

(Translation)

Corporate Governance Report

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Sumitomo Corporation

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The corporate governance of Sumitomo Corporation (the “Company” or “Sumitomo Corporation”) is described below.

I. Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information

1. Basic Views New

The Company recognizes that the aims of corporate governance are improving management efficiency and maintaining sound management, while ensuring management transparency is important in order to secure these aims. Accordingly, the Company is endeavoring to establish corporate governance that will result in management serving the interests of shareholders and all other stakeholders. The Company has already taken steps to strengthen and enhance its corporate governance by such means as reinforcing its audit & supervisory board member system and improving the way it functions, optimizing the size of the Board of Directors, limiting the terms of office of the Chairman and the President and Chief Executive Officer, and introducing an executive officer system. Additionally, for the purpose of ensuring appropriate decision-making by the Board of Directors from a variety of perspectives and further strengthening the supervisory function, the Company appoints multiple Outside Directors, and is working to strengthen the supervisory and monitoring function of management by independent Outside Directors and Outside Audit & Supervisory Board Members. In addition, the Company has established the Nomination and Remuneration Advisory Committee (chaired by an outside director), which is an advisory body to the Board of Directors and is composed of a majority of outside directors, to enhance the independence, objectivity and transparency of the functions of the Board of Directors in relation to the nomination and remuneration of senior management. By these means, the Company believes that it will be able to further achieve the aforementioned corporate governance objectives. The Company has summarized its basic views and policy with regard to corporate governance as the Sumitomo Corporation Corporate Governance Principles, which it has made public on its website. (<https://www.sumitomocorp.com/jp/-/media/Files/hq/about/governance/detail/principle.pdf?la=en>)

[Reasons for Non-compliance with the Principles of the Corporate Governance Code]

The Company complies all Principles of the Corporate Governance Code.

[Disclosure Based on the Principles of the Corporate Governance Code]

[Principle 1-3]

The Company, guided by its basic management policy of aiming to continue to enhance corporate value in a sustainable way, has a capital policy based on retaining an adequate level of shareholders' equity with a view to reinforcement of its financial soundness and effectiveness of its capital. In particular, the Company is working to achieve: (i) the goal of keeping risk-adjusted assets, which represent the maximum possible losses, within the scope of shareholders' equity, which is the core risk buffer and (ii) the targets for the capital efficiency indicators (such as ROE) given under the medium-term management plan.

The Company keeps interest-bearing debt at an appropriate level by paying attention to the balance between cash generated as a result of business activities and asset reduction, and cash necessary for returns to shareholders and loans and investments, etc. for the pursuit of growth strategies.

The Company's basic policy in relation to shareholder returns is to provide shareholders with stable dividends over the long term. We also aim to raise per-share dividend payments by pursuing the growth of profit in the medium to long term.

[Principle 1-4]

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 a range of 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. With regard to stocks for which the significance of shareholdings cannot be confirmed, the Company has a policy of reducing the shareholdings of such stocks.

The Company also takes various considerations into account in accordance with the internal guidelines when making decisions about whether to exercise voting rights. Having fully considered a range of 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 that holds the Company's stock for purposes other than pure investment indicates to sell or dispose of its holdings, the Company respects such a decision in principle and ensures that their business relationship will not be influenced.

[Principle 1-7]

It is stipulated in laws and regulations and in the Company's internal rules entitled Matters Related to the Administration of Board of Directors that the approval of the Board of Directors must be obtained to conduct business transactions between the Company and its Directors that are competitive or involve conflicts of interest, and if such transactions are executed, key facts regarding the transactions must be reported to the Board of Directors.

[Principle 2-6]

The Company has adopted a defined benefit corporate pension plan (contract type).

It also deploys personnel with financial market and investment experience as investment managers and manages the investment operations of pension assets. When selecting an external asset manager, the Company sufficiently checks investment management track records and management structures including governance while periodically monitoring the conditions of them even after the commencement of investment management operations.

Furthermore, the Pension Management Committee, which is chaired by the Chief Administration Officer and comprised of managers in charge of human resources, finance and accounting organizations, verifies investment results and the financial position of pension assets, reports them to the Management Council and also discloses them to the pension holders.

[Principle 3-1]

New

- (i) Company objectives (e.g., business principles), business strategies, and management plan
- Business Principles

Refer to the Sumitomo Corporation Group Management Principles and Activity Guidelines—as well as Sumitomo’s Business Philosophy, on which they are based—which the Company makes public on its website (<https://www.sumitomocorp.com/en/jp/about/policy/principles>).

- Medium-Term Management Plan

Additionally, refer to the medium-term management plan, which the Company also makes public on its website (<https://www.sumitomocorp.com/en/jp/about/policy/mid-term>).

- Sustainability Management

Based on the business philosophy of Sumitomo and the Sumitomo Corporation Group's management philosophy, we have identified six Materiality (material issues) that should be addressed through our business activities on a priority basis, making use of our strengths, in order to achieve sustainable growth together with society, and we practice sustainability management. As part of our sustainability management, we have also established important social issues and long-term and medium-term targets that our group must address in order to realize a sustainable society. For details of sustainability management of the Company, please refer to the "Implementation of Environmental Activities, CSR Activities etc." section in "3. Measures to Ensure Due Respect for Stakeholders" of " III. Implementation of Measures for Shareholders and Other Stakeholders " of this report.

*For details on Materiality, please refer to this page.
(<https://www.sumitomocorp.com/ja/jp/sustainability/material-issues>)

*Please refer to this page for important social issues and long-term targets.
(<https://www.sumitomocorp.com/ja/jp/sustainability/management>)

*Please refer to this page for the medium-term targets.
(<https://www.sumitomocorp.com/ja/jp/news/release/2021/group/14710>)

(ii) Refer to the Sumitomo Corporation Corporate Governance Principles, which summarize the Company’s basic views and policy with regard to corporate governance, and are made public on the Company’s website. (<https://www.sumitomocorp.com/jp/-/media/Files/hq/about/governance/detail/principle.pdf?la=en>)

(iii) Refer to the policies and procedures of the Board of Directors for determining the remuneration of Directors and Executive Officers, which are disclosed in the Company’s annual securities report (yukashoken houkokusho), and in this corporate governance report in the section entitled “II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management” under “1. Organizational Composition and Operation [Director Remuneration]” and “2. Matters on Functions of Business Execution, Auditing, Oversight, Nomination and Remuneration Decisions (Overview of Current Corporate Governance System) [Remuneration Decision-making Function].”

(iv) Refer to the Company’s policies and procedures regarding appointment and dismissal of Directors and Audit & Supervisory Board Members, which are disclosed in this corporate governance report in the section entitled “II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management” under “2. Matters on Functions of Business Execution, Auditing, Oversight, Nomination and Remuneration Decisions (Overview of Current Corporate Governance System) [Nomination Function, etc.]”

(v) Refer to the reasons for nominating candidates for the posts of Outside Director and Outside Audit & Supervisory Board Member, which are disclosed in the reference documents within the Notice of Convocation of the Ordinary General Meeting of Shareholders, and in this corporate governance report in the section entitled “II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management” under “1. Organizational Composition and Operation [Directors] and [Audit & Supervisory Board Members].” Refer also to the reasons for nominating candidates for the posts of internal Director and internal Audit & Supervisory Board Member, which are disclosed in the reference documents within the Notice of Convocation of the Ordinary General Meeting of Shareholders.

Refer to the Company’s policies and procedures regarding the selection and dismissal of Executive Officers, which are disclosed in this corporate governance report in the section entitled “II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business,

and Oversight in Management” under “2. Matters on Functions of Business Execution, Auditing, Oversight, Nomination and Remuneration Decisions (Overview of Current Corporate Governance System) [Nomination Function, etc.]”

[Supplementary Principle 4-1-1]

The functions of the Board of Directors are to supervise business execution and to make decisions relating to important management matters including basic management policies such as business plans. The Board also makes decisions on important aspects of business execution required by laws and regulations and the Company’s Articles of Incorporation to be decided by the Board of Directors. Standards for such decision-making are stipulated in the Company’s internal rules, Matters Related to the Administration of Board of Directors.

Decision-making and execution regarding matters not required by the foregoing internal rules to be decided by the Board of Directors are delegated to the Management Council, the decision-making body at the operational execution level, and to the Executive Officers. Moreover, the foregoing internal rules specify that decisions and progress with execution relating to matters delegated to the Management Council and the Executive Officers should be reported to the Board of Directors. The Board of Directors uses such reports and related information as a means to supervise decision-making and business execution by the Management Council and the Executive Officers.

[Principle 4-8]

Of the eleven Directors, five are Outside Directors, and they meet the standards set by the Company for independence of Outside Directors, as well as the standards related to independence set by the Tokyo Stock Exchange, Inc. and other financial instruments exchanges that the Company is listed on.

[Principle 4-9]

For details of standards related to the independence of Outside Directors and Outside Audit & Supervisory Board Members from the Company, refer to the Standards for Appointment and Independence of Outside Directors and Outside Audit & Supervisory Board Members, which the Company has set down and made public on its website.

(https://www.sumitomocorp.com/jp/-/media/Files/hq/about/governance/detail/outdirec_independ.pdf?la=en)

[Supplementary Principle 4-11-1]

For details of the appropriate balance between knowledge, experience, and skills of the Board of Directors as a whole, and the Company’s view with regard to the diversity and appropriate size of the Board of Directors, refer to the Sumitomo Corporation Corporate Governance Principles, which are made public on the Company’s website.

(<https://www.sumitomocorp.com/jp/-/media/Files/hq/about/governance/detail/principle.pdf?la=en>)

Refer to the Company’s policies and procedures regarding appointment of Directors, which are disclosed in this corporate governance report in the section entitled “II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management” under “2. Matters on Functions of Business Execution, Auditing, Oversight, Nomination and Remuneration Decisions (Overview of Current Corporate Governance System) [Nomination Function, etc.]”

[Supplementary Principle 4-11-2]

The Company discloses significant positions concurrently held by Directors, Audit & Supervisory Board Members, and candidates for those posts on an annual basis in disclosure documents such as the reference documents within the Notice of Convocation of the Ordinary General Meeting of Shareholders, the business report, and the Company’s annual securities report.

[Supplementary Principle 4-11-3]

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

(1) Evaluated persons

All 11 Directors and 5 Audit & Supervisory Board Members

(2) 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).

(3) 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.

(4) Evaluation process

The results of analysis of the questionnaire survey and interview responses as evaluated by a third party (external consultant) were reported to the Board of Directors.

2. Evaluation Results Overview

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.

[Supplementary Principle 4-14-2]

The Company provides its Outside Directors and Outside Audit & Supervisory Board Members with information as required in order to deepen their understanding of the Sumitomo Corporation Group Management Principles, as well as the Company's business management, activities, organization, and related

matters. In addition, for its Directors and Audit & Supervisory Board Members, including Outside Directors and Outside Audit & Supervisory Board Members, the Company provides, arranges, and covers expenses for opportunities to acquire knowledge of its business, finances, organization and other matters necessary for them to fulfill their roles and responsibilities.

[Principle 5-1]

[Basic policy of dialogue with shareholders]

The Company endeavors to explain its business management and activities, holding a range of meetings as opportunities for communication with shareholders and investors. These include the general meeting of shareholders, quarterly financial results briefings, and individual meetings.

Dialogue with shareholders and investors is supervised by Executive Officers assigned to act as the persons responsible for such dialogue, while the relevant departments within the Company liaise to distribute information and gather opinions from shareholders and investors.

When conducting dialogue with shareholders and investors, insider information is managed appropriately in accordance with the internal Rules for the Prevention of Insider Trading.

[Implementation systems and activities]

To achieve its sustainable growth and increase its corporate value over medium- to long-term, the Company promotes dialogue with stakeholders, including shareholders and investors, which is provided by top management, including the President and Chief Executive Officer, taking into account the requests and major concerns of shareholders and investors, in direct communication opportunities.

The Company has established the IR Committee, aiming to promote more effective IR and SR activities as a means of enhancing dialogue with these shareholders and investors. The Committee is chaired by the Chief Strategy Officer (CSO) and comprised of the Chief Financial Officer (CFO), the Chief Administrative Officer (CAO) and general managers of other relevant corporate departments. It meets monthly to discuss policies, issues and measures regarding IR and SR activities, aiming to enhance dialogue with shareholders and investors. The Company has established a system where feedback is provided to the management through the Committee in a timely manner regarding comments and requests obtained from outside by way of IR and SR activities. The Company has also established the Investor Relations Department., which is dedicated to IR and SR activities. While collaborating with other relevant corporate departments in a coordinated fashion, it serves as an organization that aims to plan and manage a variety of IR and SR activities, disclose information to meet expectations of shareholders and investors, and obtain opinions from outside through IR and SR activities to help improve management quality in a timely manner.

