

External Recognition

In addition to being selected for inclusion in the stocks tracked by major Japanese and overseas ESG indices, Sumitomo Corporation receives high ratings from a wide range of external organizations.

Inclusion in ESG indices

- FTSE4Good Index Series
- FTSE Blossom Japan Index
- S&P/JPX Carbon Efficient Index
- Somo Sustainability Index
- MSCI Japan Empowering Women Index



2020 CONSTITUENT MSCI JAPAN
EMPOWERING WOMEN INDEX (WIN)

Other external evaluations

- CDP: Awarded Leadership level in the Forests and Water Security questionnaires and Management level in the Climate Change questionnaire
- Ministry of Economy, Trade and Industry (Japan): Zero-Emissions Challenge



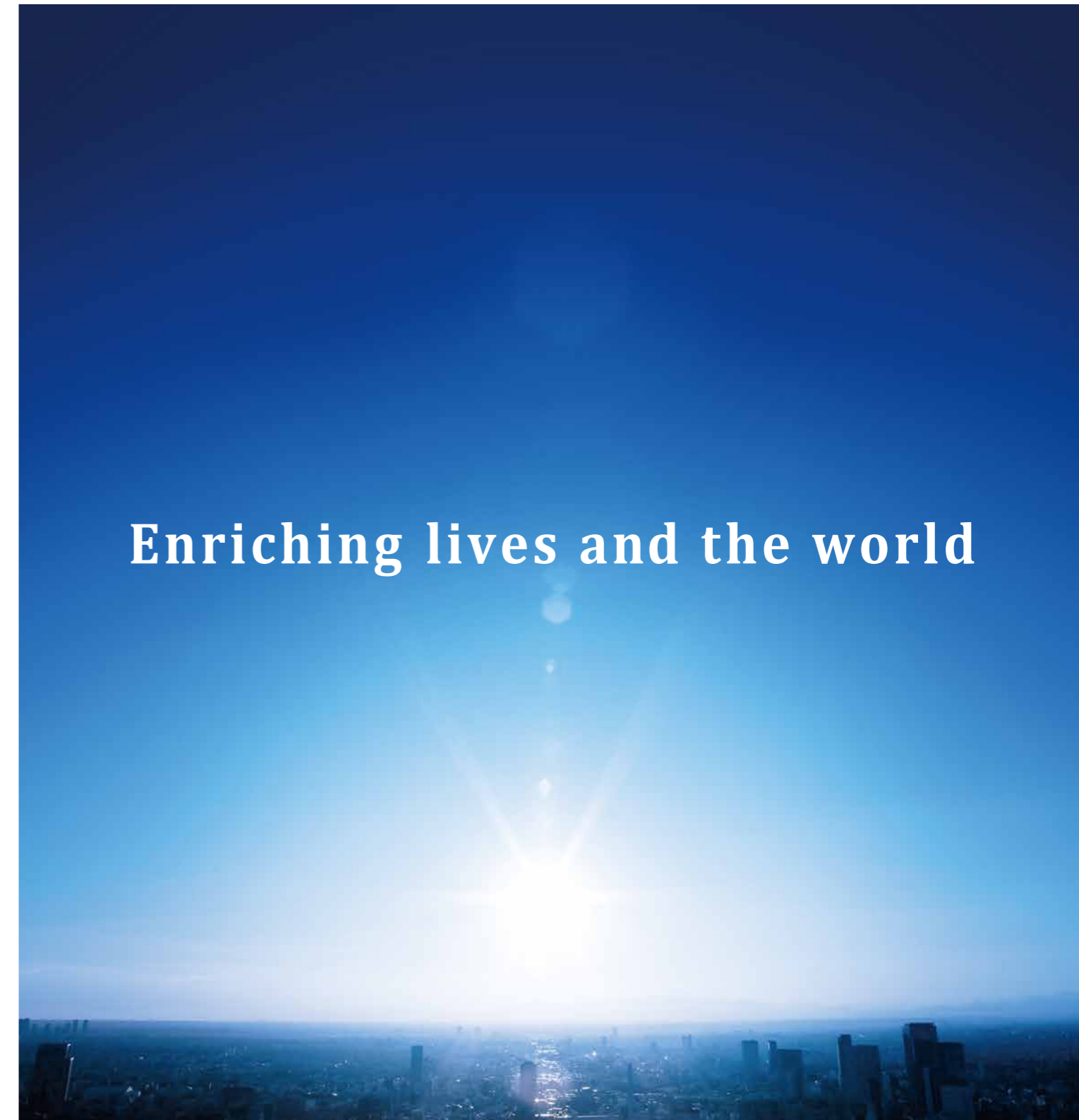
- Ministry of Economy, Trade and Industry (Japan): White 500 company for outstanding health and productivity management
- Ministry of Health, Labour and Welfare (Japan): "Eruboshi" (L Star) company on the basis of the Act on Promotion of Women's Participation and Advancement in the Workplace
- Ministry of Health, Labour and Welfare (Japan): "Platinum Kurumin" as a company that provides superior childcare support
- Ministry of Economy, Trade and Industry (Japan) and Tokyo Stock Exchange: Nadeshiko Brand
- work with Pride: Certified as a "Bronze" in "PRIDE INDEX"



- Ministry of Internal Affairs and Communications: Top Hundred Telework Pioneers
- Ministry of Economy, Trade and Industry (Japan) and Tokyo Stock Exchange: "DX Stock 2020" and "Noteworthy DX Company 2021"
- Ministry of Economy, Trade and Industry (METI): Selected as "DX Certified Business Operator" under the "DX Certification"



Integrated Report 2021



Enriching lives and the world

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On the Release of Integrated Report 2021

In 2020, the world faced the COVID-19 outbreak, and the pandemic has threatened people's lives and changed patterns of behavior ever since. We express our sincere condolences to all those who suffered from losses due to COVID-19. At the same time, we wish the early recovery of COVID-19 patients and all individuals who still have to confront difficult situations.

Since the spread of COVID-19, the global economy has experienced its worst economic downturn since the Second World War. Given the various divisions that have arisen globally, it is difficult to feel optimistic about the future. The past year was an extremely arduous one for many companies. Meanwhile, amid such great upheavals, the efforts to create a sustainable society did not come to a halt: in fact, they have spread even further. Governments are setting clear goals toward achieving a decarbonized world. And companies also need to promote initiatives toward building a new society.

At the Sumitomo Corporation Group, we are pursuing the ideal state of society. We grasp global trends even as we push toward promoting sustainability management. We completely embrace the spirit of "Benefit for self and others, private and public interests are one and the same," as stated in Sumitomo's Business Philosophy. In that way, through our business activities, we will continue striving to improve corporate value by contributing toward addressing the various problems society faces, such as mitigating climate change.

Amid robust global demand for economic and social sustainability, the importance of non-financial elements in value creation and company evaluation has further increased. Accordingly, the expected role of integrated reports has expanded when those elements are widely presented. We at the Sumitomo Corporation Group position our integrated report as a tool for constructive dialogue with our stakeholders: we aim to foster understanding about our value creation mechanisms from a medium- to long-term perspective. Integrated Report 2021 is centered on the new medium-term management plan "SHIFT 2023," and was developed after many discussions on the opinions and questions received from stakeholders.

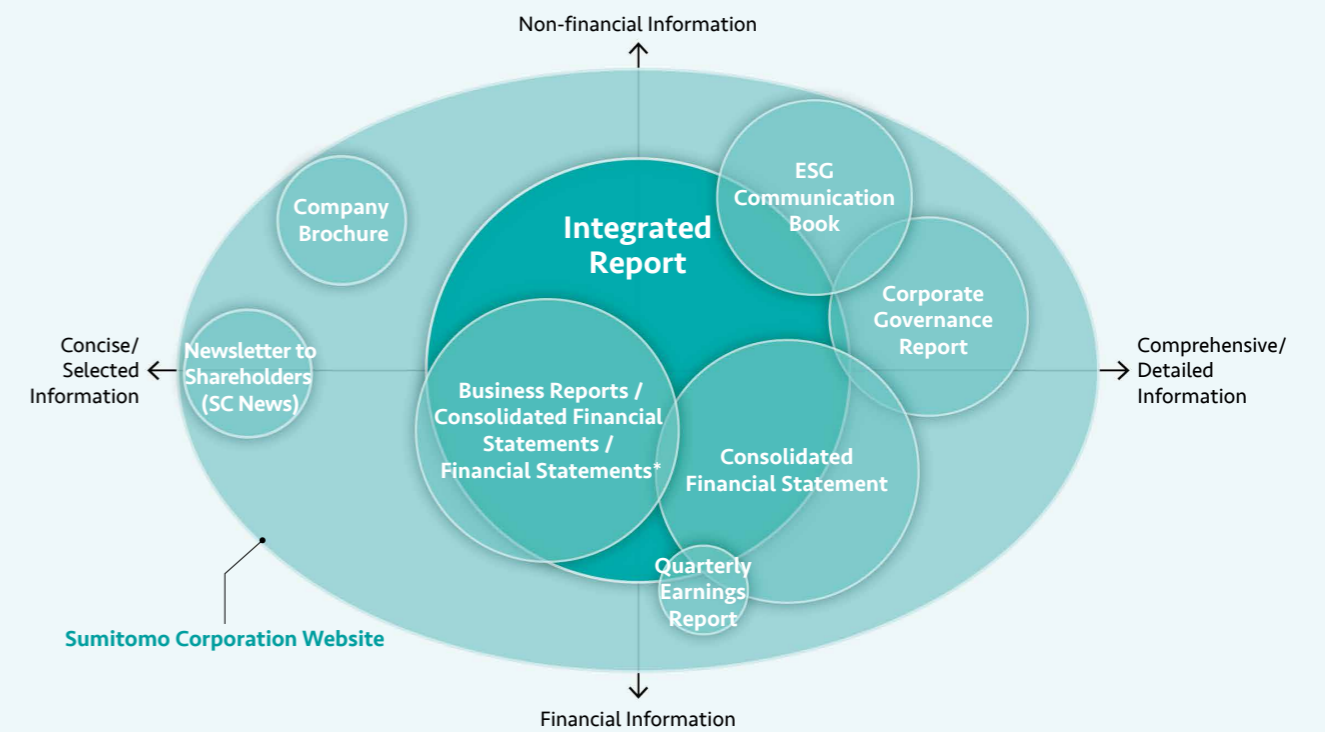
The Sumitomo Corporation Group will continue to strive toward enhancing the content of our integrated report. We will create true value required by society together with our determination for "Enriching lives and the world," as conveyed in our Corporate Message.






September 2021

Kuniharu Nakamura
 Director, Chairman
 Chairman of the Board of Directors

Sumitomo Corporation Group's Information Disclosure Tools

At Sumitomo Corporation Group, to respond to the interests of our stakeholders, we are working to provide both financial and non-financial corporate information by utilizing various information disclosure tools. The below diagram is an overview that shows the information listed in each information disclosure tool and its position. Please also refer to the tools other than this document, such as the ESG Communication Book.



<p>Integrated Report</p>		<p>As a communication tool for all stakeholders, this is an annual report that integrates our financial and non-financial information. This integrated report helps stakeholders understand the overview of our value creation and the enhancement of corporate value in the short, medium, and long term as well as corporate strategy and the overall progress of our business.</p>
<p>ESG Communication Book</p>		<p>Of non-financial information, the ESG Communication Book summarizes detailed information about our activities related to sustainability from the perspective of ESG (Environment, Society, and Governance). It is published on our corporate website, and information is updated occasionally during the year.</p>  <p>Click here for details.</p>
<p>Business Reports / Consolidated Financial Statements / Financial Statements*</p>		<p>The Business Report conveys important matters related to business results and status of each fiscal year. The Consolidated Financial Statements disclose our corporate group's consolidated financial position and profit/loss. The Financial Statements disclose our non-consolidated financial position and profit/loss. (All three are in accordance with the Japanese Companies Act.)</p>  <p>Click here for details.</p>

* Included in Notice of Convocation

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Medium-Term Management Plan 2020
FY2018-FY2020

New Medium-Term Management Plan "SHIFT 2023"
FY2021-FY2023

Sustainability Management

Governance

Sustainable corporate growth
Enriching lives and the world
Sustainable planet and society

Scope of the Report

- Period covered: April 1, 2020, to March 31, 2021 (Some activities starting on or after April 1, 2021, are included.)
- Organizations covered: Sumitomo Corporation and the Sumitomo Corporation Group
- Previous publication: October 2020
- Next publication: Autumn 2022

Referenced Guidelines

- The International Integrated Reporting Council (IIRC)
- ISO 26000 (Guidance on Social Responsibility)
- Charter of Corporate Behavior, KEIDANREN (Japan Business Federation)
- Environmental Reporting Guidelines 2018, issued by the Ministry of the Environment
- Guidance for Collaborative Value Creation by the Ministry of Economy, Trade and Industry

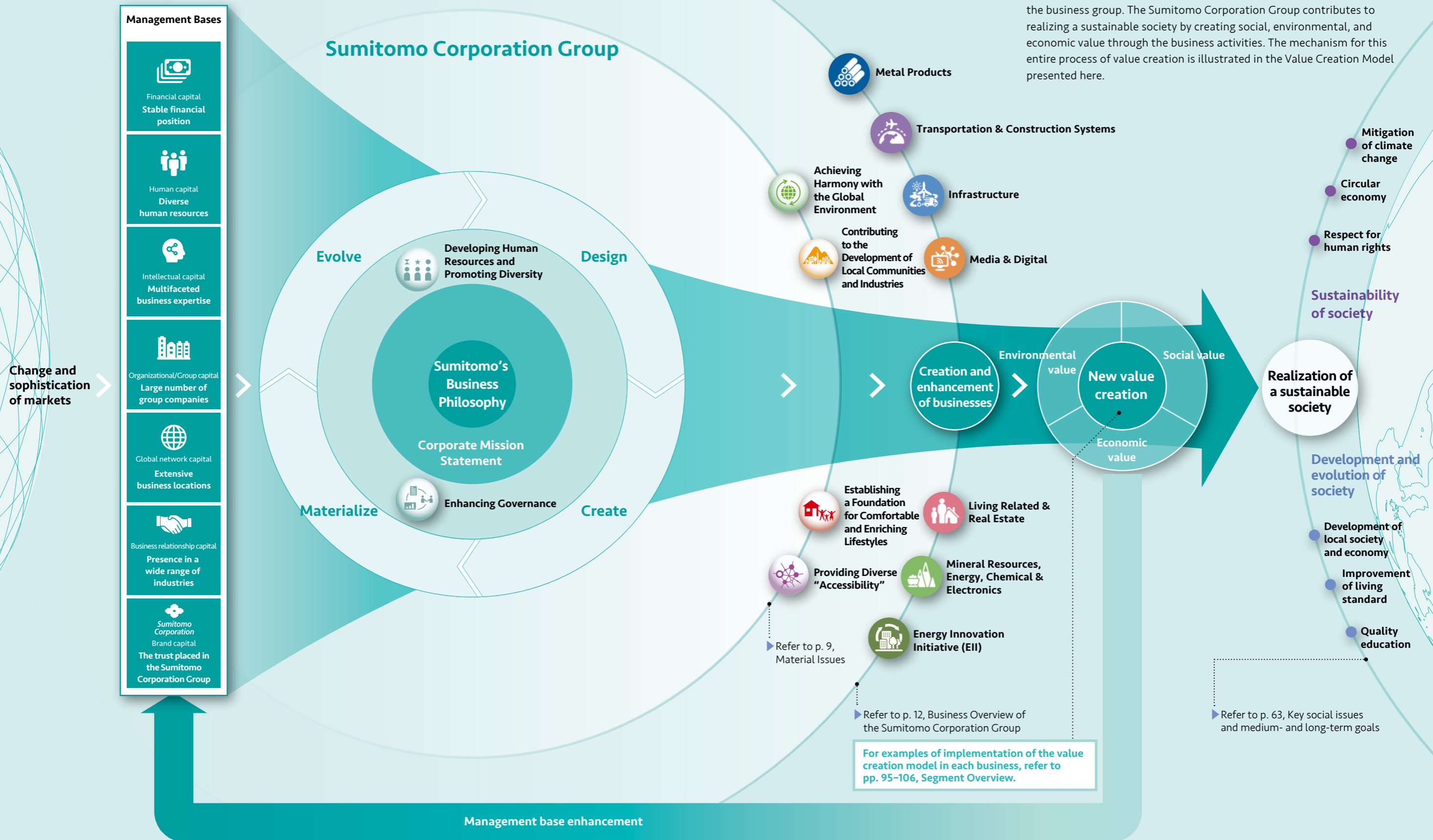


Cautionary Note Regarding Forward-looking Statements

This integrated report contains management targets relating to medium-term management plans as well as a wide range of other forward-looking statements. They are subject to the influence of a range of factors in the Company's circumstances going forward and do not constitute a guarantee of future business performance or a guarantee that the targets and forecasts will be met. Readers are therefore advised to avoid placing undue reliance on the forward-looking statements contained herein and to be aware that the Company recognizes no obligation to update or revise such statements.

Creating new value for today and tomorrow

The Sumitomo Corporation Group pursues the creation of new businesses and the enhancement of existing businesses based on Sumitomo's Business Philosophy and the Sumitomo Corporation Group's Corporate Mission Statement that has been passed down over the years. We accomplish it by anticipating changes in the times and quickly assessing the challenges of the global environment and society while combining the management base comprised of seven types of capital with the diverse business functions of the business group. The Sumitomo Corporation Group contributes to realizing a sustainable society by creating social, environmental, and economic value through the business activities. The mechanism for this entire process of value creation is illustrated in the Value Creation Model presented here.



Sumitomo's Business Philosophy

The origins of Sumitomo's Business Philosophy can be found in the founder's precepts, *Monjuin Shiigaki*, a guide to the right way to conduct a merchant business written by the founder of the house of Sumitomo, Masatomo Sumitomo (1585–1652). It begins with the recommendation "Do your best prudently and meticulously, not only in business but in every aspect of life," a statement of the right approach in all situations. Sumitomo's Business Philosophy originated with this approach and has been nurtured and refined by our predecessors over the course of Sumitomo's 400 years of history to be inherited by us today.



Monjuin Shiigaki Source: Sumitomo Historical Archives

Sumitomo's Business Philosophy encapsulated in four phrases

Place prime importance on integrity and sound management without pursuing easy gains

This phrase expresses a business approach based on building a reliable foundation of trust rather than simply seeking short-term gain. A business enterprise is there to pursue profit, but this management stance, which instead prioritizes relationships of trust and sound operations over immediate gain, is what has formed the corporate ethos of today's Sumitomo Group businesses.

Benefit for self and others, private and public interests are one and the same

This phrase expresses the idea that Sumitomo's business must go beyond benefiting Sumitomo itself to also benefit the nation and society. In other words, it encapsulates the belief that "it is not enough for Sumitomo's business to aim to enrich itself only, it must have the grander goal of serving the interests of the nation and society."

Grand design

This phrase expresses a planning approach which, rather than pursuing immediate profit, looks far ahead to devise a careful plan that will benefit both Sumitomo and society. This attitude—which is in sync with today's values of prioritizing management based on medium- to long-term rather than short-term perspectives—is thus a Sumitomo tradition handed down since our earliest days.

An enterprising spirit

This phrase expresses the approach of actively embracing new things and ideas, and maintaining a strong focus on goals that is not affected by difficulties. This thinking has formed the Sumitomo Group's corporate culture of "facing contemporary change positively and staying one step ahead of it, letting go of out-of-date businesses and starting new ones to meet contemporary needs instead, and then nurturing them with dedication and determination."

Sumitomo Corporation Group's Corporate Mission Statement

The Sumitomo Corporation Group's Management Principles are a contemporary translation of Sumitomo's Business Philosophy, which was devised approximately 400 years ago, using simplified language and a clear structure, and rewritten from a more global perspective. The Activity Guidelines provide guidance on how each company as well as its executives and employees should behave as they conduct daily business activities to realize the Management Principles. As declared in the Management Principles, our corporate mission is to support our shareholders, clients, local communities, employees, and everyone else around the world in their endeavors to achieve economic and spiritual prosperity and realize their dreams through our sound business activities. We also maintain—throughout our

business practices—a unique management style that respects the personality of each individual and places prime importance on integrity and sound management, which represent the essence of Sumitomo's Business Philosophy, while cherishing a corporate culture that allows each employee to take the initiative and demonstrate creativity that is conducive to continuous reform and innovation.

By sharing the values presented in the Management Principles and the Activity Guidelines across the Group to materialize them in specific business activities, we aim to be a global organization that constantly stays a step ahead in dealing with change, creates new value, and contributes broadly to society.

Sumitomo Corporation Group's Corporate Mission Statement



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.



- **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



- 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

Material Issues

Over the years, we have conducted our business activities guided by Sumitomo's Business Philosophy and the Sumitomo Corporation Group's Management Principles. Nowadays, how companies are working to help resolve social issues is growing in importance. In April 2017, we identified "Six Material Issues to Achieve Sustainable Growth with Society" based on Sumitomo's Business Philosophy and Sumitomo Corporation Group's

Management Principles. These are priority issues to be addressed by leveraging our strengths through our business activities. These Six Material Issues consist of four social issues that we are working to address and two foundational Group issues that support our efforts to help resolve social issues. We have positioned them as important elements within the establishment of business strategies and in the decision-making process for individual businesses.

Leveraging our trust-based relationships with customers and partners across the globe and utilizing our business expertise, we will secure our growth and address social issues simultaneously by fulfilling our Corporate Mission, "To achieve prosperity and realize dreams through sound business activities."



Achieving Harmony with the Global Environment

To realize recycling-oriented society and mitigate climate change, we are working to establish frameworks for the efficient use of resources and stable supply of renewable energy. In doing so, we will achieve growth in harmony with the global environment.



Contributing to the Development of Local Communities and Industries

We steadily procure and provide goods and services to meet the needs of people in various countries and regions and contribute to developing industrial platforms. Through these means, we will create a virtuous cycle in which we can grow and develop together with local communities.



Establishing a Foundation for Comfortable and Enriching Lifestyles

We strive to realize more convenient and comfortable lifestyles by providing goods and services for daily use while also responding to needs for high-quality lifestyles in order to support the physical and mental health of people around the world.



Providing Diverse "Accessibility"

We provide diverse accessibility to open up the possibility of creating new value. To this end, we will improve mobility for safe and efficient flow of people and goods, and expand the network connecting information and finance.

As a prerequisite for resolving the issues listed above, we strive to maintain and enhance our Management Style that places prime importance on integrity and sound management with utmost respect for the individual and our Corporate Culture full of vitality and conducive to innovation.



Developing Human Resources and Promoting Diversity

In order to create new value and innovation by allowing our diverse personnel to fully exercise their abilities in a variety of fields, we will promote the development and empowerment of human resources, which represent our most important management resources.



Enhancing Governance

We will enhance our ability to draft and implement strategies for achieving sustainable growth and to provide appropriate supervision of these strategies, all while maintaining transparency. In this manner, we will improve management efficiency and maintain sound management.

Identification Process

We set up an internal, cross-organizational task force and identified Six Material Issues to Achieve Sustainable Growth with Society based on Sumitomo's Business Philosophy and the Sumitomo Corporation Group's Corporate Mission Statement.

Investigation

Referencing international guidelines such as the Sustainable Development Goals (SDGs)*¹, which were adopted by the United Nations (UN) in 2015, and the International Integrated Reporting Council (IIRC) International Integrated Reporting Framework*², we also exchanged opinions with institutional investors and experts to review methods for identifying material issues to achieve sustainable growth with society.



