

The following is an unofficial English translation of the Notice of Convocation of the 154th Ordinary General Meeting of Shareholders of Sumitomo Corporation (hereinafter referred to as the “Company”). The Company provides this translation for your reference and convenience only and without any warranty as to its accuracy or otherwise. Please also refer to “Terms and Conditions of Use” on Sumitomo Corporation website.

#### Cautionary Statement Concerning Forward-Looking Statements

Certain statements contained in this notice relating to our future plans, targets, objectives, expectations, operations, performance and other developments, economic prospects, projections of revenue, income, earnings, expenditures or other financial results and intentions constitute forward-looking statements. The forward-looking statements can be identified by the use of words such as “believes,” “expects,” “anticipate,” “should,” “will,” “would,” “plan,” “estimate,” “potential,” “goal,” “outlook,” “may,” “predicts,” “could,” “seek,” “intend,” or the negative of those words and other comparable expressions. The forward-looking statements are based on management's current assumptions and expectations of future events, and are subject to a number of factors and uncertainties that may result in changes in circumstances. Actual results may differ materially from those the Company expected for a wide range of possible reasons, including general industry and market conditions, general international economic conditions and the risk factors identified in our public filings. In light of the many risks and uncertainties, you are advised not to put undue reliance on these statements. The Company may be unsuccessful in implementing its business strategies, and management may fail to achieve its targets. Although the Company believes that the expectations reflected in the forward-looking statements are reasonable, it cannot guarantee future results, events or performances. These forward-looking statements are made as of the date of this notice and the Company is under no obligation -- and expressly disclaims any such obligation -- to update or alter its forward-looking statements.

## NOTICE OF CONVOCATION OF THE 154th ORDINARY GENERAL MEETING OF SHAREHOLDERS

April 1, 2021 through March 31, 2022



**Sumitomo Corporation**

Enriching lives and the world

To All Shareholders,

I wish to express my sincere thanks for the exceptional favor you have always given us.

I express my deepest condolence to all those who suffered from losses due to COVID-19 outbreak, and I would like to wish all those who are still affected by COVID-19 a speedy recovery.

It is my great pleasure to send you the Notice of Convocation of our 154th Ordinary General Meeting of Shareholders (for the fiscal year from April 1, 2021 to March 31, 2022), to be held on June 24, 2022.

I humbly ask that you review the Notice of Convocation which includes the present status of the Sumitomo Corporation Group during the above fiscal year, and explains the propositions that will be put before the Meeting.

June 2022  
Masayuki Hyodo  
President and Chief Executive Officer

#### TABLE OF CONTENTS

<i>To All Shareholders</i>	1
<i>Sumitomo Corporation Group's Management Principles</i>	3
<i>Notice of Convocation of the Ordinary General Meeting of Shareholders</i>	4
<i>Guidance Notes on the Exercise of Voting Rights</i>	6
<i>Reference Documents for the General Meeting of Shareholders</i>	8
<b>Proposition No.1 : Distribution of Retained Earnings as Cash Dividends</b>	(8)
<b>Proposition No.2 : Partial Amendments to the Articles of Incorporation</b>	(8)
<b>Proposition No.3 : Election of Eleven Directors</b>	(11)
<b>Proposition No.4 : Election of One Audit &amp; Supervisory Board Member</b>	(24)
<b>Proposition No.5 : Paying Bonuses to the Company's Directors</b>	(30)
<b>Proposition No.6 : Revision of Amount of Remuneration for Directors</b>	(30)
<i>(Reference) Overview of the Company's Initiatives for Reinforcing Corporate Governance</i>	32
<i>(Reference) Standards for Appointment of Directors and Audit &amp; Supervisory Board Members</i>	40
<i>(Reference) Overview of New Executive Remuneration Plan</i>	43
<i>Business Report (April 1, 2021 through March 31, 2022)</i>	50
<b>I. Particulars regarding the Present Status of the Sumitomo Corporation Group</b>	(50)
<b>II. Particulars regarding the Shares of the Company</b>	(73)
<b>III. Particulars regarding the New Share Acquisition Rights, etc. of the Company</b>	(75)
<b>IV. Particulars regarding the Company's Directors and Audit &amp; Supervisory Board Members</b>	(80)
<b>V. Particulars regarding the Company's Accounting Auditor</b>	(96)
<b>VI. Systems Necessary to Ensure the Properness of Operations of the Company</b>	(97)
<i>(Reference) Sumitomo Corporation Group's Key Social Issues and Medium- and Long Term Goals</i>	105
<i>Consolidated Financial Statements</i>	108
<b>Consolidated Statements of Financial Position</b>	(108)
<b>Consolidated Statements of Comprehensive Income</b>	(110)
<b>Consolidated Statements of Changes in Equity</b>	(111)
<b>Condensed Consolidated Statements of Cash Flows (Unaudited)</b>	(112)

<b>Notes to Consolidated Financial Statements</b>	(113)
<b><i>Financial Statements</i></b>	125
<b>Non-consolidated Balance Sheets</b>	(125)
<b>Non-consolidated Statements of Income</b>	(126)
<b>Non-consolidated Statements of Changes in Shareholders' Equity</b>	(127)
<b>Notes to Non-consolidated Financial Statements</b>	(128)
<b><i>Audit Reports</i></b>	132
<b>Audit Report by the Accounting Auditors with Respect to the Consolidated Financial Statements</b>	(132)
<b>Audit Report by the Accounting Auditors with Respect to the Non-consolidated Financial Statements</b>	(135)
<b>Audit Report by the Audit &amp; Supervisory Board</b>	(138)

## Sumitomo Corporation Group's Management Principles

Based on Sumitomo's Business Philosophy, which was devised 430 years ago, we established the following Management Principles in 1998. By sharing the values presented in the Management Principles across our group to materialize them in specific business activities, we aim to be a global organization that constantly stays a step ahead in dealing with change, creates new value, and contributes broadly to society.

### Sumitomo Corporation Group's Management Principles

- To achieve prosperity and realize dreams through sound business activities
- To place prime importance on integrity and sound management with utmost respect for the individual
- To foster a corporate culture full of vitality and conducive to innovation

### Sumitomo's Business Philosophy

Sumitomo's Business Philosophy, which is the basis of our Management Principles, has been handed down through many generations for over 430 years in Sumitomo's businesses, based on the Founder's Precepts "Monjuin Shiigaki," which Masatomo Sumitomo (1585-1652), the founder of the Sumitomo family, wrote and passed on to describe how a merchant should conduct business. The basic points of Sumitomo's Business Philosophy have been embodied in the form of the following two articles on the Business Principles:

#### *Business Principles*

*Article 1. Sumitomo shall achieve strength and prosperity by placing prime importance on integrity and sound management in the conduct of its business.*

*Article 2. Sumitomo shall manage its activities with foresight and flexibility in order to cope effectively with the changing times. Under no circumstances, however, shall it pursue easy gains or act imprudently.*

Article 1 emphasizes the utmost importance of integrity and sound management in the business, while Article 2 advocates the importance of having an enterprising spirit to generate profits quickly and faithfully while adapting to a changing society, and improving business operations while avoiding the pursuit of easy gains or acting carelessly.

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

Sumitomo's Business Philosophy thus stresses the need for an enterprising spirit to stay a step ahead in dealing with change, while ascribing importance to maintaining integrity and sound management, avoiding easy gains, and working for the public interest, without being misled by short-term immediate changes. This philosophy has continuously formed the basis of the Sumitomo Corporation Group's business.

To All Shareholders

Sumitomo Corporation  
3-2, Otemachi 2-chome  
Chiyoda-ku, Tokyo

NOTICE OF CONVOCATION OF  
THE ORDINARY GENERAL MEETING OF SHAREHOLDERS

We wish to express our sincere appreciation for the exceptional favor you have always shown us.

We hereby notify you that the 154th Ordinary General Meeting of Shareholders of the Company (hereinafter referred to as the “Meeting”) will be held as set forth below.

**In order to prevent the spread of COVID-19 infection, we kindly ask that you exercise your voting rights in writing or by electronic means (the Internet, etc.) prior to the Meeting date to the extent possible, in place of your attendance at the Meeting in person.**

**If you may exercise your voting rights in writing or by electronic means (the Internet, etc.) (please refer to pages 6 and 7 for more details) prior to the Meeting date, please take the time to review the Reference Documents for the Meeting on the following pages 8 to 31 and exercise your voting rights no later than 5:45 p.m. on Thursday June 23, 2022.**

With highest regards,

Masayuki Hyodo

Representative Director, President & Chief Executive Officer

- If you attend the Meeting in person, please submit the enclosed Proxy Card to the receptionists.
- If any of the items included in the following Business Report, Consolidated Financial Statements, Financial Statements, or Reference Documents for the Meeting require amendment up to and including the day before the Meeting, the amended items will be posted on the Sumitomo Corporation website.

Sumitomo Corporation Website <https://www.sumitomocorp.com/en/jp/ir/stock/stmt>

**1. Date & Time:** Friday June 24, 2022, at 10:00 a.m. (Open at 9:00 a.m.)

**2. Venue:** Heian Room  
1st floor, The Okura Prestige Tower, The Okura Tokyo  
2-10-4 Toranomom, Minato-ku, Tokyo

Depending on the status of the spread of COVID-19, the Time and the Venue of the Meeting may be changed. In such case, we will announce the changes on our website (<https://www.sumitomocorp.com/en/jp/ir/stock>)

### **3. Purpose of the Meeting**

#### **Presentation of Reports:**

No. 1: Business Report, Consolidated Financial Statements, and Audit Reports by the Accounting Auditor and the Audit & Supervisory Board regarding the Consolidated Financial Statements for the 154th Fiscal Year (April 1, 2021 through March 31, 2022)

No. 2: Non-consolidated Financial Statements for the 154th Fiscal Year (April 1, 2021 through March 31, 2022)

#### **Propositions:**

Proposition No. 1: Distribution of Retained Earnings as Cash Dividends

Proposition No. 2: Partial Amendments to the Articles of Incorporation

Proposition No. 3: Election of Eleven Directors

Proposition No. 4: Election of One Audit & Supervisory Board Member

Proposition No. 5: Paying Bonuses to the Company's Directors

Proposition No. 6: Revision of Amount of Remuneration for Directors

#### **<Measures to Prevent the Spread of COVID-19>**

To prevent the spread of COVID-19, we will take the measures described below at the Meeting to help keep our shareholders, executives and employees safe. We ask for your understanding and cooperation in light of the current situation.

- Please be noted that the number of seats to be prepared at the Meeting will be limited, and that you may not be able to attend in the event there are no more seats to offer. As the Meeting will be streamed live, please consider viewing it online instead.
- If you plan to attend the Meeting in person, please wear a face mask and disinfect your hands. Hand sanitizer will be provided near the Venue's reception desk.
- A temperature-measuring device will be placed near the Venue's reception desk. If your temperature is high, you will not be allowed to enter the Venue.
- Please refrain from attending the Meeting in person if you have a fever or feel unwell.
- The operation, etc. of the Meeting could change depending on the status of the spread of COVID-19 or other factors. Please check our website for updates (<https://www.sumitomocorp.com/en/jp/ir/stock>).

## Guidance Notes on the Exercise of Voting Rights

### 1. Methods

Please refer to the Reference Documents for the General Meeting of Shareholders attached from page 8 onward and exercise your voting rights by any of the following methods:

(1) Attendance at the General Meeting of Shareholders

Date and time: Friday June 24, 2022, at 10:00 a.m. (Open at 9:00 a.m.)

Please bring the enclosed Proxy Card to the meeting and submit it to any of the receptionists.

Please arrive at the venue in plenty of time, since the reception desk will be very crowded immediately before the meeting begins.

(2) Exercise of Voting Rights in Writing

Deadline for exercise of voting rights: 5:45 p.m. on Thursday June 23, 2022.

Please indicate your vote (“for” or “against”) for each proposition on the enclosed Proxy Card and return it to reach our Registrar of Shareholders no later than the deadline noted above.

(3) Exercise of Voting Rights by “Smart Voting”

Deadline for exercise of voting rights: 5:45 p.m. on Thursday June 23, 2022.

Scan the “Smartphone use voting right exercise website login QR code” on the lower right of the enclosed Proxy Card with a smartphone or tablet. By accessing the URL that appears, the voting right exercise website will appear on the screen. There is a method for exercise of voting rights by separate indication for each proposition. Please follow the screen instructions to exercise your voting rights.

(4) Exercise of Voting Rights by Electronic Means (the Internet)

Deadline for exercise of voting rights: 5:45 p.m. on Thursday June 23, 2022.

To exercise your voting rights, please use a personal computer, smartphone, or other Internet-capable device to access the website for exercising voting rights, <https://www.web54.net>, and register your vote (“for” or “against”) for each proposition, by using the code and password for the exercise of voting rights indicated on the Proxy Card enclosed herewith and following the directions on the screen.



The website can be accessed from smartphones or other devices equipped with a barcode reader by scanning the QR code on the left.

Notes:

- Provider access fees, telecommunication fees, and any other fees for usage of the website to exercise voting rights shall be borne by the shareholders.

- Ability to use the website for exercising voting rights may depend on the user's Internet environment, ISP contract, or device model.

## **2. Treatment of Duplicate Exercising of Voting Rights**

- (1) In the event of dual exercising of voting rights both in writing and via the Internet (including "Smart Voting") or other means, only use of the Internet (including "Smart Voting") will be treated as the valid exercising of voting rights.
- (2) In the event of multiple exercising of voting rights via the Internet (including "Smart Voting") or other means, only the final exercising of voting rights will be treated as valid.

## **3. Institutional Investors**

If you have already registered for the electronic voting platform operated by ICJ, please exercise your voting rights via this platform.

Please call the following number if you have any questions relating to this guidance.

Stock Transfer Agency Business Planning Department, Sumitomo Mitsui Trust Bank, Limited

Inquiries about exercising voting rights: 0120-652-031 (9:00 a.m.–9:00 p.m., toll-free)

Other inquiries: 0120-782-031 (9:00 a.m.–5:00 p.m. Mon.–Fri., toll free)



## Reference Documents for the General Meeting of Shareholders

### Propositions to be Voted on and Reference Matters Relating thereto

#### Proposition No. 1: Distribution of Retained Earnings as Cash Dividends

We aim to increase dividends by achieving medium- to long-term earnings growth while adhering to its fundamental policy of paying shareholders a stable dividend over the long term. In our mid-term management plan “SHIFT 2023”, we decide the annual dividend taking into consideration the status of fundamental earnings capacity, cash flows and other factors, with a consolidated payout ratio of about 30% as a guideline, maintaining at least 70 yen per share, the same amount as the annual dividend for the fiscal 2020.

As profit for the year attributable to owners of the parent in the fiscal 2021<sup>1</sup> totaled 463.7 billion yen, it is proposed that the year-end dividend be distributed as follows in accordance with the aforementioned shareholder return policy.

(1) Type of dividend assets

Cash

(2) Matters related to the allotment of dividend assets to shareholders and total amount thereof

- 65 yen per common share of the Company

- Total amount: 81,250,299,845 yen

Annual dividends for the fiscal 2021 will be 110 yen per share, which is the sum of the amount of the interim dividend (45 yen per share) and the amount of the said year-end dividend (65 yen per share).

(3) Effective date of distribution of the dividend

June 27, 2022

#### Proposition No. 2: Partial Amendments to the Articles of Incorporation

We propose that our current Articles of Incorporation be amended as follows:

- (1) The Act for Partially Amending the Industrial Competitiveness Enhancement Act and Other Related Acts, which came into effect on June 16, 2021, enables listed companies to convene general meetings of shareholders without a designated location (which means that a general meeting of shareholders that is not held at a physical venue and is attended by shareholders and directors, etc. using means such as the internet, hereinafter, “Virtual-only Shareholder Meetings”).

In light of the risks presented by large-scale disasters such as infectious diseases and natural disasters and the advancements in digitalization of society as a whole, the Company will expand its options in terms of the method in which general meetings of shareholders are held to offer greater benefits to all shareholders. Therefore, the Company proposes to add

<sup>1</sup> Profit attributable to owners of the parent refers to profit attributable to the shareholders of Sumitomo Corporation.

Paragraph 3 to Article 12 of the Articles of Incorporation to allow Virtual-only Shareholder Meetings.

When deciding how to hold general meetings of shareholders, the Company’s Board of Directors will carefully consider and decide on the method each time, taking into consideration the benefits and rights of the Company’s shareholders as well as the social situation at the time.

With respect to the amendment to the Articles of Incorporation, the Company has obtained the confirmations by the Minister of Economy, Trade and Industry and the Minister of Justice, which indicates that the requirements stipulated by the Ordinance of the Ministry of Economy, Trade and Industry and the Ordinance of the Ministry of Justice are met.

(2) The amendment provisions prescribed in the proviso of Article 1 of the Supplementary Provisions of the Act for Partially Amending the Companies Act (Act No. 70 of 2019) will come into effect on September 1, 2022. Accordingly, the Company will implement the following amendments to the Articles of Incorporation in order to prepare for the introduction of a system to provide electronic reference document for general meetings of shareholders.

1. The proposed amendments to Paragraph 1 of Article 15 stipulate that information that constitutes the content of reference documents, etc. for general meetings of shareholders be made available through an electronic system.
2. The proposed amendments to Paragraph 2 of Article 15 establish a provision to limit the scope of information included in physical documents sent to shareholders who have requested paper copies.
3. The provisions related to the Provision of Reference Documents for General Meetings of Shareholders Via the Internet (Article 15 of the current Articles of Incorporation) will become unnecessary and therefore be deleted.
4. Supplementary provisions will be established which specify the date from which the aforementioned additions and deletions to the Articles of Incorporation will take effect. The supplementary provisions will be deleted when the appropriate period has elapsed.

The specific wording is set out below.

(Amendments appear as underlined text)

Current Articles of Incorporation	Proposed Amendments
<p>ARTICLE 12. <u>TIME OF</u> CONVOCAATION</p> <p>(1) An Ordinary General Meeting of Shareholders shall be convened in June each year.</p> <p>(2) In addition to the preceding paragraph, an Extraordinary General Meeting of Shareholders may be convened whenever</p>	<p>ARTICLE 12. CONVOCAATION</p> <p>(1) (unchanged)</p> <p>(2) (unchanged)</p>

Current Articles of Incorporation	Proposed Amendments
<p>necessary.</p> <p>(Newly established)</p> <p><u>ARTICLE 15. PROVISION OF REFERENCE DOCUMENTS FOR GENERAL MEETINGS OF SHAREHOLDERS VIA THE INTERNET</u></p> <p><u>The Corporation may, in accordance with the Ordinances of the Ministry of Justice, use the Internet to furnish shareholders with reference documents for a General Meeting of Shareholders, business reports, non-consolidated and consolidated financial statements, or other information that should be displayed or described therein, and such information may be deemed to have been furnished to shareholders.</u></p>	<p><u>(3) A General Meeting of Shareholders may be held without a designated location.</u></p> <p>(Deleted)</p>
<p>(Newly established)</p>	<p><u>ARTICLE 15. MEASURES FOR THE ELECTRONIC PROVISION OF INFORMATION, ETC.</u></p> <p><u>(1) When convening a General Meeting of Shareholders, the Corporation shall furnish information contained in the reference documents for a General Meeting of Shareholders, etc. electronically.</u></p> <p><u>(2) Among the matters provided electronically, the Corporation may partially or fully omit matters designated by the Ordinance of the Ministry of Justice in the documents furnished to shareholders who have requested a printed copy of reference documents prior to the record date for voting rights.</u></p>
<p>(Newly established)</p>	<p><u>SUPPLEMENTARY PROVISIONS</u></p>

Current Articles of Incorporation	Proposed Amendments
	<p>(1) <u>The deletion of ARTICLE 15 (PROVISION OF REFERENCE DOCUMENTS FOR GENERAL MEETINGS OF SHAREHOLDERS VIA THE INTERNET) of the Articles of Incorporation and the establishment of ARTICLE 15 (MEASURES FOR THE ELECTRONIC PROVISION OF INFORMATION, ETC.) of the Articles of Incorporation shall come into effect on the effective date of the amendment provisions prescribed in the proviso of Article 1 of the Supplementary Provisions of the Act for Partially Amending the Companies Act (Act No. 70 of 2019) (hereinafter referred to as “Effective Date”).</u></p> <p>(2) <u>Notwithstanding the preceding paragraph, ARTICLE 15 (PROVISION OF REFERENCE DOCUMENTS FOR GENERAL MEETINGS OF SHAREHOLDERS VIA THE INTERNET) of the Articles of Incorporation shall remain in effect for a General Meeting of Shareholders held within six months from the Effective Date.</u></p> <p>(3) <u>These supplementary provisions shall be deleted on the date when six months have elapsed from the Effective Date or three months have elapsed from the date of a General Meeting of Shareholders provided in the preceding paragraph, whichever comes later.</u></p>

**Proposition No. 3: Election of Eleven Directors**

The term of all of the eleven incumbent Directors will expire as of the close of the Meeting. Accordingly, this proposition calls for the election of eleven Directors. The candidates for Directors are as described below.

Each candidate was decided by the Board of Directors after deliberation at the Nomination and Remuneration Advisory Committee (chaired by Outside Director), a majority of whose


members are Outside Directors. Five of the eleven Director candidates are candidates for the position of Outside Director as provided for in Article 2, Paragraph 3, Item 7 of the Ordinance for Enforcement of the Companies Act. All five candidates satisfy the Standards for Appointment and Independence of Outside Directors and Outside Audit & Supervisory Board Members set by the Company. (Please refer to pages 40 to 42 regarding the standards for appointment of Directors and Audit & Supervisory Board Members [including the Standards for Appointment and Independence of Outside Directors and Outside Audit & Supervisory Board Members].)

Candidate No.	Name		Present Positions	Term as a Director	Nomination and Remuneration Advisory Committee *3	
1	Re-election	Kuniharu Nakamura	Chairman of the Board of Directors	13 years	○	
2*1	Re-election	Masayuki Hyodo	Representative Director, President & Chief Executive Officer	4 years *2	○	
3*1	Re-election	Toshikazu Nambu	Representative Director, Executive Vice President, Chief Digital Officer (Media & Digital Business Unit and Living Related & Real Estate Business Unit)	3 years	—	
4*1	Re-election	Takayuki Seishima	Representative Director, Senior Managing Executive Officer, Chief Administration Officer and Chief Compliance Officer	3 years	—	
5*1	New-election	Reiji Morooka	Senior Managing Executive Officer, Chief Financial Officer	—	—	
6*1	New-election	Hirokazu Higashino	Managing Executive Officer, Chief Strategy Officer and Chief Information Officer	—	—	
7	Re-election	Koji Ishida	Outside Director Candidate Independent Director	Outside Director	5 years	○
8	Re-election	Kimie Iwata	Outside Director Candidate Independent Director	Outside Director	4 years	◎
9	Re-election	Hisashi Yamazaki	Outside Director Candidate	Outside Director	4 years	—

			Independent Director			
10	Re-election	Akiko Ide	Outside Director Candidate	Outside Director	2 years	—
			Independent Director			
11	New-election	Takashi Mitachi	Outside Director Candidate	—	—	○
			Independent Director			

(Notes)

- \*<sup>1</sup> Each candidate denoted by an asterisk is scheduled to be appointed as Representative Director at the Board of Directors meeting which will be held after this Ordinary General Meeting of Shareholders if this Proposition is approved.
- \*<sup>2</sup> Apart from the above, Mr. Masayuki Hyodo, served a one-year term as Director from June 2016 to June 2017.
- \*<sup>3</sup> The members of the Nomination and Remuneration Advisory Committee are those scheduled to be appointed as members if this Proposition is approved. (○ denotes Member; ◎ denotes Chair.) The composition of the committee will be five members including three Outside Directors.

Candidate No. 1	<b>Kuniharu Nakamura</b> (Born August 28, 1950)		Re-election
	Shares owned in the Company	165,700	
	Term as a Director	13 years (as of the close of this General Meeting of Shareholders)	
	Attendance at Meetings of the Board of Directors in fiscal 2021	22 of 22 meetings (100%)	
	Attendance at Meetings of the Nomination and Remuneration Advisory Committee in fiscal 2021	7 of 7 meetings (100%)	

#### ● Work History, Positions and Responsibilities

April 1974	Entered the Company
June 2009	Representative Director & Senior Managing Executive Officer
April 2012	Representative Director & Executive Vice President
June 2012	Representative Director, President & CEO
April 2017	Representative Director, President & CEO ( <i>Change in Japanese only; English Unchanged</i> )
June 2017	Representative Director, President & Chief Executive Officer
April 2018	Representative Director, Chairman of the Board of Directors
June 2018	Chairman of the Board of Directors (present position)


#### ● Significant positions concurrently held

Outside Director, NEC Corporation
Outside Director, Shin-Etsu Chemical Co., Ltd.

#### ● Reasons for proposing Mr. Kuniharu Nakamura as a candidate for Director

Since entering the Company, Mr. Nakamura has worked primarily in automotive-related businesses in Japan and overseas, serving as General Manager, Corporate Planning & Coordination Group, and General Manager, Mineral Resources, Energy, Chemical & Electronics Business Unit, among other roles. From 2012 to March 2018 he served as President & CEO and President & Chief Executive Officer, and since 2018 has been serving as the

Chairman of the Board of Directors. Through these roles Mr. Nakamura has accumulated expert knowledge and a wealth of experience, including management experience, and he is also honest in character, as well as highly insightful and capable. Having judged that he will be able to perform his duties properly as Director of the Company, we propose him as a candidate for re-election to that position.

Candidate No. 2	<b>Masayuki Hyodo</b> (Born June 26, 1959)	Re-election
	Shares owned in the Company	92,900
	Term as a Director	4 years (as of the close of this General Meeting of Shareholders) (*)
	Attendance at Meetings of the Board of Directors in fiscal 2021	22 of 22 meetings (100%)
	Attendance at Meetings of the Nomination and Remuneration Advisory Committee in fiscal 2021	7 of 7 meetings (100%)


(\*) Apart from the above, Mr. Masayuki Hyodo served a one-year term as Director from June 2016 to June 2017.

#### ● Work History, Positions and Responsibilities

April 1984	Entered the Company
June 2016	Representative Director & Managing Executive Officer
April 2017	Representative Director & Senior Managing Executive Officer
June 2017	Senior Managing Executive Officer
April 2018	President & Chief Executive Officer
June 2018	Representative Director, President & Chief Executive Officer (present position)

#### ● Reasons for proposing Mr. Masayuki Hyodo as a candidate for Director

Since entering the Company, Mr. Hyodo has worked primarily in electric power infrastructure-related businesses in Japan and overseas, serving as President and CEO, PT. Sumitomo Indonesia, General Manager, Corporate Planning & Coordination Dept., and General Manager, Environment & Infrastructure Business Unit, among other roles. Since 2018 he has been serving as President & Chief Executive Officer. Through these roles Mr. Hyodo has accumulated expert knowledge and a wealth of experience, including management experience, and he is also honest in character, as well as highly insightful and capable. Having judged that he will be able to perform his duties properly as Director of the Company, we propose him as a candidate for re-election to that position.

Candidate No. 3	<b>Toshikazu Nambu</b> (Born January 21, 1959)	Re-election
	Shares owned in the Company	72,300
	Term as a Director	3 years (as of the close of this General Meeting of Shareholders)
	Attendance at Meetings of the Board of Directors in fiscal 2021	22 of 22 meetings (100%)


#### ● Work History, Positions and Responsibilities

April 1982	Entered the Company
April 2012	Executive Officer

- April 2015 Managing Executive Officer
- April 2017 Senior Managing Executive Officer
- June 2019 Representative Director & Senior Managing Executive Officer
- April 2020 Representative Director & Executive Vice President (General Manager, Media & Digital Business Unit, Chief Digital Officer)
- April 2022 Representative Director & Executive Vice President (Chief Digital Officer, (Media & Digital Business Unit and Living Related & Real Estate Business Unit)) (present position)

**●Reasons for proposing Mr. Toshikazu Nambu as a candidate for Director**

Since entering the Company, Mr. Nambu has worked primarily in metal-related businesses in Japan and overseas, serving as General Manager, Tubular Products Division, Director and President of Sumitomo Corporation of Americas, General Manager, Media & Digital Business Unit, Chief Digital Officer, among other roles. He currently serves as Representative Director & Executive Vice President (Chief Digital Officer, (Media & Digital Business Unit and Living Related & Real Estate Business Unit)). Through these roles Mr. Nambu has accumulated expert knowledge and a wealth of experience, including management experience, and he is also honest in character, as well as highly insightful and capable. Having judged that he will be able to perform his duties properly as Director of the Company, we propose him as a candidate for re-election to that position.

Candidate No. 4	<b>Takayuki Seishima</b> (Born January 1, 1962)	Re-election
	Shares owned in the Company	33,300
	Term as a Director	3 years (as of the close of this General Meeting of Shareholders )
	Attendance at Meetings of the Board of Directors in fiscal 2021	22 of 22 meetings (100%)


**●Work History, Positions and Responsibilities**

- April 1984 Entered the Company
- April 2016 Executive Officer
- April 2019 Managing Executive Officer
- June 2019 Representative Director & Managing Executive Officer (Chief Administration Officer and Chief Compliance Officer)
- April 2021 Representative Director & Senior Managing Executive Officer (Chief Administration Officer and Chief Compliance Officer) (present position)

**●Reasons for proposing Mr. Takayuki Seishima as a candidate for Director**

Since entering the Company, Mr. Seishima has worked primarily in risk management-related business and planning and administration of infrastructure-related businesses in Japan and overseas, serving as General Manager, Planning & Administration Dept, Environmental & Infrastructure Business Unit, Executive Vice President and CFO of Sumitomo Corporation of Americas, Assistant CAO, Secretary & Human Resources, among other roles. He currently serves as Representative Director & Senior Managing Executive Officer (Chief Administration Officer and Chief Compliance Officer). Through these roles Mr. Seishima has accumulated expert knowledge and a wealth of experience, including management experience, and he is also honest in character, as well as highly insightful and capable. Having judged that he will be able to perform his duties properly as Director of the Company, we propose him as a candidate for re-election to that position.




Candidate No. 5	<b>Reiji Morooka</b> (Born April 25, 1961)	New-election
	Shares owned in the Company	26,100

● **Work History**

April 1984	Entered the Company
September 2006	General Manager, Treasury & Accounting Group in Sumitomo Corporation of America General Manager, Planning & Administration Dept., Financial Resources Management Group Corporate Officer (General Manager, Planning & Coordination Dept., Transportation & Construction Systems Business Unit)
April 2016	Executive Officer (Assistant CFO, Accounting, General Manager, Accounting Controlling Dept.)
April 2017	Executive Officer Managing Executive Officer, Sumitomo Mitsui Finance and Leasing Company, Limited
April 2020	Managing Executive Officer Representative Director, Senior Managing Executive Officer, Sumitomo Mitsui Finance and Leasing Company, Limited
April 2022	Senior Managing Executive Officer (Chief Financial Officer) (present position)

● **Reasons for proposing Mr. Reiji Morooka as a candidate for Director**

Since entering the Company, Mr. Morooka has worked primarily in accounting-related operations in Japan and overseas, serving as General Manager, Treasury & Accounting Group in Sumitomo Corporation of America, General Manager, Planning & Coordination Dept., Transportation & Construction Systems Business Unit, General Manager, Accounting Controlling Dept., Assistant CFO, Accounting and Representative Director, Senior Managing Executive Officer, Sumitomo Mitsui Finance and Leasing Company, Limited, which is the Company's associated company, among other roles. He currently serves as Senior Managing Executive Officer (Chief Financial Officer). Through these roles Mr. Morooka has accumulated expert knowledge and a wealth of experience, including management experience, and he is also honest in character, as well as highly insightful and capable. Having judged that he will be able to perform his duties properly as Director of the Company, we propose him as a candidate for election to that position.

Candidate No. 6	<b>Hirokazu Higashino</b> (Born July 24, 1963)	New-election
	Shares owned in the Company	23,100


● **Work History**

April 1987	Entered the Company
April 2012	General Manager, Building Business Dept.

	General Manager, Strategic Real Estate Business Dept. Assistant General Manager, Materials, Supplies & Real Estate Div., General Manager, Strategic Real Estate Business Dept. and General Manager, General Construction Development & Coordination Dept. Corporate Officer (General Manager, Materials, Supplies & Real Estate Div.)
April 2018	Executive Officer (General Manager, Materials, Supplies & Real Estate Div.)
April 2019	Executive Officer (General Manager, Planning & Coordination Dept., Living Related & Real Estate Business Unit)
April 2021	Managing Executive Officer (Deputy General Manager, Living Related & Real Estate Business Unit, General Manager, Planning & Coordination Dept., Living Related & Real Estate Business Unit)
April 2022	Managing Executive Officer (Chief Strategy Officer and Chief Information Officer) (present position)

**●Reasons for proposing Mr. Hirokazu Higashino as a candidate for Director**

Since entering the Company, Mr. Higashino has worked primarily in real estate-related businesses in Japan and overseas, serving as General Manager, Materials, Supplies & Real Estate Div., General Manager, Planning & Coordination Dept., Living Related & Real Estate Business Unit and Deputy General Manager, Living Related & Real Estate Business Unit, among other roles. He currently serves as Managing Executive Officer (Chief Strategy Officer and Chief Information Officer). Through these roles Mr. Higashino has accumulated expert knowledge and a wealth of experience, including management experience, and he is also honest in character, as well as highly insightful and capable. Having judged that he will be able to perform his duties properly as Director of the Company, we propose him as a candidate for election to that position.

Candidate No. <b>7</b>	<b>Koji Ishida</b> (Born June 22, 1947)		Re-election
			Outside Director Candidate
			Independent Director
	Shares owned in the Company	0	
	Term as an Outside Director	5 years (as of the close of this General Meeting of Shareholders)	
	Attendance at Meetings of the Board of Directors in fiscal 2021	22 of 22 meetings (100%)	
	Attendance at Meetings of the Nomination and Remuneration Advisory Committee in fiscal 2021	7 of 7 meetings (100%)	

**●Work History, Positions and Responsibilities**

May 1970	Entered The Sumitomo Bank, Limited
June 1997	Director, The Sumitomo Bank, Limited
June 1999	Executive Officer, The Sumitomo Bank, Limited
January 2001	Managing Executive Officer, General Manager of Corporate Planning Dept., The Sumitomo Bank, Limited
April 2001	Managing Executive Officer, General Manager of Corporate Planning Dept., Sumitomo Mitsui Banking Corporation (SMBC)
June 2002	Managing Executive Officer, Head of Tokyo Corporate Banking Division I, SMBC
June 2003	Representative Director, Managing Director, Sumitomo Mitsui Financial Group, Inc. (SMFG)
April 2004	Representative Director, Senior Managing Director, SMFG
June 2005	Standing Corporate Auditor, SMFG (retired in June 2006) Corporate Auditor, SMBC (retired in June 2006)
June 2006	President & CEO, SMBC Leasing Co., Ltd.

October 2007	President, Sumitomo Mitsui Finance and Leasing Co., Ltd. (SMFL; retired in June2011) (*)
	(*)In October 2007, SMBC Leasing Co., Ltd. merged with Sumisho Lease Co., Ltd. to become SMFL. Mr. Ishida continued in office as president of SMFL, retiring in June 2011.
June 2011	Member of the Policy Board, the Bank of Japan (retired in June 2016)
July 2016	Member of the Management Advisory Committee, KPMG AZSA LLC
June 2017	Outside Director, Sumitomo Corporation (present position)
July 2017	Member of the Public Interest Oversight Committee, KPMG AZSA LLC (present position)

#### ●Significant position concurrently held

---

Member of the Public Interest Oversight Committee, KPMG AZSA LLC

#### ●Reasons for proposing Mr. Koji Ishida as a candidate for Outside Director and summary of expected roles

---

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, we propose him as a candidate for re-election to the position of Outside Director. Mr. Ishida is expected to draw on his experience and knowledge to fulfill the role of ensuring appropriate decision-making by the Board of Directors and enhancing management supervisory functions. In addition, as Member of the Nomination and Remuneration Advisory Committee (scheduled to be appointed if this Proposition is approved), Mr. Ishida is also expected to contribute to further enhancing the independence, objectivity and transparency of the nomination and remuneration process for Director, Audit & Supervisory Board Member and executive management.


#### ●Item warranting special mention related to candidacy for Outside Director's position

---

Mr. Koji 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 16 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 execution of operations since his retirement. It has therefore been judged that this situation exerts no impact on the independence of Mr. Ishida with respect to the Company.

Mr. Ishida also served until June 2011 as an executive at SMFL, an associated company of the Company. However, more than 10 years have now passed since Mr. Ishida's retirement from that position, and he has not engaged in the execution of operations since his retirement. Furthermore, the value of transactions between SMFL and the Company are negligible, amounting to less than 0.2% of both SMFL's annual consolidated net sales and the Company's annual consolidated revenues. We have therefore judged that his independence is unaffected.

Mr. Ishida also holds a concurrent position as a member of the Public Interest Oversight Committee at KPMG AZSA, the Company's Accounting Auditor. We have confirmed with KPMG AZSA that it set up the Public Interest Oversight Board as an oversight body with the aim of reinforcing oversight functions from the perspective of public interest, and that Mr. Ishida, as an external third party serving on this committee, is not an executive of KPMG AZSA and is therefore not involved in auditing or non-auditing services for individual companies, including the Company. It has therefore been judged that this situation exerts no impact on the independence of Mr. Ishida with respect to the Company.

Candidate No. <b>8</b>	<b>Kimie Iwata</b> (Born April 6, 1947)	Re-election
		Outside Director Candidate
		Independent Director
	Shares owned in the Company	0
	Term as an Outside Director	4 years (as of the close of this General Meeting of Shareholders)
	Attendance at Meetings of the Board of Directors in fiscal 2021	22 of 22 meetings (100%)
	Attendance at Meetings of the Nomination and Remuneration Advisory Committee in fiscal 2021	7 of 7 meetings (100%)

### ●Work History, Positions and Responsibilities

April 1971	Entered the Ministry of Labour (currently Ministry of Health, Labour and Welfare)
July 1996	Deputy Director-General, Human Resource Development Bureau, Ministry of Labor
October 1998	Assistant Minister of Labor for International Affairs
January 2001	Director-General of Equal Employment, Children and Families Bureau (retired in August 2003)
June 2004	Director, Corporate Officer, Shiseido Company, Limited
January 2007	Member, Council for Gender Equality, the Cabinet Office
April 2007	Director, Corporate Executive Officer, Shiseido Company, Limited
April 2008	Director and Vice President, Shiseido Company, Limited
June 2008	Representative Director, Executive Vice President, Shiseido Company, Limited
March 2012	Outside Audit & Supervisory Board Member, Kirin Holdings Company, Limited
April 2012	Director, Shiseido Company, Limited
June 2012	Adviser, Shiseido Company, Limited (Retired in June 2016)
July 2012	Outside Director, Japan Airlines Co., Ltd. (Retired in June 2018) President, Japan Institute for Women's Empowerment & Diversity Management (Retired in June 2018)
September 2013	Commissioner, the Consumer Commission, the Cabinet Office
October 2015	Audit and Inspection Commissioner, the Tokyo Metropolitan Government (present position)
March 2016	Outside Director, Kirin Holdings Company, Limited (Retired in March 2019)
April 2016	Outside Director, Stripe International Inc. (Retired in April 2019)
June 2018	Outside Director, Sumitomo Corporation (present position)
June 2019	Outside Director, Resona Holdings, Inc. (present position) Outside Director, Ajinomoto Co., Inc. (present position)

### ●Significant positions concurrently held

Audit and Inspection Commissioner, the Tokyo Metropolitan Government  
 Outside Director, Resona Holdings, Inc.  
 Outside Director, Ajinomoto Co., Inc.