▪ General Meeting of Shareholders

The Company proactively discloses not only information required by law but also information on the environmental, social and governance (ESG) and corporate governance initiatives etc. within the Notice of Convocation of the General Meeting of Shareholders, and strives to provide in-depth explanations in response to questions from shareholders at the General Meeting.

▪ Institutional investors (in Japan)

The Company holds quarterly financial results briefings by the President and Chief Executive Officer and the CFO for institutional investors in Japan as well as small meetings hosted by the President and Chief Executive Officer and CFO on a biannual basis. When shareholders and investors request meetings on an individual basis, the President and Chief Executive Officer, the CFO and the Investor Relations Department hold one-on-one meetings whenever possible. The Company also holds business strategy briefings by business units, site tours of the Company's businesses both inside and outside Japan, and ESG briefings, etc. on a regular basis. Additionally, from fiscal 2019, the Company held an Investor Day to carry out deep dialogue with institutional investors, with the goal of helping them understand its initiatives for medium- to long-term growth.

▪ Institutional investors (outside Japan)

The Company regularly visits institutional investors, primarily in Europe, North America and Asia, to hold one-on-one meetings with the President and Chief Executive Officer, the CFO and the Investor Relations

Department. In addition, the Company holds one-on-one meetings with managers who are in charge of exercising voting rights for institutional investors (SR activities) in Japan, Europe and the United States (organized jointly by the Investor Relations Department and the Corporate Legal & General Affairs Department). All such meetings were held online in fiscal 2020.

▪ Individual investors

The Company periodically holds briefings at physical venues in some cities in Japan and online briefings on several occasions every year. However, all briefings for individual investors were held online in fiscal 2020.

To shareholders and investors, the Company discloses not only financial but also non-financial information, including that related to ESG. By presenting the Group's medium- to long-term efforts to increase its corporate value, the Company strives to enhance dialogue with them.

<List of activities in fiscal 2020>

President and Chief Executive Officer: General Meeting of Shareholders, financial results briefing (4 times), dialogue with institutional investors in and outside Japan (7 times)

CFO: Financial results briefing (4 times), dialogue with institutional investors in and outside Japan (28 times)

CSO: Financial results briefing (twice), dialogue with individual investors in and outside Japan (once), ESG briefing (once)

CAO: Financial results briefing (once), ESG briefing (once)

Investor Relations Dept.: Dialogue with institutional investors in and outside Japan and analysts (about 180 times), online briefing for individual investors (4 times), dialogue with shareholders as part of SR activities jointly with the Corporate Legal & General Affairs Dept. (for one company in Japan and 4 companies outside Japan)

2. Capital Structure

Foreign Shareholding Ratio	More than 30%
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[Status of Major Shareholders]

Name / Company Name	Number of Shares Owned	Percentage (%)
The Master Trust Bank of Japan, Ltd. (trust account)	123,170,700	9.86
BNYM AS AGT/CLTS NON TREATY JASDEC	67,010,511	5.36
Custody Bank of Japan, Ltd. (trust account)	61,222,600	4.90
Sumitomo Life Insurance Company	30,855,000	2.47
Custody Bank of Japan, Ltd. (trust account 5)	19,053,800	1.52
STATE STREET BANK WEST CLIENT - TREATY 505234	18,067,764	1.45
Mitsui Sumitomo Insurance Company, Limited	18,000,000	1.44
NORTHERN TRUST CO. (AVFC) RE SILCHESTER INTERNATIONAL INVESTORS INTERNATIONAL VALUE EQUITY TRUST	17,539,900	1.40
Custody Bank of Japan, Ltd. (trust account 7)	17,046,000	1.36
Custody Bank of Japan, Ltd. (trust account 6)	16,895,200	1.35

Controlling Shareholder (except for Parent Company)	—
Parent Company	No

Supplementary Explanation

The shareholding ratio is calculated by dividing the number of shares held by the number of shares outstanding—which is derived by deducting treasury stock (1,544,207 shares) from the total number of issued shares—and rounding to the nearest hundredth of a percent.

3. Corporate Attributes

Listed Stock Market and Market Section	Tokyo (First Section), Nagoya (First Section), Fukuoka
Fiscal Year-End	March
Type of Business	Wholesale Trade
Number of Employees (consolidated) as of the End of the Previous Fiscal Year	More than 1000
Sales (consolidated) as of the End of the Previous Fiscal Year	More than ¥1 trillion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	More than 300

4. Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder

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5. Other Special Circumstances which may have Material Impact on Corporate Governance

New

1. Views and policies on group management

With business units in the Company and regional organizations in Japan and overseas working together, our Sumitomo Corporation Group is developing a wide range of business activities in a wide range of industrial fields globally through Subsidiary and Associated company (collectively hereinafter referred to as "Group Companies").

The management policy of our Company Group is to respect "autonomous" management by each Group Company, and to be involved in important decision-making at the board of directors or organization equivalent to the board of directors of each Group Company based on the relationship of trust established through active "dialogue" as a shareholder, and to create new value through strong "cooperation" of each Group Company including the Company.

In order to maximize our group's corporate value through sharing and putting into practice the principles of Group management, the Company has established a Group Management Policy that sets the three principles of Group management: "autonomy", "dialogue", and "cooperation".

2. Significance of having a listed subsidiary based on the above views and policies

The Company has a listed subsidiary, SCSK Corporation (Tokyo Stock Exchange First Section; hereinafter "SCSK"). In order to increase the corporate value of SCSK as well as of the entire Group including SCSK, it is considered appropriate for SCSK to remain as a listed company, considering the current competition and market environment in the business area of SCSK. More specifically, the benefits of being a listed company include: enhancing motivation among the officers and employees of SCSK; enhancing corporate credibility through the establishment and operation of various governance systems, including the transparency of business management and internal control; increasing the corporate presence; increasing brand strengths in hiring employees; and establishing a solid financial basis including better financing capability. These benefits should also lead to the further development of trust with customers and business partners as well as to the higher credibility of businesses and services conducted by SCSK.

Moreover, it will be beneficial for both the Company and SCSK in terms of increasing corporate value once these two companies leverage their respective strengths while sharing business strategies, and collaborate closely in corporate management for the following areas: supporting and enhancing global business execution through the development and operation of the Group's IT platforms; and global business creation in such areas

as digital transformation (DX) and open innovation. These initiatives should then lead to the maximization of corporate value across the Group.

3. Measures to ensure the effectiveness of the governance system at the listed subsidiary

As stated above, the Company respects the autonomous management of Group Companies, and accordingly entrusts the management of SCSK to the management officers of SCSK. In addition, SCSK effectively employs the outside directors who are independent of the Company and establishes and operates its effective corporate governance system to ensure independent decision-making in light of the risk of conflicts of interest between the parent company and general shareholders of SCSK.

On the other hand, the Company requires prior consultation and reporting by SCSK on matters that could have a significant impact on SCSK's corporate value, such as SCSK's execution of important operations and compliance issues, from the perspective of maintaining and enhancing SCSK's corporate value and the necessity of risk management based on the construction and operation of internal control for the entire Group, while ensuring that SCSK's independent decision-making is secured.

II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management

1. Organizational Composition and Operation

Organization Form	Company with Audit & Supervisory Board
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[Directors]

Maximum Number of Directors Stipulated in Articles of Incorporation	N/A
Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	Chairperson (Excluding individual holding concurrent position as president)
Number of Directors	11
Appointment of Outside Directors	Yes
Number of Outside Directors	5
Number of Independent Directors	5

Outside Directors' Relationship with the Company (1)

Name	Attribute	Relationship with the Company*											
		a	b	c	d	e	f	g	h	i	j	k	
Nobuyoshi Ehara	From another company												
Koji Ishida	From another company					△							
Kimie Iwata	From another company												
Hisashi Yamazaki	Lawyer												
Akiko Ide	From another company												

* Categories for "Relationship with the Company"

* "○" when the director presently falls or has recently fallen under the category;

"△" when the director fell under the category in the past

* "●" when a close relative of the director presently falls or has recently fallen under the category;

"▲" when a close relative of the director fell under the category in the past

a. Executive of the Company or its subsidiaries

b. Non-executive director or executive of a parent company of the Company

c. Executive of a fellow subsidiary company of the Company

d. A party whose major client or supplier is the Company or an executive thereof

e. Major client or supplier of the listed company or an executive thereof

f. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a director/audit & supervisory board member

g. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)

h. Executive of a client or supplier company of the Company (which does not correspond to any of d, e, or f) (the director himself/herself only)

i. Executive of a company, between which and the Company outside directors/audit & supervisory board members are mutually appointed (the director himself/herself only)

j. Executive of a company or organization that receives a donation from the Company (the director himself/herself only)

k. Others

Outside Directors' Relationship with the Company (2)

Name	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons of Appointment
Nobuyoshi Ehara	○	—	<p>Mr. Ehara has wide-ranging knowledge and a wealth of experience in finance and business management accumulated through his many years working in important positions at a major US financial institution and managing a private equity firm, among other roles. He is also honest in character, as well as highly insightful and capable. Mr. Ehara will contribute to the Company's aims of ensuring appropriate decision making from diverse perspectives in board meetings and further enhancing supervisory functions, and is thus judged to be qualified for the role of Outside Director of the Company and to be able to perform his duties properly in that position. For these reasons, he is appointed as the position of Outside Director.</p> <p>Mr. Ehara meets the standards set by Sumitomo Corporation for Independence of Outside Directors, and also fulfills the standards related to independence set by the Tokyo Stock Exchange, Inc. and other financial instruments exchanges. The Company has notified the exchanges of his status as an independent director.</p>
Koji Ishida	○	<p>Mr. Ishida served until June 2003 as an executive at Sumitomo Mitsui Banking Corporation (SMBC), one of the Company's principal lenders; until June 2005 as an executive at Sumitomo Mitsui Financial Group, Inc. (SMFG), SMBC's parent company; and until June 2006 as a corporate auditor at SMBC and SMFG. However, more than 15 years have now passed since Mr. Ishida's retirement from his positions as an executive at SMBC and SMFG, and he has not engaged in the</p>	<p>Mr. Ishida has wide-ranging knowledge and a wealth of experience in finance and business management, accumulated through his many years working in important positions in a major financial institution, and serving as a member of the Policy Board at the Bank of Japan, among other roles. He is also honest in character, as well as highly insightful and capable. Mr. Ishida will contribute to the Company's aims of ensuring appropriate decision-making from diverse perspectives in board meetings and further enhancing supervisory functions, and is thus judged to be qualified for the role of Outside Director of the Company and to be able to perform his duties properly in that position. For these reasons, he is appointed as the position of Outside Director.</p> <p>Mr. Ishida meets the standards set by Sumitomo Corporation for Independence of Outside Directors, and also fulfills the standards related to independence set by the Tokyo Stock Exchange, Inc. and other financial instruments exchanges.</p>

		execution of operations since his retirement. We have therefore determined that his independence is unaffected.	The Company has notified the exchanges of his status as an independent director.
Kimie Iwata	○	—	<p>Ms. Iwata served in several key positions for many years at the Ministry of Labour (currently Ministry of Health, Labour and Welfare), and after retiring from the ministry served in various executive and outside director positions for private companies. Through these and other roles, Ms. Iwata has accumulated wide-ranging knowledge and a wealth of experience in business management, corporate governance, corporate social responsibility, and diversity, etc.; she is also honest in character, as well as highly insightful and capable. Ms. Iwata will contribute to the Company's aims of ensuring appropriate decision-making from diverse perspectives in board meetings and further enhancing supervisory functions, and is thus judged to be qualified for the role of Outside Director of the Company and to be able to perform her duties properly in that position. For these reasons, she is appointed as the position of Outside Director.</p> <p>Ms. Iwata meets the standards set by Sumitomo Corporation for Independence of Outside Directors, and also meets the standards related to independence set by the Tokyo Stock Exchange, Inc. and other financial instruments exchanges. The Company has notified the exchanges of her status as an independent director.</p>
Hisashi Yamazaki	○	—	<p>Mr. Yamazaki has highly specialized knowledge and a wealth of experience in law based on his career over many years as a judge and attorney at law. He is also honest in character, as well as highly insightful and capable. Mr. Yamazaki will contribute to the Company's aims of ensuring appropriate decision making from diverse perspectives in board meetings and further enhancing supervisory functions, and is thus judged to be qualified for the role of Outside Director of the Company and to be able to perform his duties properly in that position. For these reasons, he is appointed as the position of Outside Director.</p> <p>Mr. Yamazaki meets the standards set by Sumitomo Corporation for Independence of Outside Directors, and also meets the standards related to independence set by the Tokyo Stock Exchange, Inc. and other financial instruments exchanges. The Company has notified the exchanges of his status as an independent director.</p>