Sorting of Our Business and Social Issues and Extraction of Material Issues

Based on the SDGs, which are considered to be a comprehensive list of social issues, we sorted out the social issues that each business unit is currently help resolving through its business and the social issues that we hope to solve through our business going forward.

Referring to this sorting of issues, we considered our current strengths and the role we should play in the future based on Sumitomo's Business Philosophy and the Sumitomo Corporation Group's Management Principles. We then extracted the social issues that we consider to be particularly important and will prioritize for solutions along with our own issues that will be necessary for implementing those solutions.



Exchange of Opinions with Internal and External Stakeholders

We exchanged opinions with external experts such as international organizations and institutional investors and gathered opinions from all officers and employees via an internal questionnaire. By doing this, we sought to ascertain the interests and expectations of internal and external stakeholders with respect to our corporate activities in order to discuss how we should organize the issues that were extracted and put them into words.



Identification

The selected issues and their importance were reviewed by the CSR Committee. With deliberation and approval by the Management Council and the Board of Directors, the Six Material Issues to Achieve Sustainable Growth with Society were finalized.








*1 A set of 17 goals to be met by 2030 covering a range of global-scale issues. The goals were adopted in 2015 by all 193 member nations at the UN Summit.

*2 A framework announced by the IIRC for improving corporate reporting expressing the information (both financial and non-financial) necessary to explain the ability to create value over time in a clear and concise format that makes comparison possible.

Management Capital of the Sumitomo Corporation Group

We strive to maintain and increase our management capital (financial and non-financial capital), which is the source of sustainable value creation.

As of March 31, 2021















<p>Financial capital Stable financial position</p> 	<p>Total assets ¥8.1 trillion</p> <p>Shareholders' equity ¥2.5 trillion</p>	<p>While maintaining cash flow discipline, we balance the Core Risk Buffer (RB) with Risk-weighted Assets (RA) to ensure the stability of management.</p>
<p>Human capital Diverse human resources</p> 	<p>Number of employees (Consolidated basis) 74,920</p>	<p>We recruit human resources with diverse backgrounds, develop them as professionals with extensive knowledge and expertise, and deploying human resources, an important management resource, globally.</p>
<p>Intellectual capital Multifaceted business expertise</p> 	<p>Business development Business investment/management</p>	<p>We leverage our business expertise to develop, invest in, and manage businesses. This expertise, in areas including risk management, logistics solutions, and financial services, has been built up over many years.</p>
<p>Organizational/Group capital Large number of group companies</p> 	<p>Number of consolidated companies 935</p>	<p>Owning world-class Group companies in a wide range of industries, we use our accumulated management knowledge to improve profitability and further strengthen our business foundations.</p>
<p>Global network capital Extensive business locations</p> 	<p>Number of offices 135 locations</p> <p>66 countries and regions*</p>	<p>Operating from offices located worldwide, we leverage our network of ties with industry and government in each country to ensure that our businesses are swift to identify and respond to local needs.</p>
<p>Business relationship capital Presence in a wide range of industries</p> 	<p>Number of clients Approx. 100,000</p>	<p>By deepening our relationships with business partners that we have cultivated in a variety of industries, we establish our presence in each industry, and implement multifaceted development of the business.</p>
<p>Brand capital The trust placed in the Sumitomo Corporation Group</p> 	<p>History of Sumitomo Corporation 102 years (founded on December 24, 1919)</p>	<p>We have lived by Sumitomo's Business Philosophy, which has been passed down for approximately 400 years, and the Sumitomo Corporation Group's Management Principles, which "place prime importance on integrity and sound management." This is an ideal that we have consistently embodied and will continue to honor.</p>

* For further details, please visit "Japan and Overseas Regional Organizations" on our corporate website.
<https://www.sumitomocorp.com/en/jp/about/point/area-organization>



Business Overview of the Sumitomo Corporation Group

We are engaged in business in various industries and domains worldwide as an integrated trading company.

<p>Metal Products</p>  	<ul style="list-style-type: none"> Steel Products Division Tubular Products Division 	<p>The Metal Products Business Unit is involved in the trade of metal products, including steel sheets, tubular products, and railway products. The business unit offers unique service features in response to customer needs both domestically and internationally, while building a strong value chain along each product line.</p>
<p>Transportation & Construction Systems</p>  	<ul style="list-style-type: none"> Beyond Mobility Business Department Lease, Ship & Aerospace Business Division Mobility Business Division 1 Mobility Business Division 2 Construction & Mining Systems Division 	<p>The Transportation & Construction Systems Business Unit is engaged in businesses in transportation system (such as ships, aircraft, and automobiles) and construction equipment fields (including mining equipment, agricultural equipment, and industrial vehicles). The business unit conducts business while evolving in response to the changes of the times.</p>
<p>Infrastructure</p>  	<ul style="list-style-type: none"> Social Infrastructure Business Division Global Power Infrastructure Business Division Logistics Infrastructure Business Division 	<p>The Infrastructure Business Unit contributes to achieving harmony with the global environment and development of local communities and industries through a global infrastructure business that meets national, regional, and local needs.</p>
<p>Media & Digital</p>  	<ul style="list-style-type: none"> Media Division Digital Business Division Smart Communications Platform Business Division 	<p>The Media & Digital Business Unit is engaged in business in the areas of media, digital, and smart communications platform.</p>
<p>Living Related & Real Estate</p>  	<ul style="list-style-type: none"> Lifestyle & Retail Business Division Food & Agriculture Business Division Materials, Supplies & Real Estate Division 	<p>The Living Related & Real Estate Business Unit is engaged in businesses in the areas of media, digital business and smart communications platform.</p>
<p>Mineral Resources, Energy, Chemical & Electronics</p>  	<ul style="list-style-type: none"> Mineral Resources Division No. 1 Mineral Resources Division No. 2 Energy Division Basic Chemicals & Electronics Division Life Science Division 	<p>The Mineral Resources, Energy, Chemical & Electronics Business Unit is engaged in business in the mineral resources, energy, basic chemicals & electronics, and life sciences fields, thereby contributing to conservation of the global environment and sustainable regional and industrial development.</p>
<p>Energy Innovation Initiative (EII)</p>  	<p>EII develops next-generation businesses in the field of decarbonization and next-generation energy.</p> <p>▶ Refer to p. 47</p>	



Masayuki Hyodo
Representative Director
President and Chief Executive Officer

Under SHIFT 2023, we will restructure our business portfolio and return to a growth trajectory.

Facing our challenges earnestly and going back to business basics

In FY2020, the Sumitomo Corporation Group recorded approximately ¥350 billion of one-off losses, which led to a loss of ¥153.1 billion for our annual results. As president, I fully acknowledge the serious responsibility that we caused grave concern among our stakeholders. The management including myself truly regrets this result and it is a disappointment for all Group employees as well. We will achieve recovery in our performance as soon as possible by facing our issues resolutely and properly eliminating the reasons identified through repeated discussions so that we do not repeat such a situation ever again.

In terms of each business, the causes of this severe setback are wide-ranging. In summary, it came about owing to vulnerabilities in the business portfolio of the Sumitomo Corporation Group: a weakness in resilience to changes in each business environment.

COVID-19 just revealed the issues our Group has been facing. The issues themselves have developed over time and have been held in our Group's business portfolio for many years. From that perspective, it is necessary to reflect on the past performance of our management over a period of at least 20 to 30 years to avoid making the same mistakes in the future. (▶ Refer to p. 29)

The business portfolio of the Sumitomo Corporation Group is like the head and tail of a coin. The head represents

businesses that steadily earn profits even in a difficult environment, while the tail shows those businesses that record losses or are underperforming. To achieve early recovery in our Group's performance, it is essential to grow businesses that already show strength and simultaneously turn around the ones that remain low in profitability.

Based on this recognition, our Group embarked on the structural reform in FY2020. (▶ Refer to p. 31) Regarding our response to low-profitability businesses, even in this difficult environment we conducted careful dialogues repeatedly with our business partners, and we made an exit from over 30 group companies. We have also developed detailed road maps for another approximately 150 group companies to either turn around or exit from them. And compared with FY2020, we expect to improve earnings by around ¥70 billion within three years by steadily implementing those road maps.

For promoting the structural reform, I often use the phrase "back to basics." I think it is important to consistently build up the basics of business to maintain an appropriate level of profit and provide value to customers while managing risks and costs (in both trading activities and business investments). The Sumitomo Corporation Group conducts many different types of business, and based on this approach, the structural reform means creating the best state for each initiative within its unique situation.

Every business goes through both good and bad times. The true strength of a company is put to the test in a

challenging business environment where decision-making becomes critically important. With Sumitomo's Business Philosophy and the Sumitomo Corporation Group's Management Principles at our core, we will make the right decisions to protect the value of our Group and the interests of our stakeholders. We will unite as one to overcome the present difficult situation.

"SHIFT" business portfolio based on the new medium-term management plan

The Sumitomo Corporation Group announced the new medium-term management plan "SHIFT 2023" in May 2021. (▶ Refer to p. 35)

The word "SHIFT" signifies the transformation of our business portfolio, management resources, individual business strategies, and business models as well as the frameworks and organizational systems supporting them. At the same time, the term incorporates the strong determination of our management—including myself—and every employee conducting and supporting the front lines of business to transform our mindset and behavior. We will SHIFT our business portfolio so that it has higher profitability and stronger resilience while we properly grasp major trends in present-day society, such as "digitalization" and "requirements for sustainability."

To achieve Business Portfolio SHIFT, the Sumitomo Corporation Group will accomplish the structural reform in three phases.

The first phase is reform in the short term: it encompasses exiting from or turning around low-profitability businesses. We have been undertaking such actions since the previous fiscal year. We will definitely deliver results by conducting thorough asset recycling



within a period of time that has been set.

The second phase is an approach in the short to medium term. The management resources recovered in the first phase will be selectively invested to reinforce and grow core earning pillars leveraged by our Group's strengths to expand business scale.

The third phase is an approach in the medium to long term. While we continue our short- to medium-term reforms, at the same time we will challenge to exploit, with due focus on commercial viability, new business opportunities in seeding fields that will emerge along with structural changes in society. In addition, always considering the business environment from a long-term viewpoint, we will examine the balance of business opportunities and management resources allocation, develop human resources, establish systems and frameworks, and transform our corporate culture. We will continue these initiatives unceasingly.

Under Business Portfolio SHIFT, we divide current businesses into four categories according to business strategy based on market potential and demonstration of strengths. (▶ Refer to p. 37) I am encouraging employees that, to achieve

a companywide Business Portfolio SHIFT, we should first have each and every business fulfill its respective current role and then aim for all businesses to enter the "Steady Business Growth" category. However, even businesses currently categorized as "Steady Business Growth" may fall into decline if they do not catch up with the shifting environment and social needs that change with time. We will strengthen our overall portfolio by enhancing our capability to respond to change and aiming for improvement in the aggregated corporate value of the Sumitomo Corporation Group.

Ensuring plan effectiveness by introducing new frameworks

In SHIFT 2023, we introduce four measures and promote Framework SHIFT to ensure effectiveness. (▶ Refer to pp. 45-48)

Among them, we positioned introduction of the Strategic Business Unit (SBU) as an important measure. We established the SBU so as to make each business strategy visible and to strengthen individual business strategy management. As of April 2021, we have established 73 SBUs. For the purpose to improve profitability, the SBUs brush up their business strategies, follow them up through KPI/KAI management, and at the same time, they put their utmost efforts, learn from one another, and improve themselves.

In an integrated trading company conducting various businesses, the business group administering each business has significant authority, and some would say this creates siloed structures which impede companywide optimization. However, it is also a fact that the DNA of individual business groups has created the driving force for generating profits. The driving forces include the presence and track records developed over

time in each industry, relationships of trust with industry affiliates and clients, specialized knowledge and expertise, and teamwork developed through collaboration with one another. To leverage such areas of strength, the Sumitomo Corporation Group established the principles of "autonomous management and self-responsibility" for the business group around 20 years ago, and has been managing the Company based on the principles since then. The Company has delegated authority and management resources to the business group while holding them firmly responsible for results.

Meanwhile, we cannot achieve overall optimization of the whole Group if we only pursue individual optimization of the business group. To create new businesses that will become future earning pillars and enhance measures for addressing social issues and for covering business areas from a companywide perspective that transcends existing organizations, we have established "Initiative" as a new organization that is unhindered by existing boundaries. The Energy Innovation Initiative (EII) is the first of those initiatives.

We will go beyond the creation of the above Initiative. From the perspective of companywide optimization, we have reviewed the advisory committees of the Management Council to further work on the reallocation of human resources and funds and to accelerate Business Portfolio SHIFT. Upon commencement of SHIFT 2023, we have redefined the role of the Global Innovation Promotion Committee (GIPC) as the promoter of companywide optimization. (▶ Refer to p. 48) With GIPC—which includes the management member of the business group—in the series of discussion related to the companywide business portfolio, we will bring in a good balance between the values of the corporate group and the business group through positive friction and achieve companywide optimization in the allocation of management resources.

Enhancing group management

The approaches of companywide and individual optimization also apply to group management. There is, for example, overall optimization for the entire Group and individual optimization for individual group companies. Resolving conflicts between the two is truly the essence of group management. It is necessary to make proper value judgments at each level based on our Management Principles, which form the basis for our actions. To properly practice this approach within the Group, we established the Group Management Policy this July to serve as basic rules for mutual respect between Sumitomo Corporation and group companies. The aim is to achieve coexistence and coprosperity within overall and individual optimizations. (▶ Refer to p. 85)

Pursuing true Diversity and Inclusion

To create a stronger organization, it is essential to have more active involvement of human resources supporting our various functions. At the Sumitomo Corporation Group, “Diversity” covers visible attributes, such as nationality and gender, as well as invisible attributes, such as ideas and values, and “Inclusion” signifies thinking and behavior that seek to understand and subsume these differences with an open mindset. We recognize Diversity and Inclusion as the core enabler for value creation, innovation, and competitiveness. Diversity and Inclusion eliminates any barriers. It pursues the realization of our shared vision by leveraging the mix of our diverse wisdom. The leadership we seek is to recognize and respect individual differences, share determination, philosophy, and vision with diverse coworkers. It also implements decisions—made after

thorough discussions—with the cooperation of everyone.

In Japan, one pressing issue with Diversity and Inclusion is promoting women’s participation and advancement in the workplace. Values biased toward men hinder the growth potential of a company. Thus, as a company, we are not only promoting the initiative but have established quantitative targets to be achieved by FY2030 to increase our numbers of female managers, general managers, directors, and corporate auditors. We have a strong commitment to work toward achieving these targets. (▶ Refer to p. 51)

The same applies overseas. The Sumitomo Corporation Group cannot achieve further growth if we do not make progress in recruiting and assigning local human resources with thorough knowledge of local markets. We will resolutely pursue true Diversity and Inclusion where human resources rich in diversity can thrive regardless of their attributes.

Designing a future with DX and sustainability

Under SHIFT 2023, we will rebuild our business portfolio responding with the two major trends in society: “digitalization” and “requirements for sustainability.” We will also take on the challenge of creating and developing new businesses with a view toward social structural changes.

Regarding digitalization, or business transformation through Digital Transformation (DX), we have vigorously promoted our DX strategy across the entire Group led by the DX Center. As a result, the DX Center has grown over three years from just 15 staff members to 150, and the number of DX projects has increased to 300. Through such initiatives, we will deliver certain results and lead transformation in the industry. (▶ Refer to p. 41)

We will also accelerate our initiatives with respect to sustainability. Continuing from the previous plan, “Medium-Term Management Plan 2020,” we will seek to enhance sustainability management. We have established medium-term goals that embrace specific action plans for six key social issues and long-term goals set in June 2020. (▶ Refer to p. 63)

Such goals are especially pertinent with regard to climate change issues. From the perspective of rising social importance and impact on the Group’s businesses, we will make full efforts toward achieving carbon neutrality of our business activities by 2050. Hitherto in the macroeconomic system, CO₂ emitted as a result of social and industrial economic activities was neglected as a negative externality, whereby no one bore the cost of processing. Now, the world is creating new frameworks that do not lead to CO₂ accumulation in the atmosphere by society as a whole, bearing the appropriate cost of CO₂ processing and incorporating it into economic circulation. The Sumitomo Corporation Group will actively participate in constructing such new social and economic systems in developing our businesses.



These fields are ones in which trading companies typically excel. And as noted above, we established the EII this April. We will accelerate our initiatives toward achieving a sustainable society. At the same time, we will transcend existing organizational boundaries to accumulate our expertise and take on the challenge of new value creation in the energy field. (▶ Refer to p. 67)

Returning to a growth trajectory and bringing about the future

In 2019, the Sumitomo Corporation Group celebrated the 100th anniversary of its founding and created “Enriching lives and the world” as our Corporate Message looking ahead at the next 100 years. It is a message that represents our unwavering pledge to further enrich the world, society, and people’s lives through sound business activities.

Regardless of how times change, our basic stance—founded on Sumitomo’s Business Philosophy and the Sumitomo Corporation Group’s Management Principles—will never change. Our Group is now in a period of transformation. We will complete Business Portfolio SHIFT based on SHIFT 2023 to achieve early recovery in earnings and a return to a growth trajectory. We promise to grow sustainably as a corporate group that demonstrates its strengths and which society can always turn to and rely upon by overcoming the change of environment.

September 2021

Masayuki Hyodo

Representative Director
President and Chief Executive Officer

We will take firm steps to implement the measures in our medium-term management plan SHIFT 2023 and demonstrate the results of our efforts through our performance.



Masaru Shiomi
Representative Director,
Managing Executive Officer,
Chief Financial Officer

Looking Back and Looking Ahead

How do you summarize FY2020, and how did you formulate SHIFT 2023?

In FY2020, we recorded a deficit of ¥153.1 billion due to one-off losses of approximately ¥350 billion caused by the impact of the COVID-19 pandemic and actions such as restructuring low-profitability businesses. In the early stage, we switched to emergency mode for the entire Company and concentrated on implementing short-term structural reforms in advance of SHIFT 2023. We recorded losses associated with divestments and business revaluations in accordance with accounting standards.

We seriously acknowledged the result, which was the

largest deficit in our history, went through considerable soul-searching, and held candid discussions internally. We then developed SHIFT 2023 in which we will implement Business Portfolio SHIFT aiming to achieve two important factors: reinforcing our earning power and controlling our profit volatility. To achieve Business Portfolio SHIFT, SHIFT 2023 incorporates both Framework SHIFT and Management Base SHIFT which is the foundation of our entire plan. With the two SHIFTS, we will strive to proceed with rigorous screening of investments, consistent value creation, maintenance and improvement of financial soundness.

(▶ Refer to p. 35)

We will firmly take responsibility in realizing quick recovery of our growth path, and as a consequence, we will aim to achieve record-high profit of over ¥320.5 billion in FY2023, the final year of SHIFT 2023.

Profit (loss) for the year (attributable to owners of the parent) in medium-term management plans

(Billions of yen)

	Medium-Term Management Plan 2020			SHIFT 2023		
	FY2018	FY2019	FY2020	FY2021 (Annual Forecast*)	FY2022 (Plan)	FY2023 (Plan)
Excl. one-off profits/losses	Approx. 329.0	Approx. 248.0	Approx. 198.0			
One-off profits/losses	Approx. -8.0	Approx. -77.0	Approx. -351.0	230.0	260.0	300.0 or more <i>Aim to achieve record-high profit</i>
Total	320.5	171.4	-153.1			

* Full-year forecast revised upward to ¥290 billion in announcement of first quarter results (August 4, 2021).

One-off Losses

Q1 Have you completed the liquidation of low-profitability businesses through the structural reforms that have taken place since FY2020? Do you expect to incur any additional one-off losses in the future?

A1 We will continue accelerating efforts to liquidate low-profitability businesses including divestments. In FY2020, we recognized the required allowances in accordance with accounting standards, and from FY2021 we may incur losses related to some businesses including those we have yet to divest. However, we do not expect this to have a significant impact on our performance.

For proceeding structural reforms, we analyzed the profitability of around 400 group companies, and we selected 101 as targets for exit. We divested 32 of those companies in FY2020. We are continuing to work toward exit in the remaining 69 companies. It is possible that we incur losses owing to pricing and valuation on the transactions. But even though including costs for structural reforms already factored into the plan, we do not expect the losses to be significant.

By identifying low-profitability businesses through these structural reforms and accelerating measures to create value, we expect to improve our earnings by approximately ¥70 billion (compared with FY2020) during SHIFT 2023.

Investment

Q2 What issues have you confronted thus far, and what is your future investment policy?

A2 We will reinforce our risk management system from the entry phase of investments through to the exit phase, and we will rally the entire Group to improve the value of our businesses.

First, we will take firm steps to enforce investment discipline when selecting new investments. We dove into root cause analysis behind our past lessons, not only the one-off losses in FY2020 but also the previous losses in the U.S. shale gas and tight oil fields. We fundamentally revised our decision-making

process to enhance the way we handle risk management. We will reinforce implementation of this investment discipline within the Company, and encourage employees to thoroughly adopt it in their business while every employee still remembers the impact of this serious damage, thus "Strike while the iron is hot."

Each business unit has a long list of target companies throughout potential business fields, then they subsequently whittle that down to a short list. However we have regrettably invested opportunistically, such as projects that arose out of the market. There have been also some instances when we were ultimately unable to determine the best timing for our investments. In natural resources projects, for example, we occasionally invested in a company that we thought would become profitable when the economy was robust. It was not until the market collapsed to the extent where we incurred a loss, we could have recognized the cyclical environment change, such as plummet demand owing to industry structural transformation. We distilled our traits in addition to lessons learned into "investment discipline" that ensures whether it is truly desirable to proceed with an investment so that we can avoid the types of investments mentioned above.

Even when the Investment Committee has decided that a project should not go ahead, business units may be very keen to invest through deep attachment for their own business. This investment discipline also serves as a kind of rule book that has the Investment Committee work as an advisory organization more rigorously. We make level-headed decisions with regards to every investment opportunity without making excuses or being remiss.

In the subsequent post-investment phase, group companies uniformly used to have discussions regarding important decision-making matters in advance with the division in charge at parent-company level. But that approach also had a drawback of obscuring the group company managers' ownership for the results. With SHIFT 2023, we have transitioned toward a sophisticated system of governance where we respect group companies' final decision-making bodies such as the Management Council and Board of Directors, as it enables them to manage their businesses independently and autonomously, and we require them to sufficiently distribute dividends. This governance structure leverages the functions and knowledge of the division in charge in the process of decision-making, which would clarify who should be responsible.

Additionally, we will continue implementing the Full Potential Plan (FPP), which we have been working on since the Medium-Term Management Plan 2020. For group companies that are not progressing according to their original business plans, we will draw clear road maps and provide the corporate group's capability to support their turnaround initiatives. We will not hesitate to take action, including divestment, with projects that are difficult for us to improve the profitability.

Moreover, we are considering a new incentive plan that reflects achievement with business plans as well as divestments road map to tie to our performance evaluations of organizations and individuals.

Financial Soundness

Q3 How do you plan to maintain and enhance financial soundness, which is the foundation for growth?

A3 We will enhance our financial soundness by keeping our risk taking at an appropriate level and maintaining a capital structure that is not overly dependent on interest-bearing liabilities.

Maintenance and improvement of financial soundness in an effort to enhance our management base, which provides the foundation for sound growth, is one objective of SHIFT 2023.