### ●Reasons for proposing Ms. Kimie Iwata as a candidate for Outside Director and summary of expected roles

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, we propose her as a candidate for re-election to the position of Outside Director. Ms. Iwata is expected to draw on her experience and knowledge to fulfill the role of ensuring appropriate decision-making by the Board of Directors and enhancing management supervisory functions. In addition, as Chair of the Nomination and Remuneration Advisory Committee (scheduled to be appointed if this Proposition is approved), Ms. Iwata is also expected to contribute to further enhancing the independence, objectivity and transparency of the nomination and remuneration process for Director, Audit & Supervisory Board Member and executive management.

#### ●Item warranting special mention related to candidacy for Outside Director's position

Ms. Iwata engaged in the execution of operational duties as a Representative Director of Shiseido Company, Limited until March 2012. There are no existing business relationships between the Company and Shiseido Company, Limited.

Candidate No. <b>9</b>	<b>Hisashi Yamazaki</b> (Born November 14, 1948)	Re-election
		Outside Director Candidate Independent Director
	Shares owned in the Company	0
	Term as an Outside Director	4 years (as of the close of this General Meeting of Shareholders)
	Attendance at Meetings of the Board of Directors in fiscal 2021	22 of 22 meetings (100%)

#### ●Work History, Positions and Responsibilities

April 1974	Assistant Judge
April 1995	Presiding Judge, Tokyo District Court
December 2000	Chief, Training and Research Institute for Family Court Probation Officers
December 2002	Chief, Family Bureau, General Secretariat, Supreme Court
December 2005	Chief Judge, Maebashi District Court
February 2007	Chief Judge, Yokohama Family Court
December 2008	Presiding Judge, Tokyo High Court
August 2009	President, Tokyo Family Court
February 2011	President, Sapporo High Court (Retired in March 2013)
March 2013	Commissioner, Japan Fair Trade Commission (Retired in December 2015)
August 2016	Attorney at Law (present position)
July 2017	Supervisory Board Member, National Federation of Agricultural Cooperative Associations (present position)
June 2018	Outside Director, Sumitomo Corporation (present position) Outside Director, Tokyo Commodity Exchange, Inc. (retired in December 2019)
June 2020	Outside Director, JAPAN POST INSURANCE Co., Ltd. (present position)

#### ●Significant positions concurrently held

Attorney at Law  
Supervisory Board Member, National Federation of Agricultural Cooperative Associations  
Outside Director, JAPAN POST INSURANCE Co., Ltd.

#### ●Reasons for proposing Mr. Hisashi Yamazaki as a candidate for Outside Director and summary of expected roles


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, we propose him as a candidate for re-election to the position of Outside Director. Mr. Yamazaki is expected to draw on his experience and knowledge to fulfill the role of ensuring appropriate decision-making by the Board of Directors and further enhancing management supervisory functions.

#### ●Item warranting special mention related to candidacy for Outside Director's position

The Company has business transactions with the National Federation of Agricultural Cooperative Association, in which Mr. Hisashi Yamazaki serves as a Supervisory Board Member. However, the transaction amount between the Company and the National Federation of Agricultural Cooperative Association is negligible – less than 0.1% of the association's total consolidated operating earnings and the Company's total consolidated revenues respectively. It has therefore been judged that this situation exerts no impact on the independence of Mr. Yamazaki with respect to the Company.

Mr. Yamazaki was appointed as Outside Director at JAPAN POST INSURANCE Co., Ltd. (JP Insurance) in June 2020 and currently serves in this position. Prior to his appointment, it came to light at JP Insurance that there were cases of policy rewriting, etc. that may have caused disadvantages to customers, not in line with their intentions, and JP Insurance received administrative dispositions from the Financial Services Agency pursuant to the Insurance Business Act and other relevant laws on December 27, 2019 for these cases. Since his appointment at JP Insurance, Mr. Yamazaki has been fulfilling his duties by providing advice on protecting customers and preventing recurrence and appropriately monitoring the details and progress of the various measures through receiving regular reporting on the progress of the business improvement plan, etc. at its Board of Directors.

Candidate No. <b>10</b>	<b>Akiko Ide</b> (Born February 28, 1955)	Re-election	
		Outside Director Candidate	
		Independent Director	
	Shares owned in the Company	0	
	Term as an Outside Director	2 years (as of the close of this General Meeting of Shareholders)	
	Attendance at Meetings of the Board of Directors in fiscal 2021	22 of 22 meetings (100%)	

#### ●Work History, Positions and Responsibilities

April 1977	Entered Nippon Telegraph and Telephone Public Corporation (currently Nippon Telegraph and Telephone Corporation)
June 2006	Executive Director, General Manager of Corporate Citizenship Department, NTT DoCoMo, Inc. (currently NTT DOCOMO, INC.)
July 2008	Executive Director, General Manager for Chugoku regional office, NTT DOCOMO, INC.
June 2012	Executive Director, Director of Information Security, NTT DOCOMO, INC.
May 2013	President and Chief Executive Officer, Radishbo-ya Co., Ltd. (currently Oisix ra daichi Inc.) (retired in May 2014)
June 2013	Executive Director, Senior Manager in Charge of Commerce Business Promotion, NTT DoCoMo, Inc. (currently NTT DOCOMO, INC.) (retired in June 2014)
June 2014	Full Time Audit & Supervisory Board Member, Nippon Telegraph and Telephone Corporation (retired in June 2020)
August 2018	Audit & Supervisory Board Member, NTT, Inc. (retired in June 2020)
June 2020	Outside Director, Sumitomo Corporation (present position)



June 2021 Outside Director & Audit and Supervisory Committee Member, Tohoku Electric Power Co., Inc. (present position)

● **Significant position concurrently held**

Outside Director & Audit and Supervisory Committee Member, Tohoku Electric Power Co., Inc.


● **Reasons for proposing Ms. Akiko Ide as a candidate for Outside Director and summary of expected roles**

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, we propose her as a candidate for re-election to the position of Outside Director. Ms. Ide is expected to draw on her experience and knowledge to fulfill the role of ensuring appropriate decision-making by the Board of Directors and further enhancing management supervisory functions.

● **Item warranting special mention related to candidacy for Outside Director’s position**

Ms. Ide engaged in the execution of operational duties as a Representative Director of Radishbo-ya Co., Ltd. (currently Oisix ra daichi Inc.) until May 2014. There are no existing business relationships between the Company and Radishbo-ya Co., Ltd..

The Company has business transactions with NTT DOCOMO, INC., in which Ms. Ide served as Executive Director until June 2014. However, the transaction amount between the Company and NTT DOCOMO, INC. is negligible – less than 0.1% of NTT DOCOMO, INC.’s total consolidated operating revenues and the Company’s total consolidated revenues respectively. It has therefore been judged that this situation exerts no impact on the independence of Ms. Ide with respect to the Company.

Candidate No. 11	<b>Takashi Mitachi</b> (Born January 21, 1957)		New-election
			Outside Director Candidate
			Independent Director
	Shares owned in the Company	0	

● **Work History**

April 1979 Entered Japan Airlines Co., Ltd.  
 October 1993 Entered Boston Consulting Group  
 January 1999 Vice President & Partner, Boston Consulting Group  
 January 2005 Japan Co-chair, Boston Consulting Group  
 May 2005 Managing Director & Senior Partner, Boston Consulting Group  
 March 2011 Director, Japan Association for the World Food Programme (retired in August 2018)  
 April 2013 Vice Chairman, KEIZAI DOYUKAI (Japan Association of Corporate Executives) (retired in April 2017)  
 March 2016 Outside Director, Rakuten, Inc. (currently Rakuten Group, Inc.) (present

	position)
June 2016	Outside Director, Lotte Holdings Co., Ltd. (present position)
March 2017	Outside Director, DMG MORI CO., LTD. (present position)
	Outside Director, FiNC co., Ltd. (currently FiNC Technologies Inc.) (retired in March 2020)
	Outside Director, Audit and Supervisory Committee Member, Unicharm Corporation (retired in March 2021)
June 2017	Outside Director, Tokio Marine Holdings, Inc. (present position)
	Director, Ohara Museum of Art (present position)
October 2017	Senior Advisor, Boston Consulting Group (retired in December 2021)
March 2018	Chief Executive Director, Ronald McDonald House Charities Japan (present position)
April 2020	Professor, Graduate School of Management, Kyoto University (present position)

#### ●Significant positions concurrently held

---

Outside Director, Rakuten Group, Inc.  
 Outside Director, DMG MORI CO., LTD.  
 Outside Director, Tokio Marine Holdings, Inc.

#### ●Reasons for proposing Mr. Takashi Mitachi as a candidate for Outside Director and summary of expected roles

---

Mr. Mitachi served in several key positions for many years at a major US consulting firm. Through these and other roles, Mr. Mitachi has accumulated wide-ranging knowledge and a wealth of experience in business management and enterprise risk management, etc.; he is also honest in character, as well as highly insightful and capable. Mr. Mitachi 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, we propose him as a candidate for election to the position of Outside Director. Mr. Mitachi is expected to draw on his experience and knowledge to fulfill the role of ensuring appropriate decision-making by the Board of Directors and further enhancing management supervisory functions.

#### ●Item warranting special mention related to candidacy for Outside Director's position

---

Mr. Mitachi engaged in the execution of operational duties as Managing Director & Senior Partner of Boston Consulting Group until September 2017. There are no existing business relationships between the Company and Boston Consulting Group. In addition, Mr. Mitachi engages in the execution of operational duties as Chief Executive Director of Ronald McDonald House Charities Japan. There are no existing business relationships between the Company and Ronald McDonald House Charities Japan.

The Company makes donations to Japan Association for the World Food Programme, in which Mr. Mitachi served as Director until August 2018. However, the amount is negligible – less than 0.1% of the association's total ordinary revenue. It has therefore been judged that this situation exerts no impact on the independence of Mr. Mitachi with respect to the Company. In addition, the Company pays membership fees, etc. to KEIZAI DOYUKAI (Japan Association of Corporate Executives), in which Mr. Mitachi served as Vice Chairman until April 2017. However, the amount is negligible – less than 0.8% of the association's total ordinary revenue. It has therefore been judged that this situation exerts no impact on the independence of Mr. Mitachi with respect to the Company.

(Notes)

1. Special Interest between Candidates and the Company  
 None of the above candidates have any particular interests in the Company.
2. Independent Directors  
 Mr. Koji Ishida, Ms. Kimie Iwata, Mr. Hisashi Yamazaki, Ms. Akiko Ide and Mr.




Takashi Mitachi fulfill the standards related to independence set by the financial instruments exchange that the Company is listed on. The Company has designated each of them as independent directors under the provisions of the exchange.

3. **Conclusion of Limitation of Liability Contracts**  
Pursuant to Article 427, Paragraph 1 of the Companies Act, the Company has concluded a limitation of liability contract with each of Mr. Kuniharu Nakamura, Mr. Koji Ishida, Ms. Kimie Iwata, Mr. Hisashi Yamazaki and Ms. Akiko Ide limiting the liability of each of them to the amount stipulated by law provided each of them has acted in good faith and without gross negligence. If their elections are approved, the Company will continue said limitation of liability contract with each of them, and will conclude a limitation of liability contract on the same terms and conditions with Mr. Takashi Mitachi.
  
4. **Summary of Directors and Officers Liability Insurance Contract**  
The Company concludes directors and officers liability insurance contract pursuant to Article 430.3, Paragraph 1 of the Companies Act with an insurance company to provide liability insurance to all Directors. Except in cases corresponding to the grounds for exemption stipulated in the contract, Directors are insured against damages, etc. arising from the bearing of liability regarding the execution of their duties or from claims received related to the pursuit of the said liability. The contract's insurance premiums are borne by the Company in full, and if this Proposition is approved, each candidate shall be insured under the contract. The Company intends to update the contract with equivalent provisions for each candidate during his/her term of office.

#### **Proposition No. 4: Election of One Audit & Supervisory Board Member**

Of the Company's five incumbent Audit & Supervisory Board Members, Mr. Toshiaki Murai will reach the end of his term as of the close of the Meeting. Accordingly, this proposition calls for the election of one Audit & Supervisory Board Member. The candidate for Audit & Supervisory Board Member is as follows.

The candidate was decided by the Board of Directors after deliberation at the Nomination and Remuneration Advisory Committee (chaired by Outside Director), a majority of whose members are Outside Directors. In addition, the Audit & Supervisory Board has given its consent with regard to the submission of this proposition.

Candidate	<b>Kazunari Sakata</b> (Born December 6, 1961)	New-election
	Shares owned in the Company	14,200

#### **● Work History**

April 1985	Entered the Company
October 2011	General Manager, International Steel Sheet & Strip Business Dept., No.1 General Manager, International Steel Sheet & Strip Business Dept. Steel & Non-Ferrous Metal Business Unit General Manager of Sumitomo Corporation Asia & Oceania Group Corporate Officer (General Manager, Steel Sheet & Construction Steel Products Div.)

	Corporate Officer (General Manager, Steel Sheet & Construction Steel Products Div., Deputy General Manager, Tubular Products Div.)
	Corporate Officer (General Manager, Steel Sheet Products Div., Deputy General Manager, Tubular Products Div.)
	Corporate Officer (General Manager, Steel Sheet Products Div.)
April 2020	Executive Officer
	Representative Director, President and CEO, Sumitomo Corporation Global Metals Co., Ltd.
April 2022	Advisor (present position)

**●Reasons for proposing Mr. Kazunari Sakata as a candidate for Audit & Supervisory Board Member**

---

Since entering the Company, Mr. Sakata has worked primarily in metal-related businesses in Japan and overseas, serving as Steel & Non-Ferrous Metal Business Unit General Manager of Sumitomo Corporation Asia & Oceania Group, General Manager, Steel Sheet & Construction Steel Products Div. and Representative Director, President and CEO, Sumitomo Corporation Global Metals Co., Ltd., which is the Company's subsidiary, among other roles. He has a wealth of knowledge and experience in management and all aspects of business administration and is also honest in character, as well as highly insightful and capable. Having judged that he will be able to perform his duties properly as Audit & Supervisory Board Member of the Company, we propose him as a candidate for election to that position.

(Notes)

1. Special Interest between Candidate and the Company  
Mr. Kazunari Sakata does not have any particular interest in the Company.
2. Conclusion of Limitation of Liability Contract  
If the election of Mr. Kazunari Sakata is approved, pursuant to Article 427, Paragraph 1 of the Companies Act, the Company intends to conclude a limitation of liability contract with him, limiting his liability to the amount stipulated by law provided he has acted in good faith and without gross negligence.
3. Summary of Directors and Officers Liability Insurance Contract  
The Company concludes directors and officers liability insurance contract pursuant to Article 430.3, Paragraph 1 of the Companies Act with an insurance company to provide liability insurance to all Audit & Supervisory Board Members. Except in cases corresponding to the grounds for exemption stipulated in the contract, Audit & Supervisory Board Members are insured against damages, etc. arising from the bearing of liability regarding the execution of their duties or from claims received related to the pursuit of the said liability. The contract's insurance premiums are borne by the Company in full, and if this Proposition is approved, Mr. Kazunari Sakata shall be insured under the contract. The Company intends to update the contract with equivalent provisions for the candidate during his term of office.

**(Reference) Composition of the Audit & Supervisory Board**

If Proposition No. 4 is resolved as proposed, the composition of the Audit & Supervisory Board will be as follows.

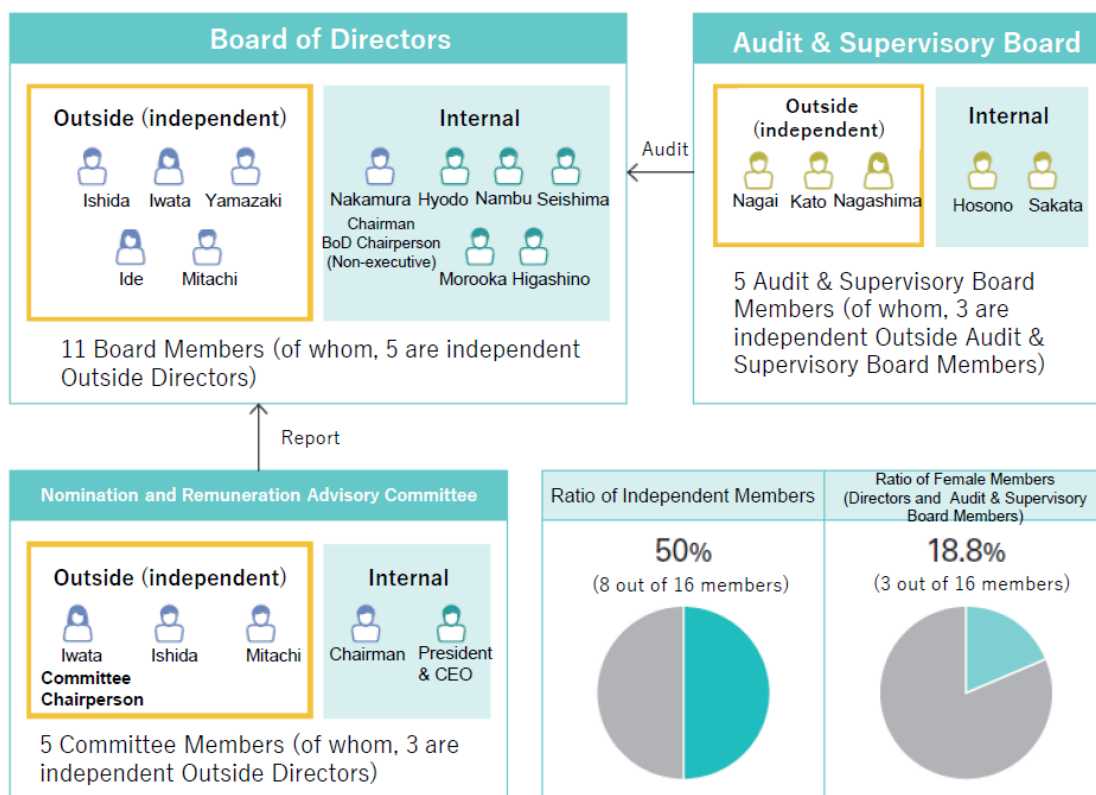
Name		Positions	Term as Audit & Supervisory Board Member
Mr. Michihiko Hosono	Incumbent	Senior Audit & Supervisory Board Member (Full-Time)	3 years
Mr. Kazunari Sakata	New-Election	Audit & Supervisory Board Member (Full-Time)	—
Mr. Toshio Nagai	Incumbent	Outside Audit & Supervisory Board Member	6 years
	Independent Audit & Supervisory Board Member		
Mr. Yoshitaka Kato	Incumbent	Outside Audit & Supervisory Board Member	6 years
	Independent Audit & Supervisory Board Member		
Ms. Yukiko Nagashima	Incumbent	Outside Audit & Supervisory Board Member	1 year
	Independent Audit & Supervisory Board Member		

(Notes)

1. If Proposition No.4 is resolved, Mr. Kazunari Sakata will be appointed as Audit & Supervisory Board Member (Full-Time) at the Audit & Supervisory Board meeting to be held immediately after this General Meeting of Shareholders.
2. The term as Audit & Supervisory Board Member is as of the close of this General Meeting of Shareholders.

**(Reference) Composition of the Board of Directors and Audit & Supervisory Board**

If Proposition No.3 and Proposition No. 4 are resolved as proposed, the composition of the Board of Directors and the Audit & Supervisory Board will be as follows.



(Note)

1. To find the skills owned by Directors and Audit & Supervisory Board Members above, please refer to pages 28 and 29.
2. For overview of our initiatives for reinforcing corporate governance, please refer to pages 32 to 39.

**(Reference) The skills which the Board of Directors is required to possess and the skills of Directors or Audit & Supervisory Board Members**

Name	Positions and Responsibilities	Knowledge, experience and competencies, etc. (Skills)						
		Corporate management	Investment/M&A	ICT/DX /Technology	ESG /Sustainability	Finance /Accounting	Legal/Risk management	HR management & development
Kuniharu Nakamura*1	Director, Chairman	●	●		●	●	●	●
Masayuki Hyodo*1	Representative Director, President and CEO	●	●		●	●	●	●
Toshikazu Nambu	Representative Director, Executive Vice President (CDO*2, (Media & Digital Business Unit and Living Related & Real Estate Business Unit))	●	●	●		●		●
Takayuki Seishima	Representative Director, Senior Managing Executive Officer (CAO and CCO*3)	●				●	●	●
Reiji Mooka	Representative Director, Senior Managing Executive Officer (CFO)	●				●	●	
Hirokazu Higashino	Representative Director, Managing Executive Officer (CSO and CIO*4)	●	●	●	●			
Koji Ishida*1	Outside Director	●	●			●	●	
Kimie Iwata*1	Outside Director	●			●			●
Hisashi Yamazaki	Outside Director						●	●
Akiko Ide	Outside Director	●		●	●			
Takashi Mitachi*1	Outside Director	●	●		●		●	●
Michihiko Hosono	Senior Audit & Supervisory Board Member (Full-Time)	●					●	
Kazunari Sakata	Audit & Supervisory Board Member (Full-Time)	●	●					
Toshio Nagai	Outside Audit & Supervisory Board Member						●	
Yoshitaka Kato	Outside Audit & Supervisory Board Member	●				●		
Yukiko Nagashima	Outside Audit & Supervisory Board Member	●	●					●

<About the table>

- This table lists Directors and Audit & Supervisory Board Members assuming that Propositions No. 3 and No. 4 are resolved as proposed. "Positions and Responsibilities" lists positions and responsibilities after this General Meeting of Shareholders (including prospective positions and responsibilities).
- \*1 If Proposition No. 3 is approved, Ms. Kimie Iwata is scheduled to be appointed as Chair of the Nomination and Remuneration Advisory Committee, and Mr. Koji Ishida and Mr. Takashi Mitachi are scheduled to be appointed as Members of the committee. Furthermore, Mr. Kuniharu Nakamura and Mr. Masayuki Hyodo will also become Members of the committee.
- \*2 CDO: Chief Digital Officer
- \*3 CAO: Chief Administration Officer, CCO: Chief Compliance Officer
- \*4 CSO: Chief Strategy Officer, CIO: Chief Information Officer
- This table identifies the types of knowledges, experience and competencies, etc. (individually, "Skill" and collectively, "Skills") that the Board of Directors is required to possess for fulfilling its roles, and indicates which Directors or Audit & Supervisory Members currently in office (including candidates therefor) possesses such Skills. In our view it is important that the Board of Directors as a whole possesses these Skills.
- Since the Company is active in investing in various businesses, we consider "Corporate management" and "Investment/M&A" Skills to be particularly important. Under the ongoing medium-term management plan, "SHIFT 2023," we are promoting a business portfolio shift with a focus on DX (digital transformation) and the enhancement of sustainability management as two sweeping trends. To the end, we emphasize the Skill of "ICT/DX/Technology" for business reforms or business development through exploiting digital solutions or the mixture of technology and innovation solutions and the Skill of "ESG (Environment, Social and Governance) /Sustainability" for sophisticating sustainability management. In addition, the Skills of "Finance/Accounting," "Legal/Risk management" and "HR management & development" are important for supporting or administering the Company's business operations.
- The key Skills for Audit & Supervisory Board Members on which a high priority is placed are "Corporate management," "Finance/Accounting," and "Legal/Risk management" since they are responsible for auditing Director's execution of duties.

9. Since the Company carries out business transactions and investments all over the world, respective Directors or Audit & Supervisory Board Members are required to have a keen insight from a global perspective. Knowledge concerning “governance” is another indispensable skill for serving as a Director or Audit & Supervisory Board Member. Because we mandate that all Directors and Audit & Supervisory Board Members possess such two skills, they are not included in seven Skills that are indicated in the table and selected in paragraph 7 above.
10. The Skills that the Board of Directors are required to possess may vary according to business strategies or changes in the external environment. This table will be updated from time to time based on the Board of Directors’ review and discussions on required Skills.

**Proposition No. 5: Paying Bonuses to the Company's Directors**

The Company proposes that an amount calculated based on the formula for determining bonuses, being linked to the Company's consolidated performance as determined by the Board of Directors, totaling no more than 513 million yen, be paid as Director's bonuses to the five Directors serving in those posts at the end of fiscal 2021 (excluding the Chairman of the Board of Directors and Outside Directors at the end of the said fiscal year).

The details of this Proposition were determined in accordance with the Company's decision making policy for the remuneration of individual Directors for fiscal 2021 (please refer to pages 86 to 88), which was resolved by the Board of Directors after deliberation at the Nomination and Remuneration Advisory Committee (chaired by Outside Director), a majority of whose members are Outside Directors. The Company considers this Proposition's details to be appropriate in light of decision making policy.

**Proposition No. 6: Revision of Amount of Remuneration for Directors**

Remuneration for the Company's Directors consists of monthly remuneration, stock-based remuneration and performance-linked bonuses for all Directors (excluding Chairman of the Board of Directors and Outside Directors); of monthly remuneration and stock-based remuneration for Chairman of the Board of Directors; and of only monthly remuneration for Outside Directors.

The total amount of remuneration for the Company's Directors (excluding performance-linked bonuses) is "an annual amount of 1.2 billion yen or less (including an annual amount of 60 million yen or less for Outside Directors)", which was approved at the 145th Ordinary General Meeting of Shareholders held on June 21, 2013. The total amount of remuneration for Outside Directors was subsequently revised with the approval of "an annual amount of 1.2 billion yen or less (including an annual amount of 100 million yen or less for Outside Directors)" at the 150th Ordinary General Meeting of Shareholders held on June 22, 2018. Restricted stock-based remuneration and performance share unit-based remuneration, which were introduced with the approval at the 150th Ordinary General Meeting of Shareholders, were integrated and newly introduced as a "restricted performance share unit-based remuneration" (hereinafter referred to as "Stock-based Remuneration") upon approval at the 153rd Ordinary General Meeting of Shareholders held on June 18, 2021, with the maximum monetary amount of remuneration for the Stock-based Remuneration within the aforementioned remuneration limit set at 650 million yen or less per year, and the total number of the Company's common shares to be issued or disposed set at 300,000 shares or less per year. Performance-linked bonuses are paid each year upon approval by the General Meeting of Shareholders separately from the aforementioned remuneration limit.

Aiming at reinforcing the Company group's governance through healthy incentives, increasing the corporate value over the medium to long term and achieving its business objectives, the Company has decided to review the remuneration standard, remuneration composition ratios and performance-based bonuses for Directors in light of current business results and the optima level of business results it seeks to achieve, with the aim of acquiring, retaining and motivating its management personnel, bearing in mind the roles required of Executive Directors and referencing

objective remuneration market research data, etc. provided by external specialized agencies. (Please refer to pages 43 to 49 for the overview of the new executive remuneration plan to be introduced if this proposition is approved.)

Therefore, the Company proposes revising the amount of remuneration for Directors and setting their remuneration for fiscal 2022 onward by type of remuneration as follows.

- (1) monthly remuneration totaling 600 million yen or less per year (including an annual amount of 150 million yen or less for Outside Directors).
- (2) stock-based remuneration with an upper monetary limit of 1.1 billion yen or less per year and an upper limit on the total number of the Company's common shares to be issued or disposed of 450,000 shares or less per year. Nevertheless, if there is a possibility of exceeding the foregoing upper limits, the Company will reduce the number of shares to be provided to each eligible Directors proportionally or by other rational measures to the extent that it does not exceed the foregoing upper limits. Additionally, if, on or after the date that this Proposition is approved and adopted, a share split (including gratis allotment of the Company's common shares) or a consolidation of shares is executed, the Company will adjust such total number based on the split (or allotment) ratio or consolidation ratio.

Details regarding the Stock-based Remuneration shall remain unchanged, except the upper monetary limit and the upper limit on the total number of shares to be issued or disposed as stated in (2).

- (3) performance-linked bonuses totaling 750 million yen or less per year.

The Board of Directors has resolved a revision of the Company's decision making policy for the remuneration of individual Directors after deliberation at the Nomination and Remuneration Advisory Committee (chaired by Outside Director), a majority of whose members are Outside Directors. Please refer to pages 47 to 49 for the overview of the revised decision making policy. The Company considers this Proposition appropriate in light of the content of the revised decision making policy as this Proposition was decided in accordance with the revised decision making policy and reviewed by the Nomination and Remuneration Advisory Committee.

Currently, there are 11 Directors (of whom, 5 are Outside Directors) eligible for monthly remuneration, 6 Directors eligible for stock-based remuneration (excluding Outside Directors), and 5 Directors eligible for performance-linked bonuses (excluding Chairman of the Board of Directors and Outside Directors). There will be no change to the number of eligible Directors even if Proposition No. 3 is resolved as proposed.

End.



## **(Reference) Overview of the Company's Initiatives for Reinforcing Corporate Governance<sup>1</sup>**

### **1. Corporate Governance Principles**

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

### **2. Corporate Governance System and Characteristics**

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

### **3. Framework for "Improving Management Efficiency" and "Maintaining Sound Management"**

#### **(1) Directors and the Board of Directors**

##### **(A) Composition of the Board of Directors and Election of Outside Directors**

To facilitate thorough debate and prompt, rational decision-making, the Board of Directors is composed of an appropriate number of members and diversity is ensured in terms of attributes including experience, knowledge, expertise, and gender. In addition, of the eleven Directors elected, five are Outside Directors with a wealth of experience and a high degree of specialized knowledge and expertise in different fields. This ensures appropriate decision-making in board meetings and further reinforces the oversight function through diverse perspectives. All Outside Directors meet the independence standards set by the financial instruments exchange on which the Company is listed, and the independence standards set by the Company (please refer to

<sup>1</sup> Specifics of corporate governance systems of the Company, including the number of Directors and Audit & Supervisory Board Members (including Outside Directors and Outside Audit & Supervisory Board Members), are as of March 31, 2022.

pages 40 to 42).

**(B) Improvement of Deliberation and Enhancement of Monitoring Function at the Board of Directors**

Agenda items for the Board of Directors are carefully selected by the Board of Directors to promote more focused discussion of management policies and plans and other important matters for companywide management. Members of the Board of Directors also select items that should be taken up for more intensive discussion at the Board of Directors meetings each year. To further strengthen its business execution monitoring functions, the Board of Directors receives reports from each business unit on the state of progress on its strategies, any associated issues and its response to those issues, and carries out a discussion focusing on such issues. The Board of Directors also periodically monitors the state of business execution companywide by receiving reports on the activities of the main corporate committees. Moreover, to further enhance the quality of its discussions, the Board of Directors holds off-site meetings in addition to regular meetings, for free and open discussions on important management topics, including management policies and plans and ESG (Environment, Social and Governance) issues.

**(C) Separation of Duties between the Chairman of the Board of Directors and the President and Chief Executive Officer, and Limits on Their Terms of Office**

In principle, both the Chairman of the Board of Directors and the President and Chief Executive Officer are appointed in order to ensure mutual supervision, and both positions cannot be held simultaneously by the same person. The Chairman of the Board of Directors convenes the Board of Directors meetings and presides over them as chairperson. The Chairman of the Board of Directors supervises management but does not engage in routine execution of operations and has no representative authorities.

Moreover, in principle, the Chairman of the Board of Directors and the President and Chief Executive Officer are each limited to terms of up to six years. These limitations on the tenure of top management help eliminate the risk of governance problems occurring as a result of the top management not being changed over for a long period of time.

**(D) Establishment of the Advisory Body to the Board of Directors**

We have 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. 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.

## **Evaluation of the Board of Directors**

To maintain and enhance the effectiveness of the Board of Directors, each year Directors and Audit & Supervisory Board Members engage in analysis and evaluation of the Board's effectiveness through self-evaluation and other methods. This is followed by the disclosure of overviews of the results. As in fiscal 2020, the evaluation for fiscal 2021 included questionnaires (answered anonymously) and interviews conducted by a third party, to tie the evaluation results into efforts to further increase the Board of Directors' effectiveness. The evaluation for fiscal 2021 and its results are summarized below. These were reported and discussed at the Board of Directors meetings held on February 24 and March 29, 2022. Based on the opinions expressed by Directors and Audit & Supervisory Board Members and issues identified on the effectiveness evaluation for fiscal 2021, we will continue to make efforts to further increase the effectiveness of the Board of Directors.

### **1. Evaluation Methods**

#### **(1) Individuals Evaluated**

All 11 Directors and 5 Audit & Supervisory Board Members

#### **(2) Implementation method**

Questionnaire survey (anonymous) and interviews conducted during the period from November 2021 to December 2021.

Note: Implemented by a third party (external consultant).

#### **(3) Evaluation Items**

(i) Selection of agenda items to be discussed by the Board of Directors, (ii) discussions based on changes in the external environments and business environments, (iii) adequate advance provision of information to members of the Board of Directors, (iv) discussion by the Board of Directors with adequate reflection of stakeholder's perspectives and evaluations, (v) fulfillment of roles by Outside Directors, (vi) fulfillment of roles by the Chairman of the Board of Directors, (vii) fulfillment of roles by internal Directors (excluding Chairman of the Board of Directors), (viii) overall evaluation, etc.

#### **(4) Evaluation process**

A third party (external consultant) collected questionnaires and interview responses. The results were reported to, and analyzed and evaluated at the Board of Directors.

### **2. Evaluation Results Overview and corresponding actions**

Based on the analysis of the results of the questionnaires and interviews conducted by the third party (external consultant), the Board of Directors was found to be functioning effectively overall.

On the whole, as stated below, a majority of opinions were positive.

- In fiscal 2021, members of the Board of Directors paid careful thought to setting of agenda items as practiced since fiscal 2020, and this enabled them to carry out sufficient discussion on key management issues.
- The management review for confirming progress on medium term management plan “SHIFT 2023” was ample in scope and content and easy to understand.
- Members of the Board of Directors engaged in free and robust discussion at off-site meetings. They were also given ample prior explanations. Q&As and opinions heard on those occasions were presented at the Board of Directors meetings, helping to deepen their discussion from a wide range of perspectives.

Based on the opinions and comments provided by Directors and Audit & Supervisory Board Members and associated issues in this evaluation, we will carry out the following actions to further strengthen and enhance our corporate governance.

- In fiscal 2022, the Board of Directors will continue to monitor business execution through progress reviews of medium term management plan “SHIFT 2023” (reports on the state of progress in shifting the business portfolio and systems), reports on important large-scale investments, progress management of medium-term goals related to advancing sustainability management (six key social issues), reports on the status of efforts on DX (digital transformation) and report on the follow-up for the new human resources system, etc.
- Strive to further enhance management strategy and policy discussions that take into account diverse stakeholder perspectives, including shareholders and investors.
- Enhance efforts to further leverage the experience and insights of Outside Directors outside of the Board of Directors meetings.

## **(2) Audit & Supervisory Board Members and Audit & Supervisory Board**

### **(A) Composition of the Audit & Supervisory Board and Enhancement of Corporate Auditing Framework**

The Audit & Supervisory Board consists of five members, including three Outside Audit & Supervisory Board Members. Each Audit & Supervisory Board Member audits the execution of duties by Directors in their roles as members of the Board of Directors and as Executive Officers (Representative Directors). To be effective in their respective roles, internal Audit & Supervisory Board Members draw on specialized knowledge and a range of experience related to operations, while Outside Audit & Supervisory Board Members draw on highly specialized knowledge and a wealth of experience in specific fields such as law, accounting, and business management. Among its functions, the Audit & Supervisory Board makes decisions on legally mandated matters and also strives to improve the efficiency and quality of auditing activities performed by its members by, for example, sharing information on those activities and receiving advance explanation of items on the Board of Directors’ agenda. All Outside Audit & Supervisory Board Members fulfill independence standards set by the financial instruments

exchange on which the Company is listed and the independence standards set by the Company (please refer to pages 40 to 42).

**(B) Ensuring Audit Effectiveness**

Audit & Supervisory Board Members attend the Board of Directors meetings and other important internal meetings, meet with organizational leaders, and inspect important documents to obtain sufficient information essential for conducting audits. Additionally, they have meetings with Audit & Supervisory Board Members of the Company's subsidiaries, as well as one-on-one meetings with Directors and Audit & Supervisory Board Members of those subsidiaries.

**(C) Collaboration with Internal Auditing Dept. and Accounting Auditors**

To execute their assigned functions, Audit & Supervisory Board Members collaborate closely with Internal Auditing Dept. and accounting auditors. These collaborations include receiving reports on internal audit plans and results in a timely manner from Internal Auditing Dept., and exchanging information with and monitoring auditing activities by accounting auditors through regular meetings.

**(3) Training and Information Provision for Directors and Audit & Supervisory Board Members**

On taking office, Outside Directors and Audit & Supervisory Board Members have the opportunity to receive a briefing on areas including the Sumitomo Corporation Group's Management Principles, management policy, business activities, finances, organization, medium-term management plan, and risk management system. Additionally, Directors and Audit & Supervisory Board Members are offered seminars, e-learning courses, and other learning opportunities so they can gain new and updated knowledge required for their roles.

To deepen their understanding of Sumitomo's business philosophy and the Company's business activities, Outside Directors and Outside Audit & Supervisory Board Members, in principle, visit a Sumitomo-related facility during the first fiscal year of their term in office and have opportunities to observe at least one workplace in Japan and at least one workplace overseas every year. In fiscal 2021, overseas workplace visits were canceled due to the spread of COVID-19; three workplace visits were made in Japan.

Prior to every meeting of the Board of Directors, Outside Directors and Audit & Supervisory Board Members are briefed on the agenda items due for discussion.

**4. System for Ensuring Management Transparency**

**(1) Basic Policy on Information Disclosure**

To bring an accurate understanding of the Company's management policies and business activities to all our stakeholders, we strive to make full disclosure, not limiting ourselves to the disclosure of information required by law but also encouraging the voluntary disclosure of information.