Akiko Ide	○	—	<p>Ms. Ide served in several key positions for many years at a major telecommunications carrier, working as a group company executive and as a full time audit & supervisory board member of the parent (holding) company. Through these and other roles, Ms. Ide has accumulated wide-ranging knowledge and a wealth of experience in information and communications, business management, and corporate governance, etc.; she is also honest in character, as well as highly insightful and capable. Ms. Ide will contribute to the Company's aims of ensuring appropriate decision-making from diverse perspectives in board meetings and further enhancing supervisory functions, and is thus judged to be qualified for the role of Outside Director of the Company and to be able to perform her duties properly in that position. For these reasons, she is appointed as the position of Outside Director.</p> <p>Ms. Ide meets the standards set by Sumitomo Corporation for Independence of Outside Directors, and also meets the standards related to independence set by the Tokyo Stock Exchange, Inc. and other financial instruments exchanges. The Company has notified the exchanges of her status as an independent director.</p>
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Voluntary Establishment of Committee(s) Corresponding to Nomination Committee or Remuneration Committee	Established
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Committee's Name, Composition, and Attributes of Chairperson

	Committee Corresponding to Nomination Committee	Committee Corresponding to Remuneration Committee
Committee's Name	Nomination and Remuneration Advisory Committee	Nomination and Remuneration Advisory Committee
All Committee Members	5	5
Full-time Members	0	0
Inside Directors	2	2
Outside Directors	3	3
Outside Experts	0	0
Other	0	0
Chairperson	Outside Director	Outside Director

Supplementary Explanation	New
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The Nomination and Remuneration Advisory Committee is composed of the Chairman of the Board of Directors, the President and Chief Executive Officer and three outside directors. The Nomination and Remuneration Advisory Committee 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 fiscal 2020, 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. All committee members attended all of the 11 meetings except for Director Iwata, who attended 10 of the meetings. Overview of the Nomination and Remuneration Advisory Committee is as follows:

▪ Composition of the Nomination and Remuneration Advisory Committee

(1) The Nomination and Remuneration Advisory Committee shall be comprised of internal and external members, with the majority of committee members being the latter. The number of committee members shall be set within the range which enables the committee to carry out thorough consultations and to make prompt and reasonable decisions. Specifically, the committee shall have a total of five members, including two internal members consisting of the Chairman of the Board of Directors and the President and Chief Executive Officer, and three external members who are Outside Directors.

(2) The Chairperson of the Nomination and Remuneration Advisory Committee is required to be an external member.

(3) The Chief Administration Officer (Human Resources Department) shall serve as the secretariat.

▪ Selection criteria for external committee members

The external members shall consist of those Outside Directors who specifically have extensive knowledge and experience as well as deep insights, both in and outside the Company, concerning the breadth of issues to be deliberated by the committee. The composition of external members shall ensure diversity in terms of knowledge, experience, specialty and so on.

▪ Method for selecting external committee members

External committee members are selected by a resolution of the Board of Directors.

▪ Method for selecting the Chairperson

The Chairperson shall be appointed by a resolution of the Board of Directors based on the outcome of an election by the committee members' mutual vote.

▪ Handling when the Chairperson has an accident or for other reasons

If the Chairperson is unable to act or is otherwise unavailable, another external member shall act in place of the Chairperson in the order decided by a resolution of the Board of Directors in which the external members shall exercise their authority to act on behalf of the Chairperson.

▪ Term of office for external committee members and the Chairperson

The terms of office for external committee members and the Chairperson are the same as their term as a Director.

▪ Resolution method

Any resolution on an agenda item of the Nomination and Remuneration Advisory Committee is required to be made by a majority of members present at a meeting attended by a majority of committee members.

▪ Convener

The Nomination and Remuneration Advisory Committee is convened by the Chairperson.

[Audit & Supervisory Board Members]

Establishment of Audit & Supervisory Board	Established
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Maximum Number of Audit & Supervisory Board Members Stipulated in Articles of Incorporation	N/A
Number of Audit & Supervisory Board Members	5

Cooperation among Audit & Supervisory Board Members, Accounting Auditors and Internal Audit Department

Audit & Supervisory Board Members, Accounting Auditor and the Internal Audit Department periodically exchange information to enhance cooperation between them. The Company has established the Internal Auditing Department under the direct supervision of the President and Chief Executive Officer as an independent body for company-wide monitoring of operations. The department maintains close contact with the Audit & Supervisory Board Members and Accounting Auditor, such as by reporting audit plans and the results of internal auditing to them in a timely manner, so as to contribute to effective auditing by the Audit & Supervisory Board Members and Accounting Auditor.

The Audit & Supervisory Board Members endeavor to ascertain the audit activities of the Accounting Auditor and to exchange information with the Accounting Auditor by holding regular meetings; they also strive to improve the efficiency and quality of their own audit activities, such as by attending the Accounting Auditor's audit review meetings, and being present for inventory audits. In addition, the Audit & Supervisory Board Members attend the Internal Control Committee's meetings, ask the department responsible for internal controls to report the circumstances of the Company's internal control systems, and seek the department's cooperation with auditing activities in any other respects.

In fiscal 2020, the remuneration paid to KPMG AZSA LLC, the Company's Accounting Auditor, was as follows:

- (a) Fees described in Article 2, paragraph (1) of the Certified Public Accountants Act (attestation services) ...¥508 million
- (b) Fees for services other than those described in Article 2, paragraph (1) of the Certified Public Accountants Act...¥11 million
- (c) Total remuneration paid to the Accounting Auditor for fiscal 2020...¥519 million
- (d) Total amount of cash and other financial benefits payable by the Company and its consolidated subsidiaries to the Accounting Auditor (including (c))...¥1,110 million

Notes:

1. In line with the "Practical Guidelines for Collaboration with Accounting Auditors" published by the Japan Audit & Supervisory Board Members Association, the Company's Audit & Supervisory Board checks the details of audit plans, the performance of duties during the preceding fiscal year, the calculation bases for remuneration estimates, etc., and gives due consideration to these findings when approving compensation, etc. for the Accounting Auditor, as stipulated in Article 399, paragraph (1) of the Companies Act.
2. The Company pays remuneration to the Accounting Auditor for accounting advisory services, etc. in addition to the service defined in Article 2, paragraph (1) of the Certified Public Accountants Act.
3. Some of the consolidated subsidiaries are audited by audit firms other than the Company's Accounting Auditor.
4. The audit agreement between the Company and the Accounting Auditor does not differentiate audit remuneration and other fees based on the Companies Act from audit remuneration and other fees based on the Financial Instruments and Exchange Act, and the two types of remuneration cannot actually be differentiated. Therefore, the above amounts show the total of these two types of remuneration and other fees.

Appointment of Outside Audit & Supervisory Board Members	Appointed
Number of Outside Audit & Supervisory Board Members	3
Number of Independent Audit & Supervisory Board Members	3

Outside Audit & Supervisory Board Members' Relationship with the Company (1)

Name	Attribute	Relationship with the Company*												
		a	b	c	d	e	f	g	h	i	j	k	l	m
Toshio Nagai	Lawyer													
Yoshitaka Kato	CPA													
Yukiko Nagashima	From another company													

* Categories for "Relationship with the Company"

* "○" when the director presently falls or has recently fallen under the category;

"△" when the director fell under the category in the past

* "●" when a close relative of the director presently falls or has recently fallen under the category;

"▲" when a close relative of the director fell under the category in the past

a. Executive of the Company or its subsidiary

b. Non-executive director or accounting advisor of the Company or its subsidiaries

c. Non-executive director or executive of a parent company of the Company

d. Audit & Supervisory Board Member of a parent company of the Company

e. Executive of a fellow subsidiary company of the Company

f. A party whose major client or supplier is the Company or an executive thereof

g. Major client or supplier of the Company or an executive thereof

h. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as an audit & supervisory board member

i. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)

j. Executive of a client or supplier company of the Company (which does not correspond to any of f, g, or h) (the audit & supervisory board member himself/herself only)

k. Executive of a company, between which and the Company outside directors/audit & supervisory board members are mutually appointed (the audit & supervisory board member himself/herself only)

l. Executive of a company or organization that receives a donation from the Company (the audit & supervisory board member himself/herself only)

m. Others

Outside Audit & Supervisory Board Members' Relationship with the Company (2)

Name	Designation as Independent Audit & Supervisory Board Members	Supplementary Explanation of the Relationship	Reasons of Appointment
Toshio Nagai	○	—	<p>Mr. Nagai has highly specialized knowledge and a wealth of experience in law based on his career over many years as a judge and attorney at law. He is also honest in character, as well as highly insightful and capable. Mr. Nagai will contribute to the Company's aim of conducting audits from diverse perspectives, and is thus judged to be qualified for the role of Outside Audit & Supervisory Board Member of the Company and to be able to perform his duties properly in that position. For these reasons, he is appointed as the position of Outside Audit & Supervisory Board Member.</p> <p>Mr. Nagai meets the independence standards respectively set by the Company, the Tokyo Stock Exchange, Inc. and other financial instruments exchanges. The Company has notified the exchanges of his status as an independent auditor.</p>
Yoshitaka Kato	○	—	<p>Mr. Kato has highly specialized knowledge and a wealth of experience in finance, accounting, and corporate auditing based on his career over many years as a certified public accountant. He is also honest in character, as well as highly insightful and capable. Mr. Kato will contribute to the Company's aim of conducting audits from diverse perspectives, and is thus judged to be qualified for the role of Outside Audit & Supervisory Board Member of the Company and to be able to perform his duties properly in that position. For these reasons, he is appointed as the position of Outside Audit & Supervisory Board Member.</p> <p>Mr. Kato meets the independence standards respectively set by the Company, the Tokyo Stock Exchange, Inc. and other financial instruments exchanges. The Company has notified the exchanges of his status as an independent auditor.</p>
Yukiko Nagashima	○	—	<p>Ms. Nagashima has highly specialized knowledge and a wealth of experience in corporate management and corporate governance based on her career over many years in which she held key positions at a major comprehensive human resources company (holding company), as well as experience managing group companies and serving as a full-time audit & supervisory board member at the holding company and an outside director at a major corporation. She is also honest in character, as well as highly insightful and capable. Ms.</p>

			<p>Nagashima will contribute to the Company's aim of conducting audits from diverse perspectives, and is thus judged to be qualified for the role of Outside Audit & Supervisory Board Member of the Company and to be able to perform her duties properly in that position. For these reasons, she is appointed as the position of Outside Audit & Supervisory Board Member.</p> <p>Ms. Nagashima meets the independence standards respectively set by the Company, the Tokyo Stock Exchange, Inc. and other financial instruments exchanges. The Company has notified the exchanges of her status as an independent auditor.</p>
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[Independent Directors/Audit & Supervisory Board Members]

Number of Independent Directors/Audit & Supervisory Board Members	8
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Matters relating to Independent Directors/Audit & Supervisory Board Members

All of Outside Directors and Outside Audit & Supervisory Board Members in the Company meet the Company's internal rule of Standards for Appointment and Independence, and also the criteria for independence set by the Tokyo Stock Exchange and other exchanges on which the Company is listed. The Company has registered all these individuals as independent executives based on the exchanges' respective provisions.

(https://www.sumitomocorp.com/jp/-/media/Files/hq/about/governance/detail/outdirec_independ.pdf?la=en)

[Incentives]

Incentive Policies for Directors	Performance-linked Remuneration, Stock Options, Others
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Supplementary Explanation

The Company's performance-linked remuneration system for directors is comprised of a performance-linked bonus plan and a stock-based remuneration plan.

