidents. Our efforts to reduce occupational safety and health-related risks include: inclusion of safety management rules into the internal regulations; inclusion of safety-related items in a job description contract with an employee; establishment of the Safety Management Department; and onsite inspection by the Safety Management Department at plants and work sites of the company.

When the Safety Management Department determines it necessary to make improvements, each onsite manager is required to develop an improvement plan and report it to the president. After completing the improvement, the manager also must report its result. The Safety Management Department is required to make a list of occupational accidents that have occurred in the last month based on reports provided by each site and report it to the president. If necessary, the department develops an improvement plan and give each site an instruction to implement improvement measures.

Business description

PT FUMAKILLA INDONESIA

Under the slogan of “protecting people’s lives,” Fumakilla Limited entered the Indonesian market where protection of people from infections is a major concern in their living environment. Over the last 30 years, the company has made slow but steady efforts in spreading its mosquito repellent coils with high medical effects in every corner of the region. As a result, it has now the largest share in the Indonesian market, contributing to the Indonesian market, contributing to addressing one of the major local social issues. In terms of social contribution, not only the product performance but also the marketing method applied there (a business model called BOP to deliver products directly to general users in emerging countries) are significant. Since its foundation in 1990, 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

Work health and safety / Health and productivity management



Activities

Business description

Continuing and developing the health and safety management system we have cultivated over the years

The Metal Products Business Unit continues to develop globally in various industries, and in all of its business activities, the unit places the utmost importance on ensuring the health and safety of its employees, implementing several key measures in support of this philosophy. Typical examples are the global initiatives for zero accidents in Steel Service Center Business Groups (Steel products related business) and the global HSSE management system for eliminating occupational and environmental accidents in the tubular products business.

The Steel Service Center Business Groups (Steel products related business) conducts business in more than ten countries, including Japan, and in a wide variety of industries including automobiles, electrical machinery, electronics, and building materials. In each case, safety measures are tailored according to the conditions of each Steel Service Center Business Group. Central to the implementation of these safety measures, at each of the sites, is the Safety & TQM Promotion Team in the Steel Products Business Planning Dept, of Sumitomo Corporation Global Metals Co., Ltd., which performs that role of an internal advisor and provides support for the elimination of occupational accidents.

Specifically, we encourage the introduction of Total Quality Management (TQM) at each company in order to

establish the foundations of an effective safety system and further instill a culture of safety in all aspects, from the management that leads the company to the manufacturing sites of business companies. We constantly seek to improve the quality of management and ensure consistency individual targets as well as striving to enhance awareness of safety and incentives by continuously monitoring and communicating the status of these defined targets.

An example of support activities is the support for provided periodic self-audits conducted by companies based on a 150-item safety checklist provided by the Safety & TQM Promotion Team responsible for visiting major customers, formulating action plans for identified areas of improvement and following up on the status of improvement (during the COVID-19 pandemic, this activity has been conducted by online conferencing).

In the tubular products related business, we have established a 12-item HSSE management system based on the slogan “Beyond Zero Harm”(Eradication of Occupational and Environmental Hazards) to promote and establish HSSE as a part of the organizational culture. In order to put this into practice we assigned ISO 45001 experts to major overseas bases and developed an IT system which enables lessons learnt and good practices to be shared globally across the group.

Going forward, we will continue to fulfill our social mission by building a better working environment, aiming for “Zero Accidents” in both the steel and tubular products business.



HSSE Management System PDCA Cycle

Work health and safety / Health and productivity management



Activities

Business description

“G-CMSD HSE Initiatives” Aiming to achieve Zero Serious Incidents by combining the expertise of the Global Construction and Mining Systems Division

The Global Construction & Mining Systems Div. (G-CMSD) established the G-CMSD 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-CMSD Group companies.

The office formulated a vision and HSE standards, publishes a monthly Safety News, issues Safety Alerts to share findings and corrective actions of incidents, and conducts safety inspections (gap analysis) of the Group companies. It also conducts safety training for new division members and all employees who are dispatched overseas. With a focus on continuous improvement, in March 2021 the office created a portal to facilitate communications within the Group and encourages further activities such as the introduction of Safety Awards.



Safety Alerts are used to share information about findings and corrective actions of incidents.



Safety inspections are conducted at each company. Best practices are identified and shared for other Group companies to emulate.

“Zero Harm” to people and environment



Activities are implemented by using HSE experts from Group companies

Construction Machinery Business

Construction Equipment Rental Business Expanded Globally

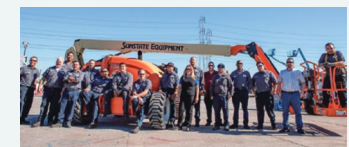
In Japan and the United States, which are advanced construction equipment rental countries, we are developing the business through TAIYOKENKI RENTAL CO., LTD., and Sunstate Equipment Co., LLC, respectively. Because customer needs are growing more diverse with increased awareness of workplace safety and 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.

In addition, we acquired Aver Asia (S) Pte Ltd., which has operations throughout Southeast Asia, in December 2020 in order to expand into this area where mechanization and rental demand are expected to increase in conjunction with economic growth. We will take advantage of the knowledge of business operations cultivated in Japan and the United States 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

Human resources management



Policy and Concept

Basic Policy on Human Resources Management

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 eight conventions in four 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, and elimination of discrimination in employment and occupation. 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.

Freedom of association and the effective recognition of the right to collective bargaining	Freedom of Association and Protection of the Right to Organise Convention (No. 87) Right to Organise and Collective Bargaining Convention (No. 98)
Elimination of all forms of forced or compulsory labor	Forced Labour Convention (No. 29) Abolition of Forced Labour Convention (No. 105)
Effective abolition of child labor	Minimum Age Convention (No. 138) Worst Forms of Child Labour Convention (No. 182)
Elimination of discrimination in employment and occupation	Equal Remuneration Convention (No. 100) Discrimination (Employment and Occupation) Convention (No. 111)

Relations with Employees (Labor Union)

Based on the collective agreement with the Sumitomo Corporation Labor Union, Sumitomo Corporation provides its employees with explanations of its management policy and the status of its business, 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, such as informal meetings with the president, round-table discussions on business performance and related issues, Human Resources Strategy and personnel systems, and work styles, and work style improvement seminars and town hall meetings with the president organized jointly with the labor union. Sumitomo Corporation adopts a union shop system in which all employees are required to participate, excluding executives above a certain level and employees classified as non-union members based on an individual agreement taking into account the nature of their jobs. As of March 2021, the number of members of the Sumitomo Corporation Labor Union is 3,065, accounting for 59.2% of all employees of Sumitomo Corporation.

Activities

Employee Awareness Survey Results

The Sumitomo Corporation Employee Awareness Survey conducted in 2019 determined that items indicating a high level of satisfaction with the company remained at high levels and that engagement remains high.

	5th Survey (FY2016)	6th Survey (FY2019)	Comparison to Previous Survey
Feeling of satisfaction with the company	3.9	3.9	±0
Work-life management (level of satisfaction & practice)	3.3	3.4	+0.1

* Subjects: All employees (excluding employees on leave, etc.)

* Respondents selected the response that they believe most closely applies on a five-point scale (five is the highest score).

Human resources management : Global HR Management Policy



Policy and Concept

Global Human Resources Management Policy

Sumitomo Corporation established the Sumitomo Corporation Group Global Human Resources Management Policy in September 2020. This policy sets forth the vision and concept of human resources management on a global basis with the aim of achieving human resources management for the creation of new value. It is used as the foundation for each HR initiative.

Outline of the Policy

1. Why we established this policy

2. What we aim for

3. Diversity and Inclusion

4. How we realize this aim

(1) Talent recruitment

Attraction of diverse talents

(2) Talent development and training

Promote a Spirit of continuous learning

(3) For talent success-Performance management-

Evaluate to foster individual and organizational growth

(4) For talent success -Right person in right place-

Deploy the right person to the right place on a global basis

(5) Fair treatment

Incentivize the pursuit of "external reward" and "internal reward"

(6) Work environment and workplace culture that support talents

Create an environment where individuals can exercise their abilities to the fullest

5. Who takes responsibility for HR management

Ideal Sought by the Global Human Resources Management Policy

Based on this policy, we seek to increase talents 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 talents that continuously take on new challenges throughout the world.

Objective of establishing this policy

"SC people" "SC organization"

Creating value through a mix of wisdom

The Mindset we value in HR Management

- STRATEGY DRIVEN
- GEMBA ORIENTED
- FAIR & OBJECTIVE
- TRANSPARENT & CONSISTENT
- RESPONSIBLE & ACCOUNTABLE
- RESPECTFUL IN COMMUNICATION
- ETHICAL & COMPLIANT

Autonomous growth of individuals, and people management capabilities



Global Human Resource Management Policy

Human resources management : Human resource recruiting



Policy and Concept

Basic Policy on Hiring

As a company that engages in global business, Sumitomo Corporation requires human resources who have high aspirations and a continuous intrinsic motivation with Enterprising Spirit and create new value on a global scale. our basic policy is to conduct fair recruitment that respects fundamental human rights, and hires employees based solely on the aptitude and abilities of applicants regardless of nationality, gender, disabilities, race, region or sexual orientation.

In addition to hiring new graduates, we consider mid-career hiring as an integral part of strategic recruitment, and we continue to hire talented employees throughout the year.

Activities

Basic Measures Relating to Hiring: Internships

The company hold various seminars relating to hiring and creates numerous opportunities to support career development by students.

■ Next Leaders' Camp

We offer "Next Leaders' Camp", a career support project by Sumitomo Corporation. With the aim of engaging in true career development that goes beyond just recruiting activities, we hope to help resolve the doubts and concerns that students may have when considering their careers, and to help them think their own careers. Next Leaders' Camp comprises "Business", "Global", and "Sustainability" sections. In the "Business" section in particular, participants deepened their understanding of the role of business and the value that should be demonstrated through lectures on the significance of business and thinking frameworks, and business analysis work using our company's case studies. One participating student commented, "I was able to notice important values when thinking about my own career"

<Number of Past Participants>

FY2018: 794 / FY2019: 591 / FY2020: 1,322

■ Internships for University and Graduate Students

We offer internships to university and graduate students every year in order for them to experience business of an integrated trading company. In FY2020, we conducted a program on new project development that used Sumitomo Corporation's electric power EPC business as the subject matter. The program is designed to be similar to actual business operations including group work on contract negotiations. We support the career development of students by enabling them to experience the business of a real integrated trading company, and we expect the program will deepen understanding of our new value creation process by having them create business plans in agreement with our Material issues.

<Number of Past Participants>

FY2018: 87 / FY2019: 190 / FY2020: 164

Recruitment of Mid-career Human Resources

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 this end, we recruit mid-career workers who have great expertise and knowledge from outside the company, in addition to making effective use of our in-house human resources. Our mid-career hires have different backgrounds and include lawyers, public accountants and those with other qualifications as well as those who have experience in the manufacturing, financial, media, IT and other industries. They are making use of the expertise they have gained in their respective fields for the benefit of our company. Sumitomo Corporation recruits mid-career workers not only for their expertise, however. We expect these employees who have diverse backgrounds, to revitalize the company with their ways of thinking, work methods, out-of-box ideas and different viewpoints and help us enhance our competitive strength. Sumitomo Corporation will continue to foster mid-career recruitment along with the employment of new graduates for the retention of a diverse workforce.

Human resources management : Human resources development

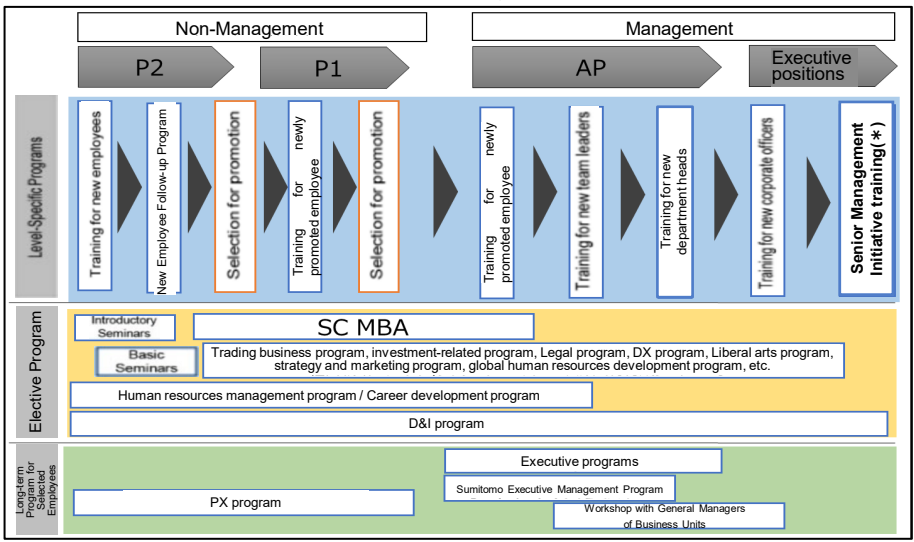


Policy and Concept

Basic Concept

For the Sumitomo Corporation Group, human resources are the most important managerial resource. The Global Human Resource Management Policy established in 2020 describes that the “ideal individual” as “a person who is 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”. The most important thing to achieve this is the individuals enhance abilities those are effective in globally. And this abilities refer “expertise”, and “professionalism”. To develop a group of top-tier professions with this expertise and professionalism, OFF-JT makes it possible to engage in more advanced work by “generalizing and conceptualizing” experiences through “introspection and reflection” on work successes and failures and by acquiring skills and knowledge necessary for work.

Sumitomo Corporation Group Personnel Development Programs



(*) Training for senior management to discuss ideal decision-making and behavior from a high perspective

Activities

Our Personnel Development Programs

As Sumitomo Business College (SBC), we organize 250 courses of OFF-JT training a year and that offers individuals various types of programs to acquire the knowledge and skills needed to be active in each field. In addition, we believe human resource development based on individual career perspectives, experiences, aptitudes, and issues is important, and therefore, we focus on career development training to ensure that as many people as possible can work with high motivation and comprehensively demonstrate their professionalism. Moreover, there are training programs those enhances people management skills and promote diversity and inclusion (D&I) so that supervisors can address and motivate team members and unite diverse human resources to link organizational and individual growth. We also offer Long-Term Programs for Selected Employees that allows employees to acquire the knowledge and skills necessary for business management. Many of those completing the program have been playing a leading role in managing associated companies in Japan and abroad. In our efforts to enhance the development of human resources, we make effective use of external high level training programs, such as overseas executive programs, in addition to in-house training programs.

Number of Hours for Ability Development Training in FY2020

Total number of training participants	12,211 employees
Total number of training hours	50,806 hours
Number of training hours per employee	9.72 hours



Human resources management : Human resources development



Human Resources Development Programs

1. Level-Specific Programs

At the time of promotion, we arrange training programs that offers understanding to the internal rules and literacy necessary for conducting business. From new employee to senior management, Participants in the training will understand what is expected of them and what roles they should fulfill, thereby acquiring tips on how to transform themselves. We offer Level-Specific Programs for the entire Sumitomo Corporation Group. Through the program participation, they build a rich network within the Sumitomo Corporation Group. In these programs, emphasis is placed on fostering leadership that can contribute to society through business, and programs that enable participants to gain awareness for independent personal growth are provided.

2. Elective Programs

More than 90 different selective programs are available, covering comprehensive knowledge and skills, from basic to advanced levels, that will be needed to play a leading role as an executive who can contribute to society through business. After completing the Introductory Seminars and the Basic Seminars where employees can acquire the basic skills and general knowledge (standard skills and knowledge) required to work for an integrated trading company, employees can choose any of the programs where they can learn about knowledge and skills required for them to do their work. Among these programs, in the course "SC MBA," participants can study and have discussions on subjects that are generally covered in an MBA program. This course is open to any employees and they can take any course regardless of direct relation to their department, so it can support their continuing effort to learn. Through the course, participants learn the literacy and fundamental theories and frameworks required to be a managerial.

3. Long-Term Programs for Selected Employees

Long-term programs for selected employees are intended to foster a management perspective and for acquisition of the skills for self-directed learning and practical leadership that can be difficult to obtain through short-term programs. Participants in each program are selected from among those who are demonstrating their abilities at the forefront of business and those who are expected to take on leadership roles in the future. These Long-term programs contribute develop the foster of top-tier professionals to be active in various fields.

■ PX (Personal Transformation) Program

This is a new program created in 2021 for non-managerial personnel. The 10-session program, conducted over seven months, is intended to be aware of personal and company strengths and its issues for more growth through dialogue with business leaders from the same age and people in different industries. Moreover, this program encourage personal transformation by completing the processes of new business creation (strategy formulation and execution), and participants acquire abilities as professional human resources capable working outside the company.



■ Workshop with General Managers of Business Units

This workshop targets general manager and assistant general manager class personnel who are expected to hold executive positions in the future and seek companywide managerial perspectives. Participants acquire the broad perspectives, thinking, and attitudes required of management by participating in extensive dialogues and discussions with senior management. Each year, about 30 employees participate, attending eight sessions over four months and giving a companywide presentation on the future of the company.



Human resources management : Human resources development



Human Resources Development Programs

3. Long-Term Programs for Selected Employees

■ Sumitomo Executive Management Program

Targeting team leader (department managers) who have the potential to become executive managers in the future, this program provides the knowledge and skills needed by executives and fosters managerial perspectives and philosophy to create executive management human resources who can contribute to society through business. Approximately 25 employees participate each year, attending 30 sessions over about 10 months. At the conclusion of the program, participants give a presentation to executives on the ideal state of Sumitomo Corporation and their own managerial vision.

Overseas training at INSEAD (conducted online in FY 2021)

As one session of the Executive Management Program, a customized program is conducted with INSEAD business school on "introspection and behavioral reform." The program provides an opportunity for participants to examine more deeply their own axes, values, and leadership.



■ Participation in Domestic and Overseas Executive Programs at the Company's Expense

Department and division managers who are potential candidates for executive management positions in their respective organizations are sent to executive programs at domestic and overseas business schools at the company's expense.

At least 30 employees participate in the domestic program with a focus on business schools in Japan, and for the overseas program, at least 30 employees are sent to leading overseas business schools with the objectives of fostering awareness and thinking as a future executive, acquiring comprehensive management knowledge and executive decision-making capabilities, and growing through interactions with other personnel and executives.

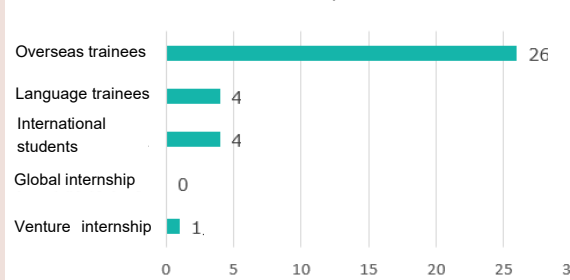
4. Overseas and Domestic Programs

As a global business group, the Sumitomo Corporation Group also conducts many overseas dispatch programs to develop employees who can work effectively around the world.

