

The following is an unofficial English translation of the Notice of Convocation of the 155th 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 155th ORDINARY GENERAL MEETING OF SHAREHOLDERS

April 1, 2022 through March 31, 2023

To All Shareholders,

I would like to express our sincere appreciation for the exceptional support our shareholders have always shown us. It is my great pleasure to send you the Notice of Convocation of our 155th Ordinary General Meeting of Shareholders (for the fiscal year from April 1, 2022 to March 31, 2023), to be held on June 23, 2023.

Under “SHIFT 2023,” a three-year, mid-term management plan that we launched from fiscal 2021, we are promoting a shift in a highly profitable and resilient business portfolio, and undertaking radical structural reforms. We are working on a shift in our overall business portfolio by strengthening the profitability of our core earnings pillars while investing capital, and also by creating and developing new core businesses, in addition to exiting from, turning around, and promoting value creation in existing businesses.

The global economy continues to grow at a lethargic pace, mainly due to the impact of monetary tightening to control the acceleration in inflation and geopolitical issues. Reflecting the outcome of the strengthening of our earning power owing to the steady implementation of various measures in SHIFT 2023, in fiscal 2022 we posted profit for the year attributable to owners of the parent of 565.2 billion yen, an all-time record high. We are improving the quality of our business foundation. I believe we are seeing a response from the measures we have carried out thus far.

Given the substantial changes in social value and lifestyle, there are heightened expectations in companies to solve these issues. As represented by the Group’s corporate message “Enriching lives and the world,” we pledge to “further enrich the world, society, and people’s lives,” and aim to realize a sustainable society and improve our corporate value by creating new value that will contribute to solving social issues and developing/advancing society.

We ask our shareholders for their continued support going forward.

June 2023  
Masayuki Hyodo  
President and Chief Executive Officer

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## 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.

(Stock Exchange Code 8053)  
(Date of distribution) June 1, 2023

(Commencement Date of Electronic Provision Measures) May 25, 2023

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 155th Ordinary General Meeting of Shareholders of the Company (hereinafter referred to as the “Meeting”) will be held as set forth below.

In convening the Meeting, information contained in the reference documents, etc. for a General Meeting of Shareholders (the matters provided electronically) is furnished electronically, and is posted on our corporate website as the Notice of Convocation of the 155th Ordinary General Meeting of Shareholders. Please access to our corporate website below to view this information.

The Company’s website: <https://www.sumitomocorp.com/en/jp/ir/stock/stmt>

In addition to the above website, the matters provided electronically are also available on the website of the Tokyo Stock Exchange (TSE). If you are unable to view this information on our corporate website, please kindly view it by accessing the TSE website below (the Listed Company Search webpage). To see the information, enter the stock name (Sumitomo Corporation) or stock code (8053), click “Search,” and select “Basic information,” and go on to “Documents for public inspection/PR information.”

The TSE website (Listed Company Search):

<https://www2.jpx.co.jp/tseHpFront/JJK020010Action.do?Show=Show>

In the event of any revision to the matters provided electronically, the revised information will be posted on our corporate website and the TSE website above.

**You may exercise your voting rights in writing or by electronic means (the Internet, etc.) (please refer to pages 5 to 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 30 and exercise your voting rights no later than 5:45p.m. on Thursday June 22, 2023.**

With highest regards,

Masayuki Hyodo

Representative Director, President & Chief Executive Officer

**1. Date & Time:** Friday June 23, 2023, 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

### **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 155th Fiscal Year (April 1, 2022 through March 31, 2023)

No. 2: Non-consolidated Financial Statements for the 155th Fiscal Year (April 1, 2022 through March 31, 2023)

#### **Propositions:**

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

Proposition No. 2: Election of Eleven Directors

Proposition No. 3: Election of One Audit & Supervisory Board Member

Proposition No. 4: Revision of Restricted Performance Share Unit-Based Remuneration Plan  
for Directors

### **Guidance Notes on the Exercise of Voting Rights**

#### **1. Methods**

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

(1) Attendance at the General Meeting of Shareholders

Date and time: Friday June 23, 2023, 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 22, 2023.

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 22, 2023.


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 22, 2023.

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 Exercising of Voting Rights

- (1) In the event of exercising of voting rights in writing, and there is no indication of “for” or “against” on each of the propositions, such vote will be treated as a vote “for” the proposal.
- (2) 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.
- (3) 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 shareholder return policy for fiscal 2022 and thereafter, we intend to decide the amount of annual dividends based on the consolidated dividend payout ratio of 30% within the DOE (dividend on equity ratio) range of 3.5% to 4.5%, taking into consideration the status of fundamental earnings capacity, cash flows and other factors. 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<sup>1</sup>. As profit for the year attributable to owners of the parent in the fiscal 2022<sup>2</sup> totaled 565.2 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

- 57.5 yen per common share of the Company

- Total amount: 70,960,398,290 yen

Annual dividends for the fiscal 2022 will be 115 yen per share, which is the sum of the amount of the interim dividend (57.5 yen per share) and the amount of the said year-end dividend (57.5 yen per share).

(3) Effective date of distribution of the dividend

June 26, 2023

#### Proposition No. 2: 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

<sup>1</sup> As 30% of the profit for fiscal 2022 exceeds the abovementioned range, we repurchased and canceled (and will cancel) shares as a shareholder return specified as per our shareholders return policy. For details, please see “II. Particulars regarding the Shares of the Company in our Business Report for 155<sup>th</sup> Ordinary General Meeting of Shareholders”.

<sup>2</sup> Profit attributable to owners of the parent refers to profit attributable to the shareholders of Sumitomo Corporation.


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 31 to 33 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	14 years	○	
2*1	Re-election	Masayuki Hyodo	Representative Director, President & Chief Executive Officer	5 years *2	○	
3*1	Re-election	Takayuki Seishima	Representative Director, Executive Vice President, Chief Administration Officer and Chief Compliance Officer	4 years	—	
4*1	Re-election	Reiji Morooka	Representative Director, Senior Managing Executive Officer, Chief Financial Officer	1 year	—	
5*1	Re-election	Hirokazu Higashino	Representative Director, Senior Managing Executive Officer, Chief Strategy Officer	1 year	—	
6*1	New-election	Shingo Ueno	Executive Vice President, (Metal Products Business Unit, Mineral Resources, Energy, Chemical & Electronics Business Unit and Energy Innovation Initiative)	—		
7	Re-election	Kimie Iwata	Outside Director Candidate	Outside Director	5 years	◎
			Independent Director			
8	Re-election	Hisashi Yamazaki	Outside Director Candidate	Outside Director	5 years	—
			Independent Director			
9	Re-election	Akiko Ide	Outside Director Candidate	Outside Director	3 years	○
			Independent Director			
10	Re-election	Takashi Mitachi	Outside Director Candidate	Outside Director	1 year	○

			Independent Director			
11	New-election	Takahisa Takahara	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	187,700	
	Term as a Director	14 years (as of the close of this General Meeting of Shareholders)	
	Attendance at Meetings of the Board of Directors in fiscal 2022	18 of 18 meetings (100%)	
	Attendance at Meetings of the Nomination and Remuneration Advisory Committee in fiscal 2022	7 of 7 meetings (100%)	

#### ●Work History, Positions and Responsibilities

April 1974	Joined 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 he joined 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	107,900
	Term as a Director	5 years (as of the close of this General Meeting of Shareholders) (*)
	Attendance at Meetings of the Board of Directors in fiscal 2022	18 of 18 meetings (100%)
	Attendance at Meetings of the Nomination and Remuneration Advisory Committee in fiscal 2022	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	Joined 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 he joined 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>Takayuki Seishima</b> (Born January 1, 1962)	Re-election
	Shares owned in the Company	40,400
	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 2022	18 of 18 meetings (100%)


#### ● Work History, Positions and Responsibilities

April 1984	Joined the Company
April 2016	Executive Officer
April 2019	Managing Executive Officer
June 2019	Representative Director & Managing Executive Officer
April 2021	Representative Director & Senior Managing Executive Officer (Chief

Administration Officer and Chief Compliance Officer)  
 April 2023 Representative Director & Executive Vice President (Chief Administration Officer and Chief Compliance Officer) (present position)

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

Since he joined 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 & Executive Vice President (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. 4	<b>Reiji Morooka</b> (Born April 25, 1961)	Re-election
	Shares owned in the Company	29,400
	Term as a Director	1 year (as of the close of this General Meeting of Shareholders)
	Attendance at Meetings of the Board of Directors in fiscal 2022	14 of 14 meetings (100%) (Since appointed as a Director on June 24, 2022)

● **Work History, Positions and Responsibilities**

April 1984 Joined the Company  
 April 2016 Executive Officer  
 April 2020 Managing Executive Officer  
 April 2022 Senior Managing Executive Officer (Chief Financial Officer)  
 June 2022 Representative Director, Senior Managing Executive Officer, Chief Financial Officer (present position)

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

Since he joined 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 re-election to that position.

Candidate No. 5	<b>Hirokazu Higashino</b> (Born July 24, 1963)	Re-election
	Shares owned in the Company	26,400
	Term as a Director	1 year (as of the close of this General Meeting of Shareholders)


Attendance at Meetings of the Board of Directors in fiscal 2022	14 of 14 meetings (100%) (Since appointed as a Director on June 24, 2022)
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● **Work History, Positions and Responsibilities**

April 1987	Joined the Company
April 2018	Executive Officer
April 2021	Managing Executive Officer
June 2022	Representative Director, Managing Executive Officer (Chief Strategy Officer and Chief Information Officer)
April 2023	Representative Director, Senior Managing Executive Officer, Chief Strategy Officer (present position)

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

Since he joined 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 Senior Executive Officer (Chief Strategy 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 re-election to that position.

Candidate No. 6	<b>Shingo Ueno</b> (Born November 21, 1959)	New-election
	Shares owned in the Company	56,200


● **Work History**

April 1982	Joined the Company
April 2004	General Manager, Tubular Products Business Unit of Sumitomo Corporation Europe Group, Assistant General Manager, Tubular Products Division, General Manager, OCTG Business Dept., Corporate Officer (General Manager, Tubular Products Group of Sumitomo Corporation North America Group, Assistant General Manager for the Americas)
April 2013	Executive Officer (General Manager, Energy Division)
April 2016	Managing Executive Officer (Assistant General Manager, Mineral Resources, Energy, Chemical & Electronics Business Unit, General Manager, Energy Division)
April 2017	Managing Executive Officer (General Manager for the Americas, President and CEO of Sumitomo Corporation of Americas Group, Director and President of Sumitomo Corporation of Americas)
April 2018	Senior Managing Executive Officer (General Manager for the Americas, President and CEO of Sumitomo Corporation of Americas Group, Director and President of Sumitomo Corporation of Americas)
April 2019	Senior Managing Executive Officer (General Manager, Mineral Resources, Energy, Chemical & Electronics Business Unit)
April 2021	Executive Vice President (General Manager, Metal Products Business Unit, General Manager, Mineral Resources, Energy, Chemical & Electronics Business Unit and Head of Energy Innovation Initiative)
April 2022	Executive Vice President (Metal Products Business Unit, Mineral Resources,

Energy, Chemical & Electronics Business Unit and Head of Energy Innovation Initiative)  
 April 2023 Executive Vice President (Metal Products Business Unit, Mineral Resources, Energy, Chemical & Electronics Business Unit and Energy Innovation Initiative)

● **Reasons for proposing Mr. Shingo Ueno as a candidate for Director**

Since he joined the Company, Mr. Ueno has worked primarily in metal-related businesses in Japan and overseas, serving as General Manager, Energy Division, Director and President of Sumitomo Corporation of Americas, and General Manager, Mineral Resources, Energy, Chemical & Electronics Business Unit, among other roles. He is currently responsible for the Metal Products Business Unit, the Mineral Resources, Energy, Chemical & Electronics Business Unit, and the Energy Innovation Initiative in his capacity as Executive Vice President. Through these roles Mr. Ueno 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>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	5 years (as of the close of this General Meeting of Shareholders)	
	Attendance at Meetings of the Board of Directors in fiscal 2022	15 of 18 meetings (83.3%)	
	Attendance at Meetings of the Nomination and Remuneration Advisory Committee in fiscal 2022	7 of 7 meetings (100%)	

● **Work History, Positions and Responsibilities**

April 1971 Joined 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>8</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	5 years (as of the close of this General Meeting of Shareholders)
	Attendance at Meetings of the Board of Directors in fiscal 2022	18 of 18 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  
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	3 years (as of the close of this General Meeting of Shareholders)
	Attendance at Meetings of the Board of Directors in fiscal 2022	18 of 18 meetings (100%)

## ●Work History, Positions and Responsibilities

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April 1977	Joined 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

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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

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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. In addition, as a member of the Nomination and Remuneration Advisory Committee (scheduled to be appointed if this Proposition is approved), Ms. Ide 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


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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.

Ms. Ide served as Full Time Audit & Supervisory Board Member at Nippon Telegraph and Telephone Corporation from June 2014 to June 2020. On October 7, 2022, that company's subsidiary Nippon Telegraph and Telephone West Corporation received a cease-and-desist order and a surcharge payment order from the Japan Fair Trade Commission under Japan's

Antimonopoly Act in connection with bidding to supply equipment including computers for use in schools ordered by the local authorities of Hiroshima prefecture and the city of Hiroshima. At the time this matter came to light, Ms. Ide had retired from the position of Full Time Audit & Supervisory Board Member; until the matter was discovered, she was unaware of it, and had been fulfilling her duties by pointing out issues and providing advice from the perspective of legal compliance on a regular basis at meetings of the Board of Directors and other bodies. Furthermore, Ms. Ide was appointed Outside Director (Audit and Supervisory Committee Member) of Tohoku Electric Power Co., Inc. in June 2021 and currently serves in this position. On April 17, 2023, Electricity and Gas Market Surveillance Commission made a recommendation to Tohoku Electric Power Co., due that its employees had inappropriately viewed information regarding the clients of other retail electricity suppliers. Until this matter came to light, Ms. Ide was unaware of it, and had been pointing out issues and providing advice from the perspective of legal compliance and information management on a regular basis. Since the matter was discovered, she has been fulfilling her duties, primarily by providing advice on protecting customers and preventing recurrence.

Candidate No. <b>10</b>	<b>Takashi Mitachi</b> (Born January 21, 1957)		<b>Re-election</b>
			Outside Director Candidate
			Independent Director
	Shares owned in the Company	0	
	Term as an Outside Director	1 year (as of the close of this General Meeting of Shareholders)	
	Attendance at Meetings of the Board of Directors in fiscal 2022	14 of 14 meetings (100%) (Since appointed as a Director on June 24, 2022)	
	Attendance at Meetings of the Nomination and Remuneration Advisory Committee in fiscal 2022	5 of 5 meetings (100%) (Since appointed as a Director on June 24, 2022)	

**●Work History, Positions and Responsibilities**

- April 1979    Joined Japan Airlines Co., Ltd.
- October 1993    Joined 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)
- October 2017    Senior Advisor, Boston Consulting Group (retired in December 2021)
- April 2020    Professor, Graduate School of Management, Kyoto University (present position)
- June 2022    Outside Director, Sumitomo Corporation (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 re-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. In addition, as a member of the Nomination and Remuneration Advisory Committee (scheduled to be appointed if this Proposition is approved), Mr. Mitachi 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. 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. Also, 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 0.9% 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.

Candidate No. <b>11</b>	<b>Takahisa Takahara</b> (Born July 12, 1961)	New-election
		Outside Director Candidate
		Independent Director
	Shares owned in the Company	0

**●Work History**

April 1986 Joined The Sanwa Bank, Ltd. (currently MUFG Bank, Ltd.)  
April 1991 Joined UNICHARM CORPORATION  
June 1995 Director, UNICHARM CORPORATION  
April 1996 Director, General Manager of Procurement Division and Deputy General Manager of International Division, UNICHARM CORPORATION  
June 1997 Senior Director, UNICHARM CORPORATION  
April 1998 Senior Director, General Manager of Feminine Hygiene Business Division, UNICHARM CORPORATION  
October 2000 Senior Director, Responsible for Management Strategy, UNICHARM CORPORATION  
0 CORPORATION

June 2001 Representative Director, President, UNICHARM CORPORATION  
June 2004 Representative Director, President & CEO, UNICHARM CORPORATION  
(present position)  
June 2015 Outside Director, Calbee, Inc. (present position)\*  
June 2021 Outside Director, Nomura Holdings, Inc. (present position)

\*Mr. Takahara plans to retire from board member of Calbee, Inc. as of the close of its ordinary general meetings of shareholders scheduled on June 2023.

#### ● Significant positions concurrently held

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Representative Director, President & CEO, UNICHARM CORPORATION  
Outside Director, Nomura Holdings, Inc.

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

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Mr. Takahara has held several key positions for many years at a major consumer goods manufacturer, serving as Director, Senior Director, and President & CEO. Through these and other roles, Mr. Takahara has accumulated wide-ranging knowledge and a wealth of experience in business management; he is also honest in character, as well as highly insightful and capable. Mr. Takahara 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. Takahara 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.

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

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Mr. Takahara engages in the execution of operational duties as President & CEO of UNICHARM CORPORATION. The Company and UNICHARM CORPORATION jointly invest in The Hartz Mountain Corporation, and this investment is based on a shareholders' agreement between the two companies. However, the amount invested by the Company is negligible – less than 0.1% of its total consolidated assets and less than 1.0% of UNICHARM CORPORATION's total consolidated assets. It has therefore been judged that this situation exerts no impact on the independence of Mr. Takahara 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  
Ms. Kimie Iwata, Mr. Hisashi Yamazaki, Ms. Akiko Ide, Mr. Takashi Mitachi and Mr. Takahisa Takahara 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, Ms. Kimie Iwata, Mr. Hisashi Yamazaki, Ms. Akiko Ide and Mr. Takashi Mitachi 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. Takahisa Takahara.
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. 3: Election of One Audit & Supervisory Board Member

Of the Company's five incumbent Audit & Supervisory Board Members, Mr. Michihiko Hosono 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>Daisuke Mikogami</b> (Born July 7, 1959)		New-election
	Shares owned in the Company	35,000	

### ● Work History

April 1983	Joined the Company
April 2006	General Manager, Cable TV Dept. Corporate Officer (General Manager, Media Division), Corporate Officer (Director, Vice President of Jupiter Telecommunications Co., Ltd. (currently JCOM Co., Ltd.), Corporate Officer (Director, Executive Vice President of Jupiter Telecommunications Co., Ltd. (currently JCOM Co., Ltd.))
April 2014	Executive Officer (Director, Executive Vice President of Jupiter Telecommunications Co., Ltd. (currently JCOM Co., Ltd.))
April 2017	Managing Executive Officer (Assistant to General Manager, Media, ICT, Lifestyle Related Goods & Services Business Unit)
May 2017	Managing Executive Officer Adviser of SCSK Corporation
June 2017	Managing Executive Officer Representative Director, Executive Vice President of SCSK Corporation
April 2019	Managing Executive Officer (General Manager for East Asia, CEO of Sumitomo Corporation China Group, General Manager, Sumitomo Corporation (China) Holding Ltd.)
April 2022	Senior Managing Executive Officer (General Manager for East Asia, CEO of Sumitomo Corporation China Group, General Manager, Sumitomo Corporation (China) Holding Ltd.)
April 2023	Adviser (present position)

## ●Reasons for proposing Mr. Daisuke Mikogami as a candidate for Audit & Supervisory Board Member

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Since he joined the Company, Mr. Mikogami has worked primarily in media- and digital-related businesses in Japan and overseas, serving as General Manager, Media Division, Director and Executive Vice President of Jupiter Telecommunications Co., Ltd. (currently JCOM Co., Ltd.), an associated company of the Company, and Representative Director and Executive Vice President of SCSK Corporation, a subsidiary of the Company. In addition, he has served as General Manager for East Asia in his capacity as Senior Managing Executive Officer of the Company. 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. Daisuke Mikogami does not have any particular interest in the Company.
2. Conclusion of Limitation of Liability Contract  
If the election of Mr. Daisuke Mikogami 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. Daisuke Mikogami 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. 3 is resolved as proposed, the composition of the Audit & Supervisory Board will be as follows.