For details about these plans, including (1) the policy on determining the ratio of performance-linked remuneration, (2) the indicators related to performance-linked remuneration and the reason for adopting such indicators, and (3) the method for determining the amounts of performance-linked remuneration, see the section entitled "II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management" under "1. Organizational Composition and Operation [Director Remuneration]."

Recipients of Stock Options	Internal Directors, Employees, Other
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Supplementary Explanation

New Share Acquisition Rights to the Company's Directors, Executive Officers and Corporate Officers under the qualification system of the Company

[Summary of the new share acquisition rights]

- FY2016 1,820 new share acquisition rights

(Number of shares for each new share acquisition right: 100 shares Exercise price per share: ¥1,124)

- FY2017 2,050 new share acquisition rights

(Number of shares for each new share acquisition right: 100 shares Exercise price per share: ¥1,516)

New Share Acquisition Rights in the Form of Stock Options for a Stock-Linked Compensation Plan to the Company's Directors and Executive Officers.

[Summary of the new share acquisition rights]

- FY2006 111 new share acquisition rights

(Number of shares for each new share acquisition right: 1,000 shares Exercise price per share: ¥1)

- FY2007 944 new share acquisition rights

(Number of shares for each new share acquisition right: 100 shares Exercise price per share: ¥1)

- FY2008 1,430 new share acquisition rights

(Number of shares for each new share acquisition right: 100 shares Exercise price per share: ¥1)

- FY2009 1,875 new share acquisition rights

(Number of shares for each new share acquisition right: 100 shares Exercise price per share: ¥1)

- FY2010 2,172 new share acquisition rights

(Number of shares for each new share acquisition right: 100 shares Exercise price per share: ¥1)

- FY2011 2,024 new share acquisition rights

(Number of shares for each new share acquisition right: 100 shares Exercise price per share: ¥1)

- FY2012 2,053 new share acquisition rights

(Number of shares for each new share acquisition right: 100 shares Exercise price per share: ¥1)

- FY2013 1,569 new share acquisition rights

(Number of shares for each new share acquisition right: 100 shares Exercise price per share: ¥1)

- FY2014 1,511 new share acquisition rights

(Number of shares for each new share acquisition right: 100 shares Exercise price per share: ¥1)

- FY2015 1,277 new share acquisition rights

(Number of shares for each new share acquisition right: 100 shares Exercise price per share: ¥1)

- FY2016 1,695 new share acquisition rights

(Number of shares for each new share acquisition right: 100 shares Exercise price per share: ¥1)

- FY2017 1,370 new share acquisition rights

(Number of shares for each new share acquisition right: 100 shares Exercise price per share: ¥1)

The Company will not issue new stock options in and after fiscal 2018. Stock options issued in previous years will remain effective.

[Director Remuneration]

Disclosure of Individual Directors' Remuneration	Selected Directors
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Supplementary Explanation

The Company states the total remuneration for Directors and Audit & Supervisory Board Members in its annual securities report and business report, and makes them available for public inspection on the Company's website.

The total amount of remuneration for the 12 Company Directors in fiscal 2020 was 679 million yen, with the breakdown as follows.

- Monthly remuneration: ¥557 million
- Total amount recorded as expenses for stock-based remuneration with transfer restriction granted: ¥86 million
- Total amount recorded as expenses for performance-linked stock remuneration by calculating the estimated amount to be paid as monetary remuneration receivables in accordance with the estimated number of shares to be granted in 2021, 2022 and 2023: ¥36 million

For individuals whose total remuneration is 100 million yen or more for the year ended March 31, 2021, the total remuneration and its breakdown are as follows:

(Unit: Million Yen)

Name	Position	Monthly remuneration	Directors' bonuses	Stock-based remuneration with transfer restriction (Restricted Stock) plan	Performance-linked stock remuneration (Performance Share Unit) plan	Total
Kuniharu Nakamura	Chairman of the Board of Director	149	0	22	9	179
Masayuki Hyodo	Director	115	0	22	7	144

1. None of the directors above serve as a director or an audit & supervisory board member of subsidiaries of the Company, and their remuneration are all paid by the Company.

2. For fiscal 2020, no bonuses are to be paid to Directors.

3. The figures on the table above are rounded to the nearest million yen.

Policy on Determining Remuneration Amounts and Calculation Methods
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Established

Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

(1) Matters related to policy for deciding the remuneration for individual directors

(A) Remuneration structures and rules for deciding the ratios of remuneration components for individual directors

(a) Remuneration structures for individual directors

- The remuneration for Executive Directors and Executive Officers consists of monthly remuneration, performance-linked bonus, and stock-based remuneration.

- Given that the main responsibility of the Chairman of the Board of Directors is to supervise the Company's management, stock-based remuneration is paid to the Chairman, in addition to the monthly remuneration.
- The remuneration for Outside Directors is fixed-amount compensation only (monthly remuneration), in light of their role to supervise the Company's management with a high degree of objectivity and independence.

(b) Rules for deciding the ratios of allocating monthly remuneration, performance-linked bonus and stock-based remuneration for respective categories of directors

In order to determine remuneration details for respective categories of directors, a proper remuneration system must be designed in a way to promote the Group's sustainable growth in line with its management strategies, with a view to reinforcing the Group's governance and increasing its corporate value over the medium to long term. The ratios of allocating the remuneration components are determined, by reference to the data on remuneration market research conducted by independent research agencies or other objective data, based on the Company's business environment, management strategies and human resources strategies. Firstly, standard remuneration amounts are set at such levels that are appropriate for finding and retaining outstanding business leaders and managers who have the ability to realize the Group's sustainable growth and enhance its medium- to long-term business value. Then, an appropriate ratio of a fixed-amount portion (i.e., monthly remuneration) and variable portions (i.e., performance-linked bonus, which depends on short-term performance, and stock-based remuneration, which is linked to medium- to long-term business results and shareholder value) is specified for each category of directors defined based on their roles and responsibilities, in order to ensure that the remuneration system designed as aforesaid will serve as a sound incentive for achieving sustainable growth.

Separately from the remuneration explained above, Executive Directors are paid appropriate amounts for participating in individual health promotion programs.

(B) Rules for deciding or calculating monthly remuneration amounts for directors on an individual basis (including the rules for deciding the timing for remuneration payment or the payment conditions)

The monthly remuneration, which is payable to each Director at a fixed amount, is set at an appropriate level by the Board of Directors, in light of the Director's role and responsibility, after seeking consultations and advice from the Nomination and Remuneration Advisory Committee, the majority of whose members are Outside Directors and which is chaired by an Outside Director. To determine such monthly remuneration amounts, the data on remuneration market research conducted by independent research agencies or other objective data are used as reference, and the Company's business environment, management strategies and human resources strategies are taken into consideration.

To each of the Outside Directors serving as a member of the Nomination and Remuneration Advisory Committee, an allowance for committee duties is paid in an amount determined by the Board of Directors, in addition to the standard executive remuneration.

(C) Rules for deciding the components and amounts or quantities of performance-linked remuneration and nonmonetary compensation to be individually determined or for calculating those amounts or quantities (including the rules for deciding the timing for remuneration payment or the payment conditions)

(i) Performance-linked bonus

Performance-linked bonus for Executive Directors is designed with a focus on the relationship between the Group's management strategies and such bonus and is thereby intended to encourage Executive Directors' execution of duties in line with such management strategies and to strongly motivate them to achieve particular business objectives. To associate performance-linked bonus more closely with management strategies, the total annual amount to be paid to all Executive Directors is determined based on the performance management metrics specified in the medium-term management plan, and the amount to be allocated to each Executive Director is determined based on their post and individual evaluation and paid after the end of the fiscal year. For their individual evaluation, both financial metrics and non-financial metrics are used in order to make them strongly aware of their commitment to the management strategies and their respective achievements. In this regard, the ratio of weight for the evaluation based on financial metrics and the one based on non-financial metrics is set appropriately.

To determine the amounts of performance-linked bonus, the Board of Directors sets appropriate levels of the bonus amounts, in light of the roles and responsibilities assigned to respective directors, after seeking consultations and advice from the Nomination and Remuneration Advisory Committee. For this purpose, the data on remuneration market research conducted by independent research agencies or other objective data are used as reference, and the Company's business environment, management strategies and human resources strategies are taken into consideration.

(ii) Stock-based remuneration

Stock-based remuneration for individual directors (excluding Outside Directors) is designed with a focus on the linkage with shareholder value, with the intention of further optimizing business portfolios and enhancing corporate value from medium- to long-term perspectives while promoting the sharing of value between us and our shareholders. More details, including the timing for giving such remuneration are determined by the Board of Directors after seeking consultations and advice from the Nomination and Remuneration Advisory Committee.

To determine the value or amount of stock-based remuneration to be given, the Board of Directors set appropriate levels of the stock amount, in light of the roles and responsibilities assigned to respective directors, after seeking consultations and advice from the Nomination and Remuneration Advisory Committee. For this purpose, the data on remuneration market research conducted by independent research agencies or other objective data are used as reference, and the Company's business environment, management strategies and human resources strategies are taken into consideration.

(D) Methods and procedures for delegating the authority to decide director remuneration on an individual basis to all or some specified directors in office or a third party and for making other decisions regarding such individual remuneration

Remuneration payable to each director (excluding performance-linked bonus) is determined by the Board of Directors within the maximum limits approved by the General Meeting of Shareholders. The details of the resolutions on such individual remuneration adopted by the Board of Directors are reviewed by the Nomination and Remuneration Advisory Committee and their feedback is reported to the Board of Directors. This review process is implemented as part of our efforts to further enhance transparency and objectivity. Regarding the amount of performance-linked bonus payable to each Executive Director for each fiscal year, the Board of Directors determines a performance-linked bonus formula for that fiscal year at a Board meeting held within the same year, based on a review report of the Nomination and Remuneration Advisory Committee obtained in advance. Then, the Company asks the General Meeting of Shareholders to approve the Company's payments of the remuneration amounts calculated by the abovementioned formula to respective directors after the close of the fiscal year in question, together with the approval of the maximum limit on all those payments. When calculating the bonus amount to be paid to each Executive Director, the President conducts an interview with each of them to fix their individual evaluation corresponding to the indicator constituting the approved formula, subject to the specified maximum limit on the total annual value to be given to all Executive Directors. To ensure that the individual evaluation for each Executive Director is properly performed, the President is required to report the evaluation results to the Nomination and Remuneration Advisory Committee.

(2) Remuneration system for fiscal 2021

In order to further enhance the effectiveness of the Company's executive remuneration system, which is linked to the Company's management strategy and encourages sustainable enhancement of corporate value, the executive remuneration system has been partially revised in fiscal 2021, the first year of the Medium-Term Management Plan SHIFT 2023, with the aim of strengthening the Group's governance and increasing its corporate value over the medium to long term.

Specifically, the ratio of the fixed-amount portion of total remuneration has been reduced, while that of the variable portion, consisting of performance-linked bonus and stock-based remuneration, has been increased. Furthermore, the details of performance-linked bonuses and stock-based remuneration have been reviewed.

(A) Levels of remuneration and the remuneration composition ratios for Executive Directors

- To set appropriate levels of remuneration and define the remuneration composition ratios for Executive Directors and Executive Officers, the data on remuneration market research conducted by independent research agencies (e.g., the executive compensation database offered by Willis Towers

Watson) or other objective data are used as reference, and the Company's business environment, management strategies and human resources strategies are taken into consideration.

- The remuneration composition ratio for Executive Directors is set in a way that the ratio of monthly remuneration, performance-linked bonus and stock-based remuneration is as indicated below on the assumption that the Group's consolidated net income and basic profit cash flow are 200 billion yen and that the Company's stock growth rate (meaning the ratio of the Company's stock growth including dividends to the growth rate of TOPIX (Tokyo Stock Price Index)) is 100%.

Remuneration composition ratio

President and Chief Executive Officer:	40:35:25
Other Executive Directors:	47.5:32.5:20

Since these figures are calculated on the assumption that the Company's business performance and share price remain at certain predetermined levels, the remuneration composition ratios may vary due to fluctuations in the Company's actual business performance or share price or due to changes in any other factors.