Sumitomo Corporation has various training programs that enable young employees to work overseas including a trainee program designed to develop human resources who can play an active role in the global field, a language training program that develops language and area specialists, a global intern program that focuses on business in emerging countries, and a study abroad program primarily for acquisition of an MBA. Each year, 80 to 100 young employees are dispatched to different regions of the world to work.

We also introduced a "venture internship" program intended to develop 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. Through these trainee programs in Japan and overseas, we are developing employees' highly specialized knowledge or diversified experience.

The number of trainees dispatched in FY2020



* The number of people dispatched in FY2020 decreased due to the impact of COVID-19

5. In-house Education and Awareness-raising on Respect for Human Rights

As a global organization contributing broadly to society, the Sumitomo Corporation Group employs 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.

With the above considered, we have established a committee to promote human rights and Dowry issues, and we have a forum to discuss internal issues on human rights such as Dowry issues, such as Buraku discrimination, people with disabilities, foreign residents, Human rights violations on the Internet and other issues related to human rights every year. We also invite external lecturers to conduct annual human rights training to raise employee awareness of human rights issues.

In FY 2020, we also distributed e-learning content on respecting human rights in business and conducted other internal educational programs for further action.

In addition, training seminars on mental health and human resources management, and training on sexual and power harassment for all managers have been conducted. In Level-Specific Programs for managers, programs on harassment prevention have also been added to maintain a harassment-free work environment and to provide suggestions on how to address harassment if it occurs. Through these efforts, we provide employees with education and raise their awareness to thoroughly prevent human rights violations at work.

Human resources management : Human resources development



Activities

Sumitomo Corporation Global HRD Center

A training center to develop global talent as well as to be used 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. As a training center, it is used to further strengthen the development of a global and diverse talent. 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

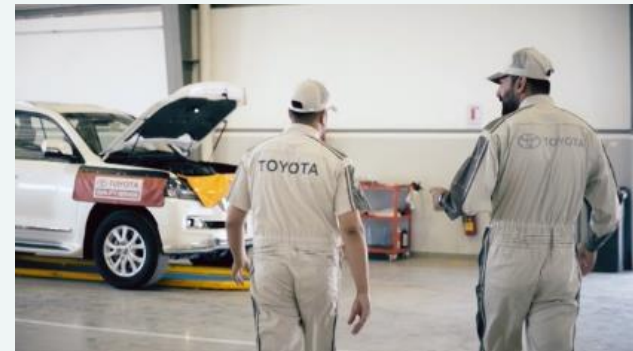
Career Adviser

Since April 2007, Career Advisors (CA) have been available at each organization with the aim of improving employees' career development and reinforcing the organization through providing assistance to individuals and organizations. CAs have three key roles: providing consultation to individual employees (subordinates) and supporting problem solving, providing advice and proposals to organizational management (supervisors) to improve workplace environments, and providing support for communications among individuals and organizations. By performing these roles, they support the creation of work environments where employees can demonstrate their full skills and characteristics as well as career development.

Business description

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). The impact on young people has been particularly large, and creating educational and employment opportunities is an urgent matter. Since 2016, Toyota Iraq has worked with the UNDP to conduct six job training programs for such IDPs, and to date, 68 persons have completed the programs. Starting in 2020, Toyota Iraq has worked with the International Organization for Migration to conduct similar programs for persons other than IDPs. 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

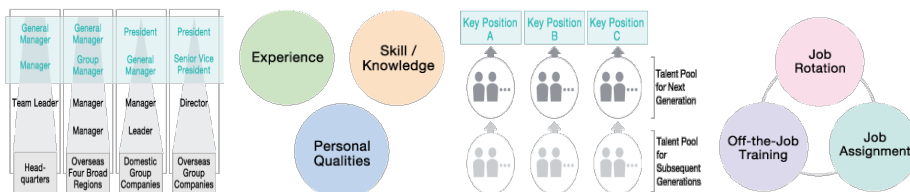
Human resources management : Utilization of human resources (Allocation)



Activities

Enhancement of Talent Management

Talent cannot be developed overnight. There is a need to envision, develop and deploy human resources required for the growth of each business in the medium- to long-term. In order to allocate human resources strategically in line with business strategies continuously and on a global basis, the Sumitomo Corporation Group implements the measures below to help all employees play an active role, regardless of whether Sumitomo Corporation non-consolidated, overseas offices or associated companies.



Key positions involving Group management needed to execute Group strategy. Portion in blue shaded area: General Manager and above envisioned in the case of Headquarters.

The abilities required of key positions are defined from three viewpoints, "Experience," "Skill / Knowledge," and "Personal Qualities."

Each key position candidate will be selected not only for the next generation but also the following generations to come, and a successor training plan will then be put in place. Additionally, according to circumstances, candidates are periodically replaced.

To enable key position candidates to acquire the necessary experience, skills, and abilities, we will effectively combine job rotation, job assignment, and off-the-job training.

Create a global human resources database

To visualize what kind of human resources we have and where, we will build a Group human resources database including overseas human resources.

Introduce the Global Mobility Policy

Common Groupwide rules on employment conditions and welfare packages to be applied in the case of transfer between overseas bases.

Introduce the Global Grading System

To compare what level of human resources are present across the Group, we will consider introducing a common Groupwide personnel grading system.

Advancing Global Measures to Develop Human Resources

Aiming to recruit and develop personnel 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.

Human Resources Globally Playing a Leading Role

Sumitomo Corporation Group promotes placing the right person in the right position at the right timing on a global basis, regardless of nationality and affiliation. Based on this policy, locally hired staff and employees of associated 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 person in the right place on a global basis.



Human resources management : Utilization of human resources



Activities

Optimal Allocation Under New Human Resource System

Under the new human resource system, to achieve the “Intrinsic motivation/Great Place to Work” described in the Global Human Resource Management Policy, we conduct personnel transfers and allocation in agreement with the company’s expectations and the individual’s career aspirations after engaging in communication between supervisors and subordinates even more than in the past in terms of both quality and quantity. As an integrated trading company, continuous development of talent who combine a variety of knowledge and specialization is essential for the steady creation of solutions (added value) tailored to the social issues of the times, and we will continue rotations to expand this human resource pool. To develop the top-tier professionals specified in the policy, however, rather than uniform rotations as in the past, diverse rotations are needed, and we anticipate cases where assignments in a singled field will be lengthy to raise specialization in that field.

Human Resource Shifts Under SHIFT 2023

As we re-allocate company-wide managerial resources, in addition to the financial aspects, we are addressing human resource aspects by undertaking optimal allocation of human resources in conjunction with the reconstruction of the business portfolio as well as strategic human resource allocation to businesses covered by the strategic investment fund. As we undertake this re-allocation, we are accelerating the human resource shift while gaining an overall and company-wide understanding of shifts in human resources during the term of the new medium-term plan, strongly encouraging matching based on organizational human resource needs and individual aptitudes and aspirations, and expanding in-house recruiting systems.

Succession Planning/Enhancement of Human Resources Database

To continuously realize strategic HR assignment on a global basis, HR development and appointment of managerial talents according to our business strategies, we undertake succession planning covering the next and after-next generations for key positions (approximately 380 positions equivalent to the level of general manager in HQ and above) including overseas regional offices and group companies. To ensure that candidates for key positions are equipped with the necessary experience, skills, and other requirements, we develop their capabilities accordingly, so that we can enhance the talent pool both quantitatively and qualitatively.

In addition, we are working to create a job grading system to enable comparison of job size on a global basis and a HR database including overseas regional offices and group companies. We have also made the Global Mobility Policy as our groupwide rule stipulating compensation and benefit packages for international assignment. This will serve as a platform to promote assignment of talents across countries and regions.

Human resources management : Utilization of human resources (Diversity & Inclusion)



Policy and Concept

Promotion of Diversity & Inclusion

The business environment surrounding the Sumitomo Corporation Group has been rapidly changing and the regions and business fields in where we operate and business models have also been rapidly diversified. In order for the Group to address such changes and continue to develop in a sustainable way, it is essential to include Diversity & Inclusion in its management strategy.

Based on this environmental understanding, the Sumitomo Corporation Group positions diversity and inclusion as a source of value creation, innovation and competitiveness in its Global Human Resource Management Policy and seeks to eliminate all barriers that impede Diversity & Inclusion and leverage the mix of diverse wisdom to achieve its vision.

In addition, in order to promote Diversity & Inclusion in accordance with this policy, we are reinforcing human resources management under the Medium-Term Management Plan SHIFT 2023 by implementing various measures at sites in Japan and overseas according to the local D&I context.

To survive this revolutionary world where business is becoming more diverse and challenging, it is essential to effectively use a mixture of diverse wisdom from diverse individuals to improve our competitiveness. With a focus on the diversity of our global talents, especially on each individual's strengths, we will combine our forces to further accelerate our growth strategies. As a basis for achieving this, what is important here is the concept of inclusion, or creating an atmosphere that recognizes different individualities and respects and accepts the differences. Based on this concept, we need to practice inclusion and make effective use of differences as a source of competitiveness.

Simply focusing on visible diversity and eliminating systems and mechanisms that impede inclusion based on nationality, gender, age, sexual orientation, gender identity and so on, is not enough. We believe that it is also important to focus on deep diversity that includes different opinions, ideas, values, abilities, skills and experiences, and the elimination of the unconscious bias based on psychological barriers. We will respect the differences mentioned above, and aim to find the right direction through mutual contribution of wisdom and thorough discussions among a diverse team

with shared aspiration, principles and vision, and turn decisions into actions by bringing out the cooperation of all.

In promoting the growth strategy for all the employees of the Group, it is necessary to promote the allocation of the right talents to the right places on a global basis and strategic talent and organization development, and to nurture a culture and awareness to support these points, while taking into consideration the deep diversity. Under the common vision set forth in the Global Human Resources Management Policy, we will collaborate with the overseas organizations to pursue Diversity & Inclusion in the Group on a global consolidated basis.

Encouraging More Active Participation of Female Employees in Business

Sumitomo Corporation sees the active participation of female employees in business as an important pillar of Diversity & Inclusion, and we have formulated action plans with the aim of advancing this further. Specifically, we have set targets to increase the ratio of women in managerial positions to at least 20% and the ratio of female general managers to at least 10% by FY 2030 and, in agreement with the Japan Business Federation's goal of at least 30% female executives by 2030 announced in March 2021, we set a target of at least 30% female directors and audit & supervisory board members by FY 2030. To achieve these targets, we are reinforcing talent development, allocation, and recruitment centered on the new HR system introduced in FY2021 and are working to create an environment where each individual can demonstrate their full potential. 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 \(PDF/74KB\)](#)

(Japanese language only)

Human resources management : Utilization of human resources (Diversity & Inclusion)



Activities

Support for Balancing Work and Child-rearing

Sumitomo Corporation offers various options that are available both for men and women 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 abilities. The Human Resources Department's staff interviews an employee who is to take a child care leave and her direct supervisor to provide information on relevant programs to facilitate her taking the leave and returning to work.

Childcare Consulting Services

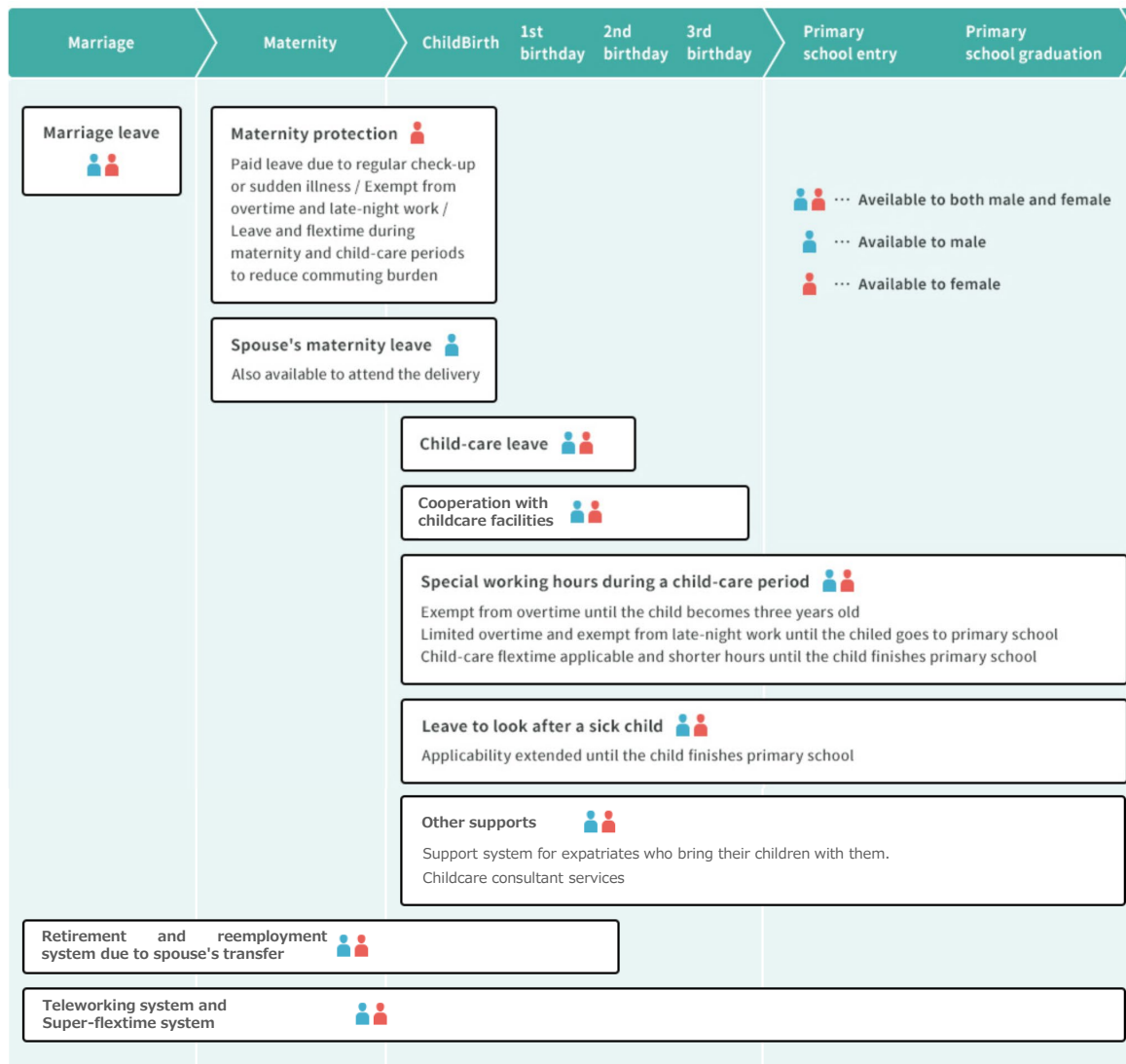
As part of our efforts to support employees to achieve childcare-work balance, we have adopted childcare consulting services provided by Poppins to which we outsource the operation of the in-house nursery.

Re-employment of Former Employees who had to Leave the Company due to their Spouse's Transfer

A re-employment program is available for former employees who had to leave the company due to their spouses overseas transfer if they meet certain conditions.

Maternity and Child-Care Related Programs at Sumitomo Corporation

Attaching great importance to diverse values and lifestyles in personal work-life management fulfillment, we offer various optional programs and are flexible and supportive in helping employees eliminate any problems or concerns.



Human resources management : Utilization of human resources (Diversity & Inclusion)



Activities

Support for Balancing Work and Long-term Care

Sumitomo Corporation offers various programs to help its caregiving employees work without anxiety. We are working to create a work environment where employees who have entered the life stage of caregiving can play an active role at work. We hold seminars on caregiving issues and individual consultation sessions on caregiving issues (once a month). We distributed the “Handbook for Managing Work-Caregiving Balance” to all employees.

	Program	Eligibility criteria	Frequency/period
Consultation on caregiving issues	Seminars on caregiving issues	Sumitomo Corporation employees	Once or twice/year
	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	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 * It can be taken per hour
		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 * It can be taken per hour
	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

Other services available

Long-term care-related support services

<http://www.seacare.or.jp>

Free consultation services for issues related to long-term care, such as how to use long-term care insurance services, how to get along with care managers and professional caregivers, and how to choose care facilities; and support services for long-distance care and balancing work and long-term care.
*Payment by users. Those working in Japan can use “Cafeteria Plan” points.

Elderly home monitoring services

(Reference: HR intranet > Work-life management)

For those with a family member living separately who needs long-term care or those stationed in an overseas office who have a family member living in Japan who needs long-term care, home monitoring services provided by SECOM Co., Ltd. or CENTRAL SECURITY PATROLS Co., Ltd. are available.

Cafeteria Plan

(Reference: HR intranet > Employee benefits > Cafeteria Plan > User's manual)

“Cafeteria Plan” points can be used for the purposes below:

- to partially cover caring costs
- to partially cover costs for care products

Human resources management : Utilization of human resources (Diversity & Inclusion)



Activities

Support for Senior Employees' Activities

In terms of securing human resources to ensure the sustainable growth of the organization, Sumitomo Corporation has been improving the work environment to achieve active involvement of all employees regardless of age. The aim is to provide all employees with opportunities to play an active role at work. As part of this effort, we adopted in April 2006 an employment extension system that is available for all employees who reach the mandatory retirement age of 60 and want to continue working to the age of 65.

CLP (Career & Life Planning) Training

CLP training is provided to employees 45 years of age or older to give them an opportunity to look back on their experience of working at Sumitomo Corporation and develop their career and life plans for further improvement in the future, regardless of internally or externally.

In this training, we explain the company's employment extension system and retirement benefits, public pension plans, long-term care and other insurance systems, and other relevant programs, thereby providing information on financial planning, which is necessary when considering life planning.

Career Assessment Interviews

Employees 45 or older can consult on post-retirement career and life planning when they conduct their annual interview with their supervisor. In interviews conducted two years before mandatory retirement, employees who wish to continue working after the mandatory retirement age are informed by a supervisor about their likely assignment and salary. By creating an early opportunity to compare the desires of the employee with the expectations of the organization, we provide support so that employees can make independent decisions regarding the flexible work styles that they want after retirement.

Support to Find a New Job Outside the Company

For employees looking for new job opportunities outside the company, we provide re-employment support services such as consulting with a specialist career consultant from a re-employment support firm under contract with the company.

Promotion of the Employment and Retention of people with disabilities

As part of its efforts in corporate social responsibility and toward diversity, Sumitomo Corporation has been promoting the employment of people with disabilities. In 2014, we established Sumisho Well Support Co., Ltd., a special subsidiary company, to promote the employment, retention and career development of people with disabilities. Employees of Sumisho Well Support are engaged in various tasks, such as supplying office stationery, in-house mail delivery, making name cards, and converting data into PDF files to promote paperless transactions. In conjunction with the expansion of business, the number of employees has increased, and we had 56 employees (including 39 people with disabilities) as of July 2021. We will continue to work together with people with disabilities and help them grow and encourage them to be independent. Sumitomo Corporation Group as a whole will strive to achieve the legal employment rate and expand job opportunities for people with disabilities.

