

(Translation)

Corporate Governance Report

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Sumitomo Corporation

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

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

1. Basic Views

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

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

The Company complies all Principles of the Corporate Governance Code.

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

New

[Principle 1-3]

The Company, guided by its basic management policy of aiming to continue to enhance corporate value in a sustainable way, has a capital policy based on retaining an adequate level of shareholders' equity with a view

to reinforcement of its financial soundness and effectiveness of its capital. In particular, the Company is working to achieve: (i) the goal of keeping risk-adjusted assets, which represent the maximum possible losses, within the scope of shareholders' equity, which is the core risk buffer and (ii) the targets for the capital efficiency indicators (such as ROE) given under the medium-term management plan.

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

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

[Principle 1-4]

As a general rule, the Company will neither acquire nor hold shares in other listed companies for purposes other than pure investment.

However, the Company may decide to hold shares in listed companies in some exceptional cases when the Company determines that it is appropriate. For such determination, the Company will comprehensively assess and verify the capital cost of individual stocks and the economic rationality and significance of holding the stocks in light of the necessity of partnering or other business needs. Each year, the Board of Directors reviews whether or not the Company's holding of listed shares is appropriate.

If such annual review concludes that specific shareholdings are of little significance, the Company will push ahead with the sale of the shares.

In FY 2022, the Company sold shares of 22 listed stocks (either in whole or in part), amounting to 33.8 billion yen in total. As of the end of March 2023, the Company's shareholdings in listed companies cover 59 stocks, with the total balance of 190.7 billion yen.

When exercising voting rights, the Company examines various aspects through both quantitative and qualitative approaches in accordance with its own guidelines. Such examination focuses on whether each proposal presented to shareholders will lead to the enhancement of shareholder value and medium- to long-term corporate value of both the Company and the investee company. In this way, the Company tries to make adequate decisions as to whether to vote in favor of or against each proposal based on comprehensive judgments.

If an entity holding shares in the Company for purposes other than pure investment indicates its intention to sell the shares, the Company will, in principle, respect such intention, and the business relationship between the entity and the Company will not be affected.

[Principle 1-7]

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

[Supplementary Principle 2-4-1]

[Policies on human resources development to ensure diversity and policies on improvement of diversity-oriented working environments, and the progress of implementing these policies]

The Sumitomo Corporation Group, through our "Global HR Management Policy" established in September 2020, presents a vision for global human resources management. With this as the foundation of all HR initiatives, we will implement HR management to foster an environment that creates new value.

The visions for Sumitomo Corporation ("SC") people and the SC organization to be achieved by this policy are as follows.

- Vision for SC People (Top-Tier Professionalism)

A group of individuals "creating new value on a global scale, sharing SC Group's vision and mission, and maintaining high aspirations and a continuous intrinsic motivation with Enterprising Spirit".

- Vision for SC Organization (Great Place to Work)

An organization recognized for nurturing talent that continuously take on new challenges throughout the world by building a Great Place to Work on a global scale, where individuals continuously and passionately

create new value.

The Sumitomo Corporation Group has a diverse workforce made up of people who have different lifestyles and values in addition to differences in gender and nationality. The Global HR Management Policy therefore defines “diversity, Equity and inclusion” (DE&I) as “the core enabler for value creation, innovation and competitiveness”, and we strive to eliminate all barriers to diversity and inclusion and leverage our mix of diverse wisdom to pursue the realization of our shared vision.

We are promoting respective measures in accordance with the following four principles, as set out in the Medium-Term Management Plan “SHIFT 2023”.

- Human resources management reform to realize the Global HR Management Policy
- Promotion of Diversity, Equity & Inclusion
- Promotion of the right talent to the right assignments on a global basis
- Health and productivity management and work style reform

Initiatives based on these principles are deployed based on the new HR system introduced by the Company in FY2021. Such initiatives include the creation of an environment in which employees can demonstrate their capabilities to the fullest, from various aspects such as recruitment, retention, development and assignment of talent, the introduction of a job grading system for managers, and the maximization of organizational performance by optimally allocating the best talent with an emphasis on expertise and skills. In addition, as part of continuous awareness-building to establish Diversity, Equity & Inclusion in the Company’s organization, from FY 2021, we set up a specific period to intensively hold Diversity, Equity & Inclusion related programs such as messaging from top management, various training programs and roundtable discussion workshops with employees (called Diversity Weeks), to build a workplace where each and every employee can demonstrate their fullest abilities.

We thus promote HR management without any bias based on nationality, age, gender, sexual orientation, gender identity or any other individual attributes and without being restricted by any conventional values. Our DE&I measures in Japan and other regions in the world are developed and implemented according to their respective local circumstances.

Based on the concept that a healthy mind and body are essential for each employee to perform at his or her highest level and are the foundation for the continuous creation of new value, the Company adopted the “Declaration of Iki-iki Waku-waku Health and Productivity Management” and has been selected as the Certified Health and Productivity Management Organization -White 500- from 2017 to 2023. The Company introduces a teleworking system and a super-flexitime system in order to encourage employees to have high-value added, output-oriented work styles. The Company pursues workstyles that enable diverse individuals to demonstrate their fullest abilities and the organization to maximize its output simultaneously. Owing to these our company-wide efforts to entrench these systems and to raise employee awareness, the Company was selected as one of the “Top Hundred Telework Pioneers” by the Ministry of Internal Affairs and Communications in 2019, and was given the Minister of Health, Labour and Welfare Award in 2020.

In FY2022, we replaced our employee awareness survey (conducted once every three years) with an engagement survey (conducted once a year) to investigate the connection between individuals and the organization as well as employee willingness to make voluntary contributions. We also established a cross-organizational working group of employees to identify and begin addressing areas requiring improvement.

Through all of the foregoing measures, we will leverage the power of our diverse talents as a source of competitive strength and will continuously seek further growth and corporate value enhancement for the entire Sumitomo Corporation Group.

[Stance to ensure diversity in personnel in managerial positions, voluntary and measurable goals, and progress toward such goals]

<Appointment of female employees>

The Company regards encouraging active involvement of women in business as an important pillar of Diversity, Equity & Inclusion. We are simultaneously promoting intangible initiatives such as reducing long working hours, encouraging employees to take paid leave, and raising employee awareness, in

addition to tangible initiatives, such as establishing various systems that exceed legal requirements, from the perspective of supporting a balance between life events and career development.

<Specific Examples of Efforts>

- Introduction of a support program for employees with overseas assignments to accompany only their children
- Creation of a handbook for employees to support the balance between work and childcare or family care
- Introduction of childcare consultation services
- Collaboration with childcare facilities
- Implementation of training related to unconscious bias and various other seminars

Since these continued efforts were highly acclaimed, the Company was awarded Platinum “Kurumin” certification by the Minister of Health, Labour and Welfare and certified by the Minister of Health, Labour and Welfare as an “Eruboshi” company of the second-highest class.

To foster female professionals active in various fields globally on an ongoing basis, the Company has set the following goals to be achieved in FY 2030 in light of the present circumstances, as stated in the relevant action plan.

	Current state (April 2023)	Goal (FY 2030)
Female managers	8.4%	20% or more
Female department general manager positions	1.4%	10% or more
Female Directors and Audit & Supervisory Board Members*	18.8%	30% or more

*These numerical targets are based on the Company’s support for “Challenge toward 30% by 2030” announced by KEIDANREN (Japan Business Federation) in March 2021.

To achieve these goals, we are promoting further enhancement of our recruitment activities, strategic training and appointments and improved succession planning, all targeted at conscious development and appointment from medium- to long-term perspectives, as well as creating an environment where each individual can demonstrate their full potential.

<Appointment of mid-career hires>

The business environment surrounding the Company is changing rapidly. In order to survive the competition in the age of tremendous changes, we need to take on the challenge of doing business in new fields while expanding and advancing our existing businesses. To meet these business needs and based on business strategies, the Company hires professional mid-career personnel who have great expertise or knowledge.

The track records of mid-career hires working at the Company cover a wide variety of fields, ranging from attorneys-at-law, certified public accountants and other licensed or qualified persons, to managers or engineers from manufacturing, financial, media, information technology or other industries. By exploiting their skills and expertise developed in their previous careers, such mid-career hires are active on the front lines of business. Looking at the number of those newly employed (including new graduates) each year, the ratio of mid-career hires for the most recent business year made up more than 43%, whereas the total was 18% five years earlier. More than 80% of these mid-career hires are assigned to managerial positions just after joining the Company. As of April 2023, the ratio of mid-career hires in all manager positions at the Company was about 10% (about 310 persons).

We will continue to strengthen mid-career employment and increase professional personnel in various business fields.

<Appointment of foreign personnel>

The Sumitomo Corporation Group deploys business operations globally in a wide range of industries. Such operations are supported by the Group’s global network consisting of 20 offices in Japan and 109

outside Japan, extending to 66 countries and regions throughout the world, with about 8,000 employees as of April 2023. The latest data shows that the number of locally hired persons working in our overseas offices in managerial positions has reached around 890, up from 800 persons recorded five years earlier. The ratio of locally hired managers to all managers in the organizations outside Japan is more than 65%.

In order to promote strategic assignment and appointment in line with the business strategies and to consistently promote the principle of “the right talent to the right assignments” on a global basis, the Sumitomo Corporation Group develops and updates succession plans for the next generation and subsequent generations. Such succession planning covers key positions in both domestic and overseas organizations and our group companies, and is aimed at fostering successful talent management across the Sumitomo Corporation Group. For candidates to key positions, we arrange systematic career development plans to ensure that they can gain the necessary experience and skills. In this way, we endeavor to enrich our talent pool in terms of both quality and quantity. As a tool for this purpose, we have established the Global Mobility Policy (common rules for the Sumitomo Corporation Group regarding treatment and benefits for employees when relocating overseas) and Job Grading, which enables us to compare the size of jobs on a global basis. We are also building a human resource database on a global basis.