## **(2) Communicating with Shareholders and Other Investors**

### **(A) Measures relating to the General Meeting of Shareholders**

We send out a Notice of Convocation to shareholders approximately three weeks prior to each Ordinary General Meeting of Shareholders. For the convenience of shareholders, we also provide the notice on our corporate website in advance of sending a Notice of Convocation, together with its English-language translation. We allow shareholders and investors sufficient time to thoroughly examine the propositions to be resolved at the Meeting by enabling them to exercise their voting rights via internet (including through the Electronic Voting Platform for institutional investors operated by Investor Communication Japan, Inc. [ICJ]). In addition, we stream the General Meeting of Shareholders live for shareholders on internet and the streaming video of the meeting is posted on our website for a certain period after the close of the meeting. In fiscal 2022, we begin accepting questions from shareholders on internet prior to the General Meeting of Shareholders.

### **(B) Disclosing Various Information**

Our corporate website provides various materials that may be useful in making investment decisions in a timely manner. These materials include financial results, *yukashoken houkokusho* (Japanese annual securities reports) and other Tokyo Stock Exchange filings as well as documents from company briefings. Moreover, we provide our Integrated Report and ESG Communication Book, and endeavor to ensure proactive disclosure of not only financial information but non-financial information as well.

### **(C) Investor Relations and Shareholder Relations<sup>2</sup>**

In order to ensure direct communication with shareholders and other investors, we hold quarterly meetings attended by top management to provide information on our financial results for analysts and institutional investors in Japan, as well as one-on-one meetings with them. For individual investors, we hold company briefings at major cities across Japan. We continuously hold one-on-one meetings with investors mainly in the United States, the United Kingdom and other countries in Europe and Asia. Also, we ensure regular and constructive dialogue (engagement) with institutional shareholders who hold the Company's shares substantially in Japan, Europe and North America. Such dialogue primarily addresses our initiatives and policies, etc. relating to ESG (Environment, Social and Governance) issues.

While increasing management transparency, we aim to strengthen our relationships of trust with shareholders and investors.

<sup>2</sup> As fiscal 2020, all briefings and meetings were held online due to the spread of COVID-19 in fiscal 2021.

Further information regarding the Company's initiatives for reinforcing corporate governance can be found on our website:

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



**(Reference) Standards for Appointment of Directors and Audit & Supervisory Board Members**

Candidates for internal Directors shall be honest in character, highly insightful and capable, and must have expert business knowledge and extensive experience, including management experience. Candidates for Outside Directors shall be honest in character, highly insightful and capable, and with a view to bringing in diverse perspectives, shall have knowledge of their particular area of business as well as extensive knowledge and experience.

Candidates for internal Audit & Supervisory Board Members shall be honest in character, highly insightful and capable, and must have expert business knowledge and extensive experience. Candidates for Outside Audit & Supervisory Board Members shall be honest in character, highly insightful and capable, and hold a high degree of specialized knowledge and a wealth of experience in specific fields such as law, accounting, business management, and the like.

Gender and nationality etc. shall be of no consequence.

Outside Directors and Outside Audit & Supervisory Board Members are selected in accordance with the Company's internal rules, the Standards for Appointment and Independence of Outside Directors and Outside Audit & Supervisory Board Members, Article 4, as referenced below.

Candidates for Directors and Audit & Supervisory Board Members are deliberated by the Nomination and Remuneration Advisory Committee (comprised of a majority of Outside Directors and chaired by an Outside Director), acting as an advisory body to the Board of Directors, in accordance with the standards for selecting Directors and Audit & Supervisory Board Members established by the Committee. The Board of Directors approves the appointment of nominated Directors and Audit & Supervisory Board Members based on the results of the deliberation reported by the Committee.

**Standards for Appointment and Independence of Outside Directors and  
Outside Audit & Supervisory Board Members**

**Article 4**

- (1) Outside Directors or Outside Audit & Supervisory Board Members of the Company shall be judged to be independent provided none of the following descriptions apply.
1. A major shareholder of the Company (holding 10% or more of the total voting rights in the Company at the end of the most recent fiscal year) or an individual who serves as an executive

- in an entity that is a major shareholder of the Company
2. An individual for whom the Company is a major business partner or who serves as an executive in an entity for which the Company is a major business partner
  3. An individual who is a major business partner of the Company or who serves as an executive in an entity that is a major business partner of the Company
  4. An accounting auditor of the Company or its consolidated subsidiary, or an individual who is responsible for auditing the Company or its consolidated subsidiary as an employee at an auditing firm
  5. An attorney, judicial scrivener, patent agent, certified public accountant, certified tax accountant, consultant, or other professional who receives more than JPY 10 million in cash or other assets annually from the Company in addition to Director's or Audit & Supervisory Board Member's remuneration (or if the entity receiving such assets is an organization such as a corporation or association, an individual belonging to an entity receiving assets from the Company exceeding 2% of annual income)
  6. A major lender for the Company (a lender whose personal or corporate name is stated as a major lender in the Company's business report for the most recent fiscal year) or who serves as an executive in an entity that is a major lender for the Company
  7. An individual who receives more than JPY 10 million in donations annually from the Company (or if the entity receiving such donations is an organization such as a corporation or association, an individual who serves as an executive in an entity receiving assets from the Company exceeding 2% of annual income).
  8. An individual to whom any of the items numbered 1 to 7 above applied within the last three years
  9. A relative within the second degree of kinship or closer of an individual described in any of the items numbered 1 to 8 above (applies only to key individuals)
  10. A relative within the second degree of kinship or closer of a Director, Executive Officer, Corporate Officer, manager, employee, or accounting advisor (in the case of a corporation, this includes corporate employees required to perform work for the corporation) of the Company or its consolidated subsidiary
  11. A relative within the second degree of kinship or closer of an individual who was a Director, Executive Officer, Corporate Officer, manager, employee, or accounting advisor (in the case of a corporation, this includes corporate employees required to perform work for the corporation) of the Company or its consolidated subsidiary within the last three years
  12. An individual subject to any exceptional circumstances other than those described in the items above that might potentially cause a conflict of interest with the Company or otherwise make it impossible to fulfill duties as an independent Outside Director or Outside Audit & Supervisory Board Member

- (2) Outside Director or Outside Audit & Supervisory Board Member judged to be independent pursuant to this Article shall notify the Company immediately once they no longer qualify as independent.
- (3) Within this Article “major business partner” denotes a business partner accounting for more than 2% of annual consolidated net sales (or in the case that a business partner adopts the International Financial Reporting Standards, annual consolidated revenues) of that business partner for the most recent fiscal year.

**(Reference) Overview of New Executive Remuneration Plan**

Below is the overview of the new executive remuneration plan to be introduced in the case Proposition No. 6 is approved at the Ordinary General Meeting of Shareholders.

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

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

(Note 1) The remuneration of Executive Directors and Executive Officers consists of “monthly remuneration,” “performance-linked bonus,” and “restricted performance share unit-based remuneration.”

(Note 2) The remuneration of the Chairman of the Board of Directors, whose main role is management supervision as stipulated in the “Sumitomo Corporation Corporate Governance Principles,” consists of “restricted performance share unit-based remuneration,” which contribute to improving shareholder value, in addition to “monthly remuneration.”

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

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

**(1) The background and the purpose of the revision of remuneration**

We have partially revised the remuneration plan to ensure that it is based on our environment, management strategy and human resources strategy, with the aim of reinforcing our group’s

governance, increasing the corporate value over the medium to long term., and achieving its business objectives. In specific terms, we have amended the details of our remuneration standards, remuneration composition ratios and performance-linked bonus.

## (2) Remuneration standards and remuneration composition ratios of Executive Directors and Executive Officers

- We have amended our remuneration standards and remuneration composition ratios to appropriate levels in light of current business results and the optima level of business results we seek to achieve, with the aim of acquiring, retaining, and motivating our management personnel, bearing in mind the roles required of Executive Directors and Executive Officers. We have done so with reference to objective remuneration market research data, etc. provided by external specialized agencies such as the Willis Towers Watson “Executive Compensation Database.”
- The breakdown of the remuneration of Representative Director, President and Chief Executive Officer is as shown below.

	Monthly Remuneration	Performance-Linked Bonus	Stock-Based Remuneration
<ul style="list-style-type: none"> <li>• consolidated net income (Note 5) and basic profit cash flow (Note 6): 200 billion yen</li> <li>• stock price growth rate (Note 7) and stock growth rate (Note 8): 100%</li> </ul>	42%	17%	41%
<ul style="list-style-type: none"> <li>• consolidated net income (Note 5) and basic profit cash flow (Note 6): 400 billion yen</li> <li>• stock price growth rate (Note 7) and stock growth rate (Note 8): 100%</li> </ul>	32%	37%	31%
<ul style="list-style-type: none"> <li>• consolidated net income (Note 5) and basic profit cash flow (Note 6): 600 billion yen</li> <li>• stock price growth rate (Note 7) and stock growth rate (Note 8): 100%</li> </ul>	25%	50%	25%

(Note 5) “Consolidated net income” is equivalent to the “profit attributable to owners of the parent” set out in International Financial Reporting Standards (IFRS).

(Note 6) “Basic profit cash flow” = “Basic profit (\*)” – “Share of profit (loss) of investments accounted for using the equity method” + “Dividend from investments accounted for using the equity method.”

(\*) “Basic profit” = (Gross profit + Selling, general and administrative expenses (excluding provision for doubtful receivables) + Interest expense, net of interest income + Dividends) × (1-31%) + Share of profit (loss) of investments accounted for using the equity method.

(Note 7) “Stock price growth rate” =  $\{(Average\ price\ of\ Company's\ common\ shares\ in\ relevant\ fiscal\ year) \div (Average\ price\ of\ Company's\ common\ shares\ in\ the\ previous\ fiscal\ year)\} \div \{(Average\ of$

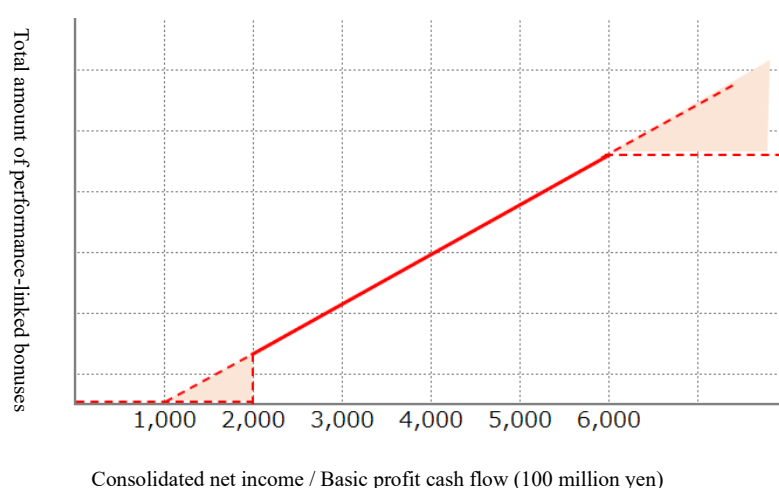
TOPIX in relevant fiscal year) ÷ (Average of TOPIX in the previous fiscal year)}  
 (Note 8) “Stock growth rate” = {(Average price of Company’s common shares in the month of termination of Evaluation Period + Total amount of dividends during Evaluation Period) ÷ (Average price of Company’s common shares in the month of commencement of Evaluation Period)} ÷ {(Average of TOPIX in the month of termination of Evaluation Period) ÷ (Average of TOPIX in the month of commencement of Evaluation Period)}

### (3) Performance-linked bonus

From the perspective of reinforcing the relationship with our group’s management strategy, the total amount to be paid is determined in accordance with the performance management index to be focused on in the medium term management plan “SHIFT 2023”, as well as the newly adopted year-on-year stock price growth rate (ratio of the Company’s stock price growth to the growth rate of TOPIX (Tokyo Stock Exchange Stock Price Index), and the amount to be paid to individual officers is distributed according to their position and personal evaluation and paid after the end of the fiscal year. In addition, each officer is evaluated on the basis of both financial indicators (status of achievement of business plans, etc. in the respective areas of responsibility) and non-financial indicators (such as individual Strategic Business Units’ achievement of KPIs and KAIs, and progress in addressing important company-wide issues) so that they can become more aware in regard to their commitment to management strategy and results. The ratio of financial indicators to non-financial indicators in personal evaluation is 50:50, and of evaluation based on non-financial indicators, 20% relates to the important company-wide issues of business reform through digital transformation (DX), enhancement of sustainability management, and promotion of diversity & inclusion.

[Total amount of performance-linked bonuses (excluding year-on-year stock price growth rate) (image)]

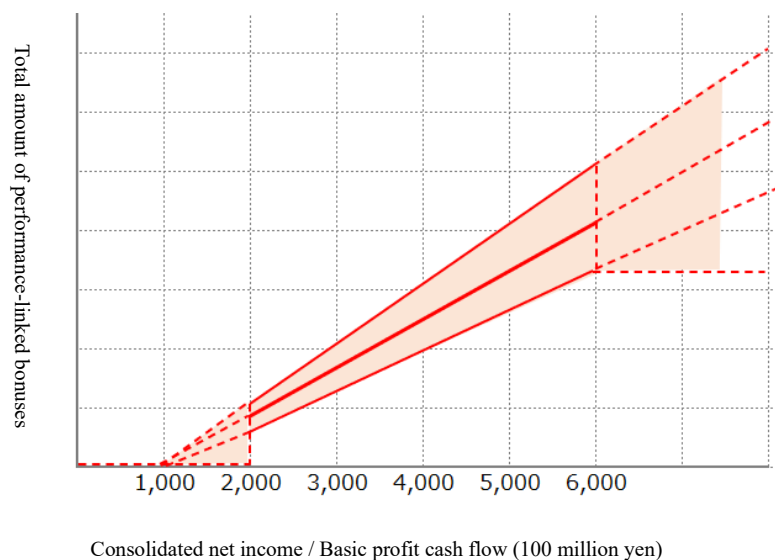
The potential range of business results in terms of consolidated net income and basic profit cash flow is assumed to be 200-600 billion yen; if business results fall outside this range, the total amount of performance-linked bonuses to be paid is decided separately by the Board of Directors based on report from the Nomination and Remuneration Advisory Committee.



[Total amount of performance-linked bonuses (including year-on-year stock price growth rate) (image)]

In order to further promote the initiatives of the medium term management plan “SHIFT 2023”, we added the year-on-year stock price growth rate as a new indicator for determining the total amount of

performance-linked bonuses. The total amount to be paid is worked out by multiplying the amount calculated from consolidated net income and basic profit cash flow by the year-on-year stock price growth rate. The range of the year-on-year stock price growth rate is 80-120%.



#### (4) Restricted Performance Share Unit-Based Remuneration

With the aim of further promoting efforts to increase the Company's corporate value over the medium to long term and share value with our shareholders, the company's common shares (restricted) in number determined according to the Company's stock growth rate (ratio of the Company's stock price growth including dividends to the growth rate of TOPIX (Tokyo Stock Exchange Stock Price Index)) during the three-year evaluation period are provided each year in principle. The restriction period will be from the day the shares are provided until the day the recipient resigns or retires from all their positions as Director or Executive Officer of the Company or any other position determined by the Board of Directors to realize shareholder value over the medium to long term.

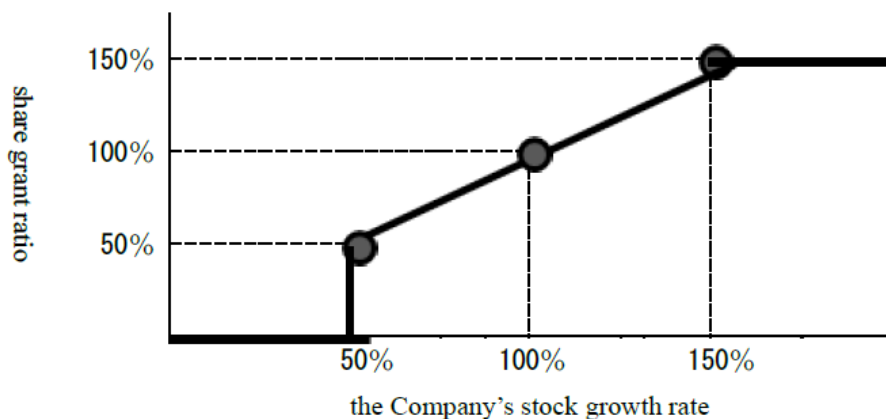
< Evaluation period of the Company's stock growth rate (image) >

	2022	2023	2024	2025	2026	2027
2022 Plan	Share price evaluation period			● grant shares		
2023 Plan		Share price evaluation period			● grant shares	
2024 Plan			Share price evaluation period			● grant shares

< Method for calculating the number of granted shares >

Number of granted shares = standard number of granted shares by position x the Company's stock growth rate (share grant ratio) x service period ratio

< share grant ratio >



Taking into the account the above revision, we have resolved a revised decision making policy for the remuneration of individual Directors at the Board of Directors meeting held on May 10, 2022 after deliberation within the Nomination and Remuneration Advisory Committee. The overview of the revised decision making policy is as follows:

**1. Policy on deciding the composition of the monthly remuneration, performance linked bonus and stock-based remuneration**

The remuneration of individual Directors is decided with the aim of offering incentives to seek enhanced corporate governance, increased corporate value over the medium to long term, and push forward a sustainable growth linked with the Company's business strategy.

With respect to the composition ratios regarding each types of remuneration, (i) by setting an appropriate remuneration standards to acquire and retain highly capable management who will bring about the Company's sustainable growth and increase of corporate value in the middle to long term, and (ii) to design as healthy incentive to sustainable growth of the Company, the Company will establish an appropriate ratio, etc. between fixed remuneration (monthly remuneration) and variable remuneration ("performance linked bonus" which is linked with short term performance of the Company and "stock-based remuneration" which is linked with middle and long term performance of the Company and shareholder value) which corresponds to Director's position, based on its business environment, management strategy and human resources strategy, with reference to objective remuneration market research data, etc. provided by external specialized agencies.

Moreover, Executive Directors are also paid separate remuneration for taking part in programs for the promotion of their own health, etc.



**2. Policy on the decision of the amount or the calculation method of Director's monthly remuneration (including policy on the decision of when or under what circumstances such remuneration will be granted)**

The monthly remuneration for individual Directors is paid on a monthly basis based on its business environment, management strategy and human resources strategy with reference to objective remuneration market research data, etc. provided by external specialized agencies, taking into account the Director's position, to be decided by the Board of Directors after consultation with the Nomination and Remuneration Advisory Committee (which is chaired by Outside Director and which majority consists of Outside Directors). Moreover, Outside Directors who are members of the Nomination and Remuneration Advisory Committee are paid a committee allowance separately which amount is decided by the Board of Directors.

**3. Policy on the decision of the amount or calculation method of the performance linked remuneration and non-monetary remuneration of individual Directors (including policy on the decision of when or under what circumstances such remuneration will be granted)**

**(1) Performance linked bonus**

Performance linked bonuses for individual Executive Directors are designed with a focus on the relationship with its group's management strategies and promote the execution of duties that coincide with its management strategy and offer strong motivation for achieving specific business objectives. From the perspective of reinforcing the relationship with its group's management strategy, the total amount to be paid is determined in accordance with the performance management index, etc. to be focused on in the medium term management plan. The amount to be paid to individual Executive Directors is distributed according to their position and personal evaluation, and is paid after the end of the fiscal year. In addition, each Executive Director is evaluated on the basis of both financial indicators and non-financial indicators so that they can become more aware in regard to their commitment to management strategy and results. The ratio of such indicators shall be appropriately established.

The standard for the payment of performance linked bonus is designed appropriately based on its business environment, management strategy and human resources strategy with reference to objective remuneration market research data, etc. provided by external specialized agencies. The remuneration standard also corresponds to the Director's position and is decided by Board of Directors after consultation with the Nomination and Remuneration Advisory Committee.

**(2) Stock-based remuneration**

The actual contents and timing of payment of the stock-based remuneration for each Directors (excluding Outside Directors) is decided by the Board of Directors after consultation with the Nomination and Remuneration Advisory Committee. This remuneration is aimed at promoting efforts at optimizing its business portfolio and increasing corporate value in the medium to long term by focusing on the link with shareholder value, and further promoting to share value with its shareholders.

In addition, the standard for payment of stock-based remuneration is designed appropriately based on its business environment, management strategy and human resources strategy with reference to objective remuneration market research data, etc. provided by external specialized agencies. The standard also corresponds to the Director's position and is decided by the Board of Directors after consultation with the Nomination and Remuneration Advisory Committee

**4. Particulars regarding the delegation to Directors or other third parties of the decision of all or part of the remuneration for each Directors and other method for deciding the content of the remuneration for individual Directors**

Remuneration for individual Directors is resolved by the Board of Directors within the limit resolved at the General Meeting of Shareholders. Upon the resolution by the Board of Directors, the details are deliberated by the Nomination and Remuneration Advisory Committee and the results thereof are reported to the Board of Directors as part of our efforts to further enhance transparency and objectivity.

In determining performance-linked bonuses for Executive Directors, a potential range of performance management index, etc. will be drawn up for relevant fiscal year, and the Board of Directors will determine a formula for calculating performance-linked bonus in accordance with results of the performance management index, etc. within such relevant fiscal year, taking into account report from the Nomination and Remuneration Advisory Committee. (If the actual results of the performance management index, etc. fall outside the range, a new formula will be decided separately by the Board of Directors based on report from the Nomination and Remuneration Advisory Committee.)

After the end of the fiscal year, Representative Director, President and Chief Executive Officer will determine personal evaluations as an indicator set out in the formula, following meetings with each of Executive Directors, and individual bonuses will be calculated within the limit approved at the General Meeting of Shareholders. Moreover, Representative Director, President and Chief Executive Officer will report to the Nomination and Remuneration Committee about the grading results in order to make sure the personal evaluations are appropriate.

## **Business Report (April 1, 2021 through March 31, 2022)**

### **I. Particulars Regarding the Present Status of the Sumitomo Corporation Group**

#### **1. Course of Operations and Operating Results**

##### **(1) Economic Environment**

During the fiscal year under review (fiscal 2021), the global economy showed strong signs of economic recovery, underpinned by monetary and fiscal support mainly in developed countries as a countermeasure against the COVID-19 pandemic. A marked rise in prices has been led owing to various constraints imposed on the supply network and soaring energy prices around the world, triggered by a sharp decline in wind power generation due to exceptional wind conditions in Europe, while demand has largely recovered. In response, many countries and regions shifted their monetary policy from easing to tightening. In addition, economic sanctions resulting from the Russian - Ukrainian situation have divided the world, further destabilizing energy and grain prices. In China, due to the impact of the strengthening of various restrictions, growth slowed, causing the real estate crisis.

Meanwhile, international commodity markets saw an unprecedented surge in prices at a pace which has never been seen in recent years. The price of crude oil and natural gas increased since the global economic recovery has been strengthened and the demand has recovered due to the energy crisis in Europe, while investment in upstream interests in fossil fuels declined in response to the global trend toward decarbonization. In addition, logistics disruptions caused by a sharp recovery in demand and the heightened risk of supply network disruptions due to growing tensions in Russian - Ukrainian situation have driven up the prices of raw materials: non-ferrous metals such as nickel and zinc, steel, grains, and fertilizers made from gas as well as the prices of crude oil and natural gas.

The Japanese economy did not recover as much as expected, as the economy saw some ups and downs in response to COVID-19 case numbers and the supply chain for semiconductors and other materials remained unstable. Also, due to the rise in energy prices and the depreciation of the yen, the value of imports increased significantly, and the trade balance turned into a deficit.

##### **(2) Operating Results and Financial Status**

###### **(A) Operating results**

For fiscal 2021, profit/loss for the year attributable to owners of the parent<sup>1</sup> totaled a profit of 463.7 billion yen, representing an increase of 616.8 billion yen from the previous fiscal year. One-off profits/losses totaled a profit of approximately 7.0 billion yen, representing an increase of approximately 358.0 billion yen from the previous fiscal year, owing to recording profits resulting from realization of divestment in multiple businesses including the sale of copper and molybdenum mining business in Chile, while recording losses resulting from the Russian-Ukrainian situation.

<sup>1</sup> "Profit/loss for the year attributable to owners of the parent" means the net profit/loss attributes to our shareholders.

Profit for the year attributable to owners of the parent excluding one-off profits/losses totaled approximately 457.0 billion yen, representing an increase of approximately 259.0 billion yen from the previous fiscal year. The profit from non-mineral resources businesses<sup>1</sup> resulted in an increase in earnings due to an improvement of profitability in the leasing business and the delivery of large scale properties in the real estate business in addition to a recovery in earnings in the tubular products business in the North America and automotive related business. The profit from mineral resources businesses<sup>2</sup> resulted in an increase in earnings due to resumption of operation in the nickel mining and refining business in Madagascar in addition to a rise in mineral resources prices.

(Unit: Billions of yen)	153rd year Fiscal 2020	154th year Fiscal 2021	Increase/ Decrease
Profit (loss) for the year (attributable to owners of the parent)	(153.1)	463.7	+616.8
One-off profits/(losses)	Approx. (351.0)	Approx. 7.0	Approx. +358.0
Excl. one-off profits/(losses)	Approx. 198.0	Approx. 457.0	Approx. +259.0
Mineral resources business	13.0	160.0	+147.0
Non-mineral resources business	185.0	297.0	+112.0
Basic profit cash flow <sup>3</sup>	130.8	359.5	+228.8

## (B) Financial position

### (a) Total assets, liabilities, and equity

Total assets stood at 9,582.2 billion yen, representing an increase of 1,502.2 billion yen from the previous fiscal year-end, due mainly to the impact of yen's depreciation, and the increase of working capital and investments accounted for using the equity method.

Equity attributable to owners of the parent<sup>4</sup> totaled 3,197.8 billion yen, representing an increase of 669.9 billion yen from the previous fiscal year-end, due mainly to the impact of yen's depreciation and the profit for the year attributable to owners of the parent posted in fiscal 2021, while dividend payment was made.

<sup>1</sup> "Non-mineral resources business" refers to all of our businesses except for the mineral resources business (Please refer to the following No.2).

<sup>2</sup> "Mineral resources business" refers to the businesses conducted by Mineral Resources Division No.1, Mineral Resources Division No.2 and Energy Division.

<sup>3</sup> "Basic profit cash flow" = (Gross profit + Selling, general and administrative expenses (excluding provision for doubtful receivables) + Interest expense, net of interest income + Dividends) × (1-Tax rate) + Dividend from investments accounted for using the equity method. Tax rate is 25% for fiscal 2021 and 31% for fiscal 2020.

<sup>4</sup> "Equity attributable to owners of the parent" stands for the equity attributable to our shareholders.

Interest-bearing liabilities (net)<sup>1</sup> totaled 2,273.7 billion yen, representing a decrease of 26.7 billion yen from the previous fiscal year-end.

In consequence, the net debt-equity ratio<sup>2</sup> was 0.7.

#### **(b) Cash flows**

Net cash provided in operating activities totaled to an inflow of 194.1 billion yen as basic profit cash flow totaled to an inflow of 359.5 billion yen because our core businesses performed well in generating cash, while working capital increased.

Net cash provided in investing activities totaled to an inflow of 49.0 billion yen. In fiscal 2021, we recovered funds due to asset replacement, including sales of copper and molybdenum mining business in Chile and domestic and overseas real estate. On the other hand, we executed investments mainly for participation in the telecommunication business in Ethiopia and the water sewage treatment business in China.

As a result, free cash flows, representing sum of net cash provided in operating activities and net cash provided in investing activities, totaled to an inflow of 243.1 billion yen.

Net cash used in financing activities totaled to an outflow of 139.9 billion yen due primarily to repayments of lease liabilities and dividend payment.

In consequence of the foregoing and consideration of the impact such as of foreign exchange fluctuation, cash and cash equivalents stood at 733.8 billion yen as of March 31, 2022, representing an increase of 134.8 billion yen from the previous fiscal year-end.

#### **(C) Dividend for fiscal 2021**

We aim to increase dividends by achieving medium and long-term earnings growth while adhering to its fundamental policy of paying shareholders a stable dividend over the long term.

As indicated in our mid-term management plan “SHIFT 2023”, we decide the annual dividend by taking into consideration the status of fundamental earnings capacity, cash flows, and other factors, with a consolidated payout ratio of about 30% as a guideline, maintaining at least 70 yen per share, the same amount as the annual dividend for fiscal 2020.

Since profit for the year attributable to owners of the parent in fiscal 2021 totaled 463.7 billion yen, the annual dividend for fiscal 2021 is planned to be 110 yen per share.

The year-end dividend will be 65 yen per share since the interim dividend was 45 yen per share, which will be proposed to the Ordinary General Meeting of Shareholders scheduled in June.

<sup>1</sup> “Interest-bearing liabilities (net)” is sum of bonds and borrowings (current and non-current) and excluding lease liabilities.

<sup>2</sup> “Debt-equity ratio (net)” is calculated by dividing Interest-bearing liabilities (net) by “Equity attributable to owners of the parent”

With respect to our future shareholder return policy and the annual dividend forecast for fiscal 2022, please see “2. Issues to Be Addressed, (4) Review of the quantitative plan and shareholder return policy, (B) Review of the shareholder return policy and annual dividend forecast for fiscal 2022” for further details.

### (3) Segment Information

#### (A) Profit (loss) for the year (attributable to owners of the parent) of each Segment

##### <Profit (loss) for the year (attributable to owners of the parent)>

Segment	Profit (loss) for the year (attributable to owners of the parent) (Unit: Billions of yen)	
	153rd year Fiscal 2020	154th year Fiscal 2021
Metal Products	(39.8)	55.2
Transportation & Construction Systems	(17.5)	34.9
Infrastructure	(55.2)	33.3
Media & Digital	44.3	39.4
Living Related & Real Estate	(4.8)	44.0
Mineral Resources, Energy, Chemical & Electronics	(59.5)	247.3
Corporate and Eliminations	(20.6)	9.5

- Notes:
1. Profit (loss) for the year (attributable to owners of the parent) figures above are rounded to the nearest tenth. Therefore, the sum of the break down figures and the total figure may not necessary coincide.
  2. On April 1, 2021, we established the Energy Innovation Initiative (EII), to which the next-generation energy-related businesses were transferred from Infrastructure Business Unit, Living Related & Real Estate Business Unit and Mineral Resources, Energy, Chemical & Electronics Business Unit, and its profit (loss) for the year (attributable to owners of the parent) has been incorporated into “Corporate and Eliminations”. On the same date, production and sales business of aluminum ingot and sheets was transferred from Metal Products Business Unit to Mineral Resources, Energy, Chemical & Electronics Business Unit. Accordingly, the segment information of the previous year has been reclassified.

#### (B) Activities of business units

##### (a) Metal Products Business Unit

###### [Business Overview]

- Trade of steel products (steel sheets, plates, wires, tubular products such as Oil Country Tubular Goods (OCTG) and line pipes, etc.)
- Processing of steel sheets and tubular products, , and other related businesses

###### [Profit for the Year Attributable to Owners of the Parent]

Metal Products Business Unit posted profit of 55.2 billion yen, an increase of 95.0 billion yen from the previous fiscal year. This is mainly due to increase in earnings for the overseas steel service centers business and the tubular products business in the North America, in addition to

the absence of impairment loss recorded in the tubular products business in the previous fiscal year.

## **(b) Transportation & Construction Systems Business Unit**

### **[Business Overview]**

- Trade of ships, aircraft, automobiles, motorcycles, construction and mining equipment, agricultural machinery, and industrial vehicles, and their related equipment and components as well as other associated businesses
- Leasing and financing businesses

### **[Profit for the Year Attributable to Owners of the Parent]**

Transportation & Construction Systems Business Unit posted profit of 34.9 billion yen, an increase of 52.4 billion yen from the previous fiscal year. This is mainly due to increase in earnings for the leasing business and the automotive related business, in addition to the absence of one-off loss recorded in the automotive financing business in Indonesia in the previous fiscal year, while the aircraft leasing business recorded a loss related to the Russian-Ukrainian situation.

## **(c) Infrastructure Business Unit**

### **[Business Overview]**

- Social infrastructure businesses such as domestic electric retail, energy management, water supply, transportation systems & infrastructure, and airport, port and smart city development projects
- Electric power infrastructure businesses such as I(W)PP<sup>1</sup> and EPC<sup>2</sup> including reusable energy and in both Japan and overseas
- Logistics infrastructure businesses such as logistics, development and operation of overseas industrial parks as well as the procurement and development related business in insurance

### **[Profit for the Year Attributable to Owners of the Parent]**

Infrastructure Business Unit posted profit of 33.3 billion yen, an increase of 88.5 billion yen from the previous fiscal year. This is mainly due to the absence of the additional cost accompanied by delay in construction of EPC projects which was recorded in the previous fiscal year regardless of the peak-out of those projects. The increase is also attributable to the absence of one-off loss

<sup>1</sup> I(W)PP stands for Independent (Water and) Power Producer. In the IPP business, we, as an Independent Power Producer (IPP), own power generation facilities and sell the generated electricity to local electric power companies. IWPP is an acronym based on IPP, with the addition of “W” for “Water.” In the IWPP business, we operate a desalination facility that uses the energy from power generation in the IPP business to desalinate seawater to produce domestic water, and sell the desalinated water to local public water corporations.

<sup>2</sup> EPC stands for Engineering, Procurement and Construction. In the EPC business, we undertake the Engineering, Procurement and Construction of a power plant.

including impairment loss posting for IPP business in Australia, etc. in the previous fiscal year.

**(d) Media & Digital Business Unit**

**[Business Overview]**

- Media businesses such as the cable television, multi-channel programming distribution, TV shopping business and digital media
- ICT (information and communication technology) platform and IT solution business, and digital businesses through global CVC (Corporate Venture Capital) business<sup>1</sup>
- Smart platform business<sup>2</sup> such as smart communications infrastructure business and value-added service business

**[Profit for the Year Attributable to Owners of the Parent]**

Media & Digital Business Unit posted profit of 39.4 billion yen, a decrease of 4.9 billion yen from the previous fiscal year. This is mainly due to decrease in earnings for the overseas telecommunication business, while major domestic group companies had shown stable performance.

**(e) Living Related & Real Estate Business Unit**

**[Business Overview]**

- Retail businesses such as supermarkets and healthcare businesses such as drugstores with dispensing pharmacy
- Food production, processing and distribution businesses such as for fruits, vegetables and meat as well as food materials such as sugar
- Construction materials and other related materials businesses such as building materials and cement, and comprehensive real estate ventures businesses

**[Profit for the Year Attributable to Owners of the Parent]**

Living Related & Real Estate Business Unit posted profit of 44.0 billion yen, an increase of 48.8 billion yen from the previous fiscal year. This is primarily owing to the absence of impairment loss recorded for the fresh produce business in Europe and the Americas in the previous fiscal year and increase in earnings of such business due to market recovery in the U.S. The increase is also attributable to large scale earnings in the real estate business.

**(f) Mineral Resources, Energy, Chemical & Electronics Business Unit**

**[Business Overview]**

<sup>1</sup> Business to make venture capital investment in startup companies for the purpose of driving mutual growth of such startup companies and the Company.

<sup>2</sup> Business which forms the foundation for new information and communication services and products using cutting-edge ICT technologies and other technologies.



- Businesses related to non-ferrous metal materials and their finished products, coal, iron ore, petroleum, natural gas, and carbon-related materials and their finished products
- Businesses related to basic chemicals (organic/inorganic chemicals, and biochemicals) , battery materials, electronic materials, electronics, pharmaceuticals, cosmetics, agricultural chemicals, fertilizers, and veterinary drugs

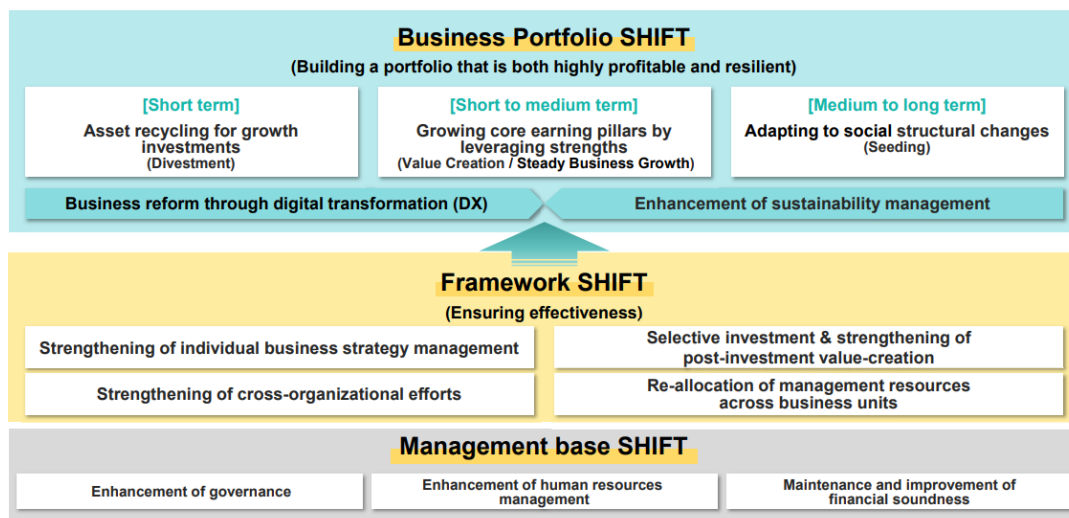
**[Profit for the Year Attributable to Owners of the Parent]**

Mineral Resources, Energy, Chemical & Electronics Business Unit posted profit of 247.3 billion yen, an increase of 306.8 billion yen from the previous fiscal year. This is primarily owing to increase in earnings stemming from increase in sales volume due to resumption of operation on March, 2021 and one-off profit stemming from restructuring of project finance in the nickel mining and refining business in Madagascar , in addition to the absence of impairment loss recorded in the previous fiscal year in that business. The increase is also attributable to recording profit in the sale of copper and molybdenum mining business in Chile, high mineral resources prices and stable performance of the chemical trade and the agricultural input business.