(B) Performance-linked bonus

With a view to focusing on the relationship between performance-linked bonus and the Group's management strategies, the total annual amount of performance-linked bonus to be paid to all Executive Officers is determined based on the performance management metrics specified in the ongoing medium-term management plan, "SHIFT2023," and the amount to be allocated to each Executive Officer is determined based on their post and individual evaluation and paid after the end of the fiscal year. For their individual evaluation, both financial metrics (consolidated net income, base earnings cash flow or other targets falling within their respective scope of responsibility) and non-financial metrics (degree of execution of business strategies within their respective scope of responsibility, and the degree of attainment in company-level priority challenges such as business innovation through digital transformation (DX), the sophistication of sustainability-oriented management, the promotion of diversity and inclusion, and other relevant targets). In principle, the ratio of the evaluation measured based on financial metrics and the one measured based on non-financial metrics is 50:50.

(C) Restricted Performance Share Unit-Based Remuneration

To drive forward our business management focused on the effort of enhancing the Group's value and shareholder value from medium- to long-term perspectives, the Company will grant its common shares to Executive Directors every year in principle. The numbers of shares to be granted are calculated based on the Company's stock growth rate (meaning the ratio of the Company's stock growth including dividends to the growth rate of TOPIX (Tokyo Stock Price Index)) for a 3-year evaluation period, and the common shares so granted are subject to transfer restrictions. In order to have those Executive Directors share value with our shareholders over the medium to long term, the period for transfer restrictions will last from the date of grant and delivery of the shares until the date of resignation or retirement from all the posts of Director or Executive Officer or any other positions designated by the Board of Directors.

[Supporting System for Outside Directors and/or Audit & Supervisory Board Members]

New

- In order to contribute to essential deliberations at the Board of Directors, the Company supports its Outside Directors and Audit & Supervisory Board Members including Outside Audit & Supervisory Board Members by tasking the Board of Directors secretariat and the Audit & Supervisory Board Members' Administration Department with distributing and explaining in advance documents on each respective agenda to be presented at each meeting of the Board of Directors, and it has appointed a secretary with responsibility for providing the support necessary for Outside Directors to execute their duties. The Company has also established the Audit & Supervisory Board Members' Administration Department as a team dedicated to assisting all Audit & Supervisory Board Members including Outside Audit & Supervisory Board Members with their duties. The department distributes and explains in

- advance documents to be presented at meetings of the Board of Directors, and provides the necessary support as appropriate to enable the Audit & Supervisory Board Members to perform an effective audit.
- 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 Member are also given the opportunity to make a group companies observation visit to a facility in Japan and to an overseas.

[Status of persons retired from Representative Director and President, etc.]

[Names, etc., of advisors ("sodanyaku," "komon," etc.) who have formerly served as Representative Director and President, etc.]

Name	Title/Position	Duties	Working Arrangement / Conditions (Full-time / Part-time, Compensation etc.)	Date of Retirement from President, etc.	Term
Kenji Miyahara	Special Advisor	Engagement only in external activities, such as activities in business communities and activities related to the Sumitomo Group upon the request of the President and Chief Executive Officer	Part-time Unpaid	2001/6/22	Determined
Motoyuki Oka	Special Advisor	Engagement only in external	Part-time Paid	2003/6/22	Determined

		activities, such as activities in business communities and activities related to the Sumitomo Group upon the request of the President and Chief Executive Officer			
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[Total number of advisors (“sodanyaku,” “komon,” etc.) who have formerly served as Representative Director and President, etc.]	2
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[Other Matters]

- The Company appoints those who used to serve as the President and Chief Executive Officer or the Chairmen of the Board of Directors as a special advisor for a definite term.
- Special advisors who are eligible for compensation payment receive compensation commensurate with their duties.

2. Matters on Functions of Business Execution, Auditing, Oversight, Nomination and Remuneration Decisions (Overview of Current Corporate Governance System)

New

<p>[Business Execution]</p> <ul style="list-style-type: none"> ▪ In principle, based on checks and balances, there shall be both a Chairman of the Board of Directors and a President and Chief Executive Officer, and no one individual shall serve as both the Chairman of the Board of Directors and the President and Chief Executive Officer. • The company has introduced an executive officer system to clarify responsibility and authority for business execution. For details on the appointment of Executive Officers, please refer to the description of [Nomination Function, etc.] [Executive Officers] in this section. ▪ The Company’s Management Council serves as a decision-making body at the operational execution level. Its aim in so doing was to incorporate diverse opinions and multilateral discussions into the decision-making process on specific key matters related to management within the scope of its mandate from the Board of Directors. The Management Council, comprising the President and Chief Executive Officer, all the chief officers in the Corporate Group, and all the General Managers of business units, meets once a week in principle. In addition, the Company has established a range of committees to act as advisory bodies to the Chief Executive Officer and the Management Council with regard to specific matters that are particularly important from the perspective of The Company as a whole. The committees include the Company-wide Loan and Investment Committee, the Corporate Strategy Promotion Committee, the Global Innovation Promotion

Committee, the Internal Control Committee, the Compliance Committee, and the Corporate Sustainability Committee.

[Audit & Supervisory Functions]

1. Board of Directors

- The Company positions the role of the Board of Directors as "The board of directors renders decisions concerning key management matters and oversees the operation of the business by the directors and the executive officers" in its Corporate Governance Principles.

- The Corporate Governance Principles state that, as for the number of directors, "The number of directors shall be set within a scope which enables due deliberation and speedy and reasonable decision making by the board of directors. Currently, around 15 directors or less is considered an appropriate number." Currently in actual, the Company has 11 Directors; this means that the structure of the Board of Directors (the functions of which are to supervise business execution and make decisions relating to important management matters) is such that it can conduct substantive, lively discussions and make appropriate decisions speedily. In addition, management responsibilities are made clear each business year, and the term of office for Directors is set at one year so as to respond speedily to changes in the business environment and they are reelected every year when they are reelected.

- The Corporate Governance Principles state that, as for the composition of the Board of Directors, "The composition of the board of directors shall be diverse in terms of experience, knowledge, specialty, gender, etc." and the Company strives to further strengthen the appropriate decision-making and supervisory functions of the Board of Directors from diverse perspectives. Of the current 11 directors, 5 are Outside Directors. Of the 11 directors, 9 are male and 2 are female (both of whom are Outside Directors).

- Of the current 11 directors, the remaining 5, excluding Outside Directors and the Chairman, concurrently serve as Executive Officers. The 5 directors who concurrently serve as Executive Officers have the authority of representation.

- The Chairman of the Board chairs the Board of Directors. For the role and authority of the Chairman of the Board, please refer to the description in [Nomination Function etc.] [Chairman of the Board of Directors] in this section.

- The Board of Directors meets once a month, in principle. In fiscal 2020, the Board of Directors met 21 times (18 times after June 19, 2020).

- In the Board of Directors, which is responsible for supervising the execution of business and making decisions on important management matters, agenda items for the Board of Directors are carefully selected to promote more focused discussion of management policy and plans and other important matters of relevance to companywide management. In May 2020 the Board discussed which items should be taken up for more intensive discussion at meetings of the Board of Directors in FY2020 and reflected them in the subsequent selection of agenda items. To further strengthen its business execution monitoring functions, the Board receives reports from each business unit on the state of progress of its strategy and any associated issues, as well as its response to the issues, with the report followed by a discussion focusing on the relevant issues. The Board also periodically monitors the state of business execution companywide, for instance by receiving reports on the activities of the main corporate committees and portfolio reports covering market fluctuation risk, country risk, and other concentration risks. Moreover, to further enhance the quality of its discussion, the Board of Directors holds off-site sessions for free and frank discussion of important management topics, including management policy and plans and issues in the ESG field.

The main themes of the discussion at the Board of Directors' meeting in FY 2020 were concerning management plan (Examples: Progress review of Medium-Term Management Plan 2020, formulation of Medium-Term Management Plan "SHIFT 2023", periodic reporting by divisions (Progress of divisional strategies, challenges and response policies)) concerning Management Plan, concerning human resources measures (e.g., personnel system reform and promotion of women's participation and career advancement), concerning ESG (Example: Report on the results of the evaluation of the effectiveness of the Board of Directors and improvement measures regarding the enhancement of sustainability management, policies on climate change issues and information disclosure policies on these issues, human rights policies of the Sumitomo Corporation Group, and the fulfillment of the roles of Outside Directors), and various corporate

committee activity reports (Examples: Compliance Committee, IR Committee, Corporate Sustainability Committee, etc.).

▪ Attendance of directors in fiscal 2020 at Board meetings:

Chairman of the Board of Directors Nakamura: 21 times/21 meetings

Director Hyodo: 21 times/21 meetings

Director Nambu: 21 times/21 meetings

Director Yamano: 21 times/21 meetings

Director Seishima: 21 times/21 meetings

Director Shiomi*: 18 times/18 meetings

Outside Director Ehara: 21 times/21 meetings

Outside Director Ishida: 21 times/21 meetings

Outside Director Iwata: 19 times/21 meetings

Outside Director Yamazaki: 21 times/21 meetings

Outside Director Ide*: 18 times/18 meetings

* Appointed as director on June 19, 2020

• Pursuant to Article 427, Paragraph 1 of the Companies Act, the Company has entered into liability limitation agreements with the Chairman of the Board and each of the Outside Directors to limit their liabilities to the extent permitted by laws and regulations in the event that they are without knowledge and without gross negligence.

• The Company has entered into a liability insurance contract for directors' compensation as provided in Article 430-3 paragraph (1) of the Companies Act, which covers all directors as insured persons. Except for those cases that fall under the grounds for exemption provided in the insurance contract, the insurance provider shall compensate directors for any damages, etc. that may arise as a result of either being liable for the performance of their duties or being subject to a claim for such liability. The Company pays all premiums for the insurance policy.

2. Audit & Supervisory Board Members, Audit & Supervisory Board and Accounting Audit • Audit Board of Directors consists of 5 members: 2 full-time Audit & Supervisory Board Members inside the Company and 3 part-time Audit & Supervisory Board Members outside the Company. Eligibility for the role of Internal Audit & Supervisory Board Members and External Audit & Supervisory Board Members is as set forth in [Audit & Supervisory Board Members] of [Nomination Functions, etc.]. Experience and ability for the role of External Audit & Supervisory Board Members are as set forth in [Reasons for Appointment] of [Audit & Supervisory Board Members].

• The Audit & Supervisory Board has established Audit's policies, division of duties, etc., and receives reports on the status of implementation and results of Audit from each Audit & Supervisory Board Members, as well as reports on the status of execution of their duties from the Directors, etc. and the Accounting Auditors, and requests explanations as necessary. In fiscal 2020, our group addressed the following issues as priority areas for Audit, taking into account (1) rising awareness of social sustainability (sustainability/ESG), (2) dramatic progress in a data-driven society typified by DX and the consequent increase in information security risks, and (3) the dramatic changes in the business environment caused by changes in lifestyles and values triggered by the global spread of the COVID-19 pandemic.

(1) Status of compliance with the Companies Act, other laws and regulations, the Company Articles of Incorporation, internal rules, and the Sumitomo Corporation Group's Management Principles and Conduct Guidelines

(2) Construction and operation status of Internal Control Corporation Group's such as legal compliance system, risk management system, etc.

(3) Establishment and operation of Internal Control for Financial Reporting in accordance with the Financial Instruments and Exchange Act

(4) Accounting Appropriateness of financial reporting through Accounting Auditor's independence, expertise, and monitoring and verification of Accounting Audit's quality management system

• Audit & Supervisory Board Member attends meetings of the Board of Directors and other important meetings, receives reports on the status of the execution of his/her duties from directors and employees, requests explanations as necessary, examines important approval documents and other documents, and investigates the status of business and assets with respect to headquarters and major business locations. In addition, with regard to Subsidiary, the Audit & Supervisory Board Member communicates with and exchanges information with Directors and audit & supervisory board members of Subsidiary, and receives business reports from Subsidiary as necessary.

• As an organization dedicated to assisting the duties of the role of Audit & Supervisory Board Members, the Audit & Supervisory Board Members' Administration Department (4 members) has been established. The Audit & Supervisory Board Members is involved in personnel evaluation and personnel changes of the Audit & Supervisory Board Members' Administration Department members, and secures the independence of the members of the Audit & Supervisory Board Members' Administration Department from the Directors.

The Company's accounting audit was conducted by Toshiya Mori, Isao Kamizuka and Kenji Kasashima. All three are certified public accountants at KPMG AZSA LLC, and each has audited the Company's accounts continuously for no more than seven years. A total of 71 people assisted with the accounting audit; they comprised 33 certified public accountants, 18 assistant accountants (who have passed the CPA examination) and others, and an additional 20 people. For further details refer also to the sections of this report entitled "Cooperation among Audit & Supervisory Board Members, Accounting Auditors, and Internal Audit Departments" and "Supporting System for Outside Directors and/or Audit & Supervisory Board Members."