Toward the sustainable growth of the Sumitomo Corporation Group, we will promote active assignment and appointment of locally hired managers in our overseas organizations, together with cross-organizational or cross-border assignment of other locally employed personnel including group company employees.

[Principle 2-6]

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

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

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

[Principle 3-1]

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

▪ Business Principles

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

▪ Medium-Term Management Plan

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

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

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

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

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

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

[Supplementary Principle 3-1-3]

- The Company's efforts towards sustainability are explained in "Sustainability initiatives" in this report (III. Implementation of Measures for Shareholders and Other Stakeholders >> 3. Measures to Ensure Due Respect for Stakeholders >> Implementation of Environmental Activities, CSR Activities etc.). In addition, please refer to the explanations under the heading "Disclosure under the TCFD and IBC framework" in this report (III. Implementation of Measures for Shareholders and Other Stakeholders >> 3. Measures to Ensure Due Respect for Stakeholders >> Implementation of Environmental Activities, CSR Activities etc.).

- [Investment in human capital development]

As set out in the Global HR Management Policy, the Sumitomo Corporation Group aims to be "a group of individuals creating new value on a global scale, sharing the Sumitomo Corporation Group's vision and mission, and maintaining high aspirations and a continuous intrinsic motivation with Enterprising Spirit." In addition, the Group aims to build a "Great Place to Work" on a global scale, where individuals continuously and passionately create new value, and also aims to be an organization that is recognized for nurturing talents that continuously take on new challenges throughout the world.

To ensure the sustainable growth of the Sumitomo Corporation Group in line with the Medium-Term Management Plan "SHIFT 2023", we are re-allocating management resources across the Group. In particular, we are promoting optimal allocation of human resources in conjunction with the rebuilding of our business portfolio as well as strategic allocation of human resources to businesses where company-wide investment funds are allocated.

With an overview of the company-wide talent shift according to the Medium-Term Management Plan "SHIFT 2023", we are accelerating the re-allocation of personnel in line with the business portfolio shift by taking into consideration not only the staffing needs of each organization but also the matching of business needs with each individual's aptitude and career aspirations, through expansion of measures such as open recruitment within the company.

The Global HR Management Policy declares that the Sumitomo Corporation Group "values the fundamental significance of talent development" and "encourages individuals to grow proactively by continuously learning with a heightened sense of awareness." Since we regard talent as important management capital for the Group, we offer opportunities for all individuals, regardless of their age or job position, to continuously and proactively learn and acquire knowledge and skills required in their respective global fields.

More specifically, we offer career development training programs to help employees raise their level of professionalism and demonstrate it in work performance, and training programs to strengthen “people management skills” and “diversity, equity and inclusion management skills”, to ensure that supervisors can communicate closely with and motivate each subordinate and lead a group of diverse individuals for the growth of both the organization and individuals.

In addition, to afford opportunities to acquire knowledge and skills required for business management, we operate long-term or selective training programs on an ongoing basis. We will continue to strengthen our efforts for talent development, to support individuals to enhance their performance in their respective fields and contribute to the growth of the Sumitomo Corporation Group’s value.

- Company’s investment in intellectual property enhancement

The Company’s investment in business development, which extends over a variety of business fields, focuses on additional value to be created by such means as business model transformation driven by innovative technologies or the offering of new product designs. In addition, the Company is underpinned not only by the competitive superiority brought about by technological innovation and creative designs or content, but also by its management base which comprises the Company’s diverse human resources, multifaceted business expertise accumulated so far, the Company’s global network, trust relationships with clients and business partners, the Company’s brand value in the markets, and all other wealth of capital (intangible assets). The Company’s strategy is to integrate or combine this management base and the diverse business functions of the business group, aiming to create new businesses and further boost business growth.

In this context, the Company holds the corporate vision of “aiming to be a global organization that constantly stays a step ahead in dealing with change, creates new value, and contributes broadly to society.” Under this vision, we are always exploring new business models, know-how and technologies and planting the seeds for future business development. We believe that in most of those new business models, our existing and future intellectual property and intangible assets can contribute toward upholding and strengthening our high profitability, differentiation from competitors’ products or services, and pricing power in the markets, which are expected to eventually bring about greater competitiveness and higher profit margins in the future. Efforts to leverage intellectual property and intangible assets to create new businesses are being deployed by respective organizations in the business group.

Furthermore, under the ongoing medium-term management plan, “SHIFT 2023,” the following six fields are identified as next-generation growth themes, in which our management resources are to be intensively invested.

- Digital transformation (DX): Business reform and new business development utilizing digital solutions and Technology x Innovation
- Energy innovation: Developing carbon-free energy, expanding power and energy services, and CO2 capture, storage and utilization
- Social infrastructure: Infrastructure development in developing countries, development of social infrastructure with new functions
- Retail/consumer: Provision of value and services essential for local communities through the utilization of data from various retail businesses
- Healthcare: Creation of new businesses in the medical, health, prevention and nursing care fields
- Agriculture: Expansion of services for the agricultural sector through the utilization of digital technology

With a focus on the value obtained from intellectual property and intangible assets in the manner described above, our business investment, reinforcement and development will continue based on meticulous analyses on how such property and assets can lead to competitiveness, differentiation and earning power.

[Supplementary Principle 4-1-1]

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

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

[Principle 4-8]

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

[Principle 4-9]

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

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

[Supplementary Principle 4-10-1]

The Nomination and Remuneration Advisory Committee serves as an advisory board to the Board of Directors. A majority of committee members shall be Outside Directors, with one of them acting as the committee chairperson. This scheme helps to enhance the independence, objectivity and transparency of the Board of Directors' function for executive nomination and remuneration.

The Company's view on the composition and independence of the Nomination and Remuneration Advisory Committee, the scope of authority and roles assigned to the committee and other related information are disclosed in the following section in this report (II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management >> 1. Organizational Composition and Operation >> Committee's Name, Composition, and Attributes of Chairperson >> Supplementary Explanation).

[Supplementary Principle 4-11-1]

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

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

- Refer to the Company's policies and procedures regarding appointment of Directors, which are disclosed in this corporate governance report in the section entitled "II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management" under "2. Matters on Functions of Business Execution, Auditing, Oversight, Nomination and Remuneration Decisions (Overview of Current Corporate Governance System) [Nomination Function, etc.]."
- Refer to the skill matrix posted in the end of this corporate governance report, which indicates the types of knowledge, experience and competencies, etc. (collectively, "Skills") that the Board of Directors is required to possess for fulfilling its roles, and which Directors or Audit & Supervisory Board Members currently in office possess such Skills.

[Supplementary Principle 4-11-2]

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

[Supplementary Principle 4-11-3]

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 discussion 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.

[Supplementary Principle 4-14-2]

The Company provides its Outside Directors and Outside Audit & Supervisory Board Members with information as required in order to deepen their understanding of the Sumitomo Corporation Group Management Principles, as well as the Company’s business management, activities, organization, and related matters. In addition, for its Directors and Audit & Supervisory Board Members, including Outside Directors and Outside Audit & Supervisory Board Members, the Company provides, arranges, and covers expenses for opportunities to acquire knowledge of its business, finances, organization and other matters necessary for them to fulfill their roles and responsibilities.

[Principle 5-1]

[Basic policy of dialogue with shareholders]

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

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

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

[Implementation systems and activities]

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

As an organization to promote dialogue with shareholders and investors, the Company has established a Corporate Communication Committee chaired by the CSO (*1) and consisting of the CFO (*2) and CAO (*3)

to ensure the integrity of our external communications. The committee has also established an IR/SR subcommittee to promote more effective IR/SR (Shareholder Relations) activities. At its regular meetings, the Corporate Communication Committee discusses IR/SR activity policies, challenges, and measures to enhance dialogue with shareholders and investors. The Company also has a system in place to provide timely feedback to management on external opinions and requests obtained through IR and SR activities. The Company has also established the Investor Relations Department., which is dedicated to IR and SR activities. While collaborating with other relevant corporate departments in a coordinated fashion, it serves as an organization that aims to plan and manage various IR and SR activities, disclose information to meet expectations of shareholders and investors, and obtain opinions from outside through IR and SR activities to help improve management quality in a timely manner.

(*1) CSO (Chief Strategy Officer)

(*2) CFO (Chief Financial Officer)

(*3) CAO (Chief Administration Officer)

▪ General Meeting of Shareholders

The Company proactively discloses not only information required by law but also information on the environmental, social and governance (ESG) and corporate governance initiatives etc. within the Notice of Convocation of the General Meeting of Shareholders, and strives to provide in-depth explanations in response to questions from shareholders at the General Meeting. Refer to the details which are disclosed in this corporate governance report in the section entitled “III. Implementation of Measures for Shareholders and Other Stakeholders” under “1. Measures to Vitalize the General Shareholder Meetings and Smooth Exercise of Voting Rights.”

▪ Institutional investors (in and outside Japan)

In Japan, quarterly financial results briefings for Japanese institutional investors are conducted by the President & CEO and the CFO. Business units also hold briefings to report on their businesses regularly. Semiannual small meetings are conducted by the President & CEO and the CFO.

Meetings with individual institutional investors are vigorously conducted by the President & CEO, the CFO, and Investor Relations Department. For overseas, we have continued to visit institutional investors, mainly in Europe, North America, and Asia. (A total of nine visits to overseas investors in fiscal 2022.)

Additionally, the Company has held ESG briefings from fiscal 2018. From fiscal 2019, the Company has held an Investor Day to have a deep dialogue with institutional investors, aiming to deepen their understanding of the Company’s initiatives for medium- to long-term growth. The Company has held one-on-one meetings with managers in charge of exercising voting rights and ESG analysts at institutional investors (SR activities) in and outside Japan, organized jointly by the Investor Relations Department, the Corporate Sustainability Department, and the Corporate Legal & General Affairs Department).

▪ Individual investors

The Company periodically holds briefings at physical venues in some major cities in Japan and online briefings on several occasions every year.