We will continue to keep the amount of risk in our business portfolio at an appropriate level by ensuring that Risk-weighted Assets (total amount of risk) stay within our Core Risk Buffer (shareholders' equity). The quantitative targets for SHIFT 2023 involve achieving positive free cash flow after dividends in three-year total. We will continue to manage our business without excessively relying on interest-bearing liabilities. As a result of expanding shareholders' equity by achieving the SHIFT 2023 profit plan, we will improve the net debt-equity ratio (DER) from 0.9 (in FY2020) to 0.8 in the final fiscal year of SHIFT 2023. (▶ Refer to p. 36)

Q4 What is your approach to credit ratings?

A4 We will strive to raise our credit rating by realizing a quick recover in profitability and maintenance and improvement of financial soundness.

We aim to improve our credit rating by steadily implementing SHIFT 2023. The plan includes strict observation of the investment discipline, and turnaround or divestment of unprofitable businesses. It is necessary to demonstrate the results of our stable business performance, cash flow management, and balance sheet management.

Shareholder Return

Q5 What is your shareholder return policy in SHIFT 2023?

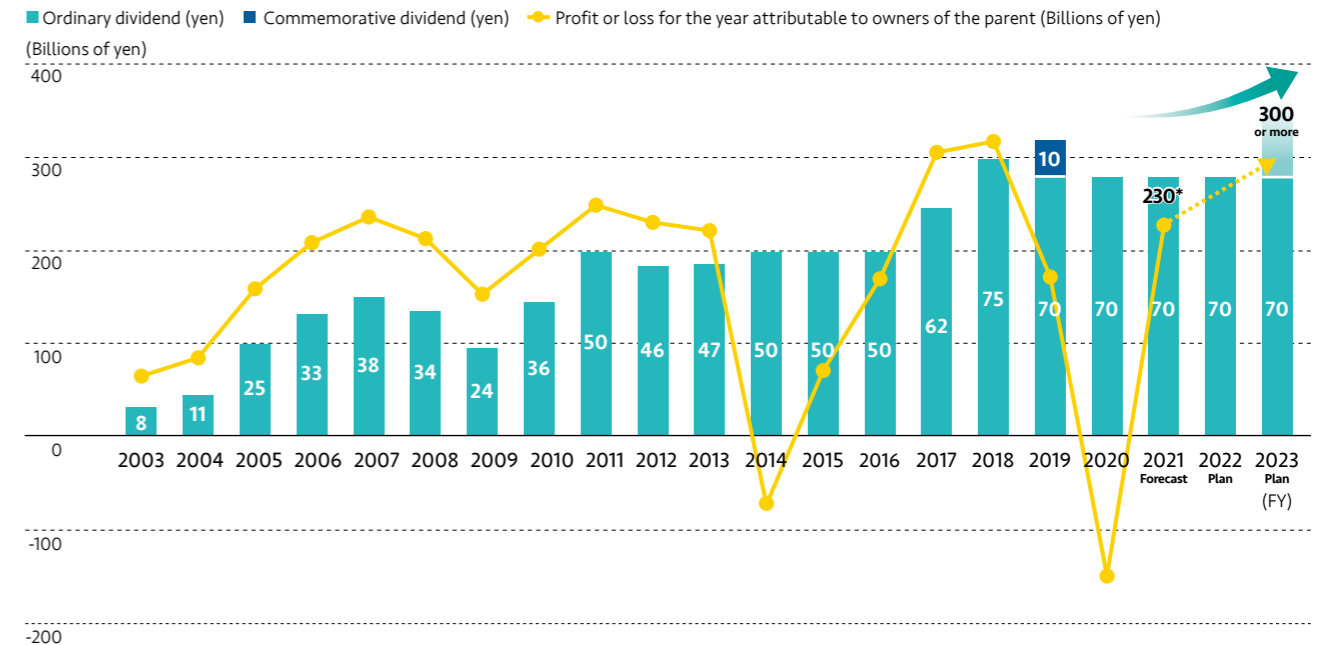
A5 Based on our basic policy of providing stable long-term dividends, we will pay dividends of at least ¥70 per share.

Our basic policy for shareholder returns is to provide stable long-term dividends while aiming to increase dividends through medium- to long-term profit growth. That policy remains unchanged.

In line with that basic policy, SHIFT 2023 will maintain dividends of at least ¥70 per share, with a target consolidated payout ratio of around 30% as a guideline. We will determine dividend amounts by factoring in basic earning power and cash flow status.

In FY2023, we aim to achieve record-high profit, so there will be a possibility to increase dividends if the profit plan is successfully achieved. Meanwhile, in FY2021 and FY2022, we will be implementing various SHIFT 2023 measures. And though we will still be in the process of recovering earnings, we expect to maintain and improve our financial soundness. On that basis, we will maintain dividends of ¥70 or more—the same amount as in FY2020—by firmly controlling our cash flow, just as we did in the previous fiscal year. This demonstrates management's commitment to recovering

Dividends



* Full-year forecast revised upward to ¥290 billion in announcement of first quarter results (August 4, 2021).

earnings and getting back onto a growth trajectory.

Regarding share buybacks, we believe that would be premature at present. First and foremost, we need to enhance shareholders' equity by recovering earnings. Once we achieve the goals established with SHIFT 2023, we will reexamine appropriate measures for shareholder returns, including share buybacks.

In the End

Q6 SHIFT 2023 establishes three "shifts"—in business portfolio, framework, and management base. What do you as CFO consider important?

A6 I believe it should be the most important thing to robustly achieve that plan and build up a track record.

Unfortunately, our price book-value ratio is currently below one. We are aware that this is due to market concerns that some businesses in the Group's portfolio still seem to be at risk of losing value, or that future investments might not succeed. To dispel such concerns and regain trust, we believe it

is important to take firm action toward achieving SHIFT 2023 and presenting a track record (results).

The three-year period in SHIFT 2023 will be critical to improving our corporate value. The first step is to accomplish turning around or divesting unprofitable businesses and to execute Business Portfolio SHIFT by investing intensively in steadily growing businesses. We then need to demonstrate the process and results and promote dialogue with stakeholders.





Part 1

Analysis of Issues

Review of Medium-Term Management Plan 2020	25
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Review of Medium-Term Management Plan 2020

Status of key management indicators

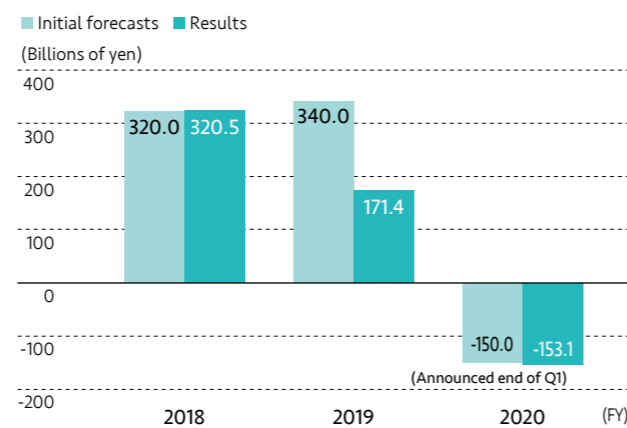
— Consolidated net income, ROA, and ROE

We have endeavored to promote growth strategies by reinforcing our management base under the slogan “Unceasing Challenge for New Value Creation” presented in the Medium-Term Management Plan 2020 covering the three years from FY2018 to FY2020. In the first year, we achieved the initial forecast and record-high profit, but in FY2019 we fell short of the initial forecast due to the impact of a sluggish global economy arising from trade friction between the United States and China and other factors. In FY2020, we recorded a large one-off loss associated with the reorganization of low-profitability businesses on top of the impact of the COVID-19 pandemic. As a result, we recorded loss for the year of ¥153.1 billion. In particular, since the end of FY2019, the pandemic has greatly worsened the business environment while the global economic activity lockdown has revealed the inherent weaknesses in our Group portfolio that we have been facing for years. This brought issues such as improvement of profitability and downward resilience.

The Sumitomo Corporation Group positioned FY2020 as a year under “emergency mode,” and tightened companywide cash flow management by selective investments and loans on

a strict basis, selling cross-shareholdings, and reducing selling, general and administrative expenses. In addition, we are focusing on rebuilding our business portfolio—such as restructuring or exiting low-profitability businesses and accelerating value creation in existing businesses—and promoting the structural reform.

Profit (loss) for the year (attributable to owners of the parent)



Medium-Term Management Plan 2020: Key management indicators

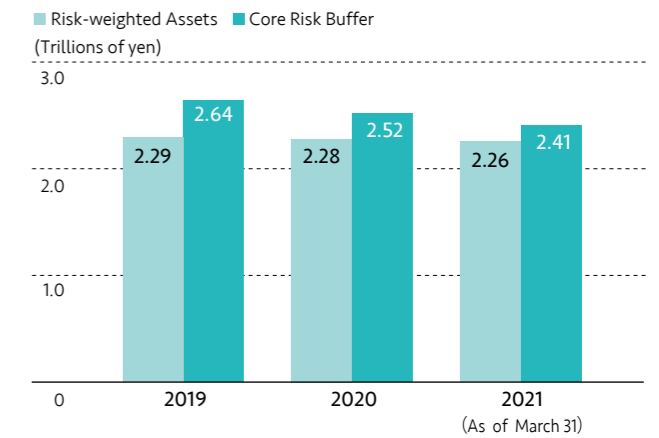
Key management indicators	FY2018	FY2019	FY2020
Profit (loss) for the year	¥320.5 billion	¥171.4 billion	-¥153.1 billion
Total assets	¥7,916.5 billion	¥8,128.6 billion	¥8,080.0 billion
ROA	4.1%	2.1%	—
ROE	12.0%	6.4%	—
Core Risk Buffer (RB) and Risk-weighted Assets (RA)	Maintained	Maintained	Maintained
Investments and loans	Approx. ¥300 billion	Approx. ¥350 billion	Approx. ¥260 billion
Post-dividend free cash flow	¥128.9 billion	-¥30.5 billion*	¥209.5 billion*

* The amount of ¥50 billion has been deducted from the FY2019 and FY2020 results to reflect the increase in depreciation and amortization resulting from application of IFRS 16 “Leases.”

— Balance between Core RB and RA and post-dividend free cash flow

Cash inflow has decreased overall compared to the plan at the beginning of Medium-Term Management Plan 2020 due to the sluggish business results. However, we steadily managed cash flow by replacing assets through structural reform, improving working capital, and carefully screening investment under “emergency mode” in FY2020. As a result, we recorded a positive three-year post-dividend free cash flow of ¥310 billion, compared to the initial plan of ¥200 billion. We are also maintaining a balance between Core Risk Buffer (RB) and Risk-weighted Assets (RA).

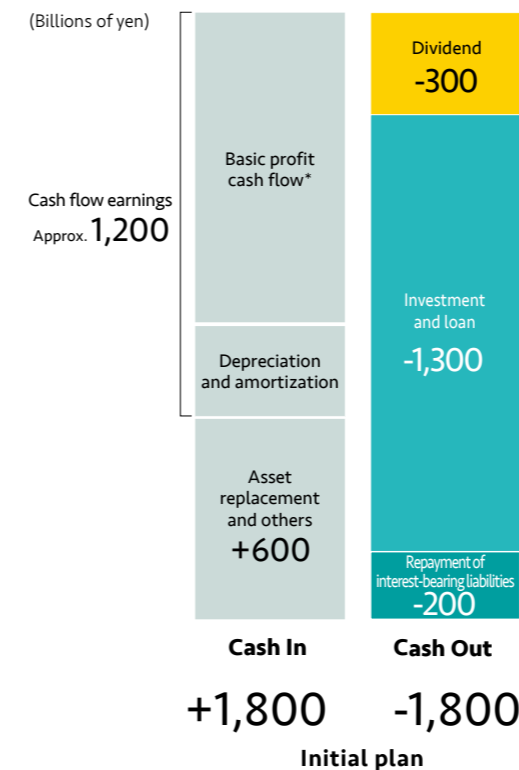
Core RB/RA balance



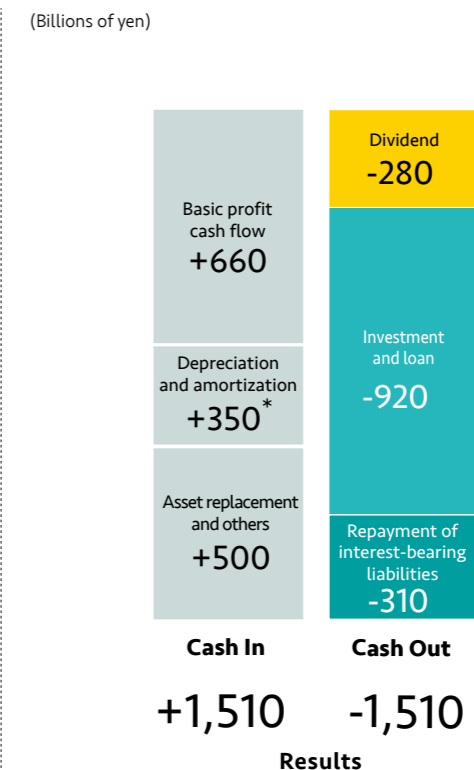
Core RB – RA

Year	2019	2020	2021
Core RB – RA	¥350 billion	¥240 billion	¥150 billion

Three-year total cash flow (April 2018–March 2021)



* Basic profit cash flow = (Gross profit + Selling, general and administrative expenses (excluding provision for doubtful receivables) + Interest expense, net of interest income + Dividends) × (1-Tax rate) + Dividend from investments accounted for using the equity method



* The amount of ¥50 billion has been deducted from the FY2019 and FY2020 results to reflect the increase in depreciation and amortization resulting from application of IFRS 16 “Leases.”

Review of Medium-Term Management Plan 2020

Status of one-off losses in FY2020

In FY2020, we recorded a large impairment loss, including the reorganization of low-profitability businesses, on top of the impact of the COVID-19 pandemic. As such, there were one-off losses on several projects, which totaled ¥351.0 billion for the full year as shown in the table to the right.

— Tubular products business

We recorded a one-off loss amounting to ¥34.0 billion for the full year. This included an impairment loss resulting from the harsh environment of sluggish demand, primarily in North America, integration and restructuring of operating companies as part of structural reform, provisions for promoting reorganization of sites and exiting from businesses, and write-downs of inventory.

— Specialty steel business in India

In light of the intensification of the competitive environment, we revised the business plan and recognized an impairment loss of ¥8.0 billion.

— Automotive financing business in Indonesia

We revised the long-term business plan and recorded an impairment loss based on worsening of the economic situation due to the prolonged impact of the COVID-19 pandemic, which exceeded expectations. Provisions for repayment related to moratoriums associated with the introduction of emergency measures by local governments to address the COVID-19 pandemic were increased. As such, we recorded a total one-off loss of ¥20.0 billion for the full year.

— Automotive sales and marketing business in Libya

We recorded a ¥6.0 billion loss on valuation of foreign exchange due to the depreciation of the Libyan dinar.

— EPC projects in the power infrastructure business

Additional costs were incurred in several EPC* projects in the power infrastructure business due to construction delays caused by the COVID-19 pandemic. As a result, we recorded a total one-off loss of ¥54.0 billion for the full year.

* Engineering, procurement, and construction

— IPP business in Australia (Bluewaters)

Based on the fact that the refinancing requested of the lender for financing the project was not carried out, for which repayment came due, we revised the recoverable amount and recognized an impairment loss. As a result, we recorded a total one-off loss of ¥26.0 billion for the full year.

— IWPP business in UAE (Shuweihat 1)

Our client announced a downward revision of the future demand plan against the backdrop of worsening economic conditions due to the COVID-19 pandemic. In response, we have revised the figures from our initial business plan downward. In conjunction with this, we revised the amount recoverable from the project company and recognized an impairment loss of ¥10.0 billion.

— Fresh produce business in Europe and the Americas (Fyffes)

Considering such impacts of the COVID-19 pandemic as increased costs of manufacturing mushrooms and decreased demand for melons in the U.S. market, as well as intensification of competition in banana wholesale in the European market, we revised the business plan and recognized an impairment loss of ¥38.0 billion.






— Nickel mining and refining business in Madagascar

In light of the temporary suspension of operations due to the COVID-19 pandemic in the first quarter and the drop in the medium- to long-term price outlook for nickel, we revised the business plan of the project company. In addition, based on the business results, including the suspension of operations in the third quarter, we revised the future production volume in the business plan to better ensure highly stable operations after the resumption of operations and recognized an impairment loss related to fixed assets held by the project company. As a result, we recorded a total one-off loss of ¥85.0 billion for the full year.

— Corporate and Eliminations

Deferred tax assets have been reversed due to deterioration of the companywide tax position as a result of the recording of a large one-off loss, and we recorded a total one-off loss of ¥28.0 billion for the full year.

We will continue to engage in the structural reform and asset recycling in FY2021 and beyond, so there is a possibility of losses occurring, but everything that requires attention in Medium-Term Management Plan 2020 has been addressed as of FY2020.

Segment	Projects	One-off losses (Billions of yen)
 Metal Products	Tubular products business	-34
	Specialty steel business in India	-8
 Transportation & Construction Systems	Automotive financing business in Indonesia	-20
	Automotive sales and marketing business in Libya	-6
 Infrastructure	Additional costs occurred in several EPC projects due to delay in construction	-54
	IPP business in Australia (Bluewaters)	-26
	IWPP business in UAE (Shuweihat 1)	-10
 Living Related & Real Estate	Fresh produce business in Europe and the Americas (Fyffes)	-38
 Mineral Resources, Energy, Chemical & Electronics	Nickel mining and refining business in Madagascar	-85
Corporate and Eliminations	Reversal of deferred tax assets	-28
	Others	-42
Total		-351

Reflection and recognition of issues

Analysis of issues: Reflection

As shown in Figure 1, we have reflected on the trend in consolidated profit (loss) for the year over the past 15 years since FY2006 and have analyzed the issues. To identify the issues, the performance graph was divided into three elements: green in the top row, yellow in the middle row, and gray in the bottom row.

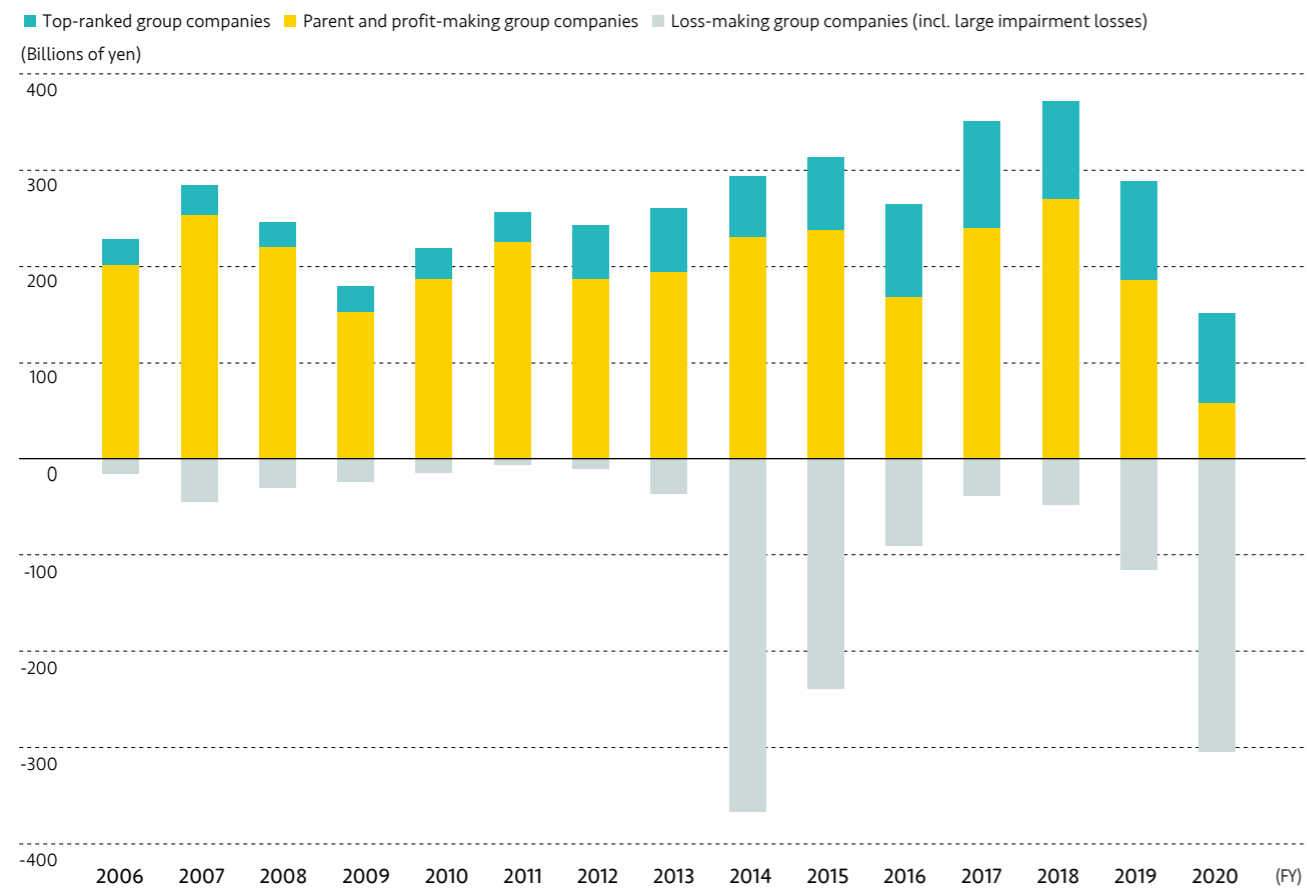
The green in the top row is the total revenues of the top-ranked group companies that have contributed to the Sumitomo Corporation Group's earnings over the years. These are the core businesses that have been refined and grown over the years and have generated stable revenue even under the severe business environment that has arisen due to the spread

of COVID-19.

Next, the yellow in the middle row shows the total revenues of the parent and profit-making group companies other than the top-ranked group companies. These businesses are profitable, but profits have not shown strong growth as revenues fluctuate significantly with changes in the business environment. The challenge with these businesses will be to improve their business structure.

The gray in the bottom row shows the total profit and loss of the loss-making group companies. Since the major impairment of our resource interests in FY2014, multibillion-yen losses have constantly weighed on our earnings, and we recorded large one-off losses, including impairments, in FY2019 and FY2020.

Figure 1: Trend in consolidated profit (loss) for the year since FY2006



Analysis of issues: Three measures

In Figure 2, we explore the issue in more depth.

The group companies in the green top row of Figure 1 have increased their earning bases over the years and demonstrated the strengths of the Sumitomo Corporation Group. They will continue to pursue profitability by leveraging these strengths. On the other hand, the issue to be resolved is apparent in the yellow and gray areas, namely, increasing earning power and improving resiliency of our business portfolio.

Three measures will be implemented to address this issue.

The first is accelerating the asset recycling. One of the short-term measures is to take a thorough look at and liquidate businesses that are judged to be low-profitable and have issues with growth potential. This measure will be promoted with a strong commitment at the management level so that there are no delayed decisions resulting from too heavily prioritizing short-term profits or the individual circumstances at each work site.

