



To Achieve Prosperity and Realize
the Dreams of Our Stakeholders



Editorial Policy

The Sumitomo Corporation Group is constantly striving to achieve prosperity and realize the dreams of its stakeholders by implementing its Management Principles. Serving as the universal and unchanging value and foundation for such endeavors is the Sumitomo's business philosophy, which teaches us to place prime importance on integrity and sound management, and not to pursue easy gains.

In the Sumitomo Corporation Report on Responsibility & Sustainability 2010, we present our current activities to realize the Corporate Vision, namely, to become "a global organization that constantly stays a step ahead in dealing with change, creates new value, and contributes broadly to society."

This year, we placed our editorial focus on two items. First, we take "Future," which represents our medium-to long-term perspective described in the medium-term management plan FOCUS'10, as a keyword and report how we deal with the current paradigm shift, how we see our businesses in relation to society (i.e., stakeholders), and what kind of actions we take to create new value over the next ten years. We include as many examples of our actions as possible in the report. Second, we introduce the activities of our employees throughout the world who correctly understand and play their role in the Sumitomo Corporation Group's CSR, while enjoying their work and lives.

We hope that this report will help readers gain a better understanding of the CSR activities of the Sumitomo Corporation Group.

Scope of the Report

- Period covered: April 1, 2009 to March 31, 2010
(Activities starting on or after April 1, 2010 are included in part.)
- Organizations covered: Sumitomo Corporation and the Sumitomo Corporation Group
In this report, "Sumitomo Corporation" and "the Company" refer to the non-consolidated organization of Sumitomo Corporation. "The Sumitomo Corporation Group" and "the Group" refer to the entire organization of the Sumitomo Corporation Group.
- Publication schedule: Reports on environmental issues have been published annually since 1999, when the first Environmental Report was published. The title of the report was changed in 2003 to Social and Environmental Report, in 2007 to Sustainability Report, and in 2010 to Report on Responsibility & Sustainability.
The previous issue was published in November 2009. The next issue is scheduled for publication in November 2011.

Referenced Guidelines

- GRI Sustainability Reporting Guidelines 2006, Global Reporting Initiative
Please refer to the following site for the content index.
<http://www.sumitomocorp.co.jp/english/society/report.html>
- Environmental Reporting Guidelines, "Toward a Sustainable Society" (fiscal 2007), Ministry of the Environment
- Environmental Reporting Guidelines (fiscal 2005), Ministry of the Environment
- Charter of Corporate Behavior (May 18, 2004), Nippon Keidanren (Japan Business Federation)

* Disclaimer:

This report describes activities of Sumitomo Corporation and its subsidiaries and associated companies (i.e., the Sumitomo Corporation Group) at the current time and in the past, as well as predictions, forecasts and plans for the future. These predictions, forecasts and plans are hypotheses or decisions made based on the information available when the report was written, and therefore may include some level of uncertainty. The results of business activities or occurrences in the future may differ from the predictions, forecasts and plans described in this report. Hence, readers should recognize that the Sumitomo Corporation Group is not responsible for such events.

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Message from the President and CEO

To Achieve Prosperity and Realize the Dreams of Our Stakeholders



I am pleased to announce the publication of the Sumitomo Corporation Report on Responsibility & Sustainability 2010.

The global economy is finally shifting into slow but steady recovery. Yet, that recovery is likely to largely depend on the newly emerging economies in Asia and other parts of the world for some time to come, since the economic capabilities of developed countries are still not strong enough to lead recovery. Europe's "sovereign debt crisis" started in Greece and its coverage and influence are likely to expand. The Chinese economy, the most recent driving force for the global economy, may start slowing down as a result of tightened economic policies. In the U.S., financial restrictions are getting ever tighter, which can cause its economic slowdown. Despite these concerns, the global economy has regained sufficient vitality to recover on its own, and there seems only a limited risk of facing more economy downturns.

Global issues and corporate responsibilities

While the global economy seems to be gaining power, various issues that threaten the sustainable development of global society are becoming more evident than ever. Global environmental issues, including those associated with global climate change, shortages of energy supplies, water and food resources, and the growing disparities seen in the developing countries are only some examples. As the globalization of the economy advances, private corporations should assume greater responsibilities and play a larger role in finding solutions to the issues shared by all the people of the Earth.

As members of society, private corporations are expected to incorporate measures for solving these various issues into their business strategies and properly implement those measures. Our business activities are supported by society. If we are to pursue sustainable development in cooperation with members of society, we must plan our business activities by focusing more on corporate social responsibility (CSR).

CSR in the Sumitomo Corporation Group

For the Sumitomo Corporation Group, CSR means simply following our Management Principles: "To be a global organization that constantly stays a step ahead in dealing with change, creates new value, and contributes broadly to society," and "To achieve prosperity and realize dreams through sound business activities."

The Sumitomo Corporation Report on Responsibility & Sustainability 2010 features a roundtable discussion I took part in with young staff members. These young people are working on the projects included in the report as examples of CSR activities at the Sumitomo Corporation Group. In the discussion, we talked about the values we have long been using as the base for our business activities and our thoughts on our efforts to achieve prosperity and realize the dreams of our stakeholders. I am delivering these values and thoughts to all our stakeholders.

Fiscal 2010, the final year for FOCUS'10 and a historically important turning point for the next 100 years

Fiscal 2010 is the final year of our medium-term management plan, FOCUS'10. The "10" stands for "2010" and the coming 10 years leading up to the centennial anniversary of the company, the 10 years we will spend building the foundations for the new stage of the next 100 years. Thus, fiscal 2010 will serve as a historically important turning point. We are about to start a new chapter in our organizational growth. Standing in the middle of a current paradigm shift, we always stay a step ahead of the changing times and constantly pay attention to our relationship with society in our business activities. We will maintain this attitude as we work for the sustainable development of society and the Group.

The Sumitomo Corporation Group will continue to show its commitment to achieving prosperity and realizing the dreams of its stakeholders through its actions.

Susumu Kato
President and CEO
September 2010





Message from the President and CEO

Roundtable Discussion with Young Staff Members

What should we do and what should we keep in mind to achieve prosperity and realize the dreams of our stakeholders? President Kato and young staff members, the Group's driving force in the coming years, exchanged their thoughts and ideas on their work, corporate activities and society.

Harmonious relationship with the environment and society

Kato: I have been looking forward to this opportunity. Please relax and feel free to share your thoughts and questions with me.

Morishima: For two years from 2006, I worked in Sumitomo Corporation India as a trainee. It was a great experience to be engaged in the start-up of an automobile plant, which contributed to economic development and job creation. Now I am involved in the environmental business that handles lithium-ion batteries for electric vehicles.

Through my experiences, I have learned that in pursuing sustainable business, coexistence with the environment and a good relationship with nature are no less important than developing a system that allows proper profits.

Kato: Maintaining a sound relationship with nature is an important theme when considering our social corporate responsibilities. Even when we know a specific business can make profits, we cannot immediately go for it if it might have a negative influence on the global environment. Obviously, we have to make our utmost efforts to reduce the environmental impact in our business activities, but we also have

to create businesses that can support environmental conservation on a global scale. That is our role as a corporation in solving social issues.

Katagiri: I am involved in a mine project in Bolivia. When operating a business project overseas, coexistence and a good relationship with the local community become very important issues, in addition to coexistence with the environment. This is true both in my area, resource development, and Mr. Morishima's area, manufacturing.

Kato: The first thing we have to consider when operating an overseas business is how we can put down roots in the region and what kind of contribution we can make to the local community. In mine development, for example, it is more cost effective if we ship the ore from the mining area to another place where the refining and processing can be done more productively. However, that kind of operation benefits the country only in the sales of their resource to an overseas

company. It does not lead to technological improvements or job creation. Instead, if we build a factory in the mining area and hire local people, we can transfer technologies from Japan through refining and processing the mining products. We can also improve electricity, distribution and other infrastructures in the region. The larger the involvement of local communities in our business is, the larger contribution we can make to the local economy and social development. When the new technologies become rooted in the region and the standard of living improves, they can serve as a foundation to develop new industries and to strengthen the ties between the country and Japan. In turn, this will give us more opportunities to start new businesses. We make various different contributions to the local community, and in turn the community sees our existence as valuable for them—we have to take measures to build that kind of relationship.

Discussion members



Kazuyuki Morishima
(Battery Business Development Dept.)

Joined Sumitomo Corporation in 2003 and involved in the export of equipment and components for automotive manufacturing to India. After working in India, he was chosen as a member of the project on second-life business of lithium-ion batteries for electric vehicles (EVs).

My dream: The aim of the battery business is to develop and promote markets for second-life uses of lithium-ion batteries for EVs and in turn to contribute to society's efforts to reduce CO₂ emissions. My dream is to build a society with small CO₂ emissions and leave a better global environment for the next generation.



Kohei Saito
(Tanjung Jati B Project Dept.)

Joined Sumitomo Corporation in 2007. Experienced in the infrastructure development business in Malaysia and Singapore. Currently working on a project to build a thermal power plant that will supply power in Indonesia.

My dream: I joined Sumitomo Corporation because I wanted to be involved in a job that would support society at its base. In Indonesia, the generation of power cannot catch up with the rapid growth of the economy. I am glad that now I am involved in a business that helps solve these social issues.



Nami Katagiri
(San Cristobal Project Dept.)

Joined Sumitomo Corporation in 2005. After working on the import of zinc and lead concentrates, she joined a mine project and spent two years in Bolivia.

My dream: In the project in Bolivia, we are always aware that we must offer world class services not only in our business operations, but also in environmental protection measures and contribution to local communities, and Japanese staff and local staff work together under this principle. I hope Sumitomo Corporation will continue to be involved actively in resource development, and I want to apply my experience in Bolivia to businesses in other countries. That is my dream and my goal.



Katsuhiko Onishi
(Power & Plant EPC Dept., No.1)

Joined Sumitomo Corporation in 2007 and involved in a wide range of Corporate Communications work, including media relations and edit of corporate website. Since 2010, he has been part of a project team in his current department to build geothermal power plants outside Japan.

My dream: Transferring to the current department was at my request. I want to use the wide range of knowledge I gained in Corporate Communications Department to power infrastructure business.

Partnership and trust

Kato: What pleased me most about the Bolivian project was the attitude of the project staff. The members, including Ms. Katagiri, shared their points of view with the local staff and built a good partnership with them. As a result, people in Bolivia did not see us as “foreigners” but as partners who are working with the local people for the development of Bolivia.

Katagiri: I think that kind of relationship was possible because the people understood the vision of Sumitomo Corporation, which is to grow with local communities, and not simply pursue short-term profit.

Kato: Local people understood our vision because each project member showed it in their daily work. I hope that you will maintain good communication with local people in your future work, too.

Katagiri: I learned that meeting and talking with other people in person is most important in building trust and good relationships. While working in Bolivia, I could see for myself that honesty and sincerity can be understood even when the spoken language and



culture are different. Without keeping good communication with people in the local area and building trust with them, we cannot carry on the business itself or make a contribution in the truest sense.

Saito: I agree with Ms. Katagiri. The Indonesian power plant project I am involved in was once on the brink of cancellation because of the Asian currency crisis in 1997. But the project survived the crisis after we talked patiently with the Indonesian government and the local power utility company, which was our client, showing different proposals with a new operational scheme. Sumitomo Corporation has long been helping to develop the Indonesian market. It has a historical importance for us. Through these years, we have built trusted relationships with our clients, governments and local communities. That is why the local people listened to our proposals. Now the local people see the power plant as an indispensable facility for a stable supply of power in Indonesia, and the plant is undergoing expansion that will double its capacity.

Onishi: Through my work in projects to build geothermal power plants in other countries, I learned that building good cooperative relationships with business partners who are experts in the field is most important. How do you see it, Mr. Kato?

Kato: As an integrated trading company, trusted partners are essential in developing various types of business. To maintain a good partnership, we first have to make the roles on each side very clear. Then we fulfill our roles while having a clear understanding of

what it takes to accomplish the tasks of our partner. Even when we entrust a task to an expert, we always have to watch the progress and the outcome, make the necessary decisions and give appropriate opinions and advice. We have to be able to lead the expert in some cases. Otherwise, we cannot build trust and a good partnership. In other words, we need to make “broad and profound” efforts to effectively cooperate with our partners. What our partners want from us is the capability to procure many different sorts of equipment and materials or the ability to negotiate with local communities— functions and knowhow that only integrated trading companies can offer; that is, integrated corporate strength. Each party will bring their strengths and support the project from their side. That is the ideal partnership.

Morishima: I can see how your point exactly fits in with my work in the battery business, Mr. Kato. In the cooperative project with automakers to develop a market for second-life uses of lithium-ion batteries, our partner expects us to create new value using the special functions and knowhow we have developed as an integrated trading company.

Kato: When executing a cooperative project with other companies, evaluating our partner is not enough. We also have to pay attention to how the partner sees



us. In any project, including the project Mr. Morishima is working on, we have to have a clear understanding of what the partner expects from us and work to meet those expectations. Again, good communication with the partner is the most important factor.

Onishi: Mr. Kato, what do you think our partners expect most from the corporate strength of Sumitomo Corporation when they consider us as a partner?

Kato: First, our customers expect to see a certain level of expertise in any industrial field. They know we develop business in almost all fields as an integrated trading company. But I believe trust as a company is more important in a partnership. Sumitomo Corporation has trust that our predecessors have built over our long history. Each employee who supports the present Sumitomo Corporation must absorb this valuable asset fully and add their own value to it. This will become even more important in the coming years in maintaining our trust as a business partner.



Integrated corporate strength
(human resources and gobalization)

Saito: Mr. Kato, what kind of personal qualities and competencies do you expect most from young staff members like us when you think about sustainable growth in Sumitomo Corporation?

Kato: There are many factors, but what I value most is the capability to adapt to globalization. In the next 100 or 200 years in the development of Sumitomo Corporation, our business will be globalized even further. Then, we will have more occasions to work together with staff in many different regions in the world, and develop our skills while working together or competing with each other. In addition to refining your skills and knowledge, I want you to get to know many other staff members in different regions and build good relationships with them. I also want you to take on challenges and try businesses in new areas using good teamwork.

Saito: What other capabilities do you want to see in your staff?

Kato: I look for the capability to adapt flexibly to changes. Today, when a significant paradigm shift is occurring across the world, I believe that a “change in the global power structure” and a “change in the industrial structures” are the most important factors we have to pay attention to. By a “change in the global power structure,” I mean the increasing presence of the emerging countries. A “change in the industrial structures” implies the fact that in



various business areas, new systems, which were unimaginable in the past, are emerging and borderless activities are increasing mainly due to the limitations on the world’s resources and the globalization of society. People who can see these changes before everybody else and can find new values in them, or those who can “create value” are most needed by Sumitomo Corporation. These people must have the ability to adapt to and deal with change, the attitude to always see the things in positive and constructive ways, a never-ending curiosity, and a number of other qualities. But most importantly, they must have a strong will to grow, or to increase their capabilities. Human resources is almost the only vital asset for integrated trading companies. That is why we always try to provide the best human resources development programs. But you should not wait for the company to provide opportunities. Instead, you should actively seek for opportunities to learn and improve your own capabilities. You can use Sumisho Business College and other training systems, or you can gain new knowledge and skills while working with your supervisor, senior members and colleagues, or even with people in suppliers and partner companies, in a new job rotation, especially when you are new to your position. You should actively seek for new knowledge and build your expertise. You can grow yourself through diverse experiences.

Katagiri: I also believe on-site experience is very important. The experience we can get on the real site

of a project includes valuable lessons we cannot learn in training. When I was doing administrative work in Tokyo for the San Cristobal Project in my first year at Sumitomo, I became interested in working on site and requested my supervisor to send me to Bolivia. Once I started working there, I realized there were so many things I wouldn't have noticed in Tokyo. There were many moments when I was emotionally touched. The project had many more different aspects and was much more profound than I had imagined.

Onishi: I am still new in my department. I am very interested in working on site and gaining a range of experience, as Ms. Katagiri did. I may face difficulties in performing my jobs and communicating with local people, but I hope such experience will help me expand my outlook and learn to see things from different angles.

Kato: I want every employee to have on-site experience. Imagining while sitting at a desk is totally different from having real experience. I spent six and half years working abroad and experienced many unexpected incidents. Those experiences have been very valuable and helpful later in my career. I want you to have a solid plan for your career and have many different experiences on many different sites and make them assets for your work and life. The personal growth of each employee will become a very valuable asset for the company, too.

Prosperity and dreams

Morishima: Our Management Principles use the terms “achieve prosperity and realize dreams”. How do you see “prosperity and dreams” for the company?

Kato: For the Sumitomo Corporation Group to realize its own “prosperity and dreams” means to continue to be a company that is recognized and



respected by society for its values. We will be celebrating our centennial anniversary in 2019. To guarantee the sustainable growth of the company in another 100 or 200 years, we have to “constantly stay a step ahead in dealing with change, create new value, and contribute broadly to society through various sound business activities.” Also, it is important to be recognized by society as a company that is essential to the industrial, economic and social development of the world.

When we say “to achieve prosperity and realize the dreams of our stakeholders” in our Management Principles, we also mean the prosperity and dreams of our employees. Today, I was reassured that the prosperity and dreams of the company can be realized only by integrating the prosperity and dreams of all our stakeholders, including employees. We will strive together to realize our prosperity and dreams and to realize the prosperity and dreams of the Sumitomo Corporation Group.

All participants: Thank you very much.

Message from the Chair of the CSR Promotion Committee

How We See CSR in the Sumitomo Corporation Group



How we see CSR in the Sumitomo Corporation Group

At the preamble to the Management Principles, the Sumitomo Corporation Group states its corporate vision as “We aim to be a global organization that constantly stays a step ahead in dealing with change, creates new value, and contributes broadly to society.” And the phrase “To achieve prosperity and realize dreams through sound business activities” follows as the corporate mission.

For the Sumitomo Corporation Group, CSR means simply promoting responsible corporate activities and fulfilling our corporate mission to become the ideal organization set out in the vision; in other words, implementing our Management Principles. We achieve prosperity and realize the dreams of our stakeholders by playing our role as a corporation in solving social issues through our business activities and social contribution activities and ultimately building a sustainable society. That is our mission in society and the fundamental basis of our CSR.