Raising Understanding of LGBTQ* Employees

The Sumitomo Corporation Group Compliance Policy (established March 2019) 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 believe that acquiring appropriate knowledge concerning LGBTQ(*) individuals is important and provide information to employees through various training. We also created an LGBTQ consultation desk, set out employment rules that enable the same sex partners of employees to enjoy certain employee programs, and are taking various other measures to create work environments free from any discrimination to LGBTQ employees.

(*) LGBTQ : L= Lesbian, G=Gay, B= Bisexual, T=Transgender,
Q= Questioning, Queer

Human resources management : Creation of work environment



Policy and Concept

Creation of an Environment Where Diverse Individuals can Demonstrate their Fullest Abilities

Sumitomo Corporation formed the company-wide “Work-life Balance Promotion Project Team” in April 2005. Since its launch, the team has implemented various efforts. In December 2015, the team's name was changed to “Work-Life Management” in order to clarify our underlying idea that employees should promote a smart work style over a medium- to long-term perspective and proactively manage work life balance. How to manage work-life balance depends on individual values and lifestyles. We believe a fulfilling life as a whole, both at work and in private life, produces vitality, which serves as a driving force to create new value. In this context, Sumitomo Corporation offers various kinds of options to help employees address various issues. We also use and promote an output-oriented approach to work, which generates high added value.

Reduction of Overtime

- Training and seminars on Labor Management
- Regularly holding labor-management roundtable discussions
- Awareness raising efforts

Encouragement to Use Entitled Leaves

- Promoting to have paid leave utilization
- Initiatives for “Premium Fridays”
- Spouse maternity leave , Refresher leave, Volunteer leave

Promotion of Flexible Work Styles

- Teleworking system
- Super flexible work hours system
- Dress Code Modified

Activities

Reduction of Overtime

Sumitomo Corporation has promoted a smart work style with smart distinction and switchover between “work with full energy” and “enjoy private life.” As business is becoming diverse and sophisticated, job types and tasks are also becoming diverse. Under these circumstances, the management of working hours by reducing them quantitatively and uniformly does not suit the current situation. Merely working long hours does not necessarily result in better achievement. In terms of improving global competitiveness, company-wide efforts will be continued to pursue an output-focused work style that generates added value. We have programs for employees to share information on efforts to raise awareness and other useful information. Examples are shown below:

Training and Seminars on Labor Management

We provide training on labor management as a part of the new manager training and new team leader management programs. In 2019, we conducted a seminar on labor management for all employees to provide cautionary information relating to labor management in conjunction with legislation on work style reforms coming into effect in April of that year. We undertake ongoing educational activities to raise awareness regarding labor management.

Human resources management : Creation of work environment



Activities

Encouragement to Use Entitled Leaves

Sumitomo Corporation promotes a smart work style with the aim of improving productivity to achieve the maximum results in a limited time. Efforts to achieve this goal include the setting of a company-wide target number of paid leaves to be taken from 2016 to 2019. The number of days of paid leave taken has steadily increased, and the target was 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 perform independent management.

Targets and Results of Paid Leaves Taken by Employees

- 2016 : each employee taking at least 12 days/ 92.7%
- 2017 : each employee taking at least 14 days / 95.7%
- 2017 : each employee taking more than 16 days on average / 100%
- 2018 : each employee taking at least 14 days / 94.3%
- 2018 : the non-binding target set to 16 days / 64.8%
- 2019 : each employee taking 16 days off / 82.7%

Creation of a Work Environment to Realize Self-sustaining and Flexible Workstyles

Teleworking System

In November 2018, we adopted a teleworking system, which offers three options: working at home, working from a satellite office, and mobile working. This system applies to about 4,000 employees working for Sumitomo Corporation in Japan. As a rule, eligible employees are entitled to up to 14.5 hours (equivalent to the work hours for two days) of teleworking per week. They are allowed to work at home or any of more than 100 satellite offices mainly located in Tokyo, which is helpful for them to expand the work area flexibility. There are no particular restrictions on use, in general. Employees in different circumstances, such as providing childcare and long-term care, throughout the company, are provided an opportunity to work proactively and flexibly. Since March 2020, the existing two days per week limit was eliminated in response to the COVID-19 pandemic, and the system has been operated with consideration for work-life management such as allowing teleworking while performing childcare or family care at home. In October 2021, we proposed a best-mix work style that uses both in-office and at-home work according to what is best for each organization and individual to maintain both employee safety and business continuity. As a result of these types of initiatives, the average in-office attendance rate in FY2020 was 24.5%.

Super Flexible Work Hours System

In November 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 individual employees to design and manage their own work style, leading to further improvement of the performance both of the organization and each employee.

Human resources management : Creation of work environment



Activities

Creation of a Work Environment to Realize Self-sustaining and Flexible Workstyles

Dress Code Modified

As a part of our efforts to develop flexible work environments that promote employee autonomy, we focused on work sites and times and introduced the teleworking system and the Super flexible work hours system 2018. To build on these systems, in April 2020, we reviewed the dress code to promote changes in individual and organizational awareness and further promote autonomous work styles. After organizing current rules on attire, we eliminated dress codes within the scope of common sense appropriate for the work and workplace at the company according to TPO.

MIC Selects Sumitomo Corporation for Telework Pioneer 100

MHLM Selects Sumitomo Corporation for the Excellence Prize of Telework Promotion Company Award

Sumitomo Corporation introduced the teleworking system in November 2018 as a part of its workstyle reforms and has focused efforts on new work styles. These efforts have been recognized, and the Ministry of Internal Affairs and Communications (MIC) selected Sumitomo Corporation for inclusion in the Top Hundred Telework Pioneers for FY2019. Through Top Hundred Telework Pioneers, MIC recognizes companies and organizations with sufficient achievements that are advancing the introduction and utilization of telecommuting. In 2019, we implemented an initiative entitled Work Style Transformation 2019 with the aim of further promoting new work styles that make use of new systems. Our efforts in including continuously informing personnel about teleworking by sharing officers' accounts of their experience of teleworking via internal newsletters and videos and companywide implementation of teleworking were highly evaluated, and we received the Award for Excellence as the most outstanding company in fiscal 2020 in the Minister of Health, Labour and Welfare's awards for enterprises that promote telework (Kagayaku Telework Award).

Going forward, we will implement additional workstyle reforms to promote paperless operations furthermore, enhance employee IT literacy, improve operational flows, and make other improvements.



Supply chain



Policy and Concept

The Sumitomo Corporation Group is engaged in globally-oriented business in a wide range of fields. It is our responsibility to appropriately manage impacts caused by our business activities, including extensive supply chains, on society and environment. 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. 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

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](#)

Activities

Supplier Management

In monitoring social and environmental risks in each business, we confirm the status of supplier management based on the "Sumitomo Corporation Group CSR Action Guidelines for Supply Chains".

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 managed it unitarily.

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

Supply chain



Certification

Certification

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. will obtain RSPO supply chain certification in 2021.



2-1036-19-100-00

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.

**FSC®: Forest Stewardship Council**

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



The mark of responsible forestry

PEFC™: Program for the Endorsement of Forest Certification Schemes

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



Activities

Business description

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. Before starting business transactions, 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 organization providing a world's largest platform to manage and share ethical 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.

Business description

Expression of Support for UN Food 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, will be 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).

 [Ministry of Agriculture, Forestry and Fisheries FSS related websites](#)
(Japanese language only)

 [Our commitment](#)



Industrial and technology innovation



It is inevitable for the Sumitomo Corporation Group to cope with accelerating technology development and innovative business models that will change the structures of all industries. To promote business development for the next generation, we have reinforced our business development systems in Silicon Valley in the United States, Europe, Asia and other regions. We will also promote collaboration with venture enterprises that possess innovative technologies and business models, and collaboration among business units and overseas offices beyond the existing frameworks.

Business description

Participation in a Commercial Lunar Exploration Program

Sumitomo Corporation has signed a contract with ispace, a company that aims to create an earth/moon economic sphere by developing a city/resources on the lunar surface. The contract makes Sumitomo Corporation a Corporate Partner of HAKUTO-R, the world's first commercial lunar exploration program. The HAKUTO-R program managed by ispace aims to create a new market consisting of the earth and the moon as one economic zone by realizing the first commercial lunar exploration and opening up business opportunities on the lunar surface. Water is essential for extending the human presence to space and the existence of resources on the moon such as water has been confirmed. It is expected to create fuel for rockets, etc. by electrically decomposing water into hydrogen and oxygen. Once the development of the lunar surface advances through the utilization of water resources and infrastructure such as an international space station able to accommodate humans is built, the earth and the moon and everything in-between will be opened up as a new sphere of human activity. In addition, Sumitomo Corporation has been involved in space business since 1994 and has participated in government-led international space development through Hamilton Sundstrand Space Systems International, a joint venture with United Technologies Corporation. Hamilton Sundstrand develops, manufactures and markets space suits, environmental control systems, and other products. We have now started tackling the challenges of the next stage of space business and entering the new field of commercial space development.



Lunar module manufactured by ispace (illustration)

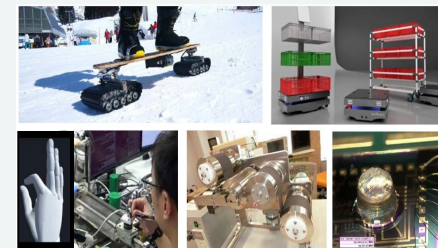
Business description

HAX Tokyo Accelerator Program

In 2019, Sumitomo Corporation, acting in collaboration with SOSV investments LLC (USA-based venture capital firm) and SCSK Corporation, established HAX Tokyo (the Japanese version of HAX, the world's largest accelerator program focused on hardware). HAX provides support for prototyping and mass production by hardware startups in Shenzhen, China and supports fund raising in San Francisco, USA. HAX Tokyo, meanwhile, is a pre-program to find and support hardware startups in the seed stage in Japan so they can be sent to HAX Shenzhen. The selected startups will be taught the fundamentals of startup management, design thinking methods, and other information through HAX's unique workshops. At the same time, outside experts from various companies and personnel from Sumitomo Corporation will provide hands-on support to the startups and various persons from inside and outside the companies will be incorporated to support "PoC", proof of concept, and business development.

To date, three batch programs have been provided, and investment in and collaboration with some promising startups have been implemented.

Through this program, Sumitomo Corporation seeks to expand collaboration with startups and will undertake a variety of programs to broadly energize Japan's hardware industries.



Source: HAX Tokyo HP "Selected companies"

Healthcare



In recent years, the expansion of medical expenses accompanying the increase in the elderly population has become a global social issue, and the healthcare market is expected to expand rapidly. The Sumitomo Corporation Group has set healthcare as its Next-generation growth fields in this Medium-Term Management Plan since April 2021 and plans to strengthen and nurture businesses in this field over the medium- to long-term within the company. While utilizing existing business foundations and functions, such as Tomod's which operates a drugstore with a dispensing facility, and the generic pharmaceutical business in the United States, we are strengthening and promoting initiatives for the development of new business models that lead to more efficient control of medical expenses, the expansion of digital health businesses utilizing technological innovations such as IoT and AI, and the development of medical infrastructure in emerging countries.

Business description

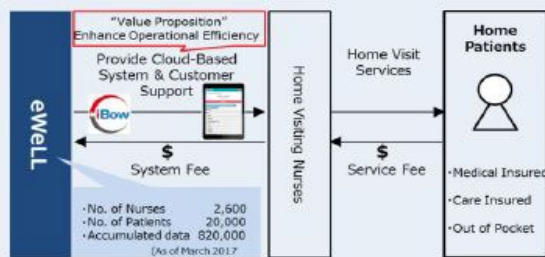
Participation in Healthcare Business

The Sumitomo Corporation Group is engaged in operating drugstores that provide prescription dispensing services and in providing healthcare services. By widely disseminating information on home health care and long-term care services and promoting the use of such services, we contribute significantly to improving access to better healthcare and people's quality of life.

Efforts in healthcare services business include investments in eWeLL Co., Ltd., a company that develops and sells business support systems for visiting nursing service providers, and Community Healthcare Coordination Platform, Inc. (CHCP), which provides business support services to medical and nursing care providers in 2017; and Integrity Healthcare Co., Ltd., which develops and sells online medical consultation systems for medical institutions in 2018. In 2019, we entered managed care service in Malaysia.

The iBow, offered by eWeLL, is a cloud service that enables users to manage patient information from PC or tablet. It was developed in response to the

increasing importance of and need for visiting nursing services for the purpose of reducing administrative burden on visiting nurses and improving the efficiency of their services.



Business model of eWeLL

CHCP aims to create a new integrated community care system, in cooperation with healthcare and nursing care providers, taking into consideration provision of funds, business management expertise, and management personnel; establishment of a cooperative system among healthcare and nursing care providers; and adoption of cutting-edge technology and examples in other industries.

Integrity Healthcare Co., Ltd. offers the YaDoc telemedicine system, which provides an environment where telemedicine by a physician is combined with accumulated data on the daily health condition of the patient, based on which treatment tailored to his/her needs is constantly available.

Managed care service is a system that promotes affordable and better medical services and contributes to people's healthy life through cooperation between private health insurance companies, managed care providers and medical facilities.

Through these business activities, we will continue to contribute to creating a foundation that ensures healthy living for people.



YaDoc Online Medical Consultation System

Healthcare



Business description

Access to Better Healthcare and Nutrition

In emerging and developing countries, there has been a rapid increase in the demand for medicines due to increased population and economic development. In many of these countries, however, many people are without sufficient access to healthcare services and medicines due to poor social infrastructure and healthcare environment, and for financial reasons. The Sumitomo Corporation Group has made significant contributions to improving people's quality of life through providing comprehensive support to players in the pharmaceutical industry, from upstream to downstream, which would not be possible without a global system unique to an integrated trading company. We have also made efforts to make more medicines available to the people in emerging countries.

At present, the world pharmaceutical market is worth about 127 trillion yen, of which about 40% is accounted for by the US market. In the United States, while demand for medicines is expected to rise as the elderly population is increasing, the government has been working to reduce medical costs. In these circumstances, the use of generic drugs is expected to grow. We have acquired a 20% stake in the generic pharmaceutical company Upsher-Smith Laboratories (USL), which is owned by a US subsidiary of Sawai Pharmaceutical Co., Ltd., through Sumitomo Corporation of Americas to enter the U.S. generic pharmaceutical business. USL is engaged in research and development, manufacturing and selling of generics. Its strengths are excellent capabilities in product development, stable supply and sales, and a customer base that have been built through years of business experience.

We take advantage of the strengths unique to integrated trading companies in supplying raw materials and launching new products in order to support USL's business. We will provide high-quality generics to many patients through USL in order to thereby contribute to people's mental and physical health.

In Brazil, Russia, Turkey and other so-called "medically emerging countries," the pharmaceutical market has been expanding significantly as their economy is developing and living standards are improving. Their market growth rates have exceeded the average growth rate of the global pharmaceutical market and are expected to account for about a quarter of the world market in 2021. Sumitomo Corporation will place emphasis on strengthening its relationships with local pharmaceutical manufacturers in these medically emerging countries to promote the introduction of biopharmaceuticals and other medicines and support in local manufacturing on which each government places emphasis. Through these efforts, we will be more active in contributing to people's health and better lives.



USL Head Office (Minnesota, USA)



Generic drugs

Local infrastructure / Community planning



Many regions, especially in emerging countries, are experiencing problems such as aging and urbanization. The Sumitomo Corporation Group is accelerating its provision of advanced lifestyle-related services that contribute to the resolution of these problems and a more affluent life for all people, and in its participation in urban development, smart city projects, and infrastructure development projects.

Business description

Community-based Support for All Aspects of Life

Sumitomo Corporation Group has been operating a cable television business in Japan for over 30 years. JCOM, a Sumitomo Corporation Group company, has expanded its services from the broadcasting and communications fields of TV, Internet and fixed-line telephony to include mobile phone, electricity, gas, home IoT and other lifestyle-related fields. The number of subscribing households has grown to approximately 5.6 million (as of the end of March 2021) with the strength of its community-based, attentive support.

In the electric power business, JCOM launched a retail service for households in 2016 in cooperation with Sumit Energy, a member of our group. The number of subscribing households has grown to over 1 million (as of the end of March 2021), thanks to its ability to save on electricity bills by combining other services such as TV and Internet without the need for installation.

As part of its efforts to expand new lifestyle-related services, JCOM is providing a remote medical service called "J:COM Telemedicine" from July 2021. The service allows customers to make an appointment at a medical institution, have a medical interview, and receive a medical examination via webcam on their home TV screens. In anticipation of future regulatory reforms, it is considering further expansion of the service to include online medication guidance and prescription delivery. JCOM is working to resolve issues in

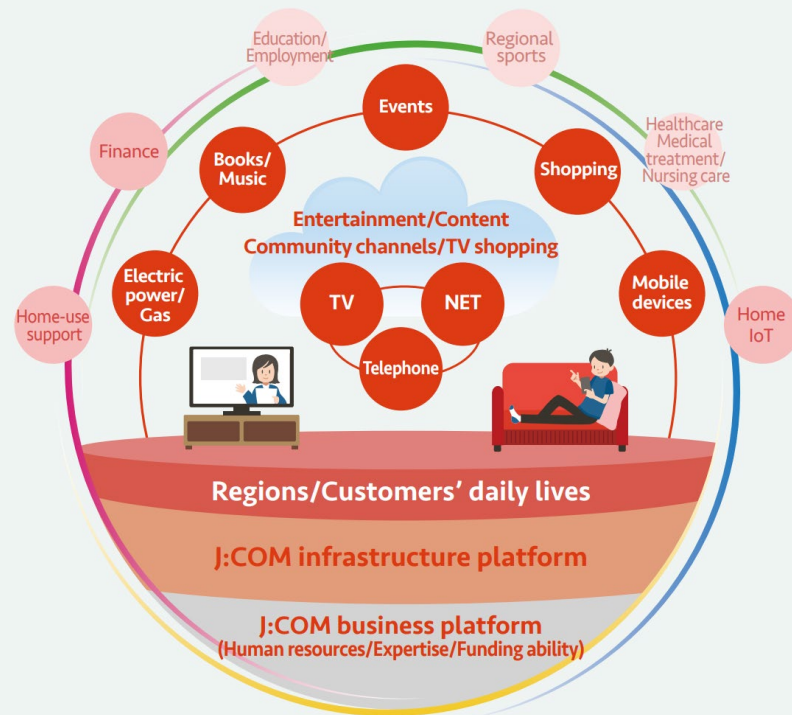
community healthcare by providing face-to-face support by its staff upon customer's request. In the future, JCOM is considering expanding its community-based lifestyle-related services in collaboration with Sumitomo Corporation Group businesses such as mobility and smart cities.

We will continue to contribute to solving regional issues and creating a foundation for comfortable and exciting lifestyles by providing services that are close to customers' lives.