Name		Positions	Term as Audit & Supervisory Board Member
Mr. Daisuke Mikogami	New Election	Senior Audit & Supervisory Board Member (Full-Time)	—
Mr. Kazunari Sakata	Incumbent	Audit & Supervisory Board Member (Full-Time)	1 year
Mr. Toshio Nagai	Incumbent	Outside Audit & Supervisory Board Member	7 years
	Independent Audit & Supervisory Board Member		
Mr. Yoshitaka Kato	Incumbent	Outside Audit & Supervisory Board Member	7 years
	Independent Audit & Supervisory Board Member		
Ms. Yukiko Nagashima	Incumbent	Outside Audit & Supervisory Board Member	2 year
	Independent Audit & Supervisory Board Member		

(Notes)

1. If Proposition No.3 is resolved, Mr. Daisuke Mikogami will be appointed as Senior Audit & Supervisory Board Member (Full-Time) at the Audit & Supervisory Board meeting to be held immediately after the 155<sup>th</sup> General Meeting of Shareholders.
2. The term as Audit & Supervisory Board Member is as of the close of the 155<sup>th</sup> General Meeting of Shareholders.



(Reference)The Skills that the Board of Directors is required to possess, and Skills that Directors or Audit & Supervisory Board Members currently in office possess

	Name	Positions and Responsibilities, and main career experiences	Knowledge, experience and competencies, etc. (Skills)							
			Corporate management	Investment/M&A	ICT/DX /Technology	ESG /Sustainability	Finance /Accounting	Legal/Risk management	HR management & development	
Board of Directors	Internal	Kuniharu Nakamura	Director, Chairman	●	●		●	●	●	●
		Masayuki Hyodo	Representative Director, President and CEO	●	●		●	●	●	●
		Shingo Ueno	Representative Director, Vice Executive President (Metal Products Business Unit, Mineral Resources, Energy, Chemical & Electronics Business Unit and Energy Innovation Initiative)	●	●		●			
		Takayuki Seishima	Representative Director, Vice Executive President (CAO and CCO)	●				●	●	●
		Reiji Mooka	Representative Director, Senior Managing Executive Officer (CFO)	●				●	●	
	Hirokazu Higashino	Representative Director, Senior Managing Executive Officer (CSO)	●	●	●	●				
	Outside	Kimie Iwata	Outside Director Ex-officer of Ministry of Health, Labour and Welfare Ex-Representative Director of Shiseido Co., Ltd.	●			●			●
		Hisashi Yamazaki	Outside Director Attorney at Law						●	●
		Akiko Ide	Outside Director Ex-Executive Director of NTT DOCOMO, INC.	●		●	●			
		Takashi Mitachi	Outside Director Ex-Japan Co-chair, Boston Consulting Group	●	●		●		●	●
Takahisa Takahara		Outside Director President & CEO, Unicharm Corporation	●	●		●				
Audit & Supervisory Board	Internal	Daisuke Mikogami	Senior Audit & Supervisory Board Member (Full-Time)	●	●	●				●
		Kazunari Sakata	Audit & Supervisory Board Member (Full-Time)	●	●					
	Outside	Toshio Nagai	Outside Audit & Supervisory Board Member Attorney at Law						●	
		Yoshitaka Kato	Outside Audit & Supervisory Board Member Certified Public Accountant	●				●		
		Yukiko Nagashima	Outside Audit & Supervisory Board Member Standing Audit & Supervisory Board Member, Recruit Holdings Co., Ltd.	●	●					●

1. If Proposition No.2 and No.3 are resolved as proposed, the members of the Board of Directors and Audit & Supervisory Board will be as above. Furthermore, the "Positions and Responsibilities" above are the ones as of the close of the 155<sup>th</sup> General Meeting of Shareholders.
2. If Proposition No.2 is approved, it is scheduled that Ms. Kimie Iwata is to be appointed as Chair of the Nomination and Remuneration Advisory Committee, and Ms. Akiko Ide and Mr. Takashi Mitachi are to be appointed as Members of the committee. Furthermore, Mr. Kuniharu Nakamura and Mr. Masayuki Hyodo will also become Member of the committee.

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.

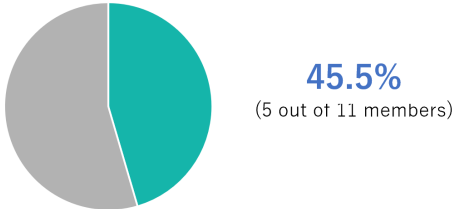
Our view on each Skills

- 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 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/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.
- 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

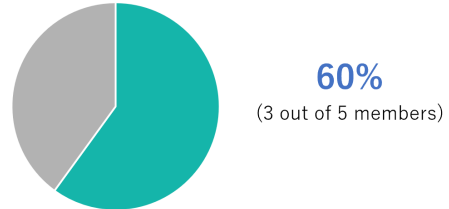
insight from a global perspective. Knowledge concerning “governance” is another indispensable skill for serving as a Director or Audit & Supervisory Board Member. As we think such two skills are necessary for all Directors and Audit & Supervisory Board Members, we do not include those skills in the table above.

- 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.

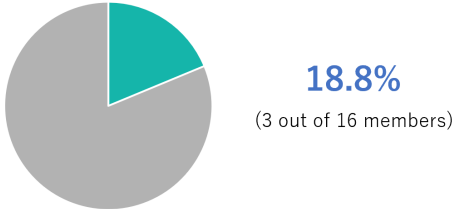
Ratio of Independent Members in the Board of Directors



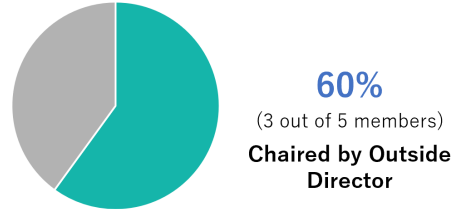
Ratio of Independent Members in the Supervisory & Advisory Board



Ratio of Female Members (Directors/Audit & Supervisory Board Members)



Ratio of Outside Directors in the Nomination and Remuneration Advisory Committee



## **Proposition No. 4: Revision of Restricted Performance Share Unit-Based Remuneration**

### **Plan for Directors**

Introduction of the restricted performance share unit-based remuneration plan (hereinafter, the “Plan”) for the Company’s Directors (excluding Outside Directors, hereinafter, “Eligible Directors”) was approved at the 153rd Ordinary General Meeting of Shareholders held on June 18, 2021. The 154th Ordinary General Meeting of Shareholders held on June 24, 2022 approved revision of the maximum amount of remuneration under the Plan to 1.1 billion yen or less per year and revision of the upper limit on the total number of the Company’s common shares to be issued or disposed under the Plan to 450,000 shares or less per year.

The Company has now decided to partially amend the Plan in order to ensure a shared focus on shareholder value, while also ensuring that the Plan is more closely linked with indicators related to environmental, social, and governance-related issues (hereinafter, “non-financial indicators”) in order to increase awareness of the Company’s commitment to the enhancement of sustainability management. In this way, the Company aims to promote efforts to optimize its business portfolio and increase corporate value in the medium to long term, to ensure sustainable growth, and to help solve its Key Social Issues. The Company’s proposed revisions to that end include adding non-financial indicators to the indicators used for calculation in “(4) Method for calculating the number of Company’s common shares provided to Directors” below. Details of the Plan following the proposed revisions are as shown below (where no change is indicated, the existing details remain unchanged). If this Proposition is approved, restricted performance share unit-based remuneration relating to evaluation periods commencing in June 2023 or thereafter will be paid according to the revised version of the Plan.

Currently, there are six Eligible Directors. There will be no change to the number of Eligible Directors even when Proposition No.2 is approved as proposed.

[Description of Plan] (revisions are **highlighted with bold and underlined**)

#### (1) Overview of Plan

The Plan is a performance share unit-based remuneration plan in which a period of 3 years commencing from the first month of the service period (the period from the close of the Ordinary General Meeting of shareholders of each year until the close of the Ordinary General Meeting of the following year; hereinafter, “Service Period”) is set as the evaluation period (hereinafter, “Evaluation Period”), and in which Company’s common shares as restricted stock in number calculated based on the **factors including** growth rate of the Company’s shares during the Evaluation Period (please refer to the calculation formula stated in (4) below), are provided to the Eligible Directors. In principle, in order to allot Company’s common shares after the end of the Evaluation Period, the Company will issue, or dispose of, common shares for Eligible Directors using either of the following methods.

(a) Issue or disposition of Company’s common shares as remuneration, etc. for Eligible Directors without the need of monetary payment or provision of contribution in kind (hereinafter, “Gratis Provision”).

(b) Payment of monetary remuneration receivables as remuneration, etc. to Eligible Directors, and Eligible Directors providing the full amount of monetary remuneration receivables as contribution in kind to receive issue or disposition of Company’s common shares (hereinafter, “Provision with Contribution in kind”).

The initial Evaluation Period will be from June 2021 to June 2024; and subsequent Evaluation Periods will be from June of each year to June three years thereafter.

As the provision of Company’s common shares to Eligible Directors will be carried out after the termination of the Evaluation Period, whether or not to provide Company’s common shares to the respective Eligible Directors or the number of Company’s common shares to be provided will not be fixed at the point of the introduction of the Plan.

#### (2) Maximum amount of remuneration under the Plan and upper limit on total number of shares

The maximum monetary amount of remuneration for each Service Period to be provided to Eligible Directors based on this Proposition shall be an annual amount of 1.1 billion yen or less, and the total number of Company’s common shares to be issued or disposed to the

Eligible Directors for each Service Period shall be 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 Director proportionately 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, share split (including gratis allotment of 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. Also, specific payment dates and allocations to each Eligible Director will be determined by the Board of Directors.

(3) Payment amount per share

Within the scope of the maximum amount of remuneration stated in (2) above, (a) in the case of Gratis Provision, monetary payment, etc. is not necessary, however the amount of remuneration for Eligible Directors is the amount calculated based on the closing price of the Company's common shares on the Tokyo Stock Exchange on the business day prior to the day of the Board resolution regarding the allotment of shares (or if the Company's shares are not traded on the said date, then the closing price of the most recent trading day preceding the said date), or some other fair valuation amount, and (b) in the case of Provision with Contribution in kind, monetary remuneration receivables are paid to be appropriated as contribution in kind for the issue or disposal of Company's common shares. In the case of (b), the payment amount per share of the Company's common shares allotted under the Plan is determined by the Board of Directors to an extent that will not be excessively advantageous for Eligible Directors, using as the basis the closing price per share of Company's common shares on the Tokyo Stock Exchange on the business day prior to the day of the Board resolution regarding the allotment of shares (or if the Company's shares not traded on the said that date, then the closing price of the most recent trading day preceding the said date).

(4) Method for calculating the number of Company's common shares provided to Directors

Under the Plan, the number of Company's common shares to be provided as restricted stock to each Eligible Director at the end of the Evaluation Period (hereinafter, "Number of Shares Provided") shall be determined by multiplying (1) the number of shares of each Eligible Director determined by the Company's Board of Directors (hereinafter, "Standard Number of Shares Provided") by (2) the share provision ratio determined based on the growth rate of the Company's share (hereinafter, "Share Provision Ratio based on the Company Stock Growth Rate") and (3) share provision ratio determined based on the non-financial indicators (hereinafter, "Share Provision Ratio based on ESG indicators"). The Company stock growth rate is calculated by dividing the growth rate of the Company's stock price during the Evaluation Period by the growth rate of the TOPIX index during the Evaluation Period. Further, the ESG indicators used for the Share Provision Ratio based on ESG indicators shall include "climate change", "promotion of women's active engagement" and "employee engagement", among other things. The details of Share Provision Ratio based on ESG indicators shall be determined by the Board of Directors.

Specifically, the number will be calculated in accordance with the following calculation formula. Nevertheless, the Company's stock growth rate shall be rationally adjusted in proportion to the Eligible Director's term of office during the Service Period, etc. Additionally, if, on or after the date that this Proposition is approved and adopted, share split (including gratis allotment of Company's common shares) or a consolidation of shares is executed, or there are other circumstances requiring the adjustment of the following calculation items, the Company will adjust such calculation items to a reasonable extent.

<Calculation Formula>

Number of Shares Provided of Standard = Standard Number of Shares Provided × Share Provision Ratio based on the Company stock growth rate × Share Provision Ratio based on ESG indicators  
 Standard Number of Shares Provided of : Determined by the Company's Board of Directors for each Eligible Director

Share Provision Ratio **based on the Company stock growth rate**

(Refer to graph shown in the next page)

- (1) If the Company stock growth rate is less than 50% : 0%
- (2) If the Company stock growth rate is between 50% and 150% : Company stock growth rate
- (3) If the Company stock growth rate exceeds 150% : 150%

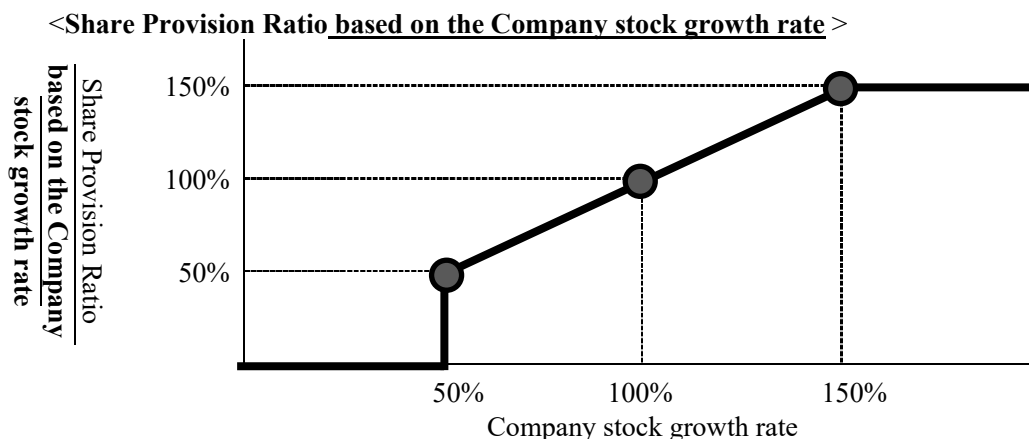
Company stock growth rate

$$= (B^* \div A) \div (E \div D)$$

- A: Simple average of the closing prices of Company's common shares on the Tokyo Stock Exchange in the month the Evaluation Period begins (June of the year)
- B: Simple average of the closing prices of Company's common shares on the Tokyo Stock exchange in the month the Evaluation Period ends (June three years thereafter)
- C: Simple average of the TOPIX index in the month the Evaluation Period begins (June of the year)
- D: Simple average of the TOPIX index in the month the Evaluation Period ends (June three years thereafter)

**Share Provision Ratio based on ESG indicators** : **The Nomination and Remuneration Advisory Committee is delegated by the Company's Board of Directors to evaluate the non-financial indicators for each business year and calculate the Share Provision Ratio within the range stated on the right, taking into account the evaluations over the three business years corresponding to the Evaluation Period (three business years starting from the business year including the first month of the Service Period).** : **The range of this ratio shall be determined by the Board of Directors (just after the revision, it will be 80%~120%)**

**\*We will not use "Total amount of dividend per Company's common share for dividends on retained earnings during the Evaluation Period" (which is added to B under the current remuneration plan) for the calculation of the company stock growth rate in the revised remuneration plan**



(5) Provision requirements

Under the Plan, when the termination of Evaluation Period ends and the following requirements for providing Company's common shares have been satisfied, Company's common shares shall be provided to Eligible Directors.

- (a) Served as a Company Director, Executive Officer or in another position stipulated by the Company's Board of Directors during the Service Period.
  - (b) Committed no acts of misconduct specified by the Company's Board of Directors.
  - (c) Conditions deemed necessary to achieve other aims stipulated by the Company's Board of Directors for restricted performance share unit-based remuneration.
- (6) Measures to be taken upon retirement, etc. during the Service Period
- Notwithstanding the stipulations of (5) above, in the event (a) an Eligible Director retires or resigns from their positions as Director, Executive Officer, or other positions stipulated by the Company's Board of Directors during Service Period for reasons deemed legitimate by the Board of Directors, or if (b) after the Service Period elapses the Eligible Director retires or resigns from their positions as Director, Executive Officer, or other positions stipulated by the Company's Board of Directors before provision of Company's common shares based on the Plan, or there are other reasons deemed legitimate by the Board of Directors, within the range of the foregoing total amount of remuneration under the Plan, the Company may pay a monetary amount in an amount rationally calculated by the Company's Board of Directors based on the number of months the Eligible Director served in office in substitute for providing Company's common shares.
- (7) Measures to be taken upon organizational restructuring, etc.
- Notwithstanding the stipulations of (5) above, in the event after the commencement of the Service Period, a merger agreement in which the Company is absorbed, a stock exchange agreement or stock transfer plan in which the Company becomes a wholly owned subsidiary, or some other matter related to organizational restructuring, etc. is approved by the Company's General Meeting of Shareholders (or if the organizational restructuring, etc. does not require approval by the Company's General Meeting of Shareholders, then by the Company's Board of Directors), within the range of the foregoing total amount of remuneration under the Plan, the Company may pay a monetary amount in an amount rationally calculated by the Company's Board of Directors based on the period from the commencement date of the Service Period to the date such organizational restructuring, etc is approved in substitute for providing Company's common shares.
- (8) Summary of transfer restrictions, etc. on Company's common shares provided to Eligible Directors
- An allotment agreement with the following content (hereinafter, "Allotment Agreement") shall be concluded between the Company and Eligible Directors with regard to provision of Company's common shares based on this Proposition.
- (a) Transfer restriction period
- The transfer restriction period shall be the period from the date that Company's common shares are provided under the Allotment Agreement (hereinafter, "Allotted Shares") until the date that the Eligible Director retires or resigns from their positions as the Company's Director, Executive Officer, or other positions stipulated by the Company's Board of Directors (hereinafter, "Restriction Period"), and during the Restriction Period, Eligible Directors may not transfer, create security interest on, or otherwise dispose the Allotted Shares (hereinafter, "Transfer Restrictions").
- (b) Cancellation of Transfer Restrictions
- The Company will cancel Transfer Restrictions on all Allotted Shares as of the expiration of the Restriction Period.
- (c) Gratis acquisition by the Company
- In the event there is a violation of the law, internal rules, or the Allotment Agreement, or if there are other reasons deemed legitimate as stipulated by the Company's Board of Directors for gratis acquisition of Allotted Shares, the Company will make gratis acquisition of Allotted Shares.

(d) Measures to be taken upon organizational restructuring, etc.

Notwithstanding the stipulations of (a) above, if during the Restriction Period, a merger agreement in which the Company is absorbed, a stock exchange agreement or stock transfer plan in which the Company becomes a wholly owned subsidiary, or some other matter related to organizational restructuring, etc. is approved by the Company's General Meeting of Shareholders (or if the organizational restructuring, etc. does not require approval by the Company's General Meeting of Shareholders, then by the Company's Board of Directors), the Company will cancel Transfer Restrictions on all Allotted Shares prior to the date that such organizational restructuring, etc. goes into effect.

[Grounds for the validity of paying remuneration, etc. based on the Plan]

To ensure the validity of Director remuneration and the transparency of the decision-making process, the Nomination and Remuneration Advisory Committee (chaired by an Outside Director), a majority of whose members are Outside Directors, has deliberated on the introduction of the Plan and judged the content to be valid as follows.

(a) Payment of remuneration, etc. based on the Plan is in accordance with policies related to decisions on remuneration, etc. packages for individual Directors (as summarized on [Reference] below) decided by the Company's Board of Directors.

(b) By adding indicators related to environmental, social, and governance-related issues to the indicators used for calculation under the Plan, the Company will ensure a shared focus on shareholder value, while also increasing awareness of its commitment to the enhancement of sustainability management. In this way, the Company aims to promote efforts to optimize its business portfolio and increase corporate value in the medium to long term, to ensure sustainable growth, and to help solve its Key Social Issues.