**(4) Progress of the medium-term management plan “SHIFT 2023”**

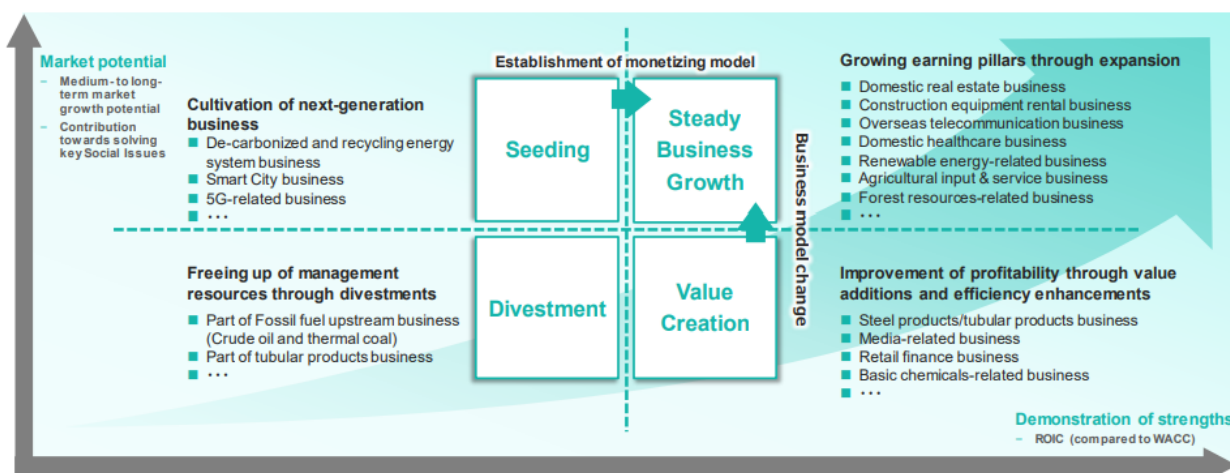
In fiscal 2020, which was the final year of the previous medium-term management plan, our business performance deteriorated significantly due to the spread of COVID-19 and drastic changes in the economic environment. Therefore, we have regarded “higher profitability and stronger resilience of our business portfolio” as an imminent challenge, and we made a thorough effort to push forward the structural reforms by exiting from low-profitability businesses and accelerating value creation in existing businesses to rebuild our business portfolio. Under the medium-term management plan “SHIFT 2023,” which was established in May 2021 and covers the three years through fiscal 2023, we are working on three shifts: “Business Portfolio SHIFT,” “Framework SHIFT” and “Management Base SHIFT”. The status of our initiatives during fiscal 2021 is as follows.

<Overview of the medium-term management plan “SHIFT 2023”>



**(A) Business Portfolio SHIFT**

As a measure to thoroughly implement asset recycling under “SHIFT 2023,” we divested from unprofitable businesses while accelerating the improvement of profitability and efficiency of the low-profitability businesses through measures to create value (hereinafter “turnaround”). Specifically, among the 101 companies that were classified as exit or divestment from approximately 400 companies that were analyzed prior to the establishment of “SHIFT 2023,” we exited from 32 companies in fiscal 2021 in addition to the completion of the exit from 32 companies in fiscal 2020. In addition, measures taken by each work site have generated steady results for 76 companies classified as turnaround projects. In particular, we improved earnings of the nickel business in Madagascar, the tire sales business in the United States, and the fruit and vegetable wholesale business in Europe and the Americas as a result of the review of the business strategy, managerial system and operations of each business. In fiscal 2020, we divided all our businesses into four categories of “Divestment”, “Value Creation”, “Steady Business Growth” and “Seeding” based on the two axes of “market potential” and “demonstration of strengths” by Strategic Business Unit (SBU) sharing the same strategy. In addition, we developed a system to promote the reallocation of management resources (funds and human resources) to business domains in which we can demonstrate our strengths by aiming to build a highly profitable and resilient business portfolio.



As a result, the freeing up of management resources steadily progressed in SBUs in the “Divestment”. SBUs in other categories also promoted their strategies steadily, including those in the “Value Creation”, which aims for improvement of profitability through value additions and efficiency enhancements, the “Steady Business Growth”, which aims at growing earning pillar through expansion of business scales, and the “Seeding”, which aims to grow new earning pillars through the cultivation of next-generation business.

Status of quantitative progress of the “Business Portfolio SHIFT” and specific initiatives are as follows.

<Status of Quantitative Progress>

	Business Strategy Category	Divestment	Value Creation	Steady Business Growth	Seeding
		Asset recycle for growth investments	Growing core earning pillars by leveraging strengths		Adapting to social structural changes
SHIFT 2023 Initial Plans (May 2021)	Cash generated through asset disposal (Three-year total)	¥110.0 billion	¥210.0 billion	¥200.0 billion	—
	Investments and loans (incl. renewal investment) (Three-year total)	—	¥330.0 billion	¥760.0 billion	¥50.0 billion
	excl.one-off profits/losses (in FY2023)	more than ¥0.0 billion	more than ¥120.0 billion	more than ¥200.0 billion	—
FY2021 Results	Cash generated through asset disposal	¥60.0 billion	¥90.0 billion	¥60.0 billion	—
	Investments and loans (incl. renewal investment)	—	¥50.0 billion	¥230.0 billion	—
	excl.one-off profits/losses	¥40.0 billion	¥190.0 billion	¥220.0 billion	—

Note 1. “Cash generated through asset disposal” in the initial plan of SHIFT 2023 has been revised to the amount after deducting the amount of other fund transfers.

2. The “-” in the above chart shows that the amount is less than ¥10.0 billion.

<Specific Initiatives>

Strategy Category	SBU	Business Units and Initiatives	Progress / Achievement
Divestment	Upstream of Fossil Fuels	Mineral Resources, Energy Chemical & Electronics	Sold thermal coal mining interest in Australia and partially sold North Sea oil field business
	Upstream of Metal Resources	Mineral Resources, Energy Chemical & Electronics	Sold copper and molybdenum mining business in Chile
Value Creation	Steel Products Business	Metal Products	Enhanced management efficiency through rigorous structural reform and accelerated the cultivation of environmental responses and regional strategies
	Cable TV Business	Media & Digital	Strengthened main services (internet, video distribution, mobile phones) and expanded living-related services (insurance services, online medical consultations, etc.)
	Upstream of Metal Resources	Mineral Resources, Energy Chemical & Electronics	Shifted management resources to copper, nickel and other products that are highly attractive in the medium to long term from the perspective of sustainability, and promoted the optimization of the upstream asset portfolio
Steady Business Growth	Leasing	Transportation & Construction Systems	Increased prime assets and expanded business areas with a focus on global assets, real estate, environmental energy, etc.
	Equipment Rental	Transportation & Construction Systems	Improved the profitability and efficiency of existing operating assets, and expanded the earnings base by increasing the number of business sites and products and accumulating operating assets
	Renewable Energy IPP	Infrastructure	With the aim of expanding renewable energy businesses in Japan and overseas, commenced Japan's largest onshore wind power generation project in Abukuma, Fukushima Prefecture, made additional investment in Indonesian geothermal power generation project, promoted renewable energy businesses in Japan, and expanded rooftop solar power generation business
	Smart Infrastructure	Media & Digital	Commenced telecommunications services in Ethiopia
	Retail	Living Related & Real Estate	Expanded presence in the Tokyo metropolitan area and increased profitability by aggressively opening Summit stores and promoting DX measures
	Domestic Real Estate	Living Related & Real Estate	Accumulated prime assets mainly in strategic areas, and steadily implemented B/S management by utilizing external funds such as investment funds and REITs
	Agribusiness	Mineral Resources, Energy Chemical & Electronics	Strengthened existing businesses through the expansion of products and functions in agricultural material trades and direct sales as well as geographic expansion
Seeding	Tubular Business Development	Metal Products	Continued to expand sales of software that contributes to automation and efficiency at energy development sites
	Smart City	Infrastructure	Promoted consultation on Smart City town management in northern Hanoi with the aim of creating high-value urban development by introducing smart services
	5G	Media & Digital	Commenced 5G base station sharing operations and promoted local 5G-related projects
	Energy Innovation Initiative		Steadily promoted partnership and participation in projects in the fields of hydrogen, large-scale energy storage, and distributed solar power generation while accumulating assets in steady business growth fields such as forest business

Also, when pursuing these “Business Portfolio SHIFT”, we have particularly incorporated the perspective of digitization and sustainability, to build a business portfolio that can evolve and grow together with the society.

In terms of digitization, The DX Center, which was established to promote companywide digital transformation (DX), is working together with SBUs to embody strategies in specific. In addition to the collaboration with SCSK Corporation, we will expand the functions of Insight Edge, Inc., our fully-owned subsidiary that specializes in DX technologies, to promote new business development with a focus on value creation and digital solutions by further strengthening retail and other businesses categorized as “Steady Business Growth” and increasing the productivity of the manufacturing industry.

In terms of sustainability, in June 2020, we identified six “Key Social Issues” and set “Long-term Goals” to be pursued by our company group in the interest of realizing a sustainable

society, and in May 2021, we set “Medium-term Goals” constituting a concrete action plan<sup>1</sup>. Of the “Key Social Issues,” regarding the “Mitigation of Climate Change” in particular, we continue to review our “Policies on Climate Change Issues” in light of global circumstances surrounding climate change. The new policies concretely lay out our plans for coal-fired power generation and coal mine development businesses as well as our path toward carbon neutrality, and they clearly call on us to ensure our business portfolio has less of an environmental impact.

In fiscal 2021, we sold some of our interests in the fossil energy business and pushed forward with the portfolio shift through the promotion of the renewable energy business. At the same time, we continued discussions on how to promote decarbonization and low-carbonization for our existing coal-fired power generation businesses. We also made steady efforts in expanding and developing next-generation energy related businesses through the Energy Innovation Initiative (EII), a new organization framework established in April 2021.

In relation to the realization of a “Circular Economy”, we promoted businesses using recyclable, efficient technologies through the expansion of existing recycling and sharing businesses. In addition, as part of our efforts to reinforce the sustainable procurement system for major natural resources, we established and disclosed the “Sumitomo Corporation Group Forest Management Policy” and the “Sumitomo Corporation Group Sourcing Policy for Forest Products” in March 2022. Furthermore, in terms of “Respect for Human Rights,” with the goal of adequately assessing human rights risks in all businesses of our group by 2025, we have commenced human rights due diligence by business unit and have taken steps to reduce risks and strengthen preventative measures.

We are working diligently to achieve our medium- and long-term goals related to Key Social Issues. The progress made toward the medium- and long-term goals and the specific initiatives undertaken to address each issue are disclosed in the annual updated ESG Communication Book<sup>2</sup> as well as in our integrated report.

## **(B) Framework SHIFT**

In order to ensure the effectiveness of the “Business Portfolio SHIFT”, we have also promoted the “Framework SHIFT”. Specifically, each SBU sets objective indicators to measure the attainment of strategic targets (KAIs and KPIs), monitors the progress status at Management strategy meetings held twice a year, and discusses the need for reviewing strategies, while strengthening the plan-do-check-act (PDCA) cycle to foster continuous

<sup>1</sup> See pages 105 to 107 for the Medium- and Long-term Goals related to Key Social Issues.

<sup>2</sup> The ESG Communication Book is available on our website.

improvement. In promoting individual businesses, we have established a system to increase the probability of successful business investment and maximize value by adopting stricter investment discipline through the establishment of investment selection guidelines for selecting investment projects and determining the continuation of projects, and by introducing an investment performance-linked compensation plan.

We also strengthened our efforts to complement the strategies and initiatives set by business units from the perspective of companywide optimization. Specifically, in addition to the establishment of the Energy Innovation Initiative (EII) as mentioned above in order to strengthen companywide efforts for addressing social issues and for covering business areas that transcend existing organizations, we have also reinforced our cross-organizational initiatives across the company's group, such as the promotion of growth strategy themes including social infrastructure, healthcare, and agriculture and business development by each regional organization. In addition, we have established a structure where the Global Innovation Promotion Committee<sup>1</sup> discusses and proposes the allocation of management resources and the strategy development and business promotion by each business unit from the perspective of companywide optimization as an advisory body to the Management Council, the highest decision-making body.

### **(C) Management Base SHIFT**

We made steady progress in reinforcing and expanding our management foundation to achieve medium- to long-term growth and advancement.

#### **(a) Enhancement of Governance**

Important agenda items for the Board of Directors that should be taken up for more intensive discussion are set (agenda setting) by all Board members. In fiscal 2021, we focused on progress monitoring of the measures of "SHIFT 2023" such as the "Business Portfolio SHIFT" as well as the medium-term goals related to the six Key Social Issues as one of such agenda items. In addition, the Board received reports from each business unit on the state of progress of its strategies and any associated issues, and its response to those issues and carries out a discussion focusing on the relevant issues. The Board of Directors also received periodical reports from major committees (Internal Control Committee, Compliance Committee, Information Security Committee (which has been reformed as "IT Strategy Committee in July 2021), etc.). Through such measures, the Board continuously monitored the state of business execution across our group, thereby

<sup>1</sup> An advisory body to the Management Council with the function of discussing SBU strategies from the perspective of companywide optimization and proposing the allocation of companywide investment funds and human resources to the Management Council.

reinforcing its supervisory functions. In addition, we established the Group Management Policy (GMP) centering on the three principles (Jiritsu<sup>1</sup>, dialogue, and collaboration) that should be respected by Sumitomo Corporation and its group companies in June 2021, and have been promoting the enhancement of group management with the aim of increasing the corporate value of our group.

**(b) Enhancement of Human Resources Management**

In order to pursue human resources management reforms to embody the Global Human Resources Management Policy established in 2020, we made significant changes in the human resources system. For example, we terminated seniority-based management and introduced a job grading system by linking job significance and performance to compensation to an even greater extent. We also revamped the evaluation system and unified job positions by eliminating conventional position-based management. While we established a foundation for human resources as such, at the same time, we accelerated the promotion of Diversity & Inclusion. In addition, we worked on the shift of talent in line with the rebuilding of our business portfolio as well as human resources management reflecting business needs and environmental changes.

**(c) Maintenance and Improvement of Financial Soundness**

As a result of steady profit accumulated on the back of the recovery in the business environment, the debt-equity ratio (DER) improved from 0.9 at the end of the previous fiscal year to 0.7, ensuring that risk-weighted assets stayed within our core risk buffer. By maintaining our “SHIFT 2023” target of achieving positive free cash flow after dividends in a three-year total, we will continue to endeavor to improve our financial soundness.

We will continue to build on the momentum of the structural reform the entire Group undertook in fiscal 2020 to achieve even greater results under “SHIFT 2023” in the future.

## **2. Issues to Be Addressed**

### **(1) Reinforcing earning power through “Business Portfolio SHIFT”**

While our financial result during the first year of “SHIFT 2023” remained solid, it is true that such result was also impacted by the external environment such as soaring resource prices. Our

<sup>1</sup> "Jiritsu" is the Japanese term. In GMP, we define it to mean "following the rules necessary for the management of each Group Company, such as the Sumitomo Corporation Group's management principles, strategies, and policies, to discipline oneself, to think, make decisions, act for oneself in order to achieve goals, and to be accountable to stakeholders".

initiatives toward building a highly profitable and resilient business portfolio under “SHIFT 2023”, such as exiting from existing businesses and implementing turnaround initiatives, have been progressing steadily. In addition to implementing these initiatives in accordance with the plan, we will ensure that SBUs categorized into “Steady Business Growth” and “Value Creation,” which are businesses that support our earnings growth, will fully demonstrate our strengths and gain earning power that covers and significantly surpasses the cost of capital of each business, while aiming to expand the earnings base by increasing investment capital. In addition, we will continue to focus on the development of new core businesses that will become our earning pillars in order to achieve expected results mainly for growth strategy themes. Amid significant changes in social value and lifestyle, there are many opportunities where our company, as an integrated trading company can create new businesses by leveraging its strengths. Always bearing in mind “Enterprising Spirit” and “Grand Design” cited in Sumitomo’s Business Philosophy, we will accelerate our efforts toward generating new core businesses.

## **(2) Enhancement of sustainability management**

As mentioned earlier, our group has been working toward resolving the six Key Social Issues. Among them, social demand for efforts related to “Mitigation of Climate Change”, “Circular Economy”, and “Respect for Human Rights” has been rapidly increasing, and we will respond at the right time by closely monitoring social trends and changes. As for the “Mitigation of Climate Change”, in addition to CO2 emissions from our company and its consolidated subsidiaries, we are also committed to achieving carbon neutrality for direct emissions from coal-fired power generation businesses by our investments accounted for using the equity method, which have a significant impact on total emissions, and indirect emissions from fossil energy interest businesses. By clarifying milestones toward achieving carbon neutrality for our businesses by 2050, we will develop next-generation energy businesses for the growth and evolution of regional society as well as for achieving carbon neutrality for our businesses, thus contributing toward realizing carbon neutrality in society. For the realization of a “Circular Economy,” we will further focus on the promotion of businesses using recyclable, efficient technologies and the reinforcement of the sustainable procurement system for natural resources. In terms of “Respect for Human Rights,” we will realize new value creation by further bolstering our efforts to reduce and prevent human rights risks in all businesses of our group.

## **(3) Implementation of the reform of human resources management**

Human resources are the most significant management resources for the sustainable growth of our group, and thus it is necessary to increase the effectiveness of the new human resources system introduced in fiscal 2021 and to make the results of the reform of human resources management visible with a sense of urgency. We will aim to ensure that all executives and employees will be able to maximize their performance by further promoting Diversity & Inclusion and allocating



right talents to the right places based on the concept of “Pay for Job, Pay for Performance” regardless of age, gender, or any other attributes.

In terms of the expansion of human capital, with the aim of fostering an environment that creates new value under our Global HR Management Policy, we will implement human resource development measures, including the diversification of hiring methods, the reinforcement of people management capabilities focused on individuals, the development of management personnel, and the strengthening of professionalism. In addition, we will work to resolve the issues related to organizational vitality and team operations arising from the prolonged restrictions due to “With COVID-19” lifestyles and take measures to strengthen human resources development and communications and to improve the engagement of each of our executives and employees with the aim of revitalizing the organization and increasing our output.

#### **(4) Review of the quantitative plan and shareholder return policy**

As we deal with the aforementioned issues, we will continue to aim for steady profit growth and take measures to return profits to shareholders. The details of our future quantitative plan and shareholder return policy are as follows.

##### **(A) Quantitative plan**

In light of the current situation, we have revised our earnings forecasts and the cash flow plan set out in the initial plan of “SHIFT 2023” as follows.

- Earnings forecasts

(Unit: billions of yen)	SHIFT 203			fiscal year 2024
	fiscal year 2021	fiscal year 2022	fiscal year 2023	
Revised Plans (Actual results for FY 2021)	463.7	370.0	380.0	450.0
Initial Plans (May 2021)	230.0	260.0	300.0 or more	-

As we engage in strategic discussions while always maintaining concrete quantitative views for not only the period covered by “SHIFT 2023” but also the next three years toward the implementation of the “Business Portfolio SHIFT” through the optimal allocation of management resources, the profit plans for up to fiscal 2024 are presented above.

As a result of various measures under “SHIFT 2023” the profitability and downward

resiliency of each business have definitely improved. Therefore, the profit plan for each year has been revised upward from the initial plan.

• Cash flow plan

(Unit : billions of yen)	SHIFT 2023		3-year Total Initial Plans (May 2021)
	FY2021 Results	3-year Total Revised Plans (May 2022)	
Basic profit cash flow	+359.5	+910.0	+640.0
Depreciation and amortization <i>(After netting repayments of lease liabilities)</i>	+102.0	+320.0	+310.0
Asset replacement	+220.0	+660.0	+520.0
Others	-220.0	-190.0	-70.0
Investment & loan (including renewal investment)	-290.0	-1,230.0	-1,140.0
Free cash flows (adjusted)	+174.7	+470.0	+260.0
Dividend	-100.0	-350.0	-260.0
Free cash flow (post-dividend) (adjusted)	+74.7	Ensure Positive	Ensure Positive

There have been no changes in the policy of achieving positive free cash flow after dividends under “SHIFT 2023”. We have revised the plan to allocate funds to additional investments and loans and shareholder returns using an increase in basic profit cash flow.

In the revised plan, we plan to make investments and loans totaling 1,230 billion yen. We will continue to increase the profitability and downward resiliency of our portfolio by making investments and loans mainly in areas with market potential and where we can fully demonstrate our strengths.

We have also revised the quantitative plan for each business strategic category as below.

	Business Strategy Category	Divestment	Value Creation	Steady Business Growth	Seeding
		Asset recycle for growth investments	Growing core earning pillars by leveraging strengths		Adapting to social structural changes
SHIFT 2023 Initial Plans (May 2021)	Cash generated through asset disposal (Three-year total)	¥110.0 billion	¥210.0 billion	¥200.0 billion	—
	Investments and loans (incl. renewal investment) (Three-year total)	—	¥330.0 billion	¥760.0 billion	¥50.0 billion
	excl.one-off profits/losses (in FY2023)	more than ¥0.0 billion	more than ¥120.0 billion	more than ¥200.0 billion	—
SHIFT 2023 Revised Plans (May 2022)	Cash generated through asset disposal (Three-year total)	¥120.0 billion	¥280.0 billion	¥230.0 billion	—
	Investments and loans (incl. renewal investment) (Three-year total)	¥10.0 billion	¥290.0 billion	¥850.0 billion	¥60.0 billion
	excl.one-off profits/losses (in FY2023)	¥20.0 billion	¥180.0 billion	¥190.0 billion	-¥10.0 billion

Note 1. “Cash generated through asset disposal” in the initial plan of SHIFT 2023 has been revised to the amount after deducting the amount of other fund transfers.

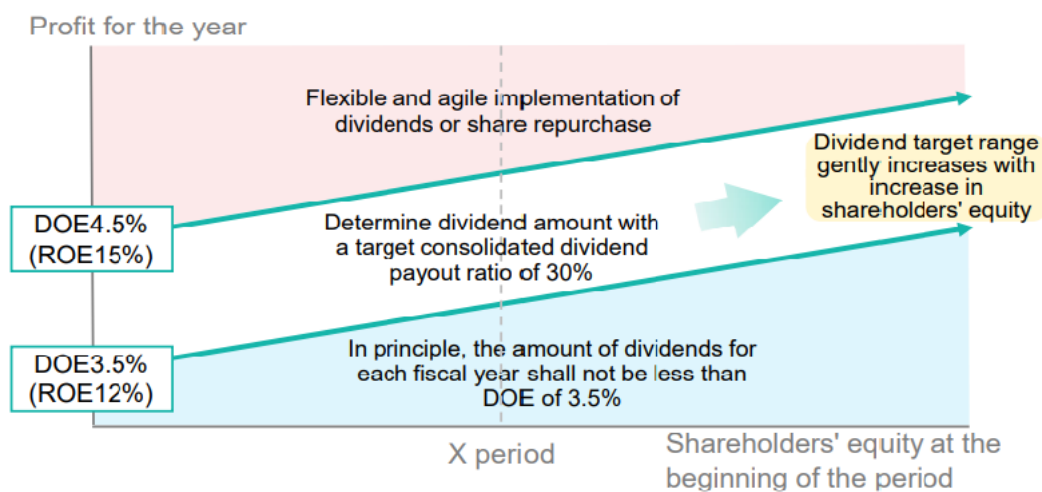
2. The “-” in the above chart shows that the amount is less than ¥10.0 billion.

#### **(B) Review of the shareholder return policy and annual dividend forecast for fiscal 2022**

We have a fundamental policy of paying shareholders a stable dividend over the long term. Under “SHIFT 2023”, the plan was to decide the annual dividend by taking into consideration the status of fundamental earnings capacity, cash flows, and other factors, with a consolidated payout ratio of about 30% as a guideline, maintaining at least 70 yen per share, the same amount as the annual dividend for fiscal 2020.

In light of the progress made in improvement of our revenue base and financial soundness through the progress in structural reforms, etc., we have reviewed our shareholder return policy for fiscal 2022 and thereafter from the perspective of the sustainable growth of our group and long-term interests for our shareholders. In the new shareholder return policy, we will decide the amount of annual dividends within a DOE (dividend on equity ratio) range of 3.5% to 4.5% by taking into consideration the status of fundamental earnings capacity, cash flows, and other factors, with a consolidated payout ratio of about 30% as a guideline. If 30% of the profit for the year exceeds the above range, we will pay dividends or repurchase shares for the excess portion in a flexible and agile manner. In principle, the amount of annual dividend will not be lower than the amount announced in public immediately before.

<Approach to Profit Distribution >



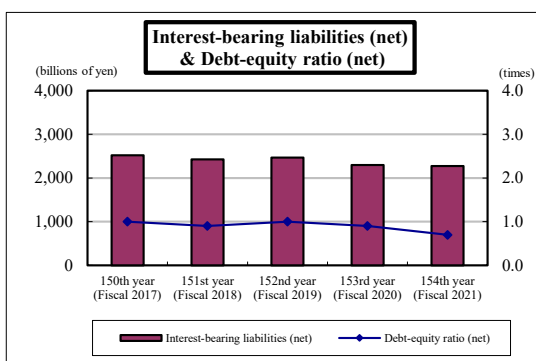
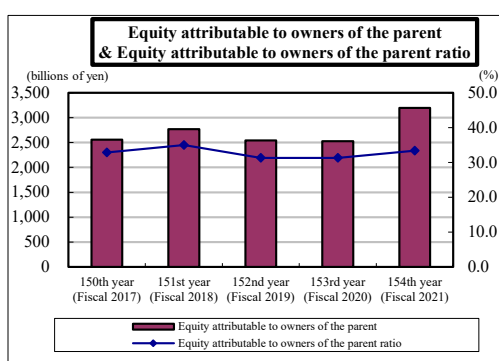
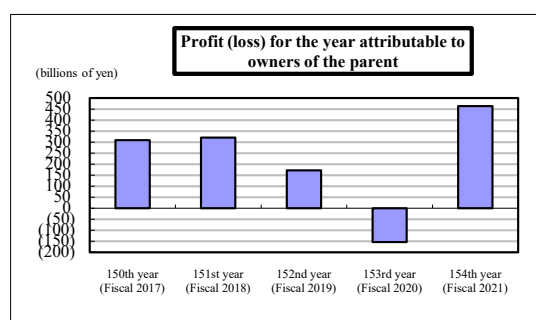
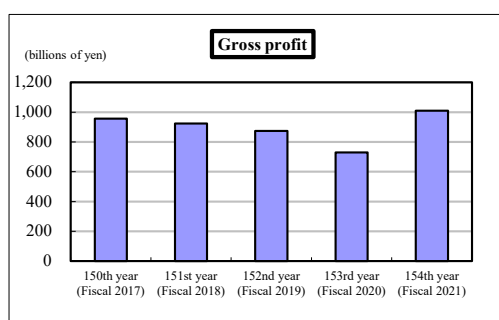
With the forecast of consolidated financial results for fiscal 2022 of 370 billion yen, and in accordance with the above new shareholder return policy, we plan to pay an annual dividend of 90 yen (with an interim dividend of 45 yen and a year-end dividend of 45 yen) per share for fiscal 2022.

The business environment surrounding our group remains highly unpredictable due to an increase in geopolitical risks such as the conflict between Russia and Ukraine and changes in the monetary and fiscal policies of each country, on top of the effects of the prolonged COVID-19 pandemic. Amid such circumstances, we will create new value while adequately responding to the changes in the external environment and contribute toward solving key social issues through our corporate activities, thus aiming to achieve sustainable growth.

### 3. Trend of Financial Status and Profit and Loss [Prepared on the basis of IFRS]

	International Financial Reporting Standards				
	150th year (Fiscal 2017)	151st year (Fiscal 2018)	152nd year (Fiscal 2019)	153rd year (Fiscal 2020)	154th year (Fiscal 2021)
Revenues (billions of yen)	4,827.3	5,339.2	5,299.8	4,645.1	5,495.0
Gross profit (billions of yen)	956.5	923.2	873.7	729.5	1,009.6
Profit (loss) for the year attributable to owners of the parent (billions of yen)	308.5	320.5	171.4	(153.1)	463.7
Earnings (loss) per share attributable to owners of the parent (yen)	247.13	256.68	137.18	(122.42)	370.79
Total assets (billions of yen)	7,770.6	7,916.5	8,128.6	8,080.0	9,582.2
Equity attributable to owners of the parent (billions of yen)	2,558.2	2,771.5	2,544.1	2,528.0	3,197.8
Equity per share attributable to owners of the parent (yen)	2,048.93	2,219.11	2,036.48	2,022.83	2,558.24
ROE (%)	12.5	12.0	6.4	(6.0)	16.2
ROA (%)	4.0	4.1	2.1	(1.9)	5.3
Equity attributable to owners of the parent ratio (%)	32.9	35.0	31.3	31.3	33.4
Interest-bearing liabilities (net) (billions of yen)	2,521.5	2,427.1	2,468.8	2,300.4	2,273.7
Debt-equity ratio (net) (times)	1.0	0.9	1.0	0.9	0.7

Notes: 1. Interest-bearing liabilities (net) excludes cash and cash equivalents and time deposits from interest-bearing liabilities.  
2. Amounts in billions of yen are rounded to the nearest tenth.



#### 4. Principal Lines of Business (as of March 31, 2022)

Through its worldwide network, our group engages in diverse business activities in a wide variety of fields, such as Metal Products; Transportation & Construction Systems; Infrastructure; Media & Digital; Living Related & Real Estate; Mineral Resources, Energy, Chemical & Electronics. These activities include engaging in domestic and overseas transactions, import and export of various goods and commodities, providing wide range of services, and investing in businesses.

#### 5. Status of Principal Operating Locations and Work Force (as of March 31, 2022)

##### (1) Domestic

Our head office	Chiyoda-ku, Tokyo	
Our regional main offices	6 offices	Hokkaido (Sapporo), Tohoku (Sendai), Chubu (Nagoya), Kansai (Osaka), Chugoku (Hiroshima), Kyushu (Fukuoka)
Our branch offices	5 offices	Hamamatsu, Shikoku (Takamatsu), Niihama, Nagasaki, Okinawa (Naha)

Note: In addition to the above, we have 1 sub-branch office.

Our domestic incorporated subsidiaries	3 subsidiaries	Sumitomo Corporation Hokkaido Co., Ltd., Sumitomo Corporation Tohoku Co., Ltd., Sumitomo Corporation Kyushu Co., Ltd.
----------------------------------------	----------------	-----------------------------------------------------------------------------------------------------------------------

Note: These 3 domestic incorporated subsidiaries have 9 head, branch or other offices.

##### (2) Overseas

Our branch offices and sub-branch offices	4 offices	Johannesburg Branch, Kiev Branch, Almaty Branch, Nur-Sultan Sub-Branch Office
-------------------------------------------	-----------	-------------------------------------------------------------------------------

- Notes: 1. In addition to the above, we have 23 overseas representative offices.  
 2. The name of “Kiev Branch” was changed to “Kyiv Branch” on May 1, 2022.  
 3. “Nur-Sultan Sub-Branch Office” is the new name which was changed from the former “Astana Sub-Branch Office” on September 1, 2021.

Our overseas locally-incorporated subsidiaries	35 subsidiaries	Sumitomo Corporation of Americas (US), Sumitomo Corporation do Brasil S.A., Sumitomo Corporation Europe Holding Limited (UK), Sumitomo Corporation Europe Limited (UK), Sumitomo Corporation Africa Proprietary Limited Ltd. (South Africa), Sumitomo Corporation Middle East FZE (UAE), Sumitomo Corporation (Central Eurasia) LLC (Russia), Sumitomo Corporation Asia & Oceania Pte. Ltd. (Singapore), Sumitomo Corporation (China) Holding Ltd., Sumitomo Corporation (Shanghai) Limited, etc.
------------------------------------------------	-----------------	---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

Note: These 35 overseas locally-incorporated subsidiaries have 84 head, branch or other offices.

## 6. Status of Work Force (as of March 31, 2022)

### (1) Number of Employees of the Sumitomo Corporation Group

Segment	Number of employees
Metal Products	5,938
Transportation & Construction Systems	18,978
Infrastructure	3,666
Media & Digital	15,557
Living Related & Real Estate	16,595
Mineral Resources, Energy, Chemical & Electronics	10,313
Others	3,206
Total	74,253 (decrease of 667 compared with the end of the previous fiscal year)

Note: “Others” presented above includes employees engaging in the business of the Energy Innovation Initiative (EII).

### (2) Number of Employees of the Company

Total 5,300 (decrease of 90 compared with the end of the previous fiscal year)

Note: This figure includes 150 persons whom our overseas branch offices, sub-branch offices and representative offices employ.

## 7. Status of Important Subsidiaries

### (1) Particulars regarding Consolidated Subsidiaries and Other Associated Companies

Classification	International Financial Reporting Standards			
	151st year (Fiscal 2018)	152nd year (Fiscal 2019)	153rd year (Fiscal 2020)	154th year (Fiscal 2021)
Number of consolidated subsidiaries	626	663	662	637
Number of associated companies	305	294	273	256

### (2) Particulars regarding Major Consolidated Subsidiaries and Associated Companies

Segment	Company name	Major lines of business
Metal Products	Edgen Group Inc. (C)	Global distributor of metal and tubular products for energy industry
	Sumitomo Corporation Global Metals Co., Ltd. (C)	Domestic and International trading of steel products/nonferrous metal products and related business
Transportation & Construction Systems	Sumitomo Mitsui Finance and Leasing Company, Limited (A)	Leasing business
	Sumitomo Mitsui Auto Service Company, Limited (A)	Auto leasing business and related services
Infrastructure	PT. Central Java Power (C)	Leasing operations of power plants in Indonesia
	Summit Energy Corporation (C)	Development, ownership and management of power plants, and electric power sales in Japan
Media & Digital	SCSK Corporation (C)	System Integration, IT infrastructure implementation, IT management, BPO (Business Process Outsourcing) , and IT hardware software sales
	JCOM Co., Ltd. (A)	Operation of multiple cable TV systems (Multiple System Operator) and channels (Multiple Channel Operator)
Living Related & Real Estate	Summit, Inc. (C)	Supermarket chain
	Fyffes Limited (C)	Fresh produce production and wholesale business operator in Europe and the Americas
Mineral Resources, Energy, Chemical & Electronics	Minera San Cristobal S.A. (C)	Operation of silver/zinc/lead mine in Bolivia
	Sumisho Coal Australia Holdings Pty Ltd. (C)	Investment in coal mines in Australia
Others	Sumitomo Corporation of Americas (C)	Export, import and wholesale
	Sumitomo Corporation Europe Holding Limited (C)	Holding company of European subsidiaries

Note: (C) and (A) stand for “consolidated subsidiaries” and “associated companies”, respectively.



## 8. Principal Lenders and Loans Payable (as of March 31, 2022)

Name of Lender	Loans payable (in millions of yen)
MUFG Bank, Ltd.	175,654
Development Bank of Japan Inc.	160,972
Sumitomo Mitsui Banking Corporation	127,161
Mizuho Bank, Ltd.	102,950
Sumitomo Mitsui Trust Bank, Limited	98,324
SUMITOMO LIFE INSURANCE COMPANY	88,000
Meiji Yasuda Life Insurance Company	86,000
Nippon Life Insurance Company	84,888
The Norinchukin Bank	70,000
Shinkin Central Bank	60,000
Others	715,922
Total of loans payable by the Company	1,769,871
Total of loans payable by consolidated subsidiaries of the Company	698,473
Total of consolidated loans payable	2,468,344

Note: "Others" presented above includes syndicate loans of a total of 25,000 million yen which were arranged by Sumitomo Mitsui Banking Corporation and MUFG Bank, Ltd.

## 9. Status of Fund Raising

With respect to fund raising, in addition to using means such as long-term and short-term borrowing and the issuance of commercial paper, our group has been issuing unsecured straight bonds as follows:

### By the Company

Issue	Issue amount (Billions of yen)	Issue date	Maturity date	Annual rate (%)
3rd series USD-Dominated Unsecured Straight Bond	61.2	July 2021	July 2026	1.550%
59th series Yen-Dominated Unsecured Straight Bond	10	September 2021	September 2031	0.290%

### By the Company's Consolidated Subsidiaries

The 30 million USD (3.7 billion yen) straight bond under a Euro MTU program set up by the Company, Sumitomo Corporation of Americas (USA), Sumitomo Corporation Capital Europe PLC (UK) and Sumitomo Corporation Capital Asia Pte. Ltd (Singapore)

The 5.0 billion yen unsecured straight bond issued by SCSK

## II. Particulars regarding the Shares of the Company (as of March 31, 2022)

1. Number of Shares Authorized for Issuance 2,000,000,000 shares

2. Number of Issued Shares 1,251,404,367 shares

(increase of 150,500 compared with the end of the previous fiscal year/  
including treasury stock 1,399,754 shares)

Note: The increase in the number of issued shares is due to the issuance of common shares as performance share unit-based remuneration on August 12, 2021.

3. Number of Shareholders 224,261 persons

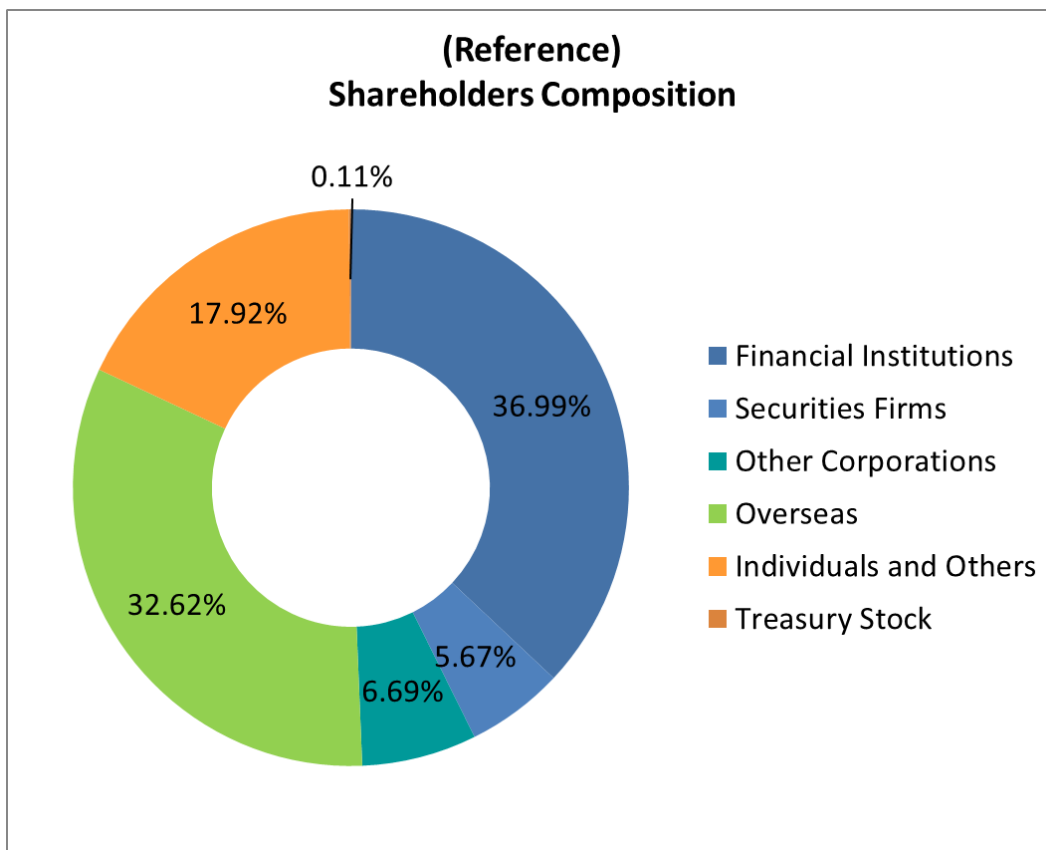
(increase of 18,572 compared with the end of the previous fiscal year)

4. Number of Shares in One Voting Unit 100 shares

### 5. Major Shareholders

Name of shareholder	Number of shares (thousands of shares)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (trust account)	209,552	16.76
EUROCLEAR BANK S.A./N.V.	65,523	5.24
Custody Bank of Japan, Ltd. (trust account)	64,363	5.15
SUMITOMO LIFE INSURANCE COMPANY	30,855	2.47
STATE STREET BANK WEST CLIENT - TREATY 505234	18,516	1.48
Mitsui Sumitomo Insurance Company, Limited	17,000	1.36
JP Morgan Securities Japan Co., Ltd.	15,892	1.27
NORTHERN TRUST CO. (AVFC) RE SILCHESTER INTERNATIONAL INVESTORS INTERNATIONAL VALUE EQUITY TRUST	15,559	1.24
Nippon Life Insurance Company	14,879	1.19
Custody Bank of Japan, Ltd. (trust account 4)	14,540	1.16

Note: 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 (1,399,754 shares) from the total number of issued shares—and rounding to the nearest hundredth of a percent.