J:COM Telemedicine



J:COM Everywhere



Local infrastructure / Community planning



Business description

Solving Social Issues through Developing 5G Infrastructure and Solutions

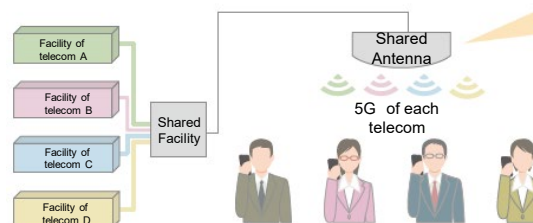
We have positioned 5G as a key technology for promoting DX and an important platform that will have an impact on the society in general and are working on the "base station sharing business" and the "local 5G business for regional communities."

In the "base station sharing business", we plan to provide 5G-centered base station sharing services to mobile carriers through Sharing Design, Inc. established with Tokyu Corporation in February 2021. 5G requires many base stations as its coverage area per base station is narrower than that of 4G. Therefore, mobile carriers are facing an increased burden of capital investment and a shortage of base station location in urban areas. Base station sharing is a solution to these problems, and through the expansion of "base station sharing," we aim to realize a 5G society as soon as possible and lessen the environmental impact by reducing the installation of base stations.

In the "local 5G business for regional communities," we are providing infrastructure services mainly to cable TV operators by utilizing the community-based business and communication infrastructure cultivated over many years in the cable TV business, as well as the industry-unified wireless core network(*) owned by Grape One Co., Ltd., a Sumitomo Corporation Group company. "Local 5G" allows local governments and companies to build and operate their own 5G communication networks in "limited areas". We will use "local 5G" to solve social issues and achieve industrial DX in various fields such as factories, universities, railroads, and disaster prevention, and realize more convenient and developed regional communities.

(*) The industry-unified wireless core network: Shared wireless core network across the cable TV industry

"Base Station Sharing Business" Service



- Reduce capital investment for each telecom
- Environmentally friendly through sharing



Conceptual image of 5G shared antenna coverage

Planned Fields of Development for the "Local 5G Business For Regional Communities"

Disaster Prevention

River flooding monitoring etc



Railway

Automation of railway maintenance work etc.



Smart Factory

Automation of quality inspection etc.



Universities

Upgrading of the campus network Sophistication etc.



Local infrastructure / Community planning



Business description

Car-sharing Business in Stockholm

The urban population in the world is growing. Some estimates show that 68% of the global population will live in urban areas by 2050. Traffic congestion, air pollution and parking shortages have already become social issues in some urban cities. In response, people are paying attention to efforts to optimize transportation networks and energy consumption using IoT technology.

In October 2018, our Group launched a car-sharing business in Stockholm, Sweden through Aimo Solution AB. With 300 electric vehicles, we provide a flexible and convenient service, enabling customers to pick up and return vehicles at the parking facilities of Aimo Park Sweden, which our Group acquired in April 2019, or anywhere within designated zone in Stockholm. By providing our car-sharing service, working with and complementing public transportation, we deliver seamless and waste-free transportation. We seek to solve various issues that cities in developed countries are facing, such as congestion and a shortage of parking, and contribute to urban development that invigorates people and communities.



Services using a fleet of 300 electric vehicles



A series of processes from searching and booking of a vehicle, unlocking and locking of the vehicle, to payment can be completed on the smartphone app.



Business description

Retail Finance Business in Indonesia

The number of sales of new vehicles in Indonesia with a population of about 270 million is one million automobiles and about 6.5 million motorcycles. This is one of the largest markets in ASEAN. We provide financing services such as automobile loans and motorcycle loans through PT Oto Multiartha and PT Summit Oto Finance, collectively as the OTO Group. The OTO Group has a network of 238 branch offices throughout Indonesia, mainly in Java and Sumatra and has provided its services to a cumulative total of more than 9 million customers.

It helps secure transportation for a wide range of income groups to support local infrastructure.

In Indonesia, the middle-income population reached about 200 million in 2020 and will keep increasing. The market is therefore also expected to expand. We will continue our support to help customers achieve prosperity and dreams through automobile and motorcycle financing business.

Social contribution activities

Policy and Concept

The Sumitomo Corporation Group work to resolve social issues through its business activities and its social contribution activities with the aim of contributing to create a sustainable society by fulfilling its Management Principles and Activity Guidelines as a global business group.

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.

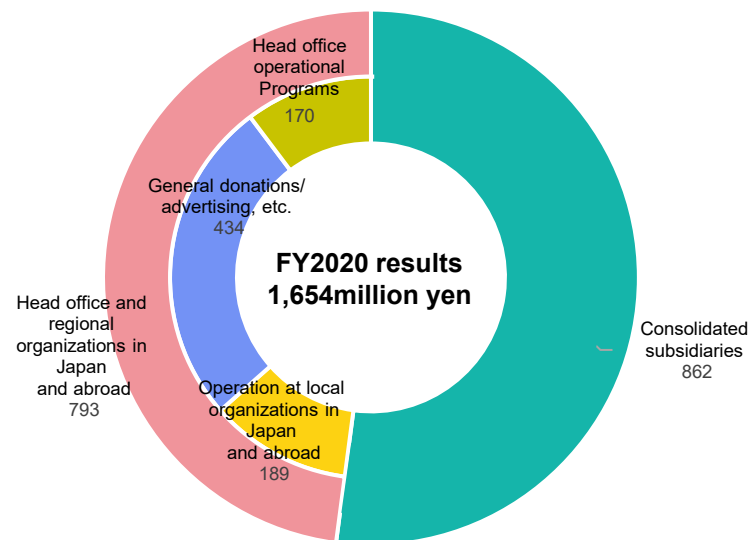
APPROACH

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.

Activities

FY2020 Social Contribution Activity Costs

Total social contribution activity costs (unit: million yen)



<Notes>

*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 March 2021.

Social contribution activities

Activities

Developing the Next Generation of Human Resources

The TOMODACHI Sumitomo Corporation Scholarship Program (Since 2014)

Sumitomo Corporation participates in the TOMODACHI Initiative, a program of exchange between Japan and the United States led by the U.S. Embassy in Tokyo and the U.S.-Japan Council (Japan). We organize a scholarship program for university students that are sent to the United States as exchange students. We provide not only financial support but also training opportunities at Sumitomo Corporation of Americas.



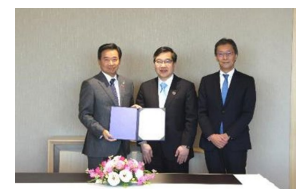
Program participants have access to experiences not available on campus during an overseas study break. By FY 2020, 47 students had participated in this program.

The Sumitomo Corporation Scholarship (Since 1996)

We set up the Sumitomo Corporation Scholarship in 1996, the year of our 50th anniversary in the trading business. The purpose of the scholarship is to help emerging Asian countries, including Indonesia, Myanmar and Bangladesh, develop the human resources who will lead the countries' futures. The number of students who have benefited from the scholarship totaled 16,600 by the end of FY2020.

The University of Tokyo Global Leadership Program (Since 2013)

Sumitomo Corporation supports this program as a leading partner. Through the program, we aim to develop the next generation of leaders who can engage in transverse collaborations and propose innovative solutions to global issues. We provide financial support to the university for sending students to leading overseas universities on a short-term basis. We also provide advise to students who engage in practical research and serve as a bridge between them and the real world.



Contributing to Local Communities in Areas We Do Business

Introducing Japanese Culture (Since 2015)

With the aim of building good relations with local communities at overseas business bases, we give presentations and demonstrations on traditional Japanese culture. Under this program, we visited Myanmar, Ghana, Iran, Mexico, Cuba and the UAE to introduce Japanese culture to a total of 160,000 people.



In 2019, we conducted the program at the Kesenuma Shishiori Marine Product Processing Cooperative in Miyagi Prefecture, to which Sumitomo Corporation is providing support of industrial recovery. Technical trainees working at member businesses of the cooperative were invited from overseas to such hands-on experiences as kimono wearing and a traditional Japanese tea ceremony.

Promoting Barrier-free Movies (Since 2004)

Sumitomo Corporation promotes the widespread viewing of barrier-free movies as a part of its initiatives to support community and social participation by persons with disabilities. We provide barrier-free versions of movies at no cost to libraries and volunteer organizations throughout Japan so that visual- or hearing-impaired individuals can enjoy movies with their friends and families. So far, about 47,000 people have viewed the movies in this activity.



Social contribution activities

Activities

Engaging in a Wide Range of Social Contribution Activities in each Global Region

EMEA & CIS

Sumitomo Corporation Scholarship Program in the Sultanate of Oman

Aiming to contribute to private–sector exchange between Japan and Oman and to the development of future leaders in Oman, Sumitomo Corporation and Sumitomo Corporation Middle East TZE have launched the scholarship program and have been supporting Omani students studying at graduate schools in Japan. In FY2019 we supported two students and in FY2020 we supported three students.

We will continue to support several students annually afterwards.



EAST ASIA

Supporting Education in Poverty Areas

In China, Chinese and Japanese employees cooperated in collecting donations, which were matched with an equal sum by group companies and then used to support disadvantaged students in Anhui Province.

In order to expand students' horizons, various activities have been carried out. This activity was launched in 2009 by Sumitomo Corporation (Shanghai) Limited and has now expanded to Sumitomo Corporation China Group.



AMERICAS

Social Contribution Activities in Americas Week

Sumitomo Corporation of Americas holds an annual companywide event, Americas Week, during which employees carry out social contribution activities. In 2020, offices across the Americas joined together to partner with Table for Two, a nonprofit organization focused on nutritional education and providing school lunches to students in need throughout the U.S.

Through SC Americas' generous support, including a special employee Onigiri-making event and social media campaign, SCOA was able to provide 42,300 school lunches to students in need throughout the communities surrounding its New York, Los Angeles, Houston and Washington D.C. offices.



ASIA & OCEANIA

Reaching Out in the COVID-19 Pandemic

In FY2020, our offices across Asia and Oceania continued to reach out to local communities despite challenges posed by the COVID-19 pandemic. Apart from financial aid, donation of IT equipment and scholarship awards to the needy, hundreds of volunteers took part in various activities. Examples include supporting elderly healthcare, uplifting rural education and preparing students for the corporate world.



This photo was taken before COVID-19 pandemic.

Social contribution activities

Activities

Initiatives at Group Companies

Activity description

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. Through CAMP workshops, children learn various ways to express themselves. By participating in creative group activities in the workshops, they also acquire social skills and learn to enjoy acknowledging others and accepting diversity.

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.

Also, employees of the Group’s bases voluntarily participate in the workshops as facilitators. They learn a great deal and have satisfying experiences, which help them develop and increase their work motivation.

Since the activity’s launch in 2001, the SCSK Group has held a total of 899 workshops as of the end of FY2020, in which a total of 18,462 children participated.



Activity description

Contribution to Local Communities in Thang Long Industrial Park in Vietnam

We have developed three industrial parks in northern Vietnam: Thang Long Industrial Parks. More than 210 companies operate in total, which provide for approximately 80,000 direct employment. Sumitomo Corporation, in cooperation with the Vietnamese government, is operating the Parks to ensure stable supply of infrastructure, including electricity and industrial water. The Parks also support tenant companies in its employee recruitment and labor affairs.

We organize annual football and marathon competitions at the Parks to promote community building and increase tenant company satisfaction. We hope that the COVID-19 pandemic will soon come to an end so that we can resume these events. 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, and donate COVID-19-related medical supplies.

Together through our business and social activities, we will contribute to the prosperity of everyone related to the Parks as well as the sound development of local communities.



Granting scholarship money to students of a local elementary school



Football competition held with the participation of companies located in the Park

“100SEED” Social contribution program looks ahead to the next 100 years

100SEED

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.

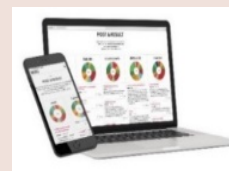
By promoting 100SEED, we encourage our SC colleagues around the world to create opportunities and leverage our diverse capabilities and resources so we can engage in activities that will dynamically realize our goal of “Enriching lives and the world.”

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.

POST : Discussing Social Issues to be Addressed in each Region Based on Online Posts

In order to decide the theme, Employees were encouraged to post social issues from among the Sustainable Development Goals (SDGs) to be addressed by the Sumitomo Corporation Group. In approximately 3,000 posts, #4 of SDGs, Quality Education, received the most votes, but climate change, poverty, and the gender gap also received many votes in some regions.

The most urgent issues differ depending on the conditions in each country, but quality education was selected as the global shared theme from a long-term perspective with the hope of making this initiative a social contribution program for discussing together and acting globally.



DISCUSS : Leverage the Sumitomo Corporation Group's Diverse Ideas to Address Various Social Issues

Specific activities were discussed in each region. In Japan, to reflect the opinions of many employees concerning action proposals on education, 31 workshops were conducted nationwide and 413 proposals were submitted. Based on this, experts including researchers and members of NPOs and government were interviewed and proposals for activities were refined. Employees voted from the perspectives of support for and intent to participate in activities, with a total of 4,610 votes cast nationwide. Through this process, “Educational Support for a Multi-cultural Symbiotic Society”, “Career Education”, and “Pro Bono Educational Support” were selected as the activities for carrying out the 100SEED concept.



“100SEED” Social contribution program looks ahead to the next 100 years

100SEED

ACT : Provide our Key Management Resources, Time and Human Resources, with Aiming to Create a Sustainable Society

Through the 100SEED activities, each of our Sumitomo Corporation Group employees will learn, get inspired and broaden own views to contribute to the creation of a sustainable society while achieving self-growth.

◆ Activities at the Head office

In Japan, we have been implementing the following 3 projects, in which 151 employees participated in FY2020.

Educational Support for a Multi-cultural Symbiotic Society

In Japan, there are at least 50,000 children and youth who have roots in foreign countries, and are in need of Japanese language education. However, the level of support provided by local governments greatly differs, and many children cannot receive adequate support in their local communities.

Sumitomo Corporation has been cooperating with the Japan Center for International Exchange (JCIE) to assist NPOs that are supporting these children, aiming to build an inclusive society in which they can lead fulfilling lives beyond cultural, habitual, and linguistic differences.

In FY2020, 21 employees helped five NPOs launch their activities or plan career support events, and assisted the organizations with giving learning support to children. Since April 2021, 44 employees divided into groups have been supporting a total of seven NPOs. Their earnest and sincere activities have been highly appreciated by the NPOs, including both the group activity for pro bono support and the learning support activity conducted by individual employees.



Career Education Support: “Mirai School”

In the face of rapid structural changes, it is becoming increasingly important for children to develop “zest for living” on their own. Under this project, we send our employees to senior high schools to give lectures to students who have not imagined their future to help them build clear ideas about their future careers. In the lectures, the employees share our diverse values and experiences with the students to provide them with an opportunity to think about their future, thereby contributing to the development of the next generation of leaders.

In FY2020, we gave lectures to about 1,800 students at 13 high schools. Students attending the lectures have given us positive feedback, saying that “The lecture changed my ideas about my future career.”

Employees who served as lecturers also commented, “Giving the lecture made me think about my own career,” and “It increased my interest in social issues.”

In FY2021, we will further expand our activities, while extending the areas and doubling the numbers of schools and students to visit.



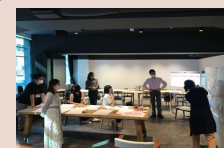
Pro Bono* Support for Educational NPOs

Many of educational NPOs are in need of management support due to the shortage of human resources. In this activity, Sumitomo Corporation makes use of our employees’ business skills and experience to support the enhancement of the NPOs’ management foundation, thereby contributing to the solution of a range of educational issues.

In FY2020, we assisted six NPOs in the areas of communications, improving operations, fundraising and strategy planning, and have already seen positive results in the pro bono activity. For example, one of the NPOs got commissioned for a project by the local government because of using the presentation materials that we created in the activity.

In FY2021, we will support another six NPOs, and are committed to conducting activities to help the organizations solve their problems and achieve highly satisfactory results.

*Pro Bono:
The activities that our business skills and experience are offered free of charge to help meet social challenges.



Best utilize our skills and experience to help the NPOs solve their problems



“100SEED” Social contribution program looks ahead to the next 100 years

100SEED

◆ Activities at the Regional offices

In Japan and overseas regional offices, we have been implementing 27 projects, in which 545 employees participated in FY2020.

Activities in China

Sumitomo Corporation Shanghai Head Office, Sumitomo Corporation Tianjin Head Office, Sumitomo Corporation Guangzhou Head Office, and Qingdao Office, ChangChun Office have offered internship programs to local university students at their respective locations since 2009. The purpose of the program is to nurture the next generation of human resources who will lead the future by offering lectures by employees, hands-on work experience, and opportunities to think about future careers.

In 2021, due to COVID-19, the companies jointly held the event online for the first time a total of 53 students from 10 schools participated in the online program. In a first for the event, a speech competition was held by student representatives. They made speeches about their own career plans. They detailed plans made through an analysis of their own characteristics, fields of specialization, and future job market needs.

The speakers then clarified the points to improve regarding themselves and the measures to be taken to actually make the improvements to promote understanding of this activity and the HR system of a multinational company.

Through this, we will continue to deliver sustainable quality education for next generations.



Activities in Thailand

Educators at every level are facing various difficulties. Sumitomo Corporation Thailand (SCTL) carries out the following three activities that are designed to match their needs with the necessary development tools to provide sustainable education.

The Button-up project aims at primary school students who need basic facilities to maintain a healthy body and mind at school. We arrange one-day Activity Based Learning program to create equity and quality of education for the children in underprivileged location.

The LIGHT UP project aims to train teachers who can utilize the skills they acquire to provide quality education to young students.

The POWER UP project are designed for young people to fill a wide gap between student life and working life after graduating from their universities.

To make these projects successful, the SCTL 100SEED committee invited their staff, together with management, to participate as volunteers in all activities.

With these three projects, we expect over 100 members will join hands to contribute to education development on a yearly basis.



Activities in Turkey

Sumitomo Corporation Turkey gives lessons which introduce sustainability concept to children in middle-school via its project called Mission Earth. It was planned to be conducted face-to-face, but in vain, since all the schools had been closed due to COVID-19.

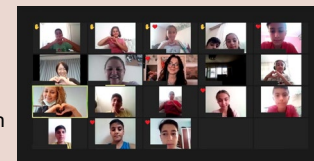
In collaboration with a local NPO, we offer online classes to adapt pandemic. We support children who do not have access to online classes by donating smart tablets so that they can take online classes.

In the trial class, which took place from April 2021, a total of 48 students in 5 classes participated.

They were very eager to discuss the problems in the world around them. Final target is to reach 156 students in Turkey and then expand the project into other ME countries via regional offices.

Once the pandemic is under control, we will consider switching to hybrid online and face-to-face lessons. Although meeting the children

directly at their schools has more impact, we also feel that we can reach further and wider with online lessons.