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

<List of activities in fiscal 2022>

President and CEO: General Meeting of Shareholders, financial results briefings (2 times), Investor Day, dialogue with institutional investors in and outside Japan (17 times), briefings for individual investors (2 times)

CFO: General Meeting of Shareholders, financial results briefings (4 times), dialogue with institutional investors, analysts, and other stakeholders in and outside Japan (23 times)

CFO: General Meeting of Shareholders, financial results briefings (2 times), dialogue with institutional investors, analysts, and other stakeholders in and outside Japan (once), Investor Day

CAO: General Meeting of Shareholders

Investor Relations Department:

Dialogue with institutional investors, analysts, and other stakeholders in and outside Japan. (approx. 250 times, including 24 ESG/SR meetings), Investor Day, briefings for individual investors (11 times)

2. Capital Structure

New

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

Name / Shareholder Name	Number of Shares Owned	Percentage (%)
The Master Trust Bank of Japan, Ltd. (trust account)	203,004,800	16.45
EUROCLEAR BANK S.A./N.V	92,803,075	7.52
Custody Bank of Japan, Ltd. (trust account)	71,710,900	5.81
Sumitomo Life Insurance Company	30,855,000	2.50
STATE STREET BANK WEST CLIENT - TREATY 505234	19,222,164	1.56
Mitsui Sumitomo Insurance Company, Limited	15,000,000	1.22
Nippon Life Insurance Company	14,879,067	1.21
JP MORGAN CHASE BANK 385781	14,782,652	1.20
NORTHERN TRUST CO. (AVFC) RE SILCHESTER INTERNATIONAL INVESTORS INTERNATIONAL VALUE EQUITY TRUST	14,385,700	1.17
JP Morgan Securities Japan Co., Ltd.	13,236,588	1.07

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

Supplementary Explanation

The Company holds 17,478,130 shares of treasury stock, however we are excluding us from the list of “Major Shareholders” presented above. 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.

3. Corporate Attributes

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

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

—

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

1. Views and policies on group management

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

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

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

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

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

Moreover, it will be beneficial for both the Company and SCSK in terms of increasing corporate value once these two companies leverage their respective strengths while sharing business strategies, and collaborate closely in corporate management for the following areas: supporting and enhancing global business execution through the development and operation of the Group's IT platforms; and global business creation in such areas as digital transformation (DX) and open innovation. These initiatives should then lead to the maximization of corporate value across the Group.

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

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

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

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

1. Organizational Composition and Operation

Organization Form	Company with Audit & Supervisory Board
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[Directors]

New

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

Outside Directors' Relationship with the Company (1)

Name	Attribute	Relationship with the Company*											
		a	b	c	d	e	f	g	h	i	j	k	
Kimie Iwata	From another company												
Hisashi Yamazaki	Lawyer												
Akiko Ide	From another company									△			
Takashi Mitachi	From another company									△			
Takahisa Takahara	From another company									○			

* Categories for "Relationship with the Company"

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

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

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

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

a. Executive of the Company or its subsidiaries

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

c. Executive of a fellow subsidiary company of the Company

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

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

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

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

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

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

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

Outside Directors' Relationship with the Company (2)

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

			related to independence set by the financial instruments exchange that the Company is listed on. The Company has notified the exchange of his status as an independent director.
Akiko Ide	○	Ms. Ide served until June 2014 as Executive General Manager at NTT DOCOMO, INC., with which the Company has business transactions. 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. We have therefore determined that her independence is unaffected.	Ms. Ide served in several key positions for many years at a major telecommunications carrier, working as a group company executive and as a full time audit & supervisory board member of the parent (holding) company. Through these and other roles, Ms. Ide has accumulated wide-ranging knowledge and a wealth of experience in information and communications, business management, and corporate governance, etc.; she is also honest in character, as well as highly insightful and capable. Ms. Ide will contribute to the Company’s aims of ensuring appropriate decision-making from diverse perspectives in board meetings and further enhancing supervisory functions, and is thus judged to be qualified for the role of Outside Director of the Company and to be able to perform her duties properly in that position. For these reasons, she is appointed as the position of Outside Director. Ms. Ide meets the standards set by Sumitomo Corporation for Independence of Outside Directors, and also meets the standards related to independence set by the financial instruments exchange that the Company is listed on. The Company has notified the exchange of her status as an independent director.
Takashi Mitachi	○	Mr. Mitachi served until April 2017 as Vice Chairman at KEIZAI DOYUKAI (Japan Association of Corporate Executives), to which the Company pays membership fees, etc. However, the amount is negligible – less than 0.9% of the association’s total ordinary revenue. We have therefore determined that his independence is unaffected.	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, he is appointed as the position of Outside Director. Mr. Mitachi meets the standards set by Sumitomo Corporation for Independence of Outside Directors, and also meets the standards related to independence set by the financial instruments exchange that the Company is listed on. The Company has notified the exchange of his status as an independent director.
Takahisa Takahara	○	Mr. Takahara engages in the execution of	Mr. Takahara has held several key positions for many years at a major consumer goods

	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. We have therefore determined that his independence is unaffected.	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, he is appointed as the position of Outside Director. Mr. Takahara meets the standards set by Sumitomo Corporation for Independence of Outside Directors, and also meets the standards related to independence set by the financial instruments exchange that the Company is listed on. The Company has notified the exchange of his status as an independent director.
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Voluntary Establishment of Committee(s) Corresponding to Nomination Committee or Remuneration Committee	Established
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Committee's Name, Composition, and Attributes of Chairperson

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

Supplementary Explanation

The Nomination and Remuneration Advisory Committee is composed of the Chairman of the Board of Directors, the President and Chief Executive Officer and three outside directors. The Nomination and Remuneration Advisory Committee is in charge of reviewing (1) policies and procedures regarding appointment and dismissal of the President and Chief Executive Officer, (2) policies and procedures regarding

appointment and dismissal of the Chairman of the Board of Directors, (3) nomination criteria for directors and audit & supervisory board members, (4) appointment and dismissal of the President and Chief Executive Officer (including the nomination of a successor of the President and Chief Executive Officer), (5) nominations of candidates for directors and audit & supervisory board members (including determination of Representative Directors and Executive Directors), (6) appointment of Management Council members, (7) the structures/levels of remuneration and bonuses for Directors and Executive Officers and the limit of remuneration for Audit & Supervisory Board Members, and (8) the advisor system, and will submit the results thereof as recommendations to the Board of Directors. Additionally, the committee will also deliberate and determine any matters delegated by the board of directors that are not included in (1) to (8) mentioned above, and report the outcome of such deliberation or decision to the board of directors. In fiscal 2022, the Nomination and Remuneration Advisory Committee met 7 times to deliberate the abovementioned matters, and submitted the results thereof as recommendations to the Board of Directors. All committee members attended all of the 7 meetings. Overview of the Nomination and Remuneration Advisory Committee is as follows:

▪ Composition of the Nomination and Remuneration Advisory Committee

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

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

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

▪ Selection criteria for external committee members

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

▪ Method for selecting external committee members

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

▪ Method for selecting the Chairperson

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

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

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

▪ Term of office for external committee members and the Chairperson

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

▪ Resolution method

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

▪ Convener

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

[Audit & Supervisory Board Members]

New

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

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

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

The Audit & Supervisory Board Members endeavor to ascertain the audit activities of the Accounting Auditor and to exchange information with the Accounting Auditor by holding regular meetings; they also strive to improve the efficiency and quality of their own audit activities, such as by attending the Accounting Auditor's audit review meetings, and being present for inventory audits.

In fiscal 2022, the remuneration paid to KPMG AZSA LLC, the Company's Accounting Auditor, was as follows:

- (a) Fees for services described in Article 2, paragraph (1) of the Certified Public Accountants Act (attestation services) ...¥521 million
- (b) Fees for services other than those described in Article 2, paragraph (1) of the Certified Public Accountants Act...¥20 million
- (c) Total remuneration paid to the Accounting Auditor for fiscal 2022...¥541 million
- (d) Total amount of cash and other financial benefits payable by the Company and its consolidated subsidiaries to the Accounting Auditor (including (c))...¥1,141 million

Notes:

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

In addition, the Audit & Supervisory Board Member attends the Internal Control Committee's meetings, and receives reports on the status of the Company's internal control systems in a timely manner.

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

Outside Audit & Supervisory Board Members' Relationship with the Company (1)
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Name	Attribute	Relationship with the Company*												
		a	b	c	d	e	f	g	h	i	j	k	l	m
Toshio Nagai	Lawyer													
Yoshitaka Kato	CPA													
Yukiko Nagashima	From another company										△			

* Categories for "Relationship with the Company"

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

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

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

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

a. Executive of the Company or its subsidiary

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

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

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

e. Executive of a fellow subsidiary company of the Company

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

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

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

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

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

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

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

m. Others

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

Name	Designation as Independent Audit & Supervisory Board Members	Supplementary Explanation of the Relationship	Reasons of Appointment
Toshio Nagai	○	—	<p>Mr. Nagai has highly specialized knowledge and a wealth of experience in law based on his career over many years as a judge and attorney at law. He is also honest in character, as well as highly insightful and capable. Mr. Nagai will contribute to the Company's aim of conducting audits from diverse perspectives, and is thus judged to be qualified for the role of Outside Audit & Supervisory Board Member of the Company and to be able to perform his duties properly in that position. For these reasons, he is appointed as the position of Outside Audit & Supervisory Board Member.</p> <p>Mr. Nagai meets the independence standards respectively set by the Company, the financial instruments exchange that the Company is listed on. The Company has notified the exchange of his status as an independent auditor.</p>
Yoshitaka Kato	○	—	<p>Mr. Kato has highly specialized knowledge and a wealth of experience in finance, accounting, and corporate auditing based on his career over many years as a certified public accountant. He is also honest in character, as well as highly insightful and capable. Mr. Kato will contribute to the Company's aim of conducting audits from diverse perspectives, and is thus judged to be qualified for the role of Outside Audit & Supervisory Board Member of the Company and to be able to perform his duties properly in that position. For these reasons, he is appointed as the position of Outside Audit & Supervisory Board Member.</p> <p>Mr. Kato meets the independence standards respectively set by the Company, the financial instruments exchange that the Company is listed on. The Company has notified the exchange of his status as an independent auditor.</p>
Yukiko Nagashima	○	<p>Ms. Nagashima served until March 2016 as Representative Director at Recruit Staffing Co., Ltd. with which the Company has business transactions. However, the</p>	<p>Ms. Nagashima has highly specialized knowledge and a wealth of experience in corporate management and corporate governance based on her career over many years in which she held key positions at a major comprehensive human resources company (holding company), as well as experience managing group companies and serving as a full-time audit & supervisory board member at the holding company and an outside director at a major corporation. She is also honest in character, as well as highly insightful and capable. Ms.</p>