Underlying that idea is the principle to create new value for the sustainable growth of society and the Group. We accomplish this by building closer relationships with various stakeholders across the whole Group, correctly understanding social issues and strategically planning our corporate activities to solve those issues. To this end, we must create a virtuous cycle; we fulfill our CSR to create new value, which will become a resource for the sustainable growth of the Group and the base for further fulfillment of CSR.

Based on these ideas for CSR, the Sumitomo Corporation Group will continue pursuing its Management Principles for the sustainable growth of society and our group companies.

Fulfilling CSR

In order to fulfill our social responsibilities, we plan and execute a variety of programs to promote further awareness and understanding in each of our employees—the actual players in our CSR mission.

Over the last 12 months, we have used many opportunities both in and outside Japan to increase penetration of the Management Principles among our employees, and we held a CSR workshop to provide opportunities for each employee to give careful thought to what fulfilling our CSR mission means in our business activities. The Sumitomo Corporation Group declared its support for the Ten Principles of the UN Global Compact in March 2009, and actively participates in various activities offered by Global Compact Japan Network, the local network in Japan. In November 2009, we established the Sumitomo Corporation Group CSR Action Guidelines for Supply Chains to spread CSR activities throughout our value chains in cooperation with our suppliers and business partners.

Sumitomo Corporation Report on Responsibility & Sustainability 2010

In this Sumitomo Corporation Report on Responsibility & Sustainability 2010, we report on the latest measures and actions taken by the Sumitomo Corporation Group in implementing our Management Principles. We have placed special editorial focus on the following two points.

First, we take “Future,” which represents our medium-to-long-term perspective described in our medium-term management plan FOCUS’10, as a keyword and report how we deal with the current paradigm shift, how we see our businesses in relation to society (i.e., stakeholders), and what kind of actions we take to create new value over the next ten years. We include as many examples of our actions as possible in the report. Second, we introduce the activities of our employees, who have a good understanding of CSR in the Sumitomo Corporation Group and play their roles in our CSR activities, while enjoying their work and lives in different parts of the world.

We hope that this report will help readers gain a better understanding of the CSR activities of the Sumitomo Corporation Group.

September 2010

Major CSR Activities

A variety of programs to spread our Management Principles

As stated in our Management Principles, we aim to be a “value-creating company”; that is an organization that takes advantage of changes in the times to achieve corporate growth. The Management Principles also form the basis of FOCUS’10, our medium-term management plan established in fiscal 2009, so that we can further strengthen the foundations for sustainable growth.

In fiscal 2009, we used many opportunities, such as training sessions for new employees, managers and locally hired staff as well as lectures held both in Japan and overseas, to explain why and how we set out our Management Principles and what we should take from the principles to our employees. The Management Principles were also discussed in the President’s messages sent to employees, meetings between the President and

employees and on other occasions. These occasions helped further increase an understanding of the principles by our employees.



Training session in Japan

CSR Workshop

A series of workshop was held from December 2009 to February 2010 to provide employees with an opportunity to better understand what CSR means to the Sumitomo Corporation Group. In the workshop, participants deliberated on the significance of CSR in our business activities from the viewpoint of a “value-creating company” as stated in FOCUS’10, our medium-term management plan.

About 40 participants joined the workshop from each business unit and regional business unit and chose a real business project to review the value of their services from their stakeholders’ point of view. In the case study, they also examined processes to develop new partnerships with stakeholders and to redesign and create new business models.



CSR Workshop

Sumitomo Corporation Group CSR Action Guidelines for Supply Chains

In November 2009, we established the Sumitomo Corporation Group CSR Action Guidelines for Supply Chains based on our Management Principles, to ensure that we fulfill our social responsibilities, strict compliance with laws and regulations, respect for human rights and protection of the environment, with our suppliers and business partners.

The Sumitomo Corporation Group CSR Action Guidelines for Supply Chains

November 2009

The Sumitomo Corporation Group aims to be a global organization that constantly stays a step ahead in dealing with change, creates new value, and contributes broadly to society. In its Management Principles, the Group sets forth its mission to achieve prosperity and realize dreams through sound business activities, and to strictly adhere to a management style which places prime importance on integrity and sound management with utmost respect for the individual.

In line with its Management Principles, the Sumitomo Corporation Group hereby sets down the CSR (corporate social responsibility) Action Guidelines for Supply Chains, aiming to achieve a sustainable and better society. With a view to further strengthening “global relations”—one of the elements of the business foundation that supports our integrated corporate strength, which is our core competence—we will request our suppliers and business partners to kindly accept, understand, and practice these guidelines so that together we can fulfill our social responsibilities in the value chain in which we are jointly involved.

Our suppliers and business partners are expected:

1. To respect the human rights of employees and never treat employees in an inhumane manner
2. To prevent forced labor, child labor and unreasonably cheap labor
3. Not to practice discrimination with respect to employment
4. To respect the rights of employees to associate freely in order to ensure smooth negotiation between labor and management
5. To strive to provide employees with a safe and healthy work environment
6. To strive to protect the global environment
7. To ensure the quality and safety of products and services
8. To ensure fair transactions, abiding by all applicable laws, rules and regulations, and to prevent all types of corruption, including extortion and bribery
9. To disclose information regarding the above in a timely and appropriate manner

Support for the UN Global Compact

Please refer to the following website for information on our support for the UN Global Compact.



http://www.sumitomocorp.co.jp/english/society/global_compact/index.html

Sumitomo's Business Philosophy

Management Principles and Activity Guidelines Founded on the Sumitomo's Business Philosophy

Sumitomo has always been sincere in conducting its business, contributing to achieving prosperity and realizing the dreams of our business partners, our society and all other stakeholders. As a result, we have built up trust, and this has helped us to develop new businesses and create a cycle of positive growth. The Management Principles and Activity Guidelines of the Sumitomo Corporation Group are founded on Sumitomo's business philosophy that has been passed on for 400 years.

1600

Monjuin Shiigaki (the Founder's Precepts)

Monjuin Shiigaki (the Founder's Precepts) is a letter sent by Masatomo Sumitomo (1585–1652), the founder of Sumitomo and a religious man, to his family members in his old age. It succinctly describes the guiding principles of his business operations.

At the beginning, it urges the reader "Not only in matters of business but in all situations, make efforts with deepest gratitude in every aspect."

The precepts also include such teachings as "When goods are offered to you below the normal market price, under no circumstances should you ever purchase such goods, for their origins are unknown and they are probably stolen property," "Never give shelter to a stranger, no matter who it might be; also, never take a stranger's goods into your custody, no matter how innocent they might appear" (these acts were prohibited by the government), and "No matter what someone might say to you, never lose your temper or speak harsh words; politely explain your position until an understanding can be reached." These teachings have been handed down and form the base of Sumitomo's business philosophy. They are still seen in today's principles, such as "no pursuing easy gains" (i.e., only making a profit on a fairly priced transaction that can be explained with confidence), "compliance" and "integrity and sound management."



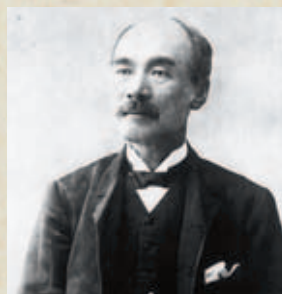
Monjuin Shiigaki (Source: Sumitomo Historical Archives)

1800

Rules Governing the House of Sumitomo

The Besshi Copper Mine (opened in 1691) encountered many adverse conditions during the Meiji Restoration (in the late 1860s), when the price of copper fell, operating costs increased sharply due to rising prices of rice and other items, and loans to the feudal lords were uncollectable. At one point, it was almost forced to sell out. Saihei Hirose (1828–1914), manager of the mine who later became Sumitomo's first Director-General, acted boldly and modernized the operation with Western style technologies. Hirose's operational reforms saved the mine and its community.

In 1882, when serving as Director-General, Hirose formulated the Rules Governing the House of Sumitomo, which consisted of 19 sections and 196 articles, to reflect the business philosophy the family had followed over its 250-year history. The Rules clearly illustrate Sumitomo's corporate philosophy in Article 3 in Section I: "We shall practice sound management in order to cope effectively with the changing times. Under no circumstances, however, shall we pursue easy gains or act imprudently."



Saihei Hirose, Sumitomo's first Director-General (Source: Sumitomo Historical Archives)

1900

Business Principles

In 1891, the Rules Governing the House of Sumitomo were separated into two parts, the family code (corporate rules) and the family constitutions (the principles of the family head), to distinguish ownership from business operations. On that occasion, the principle of "integrity" was introduced and placed at the beginning of the Rules Governing the House of Sumitomo with the principle in Article 3, which then together became the Business Principles. In 1928, while Sumitomo's business expanded into a variety of areas, including the steel, machinery and chemical industries, Sumitomo's Business Rules were established. The two articles of the Business Principles have been passed on for generations and still serve as the corporate rules of all group companies.

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

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



Business Principles

Sumitomo Corporation Management Charter

Osaka North Harbour Co, Ltd., the predecessor of Sumitomo Corporation, was founded in 1919. Later, after World War II, the company changed its name to Nippon Kensetsu Sangyo Co, Ltd., starting a new life as a general trading firm. In 1952, when the company was incorporated with the current name, the Business Principles were chosen as the management philosophy for all corporate operations and the foundation to sustained growth.

While Japan's economy was growing rapidly after the war, environmental pollution, inflation and other public issues started to arise. Business corporations and their codes of conduct were challenged to make clear the relationship between the national government and corporations, as well as between citizens and corporations. To respond to this, Sumitomo Corporation laid down the Sumitomo Corporation Management Charter, an original charter that consists of the Basic Principles of Management and the Operational Guidelines.



Sumitomo Building Annex, where Nippon Kensetsu Sangyo's head office was located

2000 Management Principles and Activity Guidelines of the Sumitomo Corporation Group

In the early 1990s, the bubble burst, drastic appreciation of the yen continued, and the Japanese economy entered a long period of low growth. Sumitomo Corporation had no choice but to re-examine the status quo of its business transactions and risk management methods. Against this background, there was growing management recognition that the company needed to revert to Sumitomo's business philosophy, which had served as the base of Sumitomo's business operations and the driving force in overcoming many crises through the last 400 years. This recognition further heightened in 1996, when the copper incident occurred, leading to the 1998 establishment of the Management Principles and Activity Guidelines of the Sumitomo Corporation Group.

The Management Principles and Activity Guidelines were compiled based on Sumitomo's business philosophy, which has been nurtured throughout the 400 years of Sumitomo's history, and today's global perspective, in a simple and systematic way.

The preamble to the Management Principles shows the corporate vision: "We aim to be a global organization that constantly stays a step ahead in dealing with change, creates new value, and contributes broadly to society."

The first item in the Management Principles, "To achieve prosperity and realize dreams through sound business activities" describes our corporate mission, while the second item, "To place prime importance on integrity and sound management with utmost respect for the individual" shows our management style, and the third item, "To foster a corporate culture full of vitality and conducive to innovation" portrays our corporate culture.

The Activity Guidelines were generated based on these principles to guide employees in their daily business operations.

Corporate Mission Statement

Corporate Vision

We aim to be a global organization that constantly stays a step ahead in dealing with change, creates new value, and contributes broadly to society.

Management Principles

<Corporate Mission>

- To achieve prosperity and realize dreams through sound business activities

<Management Style>

- To place prime importance on integrity and sound management with utmost respect for the individual

<Corporate Culture>

- To foster a corporate culture full of vitality and conducive to innovation

Activity Guidelines

- To act with honesty and sincerity on the basis of Sumitomo's business philosophy and in keeping with the Management Principles
- To comply with laws and regulations while maintaining the highest ethical standards
- To set high value on transparency and openness
- To attach great importance to protecting the global environment
- To contribute to society as a good corporate citizen
- To achieve teamwork and integrated corporate strength through active communication
- To set clear objectives and achieve them with enthusiasm

Core Competence and the Medium-term Management Plan

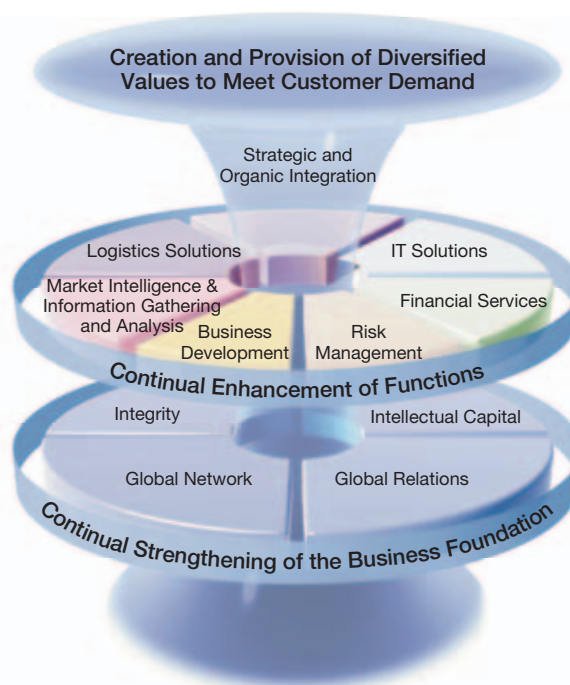
Establishing “A Growth Scenario on a New Stage” by Leveraging Our “Integrated Corporate Strength”

With the medium-term management plan, FOCUS'10, we are striving to create “new value” as stated in our Management Principles by leveraging our integrated corporate strength—our core competence.

“Integrated Corporate Strength,” the core competence of the Sumitomo Corporation Group

Our Integrated Corporate Strength is the source of the competitive advantage (core competence) of the Sumitomo Corporation Group as we pursue our businesses in a wide variety of fields. Our strategic and organic integration of the robust “business foundation” and diverse, high-level “functions” of Group companies, combined with the efforts of each and every Group employee, helps us respond to the various needs of our customers. At the same time, we create new value by always thinking one step ahead of global change. This capacity is what we call our “Integrated Corporate Strength.”

Bringing our Integrated Corporate Strength to bear and actively building businesses that truly contribute to the growth and progress of a wide range of industries in different regions, the Sumitomo Corporation Group will continue to make even greater contributions to the stable and continued growth of the world economy and global society.



Medium-term Management Plan FOCUS'10

In the medium-term management plan FOCUS'10 established in 2009, we aim to create “A Growth Scenario on a New Stage” to meet the requirements of the next 10 years.

FOCUS on: Future A Medium- to Long-term Perspective
Originality Respect for Individuality and Diversity
Core Solid Earning Pillars
Unity Leveraging of Our Integrated Corporate Strength
Soundness Reinforcement of Operational Soundness and Efficiency

FOCUS'10 Fundamental Principles and Qualitative Targets

Fundamental Principles

- Promote medium/long-term growth by enhancing value-creation capability while reinforcing soundness and efficiency
- Promote company-wide growth by leveraging the diversity and strengths of our businesses

Qualitative Targets

- Steady execution of selective & focused growth strategy
- Thorough reinforcement of soundness and efficiency
- Development of human and organizational dynamism to enhance value-creation capability

FOCUS'10 Quantitative Targets

	Targets and Plan (as of April 1, 2009)	Outlook (as of April 1, 2010)
• Net income	¥115.0 billion (FY2009)	¥315.2 billion (two-year total) [FY2009: ¥155.2 billion (Result) FY2010: ¥160.0 billion]
• Risk-adjusted Return Ratio* (two-year average)	Around 10%	Around 11%
• Risk Asset Plan (two-year total)		
Amount increasing over two years (gross)	¥200.0 billion	¥260.0 billion
Decrease	¥100.0 billion	¥100.0 billion
Amount increasing (net)	¥100.0 billion	¥160.0 billion
• Total Assets	As of end of FY2010 are at the same level as of end of FY2008	
• Free Cash Flow (two-year total)	Positive	

* Risk-adjusted Return Ratio = net income/risk-adjusted assets (maximum possible losses). It is an indicator of profitability against quantified risk.

CSR in Action

Creating new value and aiming for sustainable growth together with society

- | | |
|-------------------|---|
| Theme
1 | Achieving Prosperity and Realizing Dreams in Indonesia by Meeting the Rapidly Rising Demand for Electricity
Building diverse electricity infrastructure |
| Theme
2 | Achieving World-class Mining Operations and Supporting Sustainable Development of the Local Community
San Cristobal Mine Project in Bolivia |
| Theme
3 | Creating and Developing New Businesses into the Next Decade
Becoming a leading environmental business operator and major contributor to creating a low-carbon, recycling-oriented society |
| Theme
4 | Utilizing Our Integrated Corporate Strength to Promote Social Contribution Activities Worldwide
Because of its integrated corporate strength, the Sumitomo Corporation Group is involved in a wide range of social contribution activities around the world |
| Theme
5 | Locally-rooted Social Contribution Activities under the Initiative of Local Employees
CSR activities of the Sumitomo Corporation China Group |



1981

Siguragra hydropower plant
(73 MW×4)



1992/1995

Muara Karang combined
cycle power plant
(100 MW×3/ 185 MW×1)



2006

Tanjung Jati B coal fired
power plant
(662 MW×2)

Theme

L Achieving Prosperity and Realizing Dreams in Indonesia by Meeting the Rapidly Rising Demand for Electricity

Building diverse electricity infrastructure

Of all the ASEAN countries, Indonesia, a country with the world's fourth largest population of approximately 230 million, has achieved significant economic growth. As a long-standing player in the Indonesian market, Sumitomo Corporation has contributed to meeting the ever-growing demand for electricity in the country by involving itself in many construction projects for power plants, ranging from large-scale thermal power plants to hydropower plants, and geothermal power plants that utilize the nation's abundant geothermal resources. What kept us motivated to complete these projects were the strong relationships of trust developed over many years with our Indonesian partners and stakeholders, and our passion for contributing to the development of the Indonesian economy through our business, which is consistent with Sumitomo's business philosophy.

Supporting the development of power sources in Indonesia since the early days of economic development

As part of our overseas operations strategy, Sumitomo Corporation entered the Indonesian market in the late 1950s, at a time when, except for Japan, which was in the midst of its rapid growth period, economic development had just begun in Asian countries.