**6. The State of Shares Granted to the Company’s Officers as Remuneration in Fiscal 2021**

	Class and number of shares	Number of officers to whom such shares were granted
Directors (excluding outside directors)	36,500 common shares	6 persons

\* No such shares were granted to Outside Directors and Audit & Supervisory Board Members.

### III. Particulars regarding the New Share Acquisition Rights, etc. of the Company

#### New Share Acquisition Rights Held by the Company's Directors, etc. as of the Final Day of this Fiscal Year

##### (1) New Share Acquisition Rights

##### (A) Summary of the new share acquisition rights

Date issued	Total number of the new share acquisition rights	Type and number of shares subject to the new share acquisition rights	Number of shares for each new share acquisition right	Issuing price	Exercise price per share	Exercise period
July 31, 2017 (the 16 <sup>th</sup> )	420 rights	Common Shares 42,000 shares	100 shares	Issued without consideration	¥1,516	From April 1, 2018 to June 30, 2022

- Notes:
1. The amount to be paid for exercising a new share acquisition right shall be the exercise price per share, multiplied by the number of shares for every right.
  2. "Total number of the new share acquisition rights" presented above does not include the new share acquisition rights which the holders do not satisfy the condition required to exercise by reason of retirement, etc.

##### (B) Total number of persons holding the new share acquisition rights and rights held by such persons (breakdown)

Date issued	Directors (excluding those who are Outside Directors concurrently)		Executive Officers (excluding those who are Directors concurrently)		Employees (Corporate Officers under the Company's qualification system)	
	Total number of persons holding the new share acquisition rights	Total number of the new share acquisition rights held by persons	Total number of persons holding the new share acquisition rights	Total number of the new share acquisition rights held by persons	Total number of persons holding the new share acquisition rights	Total number of the new share acquisition rights held by persons
July 31, 2017 (the 16 <sup>th</sup> )	2 persons	150 rights	18 persons	250 rights	2 persons	20 rights

- Note: "Total number of the new share acquisition rights" presented above does not include the new share acquisition rights which the holders do not satisfy the condition required to exercise by reason of retirement, etc.

**(2) New Share Acquisition Rights in the Form of Stock Options for a Stock-Linked Compensation Plan**

**(A) Summary of the new share acquisition rights**

Date issued	Total number of the new share acquisition rights	Type and number of shares subject to the new share acquisition rights	Number of shares for each new share acquisition right	Issuing price	Exercise price per share	Exercise period
July 31, 2006 (the 1 <sup>st</sup> )	2 rights	Common Shares 2,000 shares	1,000 shares	Issued without consideration	¥1	10 years from the day following the day on which the person allocated the new share acquisition right becomes neither a Director nor an Executive Officer
July 31, 2007 (the 2 <sup>nd</sup> )	49 rights	Common Shares 4,900 shares	100 shares	Issued without consideration	¥1	10 years from the day following the day on which the person allocated the new share acquisition right becomes neither a Director nor an Executive Officer
July 31, 2008 (the 3 <sup>rd</sup> )	39 rights	Common Shares 3,900 shares	100 shares	Issued without consideration	¥1	10 years from the day following the day on which the person allocated the new share acquisition right becomes neither a Director nor an Executive Officer
July 31, 2009 (the 4 <sup>th</sup> )	174 rights	Common Shares 17,400 shares	100 shares	Issued without consideration	¥1	10 years from the day following the day on which the person allocated the new share acquisition right becomes neither a Director nor an Executive Officer
July 31, 2010 (the 5 <sup>th</sup> )	281 rights	Common Shares 28,100 shares	100 shares	Issued without consideration	¥1	10 years from the day following the day on which the person allocated the new share acquisition right becomes neither a Director nor an Executive Officer

July 31, 2011 (the 6 <sup>th</sup> )	303 rights	Common Shares 30,300 shares	100 shares	Issued without consideration	¥1	10 years from the day following the day on which the person allocated the new share acquisition right becomes neither a Director nor an Executive Officer
July 31, 2012 (the 7 <sup>th</sup> )	605 rights	Common Shares 60,500 shares	100 shares	Issued without consideration	¥1	10 years from the day following the day on which the person allocated the new share acquisition right becomes neither a Director nor an Executive Officer
July 31, 2013 (the 8 <sup>th</sup> )	618 rights	Common Shares 61,800 shares	100 shares	Issued without consideration	¥1	10 years from the day following the day on which the person allocated the new share acquisition right becomes neither a Director nor an Executive Officer
August 1, 2014 (the 9 <sup>th</sup> )	794 rights	Common Shares 79,400 shares	100 shares	Issued without consideration	¥1	10 years from the day following the day on which the person allocated the new share acquisition right becomes neither a Director nor an Executive Officer
July 31, 2015 (the 10 <sup>th</sup> )	819 rights	Common Shares 81,900 shares	100 shares	Issued without consideration	¥1	10 years from the day following the day on which the person allocated the new share acquisition right becomes neither a Director nor an Executive Officer
August 2, 2016 (the 11 <sup>th</sup> )	1,354 rights	Common Shares 135,400 shares	100 shares	Issued without consideration	¥1	10 years from the day following the day on which the person allocated the new share acquisition right becomes neither a Director nor an Executive Officer
July 31, 2017 (the 12 <sup>th</sup> )	1,154 rights	Common Shares 115,400 shares	100 shares	Issued without consideration	¥1	10 years from the day following the day on which the person allocated the new share acquisition right becomes neither a Director nor an Executive Officer

Note: The amount to be paid for exercising a new share acquisition right shall be the exercise price per share, multiplied by the number of shares for every right.

**(B) Total number of persons holding the new share acquisition rights and rights held by such persons (breakdown)**

Date issued	Directors (excluding those who are Outside Directors concurrently)		Audit & Supervisory Board Members (excluding those who are Outside Audit & Supervisory Board Members concurrently)		Executive Officers (excluding those who are Directors concurrently)		Employees or others	
	Total number of persons holding the new share acquisition rights	Total number of the new share acquisition rights held by persons	Total number of persons holding the new share acquisition rights	Total number of the new share acquisition rights held by persons	Total number of persons holding the new share acquisition rights	Total number of the new share acquisition rights held by persons	Total number of persons holding the new share acquisition rights	Total number of the new share acquisition rights held by persons
July 31, 2006 (the 1 <sup>st</sup> )	1 person	1 right	0 person	0 right	0 person	0 right	1 person	1 right
July 31, 2007 (the 2 <sup>nd</sup> )	1 person	29 rights	0 person	0 right	0 person	0 right	1 person	20 rights
July 31, 2008 (the 3 <sup>rd</sup> )	1 person	39 rights	0 person	0 right	0 person	0 right	0 person	0 right
July 31, 2009 (the 4 <sup>th</sup> )	1 person	102 rights	0 person	0 right	0 person	0 right	1 person	72 rights
July 31, 2010 (the 5 <sup>th</sup> )	1 person	86 rights	0 person	0 right	0 person	0 right	4 persons	195 rights
July 31, 2011 (the 6 <sup>th</sup> )	1 person	86 rights	0 person	0 right	0 person	0 right	4 persons	217 rights
July 31, 2012 (the 7 <sup>th</sup> )	3 persons	206 rights	0 person	0 right	0 person	0 right	10 persons	399 rights
July 31, 2013 (the 8 <sup>th</sup> )	3 persons	187 rights	1 person	26 rights	1 person	20 rights	10 persons	385 rights
August 1, 2014 (the 9 <sup>th</sup> )	2 persons	145 rights	1 person	24 rights	2 persons	48 rights	16 persons	577 rights
July 31, 2015 (the 10 <sup>th</sup> )	2 persons	153 rights	1 person	23 rights	5 persons	110 rights	13 persons	533 rights
August 2, 2016 (the 11 <sup>th</sup> )	3 persons	258 rights	2 persons	86 rights	9 persons	308 rights	11 persons	702 rights
July 31, 2017 (the 12 <sup>th</sup> )	5 persons	262 rights	2 persons	63 rights	11 persons	282 rights	13 persons	547 rights

---

Note: We do not grant new share acquisition rights in the form of stock options for a stock-linked compensation plan to Outside Directors or Audit & Supervisory Board Members (including Outside Audit & Supervisory Board Members) or employees or others. The new share acquisition rights held by the above Audit & Supervisory Board Members and employees or others are rights granted to them when they assumed the position of Directors or Executive Officers.





Koji Ishida	Outside Director*1	Member of the Public Interest Oversight Committee, KPMG AZSA LLC*4
	Attendance in meetings of the Board of Directors	Main activities and overview of work undertaken in relation to their expected role
	22 of 22 meetings (100%)	Mr. Ishida has broad knowledge and many years of experience in the fields of finance and business management accumulated mainly through managing a financial institution and serving as a member of the Policy Board at the Bank of Japan. Based on such knowledge and experience, he actively made comments and provided useful advice and suggestions from an objective and independent point of view with regard to various important management issues including performance management and business management at offsite meetings by board members in addition to the Board of Directors. Through these efforts, he has contributed to ensuring appropriate decision-making by the Board of Directors and enhancing management supervisory functions therefore fulfilling their role which we expect from him. Furthermore, as a member of the “Nomination and Remuneration Advisory Committee”, he played an important role in the committee and contributed to further enhancing the independence, objectivity, and transparency of the nomination and remuneration process for Directors, Audit & Supervisory Board Member and executive management therefore fulfilling the role which we expect from him.
Kimie Iwata	Outside Director*1	Audit and Inspection Commissioner, the Tokyo Metropolitan Government*5 Outside Director, Resona Holdings, Inc.*5 Outside Director, Ajinomoto Co., Inc.*5
	Attendance in meetings of the Board of Directors	Main activities and overview of work undertaken in relation to their expected role
	22 of 22 meetings (100%)	Ms. Iwata has broad knowledge and many years of experience in the fields of business management, corporate governance, corporate social responsibility, and diversity accumulated mainly through serving as a government official, and as an executive, Outside Director or Audit & Supervisory Board Member for private companies. Based on such knowledge and experience, she actively made comments and provided useful advice and suggestions from an objective and independent point of view with regard to various important management issues including the climate change response and human resources strategy at offsite meetings by board members in addition to the Board of Directors. Through these efforts, she has contributed to ensuring appropriate decision-making by the Board of Directors and enhancing management supervisory functions therefore fulfilling their role which we expect from her. Furthermore, as a member of the “Nomination and Remuneration Advisory Committee”, she played an important role in the committee and contributed to further enhancing the independence, objectivity, and transparency of the nomination and remuneration process for Directors, Audit & Supervisory Board Member and executive management therefore fulfilling the role which we expect from her.
Hisashi Yamazaki	Outside Director*1	Attorney at Law Supervisory Board Member, National Federation of Agricultural Cooperative Associations*6 Outside Director, JAPAN POST INSURANCE Co., Ltd.*5

		Attendance in meetings of the Board of Directors	Main activities and overview of work undertaken in relation to their expected role
		22 of 22 meetings (100%)	Mr. Yamazaki actively made comments and provided useful advice and suggestions from an objective and independent point of view with regard to various important management issues including legal affairs and the response to human rights issues at offsite meetings by board members in addition to the Board of Directors based on his broad knowledge and many years of experience mainly as a judge and attorney at law. Through these efforts, he has contributed to ensuring appropriate decision-making by the Board of Directors and enhancing management supervisory functions therefore fulfilling the role which we expect from him.
	Outside Director* <sup>1</sup>	Outside Director (Audit & Supervisory Committee Member), Tohoku Electric Power Co., Inc. * <sup>6</sup>	
		Attendance in meetings of the Board of Directors	Main activities and overview of work undertaken in relation to their expected role
Akiko Ide		22 of 22 meetings (100%)	Ms. Ide has broad knowledge and many years of experience in the fields of information and communications, business management and corporate governance, etc. accumulated mainly through working at a major telecommunications carrier, as a group company executive and as a full-time Audit & Supervisory Board Member of the parent (holding) company. Based on such knowledge and experience, she actively made comments and provided useful advice and suggestions from an objective and independent point of view with regard to various important management issues including the promotion of DX (digital transformation) and internal control at offsite meetings by board members in addition to the Board of Directors. Through these efforts, she has contributed to ensuring appropriate decision-making by the Board of Directors and enhancing management supervisory functions therefore fulfilling the role which we expect from her.
Michihiko Hosono	Senior Audit & Supervisory Board Member (full-time)		
Toshiaki Murai	Audit & Supervisory Board Member (full-time)		

Toshio Nagai	Outside Audit & Supervisory Board Member <sup>*2</sup>	Attorney at Law Outside Audit & Supervisory Board Member, Toray Industries, Inc. <sup>*6</sup>	
	Attendance in meetings of the Board of Directors	Attendance in meetings of Audit & Supervisory Board	Main activities
	22 of 22 meetings (100%)	17 of 17 meetings (100%)	Mr. Nagai asked questions and made comments as necessary from an objective and independent perspective based on his broad knowledge and many years of experience mainly as a judge and attorney at law.
Yoshitaka Kato <sup>*3</sup>	Outside Audit & Supervisory Board Member <sup>*2</sup>	Certified Public Accountant Outside Audit & Supervisory Board Member, SUMITOMO CHEMICAL COMPANY, LIMITED <sup>*6</sup> Outside Audit & Supervisory Board Member, Mitsui Fudosan Co., Ltd. <sup>*5</sup>	
	Attendance in meetings of the Board of Directors	Attendance in meetings of Audit & Supervisory Board	Main activities
	20 of 22 meetings (90.9%)	17 of 17 meetings (100%)	Mr. Kato made questions and comments as necessary from an objective and independent perspective based on his broad knowledge and many years of experience mainly as a certified public accountant.
Yukiko Nagashima	Outside Audit & Supervisory Board Member <sup>*2</sup>	Audit & Supervisory Board Member (full-time), Recruit Holdings Co., Ltd. <sup>*5</sup> Audit & Supervisory Board Member (full-time), Recruit Co., Ltd. <sup>*6</sup> Outside Director, Japan Tobacco Inc. <sup>*5</sup>	
	Attendance in meetings of the Board of Directors <sup>*7</sup>	Attendance in meetings of Audit & Supervisory Board <sup>*7</sup>	Main activities <sup>*7</sup>
	19 of 19 meetings (100%)	12 of 12 meetings (100%)	Ms. Nagashima asked questions and made comments as necessary from an objective and independent perspective based on her broad knowledge and many years of experience mainly as a full-time Audit & Supervisory Board Member of a major (holding) company and an executive of a group company.

- Notes:
1. Individuals marked with <sup>\*1</sup> meet the requirements of an Outside Director specified by Article 2 Item 15 of the Companies Act. The individuals marked with <sup>\*1</sup> also meet the criteria for independence set by the financial instruments exchange that we are listed on, and in our internal rules "Standards for Appointment and Independence of Outside Directors and Outside Audit & Supervisory Board Members" (please refer to pages 40 to 42). We have designated all these individuals as independent directors based on the exchanges' respective provisions.
  2. Individuals marked with <sup>\*2</sup> meet the requirements of an Outside Audit & Supervisory Board Member specified by Article 2 Item 16 of the Companies Act. The individuals marked with <sup>\*2</sup> also meet the criteria for independence set by the financial instruments exchange that we are listed on, and in our internal rules "Standards for Appointment and Independence of Outside Directors and Outside Audit & Supervisory Board Members" (please refer to pages 40 to 42). We have designated all these individuals as independent Audit & Supervisory Board Members based on the exchanges' respective provisions.
  3. <sup>\*3</sup> Mr. Kato is qualified as a certified public accountant, and thus has a respectable degree of knowledge regarding finance and accounting.
  4. <sup>\*4</sup> KPMG AZSA LLC is our accounting auditor.
  5. <sup>\*5</sup> No special relationship exists between the Company and the Tokyo Metropolitan Government, Resona Holdings, Inc., Ajinomoto Co., Inc., JAPAN POST INSURANCE Co., Ltd., Mitsui Fudosan Co., Ltd., Recruit Holdings Co., Ltd. and Japan Tobacco Inc.
  6. <sup>\*6</sup> We have business transactions with National Federation of Agricultural Cooperative Associations, Tohoku Electric Power Co., Inc., Toray Industries, Inc., SUMITOMO CHEMICAL COMPANY, LIMITED and Recruit Co., Ltd.
  7. <sup>\*7</sup> Of the above, the status of attendance in meetings of the Board of Directors and attendance in meetings of Audit & Supervisory Board of Ms. Nagashima apply from her election as Outside Audit & Supervisory Board Member on June 18, 2021.

## 2. Total Amount of Remuneration of the Company's Directors and Audit & Supervisory Board Members

Classification		Number of payees	Total amount of remuneration pertaining to this fiscal year	Breakdown				
				Monthly remuneration	Performance linked bonuses	Old Plan (Before June 2021)		New Plan (After June 2021)
						Restricted stock-based remuneration	Performance share unit-based remuneration	Restricted performance share unit-based remuneration
Directors	Internal Directors	6 persons	¥1,099 million	¥380 million	¥513 million	¥21 million	¥65 million	¥121 million
	Outside Directors	5 persons	¥95 million	¥95 million	-	-	-	-
	Total	11 persons	¥1,194 million	¥476 million	¥513 million	¥21 million	¥65 million	¥121 million
Audit & Supervisory Board Members	Internal Audit & Supervisory Board Members (full-time)	2 persons	¥87 million	¥87 million	-	-	-	-
	Outside Audit & Supervisory Board Members	4 persons	¥54 million	¥54 million	-	-	-	-
	Total	6 persons	¥141 million	¥141 million	-	-	-	-

- Notes:
- As of the end of this fiscal year, we had 11 Directors and 5 Audit & Supervisory Board Members (including 5 Outside Directors and 3 Outside Audit & Supervisory Board Members).
  - No Director is concurrently our employee.
  - The total amount of performance linked remuneration (“performance linked bonuses”, “performance share unit-based remuneration” and “restricted performance share unit-based remuneration” listed above) of Directors of this fiscal year is ¥698 million, and the total amount of non-monetary remuneration (“restricted stock-based remuneration”, “performance share unit-based remuneration” and “restricted performance share unit-based remuneration” listed above) of Directors of this fiscal year is ¥206 million. (The sum of these figures do not precisely add up because each of the figures have been rounded to the nearest million yen.)
  - The above “restricted stock-based remuneration” and “performance share unit-based remuneration” respectively refer to restricted stock-based remuneration and performance share unit-based remuneration which are granted based on the restricted stock-based remuneration plan and the performance share unit-based remuneration plan (hereinafter “Old Plan”) adopted pursuant to the resolution of the 150th Ordinary General Meeting of Shareholders held on June 22, 2018.
  - The above “restricted performance share unit-based remuneration” refers to restricted performance share unit-based remuneration which is granted based on the restricted performance share unit-based remuneration plan (hereinafter “New Plan”) adopted pursuant to the resolution of the 153rd Ordinary General Meeting of Shareholders held on June 18, 2021 by integrating the restricted stock-based remuneration plan and the performance share unit-based remuneration plan under the Old Plan.
  - The above “restricted stock-based remuneration” are the total amounts recorded as expenses under the Old Plan in this fiscal year.
  - The above “performance share unit-based remuneration” are the total of the amounts that were recorded as expenses under the Old Plan in this fiscal year and the amounts that will be recorded as expenses in this fiscal year based on the calculation of the estimated amount to be provided as monetary remuneration receivables in accordance with the estimated number of shares to be granted in 2022 and 2023 under the Old Plan.
  - The above “restricted performance share unit-based remuneration” are the total amounts that will be recorded as expenses in this fiscal year based on the calculation of the estimated amount to be provided as monetary remuneration receivables in accordance with the estimated number of shares to be granted in 2024 after the three-year evaluation period under the New Plan.

9. The remuneration of Audit & Supervisory Board Members, who are in a position to audit and supervise management with a high degree of objectivity and independence, consists solely of fixed remuneration (“monthly remuneration”) and is provided on a monthly basis. The remuneration of each Audit & Supervisory Board Member is decided through discussions between the Audit & Supervisory Board Members within the maximum amount resolved at the Ordinary General Meeting of Shareholders.
10. The total amount of remuneration of Directors (excluding performance linked bonuses) and remuneration of Audit & Supervisory Board Members has been resolved as follows at the past ordinary general meetings of shareholders. Meanwhile, as the performance linked bonuses are highly linked to business performance, they are paid upon the resolution of the ordinary general meeting of shareholders each year.

	Matters resolved			Number of officers at the time of resolution
	Total amount of remuneration of Directors (excluding performance linked bonuses)	Total amount of remuneration of Outside Directors included in the amount on the left	Total amount of remuneration of Audit & Supervisory Board Members	
The 145th Ordinary General Meeting of Shareholders (June 21, 2013)	Annual amount of 1.2 billion yen or less	Annual amount of 60 million yen or less	Annual amount of 180 million yen or less	12 Directors (including 2 Outside Directors) 5 Audit & Supervisory Board Members (including 3 Outside Audit & Supervisory Board Members)
The 150th Ordinary General Meeting of Shareholders (June 22, 2018)	—	Annual amount of 100 million yen or less	—	11 Directors (including 5 Outside Directors)

In addition, it was resolved to provide monetary remuneration receivables in order to offer to Directors (excluding Outside Directors) “restricted stock-based remuneration” and “performance share unit-based remuneration” under the Old Plan within the range of the aforementioned total amount of remuneration of Directors (excluding performance linked bonuses), and the upper limits of the total amount of monetary remuneration receivables and the total number of our common shares to be issued or disposed of were also resolved as follows at the 150th Ordinary General Meeting of Shareholders held on June 22, 2018. The number of Directors (excluding Outside Directors) at the time of this resolution was 6.

	Total amount of monetary remuneration receivables	Total number of our common shares
Restricted Stock-Based Remuneration	Annual amount of 130 million yen or less	120,000 shares or less per year
Performance Share Unit-Based Remuneration	Annual amount of 430 million yen or less	180,000 shares or less per year
Total	Annual amount of 560 million yen or less	300,000 shares or less per year

In addition, it was resolved to provide monetary remuneration receivables in order to offer to Directors (excluding Outside Directors) “restricted performance share unit-based remuneration” under the New Plan within the range of the aforementioned total amount of remuneration of Directors (excluding performance linked bonuses), and the upper limits of the total amount of monetary remuneration receivables and the total number of our common shares to be issued or disposed of were also resolved as follows at the 153rd Ordinary General Meeting of Shareholders held on June 18, 2021. The number of Directors (excluding Outside Directors) at the time of this resolution was 6.

	Total amount of monetary remuneration receivables	Total number of our common shares
Restricted Performance Share Unit-Based Remuneration	Annual amount of 650 million yen or less	300,000 shares or less per year

The above “total amount of monetary remuneration receivables” and “total number of our common shares” (upper limit) in the foregoing “performance share unit-based remuneration” and “restricted performance share unit-based remuneration” have been set in anticipation of a case where the total number of our common shares (and the total amount of monetary remuneration receivables to be consequently paid) will be at the maximum level in light of our stock growth rate during the three-year evaluation period and other factors.

11. The sum of the figures does not precisely add up because each of the figures listed as the remuneration of Directors and Audit & Supervisory Board Members has been rounded to the nearest million yen.

### 3. Overview of Director’s Remuneration System

#### (1) Particulars regarding the decision making policy for the remuneration of individual Directors

##### ① How the decision making policy for the remuneration of individual Directors was decided

The decision making policy for the remuneration of individual Directors was resolved at the Board of Directors meeting held on March 24, 2021 after deliberation within the Nomination and Remuneration Advisory Committee (chaired by Outside Director), a majority of whose members are Outside Directors.

##### ② Overview of the decision making policy for the remuneration of individual Directors

#### (A) System for remuneration of individual Directors and the policy for deciding the composition of each types of remuneration

(a) System for remuneration of individual Directors (● indicates such Director eligible for each type of remuneration)

Type of Remuneration		Director Type		
		Executive Director (Note 1)	Chairman of the Board of Directors (Note 2)	Outside Director (Note 3)
Fixed	Monthly Remuneration	●	●	●
Variable	Performance Linked Bonus	●	—	—
	Stock-based remuneration	●	●	—

(Note 1) The remuneration of Executive Directors and Executive Officers consists of “monthly remuneration,” “performance-linked bonus,” and “stock-based remuneration.”

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

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

(b) Policy on deciding the composition of the monthly remuneration, performance linked bonus and stock-based remuneration for the remuneration of each Directors

The remuneration of individual Directors is decided with the aim of offering incentives to seek enhanced corporate governance, increased corporate value over the medium to long term, and push forward a sustainable growth linked with the Company’s business strategy.

With respect to the composition ratios regarding each types of remuneration, (i) by setting an appropriate remuneration standards to acquire and retain highly capable management who will bring about the Company's sustainable growth and increase of corporate value in the middle to long term, and (ii) to design as healthy incentive to sustainable growth of the Company, the Company will establish an appropriate ratio, etc. between fixed remuneration (monthly remuneration) and variable remuneration ("performance linked bonus" which is linked with short term performance of the Company and "stock-based remuneration" which is linked with middle and long term performance of the Company and shareholder value) which corresponds to Director's position, based on its business environment, management strategy and human resources strategy, with reference to objective remuneration market research data, etc. provided by external specialized agencies.

Moreover, Executive Directors are also paid separate remuneration for taking part in programs for the promotion of their own health.

**(B) Policy on the decision of the amount or the calculation method of Director's monthly remuneration (including policy on the decision of when or under what circumstances such remuneration will be granted)**

The monthly remuneration for individual Directors is provided on a monthly basis based on its business environment, management strategy and human resources strategy with reference to objective remuneration market research data, etc. provided by external specialized agencies, taking into account the Director's position, to be decided by the Board of Directors after consultation with the Nomination and Remuneration Advisory Committee.

Moreover, Outside Directors who are members of the Nomination and Remuneration Advisory Committee are paid a committee allowance separately which amount is decided by the Board of Directors.

**(C) Policy on the decision of the amount or calculation method of the performance linked remuneration and non-monetary remuneration of individual Directors (including policy on the decision of when or under what circumstances such remuneration will be granted)**

**(a) Performance linked bonus**

Performance linked bonuses for individual Executive Directors are designed with a focus on the relationship with its group's management strategies and promote the execution of duties that coincide with its management strategy and offer strong motivation for achieving specific business objectives.

From the perspective of reinforcing the relationship with its group's management strategy, the total amount to be paid is determined in accordance with the performance management index to be focused on in the medium term management plan. The amount to be paid to individual Executive Directors is distributed according to their position and personal evaluation, and is paid after the end of the fiscal year. In addition, each Executive Director is evaluated on the basis of both financial indicators and non-financial indicators so that they can become more aware in regard to their commitment to management strategy and results. The ratio of such indicators shall be appropriately established.

The standard for the payment of performance linked bonus is designed appropriately based on its business environment, management strategy and human resources strategy with reference to objective remuneration market research data, etc. provided by external specialized agencies. The remuneration



standard also corresponds to the Director's position and is decided by the Board of Directors after consultation with the Nomination and Remuneration Advisory Committee.

(b) Stock-based remuneration

The actual contents and timing of payment of the stock-based remuneration for each Directors (excluding Outside Directors) is decided by the Board of Directors after consultation with the Nomination and Remuneration Advisory Committee. This remuneration is aimed at promoting efforts at optimizing its business portfolio and increasing corporate value in the medium to long term by focusing on the link with shareholder value, and further promoting to share value with its shareholders.

In addition, the standard for payment of stock-based remuneration is designed appropriately based on its business environment, management strategy and human resources strategy with reference to objective remuneration market research data, etc. provided by external specialized agencies. The standard corresponds to the Director's position and is decided by the Board of Directors after consultation with the Nomination and Remuneration Advisory Committee.

**(D) Particulars regarding the delegation to Directors or other third parties of the decision of all or part of the remuneration for individual Directors and other method for deciding the content of the remuneration for individual Directors**

Remuneration of each Directors (excluding performance-linked bonus) is resolved by the Board of Directors within the limit resolved at the General Meeting of Shareholders. Upon the resolution by the Board of Directors, the details are deliberated by the Nomination and Remuneration Advisory Committee and the results thereof are reported to the Board of Directors as part of our efforts to further enhance transparency and objectivity.

The formula for calculating the performance linked bonuses for individual Executive Directors (for the relevant fiscal year) is decided by the Board of Directors within such relevant fiscal year reflecting reports from the Nomination and Remuneration Advisory Committee. After the fiscal year ends, upon approval at the General Meeting of Shareholders of payment of performance linked bonus calculated in accordance with the formula and the limit thereof, Representative Director, President and Chief Executive Officer will grade each Executive Director after a meeting with such Executive Director and the performance linked bonus for such Executive Director will be calculated within the limit. Moreover, Representative Director, President and Chief Executive Officer will report to the Nomination and Remuneration Committee about the grading results to make sure that the personal evaluations are appropriate.

**③ Reasons why the Board of Directors decided the contents of the remuneration of Directors for this fiscal year is in line with the decision making policy for the remuneration of individual Directors**

The Board of Directors judges that the content of the remuneration of individual Directors for this fiscal year is in line with the decision making policy for the remuneration of individual Directors, since such content was considered by the Nomination and Remuneration Committee in accordance with the basic policy, structure and decision process for executive remuneration previously decided on by the Board of Directors.

**[NOTE]:** The Company has revised the above decision making policy for the remuneration of individual Directors,

which was resolved at the Board of Directors meeting held on May 10, 2022 after deliberation within the Nomination and Remuneration Advisory Committee. For the content of such revision, please see pages 47 to 49 for more details.

## (2) Remuneration standards and composition ratios of Executive Directors

The Company has established appropriate remuneration standards and remuneration composition ratios based on its business environment, management strategy and human resources strategy, with reference to objective remuneration market research data, etc. provided by external specialized agencies such as the Willis Towers Watson “Executive Compensation Database”. In addition, the remuneration composition ratio for Representative Director, President and Chief Executive Officer is set so that when consolidated net income (Note 1) and basic profit cash flow (Note 2) are 200 billion yen and the stock growth rate (Note 3) reaches 100%, monthly remuneration, performance-linked bonus and stock-based remuneration become 40:35:25, respectively. Each performance achievement scenario is as follows.

	Monthly Remuneration	Performance-Linked Bonus	Stock-Based Remuneration
<ul style="list-style-type: none"> <li>• consolidated net income and basic profit cash flow: less than certain amount</li> <li>• stock growth rate: less than 50%</li> </ul>	100%	—	—
<ul style="list-style-type: none"> <li>• consolidated net income and basic profit cash flow: 200 billion yen</li> <li>• stock growth rate: 100%</li> </ul>	40%	35%	25%
<ul style="list-style-type: none"> <li>• consolidated net income and basic profit cash flow: 300 billion yen</li> <li>• stock growth rate: 100% or more</li> </ul>	33%	47%	20%
<ul style="list-style-type: none"> <li>• consolidated net income and basic profit cash flow: 400 billion yen</li> <li>• stock growth rate: 150% or more</li> </ul>	25%	51%	24%

(Note 1) “Consolidated net income” is equivalent to the “profit attributable to owners of the parent” set out in International Financial Reporting Standards (IFRS).

(Note 2) “Basic profit cash flow” = “Basic profit (\*)” – “Share of profit (loss) of investments accounted for using the equity method” + “Dividend from investments accounted for using the equity method.”

(\*) “Basic profit” = (Gross profit + Selling, general and administrative expenses (excluding provision for doubtful receivables) + Interest expense, net of interest income + Dividends) × (1-Tax rate) + Share of profit (loss) of investments accounted for using the equity method.

(Note 3) “Stock growth rate” = {(Average price of Company’s common shares in the month of termination of Evaluation Period + Total amount of dividends during Evaluation Period) ÷ (Average price of Company’s common shares in the month of commencement of Evaluation Period)} ÷ {(Average of TOPIX in the month of termination of Evaluation Period) ÷ (Average of TOPIX in the month of commencement of Evaluation Period)}

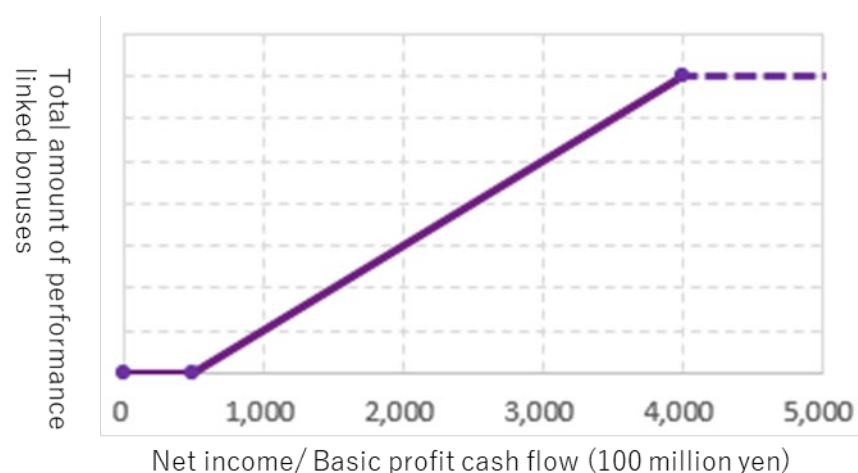
## (3) Particulars regarding performance linked remuneration, etc. and non-monetary remuneration, etc. for fiscal year 2021

### ① Performance linked bonus

From the perspective of reinforcing the relationship with its group’s management strategy, the total amount to be

paid is determined in accordance with the consolidated net income and basic profit cash flow, which are adopted as the performance management index to be focused on in the medium term management plan “SHIFT 2023”. The amount to be paid to each Executive Directors is distributed according to their position and personal evaluation and is paid after the end of the fiscal year. In addition, each Executive Directors is evaluated on the basis of both financial indicators (status of achievement of business plans, etc. in the respective areas of responsibility) and non-financial indicators (business transformation through DX (digital transformation) which is a material issue for the Company, enhancement of sustainability management, and the promotion of diversity and inclusion etc.) so that they can become more aware in regard to their commitment to management strategy and results. In principle, the ratio of financial indicators to non-financial indicators in personal evaluation is 50:50.

<Total amount of performance linked bonuses (image)>



The performance indicators chosen as a basis of calculation of performance linked remuneration, etc. ended in the below results for fiscal 2021, and in the event Proposition No.5 is resolved as proposed, after the end of fiscal 2021, Representative Director, President and Chief Executive Officer (Mr. Masayuki Hyodo) will decide personal evaluations, following meetings with each of Executive Directors, and performance linked bonuses for fiscal 2021 (which is to be paid in June, 2022) will be paid to each Executive Directors. Furthermore, such decisions are delegated to Representative Director, President and Chief Executive Officer for the reason that he may decide the personal evaluations of each Executive Directors comprehensively from his position to supervise executions of business. In order to make sure that such decisions are made appropriately, Representative Director, President and Chief Executive Officer must report such results to the Nomination and Remuneration Advisory Committee.

	Result (billion yen)
Consolidated Net Income	463.7
Basic Profit Cash flow	359.5

## ② Stock-based remuneration

With the aim of promoting management with a focus on increase in the Company group’s corporate value over the medium to long term and shareholder value (hereinafter “Objective”), in 2018 the Company adopted restricted stock-based remuneration in which it grants, as restricted stock, its common shares to Directors (excluding Outside

Directors, hereinafter “Eligible Directors”) with the number of shares being determined according to their position (hereinafter “Previous Plan 1 (Restricted Stock-based Remuneration)”) (Note), together with performance share unit-based remuneration (hereinafter “Previous Plan 2 (Performance Share Unit-based Remuneration)”), where such remuneration is granted to the Eligible Directors for services rendered during the relevant period starting from the close of the annual ordinary general meeting of shareholders until the close of the same meeting of the following year (hereinafter “Service Period”). The number of shares granted are determined according to the Company’s stock growth rate (ratio of the Company’s stock price growth rate including dividends to the growth rate of TOPIX (Tokyo Stock Exchange Stock Price Index), hereinafter “Stock Growth Rate”) during an evaluation period from June 1st in the year in which the Service Period begins until the end of June three years later (hereinafter “Evaluation Period”).

(Note) An amount was recorded as expenses in fiscal 2021 under Previous Plan 1 (Restricted Stock-based Remuneration), even though no shares were granted under this plan during the same fiscal year.

However, if the Eligible Director dies, etc. before such shares are granted, an equivalent monetary payment will be able to be made instead.

In addition, at the 153<sup>rd</sup> Ordinary General Meeting of Shareholders held on June 18, 2021, approval was obtained to establish a restriction on transfer of the Company’s common shares to be granted in accordance with the Previous Plan 2 (Performance Share Unit-based Remuneration) to any Eligible Director who leaves office at any time after the close of said Ordinary General Meeting of Shareholders.

To allow realization of sharing shareholder value over the medium to long term, the restriction period is set from the day the shares are granted until the day the Eligible Director resigns or retires from all positions as Director, Executive Officer or any other position stipulated by the Board of Directors.