		<p>transaction amount between the Company and Recruit Staffing Co., Ltd. is negligible – less than 0.1% of Recruit Staffing Co., Ltd.’s total annual sales. We have therefore determined that her independence is unaffected.</p>	<p>Nagashima will contribute to the Company’s aim of conducting audits from diverse perspectives, and is thus judged to be qualified for the role of Outside Audit & Supervisory Board Member of the Company and to be able to perform her duties properly in that position. For these reasons, she is appointed as the position of Outside Audit & Supervisory Board Member.</p> <p>Ms. Nagashima meets the independence standards respectively set by the Company, the financial instruments exchange that the Company is listed on. The Company has notified the exchange of her status as an independent auditor.</p>
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[Independent Directors/Audit & Supervisory Board Members]

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

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

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

[Incentives]

New

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

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

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

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

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

[Summary of the new share acquisition rights]

- FY2006 111 new share acquisition rights
(Number of shares for each new share acquisition right: 1,000 shares Exercise price per share: ¥1)
- FY2007 944 new share acquisition rights
(Number of shares for each new share acquisition right: 100 shares Exercise price per share: ¥1)
- FY2008 1,430 new share acquisition rights
(Number of shares for each new share acquisition right: 100 shares Exercise price per share: ¥1)
- FY2009 1,875 new share acquisition rights
(Number of shares for each new share acquisition right: 100 shares Exercise price per share: ¥1)
- FY2010 2,172 new share acquisition rights
(Number of shares for each new share acquisition right: 100 shares Exercise price per share: ¥1)
- FY2011 2,024 new share acquisition rights
(Number of shares for each new share acquisition right: 100 shares Exercise price per share: ¥1)
- FY2012 2,053 new share acquisition rights
(Number of shares for each new share acquisition right: 100 shares Exercise price per share: ¥1)
- FY2013 1,569 new share acquisition rights
(Number of shares for each new share acquisition right: 100 shares Exercise price per share: ¥1)
- FY2014 1,511 new share acquisition rights
(Number of shares for each new share acquisition right: 100 shares Exercise price per share: ¥1)
- FY2015 1,277 new share acquisition rights
(Number of shares for each new share acquisition right: 100 shares Exercise price per share: ¥1)
- FY2016 1,695 new share acquisition rights
(Number of shares for each new share acquisition right: 100 shares Exercise price per share: ¥1)
- FY2017 1,370 new share acquisition rights
(Number of shares for each new share acquisition right: 100 shares Exercise price per share: ¥1)

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

[Director Remuneration]

New

Disclosure of Individual Directors' Remuneration	Selected Directors
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Supplementary Explanation

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

The total amount of remuneration for the 14 Company Directors in fiscal 2022 was 1,392 million yen, with the breakdown as follows.

- Monthly remuneration: ¥532 million
- Total amount of bonus: ¥473 million
- Total amount recorded as expenses for (a) performance-linked stock remuneration in fiscal 2022 and (b) performance-linked stock remuneration by calculating the estimated amount to be paid as monetary remuneration receivables in accordance with the estimated number of shares to be granted in 2023: ¥91 million
- Total amount recorded as expenses for restricted performance share unit-based remuneration by calculating the estimated amount to be paid as monetary remuneration receivables in accordance with the estimated number of shares to be granted in 2024 and 2025: ¥ 295 million

For individuals whose total remuneration is 100 million yen or more for the year ended March 31, 2023, the total remuneration and its breakdown are as follows:

(Unit: Million Yen)

Name	Position	Monthly remuneration	Directors' bonuses	Performance-linked stock remuneration (Performance Share Unit) plan	Restricted Performance Share Unit-Based Remuneration	Total
Kuniharu Nakamura	Chairman of the Board of Director	149	0	25	64	237
Masayuki Hyodo	Director	95	191	25	100	411
Toshikazu Nambu	Director	54	86	14	38	192
Takayuki Seishima	Director	45	67	10	30	153
Reiji Morooka	Director	34	70	0	21	125
Hirokazu Higashino	Director	29	58	0	16	103

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

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

Policy on Determining Remuneration Amounts and Calculation Methods	Established
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Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

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

(A) System for remuneration

- The remuneration for Executive Directors and Executive Officers consists of monthly remuneration, performance-linked bonus, and stock-based remuneration.
- The remuneration for the Chairman of the Board of Directors consists of monthly remuneration and stock-based remuneration.
- The remuneration for Outside Directors is fixed-amount compensation only (monthly remuneration).

(B) 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.

(C) Policy and method on the decision of the amount of each remuneration

● Policy on the decision of the amount of each remuneration

✓ Monthly Remuneration

Fixed amount remuneration determined based on the abovementioned standards is provided.

✓ 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 performance management index to be focused on in the medium-term management plan. The amount to be paid to individual Executive Directors is distributed according to their position and personal evaluation and is paid after the end of the fiscal year.
- Each Executive Director is evaluated on the basis of both financial indicators and non-financial indicators.

✓ Restricted Performance Share Unit-Based Remuneration

This remuneration is aimed at promoting efforts at optimizing its business portfolio, increasing corporate value in the medium to long term and to ensure sustainable growth, focusing on the link with indicators related to environment, society and governance (ESG) together with shareholder value. Further, we shall promote to share value with the shareholders. The actual contents and timing of payment of the stock-based remuneration for each Directors is decided by the Board of Directors after consultation with the Nomination and Remuneration Advisory Committee.

● 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;

✓ Performance Linked Bonus

- The Board of Directors, reflecting reports from the Nomination and Remuneration Advisory Committee, set assumed values for each performance management index and decide formula for calculating the performance linked bonuses for individual Executive Directors (for the relevant fiscal year) based on actual values for each performance management index.
- After the end of fiscal year, Representative Director, President and Chief Executive Officer (who is delegated such decision by the Board of Directors) shall decide personal evaluations of each Executive Directors regarding the performance management index which is a part of the formula, following meetings with each of Executive Directors, and performance linked bonuses for each fiscal year will be determined as per the formula, within the limit resolved at the General Meeting of Shareholders.
- Representative Director, President and Chief Executive Officer will report to the Nomination and Remuneration Advisory Committee about the grading results to make sure that the personal evaluations are appropriate.

✓ Restricted Performance Share Unit-Based Remuneration

- The Board of Directors, reflecting reports from the Nomination and Remuneration Advisory Committee, decide formula for calculating the stock-based remuneration for individual Executive Directors at the first board meeting of relevant evaluation period based on actual values for each performance management index in several fiscal years.
- Nomination and Remuneration Advisory Committee (who is delegated such decision by the Board of Directors), comprised of Outside Directors, Chairman of the Board of Directors and Representative Director, President and Chief Executive Officer, shall decide personal evaluations of each Executive Directors on the indicator regarding environment, society, and governance (ESG) which is a part of the formula, and report the evaluations to the Board of Directors.

(2) Remuneration system for fiscal 2023

(A) 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">▪ consolidated net income and basic profit cash flow: 200 billion yen▪ stock price growth rate, stock growth rate and results on non-financial indicators: 100%	42%	17%	41%
<ul style="list-style-type: none">▪ consolidated net income and basic profit cash flow: 400 billion yen▪ stock price growth rate, stock growth rate and results on non-financial indicators : 100%	32%	37%	31%
<ul style="list-style-type: none">▪ consolidated net income and basic profit cash flow: 600 billion yen▪ stock price growth rate, stock growth rate and results on non-financial indicators : 100%	25%	50%	25%

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

(B) Performance-linked bonus

- 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.

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”, the Company 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 80to120%.

(C) 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.

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

New

- In order to contribute to essential deliberations at the Board of Directors, the Company supports its Outside Directors and Audit & Supervisory Board Members including Outside Audit & Supervisory Board Members by tasking the Board of Directors secretariat and the Audit & Supervisory Board Members’ Administration Department with distributing and explaining in advance documents on each respective agenda to be presented at each meeting of the Board of Directors, and it has appointed a secretary with responsibility for providing the support necessary for Outside Directors to execute their duties. In addition, the Company established a dedicated organization to support communication between the Board of Directors and the executing persons (executive officers, etc.), and aims to improve the quality of discussions at the Board of Directors meetings by selection of agenda items to be discussed at the Board of Directors meetings and organization of issues. The Company has also established the Audit & Supervisory Board Members’ Administration Department as a team dedicated to assisting all Audit & Supervisory Board Members including Outside Audit & Supervisory Board Members with their duties. The team provides the necessary support as appropriate to enable the Audit & Supervisory Board Members to perform an effective audit.
- On taking office, Outside Directors and Outside Audit & Supervisory Board Members have the opportunity to receive a briefing on areas including the Sumitomo Corporation Group’s Management Principles, management policy, business activities, finances, organization, medium-term management plan, and risk management system. To enable Directors and Audit & Supervisory Board Members to acquire the necessary knowledge and update it as appropriate, we additionally provide access to resources including seminars and e-learning facilities, offering financial support to cover the necessary costs. To deepen their understanding of Sumitomo’s Business Philosophy, Outside Directors and Audit & Supervisory Board Members visit a Sumitomo-related facility, in principle during the first fiscal year of their term of office. Outside Directors and Audit & Supervisory Board Member are also given the opportunity to make a group companies observation visit to a facility in Japan and to an overseas.