[Nomination Function, etc.]

[Overall]

- The Company has established the Nomination and Remuneration Advisory Committee, an advisory body to the Board of Directors chaired by an Outside Director, the majority of whose members are Outside Directors.
- Refer to the Company's standards related to the independence of Outside Directors and Outside Audit & Supervisory Board Members from the Company, which are made public on its website.

(https://www.sumitomocorp.com/jp/-/media/Files/hq/about/governance/detail/outdirec_independ.pdf?la=en)

[Nomination and Remuneration Advisory Committee] Regarding the composition, matters to be deliberated, etc. of the Nomination and Remuneration Advisory Committee as an advisory body to the Board of Directors, refer to the section entitled "II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management" under "1. Organizational Composition and Operation [Director Remuneration]," "Committee's Name, Composition and Attributes of Chairperson," and "Supplementary Explanation."

[President and Chief Executive Officer]

- The President and Chief Executive Officer shall be responsible for the overall management of the Company.
- Appointment criteria (qualities, competences, experience, etc.)

The President and Chief Executive Officer shall be a person who personifies the Sumitomo business philosophy, has the following qualities and competences required for the President and Chief Executive Officer, and has global and diverse experience and achievements in business operation and company management:

- Being fair and impartial and being disciplined and self-controlled
- Having leadership and the ability to get messages across
- Having foresight and the ability to develop strategies
- Having the ability to get things done and to make innovative changes
- Possessing perseverance and mental fortitude

Any revision of the appointment criteria described above shall be determined by a resolution of the Board of Directors following the Nomination and Remuneration Advisory Committee's deliberations and submission of the deliberation results to the Board of Directors.

- Policy and Procedure for Appointment

A new President and Chief Executive Officer shall be appointed by a resolution of the Board of Directors after the Nomination and Remuneration Advisory Committee nominates candidates for the post of President and Chief Executive Officer based on the appointment criteria listed above and selects from among the

nominated candidates the person who is considered best suited to enhance the Company's corporate value as the new President and Chief Executive Officer, at the appropriate timing in light of the term of the President and Chief Executive Officer (not exceeding six years in principle) and submits nominations to the Board of Directors as recommendations.

- Policy and Procedure for Dismissal

In light of the appropriate evaluation of the Company's performance and other aspects, if the President and Chief Executive Officer is considered not properly fulfilling his/her function, the Nomination and Remuneration Advisory Committee shall, at a meeting to be convened by its Chairperson (which meeting shall not be attended by the President and Chief Executive Officer), deliberate whether or not to dismiss the President and Chief Executive Officer and shall report the deliberation results to the Board of Directors. The Board of Directors shall then decide by a resolution whether or not to dismiss the President and Chief Executive Officer.

- Policy and Procedure for Appointment of Successor President and Chief Executive Officer after Dismissal

■ A successor President and Chief Executive Officer shall be appointed by a resolution of the Board of Directors after the Nomination and Remuneration Advisory Committee deliberates on, and recommends to the Board of Directors, the person who is considered best suited to serve as the successor President and Chief Executive Officer.

■ If the Board of Directors cannot immediately appoint a successor President and Chief Executive Officer, the person who is required to exercise the authority to act on behalf of the President and Chief Executive Officer stipulated under an internal rule, shall exercise the authority to execute operations on behalf of the President and Chief Executive Officer, and the procedure for appointing a new President and Chief Executive Officer shall be carried forward as promptly as possible.

[Executive Officers]

- Executive Officers are in principle appointed by means of selection from among those holding managerial positions under the Company's employment grade system. The appointment is determined by a resolution of the Board of Directors based on recommendations from a superior.

- The dismissal of the Executive Officer is determined by a resolution of the Board of Directors as stipulated under Company regulations.

- Candidates for the post of Executive Officer are required to be persons of high integrity with deep insights and excellent abilities and to possess professional knowledge and extensive experience including management experience. Factors such as gender or nationality are not taken into consideration.

[Directors]

- In order to ensure objectivity and transparency of procedures, the nomination of a candidate for the post of Director is deliberated by the Nomination and Remuneration Advisory Committee, resolved by the Board of Directors following the submission of deliberation results by the committee and then proposed at the general meeting of shareholders as an agenda item.

- Candidates for the post of internal Director are required to be persons of high integrity with deep insights and excellent abilities and to possess professional knowledge and extensive experience including management experience. Factors such as gender or nationality are not taken into consideration.

- Candidates for the post of Outside Director are required to be persons of high integrity with deep insights and excellent abilities and to possess extensive knowledge and experience, accompanied by an outstanding track record in any specialized field, in light of the Company's need to ensure diverse perspectives. Factors such as gender or nationality are not taken into consideration.

[Chairman of the Board of Directors]

- Role and Responsibilities

The Chairman of the Board of Directors shall convene a meeting of the Board of Directors and preside as chairman at the meeting. The Chairman of the Board of Directors shall also be engaged in external activities, such as activities in business communities and activities related to the Sumitomo Group.

The Chairman of the Board of Directors shall supervise the management of the Company and have no representative powers and no authority to execute business operations.

- Policy and Procedure for Appointment

A new Chairman of the Board of Directors shall be appointed by a resolution of the Board of Directors after the Nomination and Remuneration Advisory Committee deliberates on, and recommends to the Board of Directors, the person who is considered best suited to fulfill the role and responsibilities stipulated above, at

the appropriate timing in light of the term of Chairman of the Board of Directors (not exceeding six years in principle).

▪ Policy and Procedure for Dismissal

If the Chairman of the Board of Directors is considered not properly fulfilling his/her role and responsibilities, the Nomination and Remuneration Advisory Committee shall, at a meeting to be convened by its Chairperson (which meeting shall not be attended by the Chairman of the Board of Directors), deliberate whether or not to dismiss the Chairman of the Board of Directors and shall report the deliberation results to the Board of Directors. The Board of Directors shall then decide by a resolution whether or not to dismiss the Chairman of the Board of Directors.

▪ Policy and Procedure for Appointment of Successor Chairman of the Board of Directors after Dismissal

■ A successor Chairman of the Board of Directors shall be appointed by a resolution of the Board of Directors after the Nomination and Remuneration Advisory Committee deliberates on, and recommends to the Board of Directors, the person who is considered best suited to serve as the successor Chairman of the Board of Directors.

■ However, if the Board of Directors cannot immediately decide on a successor Chairman of the Board of Directors, another director shall act as the convener and chairman of meetings of the Board of Directors in place of the Chairman of the Board of Directors, in the order which shall be separately decided by the Board of Directors and in which the directors shall exercise their authority to act on behalf of the Chairman of the Board of Directors, and the procedure for appointing a successor Chairman of the Board of Directors shall be carried forward as promptly as possible.

[Audit & Supervisory Board Members]

▪ In order to ensure objectivity and transparency of procedures, the nomination of a candidate for the post of Audit & Supervisory Board Member is deliberated by the Nomination and Remuneration Advisory Committee, resolved by the Board of Directors following the submission of deliberation results by the committee and proposed at the general meeting of shareholders as an agenda item after obtaining the approval of the Audit & Supervisory Board.

▪ Candidates for the post of internal Audit & Supervisory Board Member are required to be persons of high integrity with deep insights and excellent abilities and to possess professional knowledge and extensive experience in business, regardless of gender or nationality.

▪ Candidates for the post of Outside Audit & Supervisory Board Member are required to be persons of high integrity with deep insights and excellent abilities and to possess highly professional knowledge and a wealth of experience in a specialized field such as law, accounting, or business management, among others. Factors such as gender or nationality are not taken into consideration.

[Remuneration Decision-making Function]

▪ Remuneration for the Company's Directors is decided by the Board of Directors within the scope of the overall amount approved by resolution of the general meeting of shareholders.

▪ The Company has established the Nomination and Remuneration Advisory Committee chaired by an Outside Director, within which Outside Directors comprise a majority, to serve as an advisory body to the Board of Directors. The committee reviews the formula and level of remuneration and bonuses for Directors and Executive Officers and the limit of remuneration for Audit & Supervisory Board Members, and reports the results of its review to the Board of Directors.

3. Reasons for Adoption of Current Corporate Governance System

New

The Company believes that it is the most appropriate system for the Company by reinforcing the supervisory and monitoring function of management oversight by electing independent Outside Directors and Outside Audit & Supervisory Board Members and by establishing the Nomination and Remuneration Advisory Committee, comprised mainly of independent Outside Directors, under an audit & supervisory board member system. The Company has elected multiple independent Outside Directors (five individuals) with a wealth of experience and a high degree of specialized knowledge and expertise in different fields. This ensures appropriate decision-making in board meetings and further reinforces the oversight function through further diverse perspectives. Also, the Company has established the Nomination and Remuneration Advisory Committee (chaired by an Outside Director) as an advisory body of the Board of Directors in which the

majority of members are Outside Directors. This enhances independence, objectivity and transparency of the Board of Directors' function with respect to nomination and remuneration of Executive Officers. To strengthen the oversight framework from an external perspective, the Company has three independent Outside Audit & Supervisory Board Members who are one legal expert (a former President of Osaka High Court), one accounting expert, and one member with experience in corporate management and as a full-time auditor of a publicly-listed company out of the five members of the Audit & Supervisory Board, thereby ensuring an auditing system that incorporates a diversity of perspectives. In addition to attending meetings of the Board of Directors, Audit & Supervisory Board Members are permitted to attend all internal meetings, enabling them to obtain sufficient information essential for auditing by always participating in important meetings. By implementing the measures above, the Company believes that it has developed an effective, enhanced corporate governance system.

While valuing its management culture as a Japanese corporation, the Company intends to continue deliberating on the most appropriate form of corporate governance for its own circumstances. In doing so, it will take into account global trends and developments in corporate legislation and use the best aspects of corporate governance in other countries for reference.

III. Implementation of Measures for Shareholders and Other Stakeholders

1. Measures to Vitalize the General Shareholder Meetings and Smooth Exercise of Voting Rights

	Supplementary Explanations
Early Notification of General Shareholder Meeting	The Company sends out its Notice of Convocation for the general meeting of shareholders approximately three weeks prior to the meeting.
Scheduling AGMs Avoiding the Peak Day	The Company holds its general meeting of shareholders early, avoiding the “peak” day.
Allowing Electronic Exercise of Voting Rights	The Company has allowed shareholders to exercise their voting rights via the Internet since 2004, and via the Internet using mobile phones since 2005.
Participation in Electronic Voting Platform	The Company uses the Electronic Voting Platform for institutional investors operated by Investor Communication Japan, Inc. (ICJ), allowing institutional investors sufficient time to examine propositions.
Providing Convocation Notice in English	The Company prepares an English-language translation of the Notice of Convocation, which it posts on its website.
Other	Before sending a Notice of Convocation to shareholders by postal mail, the Company makes it available for viewing on its website for their reference. In addition, the Company live-streams the General Meeting of Shareholders for shareholders on internet. The video of the meeting can be viewed on its website for a certain period after the close of the meeting.