[Reference]

		Policy on the decision of the amount of each remuneration
Fixed	Monthly Remuneration	Fixed amount remuneration determined based on the abovementioned standards is provided.
Variable	Performance Linked Bonus	<ul style="list-style-type: none"> <li>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.</li> <li>Each Executive Director is evaluated on the basis of both financial indicators and non-financial indicators</li> </ul>
	Restricted Performance Share Unit-Based Remuneration	<p>This remuneration is aimed at promoting efforts at optimizing its business portfolio, increasing corporate value in the medium to long term and to ensure sustainable growth, focusing on the link with indicators related to environment, society and governance (ESG) together with shareholder value. Further, we shall promote to share value with the shareholders.</p> <p>The actual contents and timing of payment of the stock-based remuneration for each Directors is decided by the Board of Directors after consultation with the Nomination and Remuneration Advisory Committee.</p>

The Company has introduced a restricted performance share unit-based remuneration plan of the same sort as the Plan described above for Executive Officers who are not concurrently serving as Directors; it plans to revise the plan for non-Directors in the same way as the Plan.

End.

**(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 event Proposition No. 4 is approved as proposed, at this year's Ordinary General Meeting of Shareholders. Thereafter, as stated in (3), non-financial indicator will be used for the calculation of the Restricted Performance Share Unit-Based Remuneration (Revisions proposed by Proposition No.4 are underlined.)

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

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

**(1) Remuneration standards and remuneration composition ratios of Executive Directors and Executive Officers**

- We have set our remuneration standards and remuneration composition ratios to appropriate levels in light of current business environment, business strategies and human resources strategy, . We have done so with reference to objective remuneration market research data, etc. provided by external specialized agencies.
- The image 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 and basic profit cash flow : 200 billion yen</li> <li>• stock price growth rate, stock growth rate and results on non-financial indicators: 100%</li> </ul>	42%	17%	41%

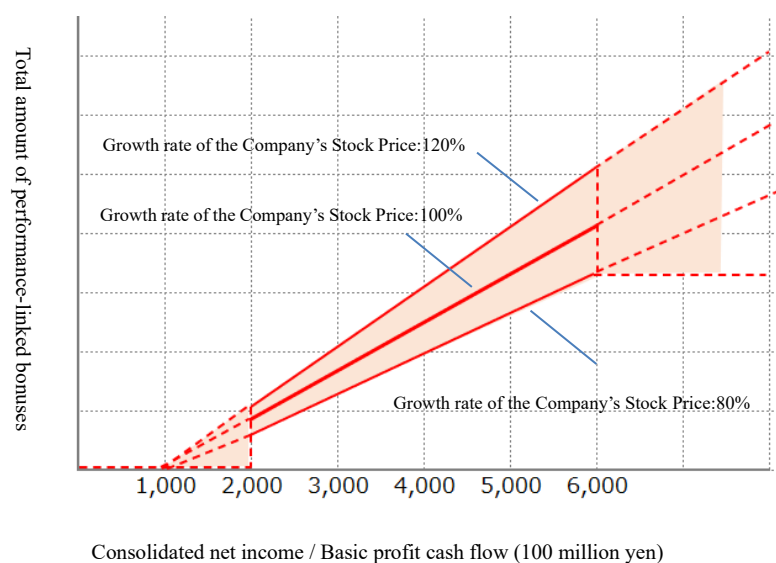
<ul style="list-style-type: none"> <li>• consolidated net income and basic profit cash flow : 400 billion yen</li> <li>• stock price growth rate, stock growth rate and results on non-financial indicators : 100%</li> </ul>	32%	37%	31%
<ul style="list-style-type: none"> <li>• consolidated net income and basic profit cash flow : 600 billion yen</li> <li>• stock price growth rate, stock growth rate and results on non-financial indicators : 100%</li> </ul>	25%	50%	25%

## (2) 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 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))
- The amount to be paid to individual officers is distributed according to their position and personal evaluation and paid after the end of the fiscal year.
- Each officer is evaluated on the basis of both financial indicators (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, Equity & Inclusion.

[Total amount of performance-linked bonuses (image)]

- The potential range of business results in terms of consolidated net income and basic profit cash flow is assumed to be from 200 to 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.
- 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 from 80to 120%.



### (3) 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 number of company's common shares (restricted) to be provided are determined according to the Company's stock growth rate (ratio of the Company's stock price growth to the growth rate of TOPIX (Tokyo Stock Exchange Stock Price Index)) during the three-year evaluation period.
- In order to promote efforts to help solve Company's Key Social Issues and to make non-financial indicators (related to environment and/or society) be more closely linked with Share Unit-Based Remuneration so that increase awareness of the Company's commitment to the enhancement of sustainability management, evaluation on the non-financial indicators ("climate change", "promotion of women's active engagement" and "employee engagement") is used to calculate the amount of Company's common shares to be granted as restricted shares.
- 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 and non-financial indicator (image) >

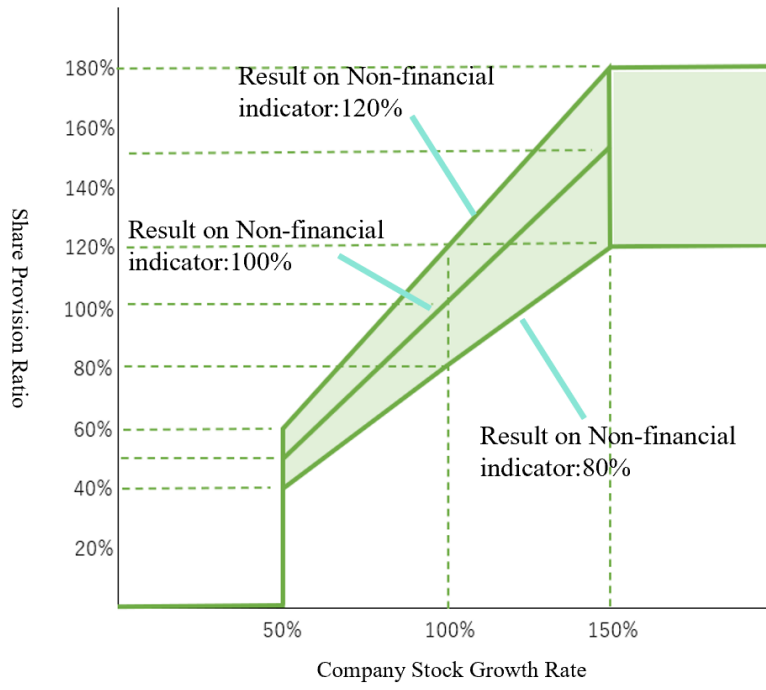
	2023	2024	2025	2026	2027	2028
2023 Plan	Share price evaluation period			● grant shares		
2024 Plan		Share price evaluation period			● grant shares	
2025 Plan			Share price evaluation period			● grant shares

< Method for calculating the number of granted shares >

Number of granted shares = standard number of granted shares by position x share grant ratio based

on the Company's stock growth rate (0%~150%) x share grant ration based on the non-financial indicator (80%~120%)

< share grant ratio based on stock growth rate and non-financial indicator >



## **Business Report (April 1, 2022 through March 31, 2023)**

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

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

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

In the fiscal year under review (fiscal 2022), although the global economy was seeing modest recovery underpinned by support from monetary, fiscal and other policies following the COVID-19 pandemic, it turned out to be sluggish owing from a rapid rise in the cost of goods and tighter monetary policy to constrain inflation. Prices soared for a wide range of goods, mainly energy and food products, on the back of a squeeze on supply and demand overall due to a production capacity shortage and supply chain congestion as well as the global divide that has become more pronounced triggered by the Russia - Ukrainian situation. Moreover, coupled with upward pressure on wages due to tighter supply and demand for labor, primarily in the service industry, the world is grappling with the highest inflation rates seen in around 40 years. However, many countries and regions are tightening their monetary policy to control prices, and therefore the uptick has gradually become moderate. Meanwhile, some financial institutions experienced financial instability as a result of rising interest rates, causing turmoil in the United States, where medium-sized banks went bankrupt, and in Europe, where major banks were absorbed and merged by governmental initiatives.

In international commodity markets, due to negative impact from the Russia - Ukrainian situation, price levels rose substantially mainly for major exports from Russia, including crude oil and petroleum products, natural gas, coal and wheat. Also, the degree of price fluctuations in markets was larger than ever, forcing the suspension of future trading due to skyrocketing nickel prices in the short term. Reflecting these soaring commodity prices, governments have taken measures, including releasing stockpiles into the market, securing distribution safety and setting a ceiling on energy prices. On top of this, there has been an ease up on the supply and demand for energy, mainly liquefied natural gas, owing to the warm winter in Europe. Accordingly, commodity prices, primarily for energy and agricultural goods, are returning to levels seen prior to the Russian-Ukrainian situation. However, the environment surrounding the commodities market yet remains unstable, given the various divides around the world which have deepened over the past year

Meanwhile, the economy in Japan continued to go up and down. Reflecting the rise in commodity prices globally and the ongoing depreciation in the value of the yen to levels that have not been seen for the first time in about 25 years, domestic prices have substantially risen. This weighed heavily on economic activities which had been trending toward recovery as the daily lifestyle of Japanese citizens were transitioning to a phase of “co-existing with COVID-19.” Also, although the current account balance remained in the black, the balance of goods and services posted an unprecedented deficit due to a sharp rise in import prices reflecting soaring prices for resources, mainly petroleum and coal, and a rapid increase in the import of services from overseas, including online advertising.

## (2) Operating Results and Financial Status

### (A) Operating results

For fiscal 2022, profit for the year attributable to owners of the parent<sup>1</sup> totaled 565.2 billion yen, representing an increase of 101.5 billion yen from the previous fiscal year. One-off profits/losses totaled approximately 11.0 billion yen, representing an increase of approximately 4.0 billion yen from the previous fiscal year, owing to the sale of oil and gas business in the British territories of U.K. North Sea, while an impairment loss on equity method investment in the telecommunications business in Myanmar.

Profit for the year attributable to owners of the parent excluding one-off profits/losses totaled approximately 554.0 billion yen, representing an increase of approximately 97.0 billion yen from the previous fiscal year. The profit from non-mineral resources businesses<sup>2</sup> resulted in an increase in earnings due to the delivery of large-scale properties in the real estate business in addition to stable performance in the tubular products business in North America, the construction equipment related business particularly in North America, chemical products and electronics business. The profit from mineral resources businesses<sup>3</sup> resulted in an increase owing to higher mineral resources and energy prices, strong performance in mineral resources and energy trading.

(Unit: Billions of yen)	154th year Fiscal 2021	155th year Fiscal 2022	Increase/ Decrease
Profit for the year (attributable to owners of the parent)	463.7	565.2	+ 101.5
One-off profits/(losses)	Approx. 7.0	Approx. 11.0	Approx. + 4.0
Excl. one-off profits/(losses)	Approx. 457.0	Approx. 554.0	Approx. + 97.0
Mineral resources business	160.0	209.0	+ 49.0
Non-mineral resources business	297.0	345.0	+ 48.0
Basic profit cash flow <sup>4</sup>	359.5	509.3	+ 149.8

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

<sup>2</sup> “Non-mineral resources business” refers to all of our businesses except for the mineral resources business (Please refer to the following No.3).

<sup>3</sup> “Mineral resources business” refers to the businesses conducted by Mineral Resources Division No.1, Mineral Resources Division No.2 and Energy Division.

<sup>4</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.



## **(B) Financial position**

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

Total assets stood at 10,106.3 billion yen, representing an increase of 524.1 billion yen from the previous fiscal year-end, due mainly to the impact of yen's depreciation, the increase of working capital and investments accounted for using the equity method.

Equity attributable to owners of the parent<sup>1</sup> totaled 3,779.5 billion yen, representing an increase of 581.7 billion yen from the previous fiscal year-end, due mainly to the impact of yen's depreciation and the profit attributable to owners of the parent posted in the fiscal year ended March 31, 2023, while dividend payment and share repurchase were executed.

Interest-bearing liabilities (net)<sup>2</sup> totaled 2,484.4 billion yen, representing an increase of 210.7 billion yen from the previous fiscal year-end.

In consequence, the net debt-equity ratio<sup>3</sup> was 0.7.

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

Net cash provided by operating activities totaled 232.8 billion yen as basic profit cash flow totaled an inflow of 509.3 billion yen because our core businesses performed well in generating cash, while working capital increased.

Net cash used in investing activities totaled 91.5 billion yen. We have invested in domestic and overseas real estate and also executed a tender offer for Sumitomo Precision Products Co., Ltd. On the other hand, we have recovered funds through asset replacement, such as the sale of domestic real estates, the sale of silver, zinc and lead business in Bolivia, and the sale of oil and gas business in the British territories of U.K. North Sea.

As a result, free cash flows, representing sum of net cash provided by operating activities and net cash used in investing activities, totaled an inflow of 141.3 billion yen.

Net cash used in financing activities totaled 250.5 billion yen due mainly to dividend payment, share repurchase, and repayments of lease liabilities, while execution of borrowings.

In consequence of the foregoing and consideration of the impact such as foreign exchange fluctuation, cash and cash equivalents stood at 656.9 billion yen as of March 31, 2023, representing a decrease of 77.0 billion yen from the previous fiscal year-end.

## **(C) Shareholder Return**

We aim to increase dividends by achieving medium and long-term earnings growth while adhering to

<sup>1</sup> "Equity attributable to owners of the parent" stands for the equity attributable to our shareholders.

<sup>2</sup> "Interest-bearing liabilities (net)" is sum of bonds and borrowings (current and non-current) and excluding lease liabilities.

<sup>3</sup> "Debt-equity ratio (net)" is calculated by dividing Interest-bearing liabilities (net) by "Equity attributable to owners of the parent"

its fundamental policy of paying shareholders a stable dividend over the long term. Specifically, we intend to decide the amount of annual dividends based on the consolidated dividend payout ratio of 30% within the DOE (dividend on equity ratio) range of 3.5% to 4.5%, taking into consideration the status of fundamental earnings capacity, cash flows and other factors. If 30 % of the profit for the year exceeds the above range, we intend to pay dividends or repurchase shares for the excess portion in a flexible and agile manner.

Since profit for the year attributable to owners of the parent in fiscal 2022 totaled 565.2 billion yen, the annual dividend for fiscal 2022 is planned to be 115 yen per share, representing an increase of 5 yen per share from fiscal 2021. Since the interim dividend was 57.5 yen per share, the year-end dividend will be 57.5 yen per share, which will be proposed to the Ordinary General Meeting of Shareholders scheduled in June.

Also, as an additional shareholder return based on the above policy, we, at the meeting of the Board of Directors held on February 6, 2023, resolved to repurchase shares of our common stock. By April 28, 2023, we repurchased shares of our common stock as follows. All repurchased shares are scheduled to be cancelled on June 2, 2023, in accordance with the resolution of the same meeting of the Board of Directors.

Class of shares repurchased	Common stock
Total number of shares repurchased	21,268,200 shares
Aggregate repurchased amount	49,999,766,200 yen
Period for repurchases	From February 7, 2023 to April 28, 2023
Method of repurchases	Purchase on the Tokyo Stock Exchange

In addition, we, at the meeting of the Board of Directors held on May 9, 2023, resolved to additionally repurchase shares of our common stock as follows. All shares to be repurchased are scheduled to be cancelled on July 24, 2023, in accordance with the resolution of the same meeting of the Board of Directors.

Class of shares to be repurchased	Common stock
Total number of shares to be repurchased	Up to 12 million shares
Aggregate repurchase amount	Up to 20 billion yen
Period for repurchases	From May 10, 2023 to June 9, 2023
Method of repurchases	Purchase on the Tokyo Stock Exchange

### (3) Segment Information

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

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

Segment	Profit for the year (attributable to owners of the parent) (Unit: Billions of yen)	
	154th year Fiscal 2021	155th year Fiscal 2022

Metal Products	55.2	110.4
Transportation & Construction Systems	34.9	92.0
Infrastructure	33.3	20.8
Media & Digital	39.3	13.0
Living Related & Real Estate	44.2	59.0
Mineral Resources, Energy, Chemical & Electronics	247.3	266.9
Corporate and Eliminations	9.5	3.2

- 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, 2022, precision agriculture business was transferred from Transportation & Construction Systems Business Unit to Mineral Resources, Energy, Chemical & Electronics Business Unit and digital health business was transferred from Media & Digital Business Unit to Living Related & Real Estate 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, various types of processes of, and provision of services related to, steel sheets and tubular products used in a wide range of industrial fields including automobiles, shipbuilding, railway products, construction/civil engineering, industrial equipment, home appliances/electrical equipment and energy, as well as other associated businesses

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

Metal Products Business Unit posted profit of 110.4 billion yen, an increase of 55.2 billion yen from the previous fiscal year. This was due mainly to favorable performance in market conditions for the tubular products business in North America and stable performance in overseas steel service center business.

### **(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 92.0 billion yen, an increase of 57.0 billion yen from the previous fiscal year. This was due to stable performance in the automobile distribution business, despite an impairment loss in the automobile manufacturing

business, in addition to stable performance in the construction equipment related business, particularly in North America, and the leasing business, and the absence of a loss related to the Russian-Ukrainian situation in the aircraft leasing business in the previous fiscal year.

### **(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 and insurance businesses such as logistics, development and operation of overseas industrial parks as well as the procurement and development of insurance

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

Infrastructure Business Unit posted profit of 20.8 billion yen, a decrease of 12.5 billion yen from the previous fiscal year. This was due mainly to the impact of soaring electricity procurement prices in the domestic electricity retail business, while the overseas IPP/IWPP business had shown stable performance.

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

#### **[Business Overview]**

- Media businesses such as the cable television, 5<sup>th</sup> generation mobile communication system (5G), 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>3</sup>
- Smart platform business<sup>4</sup> such as smart communications infrastructure business and value-added service business

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

<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.

<sup>3</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>4</sup> Business which forms the foundation for new information and communication services and products using cutting-edge ICT technologies and other technologies.

Media & Digital Business Unit posted profit of 13.0 billion yen, a decrease of 26.3 billion yen from the previous fiscal year. This was due mainly to an impairment loss on equity method investment in the telecommunications business in Myanmar and increased start-up costs in the telecommunications business in Ethiopia, while major domestic group companies had shown stable performance.

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

**[Business Overview]**

- Retail businesses such as supermarkets
- 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 59.0 billion yen, an increase of 14.8 billion yen from the previous fiscal year. This was due mainly to delivery of large-scale properties in the real estate business, while the domestic supermarket business posted a decrease in profit.

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

**[Business Overview]**

- 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]**

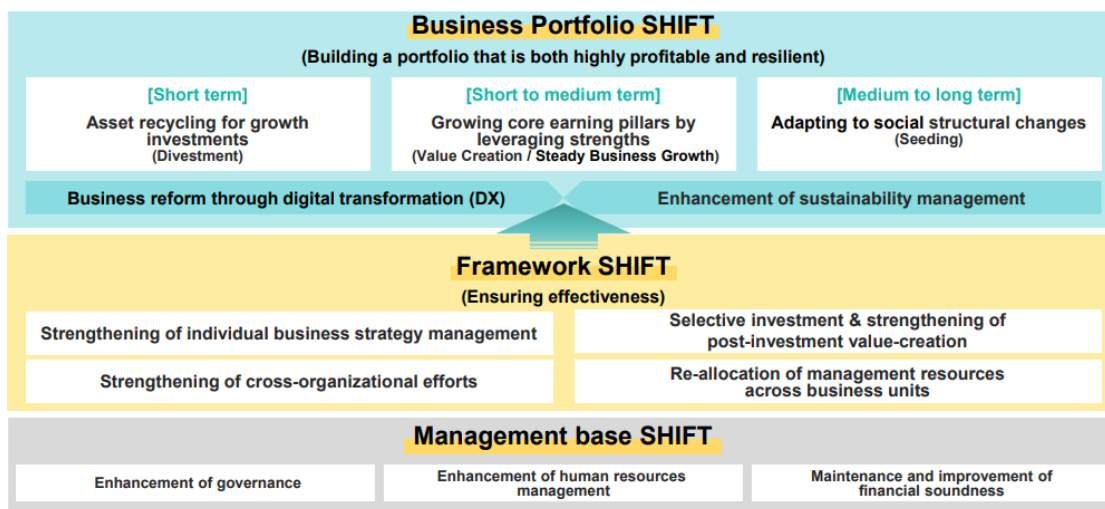
Mineral Resources, Energy, Chemical & Electronics Business Unit posted profit of 266.9 billion yen, an increase of 19.6 billion yen from the previous fiscal year. This was due mainly to higher mineral resource and energy prices, strong performance in mineral resources and energy trading, and stable performance in the chemical products and electronics business.