Corporate governance

Policy and Concept

Corporate Governance Principles

Sumitomo Corporation established the Sumitomo Corporation Corporate Governance Principles while keeping in mind that the backbone of our corporate ethics is in Sumitomo's Business Philosophy and Management Principles. The Sumitomo Corporation Corporate Governance Principles were established based on our view that the essence of corporate governance is "improving management efficiency" and "maintaining sound management", as well as "ensuring management transparency" to secure the first two. Following the Sumitomo Corporation Corporate Governance Principles, we are always seeking to establish the most appropriate managerial system for the Company and are continuously improving our corporate governance to realize management that serves the interests of shareholders and all other stakeholders.

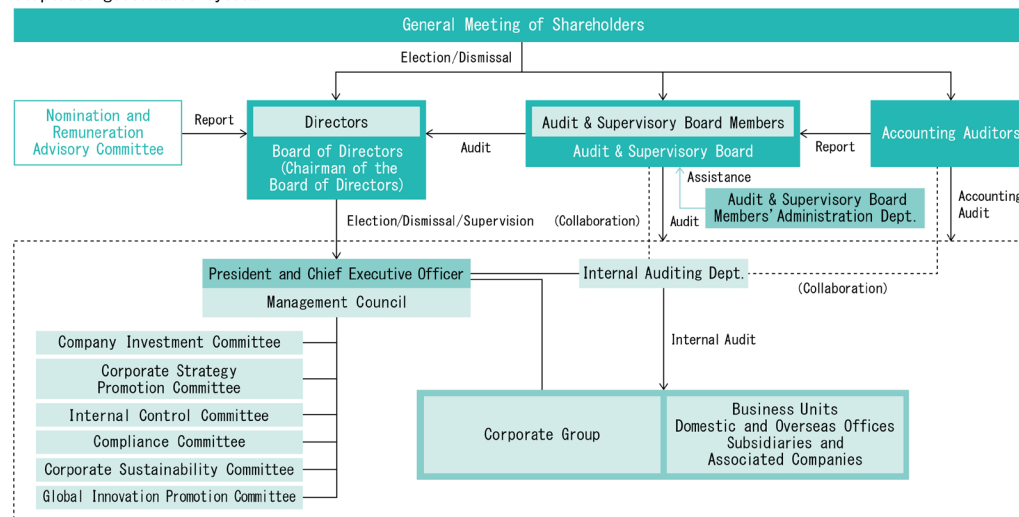
System

Corporate Governance System and Characteristics

We have developed an effective corporate governance system by implementing a range of measures. Having adopted an audit & supervisory board member system, we have secured 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. We have also taken steps to make decision-making and execution of operations faster and more efficient by introducing an executive officer system and establishing the Management Council, among other measures.

We will continuously review our corporate governance system as needed in response to changes in global trends, the social environment, legal systems and other relevant issues in order to further improve and enhance the system.

Corporate governance system



[Sumitomo Corporation Corporate Governance Principles](#)



[Corporate Governance Report](#)

Corporate governance

System

Directors and the Board of Directors

Composition of the Board of Directors

The composition of the Board of Directors ensures diversity in experience, knowledge, expertise, gender, and so on. Persons with a sincere character, deep insight, and high-level skills as well as specialized business knowledge and a broad range of experience including managerial experience are selected as candidates for internal directors, and they are appointed without regard for gender, nationality, and other such characteristics. Candidates for outside directors must also have a sincere character, deep insight, and high-level skills as well as broad-ranging knowledge and experience from diverse perspectives and an established track record in their field, and they too are appointed without regard for gender, nationality, and so on. In addition, multiple independent outside directors with different experience and expertise are selected with the aim of reinforcing appropriate decision making and supervisory functions from a variety of perspectives by the Board of Directors. The Board currently comprises 11 members, of which five are independent outside directors (including two women).

In addition, Sumitomo Corporation established the Sumitomo Corporation Action Plan and, in agreement with the Japan Business Federation's goal of at least 30% female executives by 2030 announced in March 2021, we set a target of at least 30% female Directors and Audit & Supervisory Board Members by FY2030.

Independence of Outside Directors

Our five outside directors satisfy the standards on independence set by Tokyo Stock Exchange, Inc. (TSE), and other financial instruments exchanges on which the Company is listed, as well as our in-house rules on Standards for Appointment and Independence of Outside Directors and Outside Audit & Supervisory Board Members. Leveraging a different type of experience and expertise, each Outside Director contributes to our corporate governance by providing a variety of independent viewpoints.



[Standards for Appointment and Independence of Outside Directors and Outside Audit & Supervisory Board Members](#) (Japanese language only)

Improvement of Deliberations and Enhancement of Monitoring Functions by the Board of Directors

We carefully select agenda items requiring discussion by the Board of Directors so that the Board can concentrate on the deliberation of important matters regarding the Companywide management such as the business policy and management plan. Each year, the Board of Directors holds an off-site session to discuss which issues should be given higher priority, and the results are reflected in the selection of agenda items for the coming year. In addition, the Board of Directors further enhances its monitoring functions regarding the execution of operation by the management by receiving reports on the status of progress, issues, and responses to those issues concerning division strategies in each Business Unit and by its deliberation focusing on those issues. Moreover, the Board of Directors regularly monitors its status of implementation of the Company's overall business by receiving activity reports concerning main committees, and portfolio reports on market change risks, country risks, and other intensive risks. Furthermore, the Board of Directors open-mindedly discusses various key management issues including ESG (environment, social, governance) at off-site sessions to enhance the deliberations at the Board meetings.

Corporate governance

System

Directors and the Board of Directors

Ensuring Diversity in Outside Directors

Respective outside directors have the expertise and experience shown below. They make decisions from diverse perspectives at the Board of Directors' meetings and are engaged in effective supervision.

Expertise and experience of Outside Directors

Name	Reason for appointment	Term of office as Director	Member of the Nomination and Remuneration Advisory Committee	Expertise and experience					
				Business Management	Investment	Finance	Law	Government Agency	Information and Communications
Nobuyoshi Ehara	Wide-ranging knowledge and a wealth of experience in finance and business management accumulated during many years of engagement in a major U.S. Investment Bank and the management of a private equity firm.	5 years	● (Chair)	●	●	●	—	—	—
Koji Ishida	Wide-ranging knowledge and a wealth of experience in finance and business management accumulated during many years of engagement in a major financial institution and past position as a member of the Policy Board at the Bank of Japan.	4 years	●	●	●	●	—	●	—
Kimie Iwata	Wide-ranging knowledge and a wealth of experience in business management, corporate governance, corporate social responsibility, and diversity accumulated in managerial and Outside Director positions for private companies, before which she served in a succession of key positions in the Ministry of Labour (currently the Ministry of Health, Labour and Welfare) over the course of many years.	3 years	●	●	—	—	—	●	—
Hisashi Yamazaki	Highly specialized knowledge and a wealth of experience in law accumulated over the course of many years as a judge and an attorney at law.	3 years	—	—	—	—	●	●	—
Akiko Ide	Wide-ranging knowledge and a wealth of experience in information and communications, business management, and corporate governance accumulated during many years of engagement in a major telecommunications carrier, the management of a group company and a full time Audit & Supervisory Board Member of the parent (holding) company.	1 years	—	●	—	—	—	—	●

Corporate governance

System

Directors and the Board of Directors

Evaluation of the Effectiveness 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 self-evaluation and other methods. This is followed by the disclosure of overviews of the results. In fiscal 2020, in order to boost initiatives to further enhance the effectiveness of the Board of Directors, we conducted interviews by a third party in addition to conducting a questionnaire survey (anonymous) as in fiscal 2019. The following is an overview of the Board of Directors' effectiveness evaluation and the results of such evaluation for Fiscal 2020, which was reported to and deliberated at the Board of Directors' meeting held on May 7, 2021.

1. Evaluation Methods

Those covered	All 11 Directors and 5 Audit & Supervisory Board Members
Implementation method	Questionnaire survey (anonymous) and interviews conducted during the period from November 2020 to December 2020. Note: Implemented by a third party (external consultant).
Evaluation Items	(i) Selection of items to be deliberated on by the Board of Directors (ii) Deliberations based on changes in the external environment and/or management environment (iii) Adequate provision of information in advance to members of the Board of Directors (iv) Consensus formation after adequate deliberation (v) Demonstration of roles of Outside Directors (vi) Demonstration of roles of the Chairperson (vii) Demonstration of roles of Directors (other than (v) and (vi)) (viii) General evaluation, etc.
Evaluation process	The results of analysis of the questionnaire survey and interview responses as evaluated by a third party (external consultant) were reported to and deliberated at the Board of Directors.

2. Evaluation Results Overview and correspondence

The overall evaluation and analysis by a third party concluded that the Board of Directors has generally been functioning effectively. On the whole, as stated below, a majority of opinions were positive.

- As a result of defining agenda items (agenda setting) based on the effectiveness evaluation from Fiscal 2019, adequate time was reserved for themes that require higher priority in deliberation.
- In regular reporting to the Board of Directors by business units, as a result of continuous improvements made thus far, deliberations centered not only on the financial performance of the units but on strategies, challenges and policies to address them, and points have been narrowed down.
- The Board of Directors were able to enter into deliberations immediately due to prior briefings for Outside Directors and Audit & Supervisory Board Members on the Board meeting's agenda items. The focus of deliberations has been narrowed down, and this leads to a more constructive discussion and effective proceedings. Also, at offsite meetings which are set up apart from the Board of Directors, free and active discussion on important and diverse management issues took place, supplementing the Board meetings efficiently.
- The Chairman of the Board of Directors leads the proceedings in a way that encourages attendees to speak while promoting adequate discussion in a fair and neutral manner. The Board meeting is managed to help produce active discussion.

Efforts have been made in Fiscal 2020 to make deliberations more adequate regarding progress review in mid-term management plan, business strategy and monitoring of addressing challenges in each business unit and human resources strategy, etc. Based on the evaluation results, in Fiscal 2021 as well, it was confirmed to address making deliberations further more adequate regarding important management strategy and policy and progress review in new mid-term management plan (including strategy for allotment of management resources and business portfolio and monitoring of efforts for sustainability management) to further improve the effectiveness of the Board of Directors.

Corporate governance

System

Directors and the Board of Directors

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 reviewing (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. In FY2020, the Nomination and Remuneration Advisory Committee met 11 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 (See Page 107)	Outside Director

Management Council

The highest executive level decision-making body

The Management Council is the highest executive level decision-making body, with the aim of enabling decisions that take into account diverse opinions and multifaceted discussions in regard to specific key matters related to management, within the scope of the mandate conferred by the Board of Directors.

The Management Council, which meets in principle once a week, consists of the President and Chief Executive Officer, all chief officers of the Corporate Group, and the general manager of each of the business units. In addition, in regard to specific issues that are extremely important from a companywide perspective, the Company has established, as advisory bodies to the President and Chief Executive Officer and to the Management Council, committees such as the Company Investment Committee, the Corporate Strategy Promotion Committee, the Internal Control Committee, the Compliance Committee, and the Corporate Sustainability Committee.

Corporate governance

System

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 law, accounting, or corporate management, 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 legal expert (a former Chief Justice of the Osaka High Court), one is a certified public accountant with considerable knowledge of finance and accounting, and the other is a fulltime Audit & Supervisory Board Member of a listed company and has an experience in business management. All of the Outside Audit & Supervisory Board Members satisfy the criteria on independence set by the Tokyo Stock Exchange, etc. as well as the Standard for Independence established by Sumitomo Corporation.

Ensuring audit effectiveness

Each Audit & Supervisory Board Member attended important meetings such as the Board of Directors Meeting, received reports from Directors and employees, etc. regarding the execution of their duties, asked them for explanations as necessary, inspected important internal authorization documents and examined the status of operations and the financial status regarding the head office and important operating locations. As for subsidiaries, each Audit & Supervisory Board Member promoted 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 (four employees) was 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

Training and information provision for Directors and Audit & Supervisory Board Members

On taking office, Outside Directors and Outside 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 supply books and other materials and provide access to other resources including seminars and e-learning facilities, offering financial support to cover the necessary costs.

To deepen their understanding of Sumitomo's Business Philosophy, Outside Directors and Audit & Supervisory Board Members, in principle, visit a Sumitomo-related facility during the first fiscal year of their term of office. Outside Directors and Audit & Supervisory Board Members are also given the opportunity to make a group companies observation visit to a facility in Japan and to an overseas. Overseas group companies observation visits were suspended in FY2020 in light of the status of the spread of COVID-19.

Corporate governance

System

Initiatives to Ensure Transparency of Business Management

Establishment of Disclosure Policy

To ensure that all stakeholders correctly understand its business management policy and business activities, the Company not only discloses statutorily required information but also actively discloses information on a voluntary basis.

 [Corporate Disclosure Policy](#)

Measures Relating to the General Meeting of Shareholders

We send out a Notice of Convocation to shareholders approximately three weeks prior to each regularly scheduled General Meeting of Shareholders. We also provide an English-language translation of the notice on our website in advance of sending a Notice of Convocation. 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. The streaming video of the meeting is posted on our website for a certain period after the close of the meeting.

 [Ordinary General Meeting of Shareholders](#)

Status of Compliance with the Japan's Corporate Governance Code

As of June 2021, the Company complies all Principles of the Corporate Governance Code (Before revision in the same month). Please refer to Corporate Governance Report for details.

 [Corporate Governance Report](#)

Policy on Cross-shareholdings and Standards for Exercising Voting Rights

The Company takes various considerations into account when making decisions about whether to hold shares in other listed companies for purposes other than pure investment. It fully considers issues such as whether the shareholding will lead to medium- to long-term growth in profits as a result of maintaining and strengthening the business relationship with the investee company, from the perspective of investment profit, such as a comparison with the capital cost of individual stocks. Based on the above, the Company reviews the significance of its shareholdings and reports the results thereof to the Board of Directors each year. Where the significance of its shareholdings cannot be confirmed, the Company has a policy of reducing the holding. The Company also takes various considerations into account under the internal guidelines when making decisions in exercising its voting rights. Having fully considered issues from both quantitative and qualitative standpoints, it adequately exercises voting rights for each agenda based on whether exercising voting rights will lead to enhanced medium- to long-term corporate value at the investee company and the Company and to enhanced value for its own shareholders. When a company holding the Company's stock for purposes other than pure investment indicates to dispose of its holdings, the Company respects the decision in principle and ensures that their business relationship will not be influenced. In FY2020, under a crisis response mode, sale of shares in crossholdings companies was actively implemented companywide as a means of generating cash through a reduction of assets to more strictly manage companywide cash flows.

Benefit Pension Plans

The Company has adopted a defined benefit corporate pension plan (contract type). The Company deploys personnel with financial market and investment experience as investment managers and monitors the operations of pension assets. When selecting an external asset manager, the Company makes appropriate checks on its investment performance and management structure including governance and continues to periodically monitor these during the investment management operations. Furthermore, the Pension Management Committee, which is chaired by the Chief Administration Officer and composed of managers in charge of human resources, finance and accounting organizations, verifies the investment performance and the financial position of pension assets, makes reports to the Management Council and also discloses them to the pension holders.

Corporate governance

System

Executive Remuneration

Executive remuneration plan (● indicates the persons eligible for each type of remuneration, etc.)

Type of remuneration, etc.		Eligibility			
		Executive Directors / Executive Officers (*1)	Chairman of the Board of Directors (*2)	Outside Directors (*3)	Audit & Supervisory Board Members (*4)
Fixed	Monthly Remuneration	●	●	●	●
Variable	Performance-Linked Bonus	●	—	—	—
	Restricted Performance Share Unit-Based Remuneration	●	●	—	—

(*1) The remuneration of Executive Directors and Executive Officers consists of “monthly remuneration,” “performance-linked bonus”, and “Restricted Performance Share Unit-based remuneration.”

(*2) The remuneration of the Chairman of the Board of Directors, whose main role is management supervision as stipulated in the “Sumitomo Corporation Corporate Governance Principles,” consists of “Restricted Performance Share Unit-based remuneration,” which contribute to improving shareholder value, in addition to “monthly remuneration.”

(*3) The remuneration of Outside Directors, who are in a position to supervise management with a high degree of objectivity and independence, consists solely of fixed remuneration (“monthly remuneration”) and is provided on a monthly basis.

(*4) The remuneration of Audit & Supervisory Board Members, who are in a position to audit and supervise management with a high degree of objectivity and independence, consists solely of fixed remuneration (“monthly remuneration”) and is provided on a monthly basis. The remuneration of each Audit & Supervisory Board Member is decided through discussions between the Members within the maximum amount approved by shareholder resolutions.

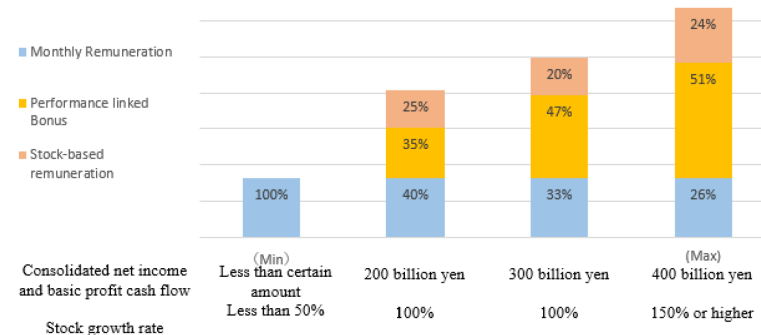
Remuneration standards and remuneration composition ratios of Executive Directors and Executive Officers

- The Company has established appropriate remuneration standards and remuneration composition ratios based on its business environment, management strategy and human resources strategy, with reference to objective remuneration market research data, etc. provided by external specialized agencies such as the Willis Towers Watson “Executive Compensation Database.”
- The remuneration composition ratio for Executive Directors is set so that when consolidated net income and basic profit cash flow are 200 billion yen and the stock growth rate³ reaches 100%, monthly remuneration, performance-linked bonus and stock-based remuneration are as follows.

CEO: 40: 35: 25

Other Executive Directors: 47.5: 32.5: 20

Potential scenarios of CEO¹ remuneration corresponding to various given levels of business performance are illustrated below.



**Stock growth rate”=

{ (Average price of Company’s common shares in the month of termination of Evaluation Period + Total amount of dividends during Evaluation Period) ÷ (Average price of Company’s common shares in the month of commencement of Evaluation Period) } ÷ { (Average of TOPIX in the month of termination of Evaluation Period) ÷ (Average of TOPIX in the month of commencement of Evaluation period) }



Remuneration System for Executive

Compliance

Policy and Concept

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 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 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 based on the existing Compliance Guiding Principles to clarify and adopt the basic policy above throughout the group. Educational programs, such as seminars and e-learning, are being provided on a continuing basis with the aim of spreading and ensuring the adoption of the policy throughout the group. In addition, we have developed the compliance manual. We will periodically review this manual for its effectiveness and relevance, and revise its content as necessary.