New

2. IR Activities

	Supplementary Explanations	Explanation by Representative
Preparation and Publication of Disclosure Policy	The Company has set down a Corporate Disclosure Policy and made it public in Japanese and English on the Company's website. (https://www.sumitomocorp.com/ja/jp/about/governance/detail/disclosurepolicy)	
Regular Investor Briefings for Individual Investors	The Company periodically holds briefings in various cities in Japan. In fiscal 2020, the Company held 4 online briefings.	No
Regular Investor Briefings for Analysts and Institutional Investors	Following the announcement of financial results (after the end of each quarter and each fiscal year), the Company holds briefings for analysts and institutional investors in Japan in a timely manner. In addition, the President and the CFO jointly host small meetings on a semiannual basis. The Company holds site tours to invite stakeholders to the Company's business sites on a regular basis and other events including Investor Day and ESG briefings from time to time.	Yes
Regular Investor Briefings for Overseas Investors	The Company dispatches the President, the CFO, the CSO, and the General Manager of the Investor Relations Department overseas to hold one-on-one meetings with institutional investors in Europe, North America and Asia, among others. (In fiscal 2020, 33 one-on-one meetings were held at 7 roadshows in total in North America, Europe and Asia.) In addition, the Company holds one-on-one meetings with managers who are in charge of exercising voting rights for institutional investors (shareholder relations (SR) activities) in Japan, Europe and North America and ESG briefings with overseas investors. (In fiscal 2020, 8 one-on-one meetings were held mainly in Europe.)	Yes
Posting of IR Materials on Website	The Company posts materials that may be useful for investors to make investment decisions or otherwise on its website in a timely manner. These materials include financial results, Tokyo Stock	

	Exchange filings other than financial results, annual securities reports, quarterly reports, company briefing materials, integrated reports, Notices of Convocation for the general meetings of shareholders, and business reports.	
Establishment of Department and/or Manager in Charge of IR	The Company has established the Investor Relations Department as the department in charge of IR activities, which is jointly managed by CSO and CFO and plans and implements a range of IR and SR activities.	
Other		

New

3. Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanations
Stipulation of Internal Rules for Respecting the Position of Stakeholders	<p>The Sumitomo Corporation Corporate Governance Principles stipulate the Company's policy with regard to respecting the positions of stakeholders. The Corporate Disclosure Policy is also established. The Japanese version and the English version of the Policy are available on the website of the Company. (https://www.sumitomocorp.com/ja/jp/about/governance/detail/disclosurepolicy)</p>
Implementation of Environmental Activities, CSR Activities etc.	<p>Based on the business philosophy of Sumitomo and the Sumitomo Corporation Group's management philosophy, we have identified six Materiality (material issues) that should be addressed through our business activities on a priority basis, making use of our strengths, in order to achieve sustainable growth together with society, and we practice sustainability management.</p> <p>In June 2020, we established 6 "Important Social Issues" and "Long-term Objectives" that our group must address in order to realize a sustainable society. In May 2021, we established the "Medium-term Objectives" that specify the action plan for these issues. The status of achievement of the long-term and medium-term targets for each issue and specific initiatives will be disclosed in the ESG Communication Book and the Integrated Report, which will be revised every year.</p> <p>Among the "Important Social Issues," "climate change mitigation," in particular, was announced externally in May 2021 after reviewing the "Policy on Climate Change Issues" in light of the global situation surrounding climate change. The new policy sets forth specific policies for our company's coal-fired power generation and thermal coal mine development projects, as well as a path toward becoming carbon neutral. The new policy clearly states that the company's business portfolio will have less impact on the environment. The Company will take various measures including this new policy and continue to make further efforts from the perspective of managing risks related to climate change issues appropriately, preventing damage to corporate value, and utilizing change as an opportunity for sustainable growth.</p> <p>*For details on Materiality, please refer to this page. (https://www.sumitomocorp.com/ja/jp/sustainability/material-issues)</p> <p>*Please refer to this page for important social issues and long-term objectives. (https://www.sumitomocorp.com/ja/jp/sustainability/management)</p> <p>*Please refer to this page for the medium-term objectives. (https://www.sumitomocorp.com/ja/jp/news/release/2021/group/14710)</p>

	<p>*The ESG Communication Book is available here. https://www.sumitomocorp.com/ja/jp/sustainability/report</p> <p>*Please refer to here for the consolidated report. https://www.sumitomocorp.com/ja/jp/ir/financial/investors-guide/2020</p> <p>*For more information on our company's social contribution activities, please refer to this website. https://www.sumitomocorp.com/ja/jp/sustainability/contribution</p>
Development of Policies on Information Provision to Stakeholders	<p>The Sumitomo Corporation Corporate Governance Principles stipulate that the Company strives to actively disclose information to stakeholders and to ensure that information is disclosed in full. The Corporate Disclosure Policy is also established. The Japanese version and the English version of the Policy are available on the website of the Company. https://www.sumitomocorp.com/ja/jp/about/governance/detail/disclosurepolicy</p>
Other	<p>[Policies on human resources development to ensure diversity and policies on improvement of diversity-oriented working environments, and the progress of implementing these policies]</p> <ul style="list-style-type: none"> • Formulation of the Global HR Management Policy <p>The Company formulated the Global HR Management Policy (the “HR Policy”) in 2020.</p> <p>The HR Policy presents a vision for global human resources management and the relevant mindset and serves as the foundation for all HR initiatives implemented by the Company. By leveraging the HR Policy, our HR management aims to foster actors who will lead the creation of new value.</p> <ul style="list-style-type: none"> • Diversity and inclusion <p>In the HR Policy, “diversity and inclusion” (D&I) is defined as the driving force for the creation of new value, innovation, and a source of competitiveness. We are working toward the elimination of all barriers to diversity and inclusion and pursuing the realization of the vision for global HR management by fully utilizing the mix of intelligence and wisdom.</p> <ul style="list-style-type: none"> • Talent development policy

The HR Policy states that the Sumitomo Corporation Group values the fundamental significance of talent development and encourages individuals to grow proactively by continuously learning with a heightened sense of awareness. In other words, our human resources development requires that all of us continue learning, regardless of age or job position, and emphasizes abilities that one can acquire through accumulating experience (e.g., capabilities, thoughts, values, core skills). The Company and senior managers seek to find and offer customized talent development plans based on each employee's characteristic features and experience.

[Stance to ensure diversity in personnel in senior positions]

- Active participation by women

In line with the national policy to promote active female participation in society, the Company aims to raise the percentage of women in management roles to over 20% and the percentage of women in general manager and equivalent positions to over 10% by fiscal 2030. Since we agree with the challenge toward 30% by 2030 published by the Japan Economic Federation in March 2021, the Company aims to increase the share of women Directors and Audit & Supervisory Board Members to over 30%. To achieve these numerical targets, we are pursuing more enhanced personnel development, assignment and appointment, and recruitment and retention and ensuring work environments where every individual can maximize their abilities, based on a new human resources system to be launched in fiscal 2021.

To improve work environments in the context of promoting active female participation, the Company is advancing various efforts both in terms of infrastructures and systems (e.g., enhancing work-life balance support programs) and in terms of information, awareness and mindsets (e.g., raising awareness and encouraging rethinking among employees). Some of those efforts are more specifically described as follows.

- Introduction of a support program for female employees accepting an overseas assignment accompanied by their children (2014)

- Distribution of a handbook to employees to support balance between work and childcare or family care (2016)
- Launch of childcare consultation services (2018)
- Introduction of a telework program and a super flex program (2018)
- Provision of unconscious bias training and various other seminars (2018)

Since these continued efforts had been highly acclaimed, the Company was awarded Platinum “Kurumin” certification by the Minister of Health, Labour and Welfare in June 2015. In accordance with Japan’s Act on Promotion of Women's Participation and Advancement in the Workplace, the Company has formulated and been implementing action plans aiming at encouraging greater female participation in the Company’s business. Owing to this, the Company was certified by the Minister of Health, Labour and Welfare as an “Eruboshi” company of the second-highest class in May 2016. In March 2021, the Company was selected as a Nadeshiko Brand under a program jointly operated by the Ministry of Economic, Trade and Industry and the Tokyo Stock Exchange.

The data about women serving in Sumitomo Corporation as of April 1, 2021 are as follows:

Number of female corporate officers: 2

Percentage of female employees: 26.3%

Percentage of women in key career track positions: 11.0%

Percentage of women in managerial roles: 7.5%

- Recruitment and assignment of foreign personnel

To reinforce the efforts to secure and foster personnel for promoting global business development, the Company is active in assignment and education of employees serving in business establishments outside Japan and other group companies.

- The Company's on-the-job training (OJT) adopts the succession planning process with the intention of fostering personnel from long-term perspectives. Recently, assignment to important posts occurs not only in the form of internal transfer within each organization, but also in the form of transfer, reassignment or rotation across multiple business establishments or through personnel exchange between business companies. This prompts the Company to advance personnel development on a global basis.

- For off-the-job training (Off-JT), we effectively utilize both region-specific HR development programs and global programs common in the entire Group.

- We usually implement stratified training programs in Tokyo for our employees, including personnel invited from various locations in the world, and the total number of participants is around 300 every year. In fiscal 2020, however, all such programs were offered online due to spread of the COVID-19 pandemic.

- Mid-career employment

Business environments are constantly and rapidly changing. To survive in the era of such revolutionary change, we must venture into new business fields and expand and sophisticate established businesses.

To push ahead such efforts, the Company may hire new professional personnel, rather than assigning existing personnel only. Such mid-career personnel are recruited from those who have acquired a high level of expertise or knowledge through business experience in other industries or

business segments. Almost all mid-career personnel who have joined the Company as career-track employees are assigned to managerial positions in the Company. Their track records cover a wide variety of fields, ranging from attorneys-at-law, certified public accountants and other licensed or qualified persons to managers or engineers from manufacturing, financial, media, information technology or other industries. By exploiting their skills and expertise developed in their previous career, such mid-career personnel are active on the front lines of the Company's business.

- Development of an environment where diverse individuals can perform at their highest level

In September 2018, the Company developed the "Declaration of Iki-iki Waku-waku Health and Productivity Management" for the Sumitomo Corporation Group based on the concept that a healthy mind and body is essential for each employee to perform at their highest level and is the foundation for the continuous creation of new value. The Company set three main pillars for health and productivity management: "Improvement of health literacy," which will enable employees to continue to work energetically, "Reassurance in emergencies," which provides reassurance that employees will be taken care of when they become ill, and "Global medical support," which is unique to trading companies. With these three pillars, the Company will further promote health and productivity management in accordance with the aforementioned Declaration.

To encourage and support output-oriented ways of working that can generate high value, the Company introduced a telework program and a super flex program in November 2018. This constitutes our efforts to ensure work environments where diverse individuals can maximize their own abilities. Since such programs have been steadily operated and company-wide efforts including awareness raising activities have been successfully implemented, the Company became one of "Top Hundred Telework Pioneers" in 2019, as selected by the Ministry of Internal Affairs and Communications. In 2020, the Company earned an award of excellence in the Minister of Health, Labour and Welfare Award for Enterprises Promoting Telework. Amid the protracted pandemic of COVID-19, the organizations and their individual members alike endeavor to find better work styles to optimize the benefits of both in-office work and remote work,

	without compromising the commitment to business continuity and business development.
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IV. Matters Related to the Internal Control System

1. Basic Views on Internal Control System and the Progress of System Development

The Company's Board of Directors approved the development of the systems (internal control systems) set forth in the Companies Act, Article 362, paragraph (4), item (vi), described below.

In addition, the Internal Control Committee assessed the implementation of the approved internal control systems, confirmed that these internal control systems are functioning effectively, and reported this fact at the Board of Directors' meeting.

The Company will establish and implement, as described in the following, systems to ensure that the Company's Directors comply with laws and regulations and the Company's Articles of Incorporation in the execution of their duties, and other systems necessary to ensure the properness of the operations of the Company and operations of group of enterprises consisting of the Company and its subsidiaries (these systems are hereinafter referred to collectively as the "Internal Control System").

The Internal Control System based on this resolution has already been established and implemented, but henceforth the Company will endeavor to establish a superior system in line with requests made from time to time based on ongoing reevaluations.

1. Systems for ensuring that the execution of duties by Directors and employees complies with laws and regulations and the Articles of Incorporation:
 - In addition to explicitly requiring compliance with laws and regulations under the "Corporate Mission Statement" of the Sumitomo Corporation Group, the Company will set forth important items that are to be observed with particular strictness from the viewpoint of compliance as "Sumitomo Corporation Group Compliance Policy," and a "Compliance Manual" will be prepared and distributed to all officers and employees.
 - The Company will require all officers and employees to provide a written "Confirmation of Compliance" with the purport of rigorously assuring strict compliance with laws and regulations.
 - Based on the Company's internal rules, a "Chief Compliance Officer," a "Compliance Committee," "Compliance Leaders," and a "Speak-Up System" will be created.
 - The Chief Compliance Officer will supervise the handling of potential and verified compliance violations, will implement measures to ensure compliance, and will deal with matters brought to light via the "Speak-Up System."
 - The Compliance Committee will formulate and propose compliance-related measures, and will offer advice to the Chief Compliance Officer on the implementation of these compliance-related measures.
 - Compliance Leaders will rigorously assure compliance in each business unit and domestic and overseas office from a position close to the front lines, and they will also conduct activities relating to compliance enlightenment.
 - Routes will be secured via the Speak-Up System that enable employees and officers to communicate information on compliance directly to the Chief Compliance Officer, with the Legal Compliance Department, Audit & Supervisory Board Members, outside professionals, and outside attorneys serving as liaisons.
2. Systems for retaining and managing information pertaining to the Directors' execution of their duties:
 - Important documents with regard to meetings of each type, including minutes of meetings of the Board of Directors, and information pertaining to the execution of duties and decision-making will be properly preserved and managed under internal rules regarding the respective matters.
 - Steps will be taken under internal rules to prevent divulgence of information to third parties or other misuse of information.
 - Important documents pertaining to the Directors' execution of their duties will be made available for review in a timely manner when requested by an Audit & Supervisory Board Member.
3. Rules and other systems pertaining to the management of risk of loss:
 - The Company defines "risk" as "the possibility of losses due to the occurrence of anticipated or unanticipated situations," and also as "the possibility of not achieving the expected return on business activities." The Company has set the following three items: "stabilize performance," "strengthen

financial base” and “maintain corporate reputation” as the goals of its risk management activities. The Company categorizes its business activities into investments and commercial transactions and manage risk after identifying both common and category specific risk factors. Furthermore, the Company will continue to evolve its risk management activities in order to adequately respond to changes in external environment and the development of new business models.