**2. The progress of the medium-term management plan “SHIFT 2023” and issues to be addressed**

**(1) The progress of “SHIFT 2023” (from fiscal 2021 to fiscal 2023)**

Under the medium-term management plan “SHIFT 2023”, we are working on “Business Portfolio SHIFT”, which aims to build a highly profitable and resilient business portfolio, as well as

“Framework SHIFT” and “Management Base SHIFT” which ensures the effectiveness of such shift. The progress and the status of each shift is as below.



<Reference>

For more details of “SHIFT 2023”, please access to our corporate website.

<https://www.sumitomocorp.com/en/jp/about/policy/mid-term>

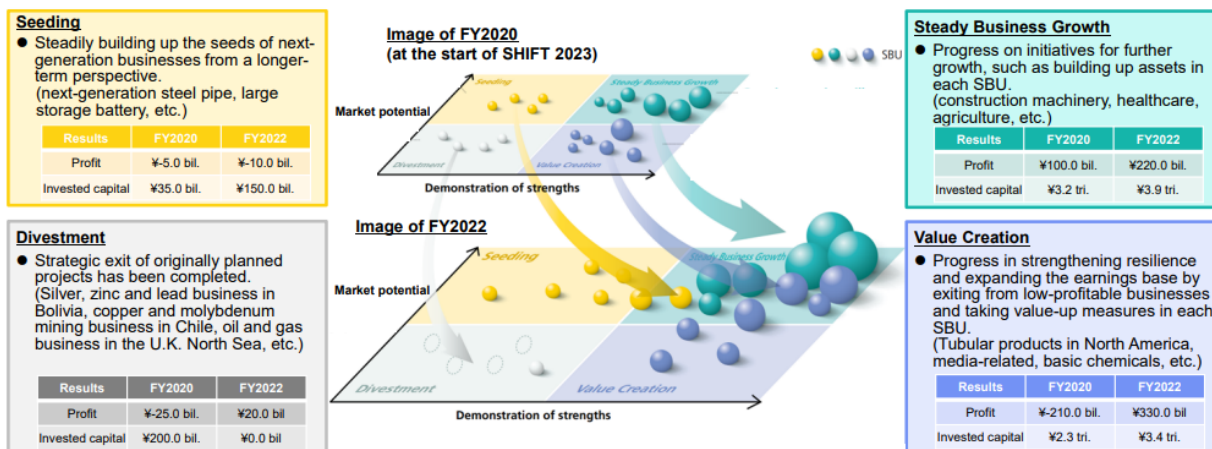
### (A) Business Portfolio SHIFT

We grouped all our businesses into Strategic Business Units (SBU)s, regardless of the existing organizations and categorized them into four categories based on the two axes of “market potential” and “demonstration of strengths”, and promoted the shift of reallocation of management resources (funds and human resources) to business domains in which we can demonstrate our strengths.

<Four categories>

- “Divestment” which aims for the strategic withdrawal of planned projects without missing opportunities and recovers management resources
- “Value Creation” which aims for improvement of profitability through value additions and efficiency enhancements
- “Steady Business Growth” which aims at to grow earning pillar through expansion of business scales
- “Seeding” which aims to grow new earning pillars through cultivation of next-generation businesses

#### (a) The progress of each category in fiscal 2022



<Reference>

For more details of the initiatives in fiscal 2022, please access to our presentation material of our Earnings Announcements held on May 9<sup>th</sup>, 2023 posted on our corporate website.

[https://www.sumitomocorp.com/-/media/Files/hq/ir/report/summary/2022/2303Presentation\\_Jh2nA.pdf?la=en](https://www.sumitomocorp.com/-/media/Files/hq/ir/report/summary/2022/2303Presentation_Jh2nA.pdf?la=en)

## (b) Business reform through DX (Digital Transformation) and Enhancement of the Sustainability Management

As a measure to support the “Business portfolio SHIFT” and enhancing functions and profit margins of the existing businesses, and promoting the creation of new businesses, we conducted “Business reform through DX” and “Enhancement of sustainability management”.

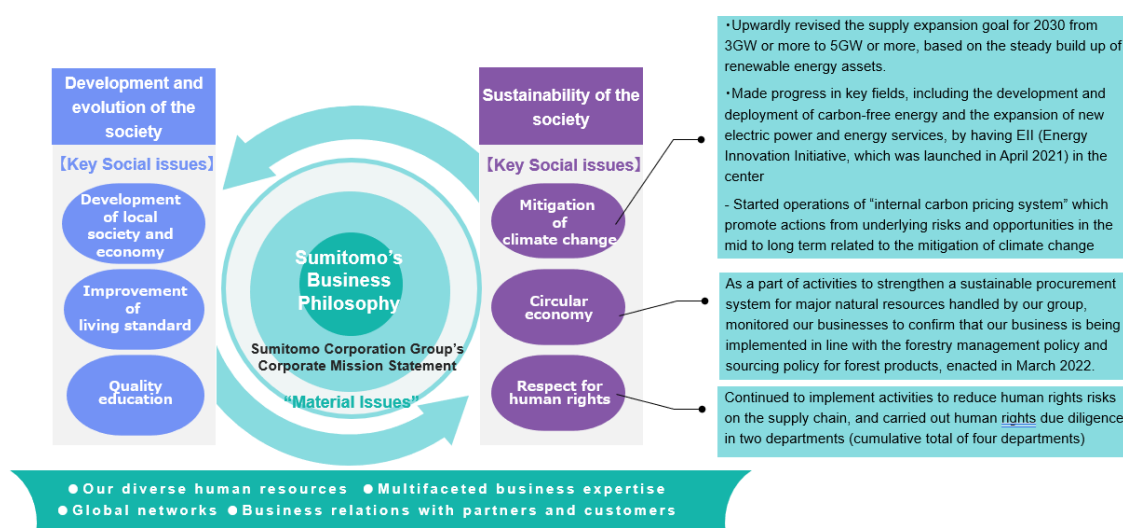
### Business reform through DX

- Improve functionality and profitability through DX implementation in existing businesses: Progress in demand/supply forecasting in the domestic supermarket business, advanced data analysis in the healthcare businesses
- New business creation from next-generation growth fields x DX: Progress in decarbonization, mobile payment services, DX support services

### Enhancement of Sustainability Management

Internal promotion and progresses have accelerated with respect to the six “Key Social Issues” to be pursued by our company in the interest of realizing a sustainable society (identified in 2020), such as the initiatives of each SBU and the start of the company wide operation system. The

examples of the main initiatives in fiscal 2022 are as below



We plan to continue to undertake the enhancement of the sustainability management including the following

- Designing and introducing a system to promote the conversion into a business that contributes to the mitigation of climate change while aiming to contribute to the achievement of carbon neutrality in society by 2050
- Through collaborations between EII and the six business units, create and monetize next-generation businesses in anticipation of changes in the structure of society
- Strengthen and effectively operate a system to sustainably procure natural resource
- Build and strengthen a management system for human rights risks within our businesses that embrace a diverse supply chain

<Reference>

For more details of “Key Social Issues” and “Medium to Long-term Goals” and its results and progresses, please access to our corporate website

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

## (B) Framework SHIFT

In order to ensure the effectiveness of the “Business Portfolio SHIFT”, we have also promoted the “Framework SHIFT”. Specifically, we have conducted the following initiatives.

- Monitoring of the progress status of the strategies set by each SBU, conducting plan-do-check-act (PDCA) cycle to discuss the need for reviewing strategies
- Adoption of stricter investment discipline through the establishment of guidelines for selecting investments and, to increase the probability of successful business investment and maximize value



- Establishment and reinforcement of the structure regarding the growth strategy themes such as next-generation energy business, social infrastructure, retail and consumer, healthcare, and agriculture
- Revising the framework to a one which reallocates investment capital across business units in order to drive a more dynamic “Business Portfolio SHIFT”

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

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

#### Enhancement of Governance

- Fiscal 2022: Reformed the director remuneration system with the objective of strengthening motivation to improve corporate value and achieve management goals in the medium to long-term (reviewed remuneration standards/remuneration composition ratio and reflected the stock price growth rate in the calculation of the total amount of payment of the performance-linked bonuses)
- Fiscal 2023: added non-financial indicators (“climate change”, “promotion of women's active engagement” and “employee engagement”) to the evaluation indicators the for the stock-based remuneration system (\*)

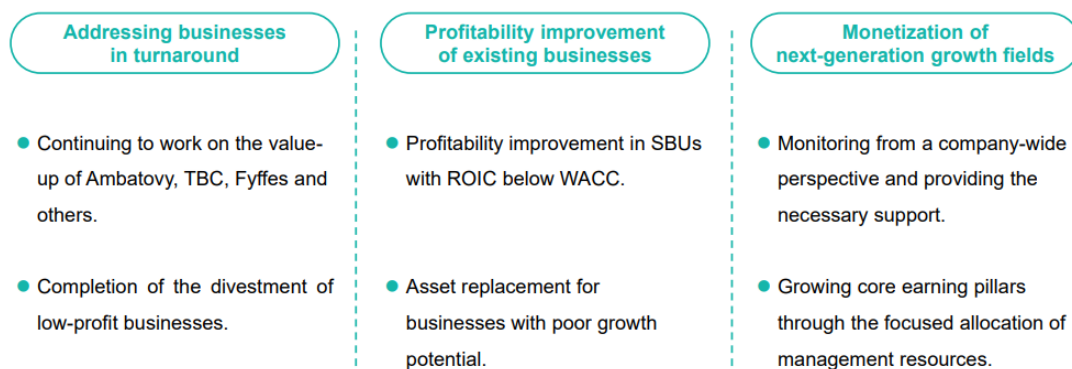
\* subject to the resolution of Proposition No. 4 of the 155<sup>th</sup> Ordinary General Meeting of Shareholders as proposed

#### Enhancement of Human Resources Management

Promoted further “Diversity, Equity & Inclusion” by implementing measures such as promotions that are not restricted by age, promotions of female employees, active promotions of mid-career employees including promotions to the post of executive officers, and diversification/annualization of recruitment methods

### **(2) Initiatives for the completion of “SHIFT 2023”**

Taking into account the progresses over the last two years as explained above, as fiscal 2023 being the final year of “SHIFT 2023”, we will focus on conducting the following priority actions.



We will complete “SHIFT 2023” in order to further improve our growth potential and the stability of our earnings, and create a structure that will generate profit above the cost of shareholder’s capital regardless of the external environment, and enhance shareholder returns. In addition, we will endeavor to retain and upward trust from the market through constructive dialog.

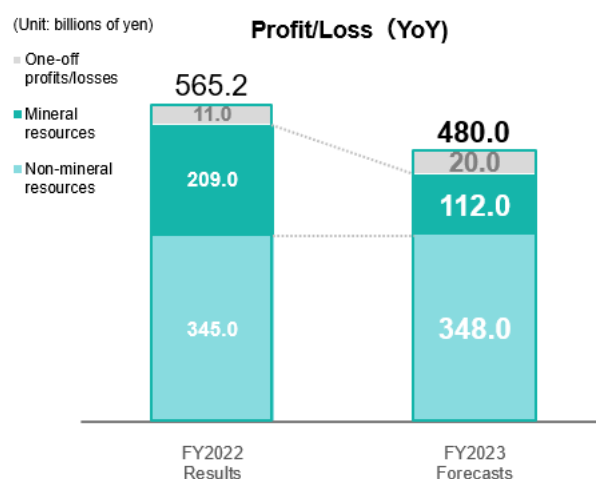
### (3) Quantitative Plan and shareholder return policy

The details of our quantitative plan and shareholder return policy onward is as below.

#### (A) Quantitative Plan

- Earnings forecasts

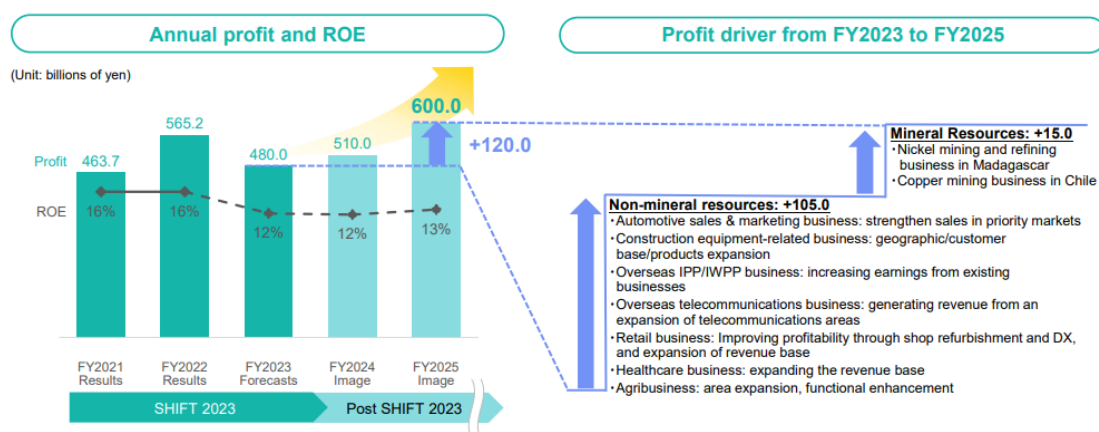
In light of the current situation, we have set our earnings forecasts as follows



Although uncertainty of the outlook of the world economy is increasing, at present, we foresee that the present business environment will continue, and thus we forecast the profit for fiscal 2023 as 480.0 billion yen. Compared to the previous year, we are expecting that mineral resources businesses will decrease due to the softening of resource and energy prices and the non-mineral

resources businesses will remain flat.

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 towards the implementation of the “Business Portfolio SHIFT”, through the optimal allocation of management resources, the profit plans for up to fiscal 2025 are presented below.



#### - Cashflow plan

We will keep the policy of achieving positive free cash flow after dividends under “SHIFT 2023” and will continue to implement thorough investments and asset recycling to conduct “Business Portfolio SHIFT” with high profitability and strong resiliency of our portfolio.

(Unit: billions of yen)

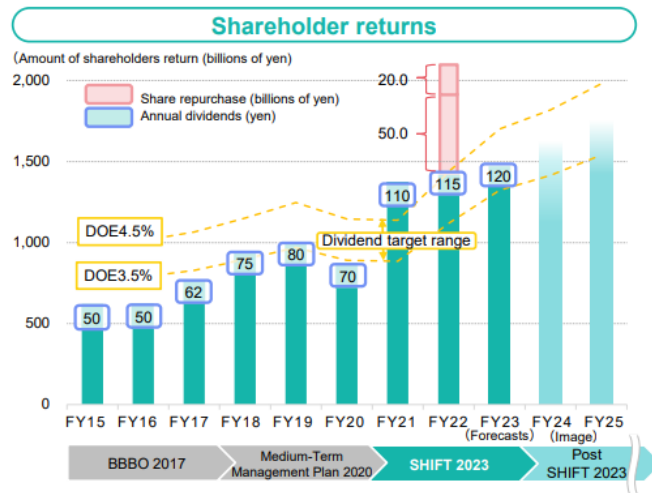
	SHIFT 2023		
	Results (Apr.2021-Mar.2023)	FY2023 Plans	3-year Total Plan (May 2023)
Basic profit cash flow*1	+868.9	+400.0	+1,270.0
Depreciation and amortization (After netting repayments of lease liabilities)	+214.2	+110.0	+320.0
Asset replacement	+380.0	+220.0	+600.0
Others	-580.0	±0.0	-580.0
Investment & loan (New investment & loan)	-650.0	-500.0	-1,140.0
<b>Free cash flow (adjusted*2)</b>	<b>+244.5</b>	<b>+230.0</b>	<b>+470.0</b>
Shareholder return	-291.1	-180.0	-470.0
<b>Free cash flow (post-shareholder return)(adjusted*2)</b>	<b>-46.6</b>	<b>+50.0</b>	<b>Ensure Positive</b>

\*1 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  
\*2 Repayments of lease liabilities categorized in financing activities is adjusted  
\*3 Annual dividend (24/3) included in FY2023 plans is based on our plan ¥120 per share.

**(B) Shareholder return policy and forecast of the dividends for fiscal 2023**

Shareholder return policy: The annual dividend amount will be determined based on the consolidated dividend payout ratio of 30% within the DOE range of 3.5% to 4.5%, taking into consideration the status of fundamental earnings capacity, cashflows and other factors. When 30% of the profit for the year exceeds such range, we will pay dividends or repurchase our shares for the excess portion in a flexible and agile manner.

With the forecast of consolidated financial results for fiscal 2023 of 480.0 billion yen, we plan to pay an annual dividend of 120 yen for fiscal 2023, representing an increase of 5 yen from the previous fiscal year.



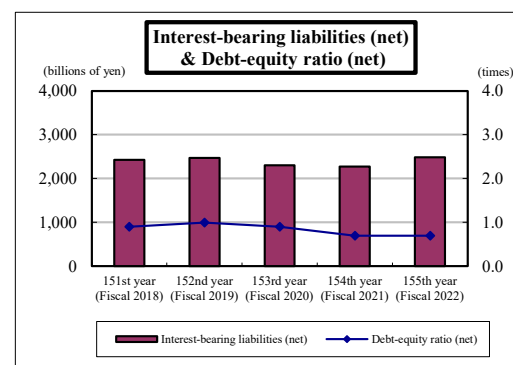
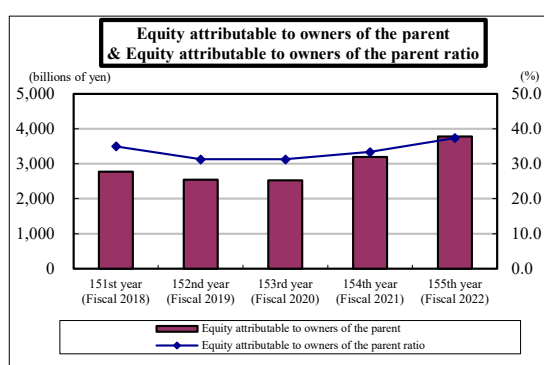
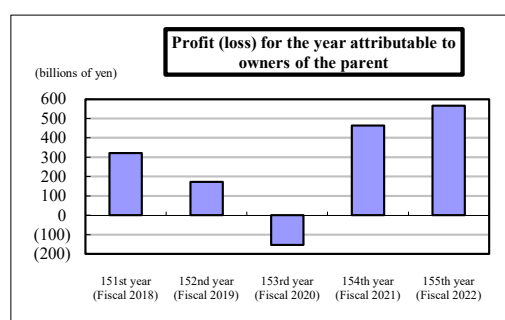
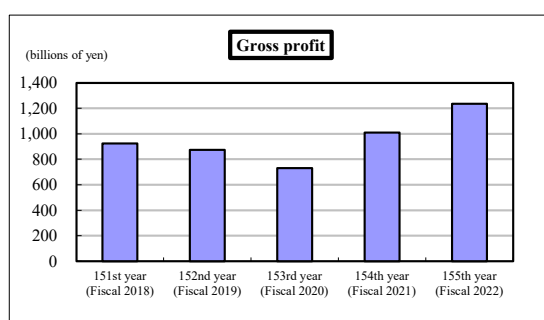
We will keep aiming for a stable dividend and an increase of the dividend amount based on the profit growth over the medium-to long term.

Fiscal 2023 is the final year of SHIFT 2023 and we will do our best for its completion. We kindly appreciate for our shareholder’s continuous support.