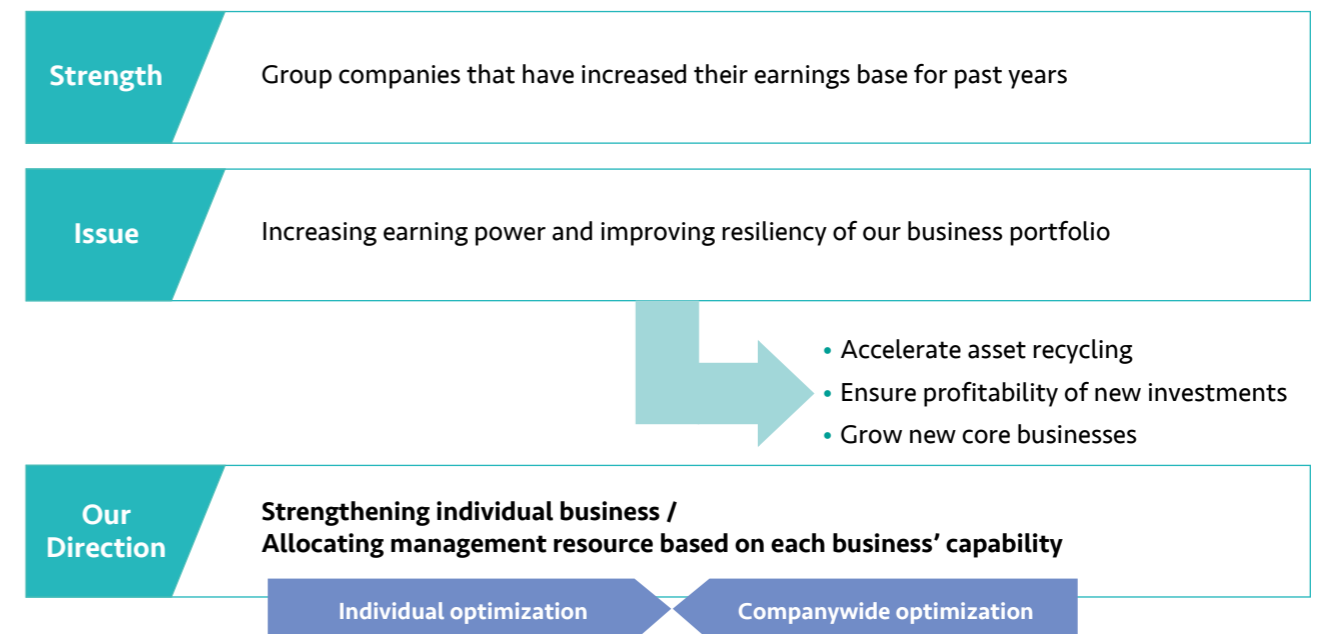
Next is ensuring the profitability of new investment and

loan projects. Businesses that have been invested in recent years and are not progressing as planned will be turned around steadily. In addition, to avoid repeating the same failures in the future, we will build a system for strengthening investment discipline and enhancing value after investment.

Last, we will develop new core businesses. We will transform our existing businesses so that they are more suitable for the changing times. At the same time, we will focus on developing new core businesses in a more reliable manner while leveraging our strengths and capabilities.

To effectively implement these three measures will require a two-pronged approach. The first part is individual optimization involving thorough strengthening of the business with each business fulfilling its own role. The second is overall optimization through management decisions covering the big picture, allocating management resources according to the capabilities of each business and market growth potential. Under new medium-term management plan "SHIFT 2023," launched in FY2021, we will clearly recognize these challenges and take the appropriate action. (Refer to p. 33)

Figure 2: Issue recognition



Commencement of structural reform

Structural reform in FY2020

The graph below shows the quarterly trend in profit and loss over the past three years. The Group revenue had already been on the decline before the COVID-19 pandemic hit. The drastic changes in the business environment caused by the COVID-19 pandemic made our weaknesses more apparent, but even before that, our overall portfolio earnings were affected by changes in the business environment, such as the trade friction between the United States and China, as well as the inability to respond to the challenges of individual businesses, which forced a decline in both sales and profits. This was caused by our actions taken to address these issues being insufficient.

To remedy the situation, we switched the entire Group into “emergency mode” in FY2020, enhanced our cash flow and cost management, and steadily solidified our footing while implementing the structural reform for future growth while implementing the structural reform for future growth while anticipating the circumstances during COVID-19 and post-COVID-19. In addition to accelerating our rebuilding and exiting low-profitability businesses, we have been reviewing

our cross-shareholdings and writing off losses, including structural reform costs. Furthermore, we have visualized and reevaluated our strategies for all businesses, and in some cases have made major corrections to our strategies to organize and confirm themes that we should address in the future.

The results of the structural reform through the end of FY2020 are shown in the table to the right.

In terms of dealing with low-profitability businesses, we analyzed the profitability of approximately 400 groups of companies and identified 101 of them for exit or divestment, completing the exit from 32 companies by the end of FY2020, despite the extremely difficult business environment. We will make our exit from the remaining 69 companies during the period covered by SHIFT 2023. We also identified 71 companies for establishment of a road map for turnaround. Together with the five companies identified for a major turnaround project, we have established turnaround measures in accordance with the road map and begun our efforts. Although we still have a long way to go, we have

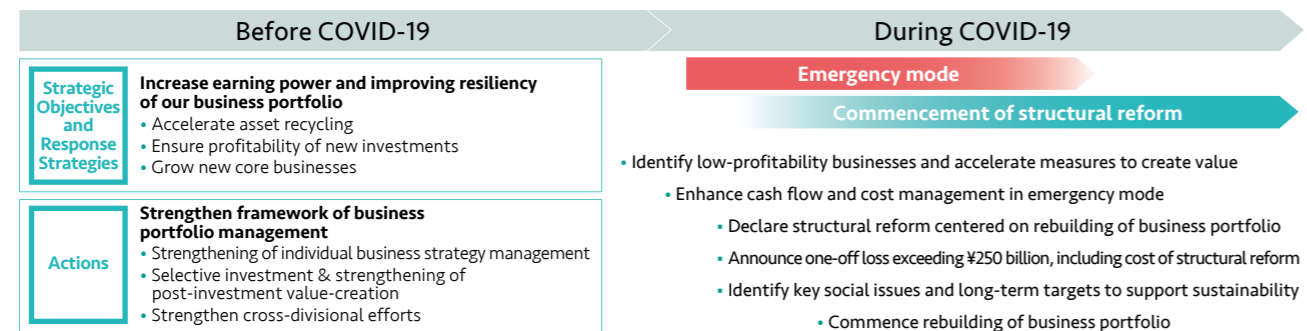
formulated concrete plans for these roughly 150 group companies that are expected to improve their earnings by approximately ¥70 billion in total during the period of SHIFT 2023.

We have also implemented stricter companywide cash flow management through steady implementation of asset replacement, improvement of working capital, and careful selection of investments and loans.

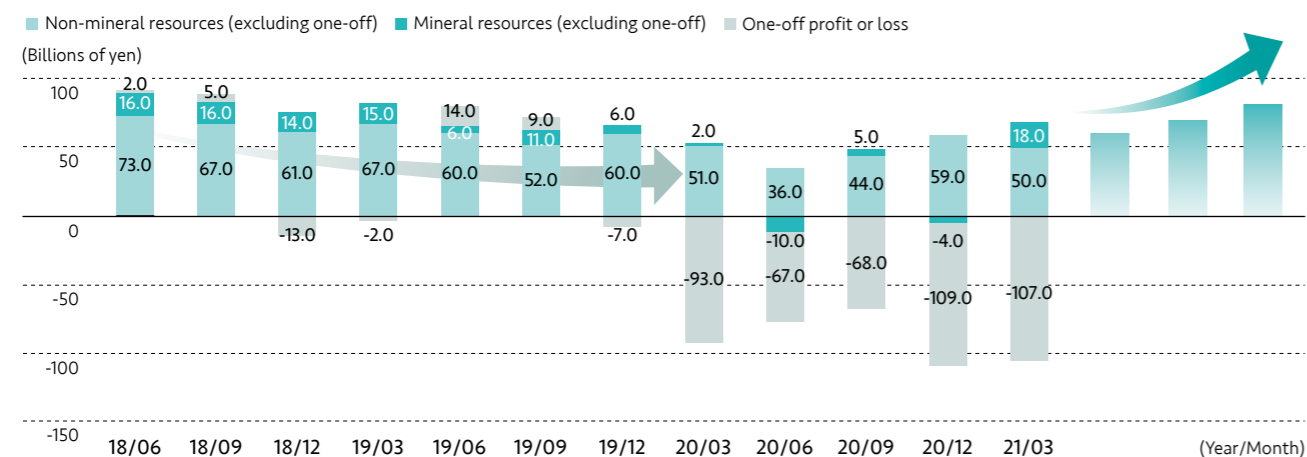
In addition, we have also completed the brush-up and evaluation of all business strategies for the rebuilding of our business portfolio, and will implement the plan-do-check-act (PDCA) cycle while steadily reviewing them.

In the midst of this critical situation, we will continue to build on the momentum of the structural reform the entire Group has undertaken to achieve even greater results by incorporating more systematic and effective measures into SHIFT 2023.

Commencement of structural reform



Quarterly trend in profit and loss



Structural reform results to date

Specific efforts	Results										
Identify low-profitability businesses and accelerate measures to create value	<ul style="list-style-type: none"> Of the 101 companies identified, exit from 32 companies was completed by the end of FY2020 By accelerating the efforts, the earnings improvement below is expected during the period of the new medium-term management plan <table border="1"> <thead> <tr> <th>Category</th> <th>No. of companies</th> <th>Earnings improvement (estimated)</th> </tr> </thead> <tbody> <tr> <td>Establishment of road map for turnaround</td> <td>71</td> <td rowspan="3">Approx. ¥70 billion (from the result of FY2020)</td> </tr> <tr> <td>Major projects for turnaround</td> <td>5</td> </tr> <tr> <td>Exit</td> <td>69</td> </tr> </tbody> </table>	Category	No. of companies	Earnings improvement (estimated)	Establishment of road map for turnaround	71	Approx. ¥70 billion (from the result of FY2020)	Major projects for turnaround	5	Exit	69
	Category	No. of companies	Earnings improvement (estimated)								
	Establishment of road map for turnaround	71	Approx. ¥70 billion (from the result of FY2020)								
Major projects for turnaround	5										
Exit	69										
Improve cash flow management	<ul style="list-style-type: none"> By steadily implementing asset disposal, ¥110 billion in cash was recovered in FY2020 (¥50 billion of which was from sales of cross-shareholdings) Working capital was improved by approx. ¥200 billion in FY2020 Investments were limited to strategically important ones and made on a selective basis 										
Tighten cost management	<ul style="list-style-type: none"> SG&A expenses were reduced by more than ¥32 billion in FY2020 										
Commence rebuilding of business portfolio	<ul style="list-style-type: none"> Individual business strategies as well as portfolio strategy of each business unit were discussed and confirmed 										
Enhancement of sustainability management	<ul style="list-style-type: none"> Key social issues and long-term targets were identified Medium-term targets as milestones were established and incorporated into specific KAI/KPI 										
	<ul style="list-style-type: none"> Our diverse human resources Multifaceted business expertise Global networks Business relations with partners and customers 										

Refer to p. 63

SHIFT 2023

Part 2

New Medium-Term Management Plan “SHIFT 2023”

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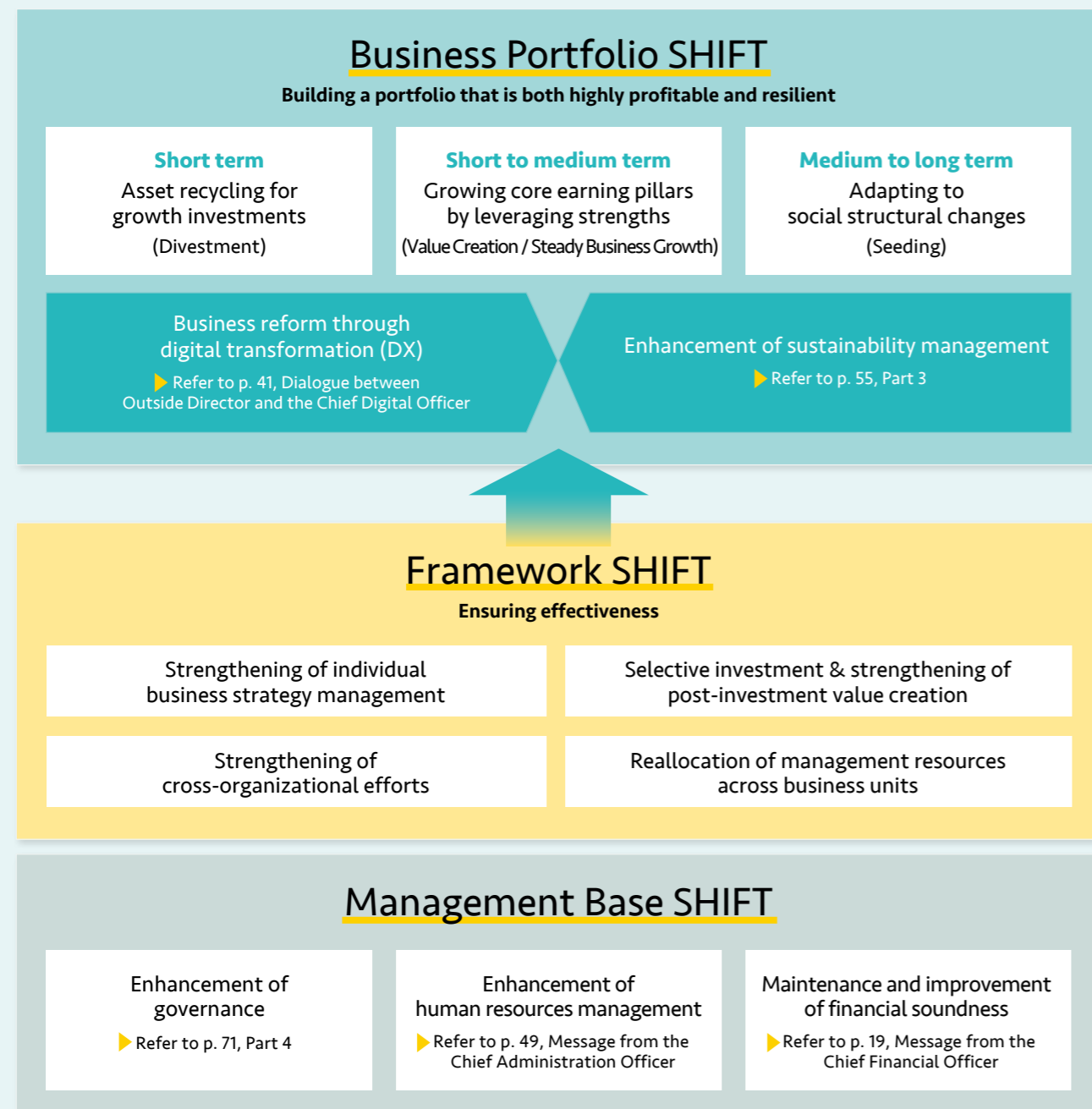


SHIFT 2023 overview

As public values and lifestyles change, we will “SHIFT” the Sumitomo Corporation Group through structural reform in order to contribute to society via sustainable growth and value creation.

Under the new medium-term management plan “SHIFT 2023,” covering the three years from FY2021 to FY2023, we will focus on a Business Portfolio SHIFT. This will be a shift or transition of our business portfolio to one that combines higher profitability and better resilience to changes in the environment. We will then introduce four new mechanisms by means of a Framework SHIFT to ensure the effectiveness of the Business

Portfolio SHIFT. Additionally, we will work on enhancing governance, enhancing our human resources management, and maintaining and improving our financial soundness in order to promote a Management Base SHIFT to support these efforts. While considering the two major trends of “digitalization” and “requirements for sustainability,” we will aim to get back on the growth trajectory as soon as possible.



Quantitative plan

We plan to achieve a consolidated net income of ¥230 billion* in the first year and ¥260 billion in the second year. In FY2023, the third year of the plan, although the business environment is changing rapidly and it is difficult to foresee the future, we are determined to rebuild our business portfolio to be able to generate more than ¥300 billion in consolidated net income, no matter the environment. We will accomplish this by enhancing the profitability of our portfolio and our resiliency to changes in the environment, and aim to achieve record-high profit.

Figure 2 shows the allocation of total cash flow for the three years of the plan. We plan to gradually recover our cash-generating capacity to near the pre-COVID-19 level by FY2023 by steadily working on the effects of profit improvement through the structural reform and new profit growth. We also plan to generate cash inflows of ¥1.4 trillion or more in total over the next three years, including thorough efforts to exit low-profitability businesses and the recovery of capital through divestment.

We will use this cash to increase the profitability and downward resiliency of our portfolio by making investments and loans of around ¥1.1 trillion, mainly in areas with market potential and where we can fully demonstrate our strengths.

Shareholder returns (Dividend policy)

We plan to allocate ¥260 billion for dividends to return profits to shareholders. Under SHIFT 2023, we decide the annual dividend based on our fundamental policy of paying long-term stable dividend and taking into consideration the status of fundamental earnings capacity, cash flows, and other factors, with a consolidated payout ratio of about 30% as a guideline, maintaining at least ¥70 per share, the same amount as the annual dividend for FY2020. The forecast for consolidated net income for FY2021 is ¥230 billion*, and in accordance with the above dividend policy, we plan to pay an annual dividend of ¥70 per share (interim: ¥35, year-end: ¥35) for FY2021.

* Full-year forecast revised upward to ¥290 billion in announcement of first quarter results (August 4, 2021).

Figure 1: Profit (loss) for the year (attributable to owners of parent)

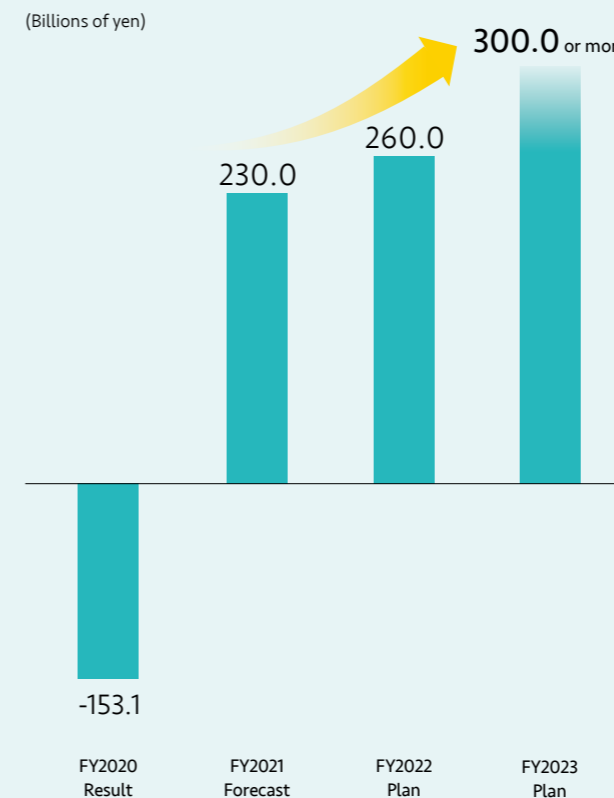
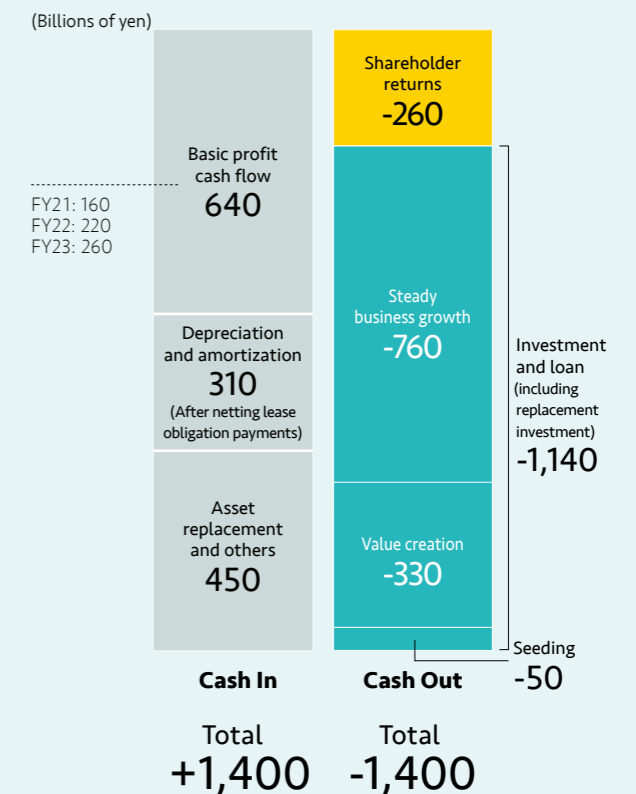


Figure 2: Allocation plan of three-year total cash flow*



* Assuming profit for the year of ¥300 billion in FY2023

Business strategy categories

We divided all our businesses into the four categories of Divestment, Value Creation, Steady Business Growth, and Seeding based on the two axes of “market potential” and “demonstration of strengths,” and set targets according to their respective positions.

As shown in Figure 1, by having each business in the four categories steadily achieve their targets, we will shift our entire portfolio to business fields where the market potential will be higher and we can fully demonstrate our strengths. We will thus build a portfolio that is both highly profitable and resilient to environmental changes. The category of each business will change from time to time in relation to changes in the market or the Group’s strengths. Along with this, we will reinforce our business portfolio, thereby improving our corporate value. By having the businesses in each category steadily achieve the targets that were set, we aim to see our businesses evolve into ones with market potential and strengths, namely the core businesses in the Steady Business

Growth category in the upper right. Figure 2 provides a quantitative picture of the four categories. The plan is to invest or lend approximately ¥1.1 trillion during the period of SHIFT 2023, primarily in the Steady Business Growth category where market growth is anticipated and the Group’s strengths have already been demonstrated. We will do this while recouping our funds by replacing assets in the Divestment, Value Creation, and Steady Business Growth categories. More specifically, we plan to expand investment in the business areas of domestic real estate, construction equipment rental, and renewable energy related businesses among others.

