

Policies on Climate Change Issues

Basic Policy

- **Aim to make the Sumitomo Corporation Group carbon neutral in 2050^(*1).**
Develop technologies and business models for creating a sustainable energy cycle by reducing CO2 emissions and achieving negative emissions^(*2) for society as a whole.
- **In addition to reducing and absorbing CO2 emissions from our business, we will contribute to the carbon neutralization of society through cooperative initiatives and recommendations made with business partners and public institutions.**

Policy on Business Activities

- **Promote renewable energy, efficient energy utilization and fuel conversion that contributes to reducing CO2 emissions throughout society. We will also work to offer new energy management and mobility services utilizing renewable energy and also to materialize hydrogen technologies and applications.**
- **In the power generation business, we provide a stable supply of the energy, essential for the economic and industrial development of local communities. At the same time, we continuously shift management resources to renewables and other energy sources with low environmental burden in the power generation portfolio (in 2035: 20% for coal-fired, 50% for gas-fired, and 30% for renewables in terms of net ownership generation capacity^(*3)).**
- **Regarding the development of thermal power generation and fossil energy concession, we will work on the premise of carbon neutralization in 2050. We will not be involved in any new coal-fired power generation business neither IPP (Independent Power Producer) nor EPC (Engineering, Procurement, Construction) ^(*4) . For IPP business, we aim to reduce CO2 emissions by 60% or more by 2035 (compared to 2019) and we will end all the coal-fired power generation business in the late 2040s.**
We will not make any further investment in the thermal coal mining interest and aim to achieve zero production from thermal coal mines by 2030.

(*1)The scope of business targeted for carbon neutralization is as follows

[Scope1・2] Direct CO2 emissions from Sumitomo Corporation and its subsidiaries, as well as indirect CO2 emissions from the generation of energy used by each company (however, for power generation businesses, emissions from those affiliated companies under the equity method are also included)

[Scope3] Indirect CO2 emissions associated with the use of energy resources produced by fossil energy concession of Sumitomo Corporation Group, its subsidiaries, and affiliated companies under the equity method.

Carbon neutrality means net-zero CO2 emissions that combine CO2 emissions from our business and our contributions to CO2 emission reduction.

(*2) Negative emission refers to the absorption, capturing, and removal of CO2 emitted in the past and accumulated in the atmosphere.

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

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

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

■ Scope of carbon neutrality

	Scope 1 Direct emissions	Scope 2 Indirect emissions from acquired electricity etc.	Scope 3 Other indirect emissions
Sumitomo Corporation/ Subsidiaries	Approx. 1 million tons		Fossil fuel upstream business Approx. 16 million tons
Associated companies (equity method)	Thermal power generation business (Including facilities under construction) Approx. 43 million tons		

As of 2019