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

	International Financial Reporting Standards				
	151st year (Fiscal 2018)	152nd year (Fiscal 2019)	153rd year (Fiscal 2020)	154th year (Fiscal 2021)	155th year (Fiscal 2022)
Revenues (billions of yen)	5,339.2	5,299.8	4,645.1	5,495.0	6,817.9
Gross profit (billions of yen)	923.2	873.7	729.5	1,009.6	1,234.8
Profit (loss) for the year attributable to owners of the parent (billions of yen)	320.5	171.4	(153.1)	463.7	565.2
Earnings (loss) per share attributable to owners of the parent (yen)	256.68	137.18	(122.42)	370.79	452.51
Total assets (billions of yen)	7,916.5	8,128.6	8,080.0	9,582.2	10,106.3
Equity attributable to owners of the parent (billions of yen)	2,771.5	2,544.1	2,528.0	3,197.8	3,779.5
Equity per share attributable to owners of the parent (yen)	2,219.11	2,036.48	2,022.83	2,558.24	3,062.59
ROE (%)	12.0	6.4	(6.0)	16.2	16.2
ROA (%)	4.1	2.1	(1.9)	5.3	5.7
Equity attributable to owners of the parent ratio (%)	35.0	31.3	31.3	33.4	37.4
Interest-bearing liabilities (net) (billions of yen)	2,427.1	2,468.8	2,300.4	2,273.7	2,484.4
Debt-equity ratio (net) (times)	0.9	1.0	0.9	0.7	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, 2023)

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, 2023)

##### (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	4 offices	Hamamatsu, Shikoku (Takamatsu), Niihama, Nagasaki

Our domestic incorporated subsidiaries	3 subsidiaries	Sumitomo Corporation Hokkaido Co., Ltd., Sumitomo Corporation Tohoku Co., Ltd., Sumitomo Corporation Kyushu Co., Ltd.
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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, Kyiv Branch, Almaty Branch, Astana Sub-Branch Office
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- Notes: 1. In addition to the above, we have 24 overseas representative offices.  
2. "Kyiv Branch" is the new name which was changed from the former "Kiev Branch" on May 1, 2022.  
3. "Astana Sub-Branch Office" is the new name which was changed from the former "Nur-Sultan Sub-Branch Office" on December 1, 2022.

Our overseas locally-incorporated subsidiaries	35 subsidiaries	Sumitomo Corporation of Americas (US), Sumitomo Corporation do Brasil S.A., Sumitomo Corporation Europe Limited (UK), Sumitomo Corporation Africa Proprietary Limited(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.
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Note: These 35 overseas locally-incorporated subsidiaries have 82 head, branch or other offices.

## 6. Status of Work Force (as of March 31, 2023)

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

Segment	Number of employees
Metal Products	5,905
Transportation & Construction Systems	21,552
Infrastructure	3,528
Media & Digital	15,967
Living Related & Real Estate	18,346
Mineral Resources, Energy, Chemical & Electronics	9,713
Others	3,224
Total	78,235 (increase of 3,982 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 5,223 (decrease of 77 compared with the end of the previous fiscal year)

Note: This figure includes 155 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			
	152nd year (Fiscal 2019)	153rd year (Fiscal 2020)	154th year (Fiscal 2021)	155th year (Fiscal 2022)
Number of consolidated subsidiaries	663	662	637	636
Number of associated companies	294	273	256	250

### (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	Sumisho Coal Australia Holdings Pty Ltd. (C)	Investment in coal mines in Australia
	Sumitomo Shoji Chemicals Co., Ltd. (C)	Domestic and international trade of chemicals and electronic materials
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, 2023)

Name of Lender	Loans payable (in millions of yen)
MUFG Bank, Ltd.	208,229
Development Bank of Japan Inc.	160,095
Sumitomo Mitsui Banking Corporation	145,580
Sumitomo Mitsui Trust Bank, Limited	119,649
Mizuho Bank, Ltd.	101,475
SUMITOMO LIFE INSURANCE COMPANY	88,000
Meiji Yasuda Life Insurance Company	86,000
Nippon Life Insurance Company	82,888
Shinkin Central Bank	60,000
The Norinchukin Bank	50,000
Others	665,961
Total of loans payable by the Company	1,767,877
Total of loans payable by consolidated subsidiaries of the Company	798,616
Total of consolidated loans payable	2,566,493

Note: "Others" presented above includes syndicate loans of a total of 25,000 million yen which were arranged by Sumitomo Mitsui Banking Corporation or 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 (%)
60th series Yen-Dominated Unsecured Straight Bond	20	May 2022	May 2032	0.574%
61st series Yen-Dominated Unsecured Straight Bond	10	March 2023	March 2028	0.644%
62nd series Yen-Dominated Unsecured Straight Bond	25	March 2023	March 2030	0.949%
4th series USD-Dominated Unsecured Straight Bond	66.8 (500 million USD)	March 2023	March 2028	5.550%

## 10. Status of Capital Investment

Living Related & Real Estate Business Unit acquired an office building in Japan. In addition, it sold a part of an office building in Japan.

## II. Particulars regarding the Shares of the Company (as of March 31, 2023)

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

**2. Number of Issued Shares** 1,251,571,867 shares

(increase of 167,500 compared with the end of the previous fiscal year/  
including treasury stock 17,478,130 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 18, 2022.

**3. Number of Shareholders** 259,677 persons

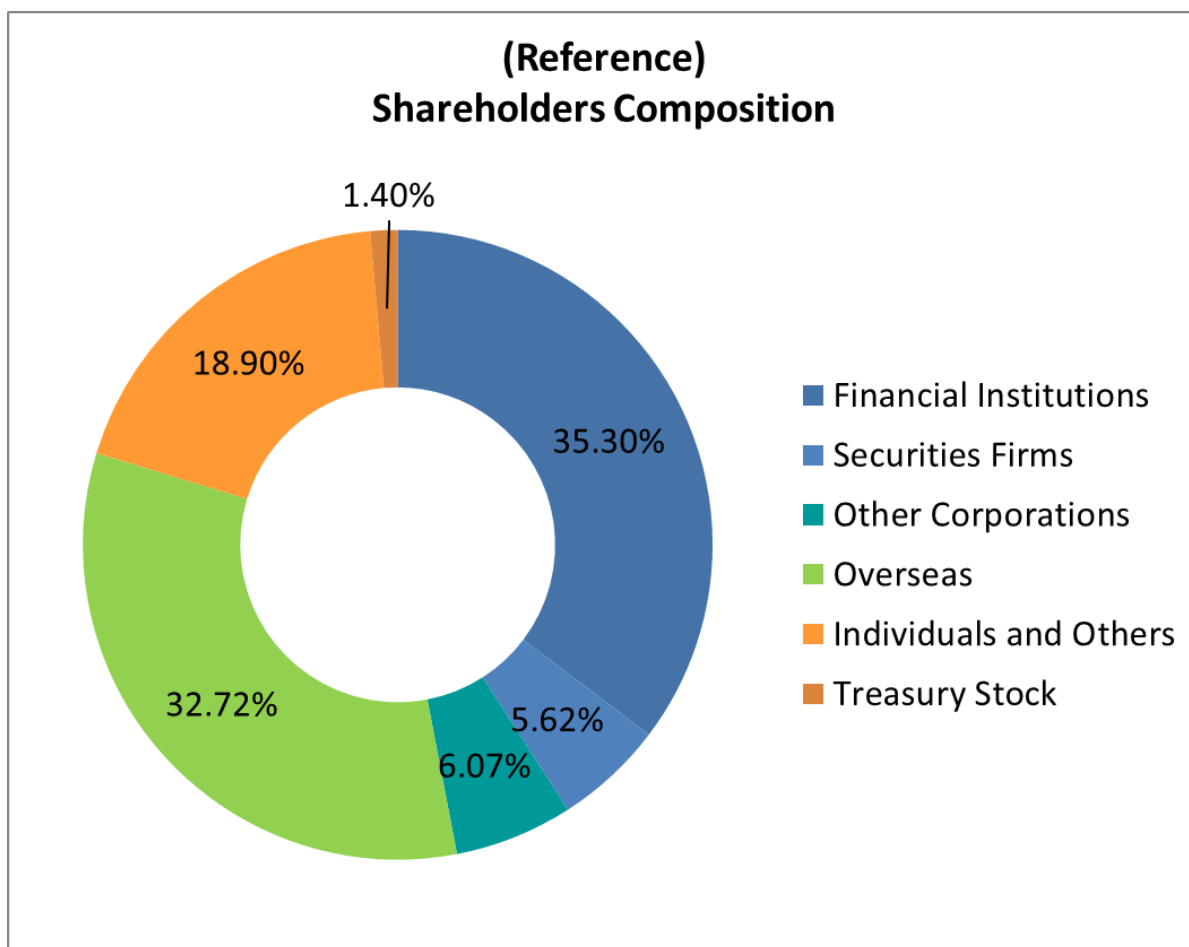
(increase of 35,416 compared with the end of the previous fiscal year)

**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)	203,004	16.45
EUROCLEAR BANK S.A./N.V.	92,803	7.52
Custody Bank of Japan, Ltd. (trust account)	71,710	5.81
SUMITOMO LIFE INSURANCE COMPANY	30,855	2.50
STATE STREET BANK WEST CLIENT - TREATY 505234	19,222	1.56
Mitsui Sumitomo Insurance Company, Limited	15,000	1.22
Nippon Life Insurance Company	14,879	1.21
JP MORGAN CHASE BANK 385781	14,782	1.20
NORTHERN TRUST CO. (AVFC) RE SILCHESTER INTERNATIONAL INVESTORS INTERNATIONAL VALUE EQUITY TRUST	14,385	1.17
JP Morgan Securities Japan Co., Ltd.	13,236	1.07

- Notes:
1. We hold 17,478,130 shares of treasury stock, however we are excluding us from the list of “Major Shareholders” presented above.
  2. 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 from the total number of issued shares—and rounding to the nearest hundredth of a percent.



Note: The total is not 100% as the ratio is rounded to the nearest hundredth of a percent.

#### 6. The State of Shares Granted to the Company's Officers as Remuneration in Fiscal 2022

	Class and number of shares	Number of officers to whom such shares were granted
Directors (excluding outside directors)	60,300 common shares	7 persons

- Notes:
1. "Directors" presented above includes a Director who resigned from his position of Director on the close of the 152nd Ordinary General Meeting of Shareholders held on June 19, 2020.
  2. No such shares were granted to Outside Directors and Audit & Supervisory Board Members as the compensation for its execution of duties during fiscal 2022.

#### 7. Other Important Matters regarding the Shares of the Company

We, at the meeting of the Board of Directors held on February 6, 2023, resolved to repurchase shares of our common stock pursuant to Article 156 of the Companies Act of Japan, as applied pursuant to Paragraph 3, Article 165 of the Act in order to improve capital efficiency and to enhance shareholder returns. By April 28, 2023, we repurchased shares of our common stock as follows. All repurchased shares are scheduled to be cancelled on June 2, 2023, in accordance with the resolution of the same meeting of the Board of Directors.

Class of shares repurchased	Common stock
Total number of shares repurchased	21,268,200 shares (*)
Aggregate repurchased amount	49,999,766,200 yen (*)
Period for repurchases	From February 7, 2023 to April 28, 2023
Method of repurchases	Purchase on the Tokyo Stock Exchange

Note: (\*) indicates the status as of the end of period for repurchases.

Also, we, at the meeting of the Board of Directors held on May 9, 2023, resolved to additionally repurchase shares of our common stock as follows. All shares to be repurchased are scheduled to be cancelled on July 24, 2023, in accordance with the resolution of the same meeting of the Board of Directors.

Class of shares to be repurchased	Common stock
Total number of shares to be repurchased	Up to 12 million shares
Aggregate repurchase amount	Up to 20 billion yen
Period for repurchases	From May 10, 2023 to June 9, 2023
Method of repurchases	Purchase on the Tokyo Stock Exchange

### 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

#### 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> )	1 right	Common Shares 1,000 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> )	29 rights	Common Shares 2,900 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> )	102 rights	Common Shares 10,200 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> )	152 rights	Common Shares 15,200 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> )	117 rights	Common Shares 11,700 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> )	379 rights	Common Shares 37,900 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, 2013 (the 8 <sup>th</sup> )	434 rights	Common Shares 43,400 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
August 1, 2014 (the 9 <sup>th</sup> )	558 rights	Common Shares 55,800 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
July 31, 2015 (the 10 <sup>th</sup> )	705 rights	Common Shares 70,500 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
August 2, 2016 (the 11 <sup>th</sup> )	1,292 rights	Common Shares 129,200 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> )	1,064 rights	Common Shares 106,400 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	0 person	0 right
July 31, 2007 (the 2 <sup>nd</sup> )	1 person	29 rights	0 person	0 right	0 person	0 right	0 person	0 right
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	0 person	0 right
July 31, 2010 (the 5 <sup>th</sup> )	1 person	86 rights	0 person	0 right	0 person	0 right	1 person	66 rights
July 31, 2011 (the 6 <sup>th</sup> )	1 person	86 rights	0 person	0 right	0 person	0 right	1 person	31 rights
July 31, 2012 (the 7 <sup>th</sup> )	3 persons	206 rights	0 person	0 right	0 person	0 right	5 persons	173 rights
July 31, 2013 (the 8 <sup>th</sup> )	3 persons	187 rights	1 person	26 rights	1 person	20 rights	6 persons	201 rights
August 1, 2014 (the 9 <sup>th</sup> )	2 persons	145 rights	1 person	24 rights	2 persons	48 rights	10 persons	341 rights
July 31, 2015 (the 10 <sup>th</sup> )	2 persons	153 rights	1 person	23 rights	2 persons	44 rights	13 persons	485 rights
August 2, 2016 (the 11 <sup>th</sup> )	3 persons	258 rights	1 person	55 rights	5 persons	181 rights	14 persons	798 rights
July 31, 2017 (the 12 <sup>th</sup> )	4 persons	240 rights	1 person	40 rights	7 persons	175 rights	15 persons	609 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.



#### IV. Particulars regarding the Company's Directors and Audit & Supervisory Board Members

##### 1. Status of the Directors and Audit & Supervisory Board Members (as of March 31, 2023)

Name	Position in the Company	Particulars of important posts concurrently held
Kuniharu Nakamura	Chairman of the Board of Directors	Outside Director, NEC Corporation Outside Director, Shin-Etsu Chemical Co., Ltd.
Masayuki Hyodo	Representative Director, President and Chief Executive Officer	Chief Executive Officer
Toshikazu Nambu	Representative Director, Executive Vice President	Chief Digital Officer (Media & Digital Business Unit and Living Related & Real Estate Business Unit)
Takayuki Seishima	Representative Director, Senior Managing Executive Officer	Chief Administration Officer and Chief Compliance Officer
Reiji Morooka	Representative Director, Senior Managing Executive Officer	Chief Financial Officer
Hirokazu Higashino	Representative Director, Managing Executive Officer	Chief Strategy Officer and Chief Information Officer
Koji Ishida	Outside Director* <sup>1</sup>	Member of the Public Interest Oversight Committee, KPMG AZSA LLC* <sup>4</sup>
	Attendance in meetings of the Board of Directors	Main activities and overview of work undertaken in relation to their expected role
	18 of 18 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* <sup>1</sup>	Audit and Inspection Commissioner, the Tokyo Metropolitan Government* <sup>5</sup> Outside Director, Resona Holdings, Inc.* <sup>5</sup> Outside Director, Ajinomoto Co., Inc.* <sup>5</sup>
	Attendance in meetings of the Board of Directors	Main activities and overview of work undertaken in relation to their expected role

	15 of 18 meetings (83.3%)	<p>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 &amp; 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.</p> <p>Furthermore, as a chair 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 &amp; Supervisory Board Member and executive management therefore fulfilling the role which we expect from her.</p>
Hisashi Yamazaki	Outside Director* <sup>1</sup>	<p>Attorney at Law Supervisory Board Member, National Federation of Agricultural Cooperative Associations*<sup>6</sup> Outside Director, JAPAN POST INSURANCE Co., Ltd.*<sup>5</sup></p>
	Attendance in meetings of the Board of Directors	Main activities and overview of work undertaken in relation to their expected role
	18 of 18 meetings (100%)	<p>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.</p>
Akiko Ide	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
	18 of 18 meetings (100%)	<p>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 &amp; 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.</p>
Takashi Mitachi	Outside Director	<p>Outside Director, Rakuten Group, Inc.*<sup>5</sup> Outside Director, DMG MORI CO., LTD.*<sup>5</sup> Outside Director, Tokio Marine Holdings, Inc.*<sup>5</sup></p>

	Attendance in meetings of the Board of Directors <sup>*7</sup>	Main activities and overview of work undertaken in relation to their expected role <sup>*7</sup>		
	14 of 14 meetings (100%)	Mr. Mitachi has broad knowledge and many years of experience in the fields of business management and enterprise risk management accumulated mainly through serving in several key positions at a major US consulting firm or as an Outside Director for private companies. 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 the management strategies and how the Company's business portfolio should be 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.		
Michihiko Hosono	Senior Audit & Supervisory Board Member (full-time)			
Kazunari Sakata	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	
	18 of 18 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	
	18 of 18 meetings (100%)	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	Attendance in meetings of Audit & Supervisory Board	Main activities	

	18 of 18 meetings (100%)	17 of 17 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.
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- Notes:
- Individuals marked with \*1 meet the requirements of an Outside Director specified by Article 2 Item 15 of the Companies Act. The individuals marked with \*1 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 31 to 33). We have designated all these individuals as independent directors based on the exchanges' respective provisions.
  - Individuals marked with \*2 meet the requirements of an Outside Audit & Supervisory Board Member specified by Article 2 Item 16 of the Companies Act. The individuals marked with \*2 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 31 to 33). We have designated all these individuals as independent Audit & Supervisory Board Members based on the exchanges' respective provisions.
  - \*3 Mr. Kato is qualified as a certified public accountant, and thus has a respectable degree of knowledge regarding finance and accounting.
  - \*4 KPMG AZSA LLC is our accounting auditor.
  - \*5 No special relationship exists between the Company and the Tokyo Metropolitan Government, Resona Holdings, Inc., Ajinomoto Co., Inc., JAPAN POST INSURANCE Co., Ltd., Rakuten Group, Inc., DMG MORI CO., LTD., Tokio Marine Holdings, Inc., Mitsui Fudosan Co., Ltd., Recruit Holdings Co., Ltd. and Japan Tobacco Inc.
  - \*6 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 Of the above, the status of attendance in meetings of the Board of Directors and main activities and overview of work undertaken in relation to their expected role of Mr. Mitachi apply from his election as Outside Director on June 24, 2022.

## 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)		
					Performance share unit-based remuneration	Restricted performanceshare unit-based remuneration		
				Before June 2022	After June 2022			
Directors	Internal Directors	8	¥1,311 million	¥427 million	¥537 Million	¥91 million	¥86 million	¥169 million
	Outside Directors	6	¥104 Million	¥104 million	—	—	—	—
	Total	14	¥1,415 million	¥532 million	¥537 Million	¥91 million	¥86 million	¥169 million
Director	The upper limits of the total amount of monetary remuneration receivables/common shares to be issued or disposed of (yearly amount/yearly)	—	¥600 million (for Outside Directors, ¥150 million) *1	¥750 million*2	¥430 million/ 180 thousand shares*3	¥650 million / 300 thousand shares*4	¥1,100 million / 450 thousand shares*5	

	total amount)							
Audit & Supervisory Board Members	Internal Audit & Supervisory Board Members (full-time)	3	¥87 million	¥87 million	—	—	—	—
	Outside Audit & Supervisory Board Members	3	¥59 million	¥59 million	—	—	—	—
	Total	6	¥146 million	¥146 million	—	—	—	—
	The upper limits of the total amount of monetary remuneration receivables (yearly amount)		—	¥180 million <sup>**6</sup>	—	—	—	—

Notes: 1. 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 general meetings of shareholders.

	The date of general meetings of shareholders	Number of officers at the time of resolution
**1	The 154th Ordinary General Meeting of Shareholders (June 24, 2022)	11 Directors (including 5 Outside Directors)
**2	The 154th Ordinary General Meeting of Shareholders (June 24, 2022)	6 Directors (excluding Outside Directors)
**3	The 150th Ordinary General Meeting of Shareholders (June 22, 2018)	6 Directors (excluding Outside Directors)
**4	The 153th Ordinary General Meeting of Shareholders (June 18, 2021)	6 Directors (excluding Outside Directors)
**5	The 154th Ordinary General Meeting of Shareholders (June 24, 2022)	6 Directors (excluding Outside Directors)
**6	The 145th Ordinary General Meeting of Shareholders (June 21, 2013)	5 Audit & Supervisory Board Members (including 3 Outside Audit & Supervisory Board Members)

- 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 “performance-linked bonus” is within the maximum amount approved at the 154th Ordinary General Meeting of Shareholders held on June 24, 2022. The stated maximum amount was calculated in accordance with the calculation method approved by the Board of Directors.
- The “Old Plan” refers to the restricted stock-based remuneration plan and the performance share unit-based remuneration plan adopted pursuant to the resolution of the 150th Ordinary General Meeting of Shareholders held on June 22, 2018. No restricted stock-based remuneration under the Old Plan was provided in this fiscal year.
- The “New Plan” refers to the restricted performance share unit-based remuneration 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 “performance share unit-based remuneration” is 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 2023 under the Old Plan.