Figure 1: Clarifying individual business strategies’ position through categorization

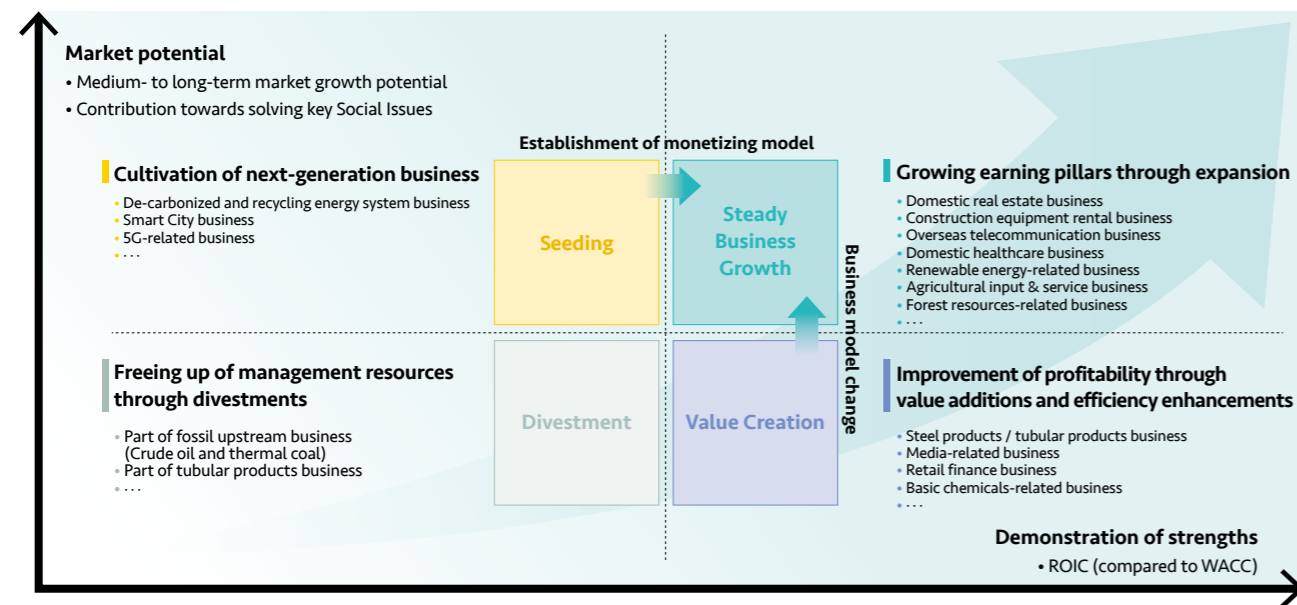
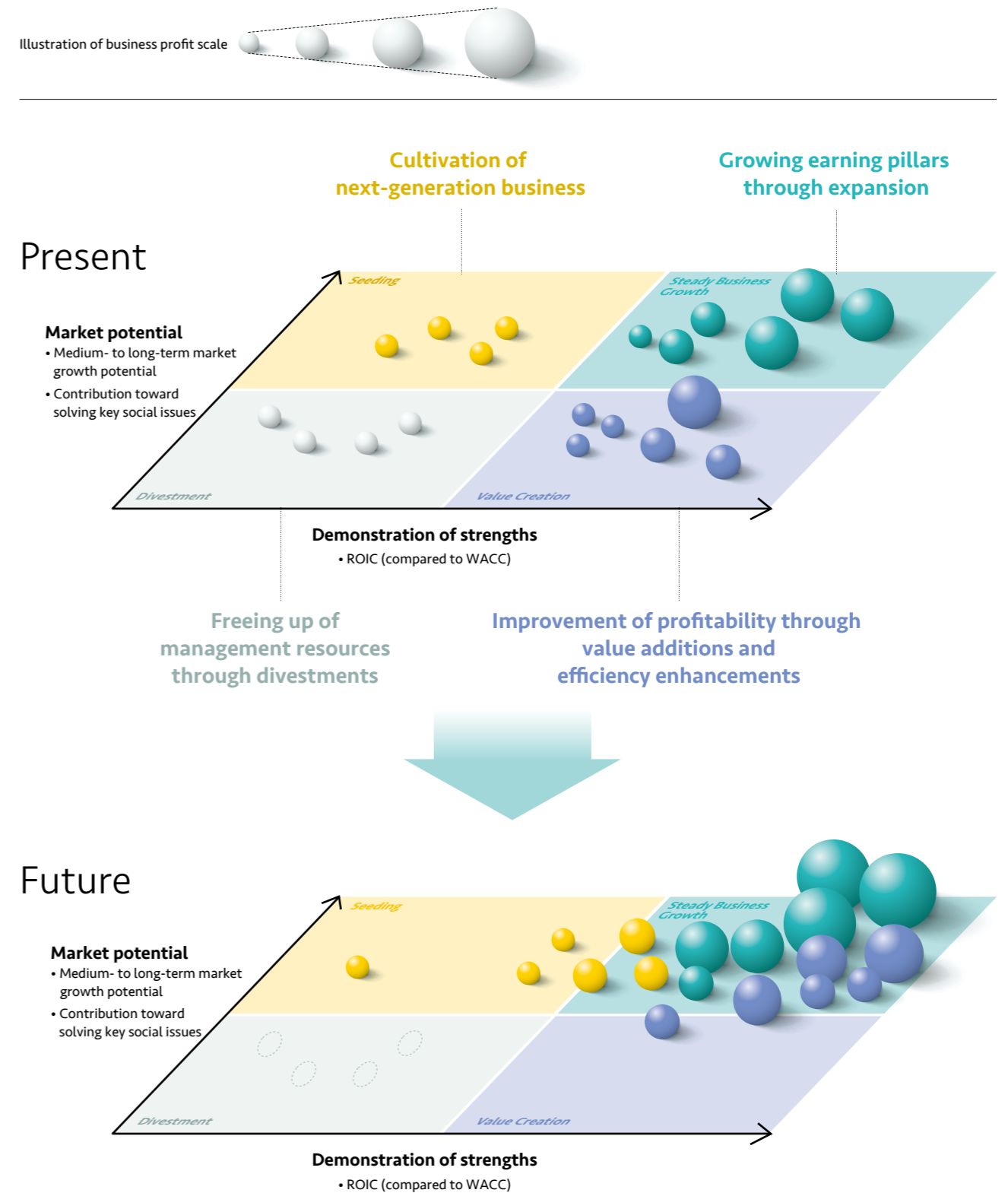


Figure 2: Quantitative picture by business strategy category

		Asset recycling for growth investments	Growing core earning pillars by leveraging strengths		Adapting to social structural changes
		Divestment	Value Creation	Steady Business Growth	Seeding
FY2020	Asset scale	¥400 billion	¥3 trillion	¥4.4 trillion	¥50 billion
	Profit scale	-¥10 billion	¥40 billion	¥160 billion	-
SHIFT 2023	Cash generated through asset disposal (Three-year total)	¥100 billion	¥180 billion	¥170 billion	-
	Investments and loans (including renewal investment) (Three-year total)	-	¥330 billion	¥760 billion	¥50 billion
	Profit improvement (from FY2020)	+¥10 billion or more	+¥80 billion or more	+¥40 billion or more	-

Illustration of Business Portfolio SHIFT



Setting next-generation growth fields

We will establish six next-generation growth fields and will bolster efforts to cultivate new core businesses from a medium- to long-term perspective.

It is important to shift our business portfolio to a form consistent with a sustainable society. As such, we will focus on six strategic themes for next-generation growth to enhance our sustainability management.

We will further develop our efforts in the areas of "Technology × Innovation," "Social Infrastructure," and "Healthcare," which were the focus areas in Medium-Term Management Plan 2020. At the same time, under SHIFT 2023, we focus on the three new themes of "Energy Innovation," "Retail/Consumer," and "Agriculture" as fields with high market appeal and high potential for leveraging our strengths. We will strategically allocate our management resources to cultivate Group businesses for the next generation with a view to helping resolve social issues.

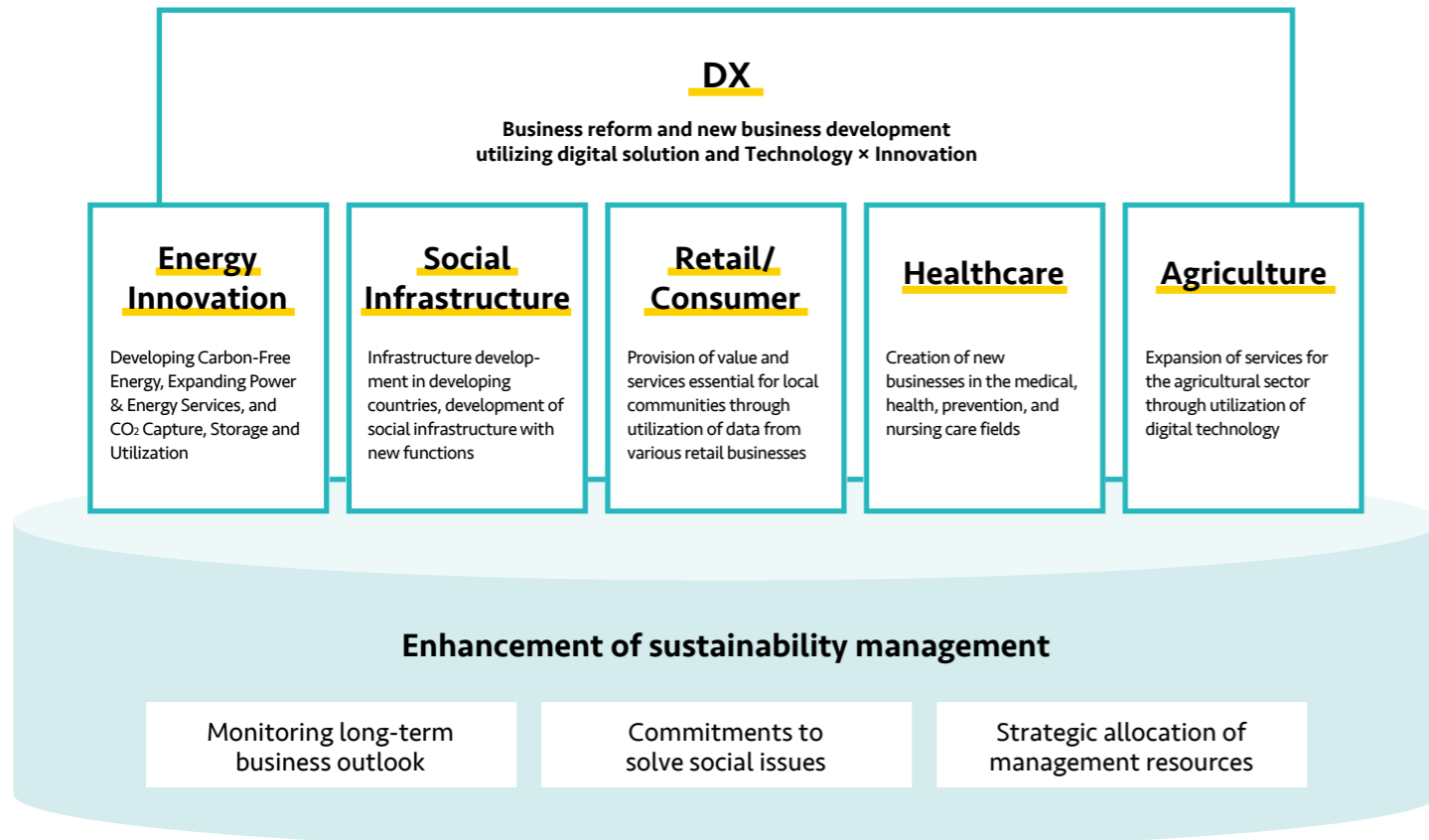
Our DX efforts are beginning to contribute to the improvement of the Group's profitability by organizing the DX

infrastructure of our group companies while incorporating the world's most advanced technologies. We will further strengthen our efforts to become a leader in industry innovation while focusing on results.

In the field of next-generation energy, increasingly severe climate change will accelerate changes in the social structure, such as the shift in energy from fossil fuels to renewable energy. We consider this change to be a business opportunity and will create new energy management service businesses with a view to realizing a carbon-neutral society.

In addition, in the fields of Social Infrastructure, Retail/Consumer, Healthcare, and Agriculture, we will anticipate major changes in the social structure and establish a new revenue base that will support the next generation of our Group while helping resolve social issues by creating new value through the leveraging of our strengths.

Next-generation growth fields



Case Study

Promotion of DX in the retail business

Promotion of retail DX, based on the sophistication of demand forecasting at Summit

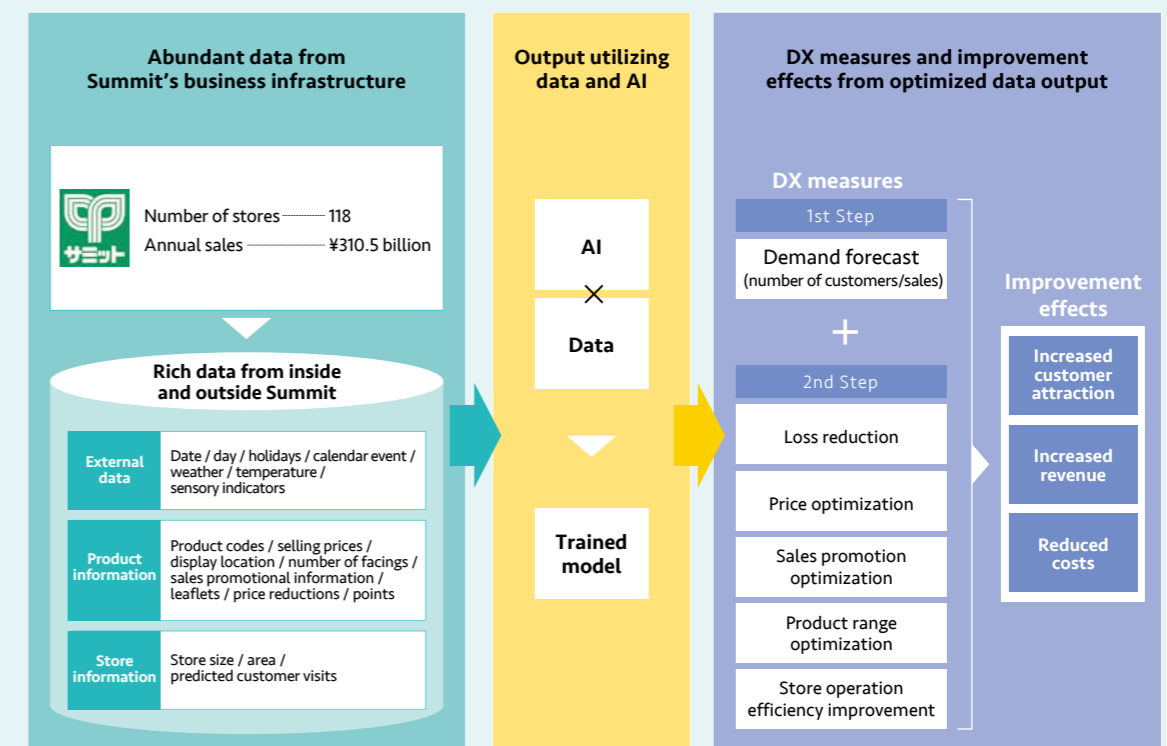
The Sumitomo Corporation Group is working on many B2C businesses that are closely tied to the daily lives of consumers, including supermarket Summit and drugstore Tomod's as well as mobile communications business operator T-Gaia, cable television company J:COM, and real estate businesses. We are currently working on building a new platform that offers convenience by implementing and utilizing digital technologies and data with this B2C business infrastructure.

Paving the way in promoting DX is Summit. Summit carries mainly perishable goods and is performing well despite the COVID-19 pandemic, but at the same time, it has begun pursuing further efficiency in store operations. Although most of the decisions related to operations have been left up to the

managers of each store in the past, utilizing artificial intelligence (AI) and other digital technologies together with abundant internal and external data from the Summit business infrastructure—including product and store information, day of the week, and temperature—makes it possible to more precisely predict demand. With this, our aim is to control the number of each item for purchase, manufacturing volumes, and timing of discounts in order to eliminate waste.

Eliminating waste will have two effects. The first is the impact on profit by improving the waste situation of the past, and the second is the reduction of food loss, which is growing concern in society. Through DX, we will contribute to resolving social issues such as this.

Increasing the efficiency of and optimizing store operations through DX



Dialogue between Outside Director and the Chief Digital Officer

Business innovation in the new era of digital transformation

Digital technologies will drive the Business Portfolio SHIFT that is part of "SHIFT 2023." Value creation responding to changing social structures will become possible by implementing digital technologies at the front lines of businesses and building new business models. Here, we present the panel discussion on digital transformation (DX) strategy with Outside Director Akiko Ide and Chief Digital Officer Toshikazu Nambu on Investor Day 2021, held in June.



Akiko Ide
Outside Director

June 2020 Outside Director, Sumitomo Corporation
She served in several key positions for many years at a major telecommunications carrier, working as a group company executive and as a full-time audit & supervisory board member of the parent (holding) company. Through these and other roles, she has accumulated wide-ranging knowledge and a wealth of experience in information and communications, business management and corporate governance, etc.



Toshikazu Nambu
Chief Digital Officer

He joined Sumitomo Corporation in 1982. After serving as General Manager for the Americas and Senior Managing Executive Officer of the Company, he has been serving as Representative Director, Executive Vice President, General Manager of the Media & Digital Business Unit, and Chief Digital Officer (CDO) since April 2020. He is responsible for the DX activities of the Group and supervises a wide range of domestic group companies.

Trajectory of Sumitomo Corporation Group's DX activities

— Could you summarize DX strategy and activity in the Sumitomo Corporation Group?

Nambu The first step in our Group's DX strategy was the launch of the DX Center in 2018. The center began with the 15 talented experts assembled from various business units. In around three years, it grew to a size of 150 members, and during that time, we have increased collaboration with SCSK Corporation and undertaken other initiatives, such as establishing Insight Edge, Inc., which specializes in AI technologies. We have also made such moves as starting up a corporate venture capital (CVC) in Israel (the fifth location in our global CVC network) to expand horizons for digital technologies. In parallel with setting up these organizations, I visited and communicated with our

members domestically and globally to create momentum within our Company to push our DX strategy.

— What reactions and issues did you encounter when promoting that strategy?

Nambu There were 70 DX projects in FY2018, but the number has expanded to over 300 as of June 2021. The use of digital technologies as a major business tool has become entrenched in our Group, and I think we are now "Ready for DX." Three years ago we introduced robotic process automation (RPA), and through it we have achieved optimization of over 200,000 hours within the Group. I believe that is a clear result.

However, we are still at the stage of introducing digital technologies to improve business issues to the front lines of our businesses. I think the challenge is going to be creating a social and financial impact as well as achieving commercialization.

Ide I believe the key point and difficulty in introducing digital technologies to the business front lines is its penetration within the Company. From this perspective, our Group's development of a DX promotion system and initiatives for creating momentum within the Company are well developed. I would even say they are too good to remain within the Company.



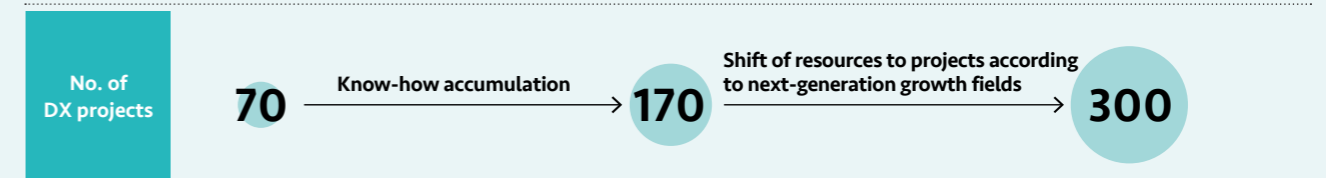
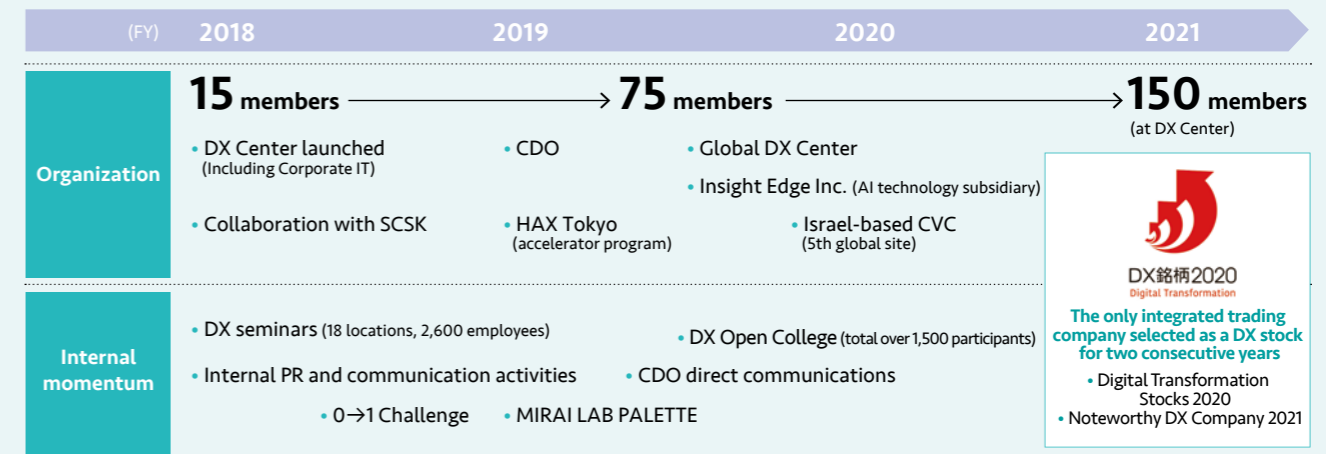
Business creation through DX

— What do you think is the significance of an integrated trading company like Sumitomo Corporation undertaking DX?

Ide I regard the skills unique to an integrated trading company—the ability to create businesses—as essential in promoting DX. Digital technologies are just tools. It gives significance when tools are implemented in business and

innovation is stimulated. In this respect, having many business front lines globally and understanding a wide range of industries and issues will be major strengths in generating innovation. So it makes sense for an integrated trading company to undertake DX, and I feel that we are extremely compatible with it.

DX activity timeline



Economic effects

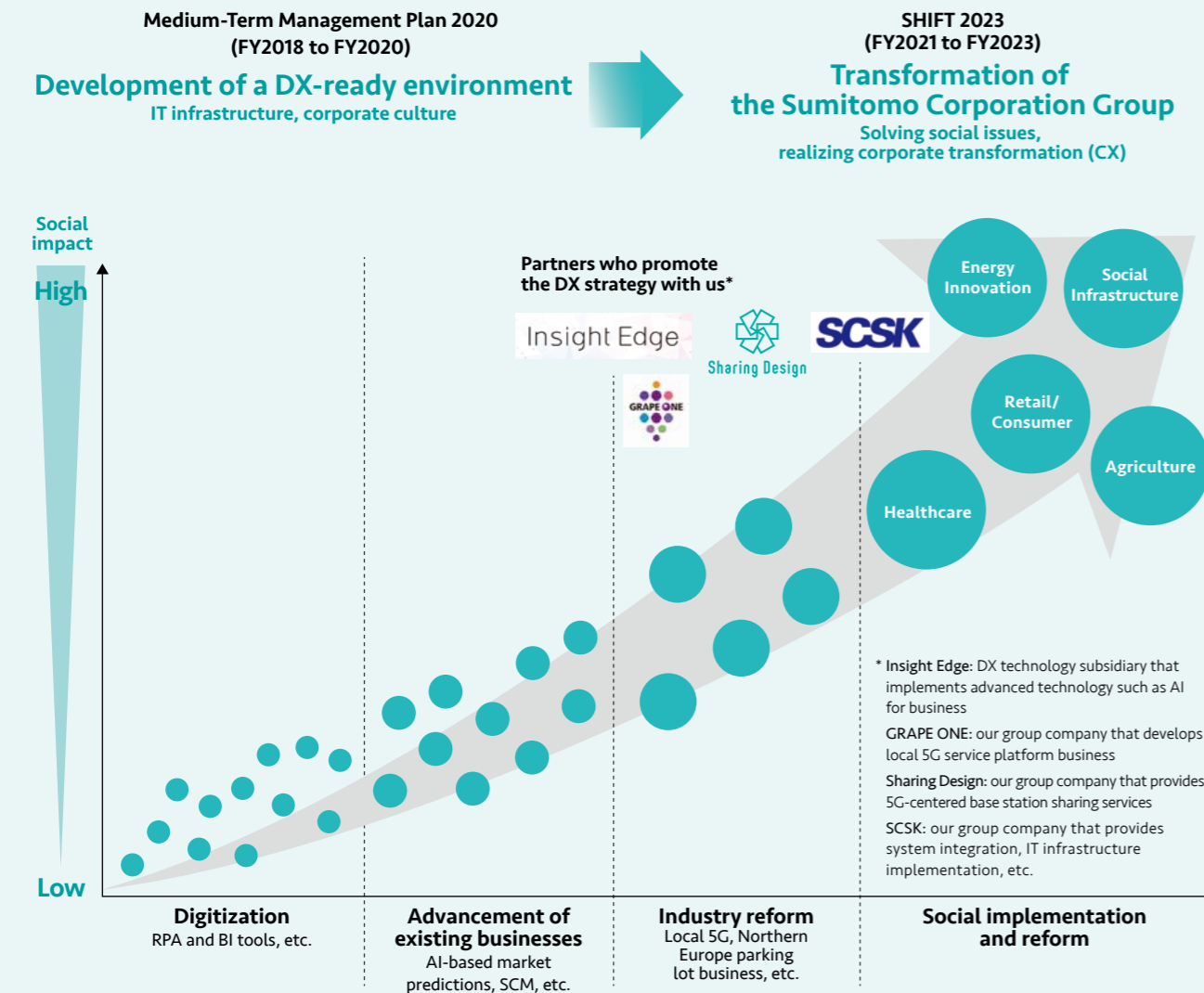
- Sales growth
- Cost reductions
- More sophisticated decision-making
- Group company value improvements
- Industry DX and vertical SaaS
- Equity in earnings

Dialogue between Outside Director and the Chief Digital Officer Business innovation in the new era of digital transformation

Nambu In promoting DX strategy, an integrated trading company can easily identify issues that various industries face, and also discover solutions and ways to achieve them. Here, perspectives at the macro and micro levels are important. By identifying issues through an overview of an entire industry from the macro level, and then applying them to each business, and staying close to the front lines, we can examine issues at the micro level. Thus, we can understand the real situation of industries through macro- and micro-level perspectives. We can then provide comprehensive solutions while implementing digital technologies and utilizing data. I see this as the raison d'être of an integrated trading company.