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

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

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

		Chief Executive Officer			
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[Total number of advisors (“sodanyaku,” “komon,” etc.) who have formerly served as Representative Director and President, etc.]	2
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[Other Matters]

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

2. Matters on Functions of Business Execution, Auditing, Oversight, Nomination and Remuneration Decisions

(Overview of Current Corporate Governance System)

New

<p>[Business Execution]</p> <ul style="list-style-type: none"> ▪ In principle, based on checks and balances, there shall be both a Chairman of the Board of Directors and a President and Chief Executive Officer, and no single individual shall serve as both the Chairman of the Board of Directors and the President and Chief Executive Officer. ▪ The company has introduced an executive officer system to clarify responsibility and authority for business execution. For details on the appointment of Executive Officers, please refer to the description of [Nomination Function, etc.] [Executive Officers] in this section. ▪ The Company’s Management Council serves as a decision-making body at the operational execution level. Its aim in so doing was to incorporate diverse opinions and multilateral discussions into the decision-making process on specific key matters related to management within the scope of its mandate from the Board of Directors. The Management Council, comprising the President and Chief Executive Officer, all the chief officers in the Corporate Group, and all the General Managers of business units, meets once a week in principle. In addition, the Company has established a range of committees to act as advisory bodies to the Chief Executive Officer and the Management Council with regard to specific matters that are particularly important from the perspective of The Company as a whole. The committees are the Corporate Strategy Promotion Committee, the Global Innovation Promotion Committee, the Company Investment Committee, the Internal Control Committee, the Compliance Committee, the Corporate Sustainability Committee, Corporate Communication Committee, the IT Strategy Committee, HR Management System Committee, Pension Management Committee, and Intelligence Committee. <p>[Audit & Supervisory Functions]</p> <p>1. Board of Directors</p> <ul style="list-style-type: none"> ▪ The Company positions the role of the Board of Directors as "The board of directors renders decisions concerning key management matters and oversees the operation of the business by the directors and the executive officers" in its Corporate Governance Principles. ▪ The Corporate Governance Principles state that, regarding the number of directors, "The number of directors shall be set within a scope which enables due deliberation and speedy and reasonable decision-making by the board of directors. Currently, around 15 directors or less is considered an appropriate number." Currently in actual, the Company has 11 Directors; this means that the structure of the Board of Directors (the functions of which are to supervise business execution and make decisions relating to important management matters) is such that it can conduct substantive, lively discussions and make appropriate decisions speedily. In addition, management responsibilities are made clear each business year, and the term of office for Directors is set at

one year so as to respond speedily to changes in the business environment and they are reelected every year when they are reelected.

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

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

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

- The Board of Directors meets once a month, in principle. In fiscal 2022, the Board of Directors met 18 times (14 times after June 24, 2022).

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

- ✓ Agenda items for the Board of Directors are carefully selected by the Board of Directors to promote more focused discussion of management policies and plans and other important matters for companywide management. Members of the Board of Directors also select items that should be taken up for more intensive discussion at the Board of Directors meetings each year (agenda setting);

- ✓ The Board of Directors receives reports from each business 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; and

- ✓ 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.

- Attendance of directors in fiscal 2022 at Board meetings:

Chairman of the Board of Directors Nakamura: 18 times/18 meetings

Director Hyodo: 18 times/18 meetings

Director Seishima: 18 times/18 meetings

Director Morooka*: 14 times/14 meetings

Director Higashino*: 14 times/14 meetings

Outside Director Ishida: 18 times/18 meetings

Outside Director Iwata: 15 times/18 meetings

Outside Director Yamazaki: 18 times/18 meetings

Outside Director Ide: 18 times/18 meetings

Outside Director Mitachi*: 14 times/14 meetings

* Since appointed Director on June 24, 2022

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

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

performance of their duties or being subject to a claim for such liability. The Company pays all premiums for the insurance policy.

2. Audit & Supervisory Board Members, Audit & Supervisory Board and Accounting Audit

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

▪ The Audit & Supervisory Board has established Audit's policies, division of duties, etc., and receives reports on the status of implementation and results of Audit from each Audit & Supervisory Board Members, as well as reports on the status of execution of their duties from the Directors, etc. and the Accounting Auditors, and requests explanations as necessary. In fiscal 2022, our group addressed the following issues as priority areas for Audit, taking into account (1) rising awareness of social sustainability (sustainability/ESG), (2) dramatic progress in a data-driven society typified by DX and the consequent increase in information security risks, and (3) the dramatic changes in the business environment caused by changes in lifestyles and values triggered by the global spread of the COVID-19 pandemic.

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

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

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

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

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

▪ As an organization dedicated to assisting the duties of the role of Audit & Supervisory Board Members, the Audit & Supervisory Board Members' Administration Department (5 members) has been established. The Audit & Supervisory Board Members is involved in personnel evaluation and personnel changes of the Audit & Supervisory Board Members' Administration Department members, and secures the independence of the members of the Audit & Supervisory Board Members' Administration Department from the Directors.

The Company's accounting audit was conducted by Michitaka Shishido, Isao Kamizuka and Kenji Kasashima. All three are certified public accountants at KPMG AZSA LLC, and each has audited the Company's accounts continuously for no more than seven years. A total of 85 people assisted with the accounting audit; they comprised 32 certified public accountants, 11 assistant accountants (who have passed the CPA examination) and others, and an additional 42 people. For further details refer also to the sections of this report entitled "Cooperation among Audit & Supervisory Board Members, Accounting Auditors, and Internal Audit Departments" and "Supporting System for Outside Directors and/or Audit & Supervisory Board Members."

[Nomination Function, etc.]

[Overall]

▪ The Company has established the Nomination and Remuneration Advisory Committee, an advisory body to the Board of Directors chaired by an Outside Director, the majority of whose members are Outside Directors.

▪ Refer to the Company's standards related to the independence of Outside Directors and Outside Audit & Supervisory Board Members from the Company, which are made public on its website.

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

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

[President and Chief Executive Officer]

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

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

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

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

- Policy and Procedure for Appointment

A new President and Chief Executive Officer shall be appointed by a resolution of the Board of Directors after the Nomination and Remuneration Advisory Committee nominates candidates for the post of President and Chief Executive Officer based on the appointment criteria listed above and selects from among the nominated candidates the person who is considered best suited to enhance the Company’s corporate value as the new President and Chief Executive Officer, at the appropriate timing in light of the term of the President and Chief Executive Officer (not exceeding six years in principle) and submits nominations to the Board of Directors as recommendations.

- Policy and Procedure for Dismissal

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

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

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

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

[Executive Officers]

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

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

[Directors]

- In order to ensure objectivity and transparency of procedures, the nomination of a candidate for the post of Director is deliberated by the Nomination and Remuneration Advisory Committee, resolved by the Board of Directors following the submission of deliberation results by the committee and then proposed at the general meeting of shareholders as an agenda item.
- Candidates for the post of internal Director are required to be persons of high integrity with deep insights and excellent abilities and to possess professional knowledge and extensive experience including management experience. Factors such as gender or nationality are not taken into consideration.
- Candidates for the post of Outside Director are required to be persons of high integrity with deep insights and excellent abilities and to possess extensive knowledge and experience, accompanied by an outstanding track record in any specialized field, in light of the Company's need to ensure diverse perspectives. Factors such as gender or nationality are not taken into consideration.

[Chairman of the Board of Directors]

▪ Role and Responsibilities

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

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

▪ Policy and Procedure for Appointment

A new Chairman of the Board of Directors shall be appointed by a resolution of the Board of Directors after the Nomination and Remuneration Advisory Committee deliberates on, and recommends to the Board of Directors, the person who is considered best suited to fulfill the role and responsibilities stipulated above, at the appropriate timing in light of the term of the Chairman of the Board of Directors (not exceeding six years in principle).

▪ Policy and Procedure for Dismissal

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

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

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

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

[Audit & Supervisory Board Members]

- In order to ensure objectivity and transparency of procedures, the nomination of a candidate for the post of Audit & Supervisory Board Member is deliberated by the Nomination and Remuneration Advisory Committee, resolved by the Board of Directors following the submission of deliberation results by the committee and proposed at the general meeting of shareholders as an agenda item after obtaining the approval of the Audit & Supervisory Board.
- Candidates for the post of internal Audit & Supervisory Board Member are required to be persons of high integrity with deep insights and excellent abilities and to possess professional knowledge and extensive experience in business, regardless of gender or nationality.

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

[Remuneration Decision-making Function]

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

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

3. Reasons for Adoption of Current Corporate Governance System

The Company believes that it is the most appropriate system for the Company by reinforcing the supervisory and monitoring function of management oversight by electing independent Outside Directors and Outside Audit & Supervisory Board Members and by establishing the Nomination and Remuneration Advisory Committee, comprised mainly of independent Outside Directors, under an audit & supervisory board member system. The Company has elected multiple independent Outside Directors (five individuals) with a wealth of experience and a high degree of specialized knowledge and expertise in different fields. This ensures appropriate decision-making in board meetings and further reinforces the oversight function through further diverse perspectives. Also, the Company has established the Nomination and Remuneration Advisory Committee (chaired by an Outside Director) as an advisory body of the Board of Directors, in which the majority of members are Outside Directors. This enhances independence, objectivity and transparency of the Board of Directors' function with respect to nomination and remuneration of Executive Officers. To strengthen the oversight framework from an external perspective, the Company has three independent Outside Audit & Supervisory Board Members who are one legal expert (a former President of Osaka High Court), one accounting expert, and one member with experience in corporate management and as a full-time auditor of a publicly-listed company out of the five members of the Audit & Supervisory Board, thereby ensuring an auditing system that incorporates a diversity of perspectives. In addition to attending meetings of the Board of Directors, Audit & Supervisory Board Members are permitted to attend all internal meetings, enabling them to obtain sufficient information essential for auditing by always participating in important meetings. By implementing the measures above, the Company believes that it has developed an effective, enhanced corporate governance system.