In the course of exploring business opportunities in Indonesia, the staff in our Jakarta office started to realize that development of the infrastructure for power generation was essential to the development of the economy of the country. With this realization in mind, we contacted PT. Perusahaan Listrik Negara ("PLN"), an Indonesian state-

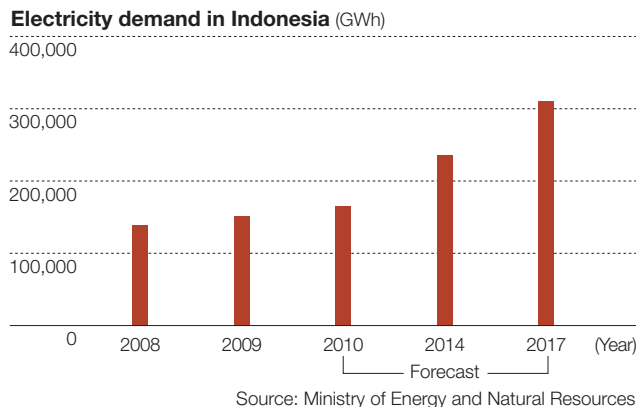
owned power company. Initially, we supplied power station facilities and equipment as well as power cables to PLN, acting as an export agent for Japanese power generation equipment manufacturers. From the 1970s, however, we started to undertake the development of small-scale power stations.

Using these experiences as a stepping stone, from the late 1970s to the 1980s, Sumitomo Corporation joined the Asahan Project, led by the Japanese and the Indonesian governments and a consortium of Japanese corporations, to construct a large-scale hydropower plant and operate an aluminum smelting business using the electricity generated by the new plant. The project is praised as the foundation stone of the modernization of Indonesia



even now, as indicated by the fact that this power plant is featured on the country's paper currency. Our participation in this historic project provided a positive tailwind for us to establish a strong position in Indonesia's power generation infrastructure market. Since then, we have been engaged in a number of power plant construction projects, many of which were financed by Japan's official development assistance (ODA) loans.

Today's steadfast trust in the relationship between Indonesia and Sumitomo Corporation is a result of our steady and persistent efforts over many years since then.



Becoming a contractor to one of the world's largest coal-fired power plant

Due to the Suharto administration's policy of attracting foreign investment in the late 1980s, many Japanese and other foreign companies scrambled to set up factories in Indonesia. Together with the country's increasing population, the influx of foreign plants caused a rapid increase in electricity demand, resulting in a serious power shortage. Another problem was that the existing Indonesian

government- and PLN-led scheme for power plant construction projects was stretched to its limit, given the size of the national budget. To address these problems, the government decided to use foreign-affiliated Independent Power Producers (IPPs).

Against this backdrop, Sumitomo Corporation was selected as a contractor of many power plant construction projects because of its well-timed project plans leveraged on its excellence in market/business intelligence and sourcing, the characteristic strengths as a trading company. We also became one of the pioneers in constructing geothermal power stations utilizing Indonesia's abundant geothermal resource. Starting with the project of Gunung Salak geothermal power plant in 1995, we have built up a track record of geothermal plant construction projects.

In September 1995, we were also selected as the successful bidder for a construction project for one of the world's largest coal-fired power plant at that time: the Tanjung Jati B coal fired power plant (TJB). The project, organized by a Hong Kong-based IPP named CEPA, had been making smooth progress... up until 1997, when a totally unexpected incident occurred.

The currency crisis in Thailand spread widely throughout Asia. Since the Indonesian economy was hit hard by the crisis, the project hung on the verge of cancellation.

Overcoming the Asian currency crisis

Affected by the currency crisis, the value of the Indonesian rupiah plummeted. The lenders joining the syndicate for the project pulled the plug on the deal altogether; the Indonesian government decided to freeze this IPP project because of the remote possibility of the project's economical viability. This was due to the terms of the contract in which the price of electricity was to be contractually set in dollars; and CEPA, the project operator, also decided to withdraw. Suspending the project seemed the only option.

Achieving Prosperity and Realizing Dreams in Indonesia by Meeting the Rapidly Rising Demand for Electricity

When construction was halted, two years had already passed since the beginning of the construction process. Nearly 70 percent of the civil work was already completed and the equipment and facilities were already ordered. We did not want to render all that progress futile. More importantly, we did not want to disappoint the people of Indonesia, who had been longing for the completion of the new power plant. Our enthusiasm drove us to repeatedly call on the government to resume the project.

We initially suggested that PLN purchase the power plant, which subsequently turned out to be unfeasible because the state-owned company suffered financially due to the currency crisis. Then, we came up with a new business scheme for

the project—a finance lease scheme—in a bid to bring the project back on track. Under the newly proposed plan, Sumitomo Corporation would construct the TJB with a loan from the lenders headed by the Japan Bank for International Cooperation (JBIC). After construction, we would continue our involvement in TJB through local project company PT. Central Java Power (CJP) by leasing out the power plant to PLN.

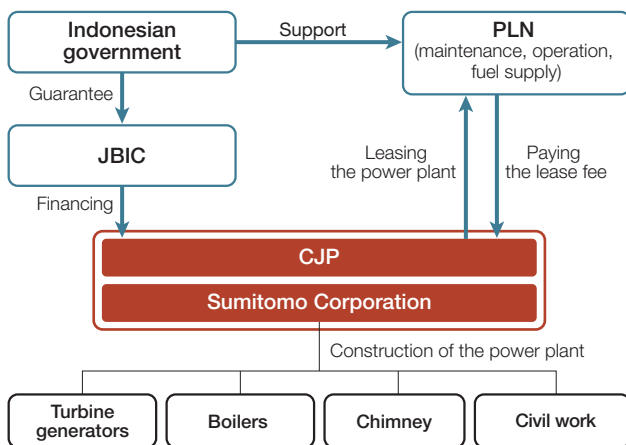
Our new proposal opened a way to resume the project

Under our new scheme, the lease fee would be collected every six months, and the fee level would be determined based on the prevailing local market rates for electricity and fuel prices. This meant that PLN did not have to incur massive initial investment costs and could pay the lease fee from the revenues for the electricity generated at the plant. In addition, the ownership of the power plant facilities would be transferred to the lessee virtually without charge after completion of the 20-year lease period. In short, the proposed deal was very attractive to our Indonesian partners.

The other important feature of the scheme was that, unlike an IPP project where only electricity is supplied, the power plant itself was on lease. The operation and maintenance of the power station and the procurement of fuel were done by PLN in cooperation with CJP, which would gradually transfer know-how to a local power generation operator.

Having agreed on this “win-win” proposal for both Sumitomo Corporation and its Indonesian partners, resumption of the project was agreed among the parties in

Scheme for the finance lease of TJB



Column

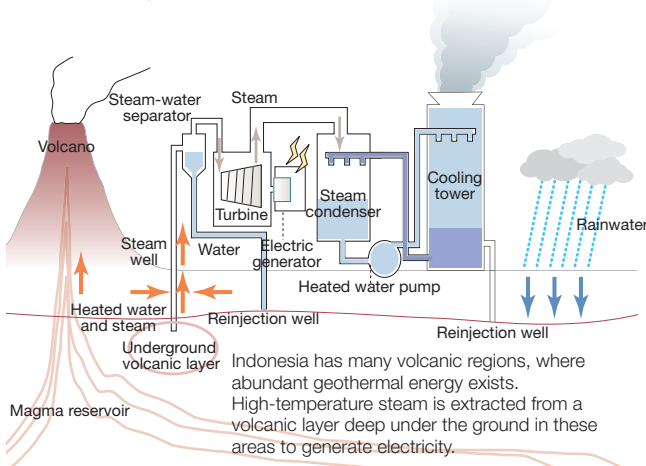
Meeting a growing need for geothermal power generation

Using the steam generated by underground heat, geothermal power generation emits far less CO₂ than conventional thermal power generation, which involves the combustion of fossil fuels. Another advantage of geothermal power generation is that, compared with other renewable energy sources such as wind and solar power, it is less likely

to be affected by weather conditions. Accordingly, geothermal power is considered to be a source of stable electricity supply.

Indonesia has the world's largest resources of geothermal energy. Promoting geothermal power generation is expected to contribute to the effective use of domestic resources. While the nation's current total power generation capacity with the existing geothermal power plants is approximately 1,200 MW, the government announced a plan to increase this capacity level to 9,500 MW by 2025.

Advanced technologies are required to construct geothermal power plants, including the development of steam turbines resistant to corrosive impurities contained in steam drawn from deep in the Earth. Backed by the technological excellence of Japanese manufacturers, Sumitomo Corporation has been involved in many geothermal power station projects around the world. In February 2010 we signed a contract for our eighth geothermal power plant project in Indonesia: the construction of Ulubelu geothermal power plant with a total capacity of 110 MW. With this latest contract, geothermal power stations delivered by Sumitomo Corporation account for about 50% of all geothermal power-generating facilities completed or under construction in Indonesia. We intend to continue to promote the wider availability and greater use of geothermal power, and thereby contribute to sustainable development in Indonesia and in turn, conservation of the global environment.



Indonesia has many volcanic regions, where abundant geothermal energy exists. High-temperature steam is extracted from a volcanic layer deep under the ground in these areas to generate electricity.

2001, four years after the project was suspended. We then went through a set of complex negotiations and procedures, exercising our integrated corporate strength, enabled by mobilizing a wide variety of our skills, including legal, accounting, tax, finance, and risk management functions. As a result, construction restarted in 2003 and the project was successfully completed in 2006.

Sumitomo's business philosophy propelled us to resolve a quandary

The currency crisis plunged some 30 IPP projects into suspension. Among them, only just a few projects, including TJB, were resumed. To bring the TJB project back to life, in addition to the negotiations described here, we also needed to maintain the construction site, power generation facilities and equipment in an appropriate manner during the five-year interruption period, which entailed significant labor and costs.

If we had focused on short-term profitability, withdrawal from the project when it was suspended would have been the sensible option. However, we were not pursuing short-term profit; we always pursue value, as our business philosophy teaches us, not only for our company but also for society as a whole. Our aspiration was to help achieve prosperity and realize the dreams of Indonesia through the construction of power stations, which are indispensable for the development of Indonesian society. That passion—which reached and resonated with the Indonesian people—and the strong relationship between us and our Indonesian partners developed over many years through our operations in the country propelled all stakeholders to work together to overcome the difficulties.

Continuing to support social and economic development in Indonesia, while keeping an eye on its future power needs

After recovering from the currency crisis, the Indonesian economy has been growing constantly. As a result, electricity demand in the country has been increasing by 9% each year, causing a chronic shortage of power.

Meanwhile, in 2008 it was decided to double the capacity of the TJB power plant, reflecting local recognition of the power station's stable power generation capabilities, and its effective business scheme, as well as Sumitomo Corporation's longstanding diligent and sincere commitment. To fulfill the expectations of the local people, we have been making our utmost efforts to complete the construction work, aiming to bring the additional units into operation in 2012.

With its world-class expertise and experience in geothermal power generation, Sumitomo Corporation is also expected to play an important role in the Second Crash Program that the Indonesian government announced in 2009. This program, designed to accelerate the development of power resources in the country, specifies that the share of geothermal power in the country's total

power generation (approximately 10,000 MW) should be raised to around 40 percent.

We have been engaged in developing a range of power sources in Indonesia, including thermal, hydro and geothermal, for more than 30 years. Utilizing our extensive experience and achievements to date, we will continue to strive to develop the electricity supply infrastructure for further economic and social development in Indonesia.

» Stakeholder's Voice

Looking to Sumitomo Corporation as a very important partner in achieving a stable supply of electricity

Due to the high growth of the electricity demand in Indonesia, electric power development and improvement in the electrification rate are very important especially on Java Island, where the population is concentrated. The Tanjung Jati B coal fired power plant is a strategically important power plant on the Java-Bali Grid, which will share more than 11% of the power generation after completion of Units 3 & 4.

Sumitomo Corporation, the contractor for the plant construction, and CJP, the local project company who manages this TJB project under a unique finance lease scheme, are our very important partners and we are all in the same boat. Over the leasing period of over 20 years, we would like to contribute to society by providing a stable supply of electricity.



Mr. Basuki Siswanto
General Manager
Unit Business TJB
PT PLN (Persero)

Sumitomo Spirits

First-hand observation of Indonesia's continuous development gives me great pride in my work

I was stationed twice and spent a total of 13 years, more than half of my professional life, in Indonesia. This is the second time for me to work in this country. When I started my first assignment in Indonesia in 1993, the country was still at the early stages of economic development and the electricity supply system was not developed enough, with frequent blackouts. In the 17 years since then, I came back to the country to see that the many past projects I participated in are supporting local economies and society. It gives me a great sense of pride and a unique pleasure. We would like to continue operating our business with integrity in Indonesia to keep a smile on the face of the local people.



Kazushi Matsunoki
General Manager
Tanjung Jati B
Project Department

After a successful business turnaround using our expertise as an integrated trading company, Bolivia's largest mining company has been contributing to the nation's economic development

The San Cristobal Mine in Bolivia, in operation since August 2007, is one of the largest mines—the sixth largest by zinc concentrate production and the third largest by volume of trade—in the world. The mine covers 2,024 square kilometers, an area comparable to the size of Tokyo. We, Sumitomo Corporation have participated in this mining project since its planning phase in 2006, and have been involved in the management of the local mining company Minera San Cristobal (MSC).

The mining business at San Cristobal faced very difficult times from the beginning. Ore production at the mine did not go as smoothly as originally planned, which took its toll on the financial performance. The situation was exacerbated by the falling metals prices affected by the outbreak of the global financial crisis in the fall of 2007.

In response, Sumitomo Corporation started to strengthen its support for the project in the middle of 2008 by injecting funds and assigning additional personnel. We also acquired all the shares in MSC in March 2009, and have been striving to rehabilitate the business of this wholly-owned subsidiary, making full use of the expertise in running business enterprises that we have built up as an integrated trading company.

MSC's fiscal 2009 exports of zinc and lead concentrates (silver is also included in both concentrates) represent

approximately 50% of the exports of the entire mining sector in Bolivia, and 11% of all Bolivian exports. The company has also created some 1,200 jobs in direct employment and about 3,000 jobs in indirect employment. MSC's annual procurement of goods and services from local suppliers in Bolivia amounts to tens of millions of dollars.

As these statistics demonstrate, MSC plays an important role in the Bolivian economy today. Another notable feature of the company is its emphasis on maintaining good relationships with its stakeholders. To ensure a harmonious relationship between workers and management, the company led the efforts to organize a labor union, and became the first Bolivian mining operator to sign a multi-year union agreement.

Project overview

Location	Department of Potosi, in the southwestern part of Bolivia At a height of 3,800 to 4,500 m above sea level
Mineral resources	224 million tons (as of Dec. 31, 2008)
Proven & Probable reserves	Zinc: 3.2 million tons, lead: 1.2 million tons, silver: 406.9 toz.
Mining concession area	2,024km ²
Expected mine life	16 years (until 2023)
Initial production	August 2007
Ore processing capacity	40,000 tons per day (planned processing capacity)
Mining method	Open-pit mining
Number of employees	Approx. 1,200
Number of indirect employees	Approx. 3,000
Major clients	Europe, Asia (including Japan)

Theme

2 Achieving World-class Mining Operations and Supporting Sustainable Development of the Local Community

San Cristobal Mine Project in Bolivia

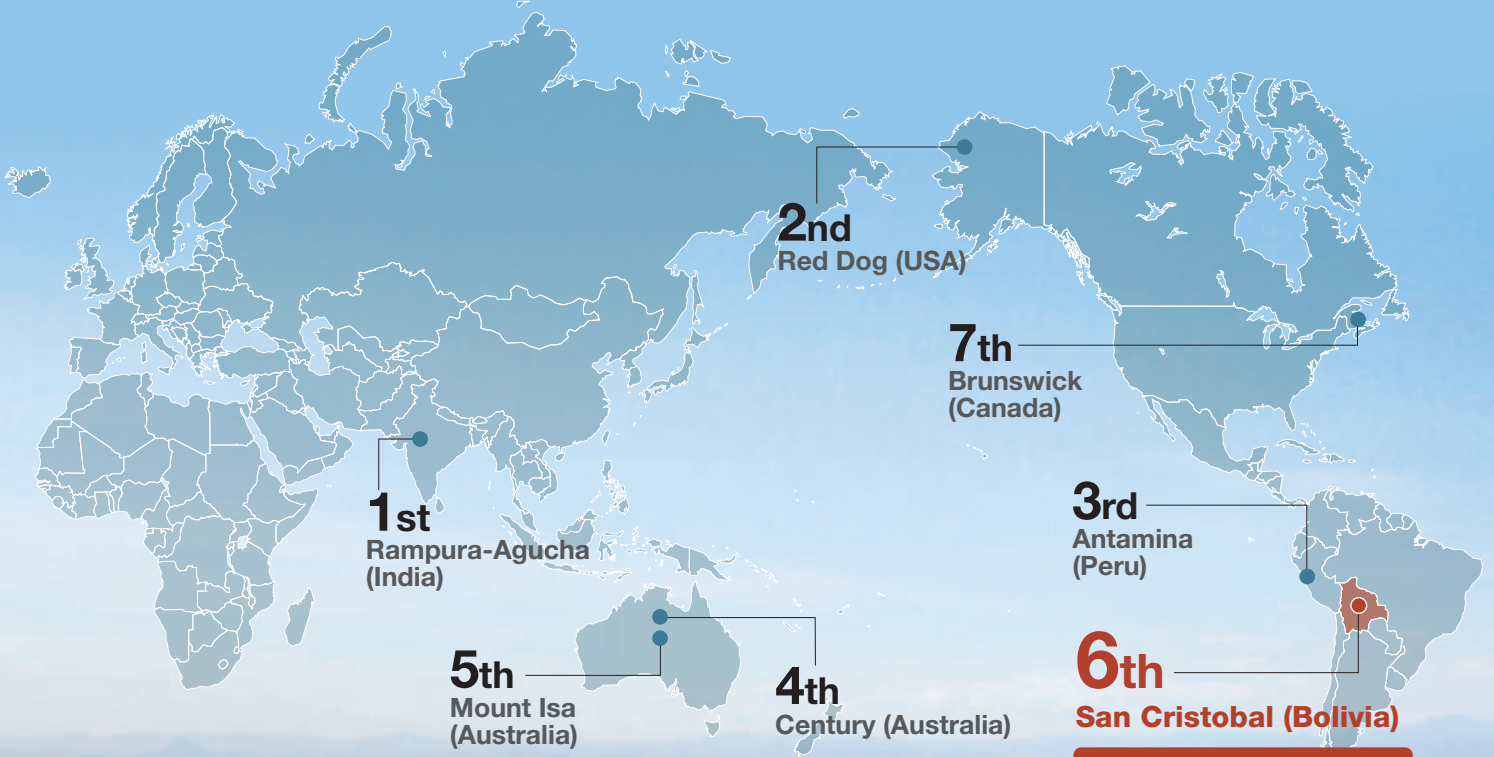


Takahiro Izuta
Corporate Officer
General Manager
San Cristobal Project Department

During the three years since its launch, our project at the San Cristobal Mine in Bolivia has grown to boast world-class management quality, a testament to which includes the recent obtainment of certification for three international management standards (quality, environmental, and occupational health and safety). Through this project, Sumitomo Corporation has been able to make a significant contribution to the development of the Bolivian economy. At the same time, we have also been actively supporting the development of the local community toward a sustainable future. In this section, Takahiro Izuta, General Manager of the San Cristobal Project Department introduces the journey that the mining project has gone through to date and where it is heading and how.