 [Sumitomo Corporation Group Compliance Policy](#)

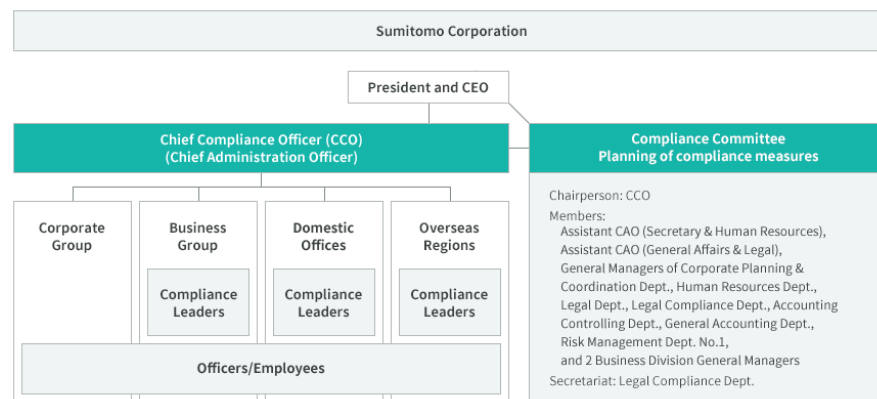
System

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 the general managers not only of the Corporate Group but also of the business divisions, enabling it to examine such measures in a multifaceted way that reflects our actual business operations.

Our Group will continuously aim to establish and improve the internal systems that realize our principle of “Giving First Priority to Compliance.”

Compliance Management System



Compliance

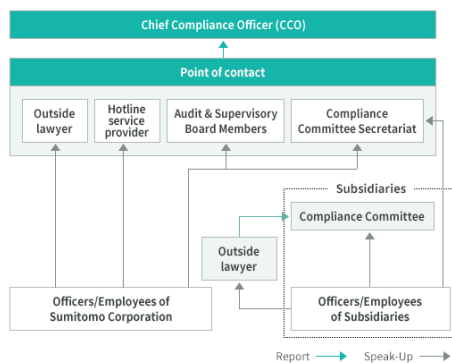
System

Continuous Improvement of the Speak-Up System

Our internal rules stipulate 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 (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. 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.

Under the System, 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.

Efforts to encourage the use of the System include seminars for officers and employees as well as internal notice and internal Q&A support, which are designed to spread the information on the System throughout the company. Additionally, “Speak-Up Cards” with an overview of the System as well as the contact details for the hotline are distributed to all officers and employees, and posters are put up on all floors of our office to promote the use of the System.



Structure of the Speak-Up System

Launch 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 developed and launched.

Activities

Appropriate Responses to Compliance Violations and Preventive Measures

In case of a compliance problem, the Company, primarily through the Legal Dept. and Legal Compliance Dept. 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, including the appointment of external specialists when necessary. Based on the outcome, we take corrective measures, disciplinary action, and preventive measures.

The Compliance Committee Secretariat keeps records of the details and number of cases occurring in the Group, and other information such as measures taken to prevent recurrence. These are evaluated and used to plan future compliance measures. The results are deliberated at meetings of the Compliance Committee, and reports are made periodically to the Management Council and the Board of Directors.

Through this process of repeatedly improving and enhancing such measures, we strive to further encourage thorough compliance throughout the Group.

Continuous Education Program Initiatives

The Compliance Manual, which explains particularly important issues, such as antitrust, security trade control, and anti-bribery/corruption, is communicated to all officers and employees of Sumitomo Corporation.

Furthermore, both in Japan and overseas, we implement various education programs for each class of employee, such as newcomers, newly appointed general managers, and newly appointed corporate officers, as well as provide e-learning programs for all employees. In addition to these regular activities, we hold seminars and training sessions on an ongoing basis as required.

We also implemented a variety of support measures to reinforce compliance systems at Group companies including communication of e-learning content on Sumitomo Corporation Group Compliance Policy to Group companies.

Compliance

Activities

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 service providers (such as agents, consultants or other business intermediaries), 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, we continuously review our internal rules and guidelines. Further, we extend these rules and guidelines to overseas offices and Group companies and encourage them to establish and implement a system that takes into account the bribery risk level of each company, and we also offer ongoing employee education and work constantly to prevent bribery and corruption.

In 2017, we announced the Sumitomo Corporation Group Anti-Corruption Policy, which summarizes the Group’s principles and policies in this regard. 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 including service providers, and request their understanding and cooperation.

Measures for Ensuring Compliance with Laws Concerning Antitrust and Fair Competition

We stipulate fair competition in the Sumitomo Corporation Group Compliance Policy and our policy for compliance with laws concerning antitrust in the Compliance Manual. We have also published a separate manual concerning antitrust/competition laws for our officers and employees that stipulates key considerations in daily dealings. Additionally, we endeavor to ensure that antitrust/competition laws are observed by measures such as regularly holding internal training.

Security Trade Control and Logistics Compliance

As an integrated trading company, Sumitomo Corporation regularly implements various measures 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 organizations (terrorists) which may develop weapons of mass destruction. We also provide internal rules, manuals, and guidelines, hold training sessions, and instruct and monitor as needed to ensure compliance with 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 officers and employees, our company has established “Rules for Prevention of Insider Trading” as well as internal checking systems from various perspectives. To ensure compliance with insider trading regulations as well as internal rules, we also continuously provide internal training courses and other activities to raise awareness. In 2021, we held an internal training program for officers and employees of our company to remind the importance of appropriately managing insider information at each organization.

Social and environmental risk management

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.

Variety of sources leading to social and environmental risks

- Climate change
- Biodiversity
- Pollution
- Resource depletion
- Local residents' human rights
- Employees' human rights (Health and safety, Forced labor, Child labor, Discrimination)

Companywide policies

- Environmental Policy
- Human Rights Policy
- CSR Action Guidelines for Supply Chain Management

Risk management in line with business attributes and conditions

- Recognition of risks faced
- Communication with relevant stakeholders
- Ascertainment of facts
- Response based on legal compliance and alignment with international standards

Business units

Appropriate risk management

Corporate group

Support in specialized areas

External consultants

Provision of expertise

Social and environmental risk management

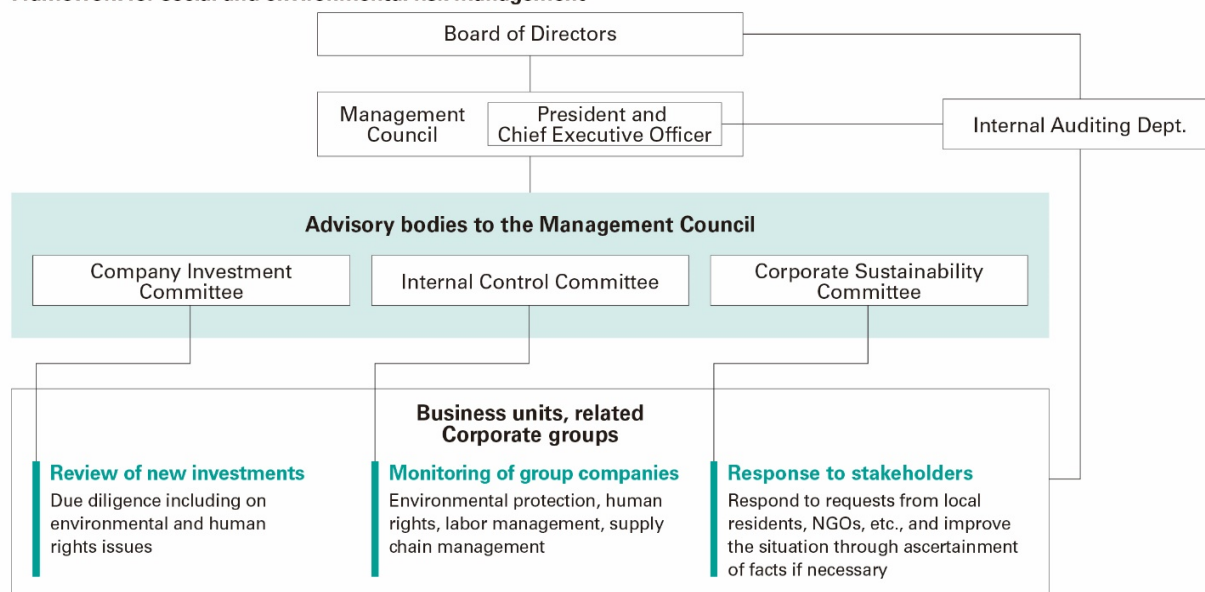
Framework for Social and Environmental Risk Management

The Sumitomo Corporation Group has put in place a companywide framework to apply when starting new businesses, including review and periodic monitoring, in order to appropriately manage the social and environmental impacts from the overall activities of the Group with its wide-ranging business portfolio.

When implementing due diligence on a new investment, based on the nature of the business, we carry out an environmental assessment through an environmental consultant and an assessment of human rights and labor issues through a law firm or similar. By taking these steps, we ensure that the business is operating on a sound basis and that the business activities are not seriously impacting the global environment or local communities, employees, and other stakeholders. In April 2020, in order to enhance the effectiveness of risk management for each business, taking into account the nature of the business and the characteristics of the region where it operates, we established a system that considers social and environmental impacts when making decision on a new investment, by utilizing an assessment sheet for social and environmental risks and by having the Corporate Sustainability Department, a specialized organization for social and environmental issues, participate in deliberations according to the risk. After the investment, we confirm the status of social and environmental risk management through processes such as periodical monitoring by dialogue with the group companies and internal audits, and if any issues arise, we work for improvements according to the characteristics of the business.

When issues are pointed out by local residents, nongovernmental organizations (NGOs), or other stakeholders regarding the impact of the Sumitomo Corporation Group's business activities, we ascertain the facts and respond by planning and implementing corresponding improvements through dialogue and discussion with them. In addition, following the review and monitoring of new investments outlined above, the response to any significant social or environmental issues in individual cases is referred for further discussion and reported to the Management Council and the Board of Directors through the related committees. Under the oversight of the Board of Directors, we work to address social and environmental risks and strengthen our risk management system.

Framework for social and environmental risk management



Information security

Policy and Concept

The Company acknowledges the importance of ensuring information security, and maintains appropriate measures including, but not limited to, the establishment and maintenance of relevant rules, primarily through IT Strategy Committee, which is chaired by the Chief Information Officer (CIO). In October 2017, a new Information Security Policy was established.

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 endeavor 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.

System

The information managers in each organization categorize information assets based on their importance, give instructions for procedures and methods in order to handle these assets adequately, and work to ensure information security, efficient information-related administrative procedures, and information sharing. For personal information, in addition to establishing a Privacy Policy to protect this as appropriate, we have put in place relevant rules and organizational structures.

We also work on initiatives to minimize risk related to unexpected situations involving information security, such as external attacks aimed at theft or destruction of corporate information. As well as using system-based safeguards, we conduct ongoing training and drills for employees while establishing and monitoring systems at major subsidiaries and other group entities. The Company also coordinates with specialized third-party organizations to stay up-to-date on relevant information and to enable swift and appropriate responses.

IT Strategy Committee (Information Security-related)

Information security-related initiatives

- Planning, drafting, and implementation of measures
- Researching and responding to information leaks, etc.

Chairperson : CIO

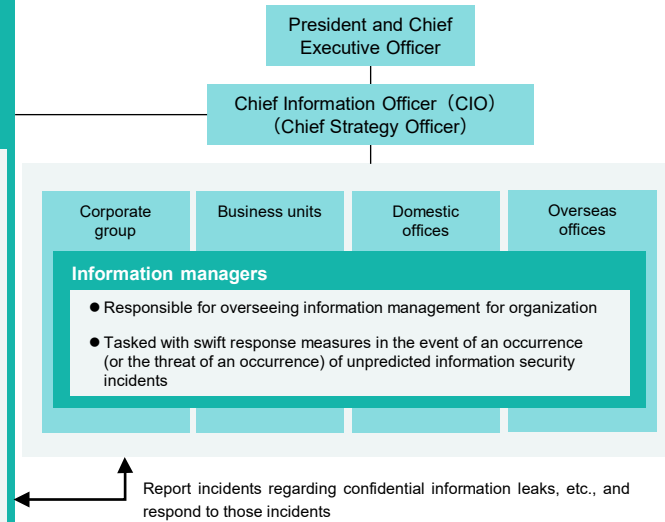
Vice chairperson : CDO

Members :

CAO, Assistant CAO (General Affairs & Legal),
General managers of
Corporate Planning & Coordination Dept.,
Corporate Communication Dept.,
IT Governance & Administration Dept.,
Global Human Resources Management Dept.,
Corporate Legal & General Affairs Dept.,
Legal Compliance Dept.,
Financial Planning & Coordination Dept.,
Accounting Controlling Dept., Treasury Services Dept.,
Digital Business Division, Digital Business Planning Dept.,
Planning & Coordination Dept., two business Unit

Secretariat :

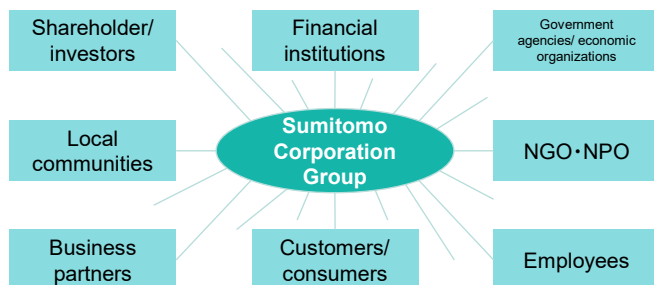
IT Governance & Administration Dept.,
Information Technologies Planning & Promotion Dept.



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
Stakeholders/investors Financial institutions	General meeting of shareholders, Investor meeting for annual results, Investor Day, integrated report, annual securities report, business report for shareholders, website, reporting to credit rating agencies, etc.
Government agencies/economic organizations	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	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.
NGOs/NPOs	Cooperation and communication with NGOs and NPOs in business activities, cooperation in social contribution activities, responses to surveys, etc.
Employees	Internal magazine, Intranet, training sessions and seminars, labor/management round-table meeting, employee awareness survey, the speak-up system, etc.

IR / SR Activities

(IR: Investor Relations SR: Shareholder Relations)

We facilitate direct communication with shareholders and other investors, in addition to enhancing disclosure on our website. During the COVID-19 pandemic, which started in 2020, we have also been utilizing online tools to maintain dialogue with our shareholders and investors. An executive officer with responsibility for dialogue with shareholders and other investors exercises overall control of and coordinates such IR initiatives shown below. Also, related in-house departments contribute to IR initiatives by distributing information and collecting feedback from shareholders and other investors. Going forward, the Company will continue to increase the transparency of its management, implementing fair disclosure at all times, integrating financial and nonfinancial information, and strengthening relationships of trust with shareholders and investors by displaying initiatives to increase the corporate value of the Sumitomo Corporation Group over the medium- to long-term.

FY2020 IR/SR Activities

	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
		Announcement of annual results			Announcement of 1st quarter results			Announcement of semi-annual results			Announcement of 3rd quarter results	
			Ordinary General Meeting of Shareholders				Publication of the integrated report					
For individual investors							Meetings for individual investors				Meetings for individual investors	Meetings for individual investors
For analysts and institutional investors			ESG small meeting					Overseas IR roadshow				Overseas IR roadshow

- Notes: 1. IR events in Japan and SR talks in Japan and overseas are held throughout the year.
2. Meetings for individual investors are all held online.

Number of individual meetings with institutional investors in FY2020

Japan	Overseas			
	Europe	Asia & Oceania	The Americas	Total
100	30	41	12	83

Meeting for individual investors in FY2020

Number of Meetings (held online)	Number of Participants
4 times	3,804

ESG quantitative data

Environment (Climate change)

Item	Scope (*1)	Unit	FY2017	FY2018	FY2019	FY2020	
GHG Emissions (Scope1, 2) (*2)	Non-consolidated		4,926	4,148	3,233	2,667	
	(Components) Scope1<Energy-related CO2> Scope1<other GHGs> Scope2	Consolidated	t-CO2e	1,686,654	1,569,759	1,474,885	2,179,335
				934,276	939,346	791,730	1,522,514
				-	0	0	4,210
	Intensity (per 1m)	Non-consolidated (in Japan)	t-CO2e/m	0.062	0.06	0.051	0.043
GHG Emissions (Scope3) (*3)	Logistics	Non-consolidated (in Japan)	t-CO2e	7,803	5,216	5,501	3,875
	Waste			6	6	15	5
	Overseas Business Trips			28,569	30,232	22,400	67
	Commuting			709	636	609	140
	Downstream Leased Assets			36,894	35,230	33,662	30,294
	Total			73,980	71,320	62,187	34,381

(*1) The boundary of "Consolidated" is non-consolidated, consolidated subsidiaries and Joint operations. We have added Joint operations to the boundary from FY2020. For Joint operations, the amount equivalent to the investment ratio as of the end of March of the reporting period is included in the environmental data. One site of the Joint operations is excluded from the scope of FY2020 because its data collection system is not in place yet.

(*2) * CO2 emission factors for electricity:

(Non-consolidated in Japan) The basic emission coefficients of individual power companies.

(Consolidated subsidiaries in Japan) The average emission coefficient of all power companies.

(Overseas) Emission factors from electricity generation are based on the country-specific data in 2013 listed on "CO2 EMISSIONS FROM FUEL COMBUSTION 2016 EDITION", an IEA (International Energy Agency) statistics.

* 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 and Ministry of Economy, Trade and Industry.

* Group companies emitting more than 3,000 t-CO2e for each gas per year are subject to the aggregation of Scope1<other GHGs (Non energy-related CO2 and greenhouse gases other than CO2)>, under the Greenhouse Gas Emissions Accounting, Reporting, and Disclosure System in Japan. In FY2018 and FY2019, we aggregated non-consolidated and consolidated subsidiaries in Japan and the scope of Scope1<other GHGs> was expanded to consolidated (excluding Joint operations) in FY2020.

* Scope1 <other GHGs> 4,210 t-CO2e in FY2020 was derived from Dinitrogen monoxide (N2O).

* 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.

* The CO2 emissions from Joint operation in the power generation business are included in the FY2019 results, which is the base year of Sumitomo Corporation Group's carbon neutrality, and FY2020 results in this book -Our Climate Change Initiatives-. The scope of Sumitomo Corporation Group's carbon neutrality includes the following in addition to the GHG emissions above;

Scope1,2: Direct CO2 emissions from Sumitomo Corporation's affiliated companies under the equity method for power generation businesses, as well as indirect CO2 emissions from the generation of energy used by those companies.

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.

Please see this book -Our Climate Change Initiatives- for details of the Sumitomo Corporation Group carbon neutral.

* 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.

(*3) * GHG emissions from logistics 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 and Ministry of Economy, Trade and Industry.

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 logistics per shipping weight by at least 1% annually in Japan.

* GHG emissions from waste are calculated from all general waste of Sumitomo Corporation.

Up to FY2018, emissions were calculated using emission intensity for incineration treatment published by the Carbon Footprint Communication Program. The results after FY2019 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 FY2020 uses the emission intensity database Ver.3.1.

* GHG emissions due to overseas business trips are the emissions 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 Defra to the passenger-kilometers.

* GHG emissions from 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."