8. The “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 and 2025 under the New Plan.
9. 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 is ¥884 million, and the total amount of non-monetary remuneration (“performance share unit-based remuneration” and “restricted performance share unit-based remuneration” listed above) of Directors is ¥347 million.
10. 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

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

#### ① System for remuneration (● indicates such Director eligible for each type of remuneration)

Type of Remuneration		Director Type		
		Executive Director	Chairman of the Board of Directors	Outside Director
Fixed	Monthly Remuneration	●	●	●
Variable	Performance Linked Bonus	●	—	—
	Stock-based remuneration	●	●	—

#### ② Ratio and remuneration standards regarding each types of remuneration

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

#### ③ Policy and method on the decision of the amount of each remuneration

- ◇ Policy on the decision of the amount of each remuneration: as follows
- ◇ Method on the decision of the amount of each remuneration: Remuneration of each Directors is resolved by the Board of Directors within the limit resolved at the General Meeting of Shareholders. For the resolution by the Board of Directors, the details are deliberated by the Nomination and Remuneration Advisory Committee and the results thereof are reported to the Board of Directors. For other method, as follows

		Policy on the decision of the amount of each remuneration	Method on the decision of the amount of each remuneration
Fixed	Monthly Remuneration	Fixed amount remuneration determined based on the abovementioned standards is provided.	-
Variable	Performance Linked Bonus	<ul style="list-style-type: none"> <li>• 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.</li> <li>• Each Executive Director is evaluated on the basis of both financial indicators and non-financial indicators</li> </ul>	<ul style="list-style-type: none"> <li>• The Board of Directors, reflecting reports from the Nomination and Remuneration Advisory Committee, set assumed values for each performance management index and decide formula for calculating the performance linked bonuses for individual Executive Directors (for the relevant fiscal year) based on actual values for each performance management index.</li> <li>• After the end of fiscal year, Representative Director, President and Chief Executive Officer (who is delegated such decision by the Board of Directors) shall decide personal evaluations of each Executive Directors regarding the performance management index which is a part of the formula, following meetings with each of Executive Directors, and performance linked bonuses for each fiscal year will be determined as per the formula, within the limit resolved at the General Meeting of Shareholders.</li> <li>• Representative Director, President and Chief Executive Officer will</li> </ul>

			report to the Nomination and Remuneration Advisory Committee about the grading results to make sure that the personal evaluations are appropriate.
	Restricted Performance Share Unit-Based Remuneration	<p>This remuneration is aimed at promoting efforts at optimizing its business portfolio, increasing corporate value in the medium to long term and to ensure sustainable growth, focusing on the link with indicators related to environment, society and governance (ESG) together with shareholder value. Further, we shall promote to share value with the shareholders.</p> <p>The actual contents and timing of payment of the stock-based remuneration for each Directors is decided by the Board of Directors after consultation with the Nomination and Remuneration Advisory Committee.</p>	<ul style="list-style-type: none"> <li>• The Board of Directors, reflecting reports from the Nomination and Remuneration Advisory Committee, decide formula for calculating the stock-based remuneration for individual Executive Directors at the first board meeting of relevant evaluation period based on actual values for each performance management index in several fiscal years.</li> <li>• Nomination and Remuneration Advisory Committee (who is delegated such decision by the Board of Directors), comprised of Outside Directors, Chairman of the Board of Directors and Representative Director, President and Chief Executive Officer, shall decide personal evaluations of each Executive Directors on the indicator regarding environment, society, and governance (ESG) which is a part of the formula, and report the evaluations to the Board of Directors.</li> </ul>

**④ 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 Advisory Committee in accordance with the basic policy, structure and decision process for executive



remuneration previously decided on by the Board of Directors.

**(2) Particulars regarding performance linked remuneration, etc. and non-monetary remuneration, etc. for fiscal year 2022**

**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, basic profit cash flow and the Company stock growth rate (which is a ratio of growth rate of the Company's stock price to the growth rate of the TOPIX index) 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.
- Each Executive Directors is evaluated on the basis of both financial indicators and non-financial indicators.
- The performance indicators chosen as a basis of calculation of performance linked remuneration, etc. ended in the below results for fiscal 2022.

	Result (billion yen)
Consolidated Net Income	565.2
Basic Profit Cash flow	509.3
Company stock growth rate	120%

- After the end of fiscal 2022, 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 2022 (which is to be paid in June, 2023) will be paid to each Executive Directors.
- 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.

**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, 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)"), 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”).

- 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 (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) 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.
- The Evaluation Period (from June 1, 2019 to June 30, 2022) for the Previous Plan 2 (Performance Share Unit-based Remuneration) ended on the last day of June in 2022, and accordingly, 60,300 of the Company’s common shares as restricted stock were issued and distributed to the seven Eligible Directors, reflecting the stock growth rate (107.7%) during the relevant Evaluation Period.
- At the 153<sup>rd</sup> Ordinary General Meeting of Shareholders held on June 18, 2021, 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 (for the stock-based remuneration, the evaluation period of which starts on or after June 2023, the amount of dividend will not be used for the calculation of the number of shares to be granted) during the Evaluation Period. 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.
- 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.

#### **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 that 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, 2023)

Positions in the Company	Name	Areas of responsibility in the Company
President and Chief Executive Officer *1	Masayuki Hyodo	Chief Executive Officer
Executive Vice President	Shingo Ueno	(Metal Products Business Unit, Mineral Resources, Energy, Chemical & Electronics Business Unit and Energy Innovation Initiative)
Executive Vice President *1	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 *1	Reiji Morooka	Chief Financial Officer
Senior Managing Executive Officer	Yoshiyuki Sakamoto	General Manager, Mineral Resources, Energy, Chemical & Electronics Business Unit
Senior Managing Executive Officer	Mitsuhiro Takeda	Director, Executive Vice President, JCOM Co., Ltd.
Senior Managing Executive Officer *1	Hirokazu Higashino	Chief Strategy Officer
Senior Managing Executive Officer	Katsuya Inubushi	General Manager, Metal Products Business Unit
Managing Executive Officer	Keigo Shiomi	General Manager for Asia & Oceania
Managing Executive Officer	Iehisa Nakamura	Assistant General Manager, Media & Digital Business Unit
Managing Executive Officer	Norihiko Nonaka	General Manager, Transportation & Construction Systems Business Unit
Managing Executive Officer	Shinichi Kato	Assistant General Manager for the Americas, CAO of 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
Managing Executive Officer	Haruhiko Aritomo	General Manager for East Asia
Managing Executive Officer	Nobuhiro Yoshida	General Manager for Japan Region, General Manager, Kansai Office
Managing Executive Officer	Hiroyuki Koike	General Manager for Europe & CIS
Managing Executive Officer	Tsutomu Ozaki	Senior Managing Executive Officer of SCSK Corporation
Managing Executive Officer	Takayuki Sumita	Assistant CSO
Managing Executive Officer	Koji Aso	Head of Energy Innovation Initiative
Managing Executive Officer	Kimihiko Sato	Head of Internal Control and Internal Audit
Executive Officer	Takashi Yamana	President and Representative Director of 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	Yusuke Ujimoto	Managing Corporate Officer of 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
Executive Officer	Hiroshi Karashima	Assistant General Manager for Asia & Oceania, Sumitomo Corporation Asia & Oceania Group, President Director of PT. Sumitomo Indonesia
Executive Officer	Takao Kusaka	General Manager, Lease, Ship & Aerospace Business Division
Executive Officer	Hiroaki Murata	General Manager, Construction Material & Real Estate Business Division
Executive Officer	Aki Tomita	Assistant CAO, General Affairs & Legal, General Manager, Legal Compliance Dept.
Executive Officer*2	Gota Iwanami	Assistant General Manager for Japan Region, General Manager, Chubu Office
Executive Officer*2	Nobuyasu Yonezu	Director of Energy Innovation Initiative, General Manager, Indonesia Energy Transition Dept.
Executive Officer*2	Seiji Kitajima	Director of Energy Innovation Initiative
Executive Officer*2	Eisuke Takenaka	General Manager, Corporate Planning & Coordination Dept.
Executive Officer*2	Tatsushi Tatsumi	Chief Digital Officer, Chief Information Officer
Executive Officer*2	Shunichi Aramaki	General Manager, Digital Business Division
Executive Officer*2	Yoshiko Nakazawa	Assistant CAO, Human Resources

- Notes: 1. Individuals marked with \*1 are Directors (Representative Directors).  
2. Individuals marked with \*2 are Executive Officers who were newly elected and each of them assumed their duty as of April 1, 2023.

## 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>	521
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>	20
Audit remuneration and other fees to be paid to Accounting Auditors by the Company	541
Total amount of cash and other financial benefits payable by the Company and its consolidated subsidiaries to Accounting Auditors	1,141

(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 the Audit & Supervisory Board recognizes that an Accounting Auditor falls under any of situations stipulated in each clause of Article 340, Paragraph 1 of the Companies Act, the Audit & Supervisory Board's policy is to dismiss the said Accounting Auditor in accordance with the consent of all the members of the Audit & Supervisory Board. In this case, an Audit & Supervisory Board Member selected by the Audit & Supervisory Board shall report the said dismissal and the reason for the dismissal at the first General Meeting of Shareholders convened following the dismissal of said Accounting Auditor.

In addition, in the event of a significant adverse effect on the adequate execution of an Accounting Auditor's duties due to reasons such as the emergence of causes detrimental to the eligibility or independence of the said Accounting Auditor, in accordance with Article 344 of the Companies Act, the Audit & Supervisory Board shall determine the details of the agenda item to be submitted at the General Meeting of Shareholders regarding the dismissal or non-reappointment of the said Accounting Auditor and the election of a new Accounting Auditor.

## 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 harassment prevention seminars for all of our officers and employees, and conducted webinars regarding the prevention of bribery.</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 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. We are also establishing a system to protect whistleblowers as they pertain to</li> </ul>

Internal Control Systems	Current Implementation Status
	<p>“Speak-Up,” to address revisions made to the Whistleblower Protection Act.</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 disclosed on our corporate website an overview of the “Speak-Up System,” and information regarding its operational status and how its use is being promoted.</li> <li>➤ We also hold the Compliance Committee, where the details of compliance activities and measures are reported and deliberated.</li> <li>➤ We are also implementing a compliance awareness survey for all officers and employees to utilize them for proposals and implementation of compliance measures.</li> </ul>
<u>2. Systems for retaining and managing information pertaining to the Directors’ execution of their duties</u>	
<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 disseminate 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</li> </ul>

Internal Control Systems	Current Implementation Status
	<p>regulations in line with the “Information Security Policy”.</p> <ul style="list-style-type: none"> <li>➤ We submit for review by Audit &amp; Supervisory Board Members any documents they request.</li> </ul>
<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>● Building a resilient system that includes the formulation of plans to quickly restore operations and continue business operations while securing the safety of all officers and employees in the event of a 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>➤ With respect to our risk management, we, in accordance with our internal rules, 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 are setting quantitative and qualitative standards to secure consistency in the external disclosure of information and to correctly disseminate necessary information. We also deliberate ideal methods for external information transmission at the “Corporation Communication Committee,” an advisory organ to the Management Council.</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.</li> <li>➤ 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</li> </ul>



Internal Control Systems	Current Implementation Status
	<p>medium-term action plans, thus promoting specific initiatives, and disclosed their progress status.</p> <ul style="list-style-type: none"> <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>➤ We established the “Forest Management Policy and the Sourcing Policy for Forest Products” to promote the strengthening of a sustainable sourcing system for the major natural resources handled by our group.</li> <li>➤ For security trade control, we are conducting various measures, including the creation of various guidelines, the internal notifications of various sanctions information, and training activities.</li> <li>➤ We are setting forth internal guidance regarding risk management through the use of insurance. We are also carrying out risk analysis and verification of risk mitigation and hedging measures by conducting insurance due diligence when investing in a new business, and supporting risk management in various ways related to insurance for subsidiaries</li> <li>➤ we hold 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”.</li> <li>➤ We are holding “Corporate Sustainability Committee” meetings and deliberating key policies, measures and initiatives related to the promotion of sustainability. In addition, to receive multifaceted opinions and advice on sustainability from specialists, we have set up an advisory board.</li> <li>➤ We set up the “Intelligence Committee” to facilitate the consideration and establishment of policies related to business development in countries and regions where country and geopolitical risks are heightening.</li> <li>➤ “Disaster Response &amp; Safety Management Department”, which is mainly responsible for promoting disaster response measures, plays a central role in implementing various disaster response measures and safety management measures, including emergency response exercises at the head office envisaging the occurrence of a disaster during</li> </ul>

Internal Control Systems	Current Implementation Status
	<p>working hours.</p> <ul style="list-style-type: none"> <li>➤ 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.</li> </ul>
<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 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.</li> </ul>

Internal Control Systems	Current Implementation Status
	<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>
<u>5. Systems for ensuring the properness of operations by the corporate group comprising the Company and its subsidiaries</u>	
<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>● Sharing and implementing the principles of the Group management — “Jiritsu,” “Dialogue ” and “Collaboration” in “Group Management Policy” — which aims to improve the corporate value of our group</li> <li>● Obtaining sufficient information and conducting preliminary considerations/discussions on “important management issues” regarding target subsidiaries and other consolidated companies, and manage target subsidiaries and other consolidated companies through the dispatching of directors and auditors</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>➤ We established a “Group Management Policy”, to respect the “Jiritsu”* management by each group company, and to be involved in important decision-making at the board of directors or organization equivalent to the board of directors of each group company based on the relationship of trust established through active “Dialogue” as a shareholder, and to create new value through strong “Collaboration” of each group company including the Company.  <small>*"Jiritsu" is the Japanese term. In Group Management Policy, we define it to mean “following the rules necessary for the management of each group company, such as our 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”.</small></li> <li>➤ With respect to the “important management issues” determined by each of our consolidated companies, we are instilling 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.</li> <li>➤ In cases where Audit &amp; Supervisory Board Members are dispatched to a subsidiary from the Company, each Audit &amp; Supervisory Board Member strives to implement an effective audit by specifying important audit items in accordance with the business risks of each subsidiary to ensure the mitigation of risk and autonomous management at each subsidiary.</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</li> </ul>

Internal Control Systems	Current Implementation Status
	<p>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”.</p> <ul style="list-style-type: none"> <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, and are conducting regular dialogue on such elements between us and our subsidiaries.</li> <li>➤ Through this project, we are continuing to support the strengthening of compliance systems at subsidiaries by using a “Compliance Roadmap,” which indicates the condition of each compliance system that our group should target.</li> <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>
<b>6. Matters regarding personnel assigned to support the operations of Audit &amp; Supervisory Board Members</b>	
<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>
<b>7. Systems for reporting to Audit &amp; Supervisory Board Members</b>	
<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</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</li> </ul>

Internal Control Systems	Current Implementation Status
<p>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</p> <ul style="list-style-type: none"> <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>	<p>Committee”, the “Corporate Sustainability Committee” and the “Compliance Committee” in accordance with internal rules.</p> <ul style="list-style-type: none"> <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 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.</li> </ul>
<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 Audit &amp; Supervisory Board Members at subsidiaries, Audit &amp; Supervisory Board Members conduct separate meetings with the Audit &amp; Supervisory Board Members of each subsidiary several times a year, interacting and exchanging information with 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.

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

Sumitomo Corporation and Subsidiaries

As of March 31, 2023 and 2022

	Millions of Yen	
	March 31, 2023	March 31, 2022
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and cash equivalents	¥ 656,859	¥ 733,824
Time deposits	10,783	13,847
Marketable securities	1,741	2,308
Trade and other receivables	1,678,995	1,621,862
Contract assets	426,369	300,539
Other financial assets	123,827	250,892
Inventories	1,390,559	1,058,003
Advance payments to suppliers	135,177	116,795
Assets classified as held for sale	6,574	33,815
Other current assets	442,073	513,598
Total current assets	4,872,957	4,645,483
<b>Non-current assets:</b>		
Investments accounted for using the equity method	2,642,504	2,356,984
Other investments	388,767	416,667
Trade and other receivables	207,201	215,941
Other financial assets	190,736	204,415
Property, plant and equipment	1,046,316	1,023,733
Intangible assets	284,790	254,966
Investment property	346,355	339,336
Biological assets	36,891	40,241
Deferred tax assets	30,790	26,660
Other non-current assets	58,945	57,740
Total non-current assets	5,233,295	4,936,683
Total assets	¥ 10,106,252	¥ 9,582,166

Note:

The Consolidated Statement of Financial Position as of March 31, 2022 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, 2023 and 2022

	Millions of Yen	
	March 31, 2023	March 31, 2022
<b>LIABILITIES AND EQUITY</b>		
<b>Current liabilities:</b>		
Bonds and borrowings	¥ 685,356	¥ 608,031
Trade and other payables	1,648,976	1,612,480
Lease liabilities	76,058	73,820
Other financial liabilities	119,170	292,185
Income tax payables	48,060	63,373
Accrued expenses	137,190	119,979
Contract liabilities	119,603	155,651
Provisions	12,152	6,429
Liabilities associated with assets classified as held for sale	5,487	16,917
Other current liabilities	113,103	127,925
Total current liabilities	2,965,155	3,076,790
<b>Non-current liabilities:</b>		
Bonds and borrowings	2,466,733	2,413,343
Trade and other payables	57,575	50,651
Lease liabilities	421,759	410,027
Other financial liabilities	57,243	95,764
Accrued pension and retirement benefits	21,841	20,742
Provisions	39,996	55,969
Deferred tax liabilities	98,491	77,595
Total non-current liabilities	3,163,638	3,124,091
Total liabilities	6,128,793	6,200,881
<b>Equity:</b>		
Common stock	220,047	219,894
Additional paid-in capital	254,114	255,996
Treasury stock	(39,563)	(1,871)
Other components of equity	637,538	454,136
Retained earnings	2,707,382	2,269,661

Equity attributable to owners of the parent	3,779,518	3,197,816
<b>Non-controlling interests</b>	197,941	183,469
Total equity	3,977,459	3,381,285
Total liabilities and equity	¥ 10,106,252	¥ 9,582,166

Note:

The Consolidated Statement of Financial Position as of March 31, 2022 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, 2023 and 2022