Ide Few players are able to attain an overview of an entire supply chain. In that sense, I believe an integrated trading company can demonstrate its unique abilities. Another important matter is coordination between overall and partial optimization. When attempting to address social issues, there is overall optimization, which contributes to society as a whole, and also partial optimization, which is closely tied to frontline needs. At times, the two come into conflict, and coordinating them is essential when promoting projects. I believe that an integrated trading company skilled in creating businesses accumulates expertise on how to smoothly address such conflicts.

Phases of business creation through DX



DX strategy in SHIFT 2023

— What is the position of the DX strategy in SHIFT 2023?

Nambu DX and sustainability are two major prime themes in society that have a significant impact on the Business Portfolio SHIFT. The DX strategy is our powerful tool for achieving the goals of SHIFT 2023. In the period of this medium-term management plan, the DX Center and SCSK will continue to aim to achieve early development of business concepts and expand them while being close to the business organizations.

Ide There is certainly high potential in DX, and I can understand the importance of actively allocating funds and human resources. Personally, I have high expectations, but I also think it is important to have a detailed picture for evaluating its results and the timing for obtaining returns.

It is necessary for DX activities to evaluate those returns. I think a future topic for the Board of Directors will be how to evaluate the progress with DX being undertaken at the initiative of various segments.

Nambu It is of course necessary to monitor the effects of investments. Using DX in business is about reducing costs while increasing added value to grow the top line through digital technologies toward improving the efficiency of existing operations. Through that process, we deepen our understanding of businesses, create new business models in those fields, and increase added value. If we achieve good

results, we will deploy the model within the business area and apply it laterally to other fields. We will also employ the process with new investments and business areas. I believe the sum of economic added value from such activities should be evaluated as the returns from DX activities.

In "SHIFT 2023," as we enhance the individual strategies of each Strategic Business Units (SBU), returns from the DX perspective will be taken as KPIs and become an organizational goal. Overall, we will continue monitoring and managing the degree of accomplishment.



Evolution of business strategy management

We will restructure all businesses not as organizations but as Strategic Business Units (SBUs) to promote discussions that are more focused on strategy.

When engaging in discussions on strategy, we will not divide the businesses into organizations but into SBUs sharing the same strategy to facilitate more active discussions focused more directly on strategy and clarify the persons responsible for those strategies. By refining and enhancing the individual strategies through discussion and increasing the commitment of those who will implement them, we will increase the feasibility of the value creation measures of existing businesses and the probability of success with new businesses.

To effectively implement the business strategies put together by each SBU, we will establish detailed KPIs and KAIs for each strategy, and thoroughly manage the plan-do-check-act (PDCA) cycle, while also systematically implementing organizational evaluations according to the degree of execution of the strategies.

In addition, while promoting a companywide shift in our portfolio, we will clarify the position and role of each SBU based on discussions on strategy. In line with this, we will execute a dynamic shift in management resources

companywide, including properly timed business exits and divestments, and bold investment of funds and human resources in businesses in the Steady Business Growth category.

Thorough implementation of this cycle will also promote competition between SBUs. We will review strategies as appropriate while adjusting the position and role of the SBU as needed according to changes in the business environment and the status of execution of the strategies. Allocation of management resources will be focused on SBUs that are capable of becoming earnings pillars of the Group and those with future potential. Those SBUs to which this does not apply will be eliminated so that management resources will only be allocated to those businesses that are worth investing in. We will conduct business evaluations and allocation of management resources to each SBU with the same strictness of approach as the market mechanism. The result will be the building of a portfolio consisting of surviving SBUs that are highly profitable and resilient.

Measure of individual business strategy management

Process	Aim / Key points
1 Defining strategic business units ("SBU")	<ul style="list-style-type: none"> Group individual businesses based on common strategy regardless of existing organizations Stimulate discussions on strategy
2 Evaluation of each SBU's strategy	<ul style="list-style-type: none"> Analyze external environment and our strengths by SBU and evaluate SBU strategy Benchmark ROIC against WACC to assess SBU's strength
3 Determining allocation of management resources according to each SBU strategy	<ul style="list-style-type: none"> Categorize SBUs as Steady Business Growth, Value Creation, Divestment and Seeding Build business portfolio with high profitability and resiliency by shifting management resources
4 Establishment of KPIs and KAIs according to SBU category	<ul style="list-style-type: none"> Establish detailed targets for accomplishing roles according to SBU category
5 Thorough PDCA	<ul style="list-style-type: none"> Review progress and update strategy as necessary through Management strategy meetings (twice per year) Evaluate organizations based on the progress of SBU strategy execution

Selective investment & strengthening of post-investment value creation

We will revise our strategy at each investment stage and build an investment management system that draws on past lessons.

Once an investment has been made the decision to withdraw becomes difficult, and in the event of withdrawal, losses tend to be larger. Therefore, we have adopted a unified framework that covers everything from the entry into the investment to the exit and that takes into account changes in the portfolio as a whole, as well as the nature of the risks involved in each individual investment opportunity, while reviewing the process for assessing and following up investment projects as appropriate.

When assessing investment projects, the investment theme is clarified at the initial stage of the process and is verified as a key point of due diligence. In addition, by applying a discount rate appropriate to each business risk, we are able to calculate an "appropriate price" for the investment and evaluate the opportunity from both quantitative and qualitative aspects.

With regard to the decision-making process for investments, the Business Unit Investment Committee or the Company Investment Committee meets at each stage of consideration and implementation, depending on the scale and importance of the project. From an early stage, these committees conduct in-depth discussions regarding the strategic positioning of the project, the background to and the

reasoning behind the selection of the project, and the various factors that may affect the success of the investment.

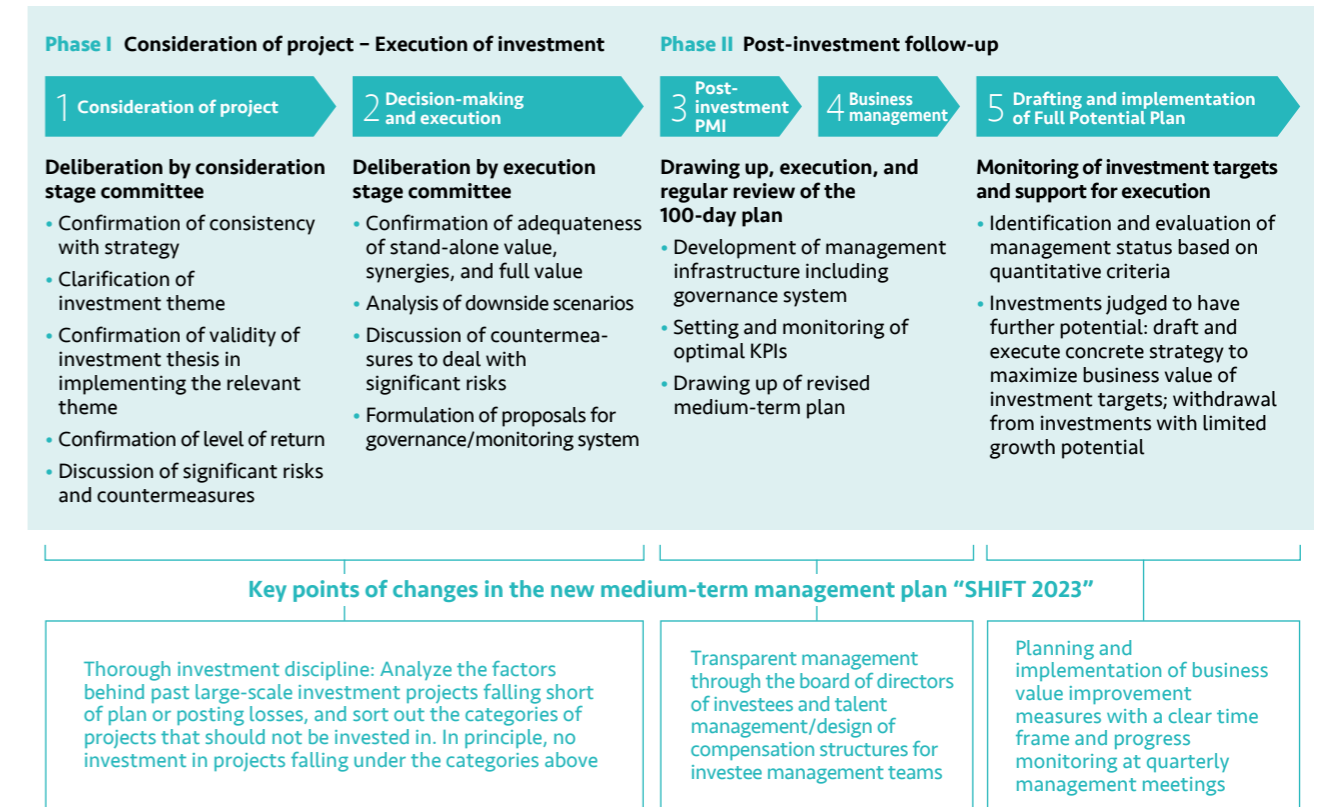
We will also develop a system that allows us to take steps to avoid repeating past regret at each stage of the investment process—(i) selecting individual businesses for investment and making investment decisions, (ii) managing businesses after investment, and (iii) evaluating businesses based on investment performance. Specifically, we will increase the value of each business by steadily implementing the planned measures, including establishment of strict investment discipline for selecting investments, development of an optimal governance structure for increasing the value of each business after investment, and investing the right resources at the right time.

Stepping up our monitoring efforts, we will set a clear time frame and make improvements to business investments that do not increase in value as expected. If improvement is not expected, we will engage in thorough asset recycling.

(▶ Refer to p. 32)

Furthermore, to increase our commitment to value creation, we will also consider a new compensation system linked to investment performance.

Investment risk management framework



Strengthening of cross-organizational efforts

We will establish a new business development framework that goes beyond the domains of existing business units to create the future core businesses of the Group.

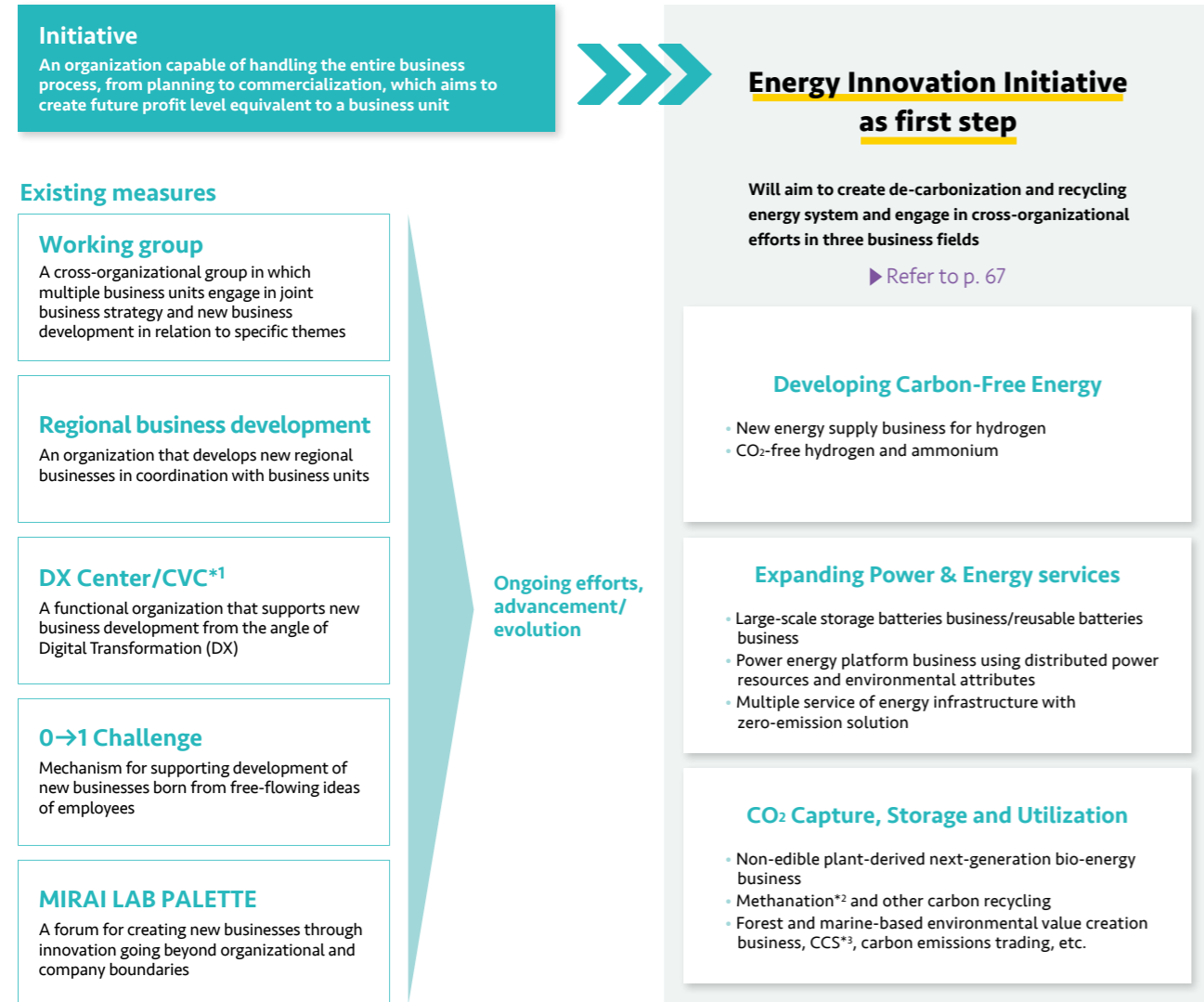
The Group has promoted initiatives beyond business units so far, including strengthening cross-organizational collaboration and cross-functional capabilities, but with limited results in realizing business. Our new measures go a step further.

We set up a new organization called "Initiatives" that aims to create future profits equivalent to our existing business unit on specific themes. Initiatives will sketch out a grand design from a companywide perspective that gives a bird's-eye view of the specific themes transcending departmental boundaries, and then work to create next-generation

businesses from a medium- to long-term perspective. The first initiative, Energy Innovation Initiative (EII), was established in April 2021. International cooperation as represented by the Paris Agreement, policy shifts in various countries, technological innovation, corporate declarations of carbon neutrality, and the holding of climate change summits will further accelerate the changes in social structure caused by climate change in the future. We will create new value in the energy field by pooling the Group's knowledge beyond the boundaries of conventional organizations.

New business development framework going beyond domains of existing business units

New measures in SHIFT 2023



Ongoing efforts, advancement/evolution

*1 CVC: Corporate Venture Capital
*2 Methanation: Technology that takes carbon dioxide (CO₂), which is a greenhouse gas, and combines it with hydrogen (H₂) obtained from water to produce methane (CH₄)
*3 CCS: Carbon dioxide Capture and Storage Technology for isolating CO₂ in the ground or ocean floor, capturing it, and collecting it for storage

Reallocation of management resources across business units

To promote the Business Portfolio SHIFT, we will establish a system for reallocating human resources and funds across business units from the standpoint of companywide optimization.

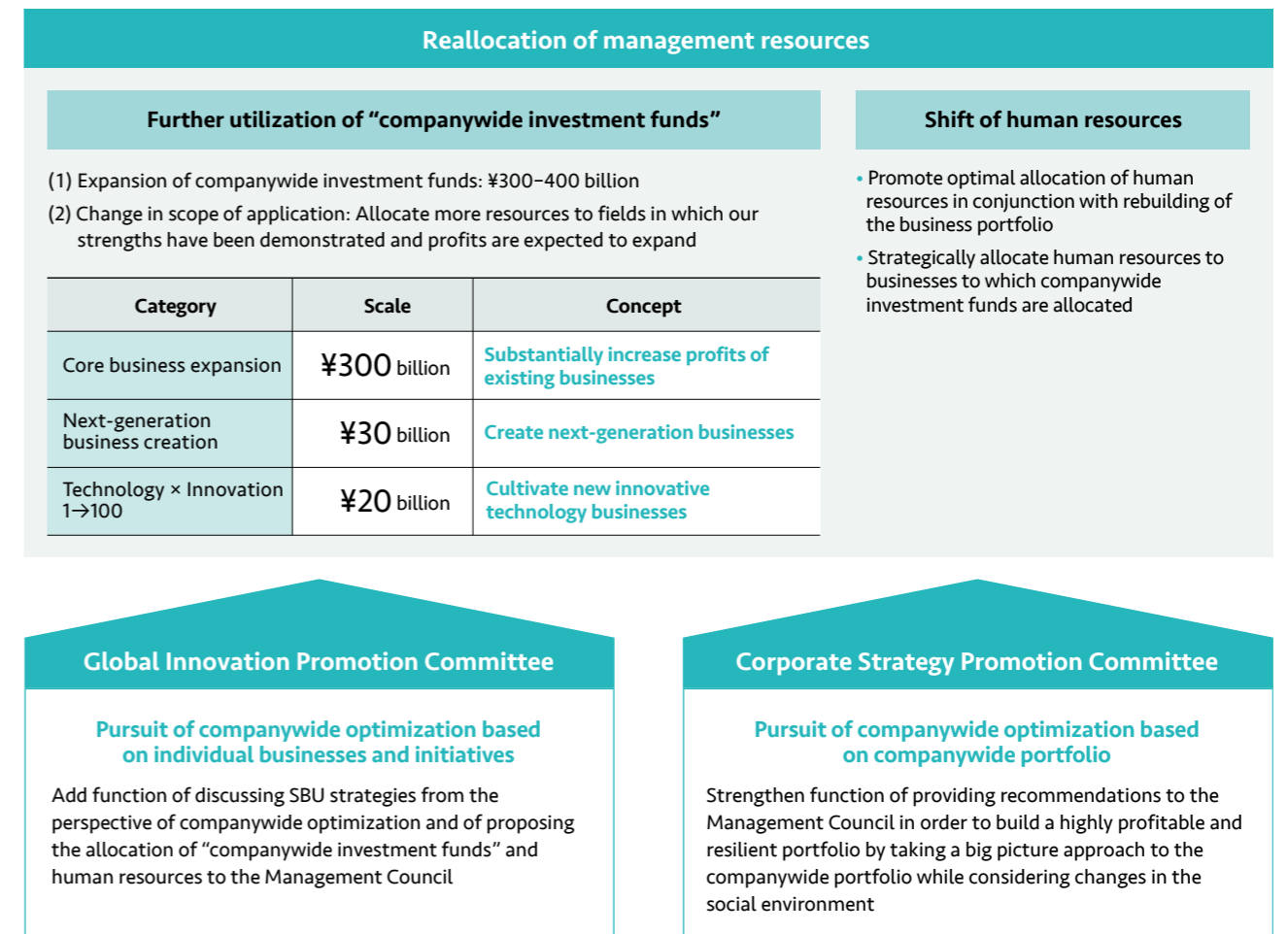
Under SHIFT 2023, from a companywide perspective, we will prioritize allocation of management resources to business domains in which we are already demonstrating our strengths within those sectors where market growth is expected. This will allow us to nurture and expand new core businesses. We will strengthen and expand the functions of the two companywide committees, which are advisory bodies to the Management Council, in order to accelerate the reallocation of management resources in pursuit of companywide optimization.

One is the Global Innovation Promotion Committee. We will expand the functions of the organization, which has been

responsible for strengthening and promoting cross-functional capabilities with a focus on DX and innovation, to make it an organization that promotes businesses and initiatives that are the focus of the entire company.

The other is the Corporate Strategy Promotion Committee. In the past, this organization was in charge of planning and promoting medium-term management plans, but we will add the function of analyzing and proposing optimal allocation of management resources, taking into account changes in the social environment and the Company's portfolio as a whole.

Reallocation of management resources across business units



Message from the Chief Administration Officer

We seek to create new value by producing talents who can compete on the global stage.



Takayuki Seishima
 Representative Director,
 Senior Managing Executive Officer,
 Chief Administration Officer
 and Chief Compliance Officer

Goals for our human resources strategy

In medium-term management plan “SHIFT 2023,” we will promote a proper job rotation in conjunction with rebuilding our business portfolio. Specifically, we will pursue the allocation of the right talents to the right places that is in line with the approach of each Strategic Business Unit (SBU), after close consultation and discussion with each organization. We will also strategically allocate talents to business fields where market growth can be expected and where we can fully demonstrate our strengths. To effectively implement this shift of talents, enhancement of our human resources management is essential.

In our previous plan, Medium-Term Management Plan 2020, we established “Diversity & Inclusion: Make diversity a source of competitiveness” as the basis for our human resources strategy, and since then, we have put some measures into practice to achieve further Diversity & Inclusion. We believe that accepting and leveraging diverse perspectives and

ideas for new value creation is the key to succeed in this dynamic, changing world.

Additionally, after detailed discussions that involved overseas regional organizations, we established the Global HR Management Policy in 2020. This policy sets forth our basic approach to human resources management around the world. Our aim is to become an organization that can expand the number of individuals capable of creating new value in the global area across the entire Group.

Within the policy, we defined our goals as “SC people” and “SC organization.” As to “SC people,” we aim to be a group of individuals “creating new value on a global scale, sharing the Sumitomo Corporation (SC) Group’s vision and mission, and maintaining high aspirations and a continuous intrinsic motivation with an Enterprising Spirit.” As to “SC organization,” we aim to build a Great Place to Work on a global scale, where individuals continuously and passionately create new value. We aim to be an organization recognized for nurturing talents that continuously take on new challenges throughout the world.

In order to survive in the global competition, we need to speedily achieve the vision established in our policy. But at present, I recognize that some organizations in our company are still far from doing so.

We cannot aim to become a strong organization without strong individuals. In other words, we must first achieve our goal as “SC people.” To do so, all our employees need to obtain and enhance world-class expertise and professionalism, and to become “true professionals” who can create new value continuously.

I believe that expanding our pool of these “true professionals” is an urgent matter. And with this talent pool, we can advance toward becoming the “SC organization” we aim to be.

In addition to these goals, the policy aims to realize the following key concepts with regards to human resources management: Diversity & Inclusion; right talents to the right places on a global basis; autonomous growth of individuals; fair treatment according to performance; and enhancing our people management capabilities. These concepts may seem to be “obvious” at first glance, however, accumulating such “obvious” practices over the course of our daily business activities would definitely create a corporate culture and climate that fosters first-class professionals. A firm core is indispensable as we aim to cultivate both the ideal individuals and the ideal organization. With these “obvious” practices serving as our compass, we will implement the human resources management that looks ahead at the next 100 years.