World zinc concentrate production

(As of 2009; in metallic volume; source: statistics by a UK survey agency)



**The world's third largest
by volume of trade**

Simultaneous obtainment of international certification for quality, environment, and occupational health and safety management systems

As part of its business restructuring, a range of improvements were implemented or are in progress, including a senior management reshuffle with a new CEO brought in from Sumitomo Corporation, strengthening of management systems and internal control, enhancement of training systems and other employee development programs, and many more.

In line with Sumitomo’s business philosophy: “People make the enterprise,” MSC places particular emphasis on the development of human resources. Indeed, two million dollars were invested in a wide range of employee training programs in both fiscal 2009 and 2010. Example training programs include computer-based training courses for all plant operators to improve their skills by reaffirming their understanding of the basics of safety and other operational processes, as well as training courses for operator training, greater teamwork and more effective leadership, and IT workshops.

Another notable initiative at MSC is its company-wide efforts to obtain internationally recognized management system certification toward achieving its aspiration to become a “world class Bolivian mining company.” As a result of careful visualization of the business processes and further strengthening of management systems and internal control, MSC obtained ISO 9001 (quality management systems), ISO 14001 (environmental management systems), and OHSAS 18001 (occupational health and safety management systems) certification simultaneously in May 2010.

There are few mining companies which have certifications for all the three standards in the world, let alone in Bolivia. This fact alone is an eloquent indication of the world-class management quality of MSC.



Business operations incorporating full health, safety, and environmental measures

Even before obtaining certification, MSC had been taking into account worker health and safety, environmental concerns, and the well-being of local residents and community during its mine development and operational stage in accordance with the Equator Principles*1 and the relevant national legislation.

For example, MSC assesses the mining site’s impact on the environment, including air quality, water level and the quality of the wells, soil quality and noise levels on a regular basis and reports the results of the assessment to the Bolivian government every six months. In addition, the company is working to recycle a greater amount of the water used during its operations, particularly in the mineral processing plant, so as to mitigate and reduce the environmental impact of this project and achieve sustainable use of resources.

For occupational safety, a Safety Training Observation Program*2 has been introduced, in which managers observe employees while they are working to identify and analyze unsafe actions and behavior—the cause of 96% of work injuries. Then the managers and employees discuss the safety risks and hazards identified and agree on the actions to be taken to rectify unsafe acts and eliminate unsafe conditions. The results of implementing those measures are shared among all employees to improve overall safety in the workplace.

To ensure workers’ health, MSC carries out frequent health tests, monitors the blood lead levels of its workers through periodical examinations, and has established a medical center with emergency care facilities in the San Cristobal village, which employees and their families can access 24 hours a day. The medical center also provides greater access to enhanced medical service for the local community, since the clinic located on the medical center’s premises is open to local residents, who now no longer need to travel some 100 km to receive medical treatment.

Medical Center



Monitoring water level and quality

ITSC on-site training



Simultaneous obtainment of certification for three international standards



Safety training





Dialogue with local residents



Reverse trade show for suppliers



Students studying at their elementary school

Aiming at self-driven, sustainable local community development through active support for infrastructure improvement and human resources development

Making positive contributions to sustainable development of the areas surrounding the mining site and Bolivian society is one of the main themes that we have been working on in this project. In addition to economic contributions such as paying taxes and creating jobs, MSC has been conducting a variety of support activities so that the neighboring communities will be able to develop continuously on their own even after the mine has closed.

Support for sustainable development in the local community started with building and improving industrial and residential infrastructures and facilities when developing the mining site. Utilizing these social infrastructures, as the next step, MSC has now started to focus on improving skills, services and other non-material elements. Through the San Cristobal Foundation, established with an initial endowment of two million dollars when the San Cristobal village was relocated, MSC established an electrical and mechanical engineering staffing agency, donated greenhouse facilities for agriculture and buses for commercial sightseeing tours and opened internet cafes. MSC supports the operation of the staffing agency it created, including the development of training programs for technicians. The manpower agency has some 80 to 100 registered technicians on a constant basis, and its client base has expanded to include non-MS

MSC also focuses on developing local parts and materials vendors by organizing so-called “reverse trade shows” for local suppliers, which are the opposite to traditional trade fairs in that MSC exhibits what it wants to purchase in the hope of sourcing those products from local businesses.

In addition, MSC sits on a local advisory committee consisting of representatives of four neighboring villages to provide support for the formulation of community-driven local development programs, the development of new project plans, the operations of community associations, and communication between local communities and the government with regard to supplying power and other large-scale projects, among others.

Another key focus area in the support activities MSC provides is education and human resources development, the driving force for the continuing self-development of local communities. Representative activities include constructing a new building for a local elementary school, which has

computer network facilities that offer web-based, distance-learning programs, college scholarships for high-achieving high school students, and cooperating in corporate training programs at universities. In addition, MSC established a technical training center, the San Cristobal Technical Institute (ITSC), in 2009, the opening ceremony of which was held, attended by Bolivian President Evo Morales. ITSC’s curriculum is designed to nurture true professional technicians with advanced skills, rather than merely teaching the skills necessary to work at MSC, so that graduates will also be able to work for other companies after the closure of the MSC mine. MSC would like to contribute to the long-term development of Bolivia by producing high-performing alumni, who will play an important role in their workplace and in Bolivian society, making the most of the leading-edge technologies and engineering they learned at the ITSC.

Moving forward, MSC will continue to strive for greater value from the mining project by exploring more ore reserves and improving concentrates’ quality. At the same time, MSC will intensify its collaborative efforts for sustainable growth in Bolivia through active dialogue with local communities.

*1 **Equator Principles** : A set of action principles that financial institutions will follow when they assess and manage environmental and social risk in project financing in accordance with relevant IFC and other standards so as to avoid or reduce any negative impact the project may impose.

*2 **Safety Training Observation Program (STOP)** : A program originally developed by US-based DuPont.

» Stakeholder’s Voice

Becoming a professional with universally valued skills

I am taking the Industrial Mechanics Training Course at the ITSC. The course offers students the knowledge (e.g., steel material types and properties) and skills (e.g., welding, lathe processing) they need. On-site training at MSC will be scheduled later in the course. The cost of studying at ITSC, including tuition, course fees and on-site training fees, are covered by a scholarship from MSC.

My ambition is to acquire advanced skills as an industrial mechanic and become a top professional who can use his skills at any company. I am confident that studying at the ITSC will serve as a major stepping stone towards that goal. I hope that many people will study at the ITSC and play a major role in developing a prosperous future for Bolivia.



Mr. Franz Ramos
Citizen of San Cristobal village



Environmental Solution Business Dept.

Solar Business Dept.



New Business Development & Promotion Division



Strategic Venture Investment Dept.

Battery Business Development Dept.



Theme

3 Creating and Developing New Businesses into the Next Decade

Becoming a leading environmental business operator and major contributor to creating a low-carbon, recycling-oriented society

We launched the New Business Development & Promotion Division to create, develop and establish new business that will help build a low-carbon, recycling-oriented economy and establish a major source of revenue for our environmental and new energy operations in the future.

Targeting the sustainable development of society and business, the division aims to create and nurture new business mainly in the areas of photovoltaic power generation, environmental recycling and next-generation batteries, which will contribute to both profitability and environmental conservation.

Creating new business that will become a major source of revenue for our environmental and new energy operations in the future

In FOCUS'10, our medium-term management plan for the period starting in fiscal 2009, we have declared that we at Sumitomo Corporation will draw "A Growth Scenario on a New Stage" into the next decade and aim to become a value-creating company, which can translate changes in the business climate into opportunities for growth. The New Business Development & Promotion Division was created as a specific initiative toward this goal.

The "New Business" in this new division's name refers to business areas that have promising potential for future growth. They are business areas that will help solve the challenges of environmental and new energy issues, which are considered essential in building a sustainable, low-carbon, recycling-oriented society. We believe it is our mission to establish new business models in these new business areas and grow them into core businesses that will generate strong revenue, and—as Sumitomo's business philosophy teaches us—these activities must benefit not only our own businesses but also society and the nation.

Consolidating and reorganizing our existing environment and new energy businesses under a new division

Environment and new energy business is a growth area, and the market size is expected to grow several times larger over the next 10 years. Although we have been involved with various projects and activities in this area already, we realized that in order to speed up our activities in this market effectively, it is important to shift from the previous style where projects and businesses were carried out separately by each business unit to a consolidated and company-wide approach. The shift has enabled us to take a bigger view of the entire value chain in assessing the future and growth potential of our business, and identify and capture business and investment opportunities without delay.

For this strategic reason, environment and new energy-related operations undertaken by various business units were pulled out and consolidated into a new, cross-functional, company-wide organization—the New Business Development & Promotion Division. Under the new division, the four departments: the Solar Business Department, Environmental Solution Business Department, Battery Business Development Department, and Strategic Venture Investment Department, create and nurture new business from a medium- to long- term perspective by collaborating closely with each other and leveraging the experience and expertise accumulated to date.

The fledgling division was assembled by putting together employees who had been engaged in environment and new energy-related business in various business units, which has allowed members of the division to reaffirm the promising future and growth potential of the target market and share the same direction and mission within a short period of time.

The anticipated collaboration among different departments within the division has started to generate tangible results. For instance, good progress has been

made with the potential integration of the photovoltaic power generation business and the next-generation batteries business, and information on leading-edge technologies originally obtained by the Strategic Venture Investment Department has provided useful insights for other departments. We will see greater synergies created in the future as our operations under the new business structure move forward.

Developing profitable businesses that are also good for the environment will bring sustainable growth for both our business and society

While many people may tend to associate corporate environmental activities with social contributions such as community clean-ups that take place outside of business, we believe intrinsically that corporate environmental activities should be carried out through our business activities, as the Sumitomo Corporation Group Environmental Policy states. In other words, environmental activities should be truly sustainable practices which generate business profits while simultaneously helping to solve environmental problems in society.

Otherwise, corporations will eventually face difficulty in continuing their business, which also means they will no longer be able to contribute to building a sustainable society. With this recognition in mind and with our unwavering commitment to sustainable development with society, each one of us at the new division will always seek appropriate solutions rather than an easy response to the issues we may face. We will work in unison to create and develop business that can help create a truly affluent society in a harmonious relationship with the natural environment.



Hiroaki Mizobuchi
Executive Officer
General Manager
New Business Development &
Promotion Division

CASE 1

Creating a market for second-life uses of lithium-ion batteries in a low-carbon society

Striving to create and expand the market for second-life uses of EV-mounted lithium-ion batteries

Expectations for electric vehicles (EVs) powered by electricity instead of gasoline have been rising. This is because essentially they are “zero emission” vehicles and can contribute to solving environmental problems such as global warming and the depletion of energy resources.

To create greater demand for EVs, effective second-life uses for lithium-ion batteries mounted on EVs is crucial. Generally, lithium-ion batteries retain some 80% of their initial capacity after five years of use under normal conditions. This means that these used batteries still can be used for a variety of purposes. Given the fact that a lithium-ion battery is the most expensive of the EV’s components, creating an actively trading market in used lithium-ion batteries with capacity remaining for second-life uses will make EVs a more affordable choice and help increase demand.

To seize this acknowledged business opportunity, Sumitomo Corporation, together with Nissan Motor which will launch its EVs on the Japanese and US markets from December 2010, announced its “4Rs” strategy to reuse, resell, refabricate and recycle batteries from EVs. We aim to use this strategy to cultivate the second-life use market for used lithium-ion batteries from various angles.

Expanding the possibilities of lithium-ion batteries in building a low-carbon society

In addition to their uses in EVs, lithium-ion batteries are expected to play various roles in building a low-carbon society.

Examples of expected applications include electricity storage facilities for a smart grid.* This next-generation power supply system must be able to store excess electricity in response to fluctuations in power demand. Due to their longer life and higher energy density, lithium-ion batteries are also expected to be used as back-up power supplies, replacing traditional lead-acid storage batteries. Our mission is to establish an effective business model where reusable lithium-ion batteries can be made available for such second-life use applications.

The Sumitomo Corporation Group has been operating a wide range of businesses related to lithium-ion batteries, from the procurement of the raw materials (metal resources), to the manufacturing of the components (e.g., electrolytes, anode materials), and even to the leasing of EVs. With this latest addition of our 4Rs strategy, our value chain for lithium-ion batteries has been expanded and intensified.

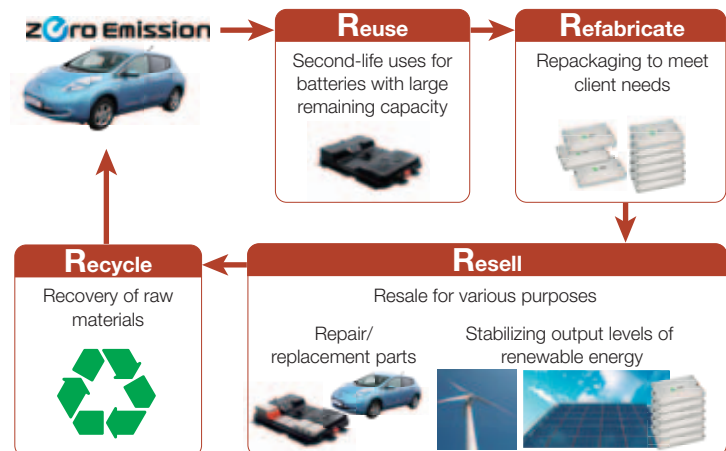
Going forward, we intend to cultivate a market for reusable lithium-ion batteries by leveraging the depth of our consistent business portfolio in this field and the breadth of our operations, which are typical of an integrated trading company. In this way, we would like to promote greater use of EVs and ultimately help build a low-carbon society.

*Smart grid : The next generation power grid that aims at electricity demand/supply optimization by using information and communications technology (ICT).



Norihiko Nonaka
General Manager
Battery Business Development
Department

4Rs for lithium-ion batteries



Establishing a waste home appliance recycling business in China to build a recycling-oriented society

Recycling home appliances is a solution to two problems—worsening environmental pollution and soaring metal prices

Spurred by its rapid economic growth, China’s demand for home appliances has increased to the highest level in the world. In recent years, consumers actively purchasing upgraded or newer models to replace existing appliances have resulted in large volumes of waste home appliances. These waste home appliances were not necessarily disposed of in the proper way and environmental pollution caused by the resulting effluent has become a public concern.

Waste home appliances have also been attracting attention for another reason. Those end-of-life products contain rich amount of metal resources which can be recovered by appropriate processing. They are so-called “urban mines.”

Reflecting growing environmental awareness and soaring metal prices, the recovery of metal resources from waste home appliances has been growing worldwide lately. In China, the Regulations on the Collection, Disposal and Management of Waste Electrical and Electronic Equipment (a Chinese equivalent to WEEE) will come into effect in January 2011 to encourage the proper disposal of waste home appliances.

To capture this business opportunity, Sumitomo Corporation has teamed up with Dowa Eco-System. in launching a recycling business for consumer electronic and home appliances in China. Our business partner is a member of the DOWA Group, which has abundant experience in the recovery and recycling of metal resources.

Expanding our recycling operations throughout China to other Asian countries to become a Japan-based leading recycling business operator

In May 2010, Sumitomo Corporation, Dowa Eco-System, and Tianjin City Green Angel Collection and Reuse of

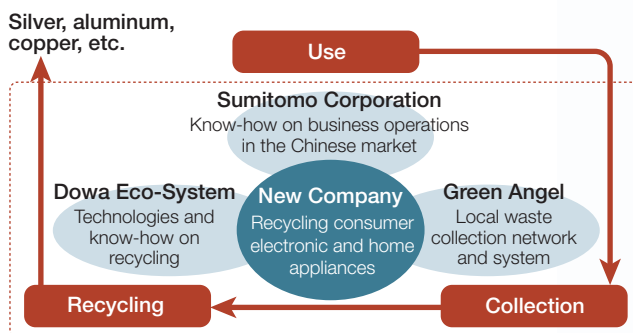
Recyclable Resources (Green Angel) established a new joint company in Tianjin City, China to recycle consumer electronic and home appliances.

The new company will take advantage of the respective strengths of the three participating companies: Dowa Eco-System’s technologies and know-how in recycling consumer electronic and home appliances, Green Angel’s network of waste collection stations and its system for collecting waste home appliances from electronics retailers in Tianjin City, and Sumitomo’s know-how in business operations in the Chinese market.

The launch of the new company was agreed in the fourth Japan-China Energy Conservation Forum held in Beijing in November 2009, fitting in well with the Japanese government’s policy of promoting cooperation between China and Japan on energy saving and other environmental initiatives. This establishment of the joint company marked the first entry by a Japanese integrated trading company into the Chinese consumer electronic and home appliances recycling market.

We have been building a strong partnership with the City of Tianjin since we opened our office in the city 30 years ago. When it comes to environmental efforts, the municipality and Sumitomo Corporation jointly formed an Environmental Protection Committee in 2006 to undertake a wide range of study projects. This cooperative relationship with the city government served as the groundwork for the launch of the new company. As Tianjin is known as one of the most environmentally conscious cities in China, operating an environmental and recycling business in the city will give us a tremendous advantage in expanding operations to many other locations in the country in the future. Building upon our successful experience in Tianjin, we would like to make a foray into other locations throughout China and other Asian countries, and eventually become a Japan-based leading global recycling business operator.