- The sections of the Corporate Group will build a framework, conduct monitoring, and implement improvements regarding risk management across all levels of the Company through the formulation of internal rules pertaining to the respective areas of operational responsibility and the formulation of risk management policies, methods, and guidelines. In addition, they will strive to improve risk management through the preparation and distribution of manuals and training activities as appropriate. All business units and other sections conducting business will carry out risk management required for the conduct of individual cases under this company-wide framework.
 - An “Internal Control Committee” will be instituted and will carry out overall management and timely evaluation of internal controls as a whole on a consolidated basis, along with the identification of important issues with respect to internal controls and the drafting and implementation of basic policies for improvement. In addition, this committee will maintain and improve the Internal Control System and deal with the internal control reporting system based on the Financial Instruments and Exchange Law.
 - A “Company-wide Loan and Investment Committee” will be established as an advisory organ to the “Management Council,” which serves as a decision-making body and will carry out deliberations regarding important rules, systems, and the like for risk management and regarding important investment and financing cases.
 - A “Corporate Sustainability Committee” will be established as an advisory body to the “Management Council,” which serves as a decision-making body and discusses important policies, measures, and initiatives relating to the promotion of sustainability.
 - Plans for restoration of operations will be set forth to enhance preparedness for disasters and other crisis situations.
 - An “Internal Auditing Department” will be established under the direct supervision of the President and Chief Executive Officer as an independent body for company-wide monitoring of operations, and its auditing will apply to all organizations within the Company and in its domestic and overseas subsidiaries. The results of internal auditing will be reported directly to the President and Chief Executive Officer each month and will also be reported regularly to the Board of Directors.
4. Systems for ensuring the efficient execution of the Directors’ duties:
- The size of the Board of Directors will be sufficient to enable full discussions and speedy and reasonable decision-making.
 - Two or more Outside Directors will be elected so that through their diverse perspectives, the Company can ensure appropriate decision-making in the meeting of the Board of Directors and further enhancement of supervisory functions.
 - A system of Executive Officers will be introduced in order to clarify responsibility and authority for the execution of operations and to endeavor for the strengthening of the supervisory functions of the Board of Directors.
 - With the exceptions of the Chairman of the Board of Directors and Outside Directors, all Directors will, in principle, be Representative Directors, and will hold concurrent posts as Executive Officers.
 - Management responsibilities will be made clear each business year, and the term of office for Directors will be set at one year so as to respond speedily to changes in the management environment.
 - The terms of office of the director serving as the Chairman of the Board of Directors and of the executive officer serving as the President and Chief Executive Officer will not, in principle, exceed six years each.
 - A “Nomination and Remuneration Advisory Committee” composed of a majority of outside directors will be established as an advisory organ to the Board of Directors. The Nomination and Remuneration Advisory Committee deliberates on the following matters and submits the results thereof as recommendations to the Board of Directors:
 - (1) Policy and procedure for appointment and dismissal of the President and Chief Executive Officer
 - (2) Policy and procedure for appointment and dismissal of the Chairman 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 nominating

- successors to the President and Chief Executive Officer)
- (5) Nominations of candidates for Directors and Audit & Supervisory Board Members (including deciding Representative Directors and Executive Directors)
 - (6) Appointment of members of the Management Council
 - (7) Structure and level of remuneration and bonuses for Directors and Executive Directors, as well as limits for remuneration of Audit & Supervisory Board Members
 - (8) Advisor system.
- In addition to the Management Council as a decision-making body, various committees will be established as advisory organs. In addition, “Liaison Meetings” and various other conferences will be instituted for the exchange of information.
 - A medium-term management plan will be formulated and a budget will be compiled to set goals. In addition, a performance management system will be introduced in order to ascertain the state of General Managers’ execution of operations and to serve in the formulation of strategies for the future.
 - Under internal rules, agenda items requiring discussion by the Board of Directors will be specified in writing, and the job responsibilities of officers and employees will be made clear; in addition, the decision-making authority of officers and employees regarding important matters will be specified in writing.
5. Systems for ensuring the properness of operations by the corporate group comprising the Company and its subsidiaries:
 - The Corporate Mission Statement of the Sumitomo Corporation Group promotes compliance with laws and regulations and the sharing of values to be respected throughout the Group.
 - Under internal rules, the Company will set forth the “important management issues” regarding which subsidiaries and other consolidated companies are to report to and consult with the Company. In addition, the Company will manage subsidiaries and other consolidated companies through the dispatch of directors, audit & supervisory board members, and employees and other personnel assigned to execute operations.
 - The Company will carry out support so that internal controls are created, operated, evaluated, and improved appropriately at its subsidiaries and other consolidated companies.
 - Internal audits of subsidiaries and other consolidated companies of which the Company is the managing entity will be conducted in accordance with internal rules.
 - The Company will support its subsidiaries and other consolidated companies to construct a framework for risk management, including risk management policies, methods, guidelines, regulations, etc., and to make necessary improvements thereto.
 - Subsidiaries will be instructed to develop systems for complying with laws and regulations in the same strict manner as the Company, including through aiming to familiarize and implement “Sumitomo Corporation Group Compliance Policy,” the expansion of the “SC Global Speak-UP” system (an internal whistle-blowing system for Sumitomo Corporation group companies), the establishment of a Compliance Committee, and the preparation/distribution of a Compliance Manual.
 - The Company will ascertain its consolidated performance, including that of subsidiaries, promptly and accurately on a monthly basis, and it will carry out performance management in detail.
 6. Matters regarding personnel assigned to support the operations of Audit & Supervisory Board Members:
 - An “Audit & Supervisory Board Members’ Administration Department” will be established to support the operations of the Audit & Supervisory Board Members, and several full-time staffers will be assigned to this department.
 - Internal rules will clearly stipulate those persons authorized to issue instructions to the Audit & Supervisory Board Members’ Administration Department and the responsibilities of the Audit & Supervisory Board Members’ Administration Department, and will clearly define the purpose of the Audit & Supervisory Board Members’ Administration Department as an organization for assisting the Audit & Supervisory Board Members in their operations.
 - The personnel evaluations of the members of the Audit & Supervisory Board Members’ Administration Department will be conducted by the Audit & Supervisory Board or an Audit & Supervisory Board Member appointed by the Audit & Supervisory Board. In addition, the Directors shall consult in advance with the Audit & Supervisory Board or an Audit & Supervisory Board Member appointed by the Audit & Supervisory Board and obtain the consent thereof regarding personnel transfers.

7. Systems for reporting to Audit & Supervisory Board Members:
 - Audit & Supervisory Board Members may attend all meetings, including those of the Management Council. In addition, the Chairman of the Board of Directors, the President and Chief Executive Officer, and the Audit & Supervisory Board Members will meet regularly.
 - Important materials pertaining to the execution of operations involving the Company, its subsidiaries and other consolidated companies will be delivered to the Audit & Supervisory Board Members, and officers and employees will report and give briefings to the Audit & Supervisory Board Members as necessary.
 - Persons submitting the aforementioned reports and persons making contact via the Speak-Up System will not be subjected to adverse treatment due to such reports/contact.

8. Other systems for ensuring that auditing will be carried out effectively by the Audit & Supervisory Board Members:
 - The Outside Audit & Supervisory Board Members will be experts on law, accounting, and the like, and auditing will be implemented from diverse points of view.
 - The Internal Auditing Department will maintain close contact with the Audit & Supervisory Board Members so as to contribute to effective auditing by the Audit & Supervisory Board Members, such as by reporting the plans and results of internal audits to the Audit & Supervisory Board Members in a timely manner.
 - The Audit & Supervisory Board Members will endeavor to ascertain the audit activities of the Accounting Auditor responsible for auditing the Company's financial results and exchange information by holding regular meetings, and will endeavor to efficiently and qualitatively improve the audit activities of the Accounting Auditor such as by attending audit evaluation meetings, and being present for inventory audits.
 - In order to pursue their duties appropriately, the Audit & Supervisory Board Members will endeavor to communicate and exchange information with the subsidiaries' audit & supervisory board members, such as by conducting liaison meetings with them.
 - Internal rules will clearly stipulate the methods for handling the expenses and liabilities incurred by Audit & Supervisory Board Members in the execution of their duties.

2. Basic Views on Eliminating Anti-Social Forces

One of Sumitomo Corporation's Activity Guidelines is "to comply with laws and regulations while maintaining the highest ethical standards." To ensure that this is put into practice, the Company makes all personnel aware of its basic policy of not yielding to anti-social forces*, but confronting them resolutely, which is set out in the compliance manual distributed to all officers and employees. In line with this basic policy, the Company has put an internal system in place to preclude relationships with anti-social forces, as detailed below.

- Within the department in charge of general affairs, the Company has appointed an individual responsible for handling unreasonable demands from anti-social forces. This individual oversees the response if any unreasonable demands are received, while gathering and centrally managing related information.
- The Company has prepared a manual on responding to anti-social forces, and provides relevant educational programs for its personnel including regular training sessions.
- The Company has forged close partnerships with external specialists, such as the police and attorneys. It monitors and manages compliance when individual organizational units respond to anti-social forces.

* "Anti-social forces" is the term used in Japan to refer to organized crime groups and similar entities.

V. Other

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not Adopted
Supplementary Explanation	
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2. Other Matters Concerning to Corporate Governance System

The Sumitomo Corporation Corporate Governance Principles stipulate that the essence of corporate governance is improving management efficiency and maintaining sound management, while ensuring management transparency in order to secure these two aims. Furthermore, the Company makes proactive efforts to disclose corporate information in a timely and appropriate manner. Its Corporate Governance Principles state, "In an effort to bring an accurate understanding of the Company's management policies and business activities to all stakeholders, the Company shall strive to make full disclosure, not limiting itself to the disclosure of information required by law, but also actively pursuing the voluntary disclosure of information." In accordance with this fundamental approach, the Company has instituted internal rules relating to the handling and disclosure of corporate information. In specific terms, these rules stipulate points to bear in mind and internal procedures relating to timely disclosure as prescribed in the timely disclosure rules of the Tokyo Stock Exchange. The Company also endeavors to ensure appropriate management of corporate information, having instituted internal rules to prevent insider trading, among other measures. As a framework for internal information management, it has put an internal system in place to ensure timely and appropriate disclosure by appointing an individual responsible for information handling in the Corporate Group to gather and centrally manage information.

To provide a means of communicating corporate information internally, the Company has enabled business units and other operating entities to enter information related to financial results directly into the accounting system, from which the data is immediately transmitted and aggregated. Moreover, information related to consolidated financial results from subsidiaries and other consolidated companies can also be entered directly into the Company's consolidated financial results system by those companies, enabling rapid transmission and aggregation of the data. The reliability of such information is assured by checking it using appropriate business procedures and internal accounting rules based on generally accepted corporate accounting standards.

Other material corporate information is transmitted to and aggregated in the Corporate Group pursuant to internal rules, and using previously determined means. Information thus gathered is promptly reported to the Executive Officer in charge of information disclosure, and depending on the nature of the information, including its content and materiality, the Executive Officer issues instructions to the individual responsible for information handling regarding whether the information in question requires timely disclosure, and if so, the method to be used. If any inadequacies or difficulties arise with regard to the internal procedures or organization, the relevant departments consult with each other and promptly enact countermeasures.

The Company's internal systems with regard to transmission, and timely and appropriate disclosure, of material corporate information are as detailed above, but the Company is continuing efforts to further improve its internal control systems.

Corporate governance system