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

III. Implementation of Measures for Shareholders and Other Stakeholders

New

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

	Supplementary Explanations
Early Notification of General Shareholder Meeting	The Company sends out 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 the meeting. The Company also provides the material for the General Meeting of Shareholders on our corporate website and submit it to the Tokyo Stock Exchange in advance of sending the notice, together with its English-language translation.
Scheduling AGMs Avoiding the Peak Day	The Company holds its general meeting of shareholders early, avoiding the “peak” day.
Allowing Electronic Exercise of Voting Rights	The Company allows shareholders to exercise their voting rights via the Internet using PCs, smartphones or mobile phones, etc.
Participation in Electronic Voting Platform	The Company uses the Electronic Voting Platform for institutional investors operated by Investor Communication Japan, Inc. (ICJ), allowing institutional investors sufficient time to examine propositions.
Providing Convocation Notice in English	The Company prepares an English-language translation of the Notice of Convocation, which it posts on its website.
Other	The Company live-streams the General Meeting of Shareholders for shareholders on internet. The video of the meeting can be viewed on its website for a certain period after the close of the meeting. In 2022, the Company began accepting questions from shareholders on internet prior to the General Meeting of Shareholders.

2. IR Activities

New

	Supplementary Explanations	Explanation by Representative
Preparation and Publication of Disclosure Policy	The Company has set down a Corporate Disclosure Policy and made it public in Japanese and English on the Company's website. (https://www.sumitomocorp.com/ja/jp/about/governance/detail/disclosurepolicy)	
Regular Investor Briefings for Individual Investors	The Company periodically holds briefings in major cities in Japan. In fiscal 2022, the Company held 11 briefings. The Company discloses on its website explanatory materials and videos used in the event as well as the records of dialogues with participants on the event days.	Yes

Regular Investor Briefings for Analysts and Institutional Investors	<p>Following the announcement of financial results (after the end of each quarter and each fiscal year), the Company holds briefings for analysts and institutional investors in Japan in a timely manner. In addition, the President and the CFO jointly host small meetings on a semiannual basis. The Company holds business units briefings on a regular basis and other events including Investor Day and ESG briefings from time to time.</p> <p>The Company discloses on its website explanatory materials and videos used in the event as well as the records of dialogues with participants on the event days. (https://www.sumitomocorp.com/en/jp/ir)</p>	Yes
Regular Investor Briefings for Overseas Investors	<p>The Company has continued one-on-one meetings with mainly institutional investors in Europe, North America and Asia hosted by the President, CFO, CSO, and the General Manager of Investor Relations.</p> <p>The Company also has had one-on-one meetings with managers in charge of exercising voting rights at institutional investors (SR activities) and ESG dialogues with institutional investors in and outside Japan from a medium- to long-term perspective.</p> <p>Refer to the details which are disclosed in this corporate governance report in the section entitled “I. Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information” under “1. Basic Views [Disclosure Based on the Principles of the Corporate Governance Code]” under “[Principle 5-1].”</p>	Yes
Posting of IR Materials on Website	<p>The Company posts materials that may be useful for investors to make investment decisions or otherwise on its website in a timely manner. These materials include financial results, Tokyo Stock Exchange filings other than financial results, annual securities reports, quarterly reports, company briefing materials, integrated reports, Notices of Convocation for the general meetings of shareholders, and business reports. (https://www.sumitomocorp.com/en/jp/ir)</p>	
Establishment of Department and/or Manager in Charge of IR	<p>The Company has established the Investor Relations Department as the department in charge of IR activities, which is jointly managed by CSO and CFO and plans and implements a range of IR and SR activities.</p>	

3. Measures to Ensure Due Respect for Stakeholders

New

	Supplementary Explanations
Stipulation of Internal Rules for Respecting the Position of Stakeholders	<p>The Sumitomo Corporation Corporate Governance Principles stipulate the Company’s policy with regard to respecting the positions of stakeholders. The Corporate Disclosure Policy is also established. The Japanese version and the English version of the Policy are available on the website of the Company. (https://www.sumitomocorp.com/ja/jp/about/governance/detail/disclosurepolicy)</p>

<p>Implementation of Environmental Activities, CSR Activities etc.</p>	<p>【Sustainability initiatives】</p> <p>In line with Sumitomo’s Business Philosophy¹ and the Sumitomo Corporation Group’s Mission Statement², the Company identified six material issues (“Material Issues”³) in 2017, which the Sumitomo Corporation Group should address with priority in order to achieve sustainable growth together with society. Material Issues consist of four key phrases that show how each business of the Sumitomo Corporation Group contributes to society as well as two important challenges in our business management. With these six Material Issues at the foundation of our business management, we constantly check whether our business strategies and individual businesses harmonize with the stated material Issues, and we remain conscious of whether or not our business activities contribute to society.</p> <p>While climate change and many other social challenges have become increasingly serious, enterprises are required to more actively contribute to overcoming these challenges. As a result, the Sumitomo Corporation Group has commenced efforts to further sophisticate its sustainability management. As part of such efforts, in 2020, we identified six key social issues that we should address: Mitigation of climate change, the Circular economy, Respect for human rights, Development of local society and economy, Improvement of living standards, and Quality education. We then specified long- and medium-term goals for each of these social issues.⁴</p> <p>Among others, addressing climate change issues is important in the context of the global consensus under the Paris Agreement. To engage more actively in the efforts to achieve the carbon-neutral goals in society that were set under the Paris Agreement, the Sumitomo Corporation Group revised the Policies on Climate Change Issues in May 2021. We then set a medium-term goal as a more clearly defined action plan toward the long-term goal for climate change mitigation, which is one of the six key social issues. In addition in February 2022, the Company revised the Policies on Climate Change Issues, in which we determined it will not be involved in any new coal-fired power generation business neither IPP (Independent Power Producer) nor EPC (Engineering, Procurement, Construction).⁵</p> <p>In April 2022, the Company began practicing the Forest Management Policy and the Sourcing Policy for Forest Products. The Forest Management Policy clarifies the Group’s environmental and social commitment to sustainable forest management, and the Sourcing Policy for Forest Products defines the Group’s policy for procuring forest products in cooperation with suppliers and customers⁶.</p> <p>These issues and goals embody the roles that the Sumitomo Corporation Group is committed to play in the world striving for the realization of a sustainable society. To fulfill such roles, we exploit the Group’s strengths such as human resources, business know-how, its global network, and business relations. These goals serve as the guiding principle for all business activities of the Sumitomo Corporation Group, now and in the future. The progress toward the achievement of the long- and medium-term goals and specific initiatives for such achievement are and will be disclosed in the ESG Communication Book⁷ and the Integrated Report⁸, as updated each year, and other disclosure documents.</p> <p>Notes 1–2: Sumitomo’s Business Philosophy; Sumitomo Corporation Group’s Management Principles and Activity Guidelines (https://www.sumitomocorp.com/en/jp/about/policy/principles)</p> <p>Note 3: Six Material Issues (https://www.sumitomocorp.com/en/jp/sustainability/material-issues)</p> <p>Note 4: Key social issues and long- and medium-term goals (https://www.sumitomocorp.com/en/jp/sustainability/management)</p>
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(<https://www.sumitomocorp.com/en/jp/news/release/2021/group/14710>)
 Note 5: Revision to “Policies on Climate Change Issues”
 (<https://www.sumitomocorp.com/en/jp/news/release/2021/group/14700>)
 (<https://www.sumitomocorp.com/en/jp/news/release/2022/group/15490>)
 Note 7: Forest Management Policy and the Sourcing Policy for Forest Products
 (<https://www.sumitomocorp.com/en/jp/sustainability/csr/activity#01>)
 (<https://www.sumitomocorp.com/en/jp/sustainability/csr/activity#02>)
 Note 7: ESG Communication Book
 (<https://www.sumitomocorp.com/en/jp/sustainability/report>)
 Note 8: Integrated Report
 (<https://www.sumitomocorp.com/en/jp/ir/financial/investors-guide/2022>)

【Engagement in social contribution activities】

The Sumitomo Corporation Group works to resolve social issues through its business activities and social contribution activities, with the aim of contributing to the realization of a sustainable society by fulfilling its Management Principles and Activity Guidelines as a global business group. Under the “100SEED” social contribution program, we are promoting social contribution activities on a medium- and long-term basis through the use of our human resources, to encourage employees of the Sumitomo Corporation Group to grow sustainably together with society.
 (<https://www.sumitomocorp.com/en/jp/sustainability/contribution>)

【Disclosure under the TCFD and IBC framework】

Recognizing that climate change is one of the major issues faced by the entire world, the Sumitomo Corporation Group identifies businesses which may interact significantly with climate change and conducts scenario analyses based on the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

We analyze the impact of climate change on power generation and next-generation energy, resources, automobiles, aircraft, ships, steel, chemicals, cement, aluminum smelting, real estate, and other business areas where changes in technology and the introduction of regulations for mitigating the climate change will have a relatively significant impact on their risks and opportunities related to business environment change.

We assume that there are risks and opportunities in these areas that could affect our business activities. Through periodic scenario analysis, we recognize their magnitude and consider appropriate countermeasures to minimize the negative impact on our business performance. We also strengthen our efforts to contribute to developing business opportunities, such as establishing decarbonized and recycling-oriented energy systems. Specifically, we analyze transition risks and opportunities using APS¹, the NZE scenario² to limit the temperature increase to within 1.5 degrees Celsius of the pre-industrial revolution level, and other scenarios. We also analyze the physical risks associated with natural disasters and other events caused by climate change. We will continue to expand our disclosures, including additional information on opportunities.