Business operations leveraging the strengths of three companies



Hideki Kanaoka
Deputy General Manger
Environmental Solution
Business Department



In Europe·CIS·Middle East·Africa

- Supporting Shakespeare's Globe Theatre (UK) >>1
- Supporting Centrepoint to help young homeless people (UK)
- Supporting Thames 21 Litter Trap to keep the River Thames litter-free (UK) >>2
- Helping children with disabilities to attend school (Romania)
- Supporting Japanese speech contests (Russia)
- Supporting indigenous people as part of the timber business with Terneyles (Russia)
- Cooperating with the Japanese School in Teheran for its school festival (Iran)
- Supporting improvements to the educational infrastructure for children (South Africa) >>3
- Supporting land mine removal (Angola)
- Donating books for teacher training (Madagascar)
- Supporting education and health care improvements for the local community as part of the Ambatovy Nickel Mine project (Madagascar) >>4



3



1



2

In Japan

- Supporting the Junior Philharmonic Orchestra >>5
- Promoting "barrier-free" movies >>6
- Cooperating in vocational training for people with disabilities
- Forest improvement activities by Summit supermarkets
- Participation in and sponsorship for local cleaning activities and various events >>7
- Organizing events for local residents hosted by J:COM cable TV company and many commercial complexes of other Sumitomo Corporation Group companies across Japan
- Apparel trade-in recycling program at Barneys New York specialty stores >>8
- Cooperating in workplace tours and work experience programs for students and local residents
- Supporting the Table for Two Meal Program
- Donating clothes and other goods to social welfare facilities and bazaars to support international students
- Supporting environmental NPOs and NGOs through donations to Keidanren Nature Conservation Fund and World Wide Fund for Nature (WWF)
- Supporting Japan Platform (JPF), an international humanitarian organization
- Blood donation campaigns to support the Japanese Red Cross Society
- Collection and donation of used stamps, prepaid cards and PET bottle caps to support philanthropic activities



4



6

Theme

4 Utilizing Our Integrated Corporate Strength to Promote Social Contribution Activities Worldwide

Because of its integrated corporate strength, the Sumitomo Corporation Group is involved in a wide range of social contribution activities around the world

As we work to further strengthen our relationships with local stakeholders, the Sumitomo Corporation Group, a global organization, conducts social contribution activities aimed at addressing these social issues in many countries and regions around the world, respecting the unique features and conditions present in different areas.

We view these activities as not limited to social support activities such as volunteer work or offering charity but as much more diversified.

The Sumitomo Corporation Group's Basic Principles on Social Contribution Activities

OBJECTIVE We, as a global organization, will work on social issues through our business activities and social contribution activities with the aim of building a sustainable society by implementing the Sumitomo Corporation Group's Management Principles and Activity Guidelines.

ACTIVITIES We will engage in social contribution activities aimed at developing the next generation of human resources who will drive the sustainable development of society, and contributing to local communities in areas we do business all over the world. We will also take part in various activities as a good corporate citizen.

APPROACH We will perform and seek to continuously improve our activities with modesty and high aspirations and endeavor to maintain a high level of transparency while strengthening our relationships with all our stakeholders.

In Americas

- Supporting the Center on Japanese Economy and Business, Columbia Business School (US) >>9
- Donations to an organization supporting the development of a treatment for leukemia and other incurable illnesses (US)
- Donations to the Lincoln Center (US)
- Support for organizing Japan Day, an event to showcase Japanese culture (US) >>10
- Donations to the American Museum of Natural History (US)

- Donations to the Metropolitan Museum of Art (US) >>11
- Donations to the Japanese American National Museum (US)
- Donations to United Way of New York City (US)
- Supporting educational and infrastructure improvements for the local community as part of the San Cristobal Mine (silver, zinc, lead) project (Bolivia)
- Contributions to relief funds for large scale natural disasters (Chile, Haiti)



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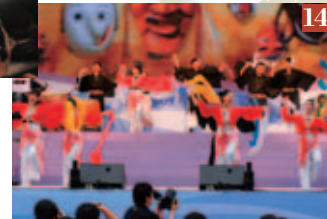
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12



13



14

In Asia·Oceania

- Sumitomo Corporation Scholarship to help college students in Asia (various Asian countries) >>12
- Helping children in poverty-stricken areas in Yunnan and Anhui provinces finish school (China)
- Internship programs for college students in Guangzhou province (China)
- Courses bearing the Sumitomo Corporation name at Tsinghua University, Nankai University, and Hanoi National Economics University (China, Vietnam) >>13
- Supporting programs of study tours to Japan for Chinese university students (China)
- Supporting Japan-Korea Exchange Festival (South Korea) >>14
- Supporting educational and infrastructure improvements for local communities as part of overseas industrial park development projects (the Philippines, Indonesia, Vietnam)

- Supporting education and health care improvements for local communities as part of the Tanjung Jati B coal fired power plant project and the Batu Hijau Mine (copper, gold) project (Indonesia)
- Japanese language education and culture learning for junior high school students (Vietnam)
- Donating school uniforms and school supplies to local elementary schools (Myanmar) >>15
- Supporting a local rugby team (New Zealand)
- Contributions to relief funds for large scale natural disasters (China, Taiwan, the Philippines, Indonesia, Pakistan)

5

Locally-rooted Social Contribution Activities under the Initiative of Local Employees



CSR activities of the Sumitomo Corporation China Group

Corporate social responsibility (CSR) has been drawing growing attention in China, a country experiencing continuous rapid economic development. Against this background, the Sumitomo Corporation China Group launched its CSR committee dubbed “Virtuous Cycle” in May 2009. The committee formulated the overall policy for the Group’s social contribution activities, which emphasizes developing the next generation who will shape the future of the country. Based on this policy, its group companies in China are actively promoting their locally-rooted social contribution activities, in which locally hired employees are playing leading roles. This section introduces how they as a good corporate neighbor give back to the local communities in which they operate.

CSR Committee members



Fu Xiao Jiong
Shanghai
General Manager
Administration Department of East China
Administration Unit of East China



Chen Eve
Guangzhou
Section Manager
General Affairs & HR Section,
Administration Department of South China
Administration Unit of South China



Han Jian Ping
Beijing
Section Manager
General Affairs Section,
Administration Department of North China
Administration Unit of North China



Ye Peng
Tianjin
Section Manager
Planning & Administration Section,
Administration Unit of North China

The experience of supporting earthquake victims inspired employees to do more for society

As part of its social contribution activities in Asia, the Sumitomo Corporation Group has been supporting the development of future leaders in Asian countries. Representative programs include Sumitomo Corporation

Scholarship, which were established in 1996 to provide financial support for college students in China, Vietnam, Indonesia, Thailand, and other nations. In conjunction with these programs led by our Head Office in Japan, locally-rooted social contribution activities have been actively promoted in China recently on the initiative of locally hired

Educational support for poverty-stricken areas in Anhui



Educational support for poverty-stricken areas in Yunnan



Educational support for poverty-stricken areas in Anhui



employees of the Sumitomo Corporation China Group companies.

Such employee-driven activities originated and evolved from a single event: support for victims in the region hit by the Great Sichuan Earthquake in May 2008. Wishing to reach out to the victims of this unprecedented disaster, locally hired employees in the Sumitomo Corporation China Group suggested they take their own action to solicit donations for the quake victims, in addition to the company's financial contributions. In response, fund-raising activities were carried out in their group companies in China, and a larger-than-expected number of employees made donations. As a result, donations equivalent of approximately eight million yen were offered to support the recovery from the catastrophic earthquake.

"Through that fund-raising activity, we realized that many employees wanted to help people in need and wanted to contribute to society. This recognition propelled us to create a mechanism to provide opportunities for more employees to join social contribution activities. That's why the Sumitomo Corporation China Group CSR Committee (CSR Committee) was established in May 2009," says Fu Xiao Jiong, deputy chairman of the CSR Committee and an employee of Sumitomo Corporation (Shanghai).

The CSR Committee's Chairman Fuminori Naganuma follows, "The CSR Committee is mainly comprised of locally hired employees who have experience in CSR activities in China, while Japanese expatriates like myself support their activities. The Committee is a steering committee in nature and therefore its roles and responsibilities are the development of activity policies and progress management. Specific programs are planned and implemented by each group company under the initiative of its locally hired employees."

In addition, to raise awareness of the importance of CSR activities across the Group, the CSR Committee came up with a nickname for itself: Virtuous Cycle.

"The name 'Virtuous Cycle' reflects our commitment to creating a virtuous cycle where we, as a for-profit corporation operating in China, not only fulfill our responsibilities to society by paying taxes and creating employment opportunities, but also maintain harmonious relationship with Chinese society and contribute to the sustainable development of society

through a wide range of social contribution activities. And such interaction with society will help us achieve our own growth," said Fu.

Focus on developing future leaders in China

After extensive discussions, the CSR Committee developed the basic policy of the Sumitomo Corporation China Group's social contribution activities. Specifically, they decided to focus for the time being on support for human resources development for future generations, and to ensure that many employees can participate in these activities.

"Considering the fact that elementary and junior high school education-related issues in poverty-stricken areas of China, such as the inability to cover educational expenses and the shortage of schools and teachers, has been worsening, we decided to focus on educational issues first. It was also suggested and agreed that our activities will not be completed only by providing support; we should communicate and interact with support recipients and related stakeholders actively, and this in turn will lead to enhancement of our corporate value," said Fu.

Promoting interaction with local communities in addition to financial support

Under this basic policy, the Sumitomo Corporation China Group has stepped up its CSR activities. In addition to the programs in collaboration with Head Office in Japan, such as ongoing operation of Sumitomo Corporation Scholarship and the courses bearing the Sumitomo Corporation name at Tsinghua University in Beijing and Nankai University in Tianjin, as well as educational support for poverty-stricken areas in Yunnan province, the China Group companies have implemented their own programs, which include educational support for poverty-stricken areas in Anhui province by Sumitomo Corporation (Shanghai), and training programs for college students by Sumitomo Corporation (Guangzhou).

In the efforts to support education in Anhui province, financial contributions from Sumitomo Corporation (Shanghai) and its employees were offered to elementary, junior high school and high school students in need. In addition, desks, chairs, lockers, computers and other equipment were also donated to local schools.

Sumitomo Corporation Scholarship



Training program for college students



Course bearing the Sumitomo Corporation name at Tsinghua University



Course bearing the Sumitomo Corporation name at Nankai University



“To make our support relevant and effective, our employees visited Anhui province to understand the educational and living conditions there and identify local needs. On a later day, we invited local teachers and students to visit Shanghai to meet with our employees. Most of the students had never come to a big city like Shanghai, one of the fastest growing cities in the world. I remember they said ‘I want to study hard and work in Shanghai’ with their eyes beaming!” said Fu.

Meanwhile, they also received positive feedback from local college students who participated in the internship training program organized by Sumitomo Corporation (Guangzhou), including comments like “I was able to learn a lot of things which I cannot study at college, which has broadened my horizon,” and “I was impressed with the enthusiasm of the lecturers and employees, and their high level of professionalism.”

Activity example 1

Educational support for poverty-stricken areas in Anhui

Many children in poverty-stricken areas in Anhui cannot afford to go to school. In December 2009, donations from Sumitomo Corporation (Shanghai), and its employees were offered to a total of 70 elementary, junior high school and high school students with financial difficulties in the province. In addition, the company’s used desks, chairs, lockers, computers, and other equipment were also donated to local schools. In February 2010, teachers and students in Anhui were invited to their office in Shanghai to attend seminars and a gathering of its employees.

Sumitomo Spirits

For the sake of children’s innocent smiles

I joined the educational support program for poverty-stricken areas in Anhui in December 2009. It was my first participation in social contribution activities since I joined the company. In that province, there are many children who have to drop out of school because of poverty, and I wanted to be of some help to them. When we visited the site, we were deeply impressed with the children there, wearing innocent smiles on their faces while they were struggling in difficult economic conditions. Their smiles inspired me to support this activity more so that a greater number of employees join us in supporting those children.



Ding Yan Min
Logistics Department
of East China
Sumitomo
Corporation
(Shanghai) Ltd.

Continuing and rooting CSR activities as an integral part of business

About one year has passed since the CSR Committee, Virtuous Cycle, launched its social contribution activities in China with two key objectives: ensuring active employee participation and operating locally-rooted activities. During this period, the circle of employees participating in these activities has been expanding at a steady pace. This movement has also helped increase staff motivation. Many group employees say they are proud to be a member of a company which is actively engaged in social contribution activities.

Fu says, “The important thing is that we in the Sumitomo Corporation China Group will continue social contribution and other CSR activities as an integral part of our business activities, not as a one-off event or passing fad. To this end, we would like to create as many opportunities as possible for active interaction between our employees and people living in the locations where our activities are taking place, so that more employees can join the activities with a sense of ownership and our network of CSR activities will expand even further.”

Activity example 2

Training for college students

In Sumitomo Corporation (Guangzhou), 23 college students (including seven Sumitomo Corporation Scholarship recipients) received a three-day training course in December 2009. Those students were selected from 200 applicants who were recommended by three target local colleges. They obtained a better understanding of the Sumitomo Corporation Group’s Management Principles and the trading business through many activities such as lectures on the basics of business and business practices, discussions with Sumitomo Corporation (Guangzhou) employees in the frontline of the trading business, a tour of their distribution center.

» Stakeholder’s Voice

Kick-starting my career with training at Sumitomo Corporation

As the saying goes, “A man can show tremendous growth even within three days”; the three days at Sumitomo Corporation (Guangzhou), has given me a lot of inspiration and insight for my future career. Through the training with nine divisions, I was able to learn about and was impressed with the company’s advanced risk management and performance evaluation systems, and management style placing utmost respect for the employee, which helped me to realize what constitutes the corporate culture and business philosophy of Sumitomo Corporation. I feel honored and privileged to have met many talented people through this precious opportunity.



Mr. Luo Xi
Student of Sun Yat-sen
University

Strengthening the Foundations for CSR Activities

Development of human and organizational dynamism to enhance value-creation capability

Corporate Governance System

Internal Control and Internal Audit

Risk Management

Compliance

Environmental Management

Human Resources Management

Greater emphasis on human resources development and workforce diversity

Corporate Governance System

We believe that the ultimate goals of corporate governance are “improving management efficiency” and “maintaining sound management” as well as “ensuring management transparency” to achieve the first two goals. Based on this belief, we are working to establish a corporate governance system that serves the interests of shareholders and all other stakeholders.

Past Initiatives to Strengthen and Enhance Corporate Governance

To date, we have strengthened and improved our corporate governance system through initiatives covering many points, such as optimizing the size of the Board of Directors, setting term limits for the Chairman of the Board of Directors and the President and CEO, shortening the terms of Directors, establishing advisory bodies, strengthening the corporate auditors system, introducing the executive officer system, and appointing external advisors.

Our approach to corporate governance is embodied in the “Sumitomo Corporation Corporate Governance Principles,” which can be accessed from the following web page.

 <http://www.sumitomocorp.co.jp/english/company/governance/detail01.html>

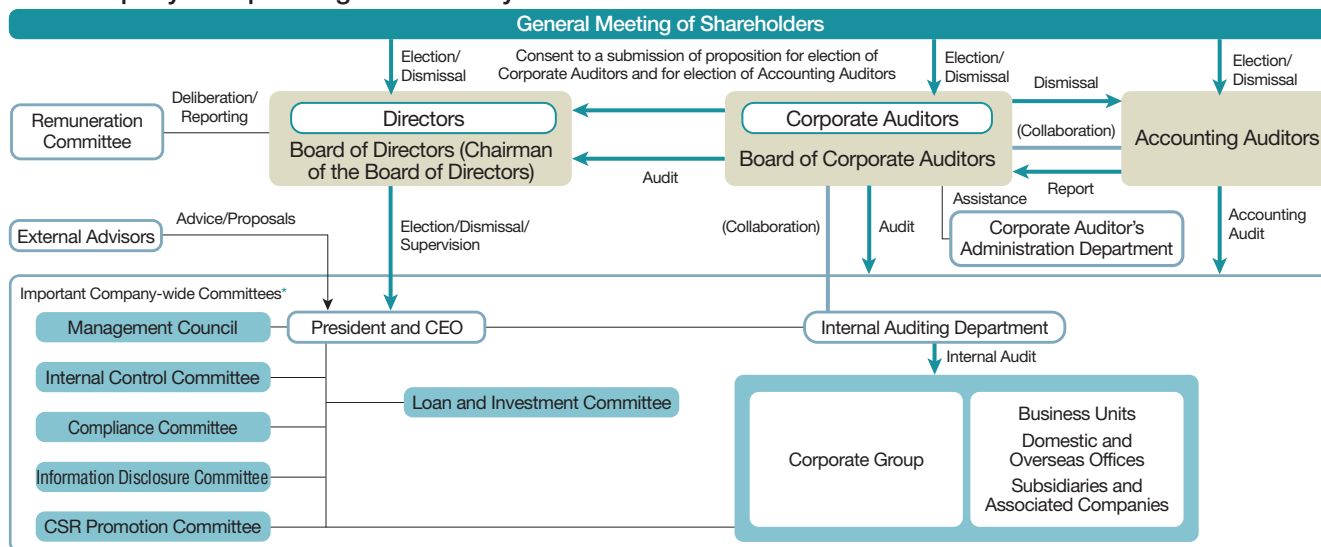
Features of Our Corporate Governance System

Under the former Commercial Code, since April 2003, Japanese companies have been able to adopt a company

with a committee based system of corporate governance. However we believe that the best way for us to improve the effectiveness of our corporate governance is to maintain our existing corporate auditor system while enhancing and reinforcing it through auditing from diversified external viewpoints and with opinions and advice from additional external advisors. Based on “Sumitomo’s business philosophy,” we have established the Sumitomo Corporation Group’s Management Principles and Activity Guidelines, and work to enforce these principles and guidelines among all officers and employees, in order to share the basic values that must be respected by the Sumitomo Corporation Group, including compliance with laws and regulations. From the perspective of maintaining sound management, we have developed a system for ensuring compliance with laws and regulations by establishing a Compliance Committee and introducing a “Speak-Up System” for internal reporting, among other measures. Guided by the belief that management itself must conduct its duties with high ethical standards, we have clearly stated in the “Sumitomo Corporation Corporate Governance Principles” that in principle, the Chairman of the Board of Directors and the President are each limited to terms of up to six years.

In 2009, we established the Sumitomo Corporation Corporate Governance Principles Reform Review Committee, including members from outside the company, and discussed a range of topics such as the appointment of external directors. Nonetheless, we determined that at this time, our current management structure is the most reasonable system from the standpoints of further strengthening and enhancing corporate governance.