Toward the reform of human resources management

In April 2021, we introduced a new human resources system as one measure for embodying “What We Aim For” as clarified in our Global HR Management Policy, which is our ideal form of

human resources management.

As noted above, there is an urgent need for us to expand the pool of talents who can be considered true professionals. By operating the new human resources system, we aim to secure and develop top-tier professionals in various fields.

For example, based on the concept of “Pay for job, Pay for performance,” we introduced a job grading system for all managers that enables us to terminate seniority-based management. More closely than ever, it links job significance and performance to compensation.

Revamping the evaluation system to one which is based on more interactive discussions between supervisors and subordinates, will promote human resources management that maximizes the potential of each individual according to their aptitudes and strengths. (▶ Refer to p. 51)

In terms of global HR management, we have so far worked on implementing succession planning, the Global Mobility Policy, and a global human resources database. Now that Sumitomo Corporation Japan has introduced a job grading system which is already commonly applied overseas, this job grading system as well as our conventional efforts will provide us with a common foundation and approach for promoting the strategic allocation of talents across regions and countries, on a global consolidated basis. (▶ Refer to p. 52) By accelerating this movement, we strive to achieve our goal of allocating the right talents to the right places on a global basis. No matter how good our strategies are or how well we design our jobs, without the right personnel to fulfill them, we will not be able to implement those strategies.

SHIFT 2023 aims to promote the reform of human resources management in a way that will enhance the world-class capabilities of each individual. And we believe this reform would be a driver for an early return to growth trajectory. To face our business environment and the ever-changing world, we have taken the first step to embed in our organization a new pattern of HR ideas and actions that are not bound by conventional values.

For details on the Global HR Management Policy, please visit our corporate website.
<https://www.sumitomocorp.com/en/jp/about/talent/policy>



Direction of HR management reform and initiatives

To achieve the ideal vision for its human resources strategy, Sumitomo Corporation will, throughout the Group, augment the number of human resources who can continue to grow autonomously, refine their professionalism, and challenge for generating new value globally.

New human resources management system for growth and vitality

In April 2021, Sumitomo Corporation Japan began operating a new human resources management system. We will remove restrictions and unleash the energy of individuals brimming with motivation and ambition. We will then channel their strengths into sustainable growth for the Group through human resources management that is both highly transparent and satisfying.

— Introducing a job grading system

We have abolished seniority-based management at the manager level. Instead, we have introduced a new job grading system whereby grades are determined in accordance with the significance of the job. We will focus on the expertise and skills required for each job and make those requirements clearer than before. We will strive to allocate the best talent in optimal place. The new system will link duties and results to compensation more strongly than ever.

This kind of job-focused human resources management will maximize organizational performance by enabling a highly agile allocation of human resources and revitalizing human resources of all generations, from younger to more senior employees. Besides management job groups that are responsible for organizational management, we will establish expert job groups that demonstrate high levels of creativity and expertise. We will do so as part of our efforts to pursue professionalism in line with the increasingly sophisticated business environment.

— Evaluation system for promoting autonomous growth of individuals

In these revisions, we have revamped the evaluation system and human resources development system. As well as creating opportunities for taking on diverse challenges through business strategies, we will provide a fruitful human resources

Measures to enable autonomous career development

Evaluation system	Introducing 360-degree evaluation
	Introducing absolute evaluation
HR development	Career assessments
	Open recruitment system
	Expansion of rotations
	Diverse training programs

development programs. In this way, we will support individuals' autonomous career development according to each person's strengths and aptitudes.

Key factors in the new evaluation system are the introduction of "360-degree evaluation" and "absolute evaluation." These will enable us to work more productively than ever with individuals who possess various strengths and aptitudes. Furthermore, by bolstering our review of individual career trajectories, experience, aptitudes, and challenges through "career assessment," which we have been conducting conventionally, we will stimulate the growth of both the organization and the individuals within it.

In addition to above, we will harness the potential of each individual to the fullest, and will promote the development and creation of top-tier professionals in numerous business fields by utilizing all the human resources development tools we have developed thus far: open recruitment system, job rotation, trainee system, and training programs.

We will also introduce an assessment of how much degree each SBU, which is the strategic unit established in SHIFT 2023, has executed its strategy. The aim is to reinforce the commitment "we all have a role to play" toward fulfilling the strategies of the SBUs. We will boost our commitment to creating new value and successfully enhancing value through evaluations based on post-investment performance.

For further details on HR development, please visit our corporate website.
<https://www.sumitomocorp.com/en/jp/about/talent/development>



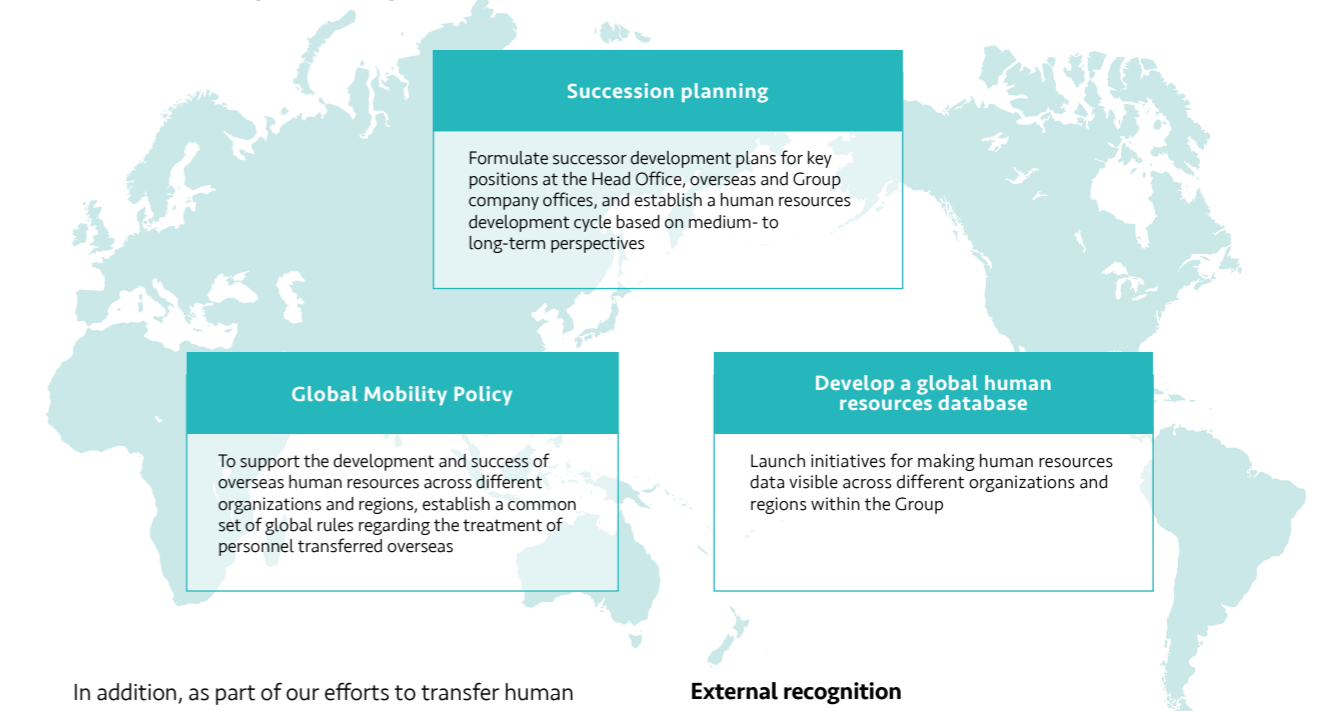
The allocation of right talents to the right places on a global basis: Diversity & Inclusion

By revising the job grading and evaluation systems, we aim to develop a platform for global Diversity & Inclusion that will enable us to allocate the right talents to the right places worldwide. With this procedure, we will achieve optimal allocation of human resources, which transcends the boundaries of countries and regions. It will fulfill the needs of our business strategy and revitalize both our human resources and organizational strength.

— Promoting strategic personnel shifts and rotations

We are promoting our allocation of human resources and development of management personnel across business units and regions through succession planning for key positions in our global consolidated management, from the perspective of allocating the right person in the right place. As measures for encouraging members of regional offices to work beyond national borders, we are making efforts to apply our Global Mobility Policy and develop a global human resources database.

Platform for HR management on a global basis



In addition, as part of our efforts to transfer human resources across business domains, we have since 2018 been promoting the strategic allocation of such resources to growth domains including DX-related businesses. In SHIFT 2023, we will make more dynamic efforts to transfer human resources across business units in accordance with reviews of our companywide business portfolio.

External recognition



— Promotion of women's empowerment

Sumitomo Corporation considers the promotion of women's empowerment to be one of the most important issues for Diversity & Inclusion in Japan. Accordingly, it has set out to achieve the following goals by FY2030 and is implementing various measures to attain them:

- Increase the proportion of female management to 20% or more
- Increase the proportion of female department manager positions to 10% or more
- Increase the proportion of female directors and corporate auditors to 30% or more

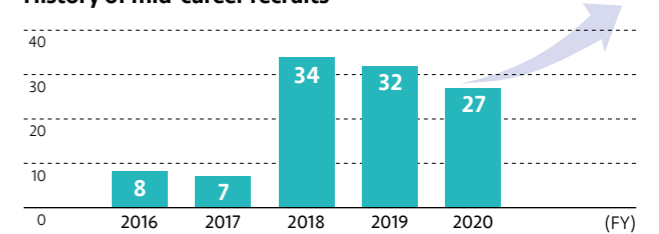
Specifically, we are taking the initiative to strengthen our recruitment capabilities by providing examples on active participation of women and reviewing our recruitment methods and processes, in addition to expand systematic human resources development through succession planning. At the same time, we are promoting improvements to our infrastructure and environment that enables women to take on the challenge of career development without hesitation, and we are continuously encouraging the change of mindset within the Company.

— Expansion of mid-career recruiting

In our next-generation recruiting strategy, we will enhance mid-career recruitment. The emphasis will be on specialization and accelerating the development of top-tier professionals in various business areas. As well as recruiting new graduates, we are actively pursuing mid-career recruitment of young career professionals. In that way, we can secure and develop human resources with high potential.

Through these actions, the Sumitomo Corporation Group will continue to build a vibrant and diverse human resources portfolio by promoting women's empowerment and strengthening mid-career recruitment.

History of mid-career recruits



Direction of HR management reform and initiatives

Health management and work style reforms

The Sumitomo Corporation Group is promoting health management and workstyle reforms. These are part of its efforts to create an environment in which diverse individuals can exercise their full potential.

In regard to health management, in September 2018, we formulated the Declaration of Iki-iki Waku-waku Health and Productivity Management based on the belief that physical and mental health are the most important factors for employees to maximize their performance and sustain the creation of new value. Since 2017, we have been recognized as a “White 500 company” for five consecutive years. We will expand our health management measures furthermore.

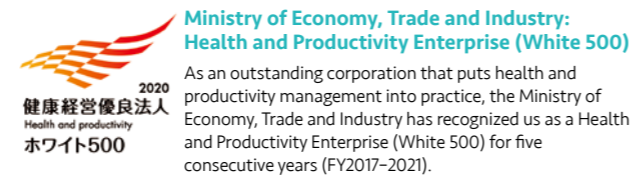
In terms of workstyle reform, we introduced the telework and “super flex” systems in November 2018. In 2019, we implemented an initiative called WorkStyle Transformation 2019: its goal is to popularize new workstyles by using the two systems.

Through these preparations, we have developed a system that can respond flexibly to various changes in the working environment. As COVID-19 was spreading around the world in March 2020, the Group was able to smoothly transition to a telecommuting system for all employees. We will continue to promote workstyle reforms with respect to the new normal of the post-COVID-19 world.

We would motivate every employee to design his/her

work style through flexible way of working where employees strive to combine the best aspects of in-person and remote work. This would make ongoing efforts to strive for further improvements of organizational and individual performance through re-organization of work environment where the company and employees could autonomously manage the organization.

In recognition of these efforts, we were selected as one of the Top 100 Telework Pioneers by the Ministry of Internal Affairs and Communications (MIC) in 2019 and received the Minister of Health, Labor and Welfare Award for Telework Promotion Companies (Telework Awards) in 2020.



Ministry of Economy, Trade and Industry: Health and Productivity Enterprise (White 500)
As an outstanding corporation that puts health and productivity management into practice, the Ministry of Economy, Trade and Industry has recognized us as a Health and Productivity Enterprise (White 500) for five consecutive years (FY2017–2021).



Ministry of Internal Affairs and Communications: Top Hundred Telework Pioneers
In FY2019, we were selected by the Ministry of Internal Affairs and Communications as one of the Top Hundred Telework Pioneers. The Top Hundred Telework Pioneers is announced by the Ministry of Internal Affairs and Communications and consists of those companies and organizations promoting the introduction and utilization of teleworking that have put together a solid track record.

Message from an Outside Director

Encouraging More Active Involvement of Women in Business within Sumitomo Corporation

Kimie Iwata, Outside Director



As well as women in career-track positions, Sumitomo Corporation has many women employed in clerical positions who are just as talented. They are now able to continue working after having given birth, but there are limits to their job scopes and promotions owing to their positions as clerical employees.

Going forward, it is necessary to let women have opportunities to widen their job scopes and experience work of high difficulty regardless of whether they are career-track or clerical employees. There is also the issue of overseas transfers, which is a particular feature of trading companies. Our company policy is to assign transfers only with the employee’s

agreement. However, the two aspects of transfers—one that benefits the employee’s development and another that makes balancing family life difficult—affect both men and women, and it is necessary to tackle these challenges.

Toward promoting the active involvement of women in business, Sumitomo Corporation has established and announced the proportions of women in three categories: directors and corporate auditors, general managers, and managers. Those targets were determined through discussions by the Board of Directors, which will track progress and provide necessary advice toward achieving the targets.

Messages

Sumitomo personnel with high aspirations and an enterprising spirit taking up the challenge of creating new value

Becoming Vice President of the authorized Toyota Dealer in Bangkok has allowed me to experience the sense of responsibility and fulfillment in setting the right course for the company.



For more than 10 years after joining the Company, I was involved in the automotive sales and marketing business, including being dispatched to automobile manufacturers (Hino Motors, Ltd. and Toyota Motor Thailand Co., Ltd.) twice. In April 2021, I became Vice President of a company engaged in automobile sales and service in Bangkok and President of the holding company at the age of 33. Through this new experience in a senior management position, I have been reminded of the sense of responsibility and mission of doing my best to have everyone, including customers and employees, value our company. It’s not easy, but I feel the fulfillment in determining the course that the company should take and rise to challenges while demonstrating leadership to our roughly 400 employees.

Moriyuki Fukui, President, Summit Auto Management (Thailand) Co., Ltd., Vice President, Toyota Summit Co., Ltd.

I will demonstrate leadership as General Manager of the Overseas Real Estate Business Department.



During my more than 25 years with the Company, I have worked on condominium development, operation and development of retail facilities and offices, and real estate fund management. For a time, I was also in charge of business development and corporate planning at Sumitomo Corporation Middle East FZE in Dubai. Since April 2021, I have been in charge of the real estate business, primarily in the United States and Asia as General Manager of the Overseas Real Estate Business Department at the Head Office. At Sumitomo Corporation, we have diverse human resources who are playing active roles globally regardless of gender. I will demonstrate leadership within this diverse environment to further grow the business, leveraging our strengths while addressing the needs of society.

Minako Sakuma, General Manager, Overseas Real Estate Business Department

As a special subsidiary, we contribute to the development of the Sumitomo Corporation Group through daily operations together with employees who have disabilities.



Sumisho Well Support Co., Ltd. has 56 employees, 39 of which have disabilities. The company offers a workplace where those with disabilities can work long term with peace of mind. Employees with disabilities take the lead in performing work such as simple office tasks and light work entrusted by Sumitomo Corporation and group companies. During the COVID-19 pandemic, personal computers were loaned out to all employees starting in October 2020, and through training and practice, they are now able to hold meetings and engage in telework from home. In addition, we are working to improve our skills by having multiple employees acquire computer-related qualifications in the aim of personal growth and independence. All employees, including myself, go about our work with pride that we are contributing to the development of the Sumitomo Corporation Group through our jobs.

Koichi Shikata, Chief Administration Officer, Sumisho Well Support Co., Ltd.

Please visit the Sumisho Well Support website to view videos demonstrating employees working in a vigorous and lively fashion. (In Japanese only)
<https://sumisho-sws.com/>

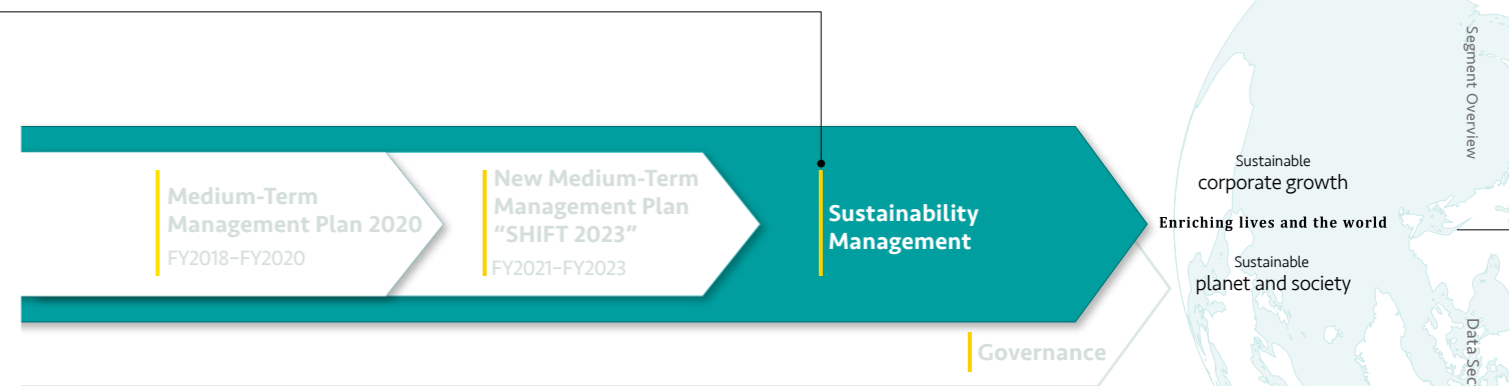




Part 3

Sustainability Management

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Message from the Chief Strategy Officer

We will enhance sustainability management as a growth strategy for achieving a sustainable society.



Hideki Yamano
Representative Director, Senior Managing Executive Officer, Chief Strategy Officer and Chief Information Officer

Growth strategy and sustainability management

Sustainability management involves both “sustainable corporate growth” and “contribution to the development of a sustainable society.” I believe that future corporate activities should combine the two as a single initiative. Companies can demonstrate value creation story over the long term by anticipating future changes in the business environment and realizing those two pursuits together.

How can we achieve both the Group’s growth strategy and a sustainable society, and how can we pursue our value creation? In formulating the Sumitomo Corporation Group’s new medium-term management plan, which went into effect in FY2021, we had many serious debates. With the new plan later named as SHIFT 2023, we have come to the conclusion that it is essential to closely link the sustainability more to our business activities, and reflect it in allocation of our management resources to each initiative, rather than position sustainability as a fundamental concept when pursuing the plan. We intend to enhance the sustainability management we have thus far promoted and will explain the details later.

Sumitomo’s Business Philosophy, the basis of our sustainability management

Before discussing the initiatives included in SHIFT 2023, I would first like to summarize the history of the Sumitomo Corporation Group’s sustainability management efforts.

In common with other Sumitomo Group companies, we have inherited and passed down Sumitomo’s Business Philosophy over the years. Within Sumitomo’s Business Philosophy, there is the idea of “Benefit for self and others, private and public interests are one and the same.” This phrase expresses the notion that Sumitomo’s businesses must go beyond benefiting Sumitomo itself to also benefit the nation and society. It emphasizes the importance of being in harmony with the public interest, and I trust, this is exactly what sustainability management signifies today. Throughout its approximately 400-year history, the Sumitomo Group has used those values as a compass in striving to manage business in a way that aims for economic gain and in accordance with its mission of contributing to the public interest and public benefit. The Group has done so while dealing with social issues and flexibly responding to changes in the business environment.

Society today faces most pressing challenges for survival, including climate change, biodiversity loss, depletion of natural resources, and human rights violations. Overcoming these issues and returning society to a path of sustainable development is a challenge for the whole world. Companies are being strongly required to take proactive roles in addressing these problems.

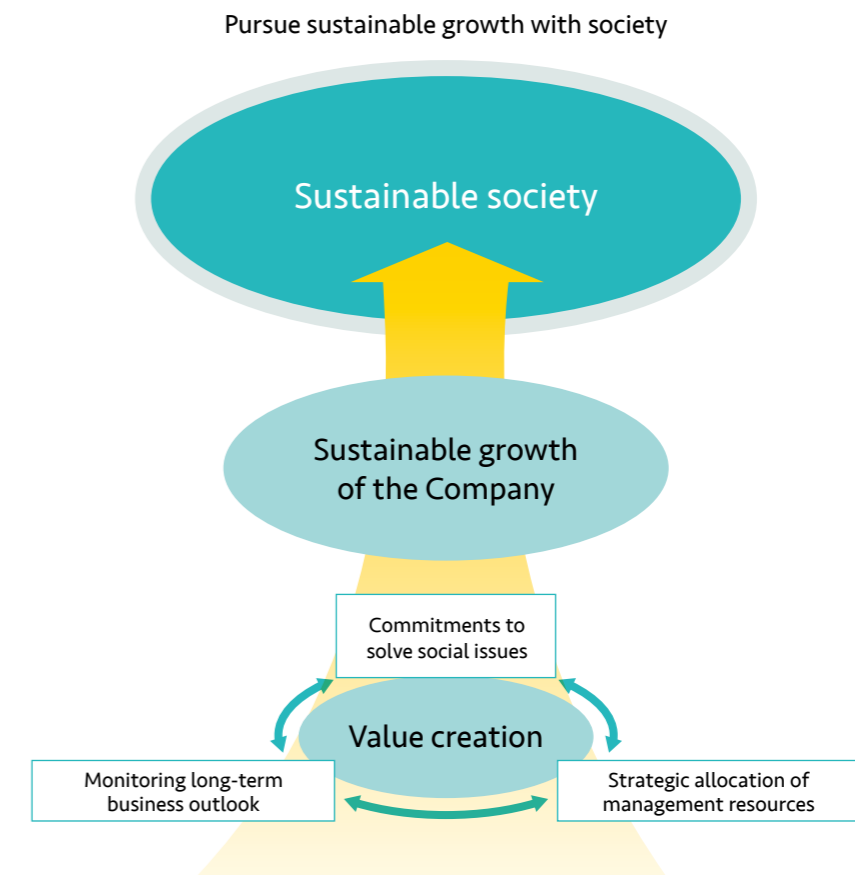
In such an era today, I believe it is essential for us to embody Sumitomo’s Business Philosophy in our management. I am confident that companies that are committed to a medium- to long-term approach to solving social issues and pursuing an ideal society as Sumitomo has done, could seize more business opportunities, decrease the risk inherent in their corporate management, and achieve sustainable growth for their corporate value.

Striving for further advancement and our SHIFT 2023 initiatives

In recent years, the Sumitomo Corporation Group has been working to contribute to solve social issues through its businesses, with an essential management theme, “the achievement of a sustainable society.”