	Millions of Yen	
	2023	2022
<b>Revenues:</b>		
Sales of tangible products	¥ 6,238,706	¥ 4,997,278
Sales of services and others	579,166	497,737
<b>Total revenues</b>	<b>6,817,872</b>	<b>5,495,015</b>
<b>Cost:</b>		
Cost of tangible products sold	(5,278,970)	(4,219,322)
Cost of services and others	(304,150)	(266,090)
<b>Total cost</b>	<b>(5,583,120)</b>	<b>(4,485,412)</b>
<b>Gross profit</b>	<b>1,234,752</b>	<b>1,009,603</b>
<b>Other income (expenses):</b>		
Selling, general and administrative expenses	(811,737)	(713,941)
Impairment reversal (loss) on long-lived assets	(6,861)	(17,887)
Gain (loss) on sale of long-lived assets, net	20,152	5,244
Other, net	(3,241)	55,881
<b>Total other income (expenses)</b>	<b>(801,687)</b>	<b>(670,703)</b>
<b>Finance income (costs):</b>		
Interest income	48,340	28,989
Interest expense	(59,791)	(30,194)
Dividends	20,068	27,255
Gain (loss) on securities and other investments, net	29,050	48,238
<b>Finance income (costs), net</b>	<b>37,667</b>	<b>74,288</b>
<b>Share of profit (loss) of investments accounted for using the equity method</b>	<b>252,186</b>	<b>176,831</b>
<b>Profit before tax</b>	<b>722,918</b>	<b>590,019</b>
<b>Income tax expense</b>	<b>(123,830)</b>	<b>(105,452)</b>
<b>Profit for the year</b>	<b>599,088</b>	<b>484,567</b>
<b>Profit for the year attributable to:</b>		
<b>Owners of the parent</b>	<b>¥ 565,178</b>	<b>¥ 463,694</b>
<b>Non-controlling interests</b>	<b>33,910</b>	<b>20,873</b>
<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	4,735	14,188
Remeasurements of defined benefit pension plans	8,885	10,577
Share of other comprehensive income of investments accounted for using the equity method	769	(1,646)
<b>Total items that will not be reclassified to profit or loss</b>	<b>14,389</b>	<b>23,119</b>
<b>Items that may be reclassified subsequently to profit or loss</b>		
Exchange differences on translating foreign operations	123,559	246,071
Cash-flow hedges	26,175	19,354
Hedging cost	(1,596)	(2,209)
Share of other comprehensive income of investments accounted for using the equity method	48,835	20,363
<b>Total items that may be reclassified subsequently to profit or loss</b>	<b>196,973</b>	<b>283,579</b>
<b>Other comprehensive income, net of tax</b>	<b>211,362</b>	<b>306,698</b>
<b>Comprehensive income for the year</b>	<b>810,450</b>	<b>791,265</b>
<b>Comprehensive income for the year attributable to:</b>		
<b>Owners of the parent</b>	<b>¥ 774,262</b>	<b>¥ 765,330</b>
<b>Non-controlling interests</b>	<b>36,188</b>	<b>25,935</b>

Note:

The Consolidated Statement of Comprehensive Income for the year ended March 31, 2022 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, 2023 and 2022

For the year ended March 31, 2023

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>	219,894	255,996	(1,871)	454,136	2,269,661	3,197,816	183,469	3,381,285
Profit for the year					565,178	565,178	33,910	599,088
Other comprehensive income for the year				209,084		209,084	2,278	211,362
<b>Comprehensive income for the year</b>				209,084	565,178	774,262	36,188	810,450
<b>Transaction with owners:</b>								
Share-based payment transactions	153	559				712		712
Acquisition (disposal) of non-controlling interests, net		(2,578)				(2,578)	1,839	(739)
Acquisition (disposal) of treasury stock, net			(37,692)			(37,692)		(37,692)
Cash dividends to owners of the parent					(153,139)	(153,139)		(153,139)
Cash dividends to non-controlling interests							(23,555)	(23,555)
Others		137				137		137
<b>Transfer to retained earnings</b>				(25,682)	25,682	—		—
<b>Balance, end of year</b>	220,047	254,114	(39,563)	637,538	2,707,382	3,779,518	197,941	3,977,459

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>				301,636	463,694	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

Note:

The Consolidated Statement of Changes in Equity for the year ended March 31, 2022 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, 2023 and 2022  
(Unaudited)

	Millions of Yen	
	2023	2022
<b>Operating activities:</b>		
Profit for the year	¥ 599,088	¥ 484,567
Adjustments to reconcile profit for the year to cash flows from operating activities:		
Depreciation and amortization	183,749	170,363
Impairment reversal (loss) on long-lived assets	6,861	17,887
Finance (income) costs, net	(37,667)	(74,288)
Share of (profit) loss of investments accounted for using the equity method	(252,186)	(176,831)
(Gain) loss on sale of long-lived assets, net	(20,152)	(5,244)
Income tax expense	123,830	105,452
Changes in inventories	(264,356)	(148,056)
Changes in trade and other receivables	(9,911)	(200,792)
Changes in prepaid expenses	(10,599)	(28,476)
Changes in trade and other payables	(39,662)	251,924
Other, net	(118,258)	(249,621)
Interest received	20,728	13,601
Dividends received	205,786	142,767
Interest paid	(46,483)	(22,650)
Income taxes paid	(107,967)	(86,537)
Cash flows from operating activities	232,801	194,066
<b>Investing activities:</b>		
Proceeds from sale of property, plant and equipment	15,140	5,300
Purchases of property, plant and equipment	(70,295)	(69,716)
Proceeds from sale of investment property	32,119	22,327
Purchases of investment property	(44,333)	(7,576)
Proceeds from sale of other investments	116,771	166,017
Acquisitions of other investments	(145,218)	(95,738)
Collection of loans receivable	20,273	50,492
Increase in loans receivable	(15,982)	(22,067)
Cash flows from investing activities	(91,525)	49,039
<b>Financing activities:</b>		
Net changes in short-term debts	72,247	55,708
Proceeds from issuance of long-term debts	381,151	354,709
Repayments of long-term debts	(415,156)	(369,915)
Repayments of lease liabilities	(71,509)	(68,365)
Cash dividends paid	(153,139)	(99,985)
Capital contribution from non-controlling interests	663	758
Payments for acquisitions of subsidiary's interests from non-controlling interests	(3,247)	(2,178)
Payments of dividends to non-controlling interests	(23,555)	(10,708)
Acquisitions and disposal of treasury stock, net	(37,914)	52
Cash flows from financing activities	(250,459)	(139,924)
<b>Net changes in cash and cash equivalents</b>	<b>(109,183)</b>	<b>103,181</b>
<b>Cash and cash equivalents at the beginning of year</b>	<b>733,824</b>	<b>599,013</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>26,959</b>	<b>40,668</b>
<b>Net changes in cash and cash equivalents resulting from transfer to assets classified as held for sale</b>	<b>5,259</b>	<b>(9,038)</b>
<b>Cash and cash equivalents at the end of year</b>	<b>¥ 656,859</b>	<b>¥ 733,824</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, 2023)

### 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 636

Names of principal consolidated subsidiaries

Consolidated subsidiaries	Sumitomo Corporation of Americas
	SCSK Corporation

#### 3. The application of equity method

Number of associated companies 250

Names of principal associated companies

Investments accounting for using the equity method	Sumitomo Mitsui Finance and Leasing Company, Limited
	AMBATOVY MINERALS S.A. and DYNATEC MADAGASCAR S.A.

Note: 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.

#### 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 assets.

At each reporting date, if the credit risk on financial assets has not increased significantly since initial recognition, the impairment loss is measured at an amount equal to expected credit losses resulting from default events that are possible within 12 months after the reporting date.

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 expected credit losses resulting from all possible default events over the expected lifetime of the financial instruments.

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

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 assets 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 assets 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 or fair value less costs to sell.

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

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

Buildings, leasehold improvements, machinery and equipment  
Mining rights

Depreciation is principally computed by the straight-line method.  
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 of 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 instruments and the hedged items, along with their risk management objective and strategy for undertaking the hedge, the hedging instruments, the hedged items, the nature of the risk being hedged, and how the hedging instruments' 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 instruments has a high offset with the change in the fair value or cash flow of the hedged items, at the beginning and the during the hedge accounting is applied, the companies confirm the existence of an economic relationship between the hedged items and the hedging instruments.

Specifically, the Companies evaluate qualitative assessment of whether the key terms of the hedged items and the hedging instruments are identical or closely related, and evaluate quantitative assessment of whether the value of the hedged items and the hedging instruments 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 instruments 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 instruments to hedge the exposure to variability in cash flows that are attributable to a particular risk associated with recognized assets or liabilities or 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 as "Cash-flow hedges" and included in other components of equity. Foreign currency basis spread on cross currency interest rate swaps are excluded from hedging instruments, and changes in the fair value are recognized in other comprehensive income as "Hedging cost" and included in other components of equity.

The balances accumulated in other components of equity are reclassified to profit or loss over the periods when the cash flows of hedged items affect profit or loss. The ineffective portion of changes in the fair value of derivatives 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 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 follows.

Investments accounted for using the equity method	2,642,504 millions of yen
Intangible assets	284,790 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 happen. 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, 2023 are described in "Notes to Consolidated Statements of Comprehensive Income" - "Impairment and impairment reversals".

## Notes to Consolidated Statements of Financial Position

### 1. Pledged assets and secured liabilities

#### (1) Pledged assets

Cash and deposits	30,484 Millions of yen
Trade and other receivables	349,790 Millions of yen
Inventories	12,941 Millions of yen
Marketable securities and investments	205,409 Millions of yen
Property, plant and equipment	7,031 Millions of yen
Investment property	2,415 Millions of yen
Others (Note 1)	52,737 Millions of yen
<u>Total</u>	<u>660,807 Millions of yen</u>

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

#### (2) Secured liabilities

<u>Bonds, borrowings and others</u>	<u>259,000 Millions of yen</u>
<u>Total</u>	<u>259,000 Millions of yen</u>

2. Allowance for doubtful receivables directly deducted from trade and other receivables 56,494 Millions of yen

3. Tax receivables included in other current assets 25,174 Millions of yen

4. Accumulated depreciation and impairment losses of property, plant and equipment 1,120,128 Millions of yen

5. Accumulated depreciation and impairment losses of investment property 123,224 Millions of yen

### 6. Guarantees of indebtedness

Associated companies	75,862 Millions of yen
Others	81,345 Millions of yen
<u>Total</u>	<u>157,207 Millions of yen</u>

## Notes to Consolidated Statements of Comprehensive Income

### Impairment and impairment reversals

Sumitomo, through KDDI Summit Global Singapore Pte.Ltd. (hereinafter “holding company”), its equity-method affiliate at 49.9% share ratio, has invested in KDDI Summit Global Myanmar Co.,Ltd. to support Myanma Posts & Telecommunications which is a licensed telecommunications service provider in Myanmar.

Sumitomo recognized an impairment loss of 17,464 million yen on the investments in the holding company, as a result of reassessing recoverable amount of the investments due to the increasing country risk in the country. 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.

Sumitomo recognized an impairment reversal of 11,379 million yen relating to B&L PIPECO SERVICES, INC., a tubular products business company in North America, in which Sumitomo indirectly invests 100% through Sumitomo Corporation of Americas, its wholly-owned subsidiary, due to revision of the long-term business plan in line with market recovery. The impairment reversal is included in “Impairment reversal (loss) on long-lived assets” in the Consolidated Statements of Comprehensive Income.

### (Reference)

The significant impairment losses and others for the year ended March 31, 2022 were as follows:

- Nickel mining and refining business in Madagascar	14,409 millions of yen
- Pharmaceutical business in the United States	(15,125) millions of yen

The impairment losses and others relating to Nickel mining and refining business in Madagascar and Pharmaceutical business in the United States were included in “Share of profit (loss) of investments accounted for using the equity method” in the Consolidated Statements of Comprehensive Income.

## Notes to Consolidated Statements of Changes in Equity

### 1. Number of issued shares (Common shares) 1,251,571,867 shares

The number of common shares outstanding at the end of the current fiscal year increased by 167,500 shares as a result of the issuance of new shares for Performance-Linked Stock-based Remuneration.

### 2. Dividends for the year ended March 31, 2023

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

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

The interim dividends were resolved by the board of directors on November 4, 2022 as follows:

Total amount of dividends (yen)	71,889,004,983
Dividends per share (yen)	57.5
Record date	September 30, 2022
Effective date	December 1, 2022

### 3. Dividends after March 31, 2023

The year-end ordinary dividends will be resolved in the ordinary general meeting of shareholders held on June 23, 2023 as follows:

Total amount of dividends (yen)	70,960,398,290
Source of dividends	Retained earnings
Dividends per share (yen)	57.5
Record date	March 31, 2023
Effective date	June 26, 2023

**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)	1,000 shares
In the ordinary general meeting of shareholders held on June 22, 2007 (Stock-Linked compensation plan)	2,900 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)	10,200 shares
In the ordinary general meeting of shareholders held on June 22, 2010 (Stock-Linked compensation plan)	15,200 shares
In the ordinary general meeting of shareholders held on June 24, 2011 (Stock-Linked compensation plan)	11,700 shares
In the ordinary general meeting of shareholders held on June 22, 2012 (Stock-Linked compensation plan)	37,900 shares
In the ordinary general meeting of shareholders held on June 21, 2013 (Stock-Linked compensation plan)	43,400 shares
In the meeting of the board of directors held on July 31, 2014 (Stock-Linked compensation plan)	55,800 shares
In the meeting of the board of directors held on July 30, 2015 (Stock-Linked compensation plan)	70,500 shares
In the meeting of the board of directors held on August 1, 2016 (Stock-Linked compensation plan)	129,200 shares
In the meeting of the board of directors held on July 28, 2017 (Stock-Linked compensation plan)	106,400 shares
Total	<u>488,100 shares</u>

"Total" includes 200,900 shares for which the exercise period has not commenced at March 31, 2023.

## 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 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, 2023 are as follows:

Financial instruments measured at amortized cost

	(Millions of yen)		
	Carrying amount	Fair value	Difference
<b>Assets:</b>			
Marketable securities and other investments	7,176	7,176	—
Trade and other receivables	1,810,963	1,824,116	13,153
<b>Liabilities:</b>			
Bonds and borrowings	3,152,089	3,152,099	10
Trade and other payables	1,486,342	1,486,140	(202)

Financial instruments measured at fair value

	(Millions of yen)		
	Carrying amount	Fair value	Difference
<b>Assets:</b>			
Marketable securities and other investments	383,332	383,332	—
Trade and other receivables	75,233	75,233	—
Other financial assets	314,563	314,563	—
<b>Liabilities:</b>			
Trade and other payables	220,209	220,209	—
Other financial liabilities	176,413	176,413	—

### 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, 2023 are as follows:

	(Millions of yen)			
	Level 1	Level 2	Level 3	Total
<b>Assets:</b>				
Marketable securities and other investments	225,805	—	157,527	383,332
Trade and other receivables	—	75,233	—	75,233
<b>Other financial assets</b>				
Derivatives designated as hedges	—	134,423	—	134,423
Derivatives not designated as hedges	3,217	164,265	—	167,482
<b>Liabilities:</b>				
Trade and other payables	—	220,209	—	220,209
<b>Other financial liabilities</b>				
Derivatives designated as hedges	—	23,082	—	23,082
Derivatives not designated as hedges	14,281	136,418	—	150,699

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 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 64,519 million yen.

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, 2023 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	39,821	118,410	—
Purchases	8,451	5,601	—
<b>Comprehensive income</b>			
Profit (loss) for the year (Note 1)	300	—	44
Other comprehensive income (Note 2)	2,057	2,712	—
Disposals	(6,295)	(5,456)	—
Settlements	(3,698)	(1,070)	(44)
Others (Note 3)	—	(3,306)	—
Balance, end of year	40,636	116,891	—
Profit or (loss) for the year included in earnings relating to financial instruments still held at the end of year, net	3,421	—	—

Notes: 1. "Profit (loss) for the year" is 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" includes the effect of changes in exchange rate (exchange differences on translating foreign operations).

3. "Others" includes the effect of changes in scope of consolidation and transfers due to initial public offering of the stocks.

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
346,355	406,163

Notes: 1. Investment property is measured at cost less any accumulated depreciation and accumulated impairment losses.

2. The fair value as of March 31, 2023 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, 2023 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	1,760,388	1,053,184	613,633	451,306	1,059,099	1,854,780	6,792,390	25,482	6,817,872

### 2. Contract balances

#### (1) 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, 2023 are mainly due to the satisfaction of performance obligations of long-term construction contracts in infrastructure business.

#### (2) 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, 2023.

Also, the amount of contract liabilities that was included in the beginning balance as of April 1, 2022 and from which revenue has not been recognized during the year ended March 31, 2023 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, 2023 is 2,190,254 million yen. These remaining performance obligations include contracts such as long-term sales contracts in energy business and long-term sales contracts in biomass fuel business, and are deemed to be recognized as revenue within 24 years at March 31, 2023. 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	3,062.59 yen
2. Earnings per share attributable to owners of the parent	452.51 yen

## Note to Significant Subsequent Events

(Repurchases and Cancellation of Treasury Stock)

At a meeting of its Board of Directors held on May 9, 2023, the Company has resolved to repurchase shares of its common stock pursuant to Article 156 of the Companies Act of Japan, as applied pursuant to Paragraph 3, Article 165 of the Act, and to cancel a portion of its treasury stock in accordance with Article 178 of the Act.

Details of the repurchase and cancellation are as follows.

### 1. Purpose of the share repurchases

To improve capital efficiency and to enhance shareholder returns

### 2. Details of the share repurchases

(1) Class of shares to be repurchased	Common stock
(2) Total number of shares to be repurchased	Up to 12 million shares (Ratio to the number of outstanding shares (excluding treasury stock) about 1.0%)
(3) Aggregate repurchase amount	Up to 20 billion yen
(4) Period for repurchases	From May 10, 2023 to June 9, 2023
(5) Method of repurchases	Purchase on the Tokyo Stock Exchange

### 3. Details of cancellation

(1) Class of shares to be cancelled	Common stock
(2) Total number of shares of treasury stock to be cancelled	All shares repurchased
(3) Scheduled date of cancellation	July 24, 2023

(Reference)

Number of treasury stock shares (as of March 31, 2023) (*)	
Number of outstanding shares (excluding treasury stock)	1,234,093,737 shares
Number of treasury stock shares	17,478,130 shares

(\*) 5,036,700 shares were repurchased from April 1, 2023 to April 28, 2023. The share repurchases pursuant to the resolution of the meeting of Board of Directors held on February 6, 2023 have been completed.