The Company’s corporate governance system



* **Management Council:** Exchange of opinions and information on basic policy and important matters related to management
Internal Control Committee: Management and assessment of overall Internal Control, and planning, implementation and promotion of basic policies related to Internal Control
Loan and Investment Committee: Deliberation of important matters, such as investment and financing
Compliance Committee: Enhancement of Group compliance focused on “maintaining sound management”

However, we will continue to study the most appropriate corporate governance system for Sumitomo Corporation.

Framework for “Improving Management Efficiency” and “Maintaining Sound Management”

Directors and the Board of Directors

Optimization of Size of Board of Directors

We halved the number of Board members from 24 in 2003. As of July 2010, the Board has 12 members. Through this optimized Board of Directors, which oversees the operations of the business and serves as the Company’s decision-making body concerning key management matters, we aim to facilitate substantial and active discussion as well as to promote greater efficiency and effectiveness in the decision-making process.

Limiting Terms of Directors

In June 2005, the terms of Directors were reduced from two years to one year. We aim to clarify the responsibility of management among members of management each fiscal year. This, in turn, helps ensure fast reaction times to changes in business conditions.

Limits on Terms of the Chairman of the Board of Directors and the President and CEO

In principle, the positions of Chairman of the Board of Directors and the President and CEO are clearly defined and separated in order to ensure mutual supervision and both positions cannot be held simultaneously by one person. In principle, the Chairman of the Board of Directors and the President and CEO are each limited to terms of six years. These limitations on the tenure of top management help minimize the possibility of governance problems.

Establishment of the Advisory Body to the Board of Directors

With the aim of enhancing the transparency and objectivity of decision-making processes with regard to the remuneration of Directors and Executive Officers, we established the Remuneration Committee. Functioning as an advisory body to the Board of Directors, no fewer than half of the Committee members are from outside the Company. The Remuneration Committee is in charge of studying remuneration and bonuses of directors and executive officers, and reports the results of its studies to the Board of Directors.

Corporate Auditors and the Board of Corporate Auditors

Enhancement of Corporate Auditing Framework

To further strengthen external views within the corporate auditing framework, we added one external auditor in June 2003, bringing the number of external auditors to three out of the five members on the Board of Corporate Auditors. Of these three, two are legal experts (a former Public

Prosecutor General and a former President of the Tokyo High Court) and one is an accounting expert—ensuring an auditing system that incorporates a diversity of perspectives. The three external auditors possess a high degree of independence, such as by satisfying the conditions for independent officers stipulated by the listing rules of Japanese stock exchanges.

Ensuring Audit Effectiveness

Corporate Auditors attend meetings of the Board of Directors and all other important internal meetings, to obtain the information necessary for proper auditing. Corporate Auditors also meet the Chairman of the Board of Directors and the President and CEO every month to exchange opinions on material issues regarding management policy and auditing. Moreover, the Corporate Auditor’s Administration Department is assigned to assist Corporate Auditors, so that the auditing system functions effectively and without hindrance.

Collaboration between Internal Auditing Department and Accounting Auditors

To ensure audit efficiency, Corporate Auditors interact closely with the Internal Auditing Department, receiving reports on internal audit plans and their results in a timely manner. In addition, Corporate Auditors exchange information with and monitor the auditing activities of the Accounting Auditors through regular meetings. By attending audit review meetings with the Accounting Auditors and observing inventory audits, the Corporate Auditors constantly work to improve audit efficiency and quality. Furthermore, Corporate Auditors attend meetings of the Internal Control Committee, and request reports on the status of internal control systems from other departments responsible for internal control, along with their cooperation on audits.

Introduction of an Executive Officer System

We have introduced an executive officer system with the aim of clarifying the responsibilities and authority for execution and strengthening the monitoring function of the Board of Directors. We currently have 39 Executive Officers selected by the Board of Directors. Of these, 11 Executive Officers also serve concurrently as Directors, including seven who are also General Managers of Business Units. In this way, we aim to prevent gaps between decisions made at Board of Directors meetings and the execution of those decisions.

Appointment of External Advisors

Management Council members meet with outside specialists employed as external advisors to incorporate outside perspectives into our management. In this way, external advisors provide us with advice from diverse perspectives on various themes related to management issues. External advisors also give speeches and lectures in their respective areas of expertise, such as leadership

and career development, to employees at various levels within our organization.

System for Ensuring Management Transparency

Basic Policy on Information Disclosure

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

Communicating with Shareholders and Other Investors

Encouraging the Execution of Voting Rights at the General Meeting of Shareholders

We send out a Notice of Convocation to shareholders three weeks prior to each regularly scheduled General Meeting of Shareholders. For the convenience of overseas shareholders, we also provide an English-language translation of the notice on our website. We have allowed our shareholders to exercise their voting rights via the Internet using personal computers since 2004 and via the Internet using mobile phones since 2005. In 2007, we introduced the Electronic Voting Platform operated by Investor Communications Japan, Inc. (ICJ), a joint venture instituted by Tokyo Stock Exchange, Inc. and others. The new platform allows institutional investors sufficient time to thoroughly examine the propositions to be resolved at the meeting.

Disclosing Various Information

Our corporate website provides various materials that may be useful in making investment decisions in a timely manner. These materials include financial results, *yukashoken houkokusho* (Japanese annual securities reports), Tokyo Stock Exchange filings and related documents of various meetings. We also disclose information on a broad range of Group-wide topics through such means as feature articles on projects that we operate around the world. Moreover, we issue an *Annual Report*, *Report on Responsibility and Sustainability* and *SC News*, our public relations news magazine, and endeavor to ensure proactive disclosure.

Investor Relations

In addition to working to enhance the disclosure of information on our website, in order to ensure direct communication with shareholders and other investors, we hold quarterly meetings attended by management to provide information on our financial results for analysts and institutional investors. For overseas investors, we periodically visit the United States, the United Kingdom, and other countries in Europe and Asia to hold one-on-one meetings with investors in each region. In addition, in fiscal 2004 we began regularly holding meetings with individual investors in Japan. In fiscal 2009, we held such meetings in five cities, with a total of 1,350 individual investors attending.

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

While working to strengthen and enhance our corporate governance structure and systems, from the perspectives of "improving management efficiency" and "maintaining sound management," we will continue to further strengthen internal auditing, risk management and compliance, to further improve the effectiveness of internal control.

Message from an Outside Corporate Auditor

I have observed corporations from many different angles through my 30 years of experience in judicial circles. At the same time, I have increased my understanding of not only the economic roles of corporations, but also the extent of their social roles. Sumitomo Corporation conducts a diverse array of businesses globally, and has provided me with an opportunity to make practical use of my experience in this regard.

Sumitomo's business philosophy, which has been handed down the generations within the Sumitomo Group for more than 400 years, states the following: "Always practice sound management; never pursue easy gains." I believe that this principle has become Sumitomo Corporation's greatest support when conducting business. I participate in meetings of the Board of Directors, where I ask questions and raise various points from an external perspective. For example, I might ask about the status of compliance or whether necessary information is being provided to stakeholders. Sumitomo Corporation welcomes the fresh perspectives that are introduced by being questioned about matters that, in its view, may be obvious, and always replies sincerely. In addition, the willingness to point out issues and hold active discussions has been enhanced, even among directors. As an outside corporate auditor, I would like to influence management from a broad perspective that encompasses the social role of corporations, in order to support the sustained growth of Sumitomo Corporation going forward.



Akio Harada

Lawyer
Appointed as outside
corporate auditor in
2005

Internal Control and Internal Audit

The Sumitomo Corporation Group has strengthened its internal controls in order to retain the trust of all its stakeholders.

Internal Control

The Sumitomo Corporation Group is formed of seven Business Units as well as regional organizations in Japan and overseas. The Business Units, organizations and group companies collectively work together in broad business fields. It is essential that we provide a uniform standard in operational quality at these businesses, irrespective of their business sector or region. This standard must also meet the expectations of our stakeholders.

From this perspective, we launched our Internal Control Program in 2005 to perform a comprehensive evaluation of the status of internal controls using a standards-based checklist. This Internal Control Program checklist covers approximately 350 points pertaining to general operations that should be common across the Group, including risk management, accounting and financial controls and compliance.

To ensure that this checklist assessment is conducted effectively, we make concerted efforts to educate all our officers and employees, including those at Group companies, on the essential fine points of internal controls that must be verified.

In August 2010, we launched a fully redesigned Internal Control Committee. The new committee is responsible for the management and evaluation of overall internal control across the entire Sumitomo Corporation Group and the development and implementation of basic policies on internal control. While the committee promotes group-wide activities, business units and regional organizations in Japan and overseas are implementing their own internal control activities in place of the previous group-wide, comprehensive checklist assessment. These "Internal control activities" specifically refer to the planning, implementation, evaluation and improvement of our internal control systems and processes. Each organizational unit carries on these activities continuously on a daily basis with timely and optimal support from its Planning & Administration Department, contributing to the sustainable growth and development of the Group.

Fulfillment of Legal Requirements

In recent years, due to social demands, legislation requiring companies to constantly improve and monitor their internal control systems has been passed under the Japanese Company Law and the Financial Instruments and Exchange Law. We have treated meeting these legal obligations as an opportunity to further reinforce our internal control program, which we had implemented ahead of the enactment of this legislation. Our efforts in this area are ongoing and not transitional.

The Japanese Company Law, which came into effect in May 2006, calls for companies to establish "systems ensuring that the execution of duties by directors conforms to legal regulations and their Articles of Incorporation as well as systems ensuring that business processes are handled appropriately." Having previously established various systems and frameworks, the Sumitomo Corporation Group fulfills the requirements of this law.

To comply with the internal control reporting rules stipulated in the Financial Instruments and Exchange Law, which took effect on April 1, 2008, we are tracking and evaluating our internal controls with regard to the reliability of financial reporting, as required by the law, through the effective application of Internal Control Program results and its promotion structure. For the fiscal year ended March 31, 2010, the second fiscal year that the law applies to, as a result of evaluations and subsequent improvements, as in the first fiscal year, we found our internal controls related to financial reporting to be effective and received an unqualified opinion from the accounting auditor upholding the results of our assessment.

Through the aforementioned efforts and measures, the Sumitomo Corporation Group aims to continuously improve the quality of its operations.

Internal Audits

The Internal Auditing Department, which reports directly to the President, was established as an independent organization to monitor company-wide operations. Internal audits are performed at all organizations within the Company and Group companies. The internal audit results are reported directly to the President every month, and reported regularly to the Board of Directors. The Internal Auditing Department helps to raise the quality of organizational management by evaluating the effectiveness of risk management, controls and organizational governance processes.

Risk Management

In order to cope effectively with the diversifying risk environment, we have built a risk management framework by developing our risk management approach from a micro to a macro perspective, and shifting our focus from “minimizing losses from individual transactions” to “maximizing corporate value.” This framework is strongly linked to the management plan, playing a critical role in supporting the efficient management of our corporate resources.

The Purpose of Risk Management

In response to the shift of our risk management focus from “probability of losses” to “probability of discrepancy between the plan and the actual results,” we have set the following three items as the purpose for our risk management activities.

- 1. Stabilize Performance:** Minimize discrepancies between the plan and the actual results
- 2. Strengthen Financial Base:** Maintain Risk-adjusted Assets within the buffer (shareholders' equity)
- 3. Maintain Corporate Reputation:** Fulfill CSR requirements and preserve corporate reputation

Risk Management Basic Policy

We classify our risks into two categories: Quantifiable risk and Non-quantifiable risk. Quantifiable risk is defined as “Value creating risk,” where we proactively take to gain the return. Our policy is to maximize the risk-adjusted return while maintaining Risk-adjusted Assets within our buffer. Non-quantifiable risk is defined as “Value breaking risk,” which only generates losses when it surfaces. We are building a framework that prevents or minimizes the probability of this risk to materialize.

Risk Management Framework

Managing Quantifiable Risks

Managing Investment Risks

Once an investment is made, it is often difficult to make a withdrawal decision and the loss impact is usually significant in scale. To manage the investment risk, we have in place an integrated framework covering the entry process to the exit process. For the entry process, we carefully select investments that exceed the hurdle rate, a threshold for the rates of return on new investments relative to the cost of capital. In case of new investments for large-scale, important projects, cases are put forward to

the Loan and Investment Committee for thorough examination, and if such investments significantly underperform the original business plans, Value-Up plans shall be formulated and executed with the support of the Committee. When the performance of investments fall short of required standards after a certain period from their inception, we have an Exit Rule that shall designate those investments as “Investments to withdraw from.”

Managing Credit Risks

We have incorporated our original credit rating model, the Sumisho Credit Rating (SCR), to assess our customer's credit risk. The authority level to provide credit exposure to customers depends on the assigned credit rating, and the risk weight ranging from 1.5% to 50% is set for each rating criteria. A higher ranked officer's approval is required to provide credit to lowrated customers, with larger Risk-adjusted Assets being calculated. This consideration provides each Business Unit with an incentive to reduce the amount of credit extended to customers with low credit ratings. We are expanding the scope of the SCR system to subsidiaries and associated companies to enhance Group wide credit risk management.

Managing Market Risks

We set limits on contract balances as well as the maximum amounts of allowable losses for six months or a full year for commodity and financial instrument transactions. At the same time, we constantly monitor the potential amount of loss, (Value at Risk (VaR)—an estimate of potential risk or in case the total figures of realized and unrealized gain/loss are negative at the time of monitoring, the total of VaR and the relevant negative figures), to ensure that the potential amount of loss falls within the maximum amounts of allowable losses. In addition, we conduct liquidity risk management for each product on an individual futures market basis in order to be prepared in the event that it becomes difficult to close positions due to shrinking liquidity. The Financial Resources Management Group undertakes both the back and middle office functions in order to completely separate those functions from the Business Units, thereby enabling us to maintain the soundness of internal checks.

Managing Concentration Risks

As we are operating globally and engaging in a variety of business fields, we need to ensure that the risks are not excessively concentrated in particular areas. In order to avoid overly concentrated exposure in certain countries and regions, we have in place a country risk management system. In addition, in order to avoid the excessive concentration of resources in any specific field and maximize our corporate value, we refine our business portfolio at a meeting held in December each year.

Managing Non-Quantifiable Risks

Non-quantifiable risks are those that must be borne, but for which we cannot expect returns. These include litigation and other legal risks, operational risks such as clerical mistakes or fraud acts, and natural disaster risk. Some of these risks involve events that rarely occur but could have a critical impact on our operations once they arise. Our basic policy is to prevent or minimize the probability of these risks to materialize. Accordingly, we periodically assess non-quantifiable risks on a global and consolidated basis. We do this through a range of initiatives to strengthen our internal control across the Group under the leadership of the Internal Control Committee as well as through independent activities by our business units and regional organizations in Japan and overseas. Based on the assessment result, we continuously search for a more efficient and effective organizational structure and procedures to improve the quality of our business operations.

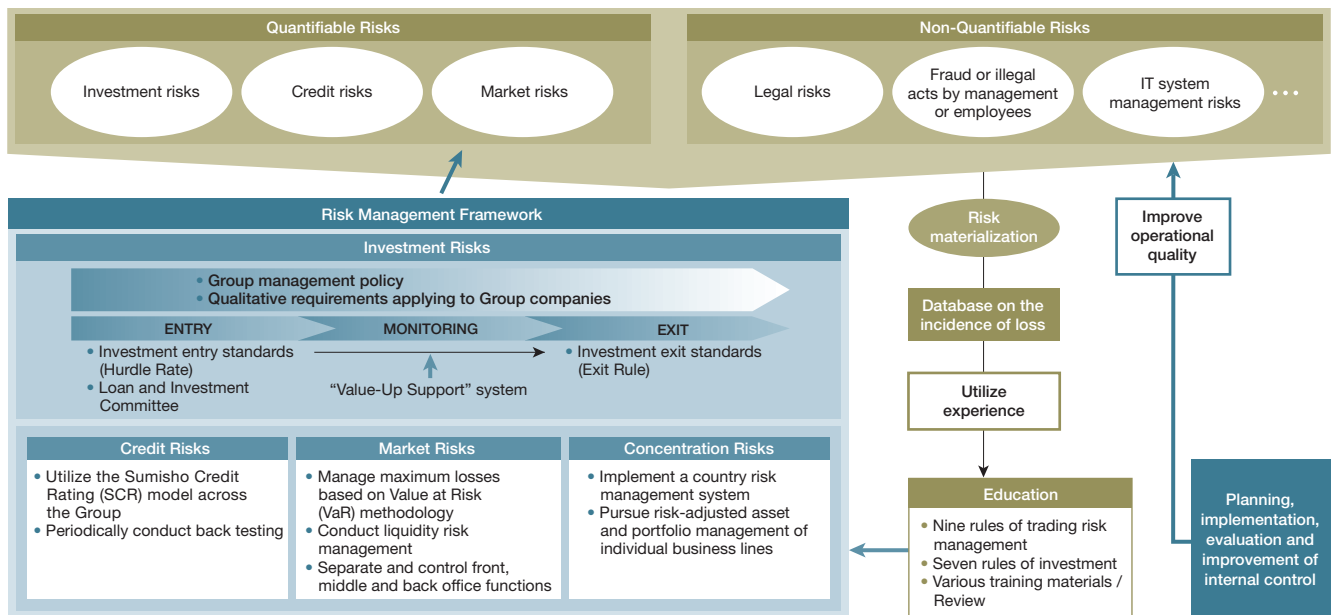
Embedding the Sense of Risk Management

Although we have been constructing the best possible risk management framework to cope with diversified risks, we cannot completely prevent the incurrence of loss in the course of business activities only by the framework itself. We are putting our efforts into implementing the initiatives that

enable us to quickly identify the occurrence of losses in order to suppress loss accumulation and prevent the contagion effects that lead to secondary losses. These initiatives include devising ways to quickly identify the cause of losses and share such information among top management and related departments. We have compiled a database of such loss information that allows for the systematic analysis of the causes of loss-incurring events. These analyses are used as training materials for employees as part of various educational programs. Through this knowledge feedback process, individual employees can upgrade their risk management capabilities, supporting the prevention of the same kind of loss events.