For details, please refer to the description of TCFD in the “ESG Communication Book: Disclosure Book”³.

Note 1: Announced Pledges Scenario (APS) assumes that all national governments' climate change commitments, including Nationally Determined Contributions (NDCs) and long-term net zero targets, will be fulfilled within the designated period.

	<p>Note 2: NZE (Net Zero Emission Scenario) is a scenario backcast from the global net-zero emission goal in 2050.</p> <p>Note 3: ESG Communication Book: Disclosure Book. (https://www.sumitomocorp.com/jp/-/media/Files/hq/sustainability/report/esg/esg-all.pdf?la=en)</p> <p>In January 2021, Sumitomo Corporation showed support for the Stakeholder Capitalism Metrics, which had been formulated under the initiative of the International Business Council (IBC) of the World Economic Forum (WEF). The WEF is well known as an organizer of the Davos Forum. Our disclosure information based on the Stakeholder Capitalism Metrics is found in the ESG Communication Book.</p> <p>These metrics offer the framework for non-financial disclosure and reporting, comprised of common and comparable disclosure items that are reportable by enterprises in any industry or in any region. The disclosure items are presented as non-financial performance indicators covering four themes (Governance, Planet, People, and Prosperity) and containing 21 core and 34 expanded metrics.</p> <p>Through the use of these metrics, we intend to enhance disclosure of non-financial information to our stakeholders. While our present disclosures have not yet covered all of the metrics, we will continue to examine the significance of the respective metrics for the Company and their benefits for stakeholders, and may redefine the scope of disclosure.</p>
Development of Policies on Information Provision to Stakeholders	<p>The Sumitomo Corporation Corporate Governance Principles stipulate that the Company strives to actively disclose information to stakeholders and to ensure that information is disclosed in full. The Corporate Disclosure Policy is also established. The Japanese version and the English version of the Policy are available on the website of the Company. (https://www.sumitomocorp.com/ja/jp/about/governance/detail/disclosurepolicy)</p>
Other	

IV. Matters Related to the Internal Control System

New

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

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

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

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

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

1. Systems for ensuring that the execution of duties by Directors and employees complies with laws and regulations and the Articles of Incorporation:
 - In addition to explicitly requiring compliance with laws and regulations under the “Corporate Mission Statement” of the Sumitomo Corporation Group, the Company will set forth important items that are to

be observed with particular strictness from the viewpoint of compliance as “Sumitomo Corporation Group Compliance Policy,” and a “Compliance Manual” will be prepared and distributed to all officers and employees.

- The Company will require all officers and employees to provide a written “Confirmation of Compliance” with the purport of rigorously assuring strict compliance with laws and regulations.
 - Based on the Company’s internal rules, a “Chief Compliance Officer,” a “Compliance Committee,” “Compliance Leaders,” and a “Speak-Up System” will be created.
 - The Chief Compliance Officer will supervise the handling of potential and verified compliance violations, will implement measures to ensure compliance, and will deal with matters brought to light via the “Speak-Up System.”
 - The Compliance Committee will formulate and propose compliance-related measures, and will offer advice to the Chief Compliance Officer on the implementation of these compliance-related measures.
 - Compliance Leaders will rigorously assure compliance in each business unit and domestic and overseas office from a position close to the front lines, and they will also conduct activities relating to compliance enlightenment.
 - Routes will be secured via the Speak-Up System that enable employees and officers to communicate information on compliance directly to the Chief Compliance Officer, with the Legal Compliance Department, Audit & Supervisory Board Members, outside professionals, and outside attorneys serving as liaisons.
2. Systems for retaining and managing information pertaining to the Directors’ execution of their duties:
- Important documents with regard to meetings of each type, including minutes of meetings of the Board of Directors, and information pertaining to the execution of duties and decision-making will be properly preserved and managed under internal rules regarding the respective matters.
 - Steps will be taken under internal rules to prevent divulgence of information to third parties or other misuse of information.
 - Important documents pertaining to the Directors’ execution of their duties will be made available for review in a timely manner when requested by an Audit & Supervisory Board Member.
3. Rules and other systems pertaining to the management of risk of loss:
- The Company defines “risk” as “the possibility of losses due to the occurrence of anticipated or unanticipated situations,” and also as “the possibility of not achieving the expected return on business activities.” The Company has set the following three items: “stabilize performance,” “strengthen financial base” and “maintain corporate reputation” as the goals of its risk management activities. The Company categorizes its business activities into investments and commercial transactions and manage risk after identifying both common and category specific risk factors. Furthermore, the Company will continue to evolve its risk management activities in order to adequately respond to changes in external environment and the development of new business models.
 - The sections of the Corporate Group will build a framework, conduct monitoring, and implement improvements regarding risk management across all levels of the Company through the formulation of internal rules pertaining to the respective areas of operational responsibility and the formulation of risk management policies, methods, and guidelines. In addition, they will strive to improve risk management through the preparation and distribution of manuals and training activities as appropriate. All business units and other sections conducting business will carry out risk management required for the conduct of individual cases under this company-wide framework.
 - An “Internal Control Committee” will be instituted and will carry out overall management and timely evaluation of internal controls as a whole on a consolidated basis, along with the identification of important issues with respect to internal controls and the drafting and implementation of basic policies for improvement. In addition, in order to more efficiently operate each of the existing internal control frameworks, create synergies, and collaborate with the 3rd Line (the Internal Auditing Department), the "Internal Control Promotion Department," which will be responsible for conducting the Group's internal control-related operations in an integrated manner, will be established within the same organization with the Internal Auditing Department under the "Head of Internal Control and Internal Audit." The Internal Control Promotion Department will actively identify issues in terms of internal control matters and utilize internal control activities within the Group to establish a more effective and consistent PDCA cycle for internal control throughout the Group.

- A “Company-wide Loan and Investment Committee” will be established as an advisory organ to the “Management Council,” which serves as a decision-making body and will carry out deliberations regarding important rules, systems, and the like for risk management and regarding important investment and financing cases.
 - A “Corporate Sustainability Committee” will be established as an advisory body to the “Management Council,” which serves as a decision-making body and discusses important policies, measures, and initiatives relating to the promotion of sustainability.
 - The Company will develop and maintain the resilient system to ensure the safety of its Group members, rapid recovery and continuity of its business under the crisis such as natural disasters (Earthquake, Windstorm, Flood, etc.), infection disease, terrorism or riot, etc.
 - An “Internal Auditing Department” will be established under the direct supervision of the President and Chief Executive Officer as an independent body for company-wide monitoring of operations, and its auditing will apply to all organizations within the Company and in its domestic and overseas subsidiaries. The results of internal auditing will be reported directly to the President and Chief Executive Officer each month and will also be reported regularly to the Board of Directors.
4. Systems for ensuring the efficient execution of the Directors’ duties:
- The size of the Board of Directors will be sufficient to enable full discussions and speedy and reasonable decision-making.
 - Two or more Outside Directors will be elected so that through their diverse perspectives, the Company can ensure appropriate decision-making in the meeting of the Board of Directors and further enhancement of supervisory functions.
 - A system of Executive Officers will be introduced in order to clarify responsibility and authority for the execution of operations and to endeavor for the strengthening of the supervisory functions of the Board of Directors.
 - With the exceptions of the Chairman of the Board of Directors and Outside Directors, all Directors will, in principle, be Representative Directors, and will hold concurrent posts as Executive Officers.
 - Management responsibilities will be made clear each business year, and the term of office for Directors will be set at one year so as to respond speedily to changes in the management environment.
 - The terms of office of the director serving as the Chairman of the Board of Directors and of the executive officer serving as the President and Chief Executive Officer will not, in principle, exceed six years each.
 - A “Nomination and Remuneration Advisory Committee” composed of a majority of outside directors will be established as an advisory organ to the Board of Directors. The Nomination and Remuneration Advisory Committee deliberates on the following matters and submits the results thereof as recommendations to the Board of Directors:
 - (1) Policy and procedure for appointment and dismissal of the President and Chief Executive Officer
 - (2) Policy and procedure for appointment and dismissal of the Chairman of the Board of Directors
 - (3) Nomination criteria for Directors and Audit & Supervisory Board Members
 - (4) Appointment and dismissal of the President and Chief Executive Officer (including nominating successors to the President and Chief Executive Officer)
 - (5) Nominations of candidates for Directors and Audit & Supervisory Board Members (including deciding Representative Directors and Executive Directors)
 - (6) Appointment of members of the Management Council
 - (7) Structure and level of remuneration and bonuses for Directors and Executive Directors, as well as limits for remuneration of Audit & Supervisory Board Members
 - (8) Advisor system.
 - A dedicated organization will be established to strengthen the support functions of the Board of Directors, such as communication between the Board of Directors and the executing persons (executive officers, etc.), selection of agenda items to be discussed at the Board of Directors meetings, and organization of issues, to improve the quality of discussions at the Board of Directors meetings.
 - In addition to the Management Council as a decision-making body, various committees will be established as advisory organs. In addition, “Liaison Meetings” and various other conferences will be instituted for the exchange of information.
 - A medium-term management plan will be formulated and a budget will be compiled to set goals. In addition, a performance management system will be introduced in order to ascertain the state of General Managers’ execution of operations and to serve in the formulation of strategies for the future.