The initial Evaluation Period for the Previous Plan 2 (Performance Share Unit-based Remuneration) ended on the last day of June in 2021, and accordingly, 36,500 of the Company’s common shares as restricted stock were issued and distributed to the six Eligible Directors, reflecting the stock growth rate (84.5%) during the relevant Evaluation Period.

Also, at the 153<sup>rd</sup> Ordinary General Meeting of Shareholders held on June 18, 2021, in order to make further progress toward achieving the Objective, the Company adopted a restricted performance share unit-based remuneration plan (hereinafter “New Plan”) that integrated the Previous Plan 1 (Restricted Stock-based Remuneration) and the Previous Plan 2 (Performance Share Unit-based Remuneration). Under the New Plan, as remuneration for services rendered during each Service Period, the Company will grant its common shares as restricted stock to the Eligible Directors. The number of shares to be granted will be calculated in accordance with the Company’s stock growth rate during the Evaluation Period. To allow realization of sharing shareholder value over the medium to long term, the restriction period is set from the day the shares are granted until the day the Eligible Director resigns or retires from all positions as Director, Executive Officer or any other position stipulated by the Board of Directors. However, in the event the Eligible Director resigned, etc. from its positions or an organizational restructuring, etc. takes place, etc. before shares are granted, an equivalent monetary payment will be able to be made instead.

Since the initial Evaluation Period under the New Plan does not end until the last day of June in 2024, no results are yet available for the Company’s stock growth rate under the New Plan.

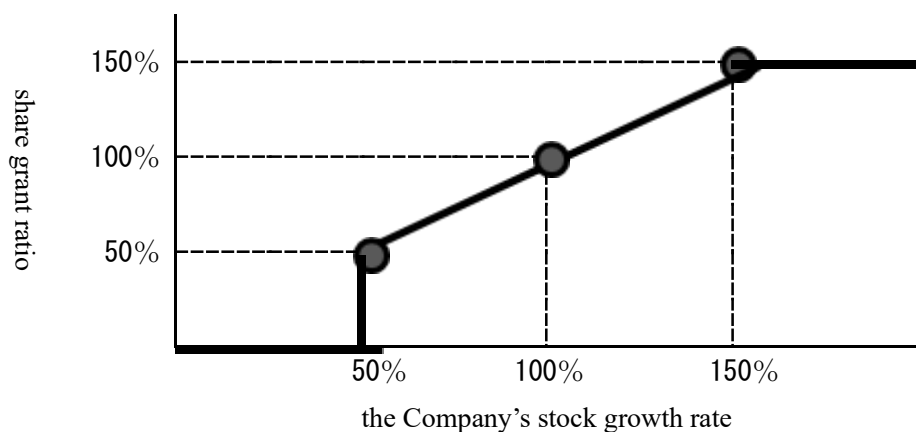
< Evaluation period of the Company's stock growth rate (image) >

	2018	2019	2020	2021	2022	2023	2024
2018 Plan	← Share price evaluation Period →			● grant shares			
2019 Plan		← Share price evaluation period →			● grant shares		
2020 Plan			← Share price evaluation period →		● grant shares		
2021 Plan				← Share price evaluation period →			● grant shares

< Method for calculating the number of granted shares >

Number of granted shares = standard number of granted shares by position x the Company's stock growth rate (share grant ratio) x Service Period ratio

< share grant ratio >



#### 4. Summary of the Contracts Regarding the Limitation of Liability

Pursuant to Article 427, Paragraph 1 of the Companies Act, we have concluded a limitation of liability contract with each of the Directors (excluding executive directors, etc) and Audit & Supervisory Board Members limiting the liability of each of them to the amount stipulated by law provided each of them has acted in good faith and without gross negligence.

#### 5. Particulars regarding Directors and Officers Liability Insurance Contracts

We have concluded a Directors and Officers Liability Insurance Contract as stipulated in Article 430-3, Paragraph 1 of the Companies Act with an insurance company, designating all or some of our Directors, Audit & Supervisory Board Members, Executive Officers, etc., and those of our consolidated subsidiaries and associated companies (hereinafter, "Directors and

Officers”) as insured persons. Under this contract, Directors and Officers are indemnified against damages, etc. that may arise from the bearing of liability regarding the execution of their duties or from lawsuits brought against them with regard to the said liability, provided, however, that there are certain grounds for exemption, such as no compensation offered for damages arising from actions taken by Directors and Officers with knowledge that such actions violate laws and regulations. The full amount of insurance premiums under the contracts are borne by us.

#### 6. Name and Other Particulars of Executive Officers (as of April 1, 2022)

Positions in the Company	Name	Areas of responsibility in the Company
President and Chief Executive Officer* <sup>1</sup>	Masayuki Hyodo	Chief Executive Officer
Executive Vice President* <sup>1</sup>	Toshikazu Nambu	Chief Digital Officer (Media & Digital Business Unit and Living Related & Real Estate Business Unit)
Executive Vice President	Shingo Ueno	(Metal Products Business Unit and Mineral Resources, Energy, Chemical & Electronics Business Unit) Head of Energy Innovation Initiative* <sup>4</sup>
Senior Managing Executive Officer	Shoichiro Oka	Assistant to President and CEO
Senior Managing Executive Officer* <sup>2</sup>	Hideki Yamano	Adviser, SCSK Corporation
Senior Managing Executive Officer* <sup>1</sup>	Takayuki Seishima	Chief Administration Officer and Chief Compliance Officer
Senior Managing Executive Officer	Masaki Nakajima	General Manager, Media & Digital Business Unit
Senior Managing Executive Officer	Daisuke Mikogami	General Manager for East Asia
Senior Managing Executive Officer	Reiji Morooka	Chief Financial Officer
Senior Managing Executive Officer	Yoshiyuki Sakamoto	General Manager, Mineral Resources, Energy, Chemical & Electronics Business Unit
Managing Executive Officer	Keiji Tanaka	General Manager for Japan Region, General Manager, Kansai Office
Managing Executive Officer	Keigo Shiomi	General Manager for Asia & Oceania
Managing Executive Officer* <sup>2</sup>	Masaru Shiomi	Senior Managing Executive Officer, Sumitomo Mitsui Finance and Leasing Company, Limited

Managing Executive Officer	Iehisa Nakamura	General Manager for Europe & CIS
Managing Executive Officer	Bin Haga	Special Advisor, JCOM Co., Ltd.
Managing Executive Officer	Kei Sato	Adviser, Sumitomo Mitsui Auto Service Company, Limited
Managing Executive Officer	Norihiko Nonaka	General Manager, Transportation & Construction Systems Business Unit
Managing Executive Officer	Shinji Nakano	Assistant CAO, Secretary & Human Resources
Managing Executive Officer	Mitsuhiro Takeda	Director, Executive Vice President, JCOM Co., Ltd.
Managing Executive Officer	Hirokazu Higashino	Chief Strategy Officer and Chief Information Officer
Managing Executive Officer	Katsuya Inubushi	General Manager, Metal Products Business Unit
Managing Executive Officer	Shinichi Kato	Assistant General Manager for the Americas, CAO, TBC Corporation
Managing Executive Officer	Yoshinori Mukaida	Assistant CFO, Finance
Managing Executive Officer	Tomonori Wada	General Manager for the Americas
Managing Executive Officer	Hajime Mori	General Manager for Middle East & Africa
Managing Executive Officer	Yukihito Honda	General Manager, Infrastructure Business Unit
Managing Executive Officer	Kotaro Tameda	General Manager, Living Related & Real Estate Business Unit
Executive Officer	Haruo Matsuzaki	Assistant General Manager for Europe & CIS, General Manager for CIS
Executive Officer	Haruhiko Aritomo	General Manager, Mineral Resources Division No.1
Executive Officer	Eiji Ishida	Managing Executive Officer, Sumitomo Mitsui Finance and Leasing Company, Limited
Executive Officer	Nobuhiro Yoshida	Assistant General Manager for the Americas, General Manager for South America
Executive Officer	Hiroyuki Koike	Assistant General Manager for the Americas, Executive Vice President, CFO and Chief Business Development Officer of Sumitomo Corporation of Americas Group, Executive Vice President and CFO of Sumitomo Corporation of Americas
Executive Officer	Tsutomu Ozaki	General Manager, Planning & Coordination Dept., Media & Digital Business Unit
Executive Officer	Takashi Yamana	Assistant to President, Sumitomo Shoji Machinex Co., Ltd.
Executive Officer	Tatsuro Tamura	Assistant General Manager for Europe & CIS, Deputy CEO and CFO of Sumitomo Corporation Europe & CIS Group, General Manager, Corporate Management Unit in Sumitomo Corporation Europe & CIS Group, CFO of Sumitomo Corporation Europe Limited
Executive Officer	Kazumasa Watanabe	General Manager, Media Division
Executive Officer	Masahiko Yokohama	General Manager, Planning & Coordination Dept., Metal Products Business Unit
Executive Officer	Takayuki Sumita	Assistant CSO
Executive Officer	Koji Aso	Assistant CSO, Investor Relations, Corporate Communications & Corporate Sustainability, General Manager, Corporate Sustainability Dept.

Executive Officer	Yusuke Ujimoto	Managing Executive Officer, JCOM Co., Ltd.
Executive Officer	Hiroki Takeno	General Manager, Lifestyle Business Division
Executive Officer	Tadayuki Ueno	Assistant CFO, Risk Management
Executive Officer	Yasuhiro Yoshida	Assistant CFO, Accounting, General Manager, Accounting Controlling Dept.
Executive Officer <sup>*3</sup>	Kimihiko Sato	General Manager, Internal Auditing Dept.
Executive Officer <sup>*3</sup>	Hiroshi Karashima	Assistant General Manager for Asia & Oceania, Sumitomo Corporation Asia & Oceania Group, President Director, PT. Sumitomo Indonesia
Executive Officer <sup>*3</sup>	Takao Kusaka	General Manager, Lease, Ship & Aerospace Business Division
Executive Officer <sup>*3</sup>	Hiroaki Murata	General Manager, Construction Material & Real Estate Business Division
Executive Officer <sup>*3</sup>	Aki Tomita	Assistant General Manager for East Asia, General Manager, Corporate Unit in Sumitomo Corporation China Group, General Manager, Corporate Coordination Group in Sumitomo Corporation China Group, President Director, Sumitomo Corporation (Shanghai) Limited

Notes:

1. Individuals marked with \*1 are Directors (Representative Directors).
2. Individuals marked with \*2 are Directors who are scheduled to resign from their positions of Directors on the close of the Ordinary General Meeting of Shareholders scheduled in June 24, 2022.
3. Individuals marked with \*3 are Executive Officers who were newly elected and each of them assumed their duty as of April 1, 2022.
4. Energy Innovation Initiative (marked with \*4) is a new business organization established on April 1, 2021 which transcends the current framework of business units.



## V. Particulars regarding the Company's Accounting Auditor

### 1. Name of the Accounting Auditor

KPMG AZSA LLC

### 2. Total Remuneration, etc. to Be Paid to the Accounting Auditor

(In million Japanese Yen)

Remuneration and fees to be paid in relation to auditing and attesting services under Article 2, Paragraph 2.1 of the Certified Public Accountants Act <sup>(Note 1)</sup> <sup>(Note2)</sup>	504
Remuneration and fees to be paid in relation to services other than auditing and attesting services under Article 2, Paragraph 2.1 of the Certified Public Accountants Act <sup>(Note3)</sup>	26
Audit remuneration and other fees to be paid to Accounting Auditors by the Company	530
Total amount of cash and other financial benefits payable by the Company and its consolidated subsidiaries to Accounting Auditors	1,074

(Notes 1) In line with the "Practical Guidelines for Collaboration with Accounting Auditors" published by the Japan Audit & Supervisory Board Members Association, our Audit & Supervisory Board checks the details of auditing 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.

(Notes 2) The audit agreement with 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.

(Notes 3) We pay 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.

(Notes 4) The subsidiaries abroad such as Sumitomo Corporation of Americas and Sumitomo Corporation Europe Holding Limited, etc. of the major consolidated subsidiaries described in "I. 7. Status of Important Subsidiaries," is audited by audit firms other than our Accounting Auditor.

### 3. Policy for the Determination of the Dismissal or Non-reappointment of the Accounting Auditor

In the event of a significant adverse effect on the adequate execution of our Accounting Auditor's duties due to reasons such as the emergence of causes detrimental to the eligibility or independence of said Accounting Auditor, and the Audit & Supervisory Board judges that there is no expectancy for such a situation to be resolved, the Audit & Supervisory Board's policy is to dismiss or refuse to reappoint said Accounting Auditor and to decide on an agenda for the election of a new Accounting Auditor. Based on the decision, the Board of Directors shall submit said agenda to the General Meeting of Shareholders.

In addition, in the event our Accounting Auditor falls under any of the situation stipulated in each clause of Article 340, Paragraph 1 of the Companies Act, and the Board Audit & Supervisory Board judges that there is no expectancy for such situation to be remedied, the Audit & Supervisory Board's policy is to dismiss such Accounting Auditor, with the consent of all the Audit & Supervisory Board Members.

## VI. Systems Necessary to Ensure the Properness of Operations of the Company (Internal Control Systems)

Our Board of Directors determines and implements the systems (internal control systems) set forth in the Companies Act, Article 362, Paragraph 4, Item 6 to achieve effective internal control. In addition, we assess the implementation of the internal control systems annually and endeavors to establish systems in line with requests made from time to time based on ongoing reevaluations.

An overview of our internal control systems and their implementation status is provided below. Moreover, the Internal Control Committee assessed the implementation of the internal control systems, confirmed that these internal control systems were functioning effectively, and reported this fact at the Board of Directors' meeting.

Further details regarding the internal control systems are posted on our website ([https://www.sumitomocorp.com/jp/-/media/Files/hq/about/governance/detail/internal\\_control\\_system\\_02.pdf?la=en](https://www.sumitomocorp.com/jp/-/media/Files/hq/about/governance/detail/internal_control_system_02.pdf?la=en)).

Internal Control Systems	Current Implementation Status
<p>1. Systems for ensuring that the execution of duties by Directors and employees complies with laws and regulations and the Articles of Incorporation</p>	
<ul style="list-style-type: none"> <li>● Ensuring full compliance with laws and regulations under the “Corporate Mission Statement of the Sumitomo Corporation Group”</li> <li>● Drawing up the “Sumitomo Corporation Group Compliance Policy”</li> <li>● Preparing the “Compliance Manual” and distributing it to all officers and employees</li> <li>● Requiring all officers and employees to provide a written “Confirmation of Compliance”</li> <li>● Appointing the “Chief Compliance Officer”, the “Compliance Committee”, and “Compliance Leaders”, and creating the “Speak-Up System”</li> </ul>	<ul style="list-style-type: none"> <li>➤ We included compliance with laws and regulations and maintenance of the highest ethical standards in the “Corporate Mission Statement of the Sumitomo Corporation Group”, and we are making officers and employees aware of the mission statement.</li> <li>➤ By formulating the “Sumitomo Corporation Group Compliance Policy” and making the “Compliance Manual” available on the company intranet, we strive to ensure thorough awareness of the said policy and implementation of compliance among all officers and employees.</li> <li>➤ We are raising awareness of compliance and providing relevant education through such means as training tailored to various trainee types, and seminars responding to the needs of different business units, subsidiaries, and other consolidated companies, and e-learning programs targeting all of our officers and employees. For example, we held company-wide seminars to learn how to prevent the emergence of compliance risks from specific cases, the “Insider Trading Prevention Seminar”, and the “Seminar on the Act on Protection of Personal Information”, while providing compliance education for new employees. We also issued an internal warning regarding compliance with the Subcontract Act and held webinars. Moreover, we released a lecture video explaining how to prevent bribery of foreign public officials.</li> <li>➤ We require all officers and employees to provide a written “Confirmation of Compliance” when they join the Company and when companywide training is conducted, among other occasions.</li> <li>➤ Based on the “Speak-Up System”, we have secured a</li> </ul>

Internal Control Systems	Current Implementation Status
	<p>route by which our officers and employees can directly communicate compliance information to the “Chief Compliance Officer (CCO)” via the Legal Compliance Department, Audit &amp; Supervisory Board Members, outside professionals and outside attorneys serving as liaisons.</p> <ul style="list-style-type: none"> <li>➤ In order to promote active use of the “Speak-Up System”, we have put up posters about the system on noticeboards on the office floors of the head office building, distributed portable cards with contact information for the system, notified officers and employees of the system through internal communications, formulated detailed regulations that specify the operational procedures of the system, posted materials to explain about the system on the company intranet, and released a video to increase awareness of the system.</li> <li>➤ We also held the Compliance Committee, where the details of compliance activities and measures were reported and deliberated.</li> </ul>
<b>2. Systems for retaining and managing information pertaining to the Directors’ execution of their duties</b>	
<ul style="list-style-type: none"> <li>● Properly preserving and managing important documents including minutes of meetings of the Board of Directors and information pertaining to the execution of duties and decision-making</li> <li>● Implementing measures to prevent divulgence of information to third parties or other misuse of information</li> <li>● Making important documents pertaining to the Directors’ execution of their duties available for review to Audit &amp; Supervisory Board Members in a timely manner</li> </ul>	<ul style="list-style-type: none"> <li>➤ We preserve and manage the important documents and information described on the left properly in accordance with internal rules. In addition, the “Basic Rules for Information Management”, which are our internal regulations, stipulate steps to prevent divulgence of information to third parties, which we implement. These include specifying the responsibilities of officers and employees regarding information security, developing an information security system and managing confidential information.</li> <li>➤ We implement measures aimed at information security education and awareness, including “information security course” and “training on targeted email attacks” for all officers and employees. In addition, we regularly disseminated information on information security incidents and accidents within our group.</li> <li>➤ The “IT Strategy Committee” plans, formulates and implements company-wide measures on information security, and collects and responds to information concerning information security incidents (divulgence of information, etc.). We also strive to adequately manage information assets by establishing relevant regulations in line with the “Information Security Policy”.</li> <li>➤ We submit for review by Audit &amp; Supervisory Board Members any documents they request.</li> </ul>

Internal Control Systems	Current Implementation Status
<u>3. Rules and other systems pertaining to the management of risk of loss</u>	
<ul style="list-style-type: none"> <li>● Setting the three objectives of risk management: to stabilize business performance, to strengthen the corporate structure, and to maintain credit; analyzing and managing risk factors specific to investment and commercial transactions and common risk factors</li> <li>● Building a framework, conducting monitoring, and implementing necessary improvements regarding risk management through measures such as setting internal rules and formulating risk management policies, methods, and guidelines</li> <li>● Establishing the “Internal Control Committee,” “Company-wide Loan and Investment Committee” and “Corporate Sustainability Committee” as advisory organs to the “Management Council”</li> <li>● Formulating plans for restoration of operations in the event of disaster</li> <li>● Establishing the “Internal Auditing Department” as an independent body under the direct supervision of the President and Chief Executive Officer and ensuring the results of internal auditing are reported to the President and Chief Executive Officer as well as the Board of Directors</li> </ul>	<ul style="list-style-type: none"> <li>➤ We establish our internal rules regarding risk management. With respect to our risk management, we divide our business activities into investment activities and commercial transactions, determine specific risk factors and common risk factors associated with both activities, and make every effort to achieve the purpose of risk management by analyzing and evaluating the probability of occurrence and the impact of such risk factors. In addition, among risks that can be quantified, country risks that could have a particularly large impact on the entire company and the status of major assets are reported regularly to the Board of Directors.</li> <li>➤ We have built a framework, and are conducting monitoring and implementing necessary improvements regarding risk management at the company-wide level through measures such as setting internal rules and formulating risk management policies, methods, and guidelines. In addition, we are improving risk management through the preparation and distribution of manuals and conducting training activities as appropriate.</li> <li>➤ We have established a system to make decisions in light of social and environmental impact by strengthening the system for evaluating social and environmental risks in investment projects and ensuring participation in deliberations by specialized organizations. In addition, we strive to identify, prevent, and rectify human rights risks posed by the business activities of our group by progressively conducting human rights due diligence of the supply chains for all businesses, including those of our subsidiaries and other group entities.</li> <li>➤ We have set medium- and long-term targets related to six key social issues for the entire company. In addition, each Business Unit has formulated short- and medium-term action plans, thus promoting specific initiatives, and disclosed their progress status.</li> <li>➤ With respect to climate change issues, we have formulated the “Policies on Climate Change Issues” and are reviewing them as required, with ongoing efforts aimed at carbon-neutralizing our group’s business activities and realizing a sustainable energy cycle.</li> <li>➤ For security trade control, various guidelines are established, and various sanctions information is notified internally.</li> <li>➤ we held meetings of the “Corporate Sustainability</li> </ul>

Internal Control Systems	Current Implementation Status
	<p>Committee”, where key policies, measures and initiatives related to the promotion of sustainability activities were deliberated.</p> <ul style="list-style-type: none"> <li>➤ we held meetings of the “Internal Control Committee”, where our internal control systems and progress with internal control activities were reviewed.</li> <li>➤ We are enhancing the quality of decision-making in the Management Council by means of the “Company-wide Loan and Investment Committee”. In order to speed up decision-making, it has been decided that agenda items requiring discussions by the Company-wide Loan and Investment Committee will no longer require discussions by the “Business Unit Loan and Investment Committee”. In addition, from the perspective of ensuring neutrality as an advisory organ, we eliminated duplicate members between the Management Council, which is a decision-making body, and the Company-wide Loan and Investment Committee. We also added the General Manager of the Corporate Sustainability Department and the General Manager of the Sales Division as members of the Company-wide Loan and Investment Committee in order to reflect opinions from ESG and sales viewpoints. In addition, we formulate and continuously update a playbook summarizing the processes before and after investment execution as well as the evaluation, appointment and dismissal, remuneration, and succession of the senior management of subsidiaries and associated companies. Moreover, we have introduced a remuneration system linked with investment performance in order to strengthen commitment to enhancing investment values.</li> <li>➤ Under the leadership of the Disaster Response &amp; Safety Management Department in charge of promoting disaster countermeasures, various disaster response and safety promotion measures are taken, including holding a monthly disaster response and safety measures promotion and information liaison meeting. In anticipation of a large-scale earthquake, we conducted disaster response drills led by the emergency response headquarters, which were both participated in by the head office and conducted in full-remote style. We also promoted the development of all-hazard BCP for organizations in Japan. As for</li> </ul>

Internal Control Systems	Current Implementation Status
	<p>measures against COVID-19, we carried out infection prevention and control measures targeting the officers and employees of our group at the Tokyo head office and other locations in Japan and overseas, including restrictions on coming to the office, business trips and dining together. We also implemented safety measures such as the confirmation and maintenance of effectiveness of emergency medical responses.</p> <p>➤ We established an “Internal Auditing Department”, and the results of its internal auditing are reported to the President and Chief Executive Officer as well as to the Board of Directors.</p>
<b>4. Systems for ensuring the efficient execution of the Directors’ duties</b>	
<ul style="list-style-type: none"> <li>● Making the number of Directors sufficient to enable full discussions and speedy and reasonable decision-making by the Board of Directors</li> <li>● Electing two or more Outside Directors so that their diverse perspectives can enhance decision-making and supervisory functions</li> <li>● Introducing a system of Executive Officers in order to clarify responsibility and authority for the execution of operations and strengthen the supervisory functions of the Board of Directors</li> <li>● Term of office for Directors: one year</li> <li>● Terms of office for the Chairman and the President and Chief Executive Officer: not exceeding six years, in principle</li> <li>● Establishing the “Nomination and Remuneration Advisory Committee” composed of a majority of Outside Directors as an advisory organ to the Board of Directors</li> <li>● Establishing the “Management Council” as a decision-making body, various committees as advisory organs, and various other conferences for the exchange of information</li> <li>● Formulating the medium-term management plan, preparing budgets and introducing performance management systems</li> <li>● Specifying in writing the agenda items requiring discussion by the Board of Directors and the decision-making authority of officers and employees regarding important matters</li> </ul>	<ul style="list-style-type: none"> <li>➤ The number of Directors is 11, which is sufficient to enable a variety of proposals and full discussions to be made by the Board of Directors and we are ensuring speedy and appropriate decision-making and strengthening supervisory functions.</li> <li>➤ The term of office for Directors is set at one year and the terms of office for the Chairman and the President and Chief Executive Officer do not exceed six years.</li> <li>➤ The “Nomination and Remuneration Advisory Committee”, which is an advisory organ to the Board of Directors, is chaired by an Outside Director. The committee reviews the policies and procedures regarding appointment and dismissal of the President and the Chairman, appointment and dismissal of the President, nomination criteria for Directors and Audit &amp; Supervisory Board Members and nomination of candidates therefor, appointment of Management Council members, the structures/levels of remuneration and bonuses for Directors and Executive Officers, as well as the limit of remuneration for Audit &amp; Supervisory Board Members and the advisory system, and submits the results thereof as recommendations to the Board of Directors.</li> <li>➤ In addition to establishing the “Management Council” as a decision-making body, we have established various other conferences to discuss and share information. We have also established committees, including the “Corporate Strategy Promotion Committee”, the “Global Innovation Promotion Committee”, and “Company-wide Loan and Investment Committee”, as advisory organs to the “Management Council”.</li> <li>➤ In order to deepen strategic discussions in management and promote the appropriate allocation of</li> </ul>

Internal Control Systems	Current Implementation Status
	<p>management resources based on these discussions and the steady implementation of the PDCA cycle, each division/department under our Business Units has been reorganized into a unit called the Strategic Business Unit. We have introduced a system in which each Strategic Business Unit creates a strategic format for business management, discusses the format through internal strategy meetings, and follows up on the results of the discussions.</p> <ul style="list-style-type: none"> <li>➤ The “Board of Directors Regulations” and other internal rules specify agenda items requiring discussion by the Board of Directors, the job responsibilities of each officer and employee, and the decision-making authority of officers and employees regarding important matters.</li> </ul>
<p><u>5. Systems for ensuring the properness of operations by the corporate group comprising the Company and its subsidiaries</u></p>	
<ul style="list-style-type: none"> <li>● Using the “Corporate Mission Statement of the Sumitomo Corporation Group”, which promotes compliance with laws and regulations, to share values to be respected throughout our group and to guide the development of compliance systems</li> <li>● Determining procedures for subsidiaries and other consolidated companies to report their “important management issues” to us, and managing subsidiaries and other consolidated companies through Audit &amp; Supervisory Board Members and other personnel dispatched from us</li> <li>● Supporting subsidiaries and other consolidated companies in implementing internal controls and in constructing a framework for risk management and making improvements thereto</li> <li>● Setting an internal rule to require internal auditing for subsidiaries and other consolidated companies of which we are the managing entity</li> <li>● Ascertaining and managing consolidated performance on a monthly basis</li> </ul>	<ul style="list-style-type: none"> <li>➤ We are raising awareness of compliance and providing relevant education by informing everybody in our group about the “Corporate Mission Statement” and providing training tailored to various trainee types, among other initiatives.</li> <li>➤ With respect to the “important management issues” determined by each of our consolidated companies, we have replaced the conventional consultation and agreement method for the decision-making process with the institutional decision-making method, in which consolidated subsidiaries and the Company hold discussions in advance to ensure that they are on common ground regarding the important resolution issues, with the ultimate goal of making an institutional decision by consolidated subsidiaries. We have also implemented various measures to promote the new method.</li> <li>➤ We support our subsidiaries and other consolidated companies in a variety of ways, including: educating and raising awareness regarding internal control at subsidiaries; requiring employees of subsidiaries to participate in risk management training; raising awareness of the “Sumitomo Corporation Group Compliance Policy” through training, briefings and e-learning materials; providing a selection of rules for subsidiaries to use as examples; and promoting the introduction of “Speak-Up Systems”.</li> <li>➤ We are promoting the Basic Elements Project, which supports evaluation of the internal control systems at subsidiaries, as well as the identification and rectification of issues by setting basic elements to be developed and operated in order to establish, operate, evaluate, and improve internal control at subsidiaries,</li> </ul>



Internal Control Systems	Current Implementation Status
	<p>and are conducting regular dialogue on such elements between us and our subsidiaries. We have also introduced examples of such dialogue and provided training on key risks in light of changes in the external environment such as the COVID-19 pandemic.</p> <ul style="list-style-type: none"> <li>➤ The results of auditing subsidiaries and other consolidated companies subject to internal auditing are reported to the President and Chief Executive Officer as well as to the Board of Directors.</li> </ul>
<u>6. Matters regarding personnel assigned to support the operations of Audit &amp; Supervisory Board Members</u>	
<ul style="list-style-type: none"> <li>● Establishing the “Audit &amp; Supervisory Board Members’ Administration Department” to support the Audit &amp; Supervisory Board Members and assigning several full-time staffers to this department</li> <li>● Specifying in writing those persons authorized to issue instructions to the “Audit &amp; Supervisory Board Members’ Administration Department” and the department’s responsibilities, and clearly defining its purpose as an organization for assisting the Audit &amp; Supervisory Board Members</li> <li>● Conducting personnel evaluations of members of the “Audit &amp; Supervisory Board Members’ Administration Department” by an Audit &amp; Supervisory Board Member; consulting in advance with an Audit &amp; Supervisory Board Member regarding transfers of the department’s personnel</li> </ul>	<ul style="list-style-type: none"> <li>➤ We have assigned several full-time staffers to the “Audit &amp; Supervisory Board Members’ Administration Department”.</li> <li>➤ Internal rules specify that the Audit &amp; Supervisory Board Members are authorized to issue instructions to the general manager of the Audit &amp; Supervisory Board Members’ Administration Department and that the area of operational responsibility of the Audit &amp; Supervisory Board Members’ Administration Department is assisting the Audit &amp; Supervisory Board Members in their duties.</li> <li>➤ An Audit &amp; Supervisory Board Member appointed by the Audit &amp; Supervisory Board conducts the personnel evaluations of the general manager of the Audit &amp; Supervisory Board Members’ Administration Department. An advance consultation is conducted with an Audit &amp; Supervisory Board Member appointed by the Audit &amp; Supervisory Board to obtain the Audit &amp; Supervisory Board Member’s consent regarding transfers of the department’s personnel.</li> </ul>
<u>7. Systems for reporting to Audit &amp; Supervisory Board Members</u>	
<ul style="list-style-type: none"> <li>● Developing a system that enables Audit &amp; Supervisory Board Members to attend all meetings, including those of the “Management Council”</li> <li>● Delivering to the Audit &amp; Supervisory Board Members important materials pertaining to the execution of operations involving the Company, its subsidiaries and other consolidated companies, and arranging for officers and employees to report and give briefings to the Audit &amp; Supervisory Board Members</li> <li>● Developing a system to ensure that 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</li> </ul>	<ul style="list-style-type: none"> <li>➤ In addition to meetings of the Board of Directors, Audit &amp; Supervisory Board Members attend other important meetings including those of the “Management Council”, the “Company-wide Loan and Investment Committee”, the “Internal Control Committee”, the “Corporate Sustainability Committee” and the “Compliance Committee” in accordance with internal rules.</li> <li>➤ We deliver important materials pertaining to the execution of operations when requested to do so by Audit &amp; Supervisory Board Members, and arrange for officers and employees to report and give briefings on the businesses of each organization and company as per the request of Audit &amp; Supervisory Board Members.</li> <li>➤ We ensure that persons submitting the aforementioned reports to Audit &amp; Supervisory Board Members are</li> </ul>





Internal Control Systems	Current Implementation Status
	not subjected to adverse treatment due to such reports/contact. In addition, we have specified in the internal rules that persons making contact via the “Speak-Up System” should not be subjected to adverse treatment and that in cases where persons submitting reports believe they have been subjected to such prohibited adverse treatment, they can report the matter to the Speak-Up contact desk.
<b>8. Other systems for ensuring that auditing will be carried out effectively by the Audit &amp; Supervisory Board Members</b>	
<ul style="list-style-type: none"> <li>● Appointing experts on law, accounting, and the like, as external Audit &amp; Supervisory Board Members</li> <li>● Maintaining close contact between the “Internal Auditing Department” and the Audit &amp; Supervisory Board Members to contribute to effective auditing, such as by reporting internal auditing plans and results to the Audit &amp; Supervisory Board Members</li> <li>● Exchanging information between the Audit &amp; Supervisory Board Members and the Accounting Auditor to improve the efficiency and quality of audit activities</li> <li>● Exchanging information between our Audit &amp; Supervisory Board Members and subsidiaries’ Audit &amp; Supervisory Board Members</li> <li>● Clearly stipulating the methods for handling the expenses and liabilities incurred by Audit &amp; Supervisory Board Members in the execution of their duties</li> </ul>	<ul style="list-style-type: none"> <li>➤ The “Internal Auditing Department” interacts closely with the Audit &amp; Supervisory Board Members, submitting an internal auditing plan to them prior to the start of the business year and sharing internal audit results with them in a timely manner. In addition, the Internal Auditing Department shares audit results with the Accounting Auditor on a regular basis.</li> <li>➤ Audit &amp; Supervisory Board Members conduct regular meetings with the Accounting Auditor.</li> <li>➤ In addition to liaison meetings attended by Full-time Audit &amp; Supervisory Board Members at subsidiaries, Audit &amp; Supervisory Board Members conduct separate meetings with the Full-time Audit &amp; Supervisory Board Members of each subsidiary several times a year, interacting and exchanging information with Full-time Audit &amp; Supervisory Board Members at subsidiaries and associated companies.</li> <li>➤ Expenses and liabilities incurred by Audit &amp; Supervisory Board Members in the execution of their duties are handled in accordance with internal rules, including by drawing up budgets and managing their implementation.</li> </ul>



Note: Amounts in billions of yen and those in millions of yen in the business report are rounded to the nearest billion and the nearest million respectively. Also, numbers of shares shown per unit of thousand shares are rounded down to the nearest thousand.



**(Reference) Sumitomo Corporation Group's  
Key Social Issues and Medium- and Long Term Goals**

As the Sumitomo Corporation Group works to enhance its sustainability management, we have identified six key social issues related to our business that we address through our business and corporate activities. The six key social issues are: “Mitigation of climate change,” “Circular economy,” “Respect for human rights,” “Development of local society and economy,” “Improvement of living standard” and “Quality education.”

These issues and goals demonstrate our role in the society by making use of its human resources, business expertise as well as the relationship with global customers and business partners, and is the guideline to our group’s entire business operations.

Key Social Issues		Long-term goals	Medium-term goals	Related SDGs
Sustainability of Society	Mitigation of climate change	Aim for carbon neutrality by 2050 and challenge to realize sustainable energy cycle	<ul style="list-style-type: none"> <li>■ Reduce our group’s CO2 emissions 50% or more by 2035 (compared to 2019)</li> <li>-Reduce CO2 emissions of the power generation business by 40% or more by 2035 (of which reduce 60% or more for coal-fired power generation business); power generation portfolio in2035 to comprise 20% coal-fired, 50% gas-fired and 30% renewables (*1) in terms of net ownership generation capacity.</li> <li>-Reduce indirect CO2 emissions (*2) associated with the fossil fuel upstream business by 90% or more by 2035.</li> <li>-Reduce CO2 emissions in all other businesses (*3).</li> <li>■ Establish businesses that will form the foundation for a sustainable energy cycle in society</li> <li>-Develop hydrogen and other forms of carbon-free energy, increase supply of renewable energy (3GW ore more by 2030)(*4), and expand new power and energy services.</li> <li>-Expand businesses encouraging electrification, fuel conversion, improved energy and coal efficiency, and energy conservation.</li> <li>-Capture, store and utilize CO2 via carbon recycling, forestry business, CCS, and emissions credit trading, etc.</li> </ul>	
	Circular economy	Shift to recyclable, efficient technologies and products	<ul style="list-style-type: none"> <li>■ Use renewable and recyclable raw materials, collect waste, and promote improved efficiency of product usage</li> <li>-Expand use of raw materials derived from recycled or renewable resources.</li> <li>-Improve efficiency of product usage and expand businesses that promote longer product life (sharing, sales of used items, leasing, rentals, etc.)</li> </ul>	

		Sustainable use of natural resources	<ul style="list-style-type: none"> <li>■ Reinforce the sustainable procurement system for major natural resources used by our group</li> <li>-Identify major natural resource-related commodities requiring sustainable procurement, establish procurement policy, and strengthen voluntary auditing system.</li> </ul>	
Society	Development and Evolution of local society and economy	Respect human rights through all of our businesses and supply chains	<ul style="list-style-type: none"> <li>■ Promote and ensure respect for human rights in accordance with the United Nations Guiding Principles on Business and Human Rights and Sumitomo Corporation Group’s Human Rights Policy</li> <li>-By 2023, achieve 100% participation rate in human rights education based on the Guiding Principles, and 100 % implementation rate in regional organizations and subsidiaries.</li> <li>-Strengthen risk analysis in human rights due diligence to accurately assess risks in all businesses, including the supply chain, and implement risk mitigation measures by 2035. Establish a more effective grievance mechanism (*5) based on assessment results.</li> <li>■ Ensure a safe workplace environment</li> <li>-Strengthen efforts to achieve zero accidents at major business workplaces, focusing on manufacturing, processing, and projects involving, large-scale construction.</li> <li>■ Achieve a diverse organization grounded in mutual respect</li> <li>-Provide a safe working environment that is free from discrimination and harassment.</li> <li>-Promote human resource management that enables individuals to demonstrate their abilities regardless of nationality, age, gender, sexual orientation, gender identity, or any other attributes or values.</li> </ul>	
		Contribute to development of local industries and human resources	<ul style="list-style-type: none"> <li>■ Development local industries, create jobs, and develop human resources through our group’s global business operations</li> <li>-Promote sustainable, highly productive and value-added industries, and coexist with local communities through business.</li> <li>-Create employment and develop management and highly skilled human resources at our group’s business sites.</li> </ul>	
Develop industrial and social	<ul style="list-style-type: none"> <li>■ Establish industrial and social infrastructure that contributes to the sustainable development of society</li> <li>-Promote infrastructure that enables access to high-quality energy,</li> </ul>			

	infrastructure	water, transportation, logistics, communications, and financial services, as well as businesses that enhance urban functions.	
Improvement of living standard	Provide advanced lifestyle-related services	<ul style="list-style-type: none"> <li>■ Deliver advanced lifestyle services that help to solve social issues such as urbanization and aging populations</li> <li>-Provide more advanced services and new functions that improve standard of living, such as mobility, media and telecommunications, healthcare services, and smart city development, based on new technologies and concepts.</li> </ul>	
Quality education	Contribute to quality education	<ul style="list-style-type: none"> <li>■ Provide quality and equal learning opportunities through 100SEED (*6) activities</li> <li>-Quantitatively expand the scope of learning opportunities.</li> <li>-100% satisfaction of beneficiaries.</li> <li>Continue to have at least 5% if all employees participate annually</li> <li>-(scope is the Company, regional organizations and group companies).</li> </ul>	

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

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

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

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

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

(\*6) Social contribution projects with employee participation at our group

## Consolidated Statements of Financial Position [Prepared on the basis of IFRSs]

Sumitomo Corporation and Subsidiaries

As of March 31, 2022 and 2021

	Millions of Yen	
	March 31, 2022	March 31, 2021
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and cash equivalents	¥ 733,824	¥ 599,013
Time deposits	13,847	12,751
Marketable securities	2,308	1,621
Trade and other receivables	1,621,862	1,303,621
Contract assets	300,539	188,812
Other financial assets	250,892	115,041
Inventories	1,058,003	793,279
Advance payments to suppliers	116,795	135,217
Assets classified as held for sale	33,815	24,718
Other current assets	513,598	323,511
Total current assets	4,645,483	3,497,584
<b>Non-current assets:</b>		
Investments accounted for using the equity method	2,356,984	2,102,139
Other investments	416,667	416,934
Trade and other receivables	215,941	239,348
Other financial assets	204,415	87,422
Property, plant and equipment	1,023,733	1,050,648
Intangible assets	254,966	255,961
Investment property	339,336	340,451
Biological assets	40,241	26,183
Deferred tax assets	26,660	23,821
Other non-current assets	57,740	39,493
Total non-current assets	4,936,683	4,582,400
Total assets	¥ 9,582,166	¥ 8,079,984

Note:

The Consolidated Statement of Financial Position as of March 31, 2021 is not required to be included under the Companies Act, and is included solely for the convenience of shareholders.