Eyeing the Future of Risk Management

Over the past decade, Sumitomo Corporation has created a formidable risk management framework by studying advanced methods and processes. Our goal is to implement the best practices in risk management while maintaining the flexibility to adapt to changes in the business environment. The surrounding environment is continually changing, however, and new business models that we could never have imagined are emerging on a daily basis. Responding to changing circumstances in a timely and effective manner, we continually upgrade our risk management under the direction of top management.



Compliance

Positioning legal and regulatory compliance as a basic premise for all corporate activity, Sumitomo Corporation is building a compliance structure in accordance with clearly defined policies. In maintaining strict adherence to this compliance structure, we are ensuring our existence as a going concern and securing our credibility and status.

Policies and the Reporting Structure of Corporate Compliance

It is our policy that both officers and employees should never risk transgression in pursuit of profit for the Company. In order to promote compliance, Sumitomo Corporation established the Compliance Committee under the direct supervision of the President and CEO. The Compliance Committee is responsible for preparing the Company's *Compliance Manual* and distributing it to all officers and employees. The *Compliance Manual* covers the following 19 Guiding Principles to ensure the Company's bottom line: "If there is even a trace of doubt, don't do it." If a potential compliance problem is detected, we continuously encourage our employees to report it to their supervisors or the relevant departments immediately, so that the best countermeasures can be implemented swiftly.

Guiding Principles

Business Activities

- Observing Antimonopoly Laws
- Security Trade Control
- Customs/Controlled Items
- Compliance with Applicable Laws
- Respecting and Protecting Intellectual Property Rights
- Prohibition of Unfair Competition
- Information Management
- Preservation of the Environment
- Overseas Business Activities

Corporate Citizen as a Member of Society

- Prohibition on Giving Bribes
- Prevention of Unlawful Payments to Foreign Governmental Officials
- Political Contributions
- Confrontation with Antisocial Forces

Maintenance of a Good Working Environment

- Respect for Human Rights*
- Prohibition of Sexual Harassment
- Prohibition on Abuse of Authority

Personal Interest

- Insider Trading
- Conflict of Interest
- Proper Use of Information Systems

* Based on the Universal Declaration of Human Rights.

Compliance Training and Education

Employees have access to the latest version of the *Compliance Manual* and other manuals detailing applicable laws and regulations on the Company's intranet. We also offer various training programs and educational activities on compliance, including: programs for specific groups, such as employees, managers and corporate officers new to the Company; seminars provided by each Business Unit; seminars targeted at all officers and employees; and seminars for overseas offices and Group companies. We also make use of various domestic and overseas conferences for compliance education. In addition, we hold e-learning compliance seminars open to employees from all levels and plan to continue these seminars for new and other employees. Such e-learning is also held at Group companies.

Speak-Up System

If an employee becomes aware of a possible compliance problem, he or she can pass the information along the chain of command. In addition, the "Speak-Up System" was introduced to allow individuals to report a potential problem directly to the Compliance Committee. Outside legal counsel and our Corporate Auditors have been included as additional points of contact to further augment the system. Although, in principle, reporting individuals are asked to identify themselves so that they can be updated on the outcome of their cases, Company rules state that both the identity of such individuals and the nature of the information provided are kept confidential, and that no negative repercussions will redound on the reporting employees due to such reporting. The Compliance Committee is responsible for handling all the information it receives in an appropriate manner.

Speak-Up System Diagram



Environmental Management

The Sumitomo Corporation Group is committed to contributing to the sustainable development of the world through sound business activities that take into account global environmental issues.

Environmental Policy

Throughout its 400-year history, the Sumitomo Group has pursued industrial development that co-exists with local communities and the natural environment. Using the experience it has built up over this long period, the Sumitomo Corporation Group has been working on environmental preservation through its business activities.

All group companies carry out environmentally sound management under a common environmental policy, including those participating in the Group's environmental management system based on the ISO 14001 standard, in order to reduce our environmental impact and improve environmental conditions through our business activities.

Environmental Management System in the Sumitomo Corporation Group

The Group has obtained certification for the ISO 14001 standard and has been promoting environmental management activities in accordance with this standard.

We have also introduced a "multiple-site system," under which activities at multiple sites and organizations are centrally managed in accordance with a single set of environmental policies, with the president of Sumitomo Corporation at the top. As of June 2010, more than 15,000 employees at all Sumitomo Corporation business sites in Japan as well as 31 group companies have participated in these environmental management activities.



Our environmental policy, environmental management system, targets and achievements, internal and external environmental audits, environmental accounting, data on the environmental impact of office activities are accessible at:

<http://www.sumitomocorp.co.jp/english/society/environment/>



ISO14001
JQA-EM0451

Sumitomo Corporation Group Environmental Policy

The Sumitomo Corporation Group recognizes that environmental issues are global in scale and are long-term matters affecting future generations. As a global organization, the Sumitomo Corporation Group, through sound business activities, will strive to achieve sustainable development aimed at symbiosis between social and economic progress and environmental preservation. With this as its basic policy, the Sumitomo Corporation Group strives to achieve environmental management in its commercial trading, business development, and investment, etc., based on the guidelines stated below.

I. Basic Policy

The Sumitomo Corporation Group recognizes that environmental issues are global in scale and are long-term matters affecting future generations. As a global organization, the Sumitomo Corporation Group, through sound business activities, will strive to achieve sustainable development aimed at symbiosis between social and economic progress and environmental preservation.

II. Basic Guidelines

In pursuing its diversified business activities both within Japan and overseas, the Sumitomo Corporation Group shall comply with the following guidelines, and, through cooperation between its Group companies, work to achieve the aims of its basic environmental policy.

1. Basic stance with regard to the environment:

To attach great importance to protecting the global environment as a good corporate citizen in keeping with the Sumitomo Corporation's Activity Guidelines.

2. Compliance with environmental legislation:

To strictly observe legislation related to environmental matters

not only in Japan but also overseas and abide by any agreements undertaken by Group companies.

3. Caring for the natural environment:

To protect the natural environment and preserve biodiversity.

4. Efficient use of resources and energy:

To be mindful of the finite availability of resources and energy and strive to use them both efficiently and effectively.

5. Contributing to building a recycling-oriented society:

To endeavor to help build a recycling-oriented society by reducing waste and reusing and recycling resources.

6. Promotion of business that contributes to environmental preservation:

To utilize our integrated corporate strength to promote businesses and projects that contribute to environmental preservation and to reduce the impact of society on the natural environment.

7. Establishment of environmental management:

To use an environmental management system to prevent environmental pollution and to set environmental objectives and targets which are regularly reviewed and continuously upgraded.

8. Disclosure of the Environmental Policy:

To communicate this Environmental Policy to all people who are working for or on behalf of the Sumitomo Corporation Group, as well as disclosing it externally.

June 22, 2007

President and CEO, Sumitomo Corporation **Susumu Kato**

Major Activities in 2009 and Environmental Targets for 2010

Environmental objectives, targets and achievements for 2009 are listed below. In addition to the existing targets, the following four targets are chosen for 2010.

1. Promote business operations that help create a recycling-oriented society.
2. Monitor and reduce the electricity and gas consumption in all offices in Japan.
3. Raise employees' environmental awareness through seminars on environmental conservation and other programs.
4. Disseminate related information by the ISO Office (Environment & CSR Department).

Environmental objectives, targets and achievements for 2009

Management Area	Objective	Target	Achievement Level (January to December 2009)
Environmental business	Improve the environment through business operations.	Promote projects to reduce greenhouse gases.	<ul style="list-style-type: none"> Acquisition of carbon credits under the Kyoto Mechanisms: Reached the targets in terms of approval from the Japanese government but failed to meet the targets in terms of UN registration due to their longer-than-expected verification processes. Gathered information on the post-Kyoto framework through participation in COP15, etc. Held explanatory meetings for group companies including overseas offices (four times).
	Expand environmental business.	Expand businesses utilizing renewable energy sources.	<ul style="list-style-type: none"> Started commercial operation of solar power generation business in Spain and wind power generation business in China.
Assessment of environmental impact	Reduce environmental impacts of business operations.	Carry out environmental impact assessment and soil pollution surveys.	<ul style="list-style-type: none"> Continuously assessed the environmental impact of overseas mine developments and domestic regional development projects. Completed historical review or soil survey of 67 sites (out of 100 sites) that are subject to soil pollution surveys.
		Reduce electricity and gas consumption in all offices in Japan.	<ul style="list-style-type: none"> Reduced electricity consumption of Head Office by 1.4% from the previous year by using the energy-saving mode of the air conditioning systems and other energy-saving efforts.
Hazardous substance management	Prevent accidental spills or leakages of hazardous substances during transport or storage.	Confirm that safe transportation and appropriate education are conducted by transportation and storage companies.	<ul style="list-style-type: none"> Confirmed that transportation and storage companies are conducting appropriate safety training. Ensured proper management of ledgers on the transportation and storage of poisonous and hazardous materials and items. Confirmed the receipt of MSDSs. Confirmed the occurrence of zero accidents.
	Comply with chemical substance regulations.	Increase the level of chemical substance control. More actively encourage consignees and suppliers to participate.	<ul style="list-style-type: none"> Conducted monitoring activities in accordance with applicable laws, such as the Chemical Substance Control Law and the PRTR Act.
Logistics management	Promote energy conservation in logistics.	Establish and implement a specific energy conservation plan for transportation as a cargo owner.	<ul style="list-style-type: none"> Continuously worked to improve energy consumption efficiency, which is required by law in our capacity as a "specified consigner." We fell under this category because our total domestic cargo transportation in fiscal 2009 amounted to 375 million ton-kilometers.
		Encourage domestic carriers to achieve efficient transportation and evaluate their performance.	<ul style="list-style-type: none"> Our energy consumption efficiency during fiscal 2009 was 2.51 kl / thousand tons (crude oil equivalent), a 0.2% improvement from the average of the last four years.
Legal compliance	Proper disposal of waste in accordance with the Waste Disposal and Public Cleaning Act	Improve employee training on the Waste Disposal and Public Cleaning Act.	<ul style="list-style-type: none"> Held a seminar on waste disposal contracts with external lecturers in November, which was attended by 117 participants (29 people of them also attended an on-site workshop at the waste disposal facilities).
		Improve management systems within group companies often disposing of waste materials. Carry out stricter site inspections, and share information with other group companies.	<ul style="list-style-type: none"> Held a joint waste management seminar with Sumisho Global Logistics Co., Ltd. in January (in which over 500 people participated). Held a waste management seminar for employees of Metal Products Business Unit in November (in which some 90 employees participated). Improved each department's waste management system by preparing/upgrading their respective waste management manuals and taking other actions.

PICK UP

Recycling vegetable and fruit waste

Summit collects and recycles vegetable and fruit waste generated by its supermarket stores. In this initiative that was introduced in 2002, waste produce is picked up by dedicated garbage trucks and composted at a recycling center near the farm. The resulting compost is used to grow vegetables, which are sold at a Summit supermarket. Some of the waste collected is also processed into lightweight soil alternatives, and some is fermented and the gas emitted is used to generate electricity. As of August 31, 2010, 66 stores participated in this recycling program. We will continue to work to achieve further waste reduction.



Recycling truck

PICK UP

Promoting energy conservation in Harumi Triton Square

Harumi Triton Square is an office, commercial and residential complex, which is the location of many business offices including our head office. As the primary manager of energy consumption in the complex, our group company Harumi Corporation is working to make Harumi Triton Square a sustainable community by monitoring the complex's total environmental impact and introducing energy conservation activities. In response to the enforcement of the Revised Tokyo Metropolitan Ordinance on Environmental Preservation in fiscal 2010, Harumi Corporation organized a task force jointly with facility management companies in the complex and building design consultants. Under the initiative of the task force, owners, tenants and management service companies are working together to reduce greenhouse gas emission from the complex.



The first corporate tenant meeting to improve energy conservation

Initiatives for Biodiversity

In its Environmental Policy established in 1999, the Sumitomo Corporation Group adopted the following basic policy: “The Sumitomo Corporation Group, through sound business activities, will strive to achieve sustainable development aimed at symbiosis between social and economic progress and environmental preservation,” and included the following principle of caring for the natural environment in the basic guidelines of the policy: “To protect the natural environment and preserve biodiversity.” Accordingly, we are working to maintain and preserve biodiversity in the course of our business activities.

Batu Hijau Copper and Gold Mine Project

Sumitomo Corporation and its business partners have been carrying out the Batu Hijau mine project (Indonesia), one of the world's largest copper and gold mines. We have positioned the following four priorities as social responsibilities that must be fulfilled by business operators in the course of core business activities: (1) minimize impact on the natural environment and ecosystems, (2) eliminate the negative impacts at an early stage, (3) make dedicated efforts towards ecological improvement and conservation, and (4) provide dedicated support for community development. While communicating and cooperating closely with the local government, communities and NGOs, we are working to preserve the natural environment and ecosystem, alongside our mine development and mining operations.

Examples of Activities

- We minimized the development area, and achieved “zero” wastewater emissions to rivers through the installation of facilities for recycling wastewater from the mine.
- In an effort to achieve the early natural restoration of existing indigenous species in the mine area, we developed our own land preparation and reforestation technology optimal for local conditions through a large-scale, eight-year study, and are conducting immediate restoration and reforestation work even before the closure of the mine.
- In order to protect a rare species of parrot that lives around the mine area, we took steps to prevent poaching (through public relations and educational activities, as well as blocking access roads, etc.) and to plant nesting trees, based on a mutual understanding with the local government and community that was established through dialogue and cooperation.
- In order to protect the environment of neighboring regions, we conducted programs including the protection of the spawning of endangered marine turtles and restoration of coral reefs, based on a mutual understanding with the local



The yellow-crested cockatoo, a rare species of parrot, is being protected

community and NGOs that was established through dialogue and cooperation.

Terneyles Timber Project

Sumitomo Corporation has built strong bonds of trust with OAO Terneyles, an integrated forestry company in Russia. Based on the shared belief that sustained business development is not possible without considering the natural environment, the two companies are working together to develop a sustainable timber business.

Forest Protection Activities

The forest areas owned by Terneyles in the far eastern Russian Maritime Province are among the rarest in the world. This is because both softwoods and hardwoods grow in the same area, and many of the trees are more than 100 years old. In order to sustain business far into the future without depleting these precious resources, we have adopted a logging method called “ribbon cutting” or “strip felling,” in which parent trees left intact on both sides of the logged area can drop seeds to promote the natural regrowth of forests. In addition, because it takes approximately 100 years to restore logged land to its natural state, we limit the annual amount of harvested timber to approximately 1:150 of total forest reserves in order to ensure that the amount of forest growth exceeds that of the harvested timber.

Boosting the Population of Amur Tigers

In recent years, Russia has seen a dramatic decline in the number of endangered Amur tigers due to large-scale forest development and illegal logging. However, the WWF (World Wide Fund for Nature) has reported that the number of Amur tigers is increasing in forest areas owned by Terneyles thanks to its strict self-regulation on the logging of Korean Pine, which is considered to be at the bottom of the food chain of the Amur tigers.



Protecting the forest habitats of endangered Amur tigers

Human Resources Management

Greater emphasis on human resources development and workforce diversity

At Sumitomo Corporation, we are working on the development of human and organizational dynamism to enhance our value-creation capabilities as a qualitative target under our current medium-term management plan, FOCUS'10. As part of this HR strategy, we are aiming to develop our human resources and to allocate the diverse talents of our employees, with four key objectives: further development of individual capabilities, enhancement of organizational human resources management, group-wide human resources development, and further focus on the development of global talent. This fiscal 2010 report features our new HR programs—selected under the key themes of “medium- and long-term” and “global”—which are the strategic and well-planned measures to attract, retain, develop and utilize human resources, the players in our CSR activities.

Further Strengthening Human Resources Development Programs

To Practice Our Management Principles Based on Sumitomo's Business Philosophy in the Course of Day-to-day Operations

Employees at Sumitomo Corporation are expected to have a good understanding of our Group's Management Principles and Activity Guidelines, and practice the SC Values.* To help employees renew their recognition of the underlying business philosophy of our company through their hands-on experience, and practice our Management Principles in their daily operations, we are working to develop and improve related systems and measures.

* SC Values: Nine specific requirements to ensure all employees share the values set out in the Management Principles and Activity Guidelines.

Visits to the Besshi Copper Mine to Experience Sumitomo's Business Philosophy Firsthand

Visiting the Besshi Copper Mine, the origin of the Sumitomo Corporation Group, has been a regular training event since fiscal 2006. It aims to provide participants with an opportunity to realize one of the teachings of Sumitomo's business philosophy: “Benefit for self and others, private and public interests are one and the same” and to ensure that the business philosophy is passed on to younger employees.



Visit to the Besshi Copper Mine

Facilitating an Understanding of the Management Principles by Offering Training Programs Specific to Career Levels

To ensure the professionalism of Sumitomo Corporation employees and their DNA are inherited by, and embodied in our employees, special sessions designed to give a deeper understanding of the Management Principles are offered as part of career-level-specific training programs at Sumisho Business College (SBC), together with talks and lectures by our senior management.

Strategic and Systematic Human Resources Development of Management Candidates

For the sustainable growth of our Group, it is important to develop and implement human resources strategies and measures that are consistent with the latest management strategy in place. To this end, our Human Resources Department and business units work in tandem to attract, retain, develop, and utilize appropriate human resources to execute specific business strategies in a strategic and well-planned manner based on our medium- and long-term objectives. We aim to increase the diversity of our personnel in terms of their experience and personal values, and to focus on the development of young employees to improve the capabilities of the future mainstay of our workforce.

Job Rotation to Give Greater Diversity to Employees' Experience and Values

From fiscal 2009, job rotation training has been introduced as part of company-wide human resource development programs. This training allows employees up to middle management level to rotate between business units and corporate group functions and interact with staff members in other business units and departments. These employees can experience different assignments in different departments, covering both front office and back office operations. The purpose of this training is to develop employees who have wide business experience in a strategic and well-planned manner and thereby further increase the number of high-caliber employees who are qualified to fulfill management positions. This is an immediate priority for us as we are shifting toward a groupwide management focusing on our operational performance on a global consolidated basis.