- Under internal rules, agenda items requiring discussion by the Board of Directors will be specified in writing, and the job responsibilities of officers and employees will be made clear; in addition, the decision-making authority of officers and employees regarding important matters will be specified in writing.
5. Systems for ensuring the properness of operations by the corporate group comprising the Company and its subsidiaries:
 - The Corporate Mission Statement of the Sumitomo Corporation Group promotes compliance with laws and regulations and the sharing of values to be respected throughout the Group.
 - For the purpose of sharing and implementing its approaches to group management, the Company will establish the Group Management Policy (GMP) and set Jiritsu (working toward one's own goals subject to Group rules and accountability), dialogue, and collaboration as the three principles of group management. Through this, the Company will aim to enhance the corporate value of its Group as a whole.
 - In order to ensure that appropriate institutional decisions which contribute to maintaining and enhancing enterprise value of its subsidiaries and other consolidated companies are made, the Company shall – based on agreements with such group companies – obtain enough information and request prior consultation on “important management matters”. In addition, the Company will manage its subsidiaries and other consolidated companies through the dispatch of directors, audit & supervisory board members, and employees and other personnel assigned who execute business operations – in line with the businesses and situations of such group companies.
 - The Company will carry out support so that internal controls are created, operated, evaluated, and improved appropriately at its subsidiaries and other consolidated companies.
 - Internal audits of subsidiaries and other consolidated companies of which the Company is the managing entity will be conducted in accordance with internal rules.
 - The Company will support its subsidiaries and other consolidated companies to construct a framework for risk management, including risk management policies, methods, guidelines, regulations, etc., and to make necessary improvements thereto.
 - Subsidiaries will be instructed to develop systems for complying with laws and regulations in the same strict manner as the Company, including through aiming to familiarize and implement “Sumitomo Corporation Group Compliance Policy,” the expansion of the “SC Global Speak-UP” system (an internal whistle-blowing system for Sumitomo Corporation group companies), the establishment of a Compliance Committee, and the preparation/distribution of a Compliance Manual.
 - The Company will ascertain its consolidated performance, including that of subsidiaries, promptly and accurately on a monthly basis, and it will carry out performance management in detail.
 6. Matters regarding personnel assigned to support the operations of Audit & Supervisory Board Members:
 - An “Audit & Supervisory Board Members’ Administration Department” will be established to support the operations of the Audit & Supervisory Board Members, and several full-time staffers will be assigned to this department.
 - Internal rules will clearly stipulate those persons authorized to issue instructions to the Audit & Supervisory Board Members’ Administration Department and the responsibilities of the Audit & Supervisory Board Members’ Administration Department, and will clearly define the purpose of the Audit & Supervisory Board Members’ Administration Department as an organization for assisting the Audit & Supervisory Board Members in their operations.
 - The personnel evaluations of the members of the Audit & Supervisory Board Members’ Administration Department will be conducted by the Audit & Supervisory Board or an Audit & Supervisory Board Member appointed by the Audit & Supervisory Board. In addition, the Directors shall consult in advance with the Audit & Supervisory Board or an Audit & Supervisory Board Member appointed by the Audit & Supervisory Board and obtain the consent thereof regarding personnel transfers.
 7. Systems for reporting to Audit & Supervisory Board Members:
 - Audit & Supervisory Board Members may attend all meetings, including those of the Management Council. In addition, the Chairman of the Board of Directors, the President and Chief Executive Officer, and the Audit & Supervisory Board Members will meet regularly.
 - Important materials pertaining to the execution of operations involving the Company, its subsidiaries and other consolidated companies will be delivered to the Audit & Supervisory Board Members, and

officers and employees will report and give briefings to the Audit & Supervisory Board Members as necessary.

- Persons submitting the aforementioned reports and persons making contact via the Speak-Up System will not be subjected to adverse treatment due to such reports/contact.

8. Other systems for ensuring that auditing will be carried out effectively by the Audit & Supervisory Board Members:

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

2. Basic Views on Eliminating Anti-Social Forces

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

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

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

V. Other

1. Adoption of Anti-Takeover Measures

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

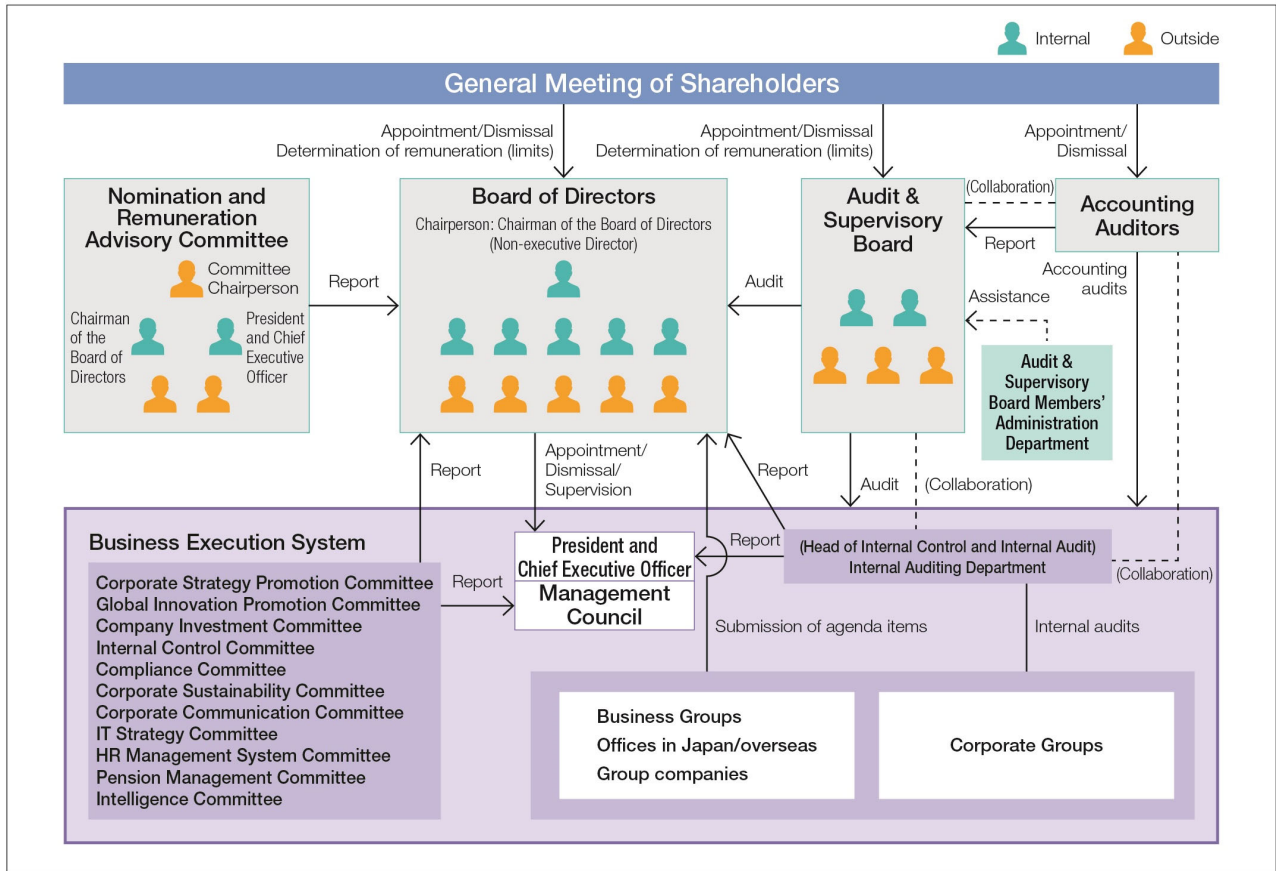
The Sumitomo Corporation Corporate Governance Principles stipulate that the essence of corporate governance is improving management efficiency and maintaining sound management, while ensuring management transparency in order to secure these two aims. Furthermore, the Company makes proactive efforts to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

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

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

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

【Corporate Governance System】



The knowledge, experience and competencies, etc. (collectively, "Skills") that the Board of Directors is required to possess, and Skills that Directors or Audit & Supervisory Board Members currently in office possess

Name	Role	Knowledge, experience and competencies, etc. (Skills)						
		Corporate management	Investment/M&A	ICT/DX /Technology	ESG /Sustainability	Finance /Accounting	Legal/Risk management	HR management & development
Kuniharu Nakamura	Director, Chairman	●	●		●	●	●	●
Masayuki Hyodo	Representative Director, President and Chief Executive Officer	●	●		●	●	●	●
Shingo Ueno	Representative Director, Executive Vice President	●	●		●			
Takayuki Seishima	Representative Director, Executive Vice President	●				●	●	●
Reiji Morooka	Representative Director, Senior Managing Executive Officer	●				●	●	
Hirokazu Higashino	Representative Director, Senior Managing Executive Officer	●	●	●	●			
Kimie Iwata	Outside Director	●			●			●
Hisashi Yamazaki	Outside Director						●	●
Akiko Ide	Outside Director	●		●	●			
Takashi Mitachi	Outside Director	●	●		●		●	●
Takahisa Takahara	Outside Director	●	●		●			
Daisuke Mikogami	Senior Audit & Supervisory Board Member (Full-Time)	●	●	●				●
Kazunari Sakata	Audit & Supervisory Board Member (Full-Time)	●	●					
Toshio Nagai	Outside Audit & Supervisory Board Member						●	
Yoshitaka Kato	Outside Audit & Supervisory Board Member	●				●		
Yukiko Nagashima	Outside Audit & Supervisory Board Member	●	●					●

About this table

1. This table identifies the types of knowledge, 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 Board Members currently in office possess such Skills. In our view, it is important that the Board of Directors as a whole possesses these Skills.
2. 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 digital transformation (DX) and the enhancement of sustainability management as two sweeping trends. To this 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 and development" are important for supporting or administering the Company's business operations.
3. 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 Directors' execution of duties.
4. Since the Company carries out business transactions and investments all over the world, respective Directors or Audit & Supervisory Board Members are required to have a keen insight from a global perspective. Knowledge concerning "governance" is another indispensable skill for serving as a Director or Audit & Supervisory Board Member. Because we mandate that all Directors and Audit & Supervisory Board Members possess such two skills, they are not included in seven Skills that are indicated in the table and selected in paragraph 2 above.
5. 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.

*A brief history of each of the incumbent Directors and Audit & Supervisory Board Members is disclosed on the Company's website.

<https://www.sumitomocorp.com/en/jp/about/company/officer>