## Consolidated Statements of Financial Position [Prepared on the basis of IFRSs]

Sumitomo Corporation and Subsidiaries

As of March 31, 2022 and 2021

	Millions of Yen	
	March 31, 2022	March 31, 2021
<b>LIABILITIES AND EQUITY</b>		
<b>Current liabilities:</b>		
Bonds and borrowings	¥ 608,031	¥ 477,927
Trade and other payables	1,612,480	1,269,631
Lease liabilities	73,820	71,141
Other financial liabilities	292,185	90,402
Income tax payables	63,373	31,655
Accrued expenses	119,979	95,926
Contract liabilities	155,651	137,915
Provisions	6,429	6,578
Liabilities associated with assets classified as held for sale	16,917	6,295
Other current liabilities	127,925	80,937
Total current liabilities	3,076,790	2,268,407
<b>Non-current liabilities:</b>		
Bonds and borrowings	2,413,343	2,434,285
Trade and other payables	50,651	53,176
Lease liabilities	410,027	430,257
Other financial liabilities	95,764	36,404
Accrued pension and retirement benefits	20,742	29,619
Provisions	55,969	53,186
Deferred tax liabilities	77,595	79,100
Total non-current liabilities	3,124,091	3,116,027
Total liabilities	6,200,881	5,384,434
<b>Equity:</b>		
Common stock	219,894	219,781
Additional paid-in capital	255,996	251,781
Treasury stock	(1,871)	(2,063)
Other components of equity	454,136	187,041
Retained earnings	2,269,661	1,871,411
Equity attributable to owners of the parent	3,197,816	2,527,951
<b>Non-controlling interests</b>	183,469	167,599
Total equity	3,381,285	2,695,550
Total liabilities and equity	¥ 9,582,166	¥ 8,079,984

Note:

The Consolidated Statement of Financial Position as of March 31, 2021 is not required to be included under the Companies Act, and is included solely for the convenience of shareholders.

## Consolidated Statements of Comprehensive Income [Prepared on the basis of IFRSs]

Sumitomo Corporation and Subsidiaries

For the years ended March 31, 2022 and 2021

	Millions of Yen	
	2022	2021
<b>Revenues:</b>		
Sales of tangible products	¥ 4,997,278	¥ 4,187,392
Sales of services and others	497,737	457,667
<b>Total revenues</b>	<u>5,495,015</u>	<u>4,645,059</u>
<b>Cost:</b>		
Cost of tangible products sold	(4,219,322)	(3,666,589)
Cost of services and others	(266,090)	(249,009)
<b>Total cost</b>	<u>(4,485,412)</u>	<u>(3,915,598)</u>
<b>Gross profit</b>	1,009,603	729,461
<b>Other income (expenses):</b>		
Selling, general and administrative expenses	(713,941)	(678,935)
Impairment reversal (loss) on long-lived assets	(17,887)	(80,967)
Gain (loss) on sale of long-lived assets, net	5,244	(4,679)
Other, net	55,881	(23,762)
<b>Total other income (expenses)</b>	<u>(670,703)</u>	<u>(788,343)</u>
<b>Finance income (costs):</b>		
Interest income	28,989	25,159
Interest expense	(30,194)	(30,679)
Dividends	27,255	8,643
Gain (loss) on securities and other investments, net	48,238	2,911
<b>Finance income (costs), net</b>	<u>74,288</u>	<u>6,034</u>
<b>Share of profit (loss) of investments accounted for using the equity method</b>	<u>176,831</u>	<u>(41,367)</u>
<b>Profit (loss) before tax</b>	590,019	(94,215)
<b>Income tax expense</b>	<u>(105,452)</u>	<u>(40,269)</u>
<b>Profit (loss) for the year</b>	484,567	(134,484)
<b>Profit (loss) for the year attributable to:</b>		
Owners of the parent	¥ 463,694	¥ (153,067)
Non-controlling interests	20,873	18,583
<b>Other comprehensive income:</b>		
<b>Items that will not be reclassified to profit or loss</b>		
Financial assets measured at fair value through other comprehensive income	14,188	74,747
Remeasurements of defined benefit pension plans	10,577	24,306
Share of other comprehensive income of investments accounted for using the equity method	(1,646)	7,711
<b>Total items that will not be reclassified to profit or loss</b>	<u>23,119</u>	<u>106,764</u>
<b>Items that may be reclassified subsequently to profit or loss</b>		
Exchange differences on translating foreign operations	246,071	98,096
Cash-flow hedges	19,354	12,450
Hedging cost	(2,209)	2,654
Share of other comprehensive income of investments accounted for using the equity method	20,363	15,665
<b>Total items that may be reclassified subsequently to profit or loss</b>	<u>283,579</u>	<u>128,865</u>
<b>Other comprehensive income, net of tax</b>	<u>306,698</u>	<u>235,629</u>
<b>Comprehensive income for the year</b>	791,265	101,145
<b>Comprehensive income for the year attributable to:</b>		
Owners of the parent	¥ 765,330	¥ 76,083
Non-controlling interests	25,935	25,062

Note:

The Consolidated Statement of Comprehensive Income for the year ended March 31, 2021 is not required to be included under the Companies Act, and is included solely for the convenience of shareholders.

## Consolidated Statements of Changes in Equity [Prepared on the basis of IFRSs]

Sumitomo Corporation and Subsidiaries

For the years ended March 31, 2022 and 2021

For the year ended March 31, 2022

Millions of Yen

	Equity attributable to owners of the parent						Non-controlling interests	Total equity
	Common stock	Additional paid-in capital	Treasury stock	Other components of equity	Retained earnings	Total		
<b>Balance, beginning of year</b>	219,781	251,781	(2,063)	187,041	1,871,411	2,527,951	167,599	2,695,550
Profit for the year					463,694	463,694	20,873	484,567
Other comprehensive income for the year				301,636		301,636	5,062	306,698
<b>Comprehensive income for the year</b>						765,330	25,935	791,265
<b>Transaction with owners:</b>								
Share-based payment transactions	113	113				226		226
Acquisition (disposal) of non-controlling interests, net		3,967				3,967	643	4,610
Acquisition (disposal) of treasury stock, net			192			192		192
Cash dividends to owners of the parent					(99,985)	(99,985)		(99,985)
Cash dividends to non-controlling interests							(10,708)	(10,708)
Others		135				135		135
<b>Transfer to retained earnings</b>				(34,541)	34,541	—		—
<b>Balance, end of year</b>	219,894	255,996	(1,871)	454,136	2,269,661	3,197,816	183,469	3,381,285

For the year ended March 31, 2021

Millions of Yen

	Equity attributable to owners of the parent						Non-controlling interests	Total equity
	Common stock	Additional paid-in capital	Treasury stock	Other components of equity	Retained earnings	Total		
<b>Balance, beginning of year</b>	219,613	256,966	(2,276)	(4,054)	2,073,884	2,544,133	148,454	2,692,587
Profit (loss) for the year					(153,067)	(153,067)	18,583	(134,484)
Other comprehensive income for the year				229,150		229,150	6,479	235,629
<b>Comprehensive income for the year</b>						76,083	25,062	101,145
<b>Transaction with owners:</b>								
Share-based payment transactions	168	168				336		336
Acquisition (disposal) of non-controlling interests, net		(5,318)				(5,318)	4,538	(780)
Acquisition (disposal) of treasury stock, net			213			213		213
Cash dividends to owners of the parent					(87,461)	(87,461)		(87,461)
Cash dividends to non-controlling interests							(10,455)	(10,455)
Others		(35)				(35)		(35)
<b>Transfer to retained earnings</b>				(38,055)	38,055	—		—
<b>Balance, end of year</b>	219,781	251,781	(2,063)	187,041	1,871,411	2,527,951	167,599	2,695,550

Note:

The Consolidated Statement of Changes in Equity for the year ended March 31, 2021 is not required to be included under the Companies Act, and is included solely for the convenience of shareholders.



## Consolidated Statements of Cash Flows [Prepared on the basis of IFRSs]

Sumitomo Corporation and Subsidiaries

For the years ended March 31, 2022 and 2021

(Unaudited)

	Millions of Yen	
	2022	2021
<b>Operating activities:</b>		
Profit (loss) for the year	¥ 484,567	¥ (134,484)
Adjustments to reconcile profit (loss) for the year to cash flows from operating activities:		
Depreciation and amortization	170,363	170,906
Impairment reversal (loss) on long-lived assets	17,887	80,967
Finance (income) costs, net	(74,288)	(6,034)
Share of (profit) loss of investments accounted for using the equity method	(176,831)	41,367
(Gain) loss on sale of long-lived assets, net	(5,244)	4,679
Income tax expense	105,452	40,269
Changes in inventories	(148,056)	217,409
Changes in trade and other receivables	(200,792)	(10,383)
Changes in prepaid expenses	(28,476)	(4,606)
Changes in trade and other payables	251,924	138,399
Other, net	(249,621)	(91,962)
Interest received	13,601	15,904
Dividends received	142,767	97,149
Interest paid	(22,650)	(27,134)
Income taxes paid	(86,537)	(65,349)
Cash flows from operating activities	194,066	467,097
<b>Investing activities:</b>		
Proceeds from sale of property, plant and equipment	5,300	9,034
Purchases of property, plant and equipment	(69,716)	(66,342)
Proceeds from sale of investment property	22,327	8,602
Purchases of investment property	(7,576)	(7,986)
Proceeds from sale of other investments	166,017	96,877
Acquisitions of other investments	(95,738)	(137,233)
Collection of loans receivable	50,492	23,249
Increase in loans receivable	(22,067)	(46,308)
Cash flows from investing activities	49,039	(120,107)
<b>Financing activities:</b>		
Net changes in short-term debts	55,708	(201,485)
Proceeds from issuance of long-term debts	354,709	278,486
Repayments of long-term debts	(369,915)	(382,996)
Repayments of lease liabilities	(68,365)	(62,586)
Cash dividends paid	(99,985)	(87,461)
Capital contribution from non-controlling interests	758	375
Payments for acquisitions of subsidiary's interests from non-controlling interests	(2,178)	(280)
Payments of dividends to non-controlling interests	(10,708)	(10,455)
Acquisitions and disposal of treasury stock, net	52	34
Cash flows from financing activities	(139,924)	(466,368)
<b>Net changes in cash and cash equivalents</b>	<b>103,181</b>	<b>(119,378)</b>
<b>Cash and cash equivalents at the beginning of year</b>	<b>599,013</b>	<b>710,371</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>40,668</b>	<b>8,151</b>
<b>Net changes in cash and cash equivalents resulting from transfer to assets classified as held for sale</b>	<b>(9,038)</b>	<b>(131)</b>
<b>Cash and cash equivalents at the end of year</b>	<b>¥ 733,824</b>	<b>¥ 599,013</b>

Note:

The Consolidated Statements of Cash Flows are not required to be included under the Companies Act, and are included solely for the convenience of shareholders.

## Notes to Consolidated Financial Statements (For the year ended March 31, 2022)

### Basic Significant Matters Regarding Preparation of Consolidated Financial Statements

#### 1. Accounting standards of consolidated financial statements

The consolidated financial statements including consolidated statements of financial position, consolidated statements of comprehensive income and consolidated statements of changes in equity have been prepared on the basis of International Financial Reporting Standards ("IFRSs"),

in compliance with Article 120, paragraph 1 of Ordinance on Company Accounting.

In compliance with the second sentence of the same paragraph, certain disclosures required on the basis of IFRSs are omitted.

#### 2. The scope of the consolidation

Number of consolidated subsidiaries 637

Names of principal consolidated subsidiaries

Consolidated subsidiaries	Sumitomo Corporation of Americas
	SCSK Corporation

#### 3. The application of equity method

Number of associated companies 256

Names of principal associated companies

Investments accounting for using the equity method	Sumitomo Mitsui Finance and Leasing Company, Limited
	JCOM Co., Ltd.

Notes: 1. Although the Company holds more than 50% of the voting rights in Ambatovy Minerals S.A. and Dynatec Madagascar S.A., the equity method is applied to these companies as they are jointly controlled entities.

2. The company name was changed from Jupiter Telecommunications Co., Ltd. to JCOM Co., Ltd. as of Jul.1, 2021.

#### 4. Significant accounting principles

##### (1) Valuation basis and method for assets

##### (A) Valuation basis and method for financial assets

Financial assets measured at amortized cost

Financial assets measured at amortized cost are initially measured at fair value (including directly attributable transaction costs).

However, trade receivables and other receivables that do not contain a significant financing component are initially recognized at the transaction price.

Subsequently, the carrying amount of the financial assets measured at amortized cost is calculated using the effective interest method, less impairment loss when necessary.

Debt instruments which are measured at fair value through other comprehensive income ("FVTOCI")

Debt instruments measured at FVTOCI are initially measured at their fair value (including directly attributable transaction costs).

Subsequently, they are measured at fair value, and gains and losses arising from changes in fair value are recognized in other comprehensive income and presented as "Financial assets measured at fair value through other comprehensive income" in other components of equity.

The accumulated amount recognized as other comprehensive income is reclassified to profit or loss, when the debt instruments are derecognized.

Financial instruments which are measured at fair value through profit or loss ("FVTPL")

Financial assets other than equity instruments that do not meet the conditions for measurement at amortized cost and measurement at FVTOCI are measured at fair value and recognized in profit or loss

Equity instruments are measured at fair value with gains or losses on re-measurement recognized in profit or loss unless the Company and its subsidiaries re-measurement recognized in profit or loss unless the Company and its subsidiaries (the "Companies") make an irrevocable election to measure equity instruments at fair value through other comprehensive income on initial recognition.

Financial instruments measured at FVTPL are initially measured at fair value and transaction costs are recognized in profit or loss when they occur.

Equity instruments which are measured at fair value through other comprehensive income ("FVTOCI")

Equity instruments measured at FVTOCI are initially measured at their fair value (including directly attributable transaction costs).

Subsequently, they are measured at fair value, and gains and losses arising from changes in fair value are recognized in other comprehensive income and presented as "Financial assets measured at fair value through other comprehensive income" in other components of equity.

The amount of other components of equity is transferred directly to retained earnings, not to profit or loss, when the equity investment is derecognized or the decline in its fair value compared to its acquisition cost is significant and other-than-temporary.

However, dividends on financial assets measured at FVTOCI are recognized in profit or loss as finance income.

#### Impairment loss on financial assets

For financial assets measured at amortized cost, lease receivables, contract assets, and debt instruments measured at fair value through other comprehensive income, the Companies recognize loss allowance based on the expected credit losses for the financial asset.

At each reporting date, if the credit risk on financial assets has not increased significantly the impairment loss is measured at an amount equal to 12-months of expected credit losses.

On the other hand, if the credit risk on financial assets has increased significantly since initial recognition, the impairment loss is measured at an amount equal to the lifetime expected credit losses.

However, the impairment loss for trade and other receivables, etc. which do not contain a significant financing component is always at an amount equal to the lifetime expected credit loss.

Credit risk change and calculation of expected credit losses are mainly based on original credit rating model, the Sumisho Credit Rating ("SCR").

"SCR" includes the debtor's past bad debts experience, current financial condition and reasonably available forecast information.

The existence of evidence of credit impairment is judged based on events such as a debtor's serious financial difficulties and breach of contract including overdue.

For financial assets that have evidence of credit impairment at the reporting date, expected credit losses are measured individually after comprehensive evaluation of the individual situation of the debtor including collateral and guarantees.

If it is reasonably determined that all or part of a financial asset can not be collected, the companies directly write off the financial assets.

#### (B) Valuation basis and method for non-financial assets

##### Inventories

Inventories are measured at the lower of cost and net realizable value.

Net realizable value represents the estimated selling price in the ordinary course of business less any estimated costs of completion and the estimated costs necessary to make the sale.

Inventories acquired with the purpose of generating profits from short-term fluctuations in price are measured at fair value less costs to sell, and changes in fair value are recognized in profit or loss.

The cost of inventories other than acquired with the purpose of generating profits from short-term fluctuations in price is determined based on either specific identification basis when inventories are not ordinarily interchangeable, or mainly moving average basis when inventories are ordinarily interchangeable.

##### Property, plant, equipment and investment property

Property, plant, equipment and investment property are measured at cost less any accumulated depreciation and accumulated impairment losses.

##### Intangible assets

Intangible assets are measured at cost less any accumulated amortization and accumulated impairment losses.

#### Impairment

At the end of each reporting period, the carrying amounts of non-financial assets, excluding inventories, biological assets and deferred tax assets, are assessed whether there is any indication of impairment. If any such indication exists, the recoverable amount of the non-financial asset is estimated. Regarding goodwill and intangible assets with indefinite useful lives, and intangible assets not yet available for use, the recoverable amount is estimated at the same time every year.

#### (2) Non-current assets held for sale

If the carrying amount of non-current assets or disposal groups will be recovered principally through a sale transaction rather than through continuing use, the Company classifies such non-current assets or disposal groups as held for sale, and reclassifies them into current assets.

Non-current assets or disposal groups classified as held for sale are measured at the lower of their carrying amount of fair value less costs to sell.

#### (3) Depreciation and amortization method of assets

##### (A) Property, plant and equipment

Buildings, leasehold improvements, machinery and equipment

Depreciation is principally computed by the straight-line method.

Mining rights

Depreciation is computed by the unit-of-production method.

##### (B) Intangible assets except goodwill

Amortization is computed by the straight-line method.

##### (C) Investment property

Depreciation is principally computed by the straight-line method.

#### (4) Leases

At inception of a contract, the Companies assess whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. If a contract is, or contains, a lease, the Companies recognize right-of-use assets and lease liabilities on the Consolidated statements of financial position at the commencement date.

The Companies recognize the lease payments associated with short-term leases as an expense on a straight-line basis over the lease term.

Right-of-use assets are measured by using the cost model and are measured at cost less any accumulated depreciation and accumulated impairment losses.

The cost of right-of-use assets includes the amount of the initial measurement of lease liabilities adjusted for initial direct costs and any lease payments made at or before the commencement date.

Right-of-use assets are depreciated using the straight-line method over its lease terms. Lease liabilities are initially measured at the present value of unpaid lease payments at the commencement date of the contract. Lease payments are allocated to finance costs and the repayment portion of the balance of lease liabilities, to ensure that the interest rate remains constant for the balance of lease liabilities.

Finance costs are presented separately from the depreciation of the right-of-use assets in the Consolidated statements of comprehensive income.

#### (5) Provisions

Provisions are recognized when the Companies have present legal or constructive obligations as a result of past events, it is probable that outflows of resources embodying economic benefits will be required to settle the obligations, and reliable estimates can be made of the amount the obligations,

Provisions are discounted to their present value using a pre-tax rate that reflects the time value of money and the risks specific to the liability.

The unwinding of the discount is recognized as finance costs.

#### (6) Defined benefit plans

The Companies' net defined benefit obligations are calculated separately for each plan by estimating the future amount of benefit that employees have earned in exchange for their service for the previous years. The benefits are discounted to determine the present value, and fair value of plan assets is deducted.

When plan amendments are made, the change in defined benefit obligations related to past service by employees is recognized in profit or loss immediately.

The Companies recognize remeasurements of the net defined benefit liability (asset) in other comprehensive income and immediately reclassify them from other components of equity to retained earnings.

#### (7) Derivatives including hedge accounting

At the initial designation of the hedging relationship, the Companies document the relationship between the hedging instrument and the hedged item, along with their risk management objective and strategy for undertaking the hedge, the hedging instrument, the hedged item, the nature of the risk being hedged, and how the hedging instrument's effectiveness in offsetting the hedged risk will be assessed, and the analysis of ineffective portion.

In order to ascertain whether the change in the fair value or cash flow of the hedging instrument has a high offset with the change in the fair value or cash flow of the hedged item, at the beginning and the during the hedge accounting is applied, the companies confirm the existence of an economic relationship between the hedged item and the hedging instrument.

Specifically, the Companies evaluate qualitative assessment of whether the key terms of the hedged item and the hedging instrument are identical or closely related, and evaluate quantitative assessment of whether the value of the hedged item and the hedging instrument are offset by the same risk.

To qualify as a cash flow hedge of a forecast transaction, the transaction must be highly probable.

Derivatives are initially recognized at fair value with transaction costs recognized in profit or loss when they occur.

Subsequently derivatives are measured at fair value, and gains and losses arising from changes in the fair values are accounted for as follows:

##### (A) Fair value hedges

The changes in the fair value of the hedging instrument are recognized in profit or loss. The carrying amounts of the hedged items are measured at fair value and the gains or losses on the hedged items attributable to the hedged risks are recognized in profit or loss.

##### (B) Cash flow hedges

When derivatives are designated as hedging instrument to hedge the exposure to variability in cash flows that are attributable to a particular risk associated with recognized assets or liabilities or a highly probable forecast transactions which could affect profit or loss, the effective portion of changes in the fair value of derivatives is recognized in other comprehensive income and included in cash flow hedges in the other components of equity. The balances of cash flow hedges are reclassified to profit or loss from other comprehensive income in the periods when the cash flows of hedged items affect profit or loss, in the same line items of the consolidated statement of comprehensive income as those of hedged items. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss.

(C) Hedges of a net investment in foreign operations

Exchange differences arising from the retranslation of financial instruments designated as hedging instruments for a net investment in foreign operations are recognized in other comprehensive income to the extent that the hedge is effective, and are presented as "Exchange differences on translating foreign operations" in other components of equity.

(8) Revenue

The Companies recognize revenue for goods sold and services provided in the ordinary course of business, except for lease and financial instrument transaction, based on the following five-step approach.

Step 1: Identify the contract with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognize revenue when the entity satisfies a performance obligation

The policies on revenue recognition are as follows.

(A) Revenue from sales of tangible products

The Companies recognize revenue from sales of tangible products in connection with the Companies' wholesale, retail, manufacturing and processing operations and real estate operations when the Companies satisfy a performance obligation by providing a promised good or service to a customer. Depending upon the terms of the contract, this may occur at the time of delivery or shipment or upon the attainment of customer acceptance. The conditions of acceptance are governed by the terms of the contract or customer arrangement and those not meeting the predetermined specifications are not recognized as revenue until the attainment of customer acceptance. The Companies' policy is not to accept product returns unless the products are defective.

The Companies transfer control of a good or service over time and, therefore, satisfy a performance obligation and recognize revenue and costs over time, if certain conditions are met, from sales of tangible products under long-term construction contracts, etc., principally in connection with the construction of power plants in which the Companies provide engineering, procurement and construction service, and software development business in which the Companies customize the software to customer specifications.

Progress towards complete satisfaction of a performance obligation is measured by reference to the stage of completion measured based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs. If circumstances arise that may change the original estimates of revenue, costs, or extent of progress toward completion, then, revisions to the estimates are made.

(B) Revenue from sales of services and others

The Companies also generate revenue from sales of services and others in connection with services related to software, loans, finance leases and operating leases of commercial real estate and vessels.

Revenue from maintenance related to software is recognized over the contractual period or as the services are rendered.

Revenue from loans in connection with vessels, etc. is recognized using the effective interest method over the terms of the loans.

Revenue from finance leases is calculated using the interest rate implicit in the lease.

Revenue from operating leases is recognized in profit or loss on a straight-line basis over the lease term.

The policies on principal versus agent considerations are as follows.

In the ordinary course of business, the Companies may act as an intermediary or an agent in executing transactions with third parties. In these arrangements, the Companies determine whether to recognize revenue based on the "gross" amount billed to the ultimate customer for tangible products or services provided or on the "net" amount received from the customer after considering commissions and other payments to third parties. However, the amounts of "Gross profit" and "Profit (loss) for the period attributable to owners of the parent" are not affected by whether revenue is recognized on a gross or net basis.

The Companies determine whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e. the entity is a principal) or to arrange for those goods or services to be provided by the other party (i.e. the entity is an agent). To the extent that the Companies are acting as a principal in a transaction, the Companies recognize revenue on a gross basis when or as the entity satisfies a performance obligation. To the extent that the Companies are acting as an agent in a transaction, the Companies recognize revenue on a net basis in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party when or as the entity satisfies a performance obligation.

(9) Consumption tax

Consumption tax is accounted for by the segregated method under which consumption tax is excluded from presentation of sales, cost of sales and expenses.

## Notes to Changes in Presentation

### Newly establishment of Other non-current assets

"Other non-current assets" is newly presented in the Consolidated Statements of Financial Position from the year ended March 31, 2022 in order to ensure a clear presentation. As a result, "Prepaid expenses" which was separately presented in Consolidated Statements of Financial Position for the year ended March 31, 2021 is included in "Other non-current assets" from the year ended March 31, 2022.

(Reference)

The amount of "Prepaid expenses" for the year ended March 31, 2021 is 39,493 millions of yen.

### Change in presentation of Hedging cost

Foreign currency basis spread on the cross currency interest rate swaps held as cash flow hedges are excluded from designation as hedging instruments and are recognized as hedging costs. The hedging cost which was previously included in "Cash-flow hedges" in the Consolidated Statements of Comprehensive Income is separately presented as "Hedging costs" (the amount is (2,209) millions of yen as of March 31, 2022) from the year ended March 31, 2022 due to its importance increased.

(Reference)

The amount of "Hedging cost" for the year ended March 31, 2021 is 2,654 millions of yen.

### Change in presentation of Repayments of lease liabilities

"Repayments of lease liabilities" which was previously included in "Repayments of long-term debts" in Consolidated Statements of Cash Flows (Unaudited) is separately presented as "Repayments of lease liabilities" (the amount is (68,365) millions of yen as of March 31, 2022) from the year ended March 31, 2022 in order to ensure a clear presentation.

(Reference)

The amount of "Repayments of lease liabilities" for the year ended March 31, 2021 is (62,586) millions of yen.

## Notes to accounting estimates

Items for which the amount were recorded in the Consolidated Financial Statements for the current fiscal year based on accounting estimates and which may have significant impacts on the Consolidated Financial Statements for the following fiscal year are as follow.

Investments accounted for using the equity method	2,356,984 millions of yen
Intangible assets	254,966 millions of yen

Investments accounted for using the equity method are tested for impairment whenever changes in the corporate environment or economic events which may impair the recoverability of the carrying amount are happened. Goodwill and intangible assets with indefinite useful lives included in intangible assets are tested for impairment at least once a year.

At the time of impairment testing, the recoverable amount of the assets are estimated. The recoverable amounts of assets or cash-generating units are the higher of either its value-in-use or its fair value less costs to sell.

In calculating the recoverable amounts, estimates are made based on assumptions such as past performance, business plans and discount rates.

These estimates may be significantly affected by changes in business strategies or changes in market conditions. If the timing and amount of the future cash flows differ from the estimates, the impairment loss may be incurred in the Consolidated Financial Statements for the following fiscal year.

## Notes to changes in accounting estimates

The significant changes in accounting estimates for the year ended March 31, 2022 are described in "Notes to Consolidated Statements of Comprehensive Income" - "Impairment loss" and "Other".

## Notes to Consolidated Statements of Financial Position

### 1. Pledged assets and secured liabilities

#### (1) Pledged assets

Cash and deposits	29,159	Millions of yen
Trade and other receivables	296,186	Millions of yen
Inventories	5,721	Millions of yen
Assets classified as held for sale	10,822	Millions of yen
Marketable securities and investments	197,819	Millions of yen
Property, plant and equipment	6,541	Millions of yen
Intangible assets	23	Millions of yen
Investment property	2,636	Millions of yen
Others (Note 1)	214,441	Millions of yen
Total	763,348	Millions of yen

Note: 1. Guarantee deposits related to derivative transactions and security deposits on rental properties are mainly included.

#### (2) Secured liabilities

Bonds, borrowings and other	305,614	Millions of yen
Total	305,614	Millions of yen

2. Allowance for doubtful receivables directly deducted from trade and other receivables 56,057 Millions of yen

3. Tax receivables included in other current assets 23,470 Millions of yen

4. Accumulated depreciation and impairment losses of property, plant and equipment 1,114,205 Millions of yen

5. Accumulated depreciation and impairment losses of investment property 109,049 Millions of yen

### 6. Guarantees of indebtedness

Associated companies	52,198	Millions of yen
Others	69,446	Millions of yen
Total	121,644	Millions of yen

## Notes to Consolidated Statements of Comprehensive Income

### Impairment losses

The significant impairment losses for the year ended March 31, 2022 are as follow.

Sumitomo, through Summit Ambatovy Mineral Resources Investment B.V., its wholly-owned subsidiary, has invested in Ambatovy Minerals S.A., a mining company, and Dynatec Madagascar S.A., a refining company, (hereinafter "Project Companies") at 54.17% share ratio respectively.

Project Companies agreed on the revision regarding repayment conditions of the loan agreement with lenders.

In the 1st quarter of this fiscal year, Project Companies recognized a gain on financial liabilities, as a result of the reassessment of the fair value related to financial liabilities due to the revision of repayment conditions. Since the increase in the carrying amount of the investment for Project Companies resulting from the recognition of the gain is not expected to contribute to future cash-in-flows from Project Companies, Sumitomo recognized a loss equivalent to the amount of the gain corresponding to the equity interest as a decreasing the carrying amount of the investment for Project Companies in terms of the recoverability.

Consequently, Sumitomo does not expect any impact to the Consolidated Financial Statements due to the reassessment of financial liabilities in Project Companies.

In addition, Project Companies recognized a gain related to the debt restructuring. Consequently, Sumitomo recognized a gain of 14,409 million yen as

"Share of profit (loss) of investments accounted for using the equity method" in the Consolidated Statements of Comprehensive Income.

Sumitomo recognized an impairment loss of 15,125 million yen on the investments relating to Upsher-Smith Laboratories, LLC, a pharmaceutical business company in the United States, that Sumitomo indirectly invests 20% through Sumitomo Corporation of Americas, which is a wholly owned subsidiary, as a result of

reassessing the business plan based on changes in the business environment which are mainly due to entering by competitors into the market related to goods handled.

The impairment loss is included in "Share of profit (loss) of investments accounted for using the equity method" in the Consolidated Statements of Comprehensive Income.

### (Reference)

The significant impairment losses and others for the year ended March 31, 2021 were as follow.

Nickel mining and refining business in Madagascar	84,810 millions of yen
Coal-fired power generation business in Australia	26,301 millions of yen
Automotive financing business in Indonesia	15,032 millions of yen
Fresh produce business in Europe and the Americas	41,050 millions of yen
Power generation and water production business in UAE	10,140 millions of yen

The impairment losses and others relating to Coal-fired power generation business in Australia was included in "Share of profit (loss) of investments accounted for using the equity method" and "Other, net",

Nickel mining and refining business in Madagascar, Automotive financing business in Indonesia, Power generation and water production business in UAE were included in

"Share of profit (loss) of investments accounted for using the equity method", and Fresh produce business in Europe and the Americas was included in

"Impairment reversal (loss) on long-lived assets" in the Consolidated Statements of Comprehensive Income.

### Other

Sumitomo had provided shareholder financing to the mining project operating company in the Republic of Chile (hereinafter "Operating Company") through SC Sierra Gorda Finance B.V., a wholly owned subsidiary.

Sumitomo assess the recoverability of the shareholder financing based on the latest business plan of the Operating Company every fiscal year.

As a result of reassessing the business plan of Operating Company based on the mid-long term price outlook for copper,

Sumitomo recognized a gain of 32,779 million yen as "Other, net" in the Consolidated Statements of Comprehensive Income.

As of February 22, 2022, Sumitomo transferred all of its equity interests in SC Sierra Gorda Finance B.V. to South32 Limited, which operates mainly in Australia.



## Notes to Consolidated Statements of Changes in Equity

### 1. Number of issued shares (Common shares) 1,251,404,367 shares

The number of common shares outstanding at the end of the current fiscal year increased by 150,500 shares as a result of the issuance of new shares for Performance-Linked Stock-based Remuneration.

### 2. Dividends for the year ended March 31, 2022

The year-end ordinary dividends were resolved in the ordinary general meeting of shareholders held on June 18, 2021 as follows:

Total amount of dividends (yen)	43,739,838,100
Dividends per share (yen)	35
Record date	March 31, 2021
Effective date	June 21, 2021

The interim dividends were resolved by the board of directors on November 4, 2021 as follows:

Total amount of dividends (yen)	56,245,217,805
Dividends per share (yen)	45
Record date	September 30, 2021
Effective date	December 1, 2021

### 3. Dividends after March 31, 2022

The year-end ordinary dividends will be resolved in the ordinary general meeting of shareholders held on June 24, 2022 as follows:

Total amount of dividends (yen)	81,250,299,845
Source of dividends	Retained earnings
Dividends per share (yen)	65
Record date	March 31, 2022
Effective date	June 27, 2022

**4. Number of shares subject to new share acquisition rights**

authorized by the ordinary general meeting of shareholders or the board of directors

In the ordinary general meeting of shareholders held on June 23, 2006 (Stock-Linked compensation plan)	2,000 shares
In the ordinary general meeting of shareholders held on June 22, 2007 (Stock-Linked compensation plan)	4,900 shares
In the ordinary general meeting of shareholders held on June 20, 2008 (Stock-Linked compensation plan)	3,900 shares
In the ordinary general meeting of shareholders held on June 19, 2009 (Stock-Linked compensation plan)	17,400 shares
In the ordinary general meeting of shareholders held on June 22, 2010 (Stock-Linked compensation plan)	28,100 shares
In the ordinary general meeting of shareholders held on June 24, 2011 (Stock-Linked compensation plan)	30,300 shares
In the ordinary general meeting of shareholders held on June 22, 2012 (Stock-Linked compensation plan)	60,500 shares
In the ordinary general meeting of shareholders held on June 21, 2013 (Stock-Linked compensation plan)	61,800 shares
In the meeting of the board of directors held on July 31, 2014 (Stock-Linked compensation plan)	79,400 shares
In the meeting of the board of directors held on July 30, 2015 (Stock-Linked compensation plan)	81,900 shares
In the meeting of the board of directors held on August 1, 2016 (Stock-Linked compensation plan)	135,400 shares
In the meeting of the board of directors held on July 28, 2017	42,000 shares
In the meeting of the board of directors held on July 28, 2017 (Stock-Linked compensation plan)	115,400 shares
Total	<u>663,000 shares</u>

"Total" includes 217,900 shares for which the exercise period has not commenced at March 31, 2022.

## Notes to Financial Instruments

### 1. Qualitative information of financial instruments

The Companies' basic policy for fund raising activities is to secure stable, medium- to long-term funds and liquidity for our operations. Marketable securities and other investments are mainly strategic investments in stocks and others issued by financial institutions, customers and suppliers. The Companies are exposed to equity price risk inherent in these securities. On a continuous basis, but no less frequently than at the end of each quarterly period, the Companies evaluate the cost basis of these securities for possible impairment. Trade and other receivables are mainly accounts receivable and loans from customers. Credit risk of customers is managed through the credit line approved by management and by monitoring by monitoring the credibility of counterparties periodically based on the internal credit rating model. On a continuous basis, but no less frequently than at the end of each quarterly period, the Companies make provisions for doubtful receivables based on assessments about the possibility of collection. The Companies operate internationally, exposing them to the risk of changes in foreign exchange rates, interest rates and commodity prices. Derivative financial instruments are comprised principally of foreign exchange contracts, foreign currency swaps, interest rate swaps and commodity future contracts utilized by the Company and certain of its subsidiaries to reduce these risks. The Companies assess foreign currency exchange rate risk, interest rate risk and commodity price risk by continuously monitoring changes in these exposures and by evaluating hedging opportunities. The Companies conduct commodity derivatives transactions for trading purposes. Management has been monitoring liquidity risk by setting various worst case scenarios including financial market turmoil. The Companies secure necessary liquidity from the cash flows from operations and borrowing from financial institutions. The Companies deposit these funds at the highly creditable financial institutions.

### 2. Fair values of financial instruments

Carrying amounts of financial instruments, fair values and the differences as of March 31, 2022 are as follows:

Financial instruments measured at amortized cost

	(Millions of yen)		
	Carrying amount	Fair value	Difference
Assets:			
Marketable securities and other investments	6,369	6,369	—
Trade and other receivables	1,753,747	1,766,632	12,885
Liabilities:			
Bonds and borrowings	3,021,374	3,042,379	21,005
Trade and other payables	1,373,400	1,373,696	296

Financial instruments measured at fair value

	(Millions of yen)		
	Carrying amount	Fair value	Difference
Assets:			
Marketable securities and other investments	412,606	412,606	—
Trade and other receivables	84,056	84,056	—
Other financial assets	455,307	455,307	—
Liabilities:			
Trade and other payables	289,731	289,731	—
Other financial liabilities	387,949	387,949	—

### 3. The information by level for financial instruments measured at fair value

The fair value of financial instruments is categorized into one of the following three levels based on the observability and importance of the inputs used to calculate the fair value.

Level 1 inputs are quoted prices in active markets for identical assets or liabilities;

Level 2 inputs are inputs other than quoted prices that are observable for the assets or liabilities, either directly or indirectly; and

Level 3 inputs are unobservable inputs for the assets or liabilities.