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, 2023	As of March 31, 2022	Liabilities and net assets	As of March 31, 2023	As of March 31, 2022
<b>Current assets</b>	<b>1,632,967</b>	<b>1,725,088</b>	<b>Current liabilities</b>	<b>1,358,879</b>	<b>1,514,328</b>
Cash and deposits	176,542	178,152	Notes payable, trade	2,828	2,355
Notes receivable, trade	2,972	4,716	Accounts payable, trade	689,615	729,518
Accounts receivable, trade	472,496	528,478	Short-term loans	210,918	201,882
Contract assets	145,062	98,523	Commercial paper	65,000	64,000
Marketable securities	400	62,366	Bonds and notes (Due within one year)	45,000	111,187
Merchandise	105,078	94,648	Accrued expenses	21,659	17,999
Real estate held for development and resale	230,199	167,840	Income taxes	1,271	2,789
Advances to suppliers	78,913	86,347	Contract liabilities	45,214	93,183
Prepaid expenses	8,608	8,339	Deposits received	233,690	193,419
Short-term loans receivable	218,948	207,217	Deferred income	1,175	1,028
Other current assets	197,543	292,220	Other current liabilities	42,507	96,963
Allowance for doubtful receivables	(3,800)	(3,762)			
<b>Fixed assets</b>	<b>3,168,033</b>	<b>2,977,352</b>	<b>Long-term liabilities</b>	<b>2,022,761</b>	<b>1,982,447</b>
Tangible fixed assets, at cost less accumulated depreciation	285,987	258,832	Long-term loans	1,556,959	1,567,988
Buildings	52,271	54,974	Bonds and notes	415,086	327,240
Other structures	768	810	Other long-term liabilities	50,715	87,218
Machinery and equipment	826	667			
Vehicles and transportation equipment	163	88	<b>Total liabilities</b>	<b>3,381,641</b>	<b>3,496,775</b>
Furniture and fixtures	1,991	2,505			
Land	218,388	190,580	<b>Shareholders' equity</b>	<b>1,331,284</b>	<b>1,108,317</b>
Construction in progress	11,577	9,205	Common stock	220,046	219,893
Intangible fixed assets	28,885	27,420	Capital surplus	231,180	231,027
Software	11,996	10,462	Additional paid-in capital	231,180	231,027
Other intangible fixed assets	16,888	16,958	Retained earnings	919,619	659,267
Investments and other assets	2,853,160	2,691,099	Appropriated for legal reserve	17,696	17,696
Investment securities	222,357	252,048	Other retained earnings	901,923	641,570
Investment securities in subsidiaries and associated companies	1,802,689	1,744,970	General reserve	65,042	65,042
Other investment securities in subsidiaries and associated companies	58,290	13,304	Unappropriated retained earnings	836,880	576,528
Other equity interests	20,747	19,198	Treasury stock	(39,562)	(1,870)
Other equity interests in subsidiaries and associated companies	528,487	424,811	<b>Valuation and translation adjustments</b>	<b>87,532</b>	<b>96,649</b>
Long-term loans receivable	59,119	50,301	Unrealized gains or losses		
Long-term trade receivables, over due	23,050	29,011	on securities and others	98,878	108,779
Long-term prepaid expenses	28,943	30,862	Deferred gains or losses on hedges	(11,346)	(12,129)
Deferred tax assets	31,765	29,514			
Other investments and assets	124,821	151,865	<b>Shares acquisition rights</b>	<b>542</b>	<b>699</b>
Allowance for doubtful receivables	(47,112)	(54,788)			
			<b>Total net assets</b>	<b>1,419,359</b>	<b>1,205,666</b>
<b>Total assets</b>	<b>4,801,000</b>	<b>4,702,441</b>	<b>Total liabilities and net assets</b>	<b>4,801,000</b>	<b>4,702,441</b>

Note:

The Non-consolidated Balance Sheet as of March 31, 2022 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	
	2023	2022
Revenues	590,170	518,495
Cost	(442,745)	(404,236)
Gross trading profit	147,425	114,259
Selling, general and administrative expenses	(206,935)	(185,308)
Operating loss	(59,510)	(71,049)
Non-operating income	489,512	381,700
Interest income	5,672	5,258
Dividends	415,444	246,070
Gain on sale of investment securities	56,865	71,882
Reversal of provision for bad debts reserve of affiliates and others	1,249	8,171
Other non-operating income	10,280	50,317
Non-operating expense	(38,283)	(35,185)
Interest expense	(15,861)	(5,008)
Loss on sale of investment securities	(1,292)	(994)
Valuation loss on investment securities	(6,203)	(18,578)
Provision for bad debts reserve of affiliates and others	-	-
Other non-operating expense	(14,925)	(10,603)
Ordinary income	391,718	275,466
Extraordinary gain	17,582	5,284
Gain on sale of fixed assets	17,582	5,284
Extraordinary loss	(145)	(447)
Loss on sale of fixed assets	(145)	(447)
Net income before income taxes	409,156	280,302
Income taxes-current	1,674	2,700
Income taxes-deferred	2,730	4,900
Net income	413,561	287,902

Note:

The Non-consolidated Statement of Income for the year ended March 31, 2022 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, 2023

(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	Appropriated for legal reserve	Other retained earnings		Total retained earnings							
				General reserve	Unappropriated retained earnings								
Balance, beginning of year	219,893	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
Changes in the year													
Issuance of shares	153	153						306					306
Cash dividends					(153,139)	(153,139)		(153,139)					(153,139)
Net income					413,561	413,561		413,561					413,561
Acquisition of treasury stock							(37,949)	(37,949)					(37,949)
Disposal of treasury stock					(69)	(69)	257	187					187
Changes of items other than shareholders' equity (Net)								-	(9,900)	783	(9,117)	(156)	(9,273)
Total Changes in the year	153	153	-	-	260,352	260,352	(37,691)	222,966	(9,900)	783	(9,117)	(156)	213,693
Balance, end of year	220,046	231,180	17,696	65,042	836,880	919,619	(39,562)	1,331,284	98,878	(11,346)	87,532	542	1,419,359

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	Appropriated for legal reserve	Other retained earnings		Total retained earnings							
				General reserve	Unappropriated retained earnings								
Balance, beginning of year	219,781	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						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	-	-	187,900	187,900	192	188,318	(8,997)	(26,877)	(35,874)	(128)	152,315
Balance, end of year	219,893	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

Note:

The Non-consolidated Statement of Changes in Shareholders' Equity for the year ended March 31, 2022 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, 2023)

### 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, 2023.  
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.

### Notes to changes in accounting policies

The Company has applied the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021, hereinafter referred to as "Fair Value Measurement Accounting Standards Implementation Guidance") from the beginning of the fiscal year ended March 31, 2023, and, in accordance with the transitional treatment prescribed in Article 27-2 of the Fair Value Measurement Accounting Standards Implementation Guidance, the new accounting policy prescribed by the Fair Value Measurement Accounting Standards Implementation Guidance 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 follows.

Investment securities in subsidiaries and associated companies	1,802,689 millions of yen
Other equity interests in subsidiaries and associated companies	528,487 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	2,563 millions of yen
Land	354 millions of yen
Intangible fixed assets	767 millions of yen
Investment securities	14,926 millions of yen
Investment securities in subsidiaries and associated companies	151,693 millions of yen
Long-term loans receivable	400 millions of yen
Others (Note 2)	24,066 millions of yen
<b>Total</b>	<b>194,769 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**

Contract liabilities and others	7,131 millions of yen
<b>Total</b>	<b>7,131 millions of yen</b>

**2. Accumulated depreciation of tangible fixed assets** 77,317 millions of yen

**3. Guarantees of indebtedness**

Subsidiaries and associated companies	510,293 millions of yen
Others	67,663 millions of yen
<b>Sub-total</b>	<b>577,956 millions of yen</b>
Keep-well agreement on subsidiaries' financing arrangements	226,240 millions of yen
<b>Total</b>	<b>804,196 millions of yen</b>

**4. Discounted trade notes receivable with banks** 9,431 millions of yen

**5. Monetary receivables and payables to subsidiaries and associated companies**

Short-term monetary receivables	534,699 millions of yen	Long-term monetary receivables	71,364 millions of yen
Short-term monetary payables	252,624 millions of yen	Long-term monetary payables	8,301 millions of yen

**Notes to Non-consolidated Statements of Income****1. Operating transactions with subsidiaries and associated companies**

Sales (Note 1)	833,849 millions of yen
Purchases	484,339 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** 468,069 millions of yen

## Note to Non-consolidated Statements of Changes in Shareholders' Equity

Number of treasury stock (Common shares)	Balance, beginning of year	1,399,754 shares
	Increase due to stock repurchase pursuant to paragraph 3 of Article 155 of the Companies Act of Japan	16,231,500 shares
	Decrease due to sale through exercise of stock options	155,900 shares
	Increase due to purchase of less-than-one-voting-unit shares and others	2,776 shares
	Balance, end of year	<u>17,478,130 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.

### 3. Accounting for corporate taxes and local income taxes, and tax effect accounting related to those taxes

The Company has applied a group tax sharing system from the fiscal year ended March 31, 2023.

Accordingly, the accounting treatment and disclosure of corporate taxes and local income taxes, and tax effect accounting related to those taxes followed the Practical Solution on the Accounting and Disclosure under the Group Tax Sharing System (ASBJ PITF No.42, August 12, 2021).

## 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, 2023
Subsidiary	SUMITOMO CORPORATION GLOBAL METALS CO., LTD.	Directly held 100%	Loan of funds	Loan of funds <sup>(Note 1)</sup>	19,853	Short-term loans	67,365
				Collection of funds	26,765	Long-term loans	2,894
				Interest received <sup>(Note 1)</sup>	424		
Subsidiary	SUMITOMO CORPORATION EUROPE LIMITED	Indirectly held 100%	Guarantee of indebtedness	Guarantee of indebtedness <sup>(Note 2)</sup>	51,555	—	—
				Receipt of guarantee fee <sup>(Note 2)</sup>	135	—	—

### 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

- Net assets per share 1,149.68 yen
- Net income per share 331.27 yen

## Note to Significant Subsequent Events

### (Repurchases and Cancellation of Treasury Stock)

At a meeting of its Board of Directors held on May 9, 2023, the Company has resolved to repurchase shares of its common stock pursuant to Article 156 of the Companies Act of Japan, as applied pursuant to Paragraph 3, Article 165 of the Act, and to cancel a portion of its treasury stock in accordance with Article 178 of the Act.

Details of the repurchase and cancellation are as follows.

### 1. Purpose of the share repurchases

To improve capital efficiency and to enhance shareholder returns

### 2. Details of the share repurchases

- |  |   |
|--|---|
| (1) Class of shares to be repurchased        | Common stock  |
| (2) Total number of shares to be repurchased | Up to 12 million shares (Ratio to the number of outstanding shares (excluding treasury stock) about 1.0%) |
| (3) Aggregate repurchase amount              | Up to 20 billion yen  |
| (4) Period for repurchases                   | From May 10, 2023 to June 9, 2023   |
| (5) Method of repurchases                    | Purchase on the Tokyo Stock Exchange  |

### 3. Details of cancellation

- |  |                        |
|--|------------------------|
| (1) Class of shares to be cancelled                          | Common stock           |
| (2) Total number of shares of treasury stock to be cancelled | All shares repurchased |
| (3) Scheduled date of cancellation                           | July 24, 2023          |

### (Reference)

- |  |                      |
|--|----------------------|
| Number of treasury stock shares (as of March 31, 2023) (*) |                      |
| Number of outstanding shares (excluding treasury stock)    | 1,234,093,737 shares |
| Number of treasury stock shares                            | 17,478,130 shares    |

(\*) 5,036,700 shares were repurchased from April 1, 2023 to April 28, 2023. The share repurchases pursuant to the resolution of the meeting of Board of Directors held on February 6, 2023 have been completed.

Note : Non-consolidated results' amounts in millions of yen are rounded down to the nearest million.

## **Independent Auditor's Report**

May 11, 2023

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 statements of financial position, the consolidated statements of comprehensive income, the consolidated statements 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, 2023 and for the year from April 1, 2022 to March 31, 2023 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 consolidated 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 11, 2023

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 non-consolidated balance sheets, the non-consolidated statements of income, the non-consolidated statements of changes in shareholders' equity and the related notes, and the accompanying supplementary schedules of Sumitomo Corporation. ("the Company") as at March 31, 2023 and for the year from April 1, 2022 to March 31, 2023 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.

### **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 155th fiscal year from April 1, 2022 to March 31, 2023 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 15, 2023

The Audit & Supervisory Board  
Sumitomo Corporation

Michihiko Hosono (Seal)  
Senior Audit & Supervisory  
Board Member(full-time)

Kazunari Sakata (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.

## (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.

The basic matters of our corporate governance system are shown in the table below.

Directors & the Board of Directors	<ul style="list-style-type: none"><li>● The Board of Directors is composed of an appropriate number of members to facilitate thorough debate and prompt and rational decision-making, and diversity is ensured in terms of attributes including experience, knowledge, expertise, and gender.</li><li>● 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.</li><li>● The term of Directors is one year.</li></ul>
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<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, 2023.

<p>Audit &amp; Supervisory Board Members and Audit &amp; Supervisory Board</p>	<ul style="list-style-type: none"> <li>● The Audit &amp; Supervisory Board consists of five members, including three Outside Audit &amp; Supervisory Board Members.</li> <li>● Each Audit &amp; Supervisory Board Member audits the execution of duties by Directors in their roles. To be effective in their respective roles, internal Audit &amp; Supervisory Board Members draw on specialized knowledge and a range of experience related to operations, while Outside Audit &amp; Supervisory Board Members draw on highly specialized knowledge and a wealth of experience in specific fields such as law, accounting, and business management.</li> <li>● The term of Audit &amp; Supervisory Board Members is four years.</li> </ul>
<p>Independence of Outside Directors and Outside Audit &amp; Supervisory Board Members</p>	<p>Each Outside Director and Outside Audit &amp; Supervisory Board Member meets 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 pages 31 to 33).</p>
<p>Limits on the Terms of Office</p>	<ul style="list-style-type: none"> <li>● 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.</li> <li>● In principle, Outside Audit &amp; Supervisory Board Members are limited to terms of up to eight years.</li> </ul>
<p>Separation of Duties</p>	<p>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.</p>
<p>Chairman of the Board of Directors</p>	<p>The Chairman of the Board of Directors convenes the Board of Directors 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.</p>
<p>the Advisory Body to the Board of Directors</p>	<ul style="list-style-type: none"> <li>● We have established the Nomination and Remuneration Advisory Committee (in which, of the five Members of the</li> </ul>



	<p>committee, three are Outside Directors, and which is chaired by an Outside Director).</p> <ul style="list-style-type: none"> <li>● The Nomination and Remuneration Advisory Committee reviews the following matters and submits the results thereof as recommendations to the Board of Directors: <ul style="list-style-type: none"> <li>(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 &amp; 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 &amp; 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 &amp; Supervisory Board Members, and (8) the advisor system.</li> </ul> </li> </ul>
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### **3. Framework for "Improving Management Efficiency" and "Maintaining Sound Management"**

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

The Board of Directors enhances its deliberations and strengthen its monitoring functions by the following initiatives:

- Agenda items for the Board of Directors are carefully selected by the Board of Directors to promote more focused discussion of management policies and plans and other important matters for companywide management. Members of the Board of Directors also select items that should be taken up for more intensive discussion at the Board of Directors meetings each year.
- 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.
- The Board of Directors holds off-site meetings in addition to regular meetings, for free and open discussions on important management topics, including management policies and

plans and ESG (Environment, Social and Governance) issues. Moreover, to ensure that Outside Directors and Outside Audit & Supervisory Board Members actively contribute to the discussions at the Board of Directors, a monthly meeting is held, which is comprised of Outside Directors and Outside Audit & Supervisory Board Members, in which they engage in robust discussion.

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

### **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.

In fiscal 2022, from the perspective of preventing the effectiveness evaluation from becoming a mere formality and implementing the PDCA cycle to improve the functions of the Board of Directors, the members of the Board of Directors discussed the methods and items of the effectiveness evaluation and made the following revisions:

1. We have changed the questionnaire from “anonymous” format to “named” format as we considered that it is important to understand the background of the respondents and their opinions as well as their awareness of issues in order to deepen discussions based on the opinions expressed in the questionnaire, and judged that frank exchange of opinions is sufficiently conducted at the Board of Directors at present.
2. On top of that, we have decided to stop using a third party for interviews for this effectiveness evaluation. Instead, we have decided to enhance the process of discussing issues and improvement actions among all the members of the Board of Directors based on the results of the “named” questionnaire.
3. In the questionnaire, while remaining the basic questions unchanged in order to observe the progress of improvement from a fixed point of view, we have further narrowed the questions down to the main issues, and have adopted a format in which each Director and Audit & Supervisory Board Member wrote freely what he or she has considered to be issues.

The evaluation for fiscal 2022 conducted in accordance with the above and its results are summarized below. Based on the opinions expressed by Directors and Audit & Supervisory Board Members and issues identified on the effectiveness evaluation for fiscal 2022, we will continue to make efforts to further increase the effectiveness of the Board of Directors.

#### **1. Evaluation Methods**

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

All eleven Directors and five Audit & Supervisory Board Members

## (2) Implementation method

We conducted a questionnaire survey (responses with names) in December 2022. Based on the results, Directors and Audit & Supervisory Board Members held multiple discussions to evaluate and analyze the results, and to identify the issues and the initiatives for how we should improve them.

## (3) Evaluation Items

(i) functions and roles of the Board of Directors	(ii) agenda items of the Board of Directors	(iii) quality and content of discussion at the Board of Directors	(iv) provision of support and information to members of the Board of Directors,
(v) composition of the Board of Directors	(vi) an advisory body to the Board of Directors	(vii) fulfillment of roles by the Chairman of the Board of Directors	(viii) fulfillment of roles by internal Directors
(ix) fulfillment of roles by Outside Directors	(x) expectation for roles of Audit & Supervisory Board Members	(xi) overall evaluation, etc.	

## (4) Third Party Assistance

We received advice and assistance from a third party (external consultant) in determining the questions for the questionnaire, etc.

## 2. Evaluation Results Overview

All Directors and Audit & Supervisory Board Members held discussions based on the results of the questionnaire, and evaluated that the Board of Directors is functioning effectively overall, with the level of its operations and performance of functions improving year by year through constant efforts. The main opinions were as follows:

- The agenda of the Board of Directors is systematically discussed and appropriately set. In particular, monitoring of the implementation of the strategy based on the medium-term management plan is regularly and comprehensively addressed, and sufficient time is spent on discussions. In the future, it is advisable to spend more time discussing geopolitical events and other environmental change that may give impact on our management, as well as the medium- to long-term management strategies based on such impact.
- Providing prior briefing to Directors and Audit & Supervisory Board Members, sharing of discussions at Management Council and its questions and answers at the advance briefings

with them, and holding of meetings of outside Directors and Audit & Supervisory Board Members have invigorated essential discussions at the Board of Directors. The constructive questions and answers and sufficient exchange of opinions on each agenda have contributed to the enhancement of monitoring and decision-making functions of the Board of Directors.

- Outside Directors have provided suggestions and advice based on their expertise and experience. The Outside Directors have contributed to fulfillment of the supervisory function by the Board of Directors by providing opinions from the viewpoints of various stakeholders, which are difficult for internal management and officers to recognize.

In addition, in this effectiveness evaluation, we returned to and discussed the most essential issues of the Board of Directors, such as “what functions and roles the Board of Directors should play”. Although it is necessary to continue to discuss this issue, we will carry out the actions including below, to further strengthen and enhance our corporate governance, based on the results of this discussion.

- From the perspective of strengthening both the management and monitoring functions of the Board of Directors and increasing corporate value, we will continue to set appropriate agenda items and deepen discussions on medium- to long-term management policies.
- We will improve the quality of discussions at the Board of Directors by establishing a new organization to support communications between the Board of Directors and the managements/officers, and by advancing initiatives such as reviewing agenda items for the Board of Directors, preparing concise materials and organizing discussion points.

## **(2) Enhancement of Corporate Auditing Framework and Ensuring Audit Effectiveness**

- 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.
- 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.
- 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 2022, overseas workplace visits were canceled due to the spread of COVID-19; four Sumitomo-related facility and workplace visits in Japan were conducted .

#### **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**

We strive to actively communicate with shareholders and other investors through the following initiatives:

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

- We send out a convening notice describing how to access the material for the General Meeting of Shareholders to our shareholders (for shareholders who requested the delivery of such material in paper , the printed material for the General Meeting of Shareholders) approximately three weeks prior to each General Meeting of Shareholders.
- We also provide the material for the General Meeting of Shareholders on our corporate website in advance of sending the notice, together with its English-language translation.
- We accept questions from shareholders on internet prior to the General Meeting of Shareholders.
- 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]).
- We stream the General Meeting of Shareholders live for shareholders on internet.
- The streaming video of the meeting is posted on our website for a certain period after the close of the meeting.

**(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.
- We provide our Integrated Report and ESG Communication Book, and endeavor to ensure proactive disclosure of financial information and non-financial information.

**(C) Investor Relations and Shareholder Relations**

- We hold quarterly meetings attended by top management to provide information on our financial results for analysts and institutional investors in Japan.
- We continuously dialogue with shareholders and institutional investors mainly in North America, Europe and Asia through one-on-one meetings (including constructive dialogue addressing our initiatives and policies, etc. relating to ESG (Environment, Social and Governance) issues).
- For individual investors, we hold company briefings online as well as at major cities across Japan.



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) 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, and set out long-term and medium-term targets to address each issue. The six key social issues are: “Mitigation of climate change,” “Circular economy,” “Respect for human rights,” “Development of local society and economy,” “Improvement of living standard” and “Quality education.”

As the world pursues the realization of a sustainable society, these issues and goals demonstrate our role in the society by making use of our strengths - its human resources, business expertise and the relationship with global customers and business partners -, and are 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 (5GW or 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,</li> </ul>	

			rentals, etc.)	
		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>	
	Respect for human rights	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 2025. 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>	
Evolution of Society	Development and economy	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 infrastructure	<p>■ Establish industrial and social infrastructure that contributes to the sustainable development of society</p> <p>-Promote infrastructure that enables access to high-quality energy, water, transportation, logistics, communications, and financial services, as well as businesses that enhance urban functions.</p>	
Improvement of living standard	Provide advanced lifestyle-related services	<p>■ Deliver advanced lifestyle services that help to solve social issues such as urbanization and aging populations</p> <p>-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.</p>	
Quality education	Contribute to quality education	<p>■ Provide quality and equal learning opportunities through 100SEED (*6) activities</p> <p>-Quantitatively expand the scope of learning opportunities.</p> <p>-100% satisfaction of beneficiaries.</p> <p>Continue to have at least 5% if all employees participate annually</p> <p>-(scope is the Company, regional organizations and group companies).</p>	

(\*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

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