* GHG emissions from downstream leased assets are those from the buildings that Sumitomo Corporation owns and leases to tenants, using by CO2 emission factors described in the Act on the Rational Use of Energy in Japan.

* GHG emissions (the above Scope1, 2 and Scope3) were 1,641,079t-CO2e/1,537,072t-CO2e/2,213,716t-CO2e in FY2018, FY2019, and FY2020 respectively.

ESG quantitative data

Environment (Climate change)

Item	Scope (*1)	Unit	FY2017	FY2018	FY2019	FY2020
Energy Consumption (*2)	Non-consolidated	GJ	48,472	49,904	42,635	38,067
	Consolidated		18,097,583	17,748,255	17,062,311	29,574,235
	Intensity (per m)	Non-consolidated (in Japan)	GJ/m	0.611	0.761	0.720
Electricity Consumption (*3)	Non-consolidated	MWh	7,536	5,773	4,526	3,521
	Consolidated		1,535,347	1,412,661	1,534,809	1,525,641
	Intensity (per m)	Non-consolidated (in Japan)	MWh/m	0.098	0.082	0.070

(*1) The boundary of "Consolidated" is non-consolidated, consolidated subsidiaries and Joint operations. We have added Joint operations to the boundary from FY2020. For Joint operations, the amount equivalent to the investment ratio as of the end of March of the reporting period is included in the environmental data. One site of the Joint operations is excluded from the scope of FY2020 because its data collection system is not in place yet.

(*2) * Energy conversion factor from electricity consumption: 3.6 (MJ/kWh).

* Energy conversion factors from other than electricity consumption are based on the Act on the Rational Use of 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.

* 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.

(*3) * The amount of electricity consumption which generated from renewable energy was 77,852MWh in FY2020.

* Consolidated electricity consumption includes the electricity purchased from power generation companies within the boundary of environmental data.

* We couldn't collect the environmental data for 38 sites due to COVID-19 lockdown or working from home in FY2019. In FY2018, electricity consumption of these sites were equivalent to about 7.1% of the total electricity consumption.

Environment (Water)

Item	Scope (*1)	Unit	FY2017	FY2018	FY2019	FY2020
Water Consumption (*2)	Non-consolidated	m ³	21,609	13,897	11,777	4,460
	Consolidated		130,821,214	118,235,911	20,143,772	93,119,589
	Intensity (per employee)	Non-consolidated (in Japan)	m ³ /employee	4.883	3.525	3.420
(Components of Water Source)	Third-party sources	Consolidated	—	3,378,261	4,206,078	4,806,779
	Groundwater		—	110,100,910	13,007,683	56,084,893
	Rivers, Lakes		—	4,756,698	2,929,981	31,700,505
	Ocean		—	0	0	1,600
	Rainwater		—	42	30	525,813
Water consumption in water-stressed areas (*3)	Number of sites	site	—	—	74	60
	Water consumption	Consolidated	—	—	366,026	2,041,468
	(Components) Third-party sources		—	—	303,411	793,272
	Groundwater		—	—	62,615	720,797
	Rivers, Lakes		—	—	—	—
	Ocean		—	—	—	1,600
Rainwater	—	—	—	525,798		
Water Discharge (Sewer) (*4)	Non-consolidated	m ³	21,609	13,897	11,777	4,460

(*1) The boundary of "Consolidated" is non-consolidated, consolidated subsidiaries and Joint operations. We have added Joint operations to the boundary from FY2020. For Joint operations, the amount equivalent to the investment ratio as of the end of March of the reporting period is included in the environmental data. One site of the Joint operations is excluded from the scope of FY2020 because its data collection system is not in place yet.

(*2) * Water consumption has been reduced by installing water-saving device for employee cafeteria and using recycling water for toilet flushing at Head office.

* We couldn't collect the environmental data 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 consumption.

* The main reason for the increase of water consumption 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.

(*3) The above water consumption was calculated based in the water risk level of 3 (High) or higher based on the World Resources Institute (WRI)'s "WRI Aqueduct".

(*4) Since all sites are discharged into the sewer, it is equivalent to the amount of water consumption.

ESG quantitative data

Environment (Resources and waste)

Item	Scope (*1)	Unit	FY2017	FY2018	FY2019	FY2020
Waste Emissions (*2)	Non-consolidated	t	191	190	123	45
	Consolidated		46,196	44,381	33,305	36,480
Intensity (per employee)	Non-consolidated (in Japan)	t/employee	0.043	0.048	0.036	0.013
Recycled Waste Emissions	Non-consolidated (in Japan)	t	168	175	111	41
Non-recycled Waste Emissions (final waste disposal volume)			2	6	6	2
Recycle Ratio		%	98.8	96.5	95.0	96.1
Hazardous Waste Emissions	Non-consolidated (in Japan)	t	3.32	1.08	7.01	6.29
Air Pollutant Emissions (NOx ; nitrogen oxide, SOx ; sulfur oxide, VOC ; volatile organic compound)			0	0	0	0
Paper Consumption	Non-consolidated (in Japan)	1,000 sheets	22,280	18,604	14,516	4,559
		Intensity (per employee)	1,000 sheets /employee	5.604	4.944	4.446

(*1) The boundary of "Consolidated" is non-consolidated, consolidated subsidiaries and Joint operations. We have added Joint operations to the boundary from FY2020. For Joint operations, the amount equivalent to the investment ratio as of the end of March of the reporting period is included in the environmental data. One site of the Joint operations is excluded from the scope of FY2020 because its data collection system is not in place yet.

(*2) * The above figures for Japan include general waste but exclude industrial waste and valuable resource.

* We couldn't collect the environmental data 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	Scope	Unit	FY2017	FY2018	FY2019	FY2020
Percentage of sites covered by ISO14001	Non-consolidated (in Japan)	%	100	100	100	100
	Consolidated	%	-	-	19	19
Violations of environmental laws and regulations (penalties of one million yen or more, etc.)	Number of case	case	0	0	0	0
	Amount of penalties	yen	0	0	0	0

ESG quantitative data

Society (Personnel data)

Item	Scope	Unit	FY2016	FY2017	FY2018	FY2019	FY2020	
Number of employees	Consolidated	person	70,900	73,016	65,662	72,642	74,920	
Number of temporary employees			20,465	25,619	25,700	27,604	28,523	
Number of employees [Male/Female]	Non-consolidated	person	Male	3,984	3,907	3,910	3,973	3,937
			Female	1,178	1,184	1,216	1,270	1,303
			Total	5,162	5,091	5,126	5,207	5,240
Number of new employees	Non-consolidated	person	Male	102	107	104	118	102
			Female	51	50	58	91	51
			Total	153	157	162	209	153
Ratio of female new employees	Non-consolidated	%	33.3	31.8	35.8	43.5	33.3	
Ratio of non-fulltime employees, such as contract and temporary employees (*1)	Non-consolidated	%	6.4	6.4	7.2	7.5	7.0	
Number of mid-career employees	Non-consolidated	person	Male	8	7	35	27	24
			Female	0	1	2	5	3
			Total	8	8	37	32	27
Employment rate of disabled persons	Non-consolidated	%	2.11	2.21	2.24	2.24	2.11	
Number of managers	Non-consolidated	person	Male	2,633	2,599	2,549	2,585	2,587
			Female	143	153	169	186	202
			Total	2,776	2,752	2,763	2,771	2,789
Ratio of female Managers	Non-consolidated	%	5.15	5.6	6.6	6.71	7.2	
Ratio of employees who are covered by a collective bargaining agreement	Non-consolidated	%	56.4	57.6	59.1	59	59.2	
Average length of service (years)	Non-consolidated	year/person	Male	19.1	19	18.8	18.7	19.1
			Female	15.8	16.1	16	15.6	16.3
			Overall mean	18.3	18.3	18.2	18	18.4
Turnover rate of full-time employees	Non-consolidated	%	Male	2.3	2.3	1.8	1.8	1.9
			Female	2.7	2.6	2.3	2.4	1.7
			Total	2.4	2.4	1.9	2.1	1.9
Voluntary turnover rate (Compared to the number of employees of the previous year)	Non-consolidated	%	2.4	2.4	1.9	1.9	1.9	

(*1) The calculation method has been changed since FY2018, and the past year has also been reclassified.

ESG quantitative data

Society (Work styles)

Item	Scope	Unit	FY2016	FY2017	FY2018	FY2019	FY2020	
Average monthly overtime hours	Non-consolidated	hours/minutes	11 hours 50 minutes	9 hours 12 minutes	9 hours 53 minutes	7 hours 47 minutes	12 hours 49 minutes	
Average annual days of paid vacation acquired (*1)	Non-consolidated	day	15.1	16.8	16.9	17.1	12.9	
Spouse maternity leave	Non-consolidated	case	76	74	90	92	83	
Leave to look after a sick child	Non-consolidated	case	200	215	237	225	173	
Number of employees who took family care leave	Non-consolidated	person	0	1	0	1	0	
Number of employees who took maternity leave	Non-consolidated	person	71	79	71	73	87	
Number of employees eligible for child care leave	Male	Non-consolidated	person	192	158	181	179	189
	Female			49	66	71	57	73
	Total			241	224	252	236	262
Number of employees who took child care leave	Male	Non-consolidated	person	5	2	10	9	34
	Female			49	66	71	56	73
	Total			54	68	81	65	107
Number of employees who returned to work after taking child care leave	Male	Non-consolidated	person	5	0	10	9	32
	Female			49	36	54	64	29
	Total			54	36	64	73	61
Ratio of employees who returned to work after taking child care leave	Male	Non-consolidated	%	100	—	100	100	100
	Female			90.7	92.3	100	95.6	96.7
	Total			91.5	92.3	100	96.1	98.4
Number of individuals using shortened work hour system	Non-consolidated	person	121	129	136	165	173	
Number of cases of violations of the Labor standards Act	Non-consolidated	case	4	1	3	3	5	

(*1) The calculation method has been changed since FY2018, and the past year has also been reclassified.

ESG quantitative data

Society (Occupational safety and health)

Item	Scope	Unit	FY2016	FY2017	FY2018	FY2019	FY2020	
Number of occupational accidents	Employees (full-time)	Non-consolidated	person	1	2	1	3	2
Number of deaths by occupational accidents	Employees	Non-consolidated	person	0	0	0	0	0
Number who suffered Lost Time Incidents (LTI)	Employees (full-time)	Non-consolidated	cases	1	2	1	3	1
LTIFR (Lost Time Injury Frequency Rate)	Employees (full-time)	Non-consolidated	%	0.10	0.20	0.10	0.29	0.11

Society (Human resources development)

Item	Scope	Unit	FY2016	FY2017	FY2018	FY2019	FY2020	
Ability development training	Total number of lectures	Non-consolidated	session	321	326	340	286	255
	Number of employees participating in training		person	11,868	11,818	14,646	14,963	12,211
	Total hours of training received		hour	59,718	62,967	75,089	65,652	50,806
	Average hours per employee			11.6	12.4	14.7	12.7	9.7
Number of employees dispatched overseas	Non-consolidated	person	1,112	1,101	1,153	1,144	1,098	
Number of employees undergoing training overseas	Non-consolidated	person	82	94	96	67	34	
Annual education and training cost per employee	Non-consolidated	yen	518,882	478,884	555,403	501,830	325,604	

Society (Social contribution)

Item	Scope	Unit	FY2016	FY2017	FY2018	FY2019	FY2020	
Social contribution activities	Expenditure for social contribution activities	Consolidated	million yen	1,549	1,556	1,528	1,980	1,654
	Number of employees who used the volunteer leave program	Non-consolidated	人	3	3	7	12	1
Political donations	Consolidated	million yen	24	24	24	28	28	

ESG quantitative data

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

Item			Scope	Unit	FY2016	FY2017	FY2018	FY2019	FY2020
Board of Directors (*1)	Inside directors	Male	Non-consolidated	person	10	6	6	6	6
		Female			0	0	0	0	0
		Total			10	6	6	6	6
	Independent outside directors	Male			3	2	3	3	3
		Female			1	1	2	1	2
		Total			4	3	5	4	5
	Total						14	9	11
Ratio of female Directors (*1)				%	7	11	18	10	18
Number of Board of Directors meetings				time	18	21	20	16	21
Audit & Supervisory Board (*1)	Inside Audit & Supervisory Board Members	Male	Non-consolidated	person	2	2	2	2	2
		Female			0	0	0	0	0
		Total			2	2	2	2	2
	Independent outside Audit & Supervisory Board Members	Male			3	3	3	3	3
		Female			0	0	0	0	0
		Total			3	3	3	3	3
	Total						5	5	5
Number of outside Audit & Supervisory Board Members with expertise in financial affairs and accounting (*1)					1	1	1	1	1
Number of Audit & Supervisory Board Meetings				time	15	14	17	15	17
Nomination and Remuneration Advisory Committee (*1)	Inside members	Male	Non-consolidated	person	2	2	2	2	2
		Female			0	0	0	0	0
		Total			2	2	2	2	2
	Independent outside members	Male			2	2	2	2	2
		Female			1	1	1	1	1
		Total			3	3	3	3	3
	Total						5	5	5
Ratio of outside directors in the Nomination and Remuneration Advisory Committee (*1)				%	60	60	60	60	60
Number of Nomination and Remuneration Advisory Committee meetings				time	5	6	7	5	11

(*1) Figures at the end of June of each fiscal year

ESG quantitative data

Governance (Remuneration)

Item			Scope	Unit	FY2016	FY2017	FY2018	FY2019	FY2020
Remuneration of Directors	Directors (Excluding outside directors)	Monthly remuneration	Non- consolidated	million yen	667	530	480	474	470
		Bonus for Directors			149	174	327	194	—
		Stock options			79	64	14	—	—
		Restricted stock-based compensation			—	—	73	92	86
		Performance share unit- based stock compensation			—	—	66	70	36
		Total			895	769	959	831	592
	Outside directors	Monthly remuneration	47	41	67	65	87		
		Total	47	41	67	65	87		
Remuneration of Audit & Supervisory Board Members	Inside Audit & Supervisory Board Members	Monthly remuneration	Non- consolidated	million yen	86	86	87	87	87
	Outside Audit & Supervisory Board Members	Monthly remuneration			34	38	38	38	50
Audit fees (KPMG AZSA LLC)	Fees for auditing services	Non-consolidated	—	million yen	493	495	492	520	508
		Consolidated			565	508	540	537	529
		Total			1,058	1,003	1,032	1,057	1,037
	Fees for non-auditing services	Non-consolidated			5	18	13	16	11
		Consolidated			24	41	57	83	62
		Total			29	59	70	99	73

Governance (Compliance)

Item		Scope	Unit	FY2018 (*1)	FY2019 (*1)	FY2020 (*1)
Compliance-related seminars and other training programs	Number of times	Head Office or domestic/over seas corporations (*2)	time	≥ 180 times	≥ 270 times	≥ 150 times
	Number of participants		person	Total of ≥ 11,710 persons	Total of ≥ 19,160 persons	Total of ≥ 19,890 person
Of the above, seminars and other training programs related to anti- bribery and anti-corruption	Number of times		time	≥ 70 times	≥ 80 times	≥ 70 times
	Number of participants		person	Total of ≥ 2,580 persons	Total of ≥ 3,100 persons	Total of ≥ 10,800 persons

(*1) Figures from January to December of each fiscal year

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

Third-party assessment

Assessment organizations

FTSE4Good Index Series / FTSE Blossom Japan Index

We were selected as a constituent of FTSE4Good Index Series and FTSE Blossom Japan 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, which is also provided provided by FTSE Russell, measures the performance of Japanese companies in terms of ESG practices. It has also been adopted by the Government Pension Investment Fund (GPIF) as an effective index for ESG investment.



MSCI: MSCI Japan Empowering Women Index (WIN)

Sumitomo Corporation is listed as a constituent of the MSCI Japan Empowering Women Index (WIN), one of the environmental, social and governance (ESG) indices selected by the Government Pension Investment Fund (GPIF).

This is an ESG index consisting of companies with high gender diversity selected by MSCI USA. **2020 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)**

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 March 2021)

It is adopted by the Government Pension Investment Fund (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 2021) 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 2020, we were evaluated B (management 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.



Zero-Emissions Challenge

In October 2020, We were included in a "List of Companies Taking on the Zero-Emission Challenge" published by METI as a company that is paving the way to realization of a decarbonized society by taking advantage of innovations.



Third-party assessment

Assessment organizations

"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.



Nadeshiko Brand

In March 2021, we were selected as a "Nadeshiko Brand". Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange every year select companies as "Nadeshiko Brands", which is outstanding in terms of encouraging more active involvement of women in business.



"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 were certified by METI as a "White 500" enterprise with outstanding health and productivity management for 4 consecutive years (2017, 2018, 2019, 2020).



Certified as a "Bronze" in "PRIDE INDEX"

In October 2019, we were certified as a "Bronze" in "PRIDE INDEX" in recognition of the effort to support sexual minorities including LGBT by a private organization "work with Pride".



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 Minister of Health, Labor and Welfare (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.

Digital Transformation Stock (DX Stocks)

Sumitomo Corporation was selected as "Noteworthy DX Company 2021" following last year's designation as a "DX Stock 2020" under the Digital Transformation Stock Selection (DX Stocks) program by METI and the Tokyo Stock Exchange.

This program encourages wide-ranging initiatives for the digital era and recognizes companies where DX has been firmly established in the corporate culture.



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.



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 addressing the Six Material Issues to Achieve Sustainable Growth with Society.

Environment

➤ Environmental Policy

<https://www.sumitomocorp.com/en/jp/sustainability/environment-policy>

➤ Policy on climate change

<https://www.sumitomocorp.com/en/jp/sustainability/environmental-management/climate>

➤ ISO 14001 Management System Certification

<https://www.sumitomocorp.com/en/jp/sustainability/environment-policy#03>

Social

➤ CSR Initiatives for Supply Chain Management

<https://www.sumitomocorp.com/en/jp/sustainability/csr>

➤ Human Rights Policy

<https://www.sumitomocorp.com/en/jp/sustainability/csr#02>

➤ Support for the UN Global Compact's 10 Principles

<https://www.sumitomocorp.com/en/jp/sustainability/initiative>

➤ Basic Principles on Social Contribution Activities

<https://www.sumitomocorp.com/en/jp/sustainability/contribution>

Governance

➤ Corporate Governance Principles

<https://www.sumitomocorp.com/en/jp/about/governance/detail>

➤ Sumitomo Corporation Group Tax Principles (PDF/69.3KB)

<https://www.sumitomocorp.com/jp/-/media/Files/hq/sustainability/material-issues/tax-principles-j.pdf?la=en>

➤ Sumitomo Corporation Group Compliance Policy

<https://www.sumitomocorp.com/en/jp/about/governance/compliance/policy>

➤ Corporate Disclosure Policy

<https://www.sumitomocorp.com/en/jp/about/governance/detail/disclosurepolicy>

➤ Risk Management Basic Policy

<https://www.sumitomocorp.com/en/jp/about/governance/risk>

➤ Information Security Policy

<https://www.sumitomocorp.com/en/jp/security>

➤ Privacy Policy

<https://www.sumitomocorp.com/en/jp/privacy>

➤ Sumitomo Corporation Group Anti-Corruption Policy (PDF/270KB)

<https://www.sumitomocorp.com/jp/-/media/Files/hq/about/governance/compliance/anti-corruption-policy.pdf?la=en>

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 Committee (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 non-financial information to our stakeholders.