Strengthening Human Resources Management in each Business Unit

At Sumitomo Corporation, under the company's overriding principles of self-management and self-responsibility, each business unit implements its own strategic human resources management programs, such as job rotations between different business units within the same division and its own training programs tailored to its business characteristics. Business units conduct their own staff training and education in order to ensure their medium- and long-term strategic HR needs will be fully satisfied. We also promote strategic

personnel allocation and training across the company. For example, each business unit formulates its succession plan to systematically train a new generation of mainstay workforce for consistent future growth. In addition, we work to ensure the best person is appointed to the right position globally. Accordingly, key positions at overseas subsidiaries and associated companies are assumed by qualified locally-hired employees, who we believe will facilitate the expansion of business projects under the initiative of local organizations, and this turn will strengthen our capabilities for revenue generation on a global scale.

Developing Future Executives at Sumisho Business College

Offering long-term training programs for selected participants, such as the training courses for future executives, for business leaders, and for business creators, SBC supports each organization's efforts for the strategic and systematic development of its future management and business leader candidates, who are expected to demonstrate strong leadership in achieving sustainable growth of our company.



Training future executives

Developing a Wide Variety of Human Resources Worldwide to Adopt to Shifting Paradigms

To operate a successful global business in a wide variety of business areas today when a major paradigm shift is taking place in terms of the global power structure, and industrial structures, we must train and develop our employees worldwide in a way that ensures they have the diverse set of values and professional expertise for their business area and market location.

Promoting Human Resources Development across the Entire Group

In line with the major objectives of our HR strategy: group-wide human resources development, and further focus on



Training for locally hired employees overseas

the development of global talent, we are encouraging the localization of human resources to strengthen our global operations. As part of this effort, we conduct training programs for our locally-hired employees working at overseas subsidiaries and associated companies. Each year, approximately 200 overseas employees take training courses designed specifically for their career levels (staff in charge, managers and senior executives) at Head Office in Japan. At the training, participants learn more about Sumitomo's business philosophy and the Management Principles of the Sumitomo Corporation Group, in order to pass on the corporate DNA and strengthen their sense of unity. They also receive information on the Group's management directions and strategies, and attend "skill-up" seminars on a variety of themes and attend joint programs with Head Office employees. Going forward, in addition to refining and expanding these training courses at Head Office, we will implement more regional-based training courses in order to strengthen our human resources capabilities across the entire Group worldwide. We will also develop a mechanism for global, group-wide staff allocation based on our medium- and long-term strategy.

Human Resources Development Fund for Developing Future Global Business Capabilities

In fiscal 2010, a new fund for human resources development was established in a bid to facilitate our efforts to attract, retain and develop talents who will play vital roles in achieving our medium- and long-term growth strategies of business units and divisions. The fund is used for our strategic and systematic HR training programs to develop talents with excellent global business capabilities, by sending many employees overseas. We place particular emphasis on the training of Chinese, Russian, Spanish, Portuguese and other languages, because seizing opportunities in the growth markets of emerging countries will become important business objectives of our Group in the future.

In addition, we are also planning to invest aggressively in human resources development from medium- and long-term perspectives, including sending employees, primarily those in managerial positions, to business schools abroad to acquire the latest management literacy and build a network with international executives, bringing locally-hired employees of overseas subsidiaries and associated companies to Head Office, and implementing international exchange programs for young employees.

Developing Global Business Capabilities at Sumisho Business College

To facilitate further development of individual capabilities through off-the-job training, SBC offers a variety of training programs—300 courses annually—ranging from mandatory basic courses for all employees to seminars on more advanced technical topics and leadership development. SBC supports employees in improving their language and communication skills to function on the international business scene. For example, it offers intensive English courses, newly introduced in fiscal 2009, and follow-up online English conversation courses for young employees.



Intensive English course



Online English conversation course

New Training Center for the Development of Global Business Capabilities

In 2012, a new training center will be established in Ginza, Tokyo. The new building will serve as a training center to develop global talented personnel and as a strategic multipurpose facility. As a training center, we will use the building to strengthen our human resources development across the entire Group worldwide and to encourage diversity



New training center in Ginza (rendering)

in our talented personnel. The facility will also provide a multipurpose and versatile space, supplementing Head Office functions. In the building, we expect to see our Group employees from around the world, irrespective of organization or country, meeting for detailed discussions on the future visions and strategies of our Group.

Promoting Workplace Diversity

Creating New Value through Employee Diversity

Sumitomo Corporation has always been proactive and responsive to society's and employees' employment-related needs, including diversifying workers' needs and preferences across society, shortening overtime hours, empowering female workers, extending employment periods, encouraging a work-life balance, and employing other nationalities. We will continue to build a culture and systems that encourage workforce diversity so that employees with different background can deliver their best performance and bring new value to their respective workplace and contribute to the sustainable growth of our Group.

Attracting, Retaining, Developing and Utilizing Diversified Human Resources

Our recruitment policy focuses on the applicants' abilities and motivation without discriminating on gender or educational background. We also welcome many mid-career workers, as well as new graduates, in our company every year. The numbers of female and international employees have also been increasing. Employees who wish to keep working even after reaching the retirement age of 60 can use the Re-Employment Program to extend their employment. Workplace diversity has also been promoted on a global scale; for instance, executives of our overseas subsidiaries and associated companies are appointed to responsible positions in the Group and locally-hired overseas employees have come to Japan to work at Head Office. In addition, the Careers Advisor Program has started to help all employees realize their full potential. In each business unit, a career advisor (CA) who has extensive experience in the company is assigned to support each employee's career development.

Encouraging a Diversity of Working Styles

We believe that supporting each and every employee to have a fulfilling professional and personal life will drive the company forward and create new value.

Encouraging our employees to have a good work-life balance also means respecting various values and lifestyles. In turn this has actually contributed to enhancing the company's value-creation capabilities and allowing individual employees to achieve prosperity and realize their dreams.

Activities that Enable a Good Work-life Balance

At Sumitomo Corporation, various measures to enable a good work-life balance have been discussed, developed and implemented on an ongoing basis under the leadership of the Work-Life Balance Promotion Project Team, a company-wide committee. These measures aim to remove or mitigate employees' concerns and difficulties, creating a vigorous and comfortable workplace, and to raise employees' awareness through training programs and other tools. In spring 2010, all employees received a copy of a pamphlet on work-life balance, which introduces what kind of programs are available in the company and how our employees are



Triton Sukusuku Square, childcare facility on company premises

trying to achieve a balanced life. We will continue to take additional steps to help each workplace and employee achieve a better work-life balance which in itself will lead to the sustainable growth of the company.

Safeguarding Employees' Physical and Mental Well-being

Staying healthy both physically and mentally is a prerequisite to a good work-life balance. We opened the Koriton massage room in 2008 to provide employees of Sumitomo Corporation Group companies with a relaxing and refreshing therapy for their body and mind. We also opened the SCG Counseling Center in 2005 to support employees' mental health management. The center is functioning as a convenient place to receive counseling, with several hundreds of visits by employees every year. The center provides mental health care for employees on overseas assignments and their accompanying families through counseling and other services, thereby helping them stay healthy physically and mentally in unfamiliar environments.

Column

Launching the KENPOS website to support employees' health

In March 2010, we opened a new intranet website, KENPOS, to encourage our employees to take action to keep healthy and to keep doing it.

Through the website, employees can use points awarded to them for walking or doing other exercise to win health gadgets or make donations for the fight against cancer and other purposes. On the "diary" section of the website, participants can share their experiences and keep each other motivated. The program has inspired employees to become more health-conscious. Just four months after the website was launched, membership of the KENPOS program has grown to more than 60 percent of employees and the number of monthly steps participants have logged on their pedometers has increased on average by more than 1,000 steps.



KENPOS website



Work-life balance support systems

Target		Systems and actions
Changes to working styles	Leave	Annual leave, refresher leave, special leave for overseas assignments, volunteer leave
	Time management	Flextime, ban on late night work, time management training sessions
Health management (mental and physical)		SCG Counseling Center, Koriton massage room
Support for pregnant and parenting employees		Matrimonial leave, spouse's maternity leave, maternity leave, sick-child leave, childcare leave, shorter working hours for employees with young children, Triton Sukusuku Square (childcare facility on company premises), discounted baby-sitting services
Support for employees with family care needs		Leave to look after a sick family member, family care leave, shorter working hours for employees with family care needs
Career support		Career Adviser Program, personal leave system for employees whose spouses are transferred overseas for work
Awareness-raising		WLB seminars, WLB help desk, pamphlet on WLB, mental health seminars

Third-party Review



Professor Scott Davis
Professor of College of Business
Rikkyo University

This report represents the latest stage in the Sumitomo Corporation's (hereafter Sumitomo) steadily developing strategy for implementing CSR management and enhancing communication with stakeholders. In previous reports Sumitomo has outlined its conceptualization of its responsibilities to society as a business based upon closely defined values (report for 2008), and stated its strategic plans for the betterment of society by developing opportunities for creating economic and social value (report for 2009). Going further, this report introduces the reader to the systems and processes by which Sumitomo translates its values into ongoing business concerns designed for the betterment of society.

In the report for 2009 President Kato stated that the social and economic changes we currently face represent a paradigm shift under which further economic growth and prosperity will only be possible if industry develops the abilities needed to resolve the environmental degradation, resource shortages and social problems facing us on a global scale. In this report he explains what these abilities are and how Sumitomo is developing them as an organization working in collaboration with its partners around the world. Going beyond a unilateral statement of values and goals, President Kato uses his dialogue with young Sumitomo employees to explain these abilities, illustrate the importance of sharing Sumitomo's values in their development and locate them within the ongoing process of business innovation and change.

In essence the main processes introduced in the dialogue are: *kyosei**, creating opportunities to achieve long-term and mutual prosperity, partnership, building relationships of trust based upon a clear understanding of the values and goals and the ability to make oneself understood in turn, and global perspective, grasping the wider picture from a variety of perspectives and taking the initiative to learn, change and grow. The dialogue sets the direction of the overall report and also provides a framework by which it can be evaluated.

Kyosei, partnership and global perspective

The five themes introduced in the report are well designed, balanced and highly legible yet given in great detail. The first three are clear examples of the remarkable extent to which Sumitomo integrates local and social goals into the design of its operations. In each of the first three themes the exposition of how *kyosei*, trust based partnership and a global perspective is built into the long-term design, operation and evaluation of each of these very different business initiatives is clearly explained and well presented. What is even more remarkable here is that these three examples of Sumitomo's implementation of business for the benefit of society are also three of the most vital business initiatives for ensuring the future of Sumitomo itself as a business. This clearly shows the extent to which Sumitomo's contribution to the wellbeing of society is defined in and achieved through its core business activities.

Of all the themes, however, the most remarkable is the fifth wherein the activities of the CSR Committee established by Sumitomo employees in China are described. The work being done by the members of Sumitomo in China deserves special praise. Few Japanese corporations can boast of CSR initiatives of this quality within their national headquarters – let alone in one of their overseas operations. I look forward to reading in future reports of the unique initiatives being developed in China and of how these achievements are being used to promote other inter-regional CSR initiatives.

The next ten years

When compared to many other firms, trading companies often seem to require greater degrees of trust from a wider range of partners in more divergent regions in order to succeed. Perhaps this is because corporations like Sumitomo are essentially engaged in creating whole markets – in changing the way resources are utilized, knowledge is generated and applied, and partners interact in order to enhance value creation, productivity, and promote further development. Sumitomo is in the business of innovation. As shown in the examples from its businesses in Indonesia, Bolivia and Japan, Sumitomo brings together partners to work to create better

futures and realize what they each call “dreams.”

Sumitomo has produced yet another excellent CSR report this year. This report will surely enhance the understanding of Sumitomo as a responsible business and the extent of its commitment to contributing to its many stakeholders. In the next CSR report I look forward to reading an outline of Sumitomo’s own dreams for the future – an exposition of its vision for the next ten years, its goals for contributing to the regions in which it will operate, the changes that it will strive to implement, the partners who will collaborate with it, the abilities it must develop, and the milestones by which it will measure its progress.

* In this context “*kyosei*” refers to an ongoing and sustained relationship of interdependence and co-prosperity between two or more parties. Going beyond the concept of a “win-win” relationship, *kyosei* includes an emphasis on long-term and inclusive development to the benefit of all.

Response to the Third-party Review

We thank Professor Scott Davis for his important review of Sumitomo Corporation Report on Responsibility & Sustainability 2010. This is the third issue for which we have received a review of our report from Professor Davis.

This year’s report reflects his review of the last issue, along with opinions and advice we have received from various stakeholders through surveys and by other means. To compile this issue, we focused on reporting specific examples of our measures to implement the Management Principles of the Sumitomo Corporation Group so that we can spread a deeper understanding of our ideas and activities on CSR to our readers. For the Group, CSR means implementing our Management Principles. The three items mentioned in the review: “*kyosei*”, “partnership” and “global perspective” are the most important elements in our CSR measures. Each and every employee must always keep these ideas in mind when they are working on their projects across a wide range of fields.

As Professor Davis correctly points out, “trust” is the most important keyword in pursuing our business activities globally and in a variety of fields. With that trust, we can build partnerships and create new value to offer to society, gain more trust and keep

growing together with society. We recognize that this is the ideal pattern for the operation of the Sumitomo Corporation Group.

Professor Davis also advised us to include the dreams that the Sumitomo Corporation Group envisions for the next 10 years. We are well aware that the contents of this report must keep changing both in depth and range in order to best describe the progress of our CSR measures and activities. The specific items Professor Davis pointed out in his Third-party Review will be fully examined and incorporated into our future activities as well as used in compiling the next issue of this report.

The Sumitomo Corporation Group will continue to promote CSR, always keeping our corporate vision in the forefront of our minds, and report our activities to our stakeholders through the Sumitomo Corporation Report on Responsibility & Sustainability.

Takashi Kano

Chair of the CSR Promotion Committee
Director, Senior Managing Executive Officer,
General Manger, Corporate Planning & Coordination Group

Company Information

Company Profile (As of March 31, 2010)

Company Name: Sumitomo Corporation

Establishment: December 24, 1919

Number of Employees:

5,100 (72,030 including consolidated subsidiaries)

Headquarters: 1-8-11 Harumi, Chuo-ku, Tokyo 104-8610, Japan

URL: <http://www.sumitomocorp.co.jp/english/>

Consolidated Shareholders' Equity: 1,583.7 billion yen

Fiscal Year End: March 31

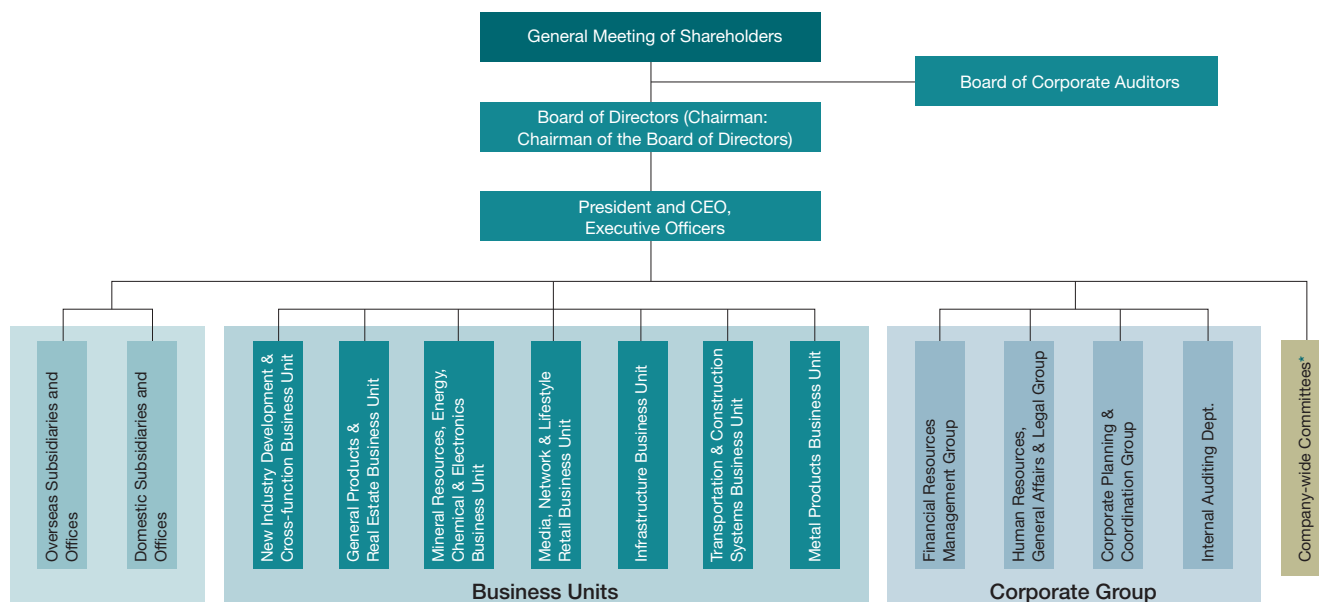
Number of Consolidated Subsidiaries: 566 (overseas: 420, domestic 146)

Associated Companies (Equity Method):

221 (overseas: 168, domestic: 53)

Total: 787 companies

Organization



* **Company-wide Committees:** CSR Promotion Committee, Global Environment Committee, Internal Control Committee, Compliance Committee, Information Disclosure Committee, IR Committee, Human Resources Development Promotion Committee, Work-Life Balance Promotion Project Team, Value Integration Committee, Loan and Investment Committee, Medium-term Management Plan Promotion Support Committee, and others.

Financial Highlights

(Billions of yen)

		Fiscal 2006	Fiscal 2007	Fiscal 2008	Fiscal 2009
Results of Operations	Gross Profit	857.7	934.5	935.2	779.5
	Net Financial Income	(23.0)	(27.6)	(21.5)	(12.8)
	Equity in Earnings of Associated Companies, net	70.3	56.9	90.0	76.1
	Net Income	211.0	238.9	215.1	155.2
Financial Position at Year End	Total Assets	8,430.5	7,571.4	7,018.2	7,137.8
	Shareholders' Equity	1,473.1	1,492.7	1,353.1	1,583.7
	Interest-Bearing Liabilities (net)	2,913.3	3,247.6	3,186.8	2,781.8
Ratios	Shareholders' Equity Ratio (%)	17.5	19.7	19.3	22.2
	ROE (%)	15.2	16.1	15.1	10.6
	ROA (%)	2.8	3.0	2.9	2.2
	Debt-Equity Ratio (net) (times)	2.0	2.2	2.4	1.8

Note: For more detailed information on financial issues, please refer to our Annual Report.



<http://www.sumitomocorp.co.jp/english/ir/>

For any inquiries or comments regarding this report, please contact:

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