[Japanese to English translation provided by the Business & Human Rights Resource Centre.]

**3 August 2020**

**Sumitomo Corporation**

**BHRRC Response to Questions**

Sumitomo Group [(“the Group”)] is committed to contributing to solving social issues through sound business activities and to growing sustainably alongside society. This commitment is based on our Business Philosophy, which has been the foundation of our sustainable development over the past 400 years and is embodied by the Group’s credo: "Benefit for self and others, private and public interests are one and the same" (Sumitomo's business, while benefiting Sumitomo, must also benefit the nation and benefit society). Our commitment is also based on our Management Principles, which have inherited the basic ideas of the Business Philosophy.

**(Climate change)**

* We recognize that climate change is a critical issue as it is a serious problem that threatens the stability of our society and the environment on a global scale and across generations. In light of global efforts to mitigate climate change, we have reviewed our policy on climate change and aim to make the Group carbon neutral by 2050.

(The Group's policy on climate change)

<https://www.sumitomocorp.com/ja/jp/sustainability/environmental-management/climate> (Jpn)

<https://www.sumitomocorp.com/en/jp/sustainability/environmental-management/climate> (Eng)

**(Thermal coal mines business)**

* With regards to our thermal coal mines business, it is our policy to limit our equity share coal production to our current level and desist from new mine development projects.

**(Power generation business)**

* With regards to our power generation business, we will continue to provide a stable supply of energy that is essential for economic and industrial development in local communities. At the same time, we are continuously shifting our management resources to renewables and other energy sources for a power generation portfolio with lower environmental burden.

**(Coal-fired power generation)**

* We will not develop new coal-fired power generation projects. However, we will make decisions about new development projects on an individual basis in cases where they are essential to the economic and industrial development of a local community and where they comply with the policies of the Japanese and host country governments, as aligned with international initiatives and developments on climate change mitigation.
* In developing such projects, we will actively consider the introduction of the latest environmentally-friendly technology, such as CCS/CCU (carbon capture and storage).

**(Biomass power generation)**

* Biomass power generation is a renewable energy source that can provide a stable supply of electricity 24 hours a day, regardless of weather conditions. We believe that biomass power generation will contribute not only to the spread and expansion of renewable energy in a region but also to the revitalization of local economies. We will continue to pursue renewable energy projects if we can secure a stable fuel source and gain the understanding of the local community that may be impacted by these projects.
* Furthermore, the wood pellets used for biomass fuel are sourced with forest certification.

**(Biomass fuel)**

* We purchase biomass fuel only after confirming with our suppliers that it is produced from legal, sustainable wood, thus playing a key role as a major importer of biomass fuels. In this process, we not only check that the sourced raw materials are certified for sustainability but also obtain FSC® (※1), PEFC (※2), and SBP (※3)’s COC (※4) certifications and maintain proper management of the materials during the distribution process.

(※1) FSC®：Forest Stewardship Council®

(※2) PEFC：Programme for the Endorsement of Forest Certification

(※3) SBP：Sustainable Biomass Program

(※4) CoC：Chain of Custody

Moreover, we have not used palm oil as a fuel in the past and do not plan to do so in the future.

* We believe that biomass is an important technology as the world transitions from fossil fuels to renewable energy. In response to Mighty Earth's point, we have organized internal working groups on this issue across departments. Furthermore, we have engaged in business activities around biomass fuel by extensively exchanging opinions with business partners in this industry. These partners include relevant authorities such as the Agency for Natural Resources and Energy, power generation companies that are consumers of biomass fuel, producers of biomass fuel, and certification companies that conduct various analyses and audits. We will continue to make efforts to ensure transparency and traceability in the biomass industry and contribute to the realization of a low-carbon society.