In FY2021, our disclosure focuses on the Metrics that are of high importance to the Company. We do not currently disclose all of them, but we will continue to review our disclosure based on the importance of the Metrics to our company and usefulness to our stakeholders.

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 ".
	Purpose-led management How the company's stated purpose is embedded in company strategies, policies and goals.	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 Environment 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 key social issues and set mid- and long-term goals for each of the social issue. As we strive to solve the social issues through our business, we will disclose the progress in the ESG Communication Book. For more information on the key social issues and their mid- and long-term goals, please refer to page 14, 15.
Quality of Governing Body	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.	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 page 106. 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.

Disclosure based on IBC Stakeholder Capitalism Metrics

Principle of Governance

 : Core Metric
  : Expanded Metric

Theme	Metric	Response
Quality of Governing Body	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.	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 new 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 6 key social issues that were identified in FY2020 as well as their mid- and long-term goals and annual action plans. We will disclose the results starting in FY2022. For more information on the key social issues and their mid- and long-term goals, please refer to page 14 to 19.
	Remuneration 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: – Fixed pay and variable pay, including performance-based pay, equity-based pay, bonuses and deferred or vested shares – Sign-on bonuses or recruitment incentive payments – Termination payments – Clawbacks – Retirement benefits, including the difference between benefit schemes and contribution rates for the highest governance body, senior executives and all other employees	1. For performance-linked bonuses, from the perspective of reinforcing the relationship with the 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 mid-term management plan "SHIFT 2023", and 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. In addition, each officer is evaluated on the basis of both financial indicators (status of achievement of business plans, etc. in the respective areas of responsibility) and non-financial indicators (business reform through digital transformation (DX), enhancement of sustainability management, promotion of diversity & inclusion etc.) so they can become more aware in regard to their commitment to management strategy and results. In principle, the ratio of financial indicators to non-financial indicators in personal evaluation is 50:50. 2. Remuneration policy 1: Remuneration standards and remuneration composition ratios of Executive Directors and Executive Officers The Company has established appropriate remuneration standards and remuneration composition ratios based on its business environment, management strategy and human resources strategy, with reference to objective remuneration market research data, etc. provided by external specialized agencies such as the Willis Towers Watson "Executive Compensation Database". The remuneration composition ratio for Executive Directors is set so that when consolidated net income and basic cashflow are 200 billion JPY and the stock growth rate reaches 100%, monthly remuneration, performance-linked bonus and stock-based remuneration are as follows. Remuneration composition ratio (monthly remuneration, performance-linked bonus, stock-based remuneration): CEO: 40 : 35 : 25 Other Executive Directors: 47.5 : 32.5 : 20 Remuneration policy 2: Performance-linked bonus Please refer to item 1 of this section. Remuneration policy 3: Restricted Performance Share Unit-Based Remuneration With the aim offering incentives to seek sustainable improvement of the Company's corporate value as well as promoting efforts to increase our corporate value over the medium to long term, the Company's common shares (restricted) in number determined according to the Company's stock growth rate (ratio of Company's stock growth and including dividends to the growth rate of TOPIX (Tokyo Stock Exchange Stock Price Index)) during the 3 year evaluation period are granted each year in principle. The restriction period will be from the day the shares are granted and until the day the recipients 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.

Disclosure based on IBC Stakeholder Capitalism Metrics

Principle of Governance

 : Core Metric
  : Expanded Metric

Theme	Metric	Response
Stakeholder Engagement	<p>Material issues impacting stakeholders 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, the Group identified 6 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> <p>In 2020, to further enhance the sustainability management and clarify our role in realizing a sustainable society, we have identified 6 key social issues that we address through our business and corporate activities. The 6 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".</p> <p>When identifying the 6 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 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 each issue. Finally, after comparing their hypotheses with the survey results and organizing them into categories, the team identified 6 key social issues. The key social issues and long-term goals were decided in June 2020 after resolutions by the Management Council and the Board of Directors. We also decided on 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>
Ethical Behaviour	<p>Anti-corruption 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.</p> <p>2. a) Total number and nature of incidents of corruption confirmed during the current year, but related to previous years; and b) Total number and nature of incidents of corruption confirmed during the current year, related to this year.</p> <p>3.Discussion of initiatives and stakeholder engagement to improve the broader operating environment and culture, in order to combat corruption.</p>	<p>1. Sumitomo Corporation and its Group companies have conducted more than 70 seminars and other training programs on anti-corruption and more than 11,700 officers/employees participated in FY2020.</p> <p>2. No incident was confirmed in FY2020 in which the Company has been fined in a large amount nor convicted of bribery of public officials.</p> <p>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> <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>

Disclosure based on IBC Stakeholder Capitalism Metrics

Principle of Governance

 : Core Metric
  : Expanded Metric

Theme	Metric	Response
Ethical Behaviour	Protected ethics advice and reporting mechanisms A description of internal and external mechanisms for: 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.	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. 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 : Also, appropriate departments respond to advice and reports received from external stakeholders through the Contact Form on our website, etc.
	Monetary losses from unethical behaviour Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, anti-trust, anti-competitive behaviour, market manipulation, malpractice or violations of other related industry laws or regulations.	In FY2020, there was no incident (monetary loss) at Sumitomo Corporation.
Risk and Opportunity Oversight	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.	Sumitomo Corporation Group faces a variety of social issues in the course of its wide-ranging business activities. As the world strives to achieve a sustainable society, in 2020, we have identified 6 key social issues and their long-term goals to further clarify our role. Furthermore, in 2021, based on the long-term goals, we have set mid-term goals to promote more specific initiatives, such as the development of business opportunities that capture changes in the business environment surrounding each issue and the development of risk management mechanism. The progress of these initiatives will be monitored and discussed at the Corporate Sustainability Committee. In addition, when making new business investment, we assess its social and environmental impact. The Company Investment Committee*, which the Corporate Sustainability team is a member of, discusses including the perspective of social and environmental risks and opportunities. *Advisory body to the Management Council, which is the highest executive-level decision-making body Please see page 9 for our business risks and opportunities identified for various sustainability topics.
	Economic, environmental and social topics in capital allocation framework How the highest governance body considers economic, environmental and social issues when overseeing major capital allocation decisions, such as expenditures, acquisitions and divestments.	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. 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. 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. All of these processes are carried out under the supervision of the Management Council as well as the Board of Directors. For more information on our risk management, please refer to page 116, 117.

Disclosure based on IBC Stakeholder Capitalism Metrics



Planet

 : Core Metric
  : Expanded Metric

Theme	Metric	Response
Climate Change	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.	Sumitomo Corporation Group's greenhouse gas emissions (t-CO2e) for FY2020 are as follows: • Scope 1: 1,526,724 (Breakdown of GHG type) CO2 1,522,514 N2O 4,210 • Scope 2: 652,611 • Scope 3 Upstream Transportation and Distribution: 3,875 • Scope 3 Waste: 5 • Scope 3 Business Trips: 67 • Scope 3 Employee Commuting: 140 • Scope 3 Downstream Leased Assets : 30,294 For more information such as the reporting boundaries and CO2 emissions, see our Environmental Data available on page 120. Also, please refer to page 39 for our CO2 emission reduction initiatives that we announced as the mid-term goal for climate change mitigation.
	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.	Sumitomo Corporation has been supporting the TCFD recommendations since March 2019. Please see page 25 to 39 for the disclosure on governance, strategy, risk management, targets and KPIs related to climate change based on the TCFD recommendations. Also, we have identified "mitigation of climate change" as one of the 6 key social issues which the Group will address to achieve a sustainable society. As a long-term goal, the Group will aim to carbon neutralize its business by 2050, and also will aim to achieve its mid-term goal, which is to reduce CO2 emissions by 50% or more by 2035 compared to 2019 levels.
	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.	As stated above, we have a 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 a mid-term goal of reducing the CO2 emissions by 50% or more by 2035 compared to 2019 levels. For specific action plans and initiatives, please see page 27 and 39.

Disclosure based on IBC Stakeholder Capitalism Metrics


Planet

 : Core Metric
  : Expanded Metric

Theme	Metric	Response
Nature Loss	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).	The Group does not disclose this information, however, we have a process in place to consider the impact on land use and ecosystems when considering new investments and loans.
Fresh water availability	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.	The Group's water consumption and withdrawal in water-stressed areas(*) for FY2020 are as follows: <ul style="list-style-type: none"> • Total water consumption : 40,400 mega liters Of this, 4.1% in water-stressed areas* • Total water withdrawal : 93,120 mega liters Of this, 2.2% in water-stressed areas* (*) Water-stressed areas :The regions with high or extremely high baseline water stress, according to WRI Aqueduct water risk atlas tool.

Disclosure based on IBC Stakeholder Capitalism Metrics

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).	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. Gender ratio at Sumitomo Corporation (non-consolidated) as of March 2021: Male: 3,937 / Female: 1,303 Percentage by age group at Sumitomo Corporation (non-consolidated) as of March 2021: <table border="1" data-bbox="819 582 1613 692"> <thead> <tr> <th>Age group</th> <th>20s</th> <th>30s</th> <th>40s</th> <th>50s</th> <th>60s</th> <th>Over 70s</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>Number of employees</td> <td>972</td> <td>1,395</td> <td>1,168</td> <td>1,279</td> <td>420</td> <td>6</td> <td>5,240</td> </tr> <tr> <td>%</td> <td>19%</td> <td>27%</td> <td>22%</td> <td>24%</td> <td>8%</td> <td>0%</td> <td>100%</td> </tr> </tbody> </table>	Age group	20s	30s	40s	50s	60s	Over 70s	Total	Number of employees	972	1,395	1,168	1,279	420	6	5,240	%	19%	27%	22%	24%	8%	0%	100%
	Age group	20s	30s	40s	50s	60s	Over 70s	Total																		
	Number of employees	972	1,395	1,168	1,279	420	6	5,240																		
	%	19%	27%	22%	24%	8%	0%	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.	There is no gap in basic salary and remuneration in each employee category such as gender and ethnicity etc.at Sumitomo Corporation (non-consolidated).																									
Wage level (%) 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.	Sumitomo Corporation Group sets salary level that exceeds minimum wage level in each region. The wage level at Sumitomo Corporation (non-consolidated) is as follows: 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 32:3. (President and CEO: 144 mil. JPY, Median of the annual total compensation of all employees at Sumitomo Corporation: 13.5 mil. JPY)																									
Risk for incidents of child, forced or compulsory labour An explanation of the operations and suppliers considered to have significant risk for incidents of child labour, forced or compulsory labour. Such risks could emerge in relation to: a) type of operation (such as manufacturing plant) and type of supplier; and b) countries or geographic areas with operations and suppliers considered at risk.	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. Through our desktop research, we have 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). 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 page 58 to 63																									

Disclosure based on IBC Stakeholder Capitalism Metrics

People

 : Core Metric
  : Expanded Metric

Theme	Metric	Response
Dignity and Equality	Freedom of association and collective bargaining at risk (%) 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.	As of March 2021, the number of members of the Sumitomo Corporation Labor Union is 3,065, accounting for 59.2% of all employees of Sumitomo Corporation (non-consolidated).
	Human rights review, grievance impact & modern slavery (#, %) 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 labour, forced or compulsory labour. Such risks could emerge in relation to: a) type of operation (such as manufacturing plant) and type of supplier; and b) countries or geographic areas with operations and suppliers considered at risk.	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. *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 page 59 for details on the human rights due diligence process. 2. Out of cases reported or pointed out by stakeholders including civil society organizations, local communities and regulatory authorities, there were 8 cases* that are 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. *Excludes incidents of discrimination and harassments. Also, the occupational health and safety does not include work-related injuries or fatalities. 3. Please refer to our comments in the section "Risk for incidents of child, forced or compulsory labour".
Health and Well-being	Health and safety (%) 1. 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. 2. 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.	The coverage of the following data is Sumitomo Corporation (non-consolidated): 1. Work-related fatalities: FY2018: 0, FY2019: 0, FY2020: 0 High-consequence work-related injuries (excl. fatalities): FY2018: 0, FY2019: 0, FY2020: 0 Recordable work-related injuries: FY2018: 1, FY2019: 3, FY2020: 1 We do not disclose the details (i.e. types of work-related injury, number of hours worked). 2. Sumitomo Corporation (SC) promotes the following medical and healthcare services: <ul style="list-style-type: none"> • In-house clinic (internal medicine and dentistry): All employees of SC have access to the clinic during work hours. • Massage room, Counseling Center: 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 started providing information on a gynecological exam subsidy program during periodic health checkups. We also have set up a consultation service for women's specific health issues. For more details, please see page 64 to 73, and 125.

Disclosure based on IBC Stakeholder Capitalism Metrics

People

 : Core Metric
  : Expanded Metric

Theme	Metric	Response								
Health and Well-being	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).	There was 1 occupational incident at Sumitomo Corporation (non-consolidated) in FY2020, and the financial impact was 50,000 JPY (healthcare cost).								
Skills for the Future	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).	The following data covers training programs for Sumitomo Corporation (non-consolidated) which were conducted by the HR department in FY2020. The trainings are not restricted by gender. Number of participants: 5,225 employees Total number of hours of training provided: 50,806.1 hours Total expenditure: 1.676 bil. JPY Average training hours per employee: 9.7 hours Development expenditure per employee: 320,000 JPY								
	Monetized impacts of training – Increased earning capacity as a result of training intervention (% , \$) 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.	The following data covers training programs for Sumitomo Corporation (non-consolidated) which were conducted by the HR department in FY2020. 1. Investment in training as a percentage (%) of payroll: 1.8% (training expenditure 1.676 bil. JPY/ total pay roll of 93.399 bil. JPY) 2. The Sumitomo Corporation Employee Awareness Survey conducted in 2019 indicated that "the level of satisfaction with the company" remained at high levels. We believe that trainings have contributed to attaining high level of employee engagement. <table border="1"> <thead> <tr> <th>(0~5) Assessment</th> <th>5th Survey (FY2016)</th> <th>6th Survey (FY2019)</th> </tr> </thead> <tbody> <tr> <td>Feeling of satisfaction with the company</td> <td>3.9</td> <td>3.9</td> </tr> <tr> <td>Work-life management(level of satisfaction & practice)</td> <td>3.3</td> <td>3.4</td> </tr> </tbody> </table>	(0~5) Assessment	5th Survey (FY2016)	6th Survey (FY2019)	Feeling of satisfaction with the company	3.9	3.9	Work-life management(level of satisfaction & practice)	3.3
(0~5) Assessment	5th Survey (FY2016)	6th Survey (FY2019)								
Feeling of satisfaction with the company	3.9	3.9								
Work-life management(level of satisfaction & practice)	3.3	3.4								

Disclosure based on IBC Stakeholder Capitalism Metrics

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 FY2020 <by gender> Male: 102, Female: 52 (Male 62.2%, Female 33.8%) <by age group> All new graduate hires are in the 20s 1-2. Absolute number of mid-career hires in FY2020 <by gender> Male: 24, Female: 3 (Male 88.9%, Female 11.1%) <by age group> 30s: 19, 40s: 7, 50s: 1 (30s: 70.4%, 40s: 25.9%, 50s: 3.7%) 2. Average length of years served/Turnover rate in FY2020 <by gender> Male: 19.1years/1.9%, Female 16.3 years/ 1.7%
	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 Consolidated Financial Statements , beginning on page 38 of FY2020 Consolidated Financial Statements. For item f, please refer to the "Expenditure for social contribution activities" listed on page 125 of this ESG Communication Book 2021. 2. We do not currently conduct this assessment.
	Financial investment contribution 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.	The result for Sumitomo Corporation Group in FY2020 is as follows: 1. In our new medium-term management plan "SHIFT 2023" which covers FY2021 through FY2023, we plan to invest and lend about 1.1 trillion yen during the period of the new Medium-Term Management Plan, primarily in the "Steady Business Growth" category where market growth is anticipated and where the Company's strengths have already been demonstrated, while recouping our funds by replacing assets in the other three categories. More specifically, we plan to expand investment in the business areas of domestic real estate, construction equipment rental and renewable energy businesses among others. For more details, please see the "Management Policies, Business Environment and Management Challenges" section on page 1 of FY2020 Consolidated Financial Statements. 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. Although profit (loss) for the year attributable to owners of the parent in FY2020 totaled loss of ¥153.1 billion, the annual dividend for FY2020 is planned to be ¥70 per share. The decision is based on the fact that our financial soundness is maintained as planned by tightening cost management, reducing interest bearing liabilities through cash flow management and maintaining risk-weighted assets within core risk buffer under emergency mode. It is also based on the projection that the profitability is expected to recover and the financial soundness is expected to maintain and improve. As a result, the total of dividend paid was 97,916 mil. JPY (by combining the paid for acquisition of treasury stocks, the total was 97,921 mil. JPY). Under "SHIFT 2023", our medium-term management plan for FY2021 - FY2023, we will decide the annual dividend based on our fundamental policy of paying long-term stable dividends and taking into consideration the status of fundamental earnings capacity, cash flows, and other factors, with a consolidated payout ratio of about 30% as a guideline, maintaining at least ¥70 per share, the same amount as the annual dividend for FY2020.

Disclosure based on IBC Stakeholder Capitalism Metrics

Prosperity

 : Core Metric
  : Expanded Metric

Theme	Metric	Response
Employment and Wealth Generation	<p>Infrastructure investments and services supported Qualitative disclosure to describe the below components:</p> <ol style="list-style-type: none"> Extent of development of significant infrastructure investments and services supported. Current or expected impacts on communities and local economies, including positive and negative impacts where relevant. Whether these investments and services are commercial, in-kind or pro bono engagements. 	<p>The 6 key social issues that Sumitomo Corporation has set have two themes: "the sustainability of society" and "development and advancement of society". The sustainability of society is a globally shared goal as well as a major premise of the Group's business. On the other hand, the solutions for pursuing the sustainability of society will be generated from further social and economic development and therefore, we believe that these two themes are mutually complementary.</p> <p>The infrastructure business including power generation, water production, transportation and communication, which we provide on a global scale, contributes to the "development and advancement of 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 page 120 to 125. For more information on our infrastructure business, please refer to page 19, 20 and 51.</p>
Innovation of Better Products and Services	<p>Total R&D expenses (\$) Total costs related to research and development.</p>	<p>The total R&D cost for Sumitomo Corporation Group in FY2020 is 1,856 mil. JPY.</p>
Community and Social Vitality	<p>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.</p>	<p>Please see the Consolidated Statement of Cash Flows, which is listed on page 45 and 46 of FY2020 Consolidated Financial Statements, for information on income tax paid. We do not currently analyze the total taxes paid except for the income tax.</p>

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