The level in the fair value hierarchy within which a fair value measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

The fair values of financial assets and liabilities measured at fair value, grouped by fair value hierarchy as of March 31, 2022 are as follows:

	(Millions of yen)			
	Level 1	Level 2	Level 3	Total
Assets:				
Marketable securities and other investments	254,375	—	158,231	412,606
Trade and other receivables	—	84,056	—	84,056
Other financial assets				
Derivatives designated as hedges	—	93,423	—	93,423
Derivatives not designated as hedges	16,887	370,041	—	386,928
Liabilities:				
Trade and other payables	—	289,731	—	289,731
Other financial liabilities				
Derivatives designated as hedges	—	28,278	—	28,278
Derivatives not designated as hedges	14,566	376,158	—	390,724

The differences between the amounts of other financial assets and other financial liabilities stated above and those stated in the Consolidated Statements of Financial Position were resulted from a financial liability for the put option granted to the non-controlling shareholder and offsetting derivative assets and derivative liabilities with deposits. The amounts of "Other financial assets" and "Other financial liabilities" in the Consolidated Statements of Financial Position that are subject to enforceable master netting arrangements or similar arrangements are ¥100,253 million.

Reconciliation between the beginning and ending balance of financial assets measured at fair value on a recurring basis using Level 3 inputs for the year ended March 31, 2022 is as follows:

	(Millions of yen)		
	Financial assets measured at FVTPL	Financial assets measured at FVTOCI	Net other financial assets (liabilities)
Balance, beginning of year	29,286	108,739	2
Purchases	4,828	5,913	—
Comprehensive income			
Profit (loss) for the year (Note 1)	4,464	—	(5)
Other comprehensive income (Note 2)	2,414	6,375	—
Disposals	(900)	(4,653)	—
Settlements	(1,074)	(1,624)	3
Others (Note 3)	803	3,660	—
Balance, end of year	39,821	118,410	—
Profit or (loss) for the year included in earnings relating to financial instruments still held at the end of year, net	5,432	—	—

- Notes: 1. "Profit (loss) for the year" were included in "Sales of tangible products," "Cost of tangible products sold" and "Gain (loss) on securities and other investments, net" in the Consolidated Statements of Comprehensive Income.  
2. "Other comprehensive income" include the effect of changes in exchange rate (exchange differences on translating foreign operations).  
3. "Others" includes the effect of changes in scope of consolidation.

The fair values of financial assets and liabilities are determined as follows:

Quoted market prices, if available, are used as fair values of financial instruments. If quoted market prices are not available, fair values of such financial instruments are measured by using appropriate measurement techniques such as discounted future cash flow method or others.

(1) Cash and cash equivalents, time deposits and marketable securities

The carrying amounts of these instruments approximate their fair value due to their short-term maturities.

(2) Other investments

The fair values of marketable securities are estimated using quoted market prices.

Fair values of unlisted investments in common stock are determined by discounted future cash flow method, valuation models based on revenue, profitability and net assets of investees, market values of comparable companies, and other valuation approaches.

(3) Trade and other receivables, trade and other payables

The fair values of current and non-current trade receivables and payables, except for loans with floating rates whose carrying amounts approximate fair value, are estimated by discounted future cash flow analysis, using interest rates currently being offered for loans or accounts receivables with similar terms to borrowers or customers of similar credit quality and remaining maturities.

(4) Bonds and borrowings

The fair values of bonds and borrowings, except for debt with floating rates whose carrying amount approximates fair value, are estimated by discounted future cash flow analysis using interest rates currently available for similar types of borrowings with similar terms and remaining maturities.

(5) Other financial assets, other financial liabilities

The fair values of interest rate swaps, currency swap agreements and currency option contracts are estimated by obtaining quotes from brokers and other appropriate valuation techniques based on information available to the Companies.

The fair values of foreign exchange forward contracts are estimated based on quoted market prices for contracts with similar terms.

The fair values of interest rate future contracts, bond future contracts, commodity forwards, futures and swap contracts are estimated by using quoted market prices and others.

## Notes to Investment Property

1. Qualitative information of investment property

The Companies own office buildings for rent in Tokyo and other areas.

2. Fair values of investment property

(Millions of yen)

Carrying amount	Fair value
339,336	392,033

Notes: 1. Investment property is measured at cost less any accumulated depreciation and accumulated impairment losses.

2. The fair value as of March 31, 2022 is based on valuation conducted by independent valuation appraisers having recent experience in the locations and categories of the investment property being valued and the appropriate and recognized professional qualifications, such as a registered appraiser. The valuation, which conforms to the standards of the country where the investment property is located, is based on market evidence of transaction prices for similar properties.

## Notes to Revenue

### (1) Segment information

We conduct business through six industry-based business operating segments (business units).

Revenues from contracts with customers by operating segment for the year ended March 31, 2022 is as follows:

( Millions of yen)

	Metal Products	Transportation & Construction Systems	Infrastructure	Media & Digital	Living Related & Real Estate	Mineral Resources, Energy, Chemical & Electronics	Segment Total	Corporate and Eliminations	Consolidated
Revenues	1,056,058	894,124	524,605	418,527	979,185	1,526,106	5,398,605	96,410	5,495,015

### (2) Contract balances

#### (A) Contract assets

“Contract assets” are the rights of the Companies to considerations in exchange for goods or services that the Companies have transferred to a customer in the normal course of business, when those rights are conditioned on something other than the passage of time.

Contract assets are transferred to receivables arising from contracts with customers when the rights of the Company and its consolidated subsidiaries to consideration become unconditional. The changes in contract assets during the year ended March 31, 2022 are mainly due to the satisfaction of performance obligations of long-term construction contracts in infrastructure business.

#### (B) Contract liabilities

“Contract liabilities” represent the Companies’ obligations to transfer goods or services to a customer for which the Companies have received considerations or the amount is due. There are no significant changes in the contract liabilities balances during the year ended March 31, 2022.

Also, the amount of contract liabilities that was included in the beginning balance as of April 1, 2021 and from which revenue has not been recognized during the year ended March 31, 2022 is not material.

### (3) Transaction price allocated to the remaining performance obligations

The Companies customarily enter into long-term sales contracts for certain transactions. For the performance obligation of these long-term sales contracts, the amount of transaction price allocated to the remaining performance obligations as of March 31, 2022 is ¥2,612,782 million. These remaining performance obligations include contracts such as long-term sales contracts in energy business and long-term construction contracts in infrastructure business, and are deemed to be recognized as revenue within 25 years at March 31, 2022. As a practical expedient stipulated in IFRS 15, the amount above does not include transaction price allocated to the performance obligation of a contract with an original expected duration of one year or less. In case that the consideration of these long-term contract is subject to variability, the Companies include such consideration only when it is highly probable that a significant reversal in the amount of cumulative revenue will not occur at the time the uncertainty associated with the variability is subsequently resolved.

## Notes to per Share Information

1. Equity per share attributable to owners of the parent	2,558.24 yen
2. Earnings per share attributable to owners of the parent	370.79 yen

**Note to Significant Subsequent Events** There are no significant subsequent events to be disclosed.

### Note to Other

The loss of 50,232 millions of yen is included in “Share of profit (loss) of investments accounted for using the equity method” in the Consolidated Statements of Comprehensive Income, relating to the aircraft leasing business, invested through Sumitomo Mitsui Finance and Leasing Company, Limited, which is an equity method affiliate.

Regarding the aircraft assets leased to Russian airlines, the lease agreement has been terminated in compliance with applicable sanctions. However, in consideration of the current situation where the possibility of repossessing the aircraft assets is uncertain, the Company recognized the loss relating to the aircraft leasing business.

Note : Consolidated results' amounts in millions of yen are rounded to the nearest million.

## Non-consolidated Balance Sheets

Sumitomo Corporation

[Prepared on the basis of accounting principles generally accepted in Japan]

(Unit: millions of yen)

Assets	As of March 31, 2022	As of March 31, 2021	Liabilities and net assets	As of March 31, 2022	As of March 31, 2021
<b>Current assets</b>	<b>1,725,088</b>	<b>1,353,493</b>	<b>Current liabilities</b>	<b>1,514,328</b>	<b>1,134,646</b>
Cash and deposits	178,152	166,537	Notes payable, trade	2,355	6,690
Notes receivable, trade	4,716	5,377	Accounts payable, trade	729,518	598,661
Accounts receivable, trade	528,478	497,374	Short-term loans	201,882	157,009
Contract assets	98,523	—	Commercial paper	64,000	—
Marketable securities	62,366	10,381	Bonds and notes (Due within one year)	111,187	35,000
Merchandise	94,648	71,081	Accrued expenses	17,999	13,199
Real estate held for development and resale	167,840	140,305	Income taxes	2,789	541
Advances to suppliers	86,347	143,006	Advances from customers	—	128,321
Prepaid expenses	8,339	6,803	Contract liabilities	93,183	—
Short-term loans receivable	207,217	165,630	Deposits received	193,419	157,419
Other current assets	292,220	151,108	Deferred income	1,028	959
Allowance for doubtful receivables	(3,762)	(4,114)	Other current liabilities	96,963	36,843
<b>Fixed assets</b>	<b>2,977,352</b>	<b>2,821,078</b>	<b>Long-term liabilities</b>	<b>1,982,447</b>	<b>1,986,573</b>
Tangible fixed assets, at cost less accumulated depreciation	258,832	271,652	Long-term loans	1,567,988	1,575,230
Buildings	54,974	58,375	Bonds and notes	327,240	355,608
Other structures	810	750	Other long-term liabilities	87,218	55,734
Machinery and equipment	667	588			
Vehicles and transportation equipment	88	139	<b>Total liabilities</b>	<b>3,496,775</b>	<b>3,121,220</b>
Furniture and fixtures	2,505	3,006			
Land	190,580	208,086	<b>Shareholders' equity</b>	<b>1,108,317</b>	<b>919,999</b>
Construction in progress	9,205	705	Common stock	219,893	219,781
Intangible fixed assets	27,420	27,658	Capital surplus	231,027	230,914
Software	10,462	10,633	Additional paid-in capital	231,027	230,914
Other intangible fixed assets	16,958	17,025	Retained earnings	659,267	471,366
Investments and other assets	2,691,099	2,521,767	Appropriated for legal reserve	17,696	17,696
Investment securities	252,048	274,884	Other retained earnings	641,570	453,670
Investment securities in subsidiaries and associated companies	1,744,970	1,671,900	General reserve	65,042	65,042
Other investment securities in subsidiaries and associated companies	13,304	12,676	Unappropriated retained earnings	576,528	388,627
Other equity interests	19,198	17,169	Treasury stock	(1,870)	(2,062)
Other equity interests in subsidiaries and associated companies	424,811	406,663	<b>Valuation and translation adjustments</b>	<b>96,649</b>	<b>132,524</b>
Long-term loans receivable	50,301	62,834	Unrealized gains or losses		
Long-term trade receivables, over due	29,011	28,424	on securities and others	108,779	117,776
Long-term prepaid expenses	30,862	27,356	Deferred gains or losses on hedges	△ 12,129	14,748
Deferred tax assets	29,514	12,511	<b>Shares acquisition rights</b>	<b>699</b>	<b>827</b>
Other investments and assets	151,865	85,084			
Allowance for doubtful receivables	(54,788)	(77,737)	<b>Total net assets</b>	<b>1,205,666</b>	<b>1,053,351</b>
<b>Total assets</b>	<b>4,702,441</b>	<b>4,174,571</b>	<b>Total liabilities and net assets</b>	<b>4,702,441</b>	<b>4,174,571</b>

Note:

The Non-consolidated Balance Sheet as of March 31, 2021 is not required to be included under the Companies Act, and is included solely for the convenience of shareholders.

# Non-consolidated Statements of Income

## Sumitomo Corporation

[Prepared on the basis of accounting principles generally accepted in Japan]

(Unit : millions of yen)

	For the years ended March 31	
	2022	2021
Revenues	518,495	-
Cost	(404,236)	-
Sales	-	1,622,317
Cost of sales	-	(1,561,766)
Gross trading profit	114,259	60,550
Selling, general and administrative expenses	(185,308)	(182,521)
Operating loss	(71,049)	(121,971)
Non-operating income	381,700	257,954
Interest income	5,258	5,576
Dividends	246,070	207,376
Gain on sale of investment securities	71,882	35,966
Reversal of provision for bad debts reserve of affiliates and others	8,171	-
Other non-operating income	50,317	9,035
Non-operating expense	(35,185)	(241,171)
Interest expense	(5,008)	(6,165)
Loss on sale of investment securities	(994)	(6,301)
Valuation loss on investment securities	(18,578)	(200,518)
Provision for bad debts reserve of affiliates and others	-	(18,000)
Other non-operating expense	(10,603)	(10,185)
Ordinary income (loss)	275,466	(105,187)
Extraordinary gain	5,284	1,938
Gain on sale of fixed assets	5,284	1,938
Extraordinary loss	(447)	(211)
Loss on sale of fixed assets	(447)	(211)
Net income (loss) before income taxes	280,302	(103,460)
Income taxes-current	2,700	6,100
Income taxes-deferred	4,900	(28,200)
Net income (loss)	287,902	(125,560)

Note:

The Non-consolidated Statement of Income for the year ended March 31, 2021 is not required to be included under the Companies Act, and is included solely for the convenience of shareholders.

## Non-consolidated Statements of Changes in Shareholders' Equity

Sumitomo Corporation

[Prepared on the basis of accounting principles generally accepted in Japan]

For the year ended March 31, 2022

(Unit: millions of yen)

	Shareholders' equity									Valuation and translation adjustments			Shares acquisition rights	Total net assets	
	Common stock	Capital surplus			Retained earnings			Treasury stock	Total shareholders' equity	Unrealized gains or losses on securities and others	Deferred gains or losses on hedges	Total valuation and translation adjustments			
		Additional paid-in capital	Other capital surplus	Total capital surplus	Appropriated for legal reserve	Other retained earnings									Total retained earnings
					General reserve	Unappropriated retained earnings									
Balance, beginning of year	219,781	230,914	-	230,914	17,696	65,042	388,627	471,366	(2,062)	919,999	117,776	14,748	132,524	827	1,053,351
Changes in the year															
Issuance of shares	112	112		112						225					225
Cash dividends							(99,985)	(99,985)		(99,985)					(99,985)
Net income							287,902	287,902		287,902					287,902
Acquisition of treasury stock									(4)	(4)					(4)
Disposal of treasury stock							(16)	(16)	196	180					180
Changes of items other than shareholders' equity (Net)										-	(8,997)	(26,877)	(35,874)	(128)	(36,002)
Total Changes in the year	112	112	-	112	-	-	187,900	187,900	192	188,318	(8,997)	(26,877)	(35,874)	(128)	152,315
Balance, end of year	219,893	231,027	-	231,027	17,696	65,042	576,528	659,267	(1,870)	1,108,317	108,779	(12,129)	96,649	699	1,205,666

For the year ended March 31, 2021

(Unit: millions of yen)

	Shareholders' equity									Valuation and translation adjustments			Shares acquisition rights	Total net assets	
	Common stock	Capital surplus			Retained earnings			Treasury stock	Total shareholders' equity	Unrealized gains or losses on securities and others	Deferred gains or losses on hedges	Total valuation and translation adjustments			
		Additional paid-in capital	Other capital surplus	Total capital surplus	Appropriated for legal reserve	Other retained earnings									Total retained earnings
					General reserve	Unappropriated retained earnings									
Balance, beginning of year	219,612	230,746	8	230,754	17,696	65,042	601,672	684,411	(2,274)	1,132,503	66,793	24,334	91,127	980	1,224,612
Changes in the year															
Issuance of shares	168	168		168						336					336
Cash dividends							(87,460)	(87,460)		(87,460)					(87,460)
Net loss							(125,560)	(125,560)		(125,560)					(125,560)
Acquisition of treasury stock									(4)	(4)					(4)
Disposal of treasury stock			(8)	(8)			(24)	(24)	216	184					184
Changes of items other than shareholders' equity (Net)										-	50,983	(9,586)	41,396	(153)	41,243
Total Changes in the year	168	168	(8)	160	-	-	(213,045)	(213,045)	212	(212,504)	50,983	(9,586)	41,396	(153)	(171,261)
Balance, end of year	219,781	230,914	-	230,914	17,696	65,042	388,627	471,366	(2,062)	919,999	117,776	14,748	132,524	827	1,053,351

Note:

The Non-consolidated Statement of Changes in Shareholders' Equity for the year ended March 31, 2021 is not required to be included under the Companies Act, and is included solely for the convenience of shareholders.



## Notes to Non-consolidated Financial Statements (For the year ended March 31, 2022)

### Significant Accounting Principles

#### 1. Valuation basis and method for assets

##### (1) Valuation basis and method for securities

Trading securities	Stated at fair value. The cost of securities sold is determined based on the average cost of all shares of such security held at the time of sale.
Held to maturity securities	Stated at amortized cost
Other securities	
- Securities with market prices	Stated at fair value. Unrealized holding gains and losses are excluded from earnings and reported in a separate component of net assets. The cost of securities sold is determined based on the average cost of all shares of such security held at the time of sale.
- Securities without market prices	Stated at average cost
Investment securities in subsidiaries and associated companies	Stated at average cost

##### (2) Valuation basis and method for derivatives

Stated at fair value

##### (3) Valuation basis and method for inventories

Inventories held for ordinary transaction	Stated at cost based on moving average basis or specific identification basis (book-value is stated lower according to the decline of profitability)
Inventories held for trading purpose	Stated at fair value

#### 2. Depreciation method of fixed assets

##### (1) Tangible fixed assets

Tangible fixed assets acquired before April 1, 2007	Depreciation is computed by the straight-line method under pre-revised Corporate Tax Law.
Tangible fixed assets acquired on and after April 1, 2007	Depreciation is computed by the straight-line method.

##### (2) Intangible fixed assets

Depreciation is computed by the straight-line method.  
Depreciation of internal-use software is based on the estimated useful life in the Company (5years).

#### 3. Allowance and provisions

##### (1) Allowance for doubtful receivables

An allowance for doubtful receivables is maintained at the level which is adequate to provide for probable losses that can be reasonably estimated.  
As for the general receivables, an allowance is computed based on internal credit rating system.  
As for the specific receivables, an allowance is computed based on the specific probability of uncollectibility.

##### (2) Accrued pension and severance liabilities

Accrued pension and severance liabilities are to be recognized based upon the estimated benefit obligation and the fair value of plan assets for postretirement benefits.  
Since the fair value of plan assets for postretirement benefits exceeds benefit obligation, no accrued pension and severance liabilities were recognized as of March 31, 2022.  
Estimated retirement benefits are attributed to periods of service under the plan's benefit formula.  
Past service costs are recognized over 12 years which is within average remaining service period (straight line).  
Unrecognized actuarial losses are recognized over 12 years which is within average remaining service period (straight line).

#### 4. Revenue and expense

The policies on revenue recognition are as follows.

The Company recognizes revenue mainly from sales of tangible products in connection with the Company's wholesale, processing operations, etc. and real estate operations when the Company satisfies a performance obligation by providing a promised good or service to a customer. Depending upon the terms of the contract, this may occur at the time of delivery or shipment or upon the attainment of customer acceptance.

The Company's policy is not to accept product returns unless the products are defective.

The Company transfers control of a good or service over time and, therefore, satisfies a performance obligation and recognizes revenue and costs over time, if certain conditions are met, from sales of tangible products under long-term construction contracts, etc., principally in connection with the construction of power plants in which the Company provides engineering, procurement and construction service. Progress towards complete satisfaction of a performance obligation is measured by reference to the stage of completion measured based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs.

The policies on principal versus agent considerations are as follows.

In the ordinary course of business, the Company may act as an intermediary or an agent in executing transactions with third parties.

The Company determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e. the entity is a principal) or to arrange for those goods or services to be provided by the other party (i.e. the entity is an agent). To the extent that the Company is acting as a principal in a transaction, the Company recognizes revenue on a gross basis when or as the entity satisfies a performance obligation. To the extent that the Company is acting as an agent in a transaction, the Company recognizes revenue on a net basis in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party when or as the entity satisfies a performance obligation.

#### 5. Deferred charges

All items which may be deferred under the Companies Act are charged to expenses when incurred.

#### 6. Hedge accounting

Gains or losses on derivatives are principally deferred until realization of the designated hedged items. Interest rate swaps are not remeasured at fair value, but the differential paid or received under the swap contracts are recognized on an accrual basis and included in interest expense or income to the extent that their nominal amounts, conditions of interest receipts or payments and contractual periods are almost the same as hedged items.

#### 7. Consumption tax

Consumption tax is accounted for by the segregated method under which consumption tax is excluded from presentation of sales, cost of sales and expenses.

#### 8. Other

The Company adopted a consolidated taxation system.

In accordance with the transitional treatment provided in "Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System" (Practical Issues Task Force ("PITF") No. 39), the deferred tax assets and liabilities were recognized based on the tax law before the revision, instead of the application of paragraph 44 in "Implementation Guidance on Tax Effect Accounting" (ASBJ Guidance No.28).

## Notes to changes in accounting policies

The Company have applied the Accounting Standards for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020, hereinafter referred to as "Revenue Recognition Accounting Standards") from the beginning of the fiscal year ended March 31, 2022, and when the control of the promised goods or services is transferred to the customer, revenue is recognized at the amount expected to be received in exchange for the goods or services.

Regarding a part of transactions, the Company previously had recognized the gross amount as revenue. However, the Company has shifted to the method by which it recognizes revenue at the net amount by determining a role in which the Company acts as a principal or an agent in providing goods or services to a customer.

As a result of applying Revenue Recognition Accounting Standards, a part of "Accounts receivable, trade" which was presented in the "Current assets" at the previous fiscal year ended March 31, 2021 is separately presented as "Contract assets", and "Advances from customers" which was presented in "Current liabilities" at the previous fiscal year ended March 31, 2021 is separately presented as "Contract liabilities" from the fiscal year ended March 31, 2022.

In addition, "Sales" and "Cost of sales" in Non-consolidated Statements of Income are presented as "Revenues" and "Cost" from the fiscal year ended March 31, 2022.

Revenue Recognition Accounting Standards are applied in accordance with the transitional treatment provided by the provisory clause of Article 84 of the Accounting standards.

As a result, "Revenues" and "Cost" in the Non-consolidated Statements of Income for the year ended March 31, 2022 have decreased by 1,371,938 millions of yen compared to "Sales" and "Cost of sales" when the previous standards was applied. There is no impact on the Operating loss, Ordinary income (loss), Net income (loss) before income taxes, and the balance of retained earnings at the beginning of the fiscal year ended March 31, 2022.

The Company have applied the "Accounting Standards for Fair Value Measurement" (ASBJ Statement No. 30, July 4, 2019, hereinafter referred to as "Fair Value Measurement Accounting Standards") from the beginning of the fiscal year ended March 31, 2022, in accordance with the transitional treatment prescribed in Article 19 of the Fair Value Measurement Accounting Standards and in Article 44-2 of the "Accounting Standards for Financial Instruments" (ASBJ Statement No. 10, July 4, 2019), the new accounting policy prescribed by the Market Value Accounting Standards will be applied from now on. The impact related to the change of accounting policy is not significant.

## Notes to accounting estimates

Items for which the amount were recorded in the Non-consolidated Financial Statements for the current fiscal year based on accounting estimates and which may have significant impacts on the Non-consolidated Financial Statements for the following fiscal year are as follow.

Investment securities in subsidiaries and associated companies	1,744,970 millions of yen
Other equity interests in subsidiaries and associated companies	424,811 millions of yen

The securities without market prices are recorded as the acquisition cost in the Non-consolidated Balance Sheets. However, if the actual value of the securities declines significantly due to deterioration in the financial position of the company issuing the securities, the securities are accounted for the reduction as a loss for the current fiscal year.

The actual value may be estimated based on the future business plans.

Such estimates may be affected by changes in the environment including technological innovation, or by the poor business results of partners. If the timing and amounts of the future cash flows differ from the estimates, the impairment loss may be incurred in the Non-consolidated Financial Statements for the following fiscal year.

**Notes to Non-consolidated Balance Sheets****1. Pledged assets and secured liabilities**

## (1) Pledged assets

Buildings	2,799 millions of yen
Land	354 millions of yen
Intangible fixed assets	767 millions of yen
Investment securities	16,920 millions of yen
Investment securities in subsidiaries and associated companies	124,708 millions of yen
Long-term loans receivable	1,053 millions of yen
Others (Note 2)	100,223 millions of yen
<b>Total</b>	<b>246,824 millions of yen</b>

- Notes: 1. The Company's assets which were provided as pledges include those for loans payable of subsidiaries and associated companies.  
2. Guarantee deposits related to derivative transactions and security deposits on rental properties are mainly included.

## (2) Secured liabilities

<b>Other current assets and others</b>	<b>50,450 millions of yen</b>
<b>Total</b>	<b>50,450 millions of yen</b>

**2. Accumulated depreciation of tangible fixed assets** 72,334 millions of yen

**3. Guarantees of indebtedness**

Subsidiaries and associated companies	458,895 millions of yen
Others	55,664 millions of yen
<b>Sub-total</b>	<b>514,559 millions of yen</b>
Keep-well agreement on subsidiaries' financing arrangements	227,143 millions of yen
<b>Total</b>	<b>741,702 millions of yen</b>

**4. Discounted trade notes receivable with banks** 22,030 millions of yen

**5. Monetary receivables and payables to subsidiaries and associated companies**

Short-term monetary receivables	558,663 millions of yen	Long-term monetary receivables	74,929 millions of yen
Short-term monetary payables	377,647 millions of yen	Long-term monetary payables	10,001 millions of yen

**Notes to Non-consolidated Statements of Income****1. Operating transactions with subsidiaries and associated companies**

Sales <sup>(Note1)</sup>	811,453 millions of yen
Purchases	406,796 millions of yen

Note: 1. Revenue in the Non-consolidated Statement of Income includes certain transactions presented on a net basis.

**2. Non-operating transactions with subsidiaries and associated companies** 297,337 millions of yen

**Note to Non-consolidated Statements of Changes in Shareholders' Equity**

Number of issued shares (Common shares) 1,251,404,367 shares

The number of common shares outstanding at the end of the current fiscal year increased by 150,500 shares as a result of the issuance of new shares for Performance-Linked Stock-based Remuneration.

Number of treasury stock (Common shares)	Balance, beginning of year	1,544,207 shares
	Decrease due to sale through exercise of stock options	147,200 shares
	Increase due to purchase of less-than-one-voting-unit shares and others	<u>2,747 shares</u>
	Balance, end of year	<u>1,399,754 shares</u>

**Notes to Deferred Income Tax**

- |                                                       |                                                                                                                     |
|-------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------|
| 1. Significant components of deferred tax assets      | Loss on valuation of investment securities, provision for bad debts, deferred gains or losses on hedges and others. |
| 2. Significant components of deferred tax liabilities | Unrealized gains or losses on securities, deferred gains or losses on hedges and others.                            |

**Notes to Related Party Transactions**

(Millions of yen)

Category	Name of company	Proportion of voting power	Relationship with related party	Transactions	Transaction amount	Account name	As of March 31, 2022
Subsidiary	SUMITOMO CORPORATION GLOBAL METALS CO., LTD.	Directly held 100%	Loan of funds	Loan of funds <sub>(Note 1)</sub>	16,062	Short-term loans	77,000
				Collection of funds	6,727	Long-term loans	-
				Interest received <sub>(Note 1)</sub>	375		
Subsidiary	SUMMIT AMBATO VY MINERAL RESOURCES INVESTMENT BV	Directly held 100%	Guarantee of indebtedness	Guarantee of indebtedness <sub>(Note 2)</sub>	51,444	—	—
				Receipt of guarantee fee <sub>(Note 2)</sub>	699	—	—
Subsidiary	SCMI LTD.	Indirectly held 100%	Guarantee of indebtedness	Guarantee of indebtedness <sub>(Note 2)</sub>	53,706	—	—
				Receipt of guarantee fee <sub>(Note 2)</sub>	96	—	—

Transaction terms and policy

- Notes:
- The interest rates are determined by considering market rates.
  - The rate of the guarantee fee is determined by considering the creditworthiness and other factors.

**Notes to per Share Information**

- |                         |            |
|-------------------------|------------|
| 1. Net assets per share | 963.97 yen |
| 2. Net income per share | 230.35 yen |

**Note to Significant Subsequent Events**

There are no significant subsequent events to be disclosed.

Note : Non-consolidated results' amounts in millions of yen are rounded down to the nearest million.

## Independent Auditor's Report

May 12, 2022

To the Board of Directors of Sumitomo Corporation.:

KPMG AZSA LLC  
Tokyo Office, Japan

Michitaka Shishido  
Designated Limited Liability Partner  
Engagement Partner  
Certified Public Accountant

Isao Kamizuka  
Designated Limited Liability Partner  
Engagement Partner  
Certified Public Accountant

Kenji Kasajima  
Designated Limited Liability Partner  
Engagement Partner  
Certified Public Accountant

### **Opinion**

We have audited the consolidated financial statements, which comprise the consolidated statement of financial position, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the related notes of Sumitomo Corporation. (“the Company”) and its consolidated subsidiaries (collectively referred to as “the Group”), as at March 31, 2022 and for the year from April 1, 2021 to March 31, 2022 in accordance with Article 444-4 of the Companies Act.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position and the results of operations of the Group for the period, for which the consolidated financial statements were prepared, in accordance with the latter part of Article 120-1 of the Ordinance of Companies Accounting that prescribes some omissions of disclosure items required by International Financial Reporting Standards.

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Other Information**

The other information comprises the business report and its supplementary schedules. Management is responsible for the preparation and presentation of the other information. Corporate auditors and the board of corporate auditors are responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the reporting process for the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not

express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **Responsibilities of Management and Corporate Auditors and the Board of Corporate Auditors for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the latter part of Article 120-1 of the Ordinance of Companies Accounting that prescribes some omissions of disclosure items required by International Financial Reporting Standards, , and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with the latter part of Article 120-1 of the Ordinance of Companies Accounting that prescribes some omissions of disclosure items required by International Financial Reporting Standards.

Corporate auditors and the board of corporate auditors are responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the Group's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to

the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate whether the presentation and disclosures in the consolidated financial statements are in accordance with the latter part of Article 120-1 of the Ordinance of Companies Accounting that prescribes some omissions of disclosure items required by International Financial Reporting Standards, the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with corporate auditors and the board of corporate auditors regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide corporate auditors and the board of corporate auditors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

#### **Interest required to be disclosed by the Certified Public Accountants Act of Japan**

Our firm and its designated engagement partners do not have any interest in the Company and its subsidiaries which are required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

#### **Notes to the Reader of Independent Auditor's Report:**

The Independent Auditor's Report herein is the English translation of the Independent Auditor's Report as required by the Companies Act for the conveniences of the reader.

## **Independent Auditor's Report**

May 12, 2022

To the Board of Directors of Sumitomo Corporation:

KPMG AZSA LLC  
Tokyo Office, Japan

Michitaka Shishido  
Designated Limited Liability Partner  
Engagement Partner  
Certified Public Accountant

Isao Kamizuka  
Designated Limited Liability Partner  
Engagement Partner  
Certified Public Accountant

Kenji Kasajima  
Designated Limited Liability Partner  
Engagement Partner  
Certified Public Accountant

### **Opinion**

We have audited the financial statements, which comprise the balance sheet, the statement of income, the statement of changes in shareholder's equity and the related notes, and the accompanying supplementary schedules of Sumitomo Corporation. ("the Company") as at March 31, 2022 and for the year from April 1, 2021 to March 31, 2022 in accordance with Article 436-2-1 of the Companies Act.

In our opinion, the financial statements and the accompanying supplementary schedules referred to above present fairly, in all material respects, the financial position and the results of operations of the Company for the period, for which the financial statements and the accompanying supplementary schedules were prepared, in accordance with accounting principles generally accepted in Japan.

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements and the Accompanying Supplementary Schedules* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Emphasis of Matter**

We draw attention to Notes to changes in accounting policies to the financial statements. The Company adopted "Accounting Standards for Revenue Recognition" (ASBJ Statement No.29, March 31, 2020) to the financial statement.

Our opinion is not modified in respect of this matter.



## **Other Information**

The other information comprises the business report and its supplementary schedules. Management is responsible for the preparation and presentation of the other information. Corporate auditors and the board of corporate auditors are responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the reporting process for the other information.

Our opinion on the financial statements and the accompanying supplementary schedules does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements and the accompanying supplementary schedules, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the accompanying supplementary schedules or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## **Responsibilities of Management and Corporate Auditors and the Board of Corporate Auditors for the Financial Statements and the Accompanying Supplementary Schedules**

Management is responsible for the preparation and fair presentation of the financial statements and the accompanying supplementary schedules in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of financial statements and the accompanying supplementary schedules that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the accompanying supplementary schedules, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

Corporate auditors and the board of corporate auditors are responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the Company's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Financial Statements and the Accompanying Supplementary Schedules**

Our objectives are to obtain reasonable assurance about whether the financial statements and the accompanying supplementary schedules as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements and the accompanying supplementary schedules.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements and the accompanying supplementary schedules, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion

on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the accompanying supplementary schedules or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the financial statements and the accompanying supplementary schedules are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the financial statements and the accompanying supplementary schedules, including the disclosures, and whether the financial statements and the accompanying supplementary schedules represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with corporate auditors and the board of corporate auditors regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide corporate auditors and the board of corporate auditors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

#### **Interest required to be disclosed by the Certified Public Accountants Act of Japan**

Our firm and its designated engagement partners do not have any interest in the Company which are required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

#### **Notes to the Reader of Independent Auditor's Report:**

This is an English translation of the Independent Auditor's Report as required by the Companies Act of Japan for the conveniences of the reader.

# Audit Report by the Audit & Supervisory Board

[English translation of the Audit & Supervisory Board Members' report originally issued in the Japanese language]

## Audit Report

In accordance with each Audit & Supervisory Board Member's audit report and due deliberation, we, the Audit & Supervisory Board, have made this audit report regarding the Company's Directors' execution of their duties during the 154th fiscal year from April 1, 2021 to March 31, 2022 as follows:

### 1. Details of the Audit by Each Audit & Supervisory Board Member and the Audit & Supervisory Board

(1) The Audit & Supervisory Board has established the policies of audit, the manner of dividing roles, etc., and in addition to receiving reports on the status of audit and its results from each Audit & Supervisory Board Member, we received reports from the Directors, etc. and the Accounting Auditor regarding the execution of their duties, and asked them for explanations as necessary.

(2) Each Audit & Supervisory Board Member, in accordance with the standard concerning the Audit & Supervisory Board Member's audit, the policies of audit and the manner of dividing roles, which were established by the Audit & Supervisory Board, promoted communications with the Directors, Internal Auditing Department, other employees and the Accounting Auditor, strove to collect information and to enhance the environment for auditing, and conducted the audit by the following methods:

- (i) Each Audit & Supervisory Board Member attended important meetings such as the Meeting of the Board of Directors, received reports from Directors and employees, etc. regarding the execution of their duties, asked them for explanations as necessary, inspected important internal authorization documents and examined the status of operations and the financial status regarding the head office and important operating locations. As for subsidiaries, each Audit & Supervisory Board Member promoted communication and exchange of information with directors and audit & supervisory board members, etc. of the subsidiaries, and received reports on the subsidiaries' business as necessary.
- (ii) On the details of the Board of Directors' resolution regarding the development of systems necessary to ensure that the execution of duties by directors complies with laws and regulations and the articles of incorporation, and other systems prescribed in Article 362 (4) (vi) promulgated under the Companies Act as systems necessary to ensure the properness of operations of the Company and operations of group of enterprises consisting of the Company and its subsidiaries, which is stated in the Business Report, and the system that is established in accordance with such resolution (the "Internal Control System"), each Audit & Supervisory Board Member received regular reports from Directors and employees, etc. regarding the status of the development and implementation of the Internal Control System, asked them for explanations as necessary, and stated opinions. As for internal controls over financial reporting, each Audit & Supervisory Board Member received reports from the Directors, etc. and KPMG AZSA LLC regarding the evaluation and the status of audit on such internal controls, and asked them for explanations as necessary.
- (iii) Each Audit & Supervisory Board Member monitored and followed up on whether the Accounting Auditor has retained its independent position and has conducted its audit in an adequate manner, and received reports from the Accounting Auditor regarding the execution of its duties, and asked the Accounting Auditor for explanations as necessary. In addition, each Audit & Supervisory Board Member received notice from the Accounting Auditor that the "System to Ensure the Execution of Duties is Conducted in an Appropriate Manner (the matters set forth in each item of Article 131 of the Enforcement Regulations Regarding Accounting promulgated under the Companies Act)" is developed and operated under the "Quality Control Standard Regarding Audit (by the Business Accounting Council, October 28, 2005)," and asked the Accounting Auditor for explanations as necessary.

By the methods set forth above, we inspected this fiscal year's business report and its supporting schedules, non-consolidated financial statements (non-consolidated balance sheet, non-consolidated statement of income, non-consolidated statement of changes in shareholders' equity

and notes to the non-consolidated financial statements) and their supporting schedules, and the consolidated financial statements (consolidated statements of financial position, consolidated statements of comprehensive income, consolidated statements of changes in equity and notes to the consolidated financial statements).

## 2. Results of Our Audit

### (1) Results of the Audit regarding the Business Report, etc.

- (i) We consider that the Business Report and its supporting schedules comply with the applicable laws and regulations and with the Articles of Incorporation of the Company and that they present fairly the status of the Company.
- (ii) There is no serious violation of any applicable laws and regulations or of the Articles of Incorporation of the Company concerning the Directors' execution of their duties.
- (iii) We consider the contents of the Business Report and the Board of Director's resolution regarding the Internal Control System to be proper. Furthermore, there is no matter that requires comment, regarding the Directors' execution their duties concerning the Internal Control System including internal controls over financial reporting.

### (2) Results of the Audit regarding the Non-consolidated Financial Statements and their Supporting Documents

We consider the method and results of the audit conducted by the Accounting Auditor, KPMG AZSA LLC, to be proper.

### (3) Results of the Audit regarding the Consolidated Financial Statements

We consider the method and results of the audit conducted by the Accounting Auditor, KPMG AZSA LLC, to be proper.

May 16, 2022

The Audit & Supervisory Board  
Sumitomo Corporation

Michihiko Hosono (Seal)  
Senior Audit & Supervisory  
Board Member(full-time)

Toshiaki Murai(Seal)  
Audit & Supervisory Board Member  
(full-time)

Toshio Nagai (Seal)  
Audit & Supervisory Board Member

Yoshitaka Kato (Seal)  
Audit & Supervisory Board Member

Yukiko Nagashima (Seal)  
Audit & Supervisory Board Member

Note: Toshio Nagai, Yoshitaka Kato and Yukiko Nagashima are Outside Audit & Supervisory Board Members stipulated by Article 2, Item 16 and Article 335, Paragraph 3 of the Companies Act.

\* \* \*