In FY2017, the Sumitomo Corporation Group identified six material issues that we should address with priority to achieve sustainable growth together with society. Since then, we have been advocating and putting into practice sustainability management. The initiative of such management is achieving sustainable growth with society by placing those material issues at the core of our management decisions. We are always

Sustainability management at the Sumitomo Corporation Group



Message from the Chief Strategy Officer

mindful of keeping those issues consistent with individual business strategies. (▶ Refer to p. 9)

Since FY2020, we have also been promoting the enhancement of sustainability management. Specifically, among the social issues the world is tackling, we identified six key social issues that are especially relevant to the Group's business activities. We have formulated long-term goals to contribute to resolving each of those issues.

In FY2021, aiming to further accelerate the Group's sustainability management, we launched measures linked to new medium-term management plan "SHIFT 2023" as mentioned at the beginning of this message.

I believe that while sustainability initiatives should be promoted over the long term, it is also important to steadily achieve tangible progress at the outset. Thus, at the same time as we began SHIFT 2023, we set corresponding medium-term goals to underpin the actions we would take to address key social issues. We also established KPIs and KAls to confirm the progress made on initiatives within business units. (▶ Refer to p. 63)

In terms of the Group's growth strategy, SHIFT 2023 will also promote strategic allocation of management resources in anticipation of new business opportunities that will emerge in developing a sustainable society, such as with carbon neutrality and circular economy. For example, the areas for our next-generation growth fields, which are aimed at establishing future core businesses, were selected based on social demand for sustainability. (▶ Refer to p. 39)

For companies, social issues could be both opportunities and risks in the medium to long term. The sustainable growth of companies will depend on how well they are able to gain business opportunities ahead of time amid a changing business environment. It will also depend on how they can manage risks while recognizing and assessing them. Such discernment and risk management capabilities are at the heart of an integrated trading company's business model. We will continue to develop a business portfolio that balances tackling social issues with economic rationality by enhancing sustainability management.

Strengthening governance in sustainability management

I would like to continue a little more about risk management. Social issues related to sustainability bring changes in markets and needs; they have various impacts on us as a company that

globally operates a diverse array of businesses. For the Group to grow together with society, it is essential to understand both the positive and negative impacts on our businesses and supply chains and to make the requisite management decisions.

To that end, we are undertaking efforts to further enhance governance in our business activities. Besides managing financial indicators, under SHIFT 2023 we will take firm steps to achieve our long- and medium-term goals for key social issues (non-financial indicators) by implementing the PDCA cycle to confirm the progress of our action plans periodically.

To appropriately manage the risk of our activities having a serious impact on society, we are enhancing the screening process for new investment projects and post-investment monitoring with ESG factors in mind. We have put a system in place to ensure that management is closely supervised by the Management Council and the Board of Directors through the Management Council's advisory bodies.

Focusing on climate change and human rights

Climate change and human rights are two social issues we have been called upon to address over the course of our business development. The Sumitomo Corporation Group has incorporated those areas into its set of key social issues we should tackle, and we have been striving to manage



opportunities and risks with practical and effective measures.

Climate change will have a wide-ranging impact on our business activities through natural disasters, shifts in the supply and demand of energy, and changes in various production technologies and lifestyles. In May 2021, the Group announced a review of its Policies on Climate Change Issues to accelerate the reduction of carbon footprint. To achieve our current long-term goals of becoming carbon neutral in our business activities by 2050 and striving to achieve a sustainable energy cycle, we have set medium-term goals to reduce the Group's CO₂ emissions by at least 50% by 2035 (compared with 2019), and to create businesses that will serve as the foundation of a sustainable energy cycle for society. (▶ Refer to p. 65)

Moreover, under SHIFT 2023, we have launched a new business development framework. It is the Energy Innovation Initiative (EII) aims to dynamically pursue new business opportunities brought about by changes to the social structure in the next-generation energy field. (▶ Refer to p. 67)

In recent years, there has also been growing attention to the theme of "business and human rights." Governments and companies around the world have been cooperating to protect the rights of all people involved in business supply chains.

Accordingly, we have set a long-term goal to "Respect human rights through all of our businesses and supply chains." We have also begun taking action toward achieving our medium-term goals in this regard, which involve promoting and ensuring respect for human rights in accordance with the United Nations Guiding Principles on Business and Human Rights (a global standard for business and human rights) and the Sumitomo Corporation Group's Human Rights Policy, ensuring a safe work environment, and achieving a diverse organization grounded in mutual respect. (▶ Refer to p. 69)

Enhancing information disclosure and dialogue with stakeholders

We are aware that the Group's activities have an impact on shareholders, business partners, employees, and community residents near our businesses. Besides, our activities could affect the lives of people and societies around the world. We are fully aware of the magnitude of this influence and recognize that it is essential to put effort to gain the understanding and trust of wide-ranging stakeholders with respect to our Group's corporate practices, not just only act in

accordance with our own principles and decisions. To that end, it is of the utmost importance that we provide timely, transparent information on our management philosophy and growth strategies, the opportunities and risks we face, and both the positive and negative impacts of our business activities on society. We need to forge trust-based relationships through dialogue with our various stakeholders.

In accordance with its basic policy of proactively disclosing non-financial information, we expressed our support for the final recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) in March 2019, and started information disclosures in line with the recommendations in the ESG Communication Book, which is updated annually.

In January 2021, we also expressed our support for Stakeholder Capitalism Metrics*, which were released by the International Business Council (IBC), a subordinate organization of the World Economic Forum, which hosts the Davos Forum. Starting in FY2021, we will disclose information based on those metrics as well and expand our non-financial information disclosures.

We will continue to strive to communicate with our stakeholders so that they can gain a deeper understanding of our business activities. We will incorporate the valuable feedback we receive through such dialogue to continue enhancing the sustainability management of the Sumitomo Corporation Group.

* Stakeholder Capitalism Metrics: A set of universal and comparable disclosures consisting of 21 core metrics and 34 expanded metrics focused on people, planet, prosperity, and governance.

For disclosure information in line with the Stakeholder Capitalism Metrics, please see the latest ESG Communication Book.



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

Sustainability management structure

We are developing a system by which to steadily promote sustainability management so as to continue achieving sustainable growth with society and creating the value society needs.

Promoting sustainability management

The Corporate Sustainability Department is in charge of the planning and promotion of Sumitomo Corporation's sustainability-related initiatives. The department ensures that sustainability is implemented groupwide by coordinating with the general managers and other relevant staff of each business unit's Planning & Coordination Department, who are responsible for promoting sustainability within each business unit, and with the staff of relevant corporate departments and overseas regional organizations.

The Corporate Sustainability Committee operates as an advisory body to the Management Council, reporting and referring important sustainability-related initiatives to the Management Council and the Board of Directors. This system ensures that sustainability promotion is subject to decision by the Management Council and supervision by the Board of Directors.

In June 2020, as part of enhancement of sustainability management, the Sumitomo Corporation Group selected six key social issues closely connected to its business activities and adopted associated long-term goals. And in May 2021, we also established medium-term goals.

We will continue steadily promoting sustainability management so as to continue achieving sustainable growth with society and creating the value society needs.

As indicated on the page at right, through risk management aligned with the specific characteristics and circumstances of each business, we will continue working to improve the level of social and environmental risk management across the Sumitomo Corporation Group's diverse range of business operations.

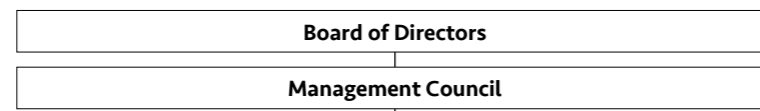
Initiatives to address climate change issues

Addressing climate change issues is one of the most important challenges of sustainability management. In 2021, we reviewed our policies on climate change issues and put forth promotion of carbon neutrality in our business activities and next-generation energy initiatives as new goals. In addition, we continuously monitor the situation of companywide risks related to climate change, and are working to enhance information disclosure according to the TCFD's recommendations. These policies and measures take into account the risks and opportunities we face in relation to climate change as well as our responsibility as a corporation with respect to helping resolve climate change issues. After discussion and decision by the Management Council, they are implemented with the approval and under the supervision of the Board of Directors, which includes Outside Directors with a wide range of knowledge.

Board of Directors / Management Council involvement in mitigation of climate change

- Establishment of goals and action plans for key social issues
- Regular monitoring of major risks and thorough review/discussion of measures
- Establishment of system that enables to consider impacts on society and the environment before executing new investments and loans
- Support of the TCFD's final recommendations (March 2019) and IBC Stakeholder Capitalism Metrics (January 2021), as well as promotion of improved disclosure of financial and non-financial information related to climate change
- Setting "next-generation energy" as a growth strategy theme

Corporate sustainability system



Corporate Sustainability Committee

Discussion of relevant measures, and information sharing

Chairperson: Chief Strategy Officer

Members (General managers of each of the following Dept.):

- Planning & Coordination Dept. of each business unit
- Global Coordination Dept.
- Corporate Sustainability Dept.
- Human Resources Dept.
- Legal Dept.
- Financial Planning & Coordination Dept.
- Internal Auditing Dept.
- Investor Relations Dept.
- IT Governance & Administration Dept.
- Corporate Legal & General Affairs Dept.
- Finance Dept.
- Risk Management Dept. No. 1
- Corporate Planning & Coordination Dept.
- Corporate Communications Dept.

Secretariat: Corporate Sustainability Dept.

Social and environmental risk management as part of sustainability management

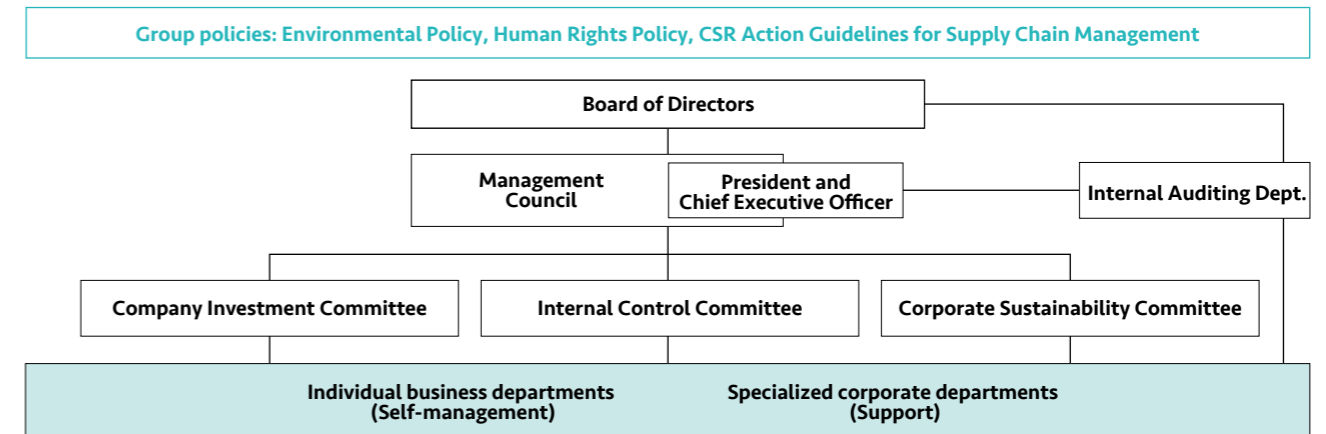
The Sumitomo Corporation Group has established a companywide framework to perform appropriate monitoring of the social and environmental impact of the Group's entire business activities. At the point of research for new investments, we ensure that the business is soundly managed and does not have serious impacts on stakeholders by using environmental assessment by an environmental consultant and assessment of human rights and labor issues by a law firm, considering the specifics of each business. As follow-up to the investment, the responsible business department and related corporate departments work together through dialogue with group companies to carry out regular monitoring from the viewpoint of the environment, human rights, labor management, the supply chain, and other aspects. If an issue arises, remedial action is taken in line with the specifics of the case. Internal audits that take into account special characteristics of the business are used to confirm that management operations are legally compliant and meet international standards on social and environmental issues. When a case relating to the impact of the Sumitomo Corporation Group's business activities is referred to by a local community, a non-governmental organization (NGO), or another stakeholder, we ascertain the facts and engage in dialogue and discussion toward improvement. If, as a result of

this process of review and monitoring of new investments, an important social or environmental issue is confirmed, the individual response is reported or referred for further discussion to the Management Council and the Board of Directors through the relevant internal committees.

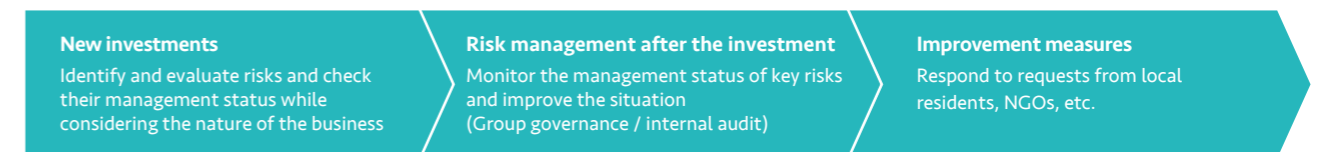
We are also working to further enhance the Sumitomo Corporation Group's social and environmental risk management system. We have established the Environmental Policy, Human Rights Policy, CSR Action Guidelines for Supply Chain Management, and other clear statements of Sumitomo Corporation's approach to social and environmental issues, and we are working to ensure that these policies are fully implemented throughout the Group.

In April 2020, we introduced an evaluation tool, which is a set of assessment sheets, used for checking social and environmental risks when an investment proposal is submitted. We use the assessment sheets to analyze whether there is a potential social or environmental risk in the new investment, for instance, whether the business involves hiring immigrant workers or requiring local residents to relocate or whether the business conducts unsustainable procurement or has an impact on climate change. Depending on the risk, the Corporate Sustainability Department may also participate in the discussion for making decisions on investments. This system ensures comprehensive management of the different social and environmental risks of each business.

Framework for social and environmental risk management



Risk management activities through companywide framework



Key social issues and medium- and long-term goals

We identified six key social issues and set long-term goals for realizing a sustainable society along with medium-term goals as our specific action plan.

Identification process

In FY2019, we launched an internal project team to enhance our sustainability management. Based on the characteristics of our business activities as an integrated trading company, the project team came up with hypotheses related to important issues deeply involving the Group and picked out several issues from the long list. At the same time, they conducted surveys and interviews with the general managers of each business unit and division concerning opportunities and risks related to social issues within the strategies and business activities of each organization based on the long list. They then analyzed the relationship of our businesses to each issue. Finally, after comparing their hypotheses with the survey results and organizing them into categories, the team identified six key social issues. The key social issues and long-term goals were decided in June 2020 after resolutions by the Management Council and the Board of Directors. We also decided on medium-term goals in May 2021. In this series of processes, opinions were exchanged with experts on the environment and human rights, institutional investors, international organizations, and others to verify that the expectations of our various stakeholders have been properly reflected.

Key social issues and medium- and long-term goals

	Key social issues	Long-term goals	Medium-term goals	Relevant SDGs	
Sustainability of society	Mitigation of climate change ▶ Refer to p. 65	Aim for carbon neutrality by 2050 and challenge to realize sustainable energy cycle	<p>Reduce the Group's CO₂ emissions 50% or more by 2035 (compared to 2019)</p> <ul style="list-style-type: none"> Reduce CO₂ emissions of the power generation business by 40% or more by 2035 (of which reduce 60% or more for coal-fired power generation business); power generation portfolio in 2035 to comprise 20% coal-fired, 50% gas-fired and 30% renewables*1 in terms of net ownership generation capacity. Reduce indirect CO₂ emissions*2 associated with the fossil fuel upstream business by 90% or more by 2035. Reduce CO₂ emissions in all other businesses*3. <p>Establish businesses that will form the foundation for a sustainable energy cycle in society</p> <ul style="list-style-type: none"> Develop hydrogen and other forms of carbon-free energy, increase supply of renewable energy (3GW or more by 2030)*4, and expand new power and energy services. Expand businesses encouraging electrification, fuel conversion, improved energy and coal efficiency, and energy conservation. Capture, store and utilize CO₂ via carbon recycling, forestry business, CCS, and emissions credit trading, etc. 		
	Circular economy	Sustainable use of natural resources	Shift to recyclable, efficient technologies and products	<p>Use renewable and recyclable raw materials, collect waste, and promote improved efficiency of product usage</p> <ul style="list-style-type: none"> Expand use of raw materials derived from recycled or renewable resources. Improve efficiency of product usage and expand businesses that promote longer product life (sharing, sales of used items, leasing, rentals, etc.). <p>Reinforce the sustainable procurement system for major natural resources used by the Group</p> <ul style="list-style-type: none"> Identify major natural resource-related commodities requiring sustainable procurement, establish procurement policy, promote certification, and strengthen voluntary auditing system. 	
			Respect for human rights ▶ Refer to p. 69	Respect human rights through all of our businesses and supply chains	<p>Promote and ensure respect for human rights in accordance with the United Nations Guiding Principles on Business and Human Rights and Sumitomo Corporation Group's Human Rights Policy</p> <ul style="list-style-type: none"> By 2023, achieve 100% participation rate in human rights education based on the Guiding Principles, and 100% implementation rate in regional organizations and subsidiaries. Strengthen risk analysis in human rights due diligence to accurately assess risks in all businesses, including the supply chain, and implement risk mitigation measures by 2025. Establish a more effective grievance mechanism*5 based on assessment results. <p>Ensure a safe workplace environment</p> <ul style="list-style-type: none"> Strengthen efforts to achieve zero accidents at major business workplaces, focusing on manufacturing, processing, and projects involving large-scale construction. <p>Achieve a diverse organization grounded in mutual respect</p> <ul style="list-style-type: none"> Provide a safe working environment that is free from discrimination and harassment. Promote human resource management that enables individuals to demonstrate their abilities regardless of nationality, age, gender, sexual orientation, gender identity, or any other attributes or values.
Development and evolution of society	Development of local society and economy	Contribute to development of local industries and human resources	<p>Develop local industries, create jobs, and develop human resources through the Group's global business operations</p> <ul style="list-style-type: none"> Promote sustainable, highly productive and value-added industries, and coexist with local communities through business. Create employment and develop management and highly skilled human resources at the Group's business sites. <p>Establish industrial and social infrastructure that contributes to the sustainable development of society</p> <ul style="list-style-type: none"> Promote infrastructure that enables access to high-quality energy, water, transportation, logistics, communications, and financial services, as well as businesses that enhance urban functions. 		
		Develop industrial and social infrastructure			
	Improvement of living standard	Provide advanced lifestyle-related services	<p>Deliver advanced lifestyle services that help to solve social issues such as urbanization and aging populations</p> <ul style="list-style-type: none"> Provide more advanced services and new functions that improve the standard of living, such as mobility, media and telecommunications, healthcare services, and smart city development, based on new technologies and concepts. 		
Quality education	Contribute to quality education	<p>Provide quality and equal learning opportunities through 100SEED*6 activities</p> <ul style="list-style-type: none"> Quantitatively expand the scope of learning opportunities. 100% satisfaction of beneficiaries. Continue to have at least 5% of all employees participate annually (scope is Sumitomo Corporation, regional organizations, and Group companies). 			

*1 As of 2020: coal 50%, gas 30%, renewables 20%
 *2 Indirect CO₂ emissions generated by others with the use of fossil fuel
 *3 Contribute to CO₂ reduction by setting targets for individual businesses
 *4 As of 2020: 1.5GW (1GW = 1 billion W)
 *5 A process that employees, local residents, or other stakeholders can use to lodge complaints regarding human rights violations and other issues related to enterprise's business activities including its supply chain, for resolving such issues
 *6 Social contribution projects with employee participation at the Sumitomo Corporation Group

Mitigation of climate change

Medium- and long-term goals on climate change issues

We consider mitigation of climate change as one of the important social issues for the realization of a sustainable society. We aim to help resolve various issues related to mitigation of climate change, including achievement of the goals stipulated in the Paris Agreement.

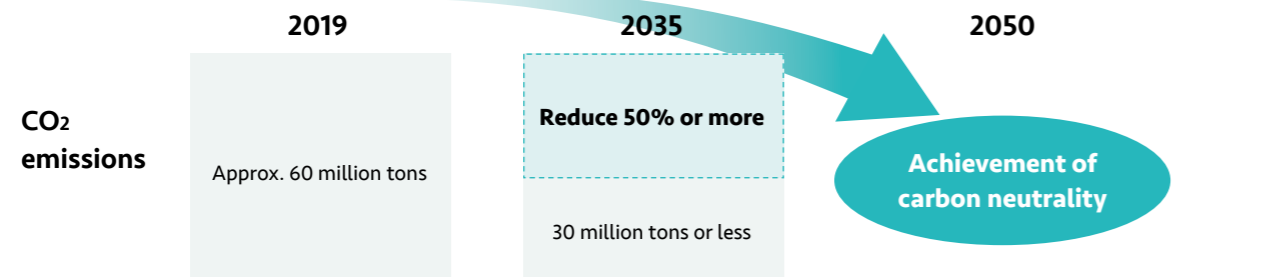
In June 2020, we announced our policy of realizing carbon neutrality in the business activities of the Group by 2050 and

contributing to carbon neutrality in society as our long-term goals ahead of the Japanese government's declaration for the realization of carbon neutrality by 2050. In our medium-term goals established in May 2021, we have identified the specific path we will take to reduce CO₂ emissions by at least 50% compared to 2019 by the interim year of 2035 on the way to achieving these long-term goals.

Going forward, we will monitor progress made toward achieving each goal and work to expand our disclosure of information to stakeholders.

Long-term goals	Aim for carbon neutrality by 2050 and challenge to realize sustainable energy cycle
Medium-term goals	<ul style="list-style-type: none"> Reduce the Group's CO₂ emissions 50% or more by 2035 (compared to 2019) Establish businesses that will form the foundation for a sustainable energy cycle in society

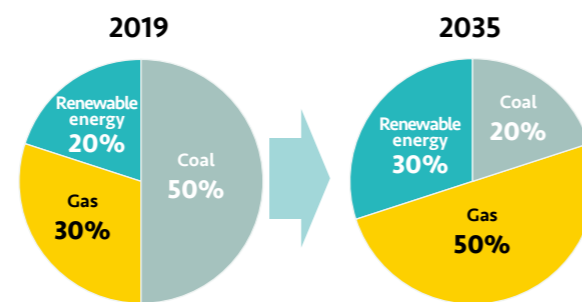
Sumitomo Corporation Group targets for reducing CO₂ emissions



Scope of carbon neutrality

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

Power generation portfolio (percentages of coal, gas, and renewable energy)



Review of policies on climate change issues for realizing carbon neutrality by 2050

We announced new policies on climate change issues along with our medium-term goals for key social issues. Under these new policies, we will have no further involvement in coal-fired independent power producer (IPP) or engineering, procurement, and construction (EPC) businesses, and we will end or withdraw from all coal-fired power generation businesses by the late 2040s.

As for our power generation portfolio, we clarified that we will accelerate the shift to a portfolio with a lower environmental impact. While reducing the percentage of coal-fired power generation businesses up to 2035, we will also steadily increase the percentage of renewable energy, which is our strength.

Our policy is to not make any further investment in the thermal coal mining interest and aim to achieve zero production from thermal coal mines by 2030.

Policies on Climate Change Issues

Basic Policy

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

Policy on Business Activities

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

*1 The scope of business targeted for carbon neutralization is as follows
 [Scope 1, 2] Direct CO₂ emissions from Sumitomo Corporation and its subsidiaries, as well as indirect CO₂ emissions from the generation of energy used by each company (however, for power generation businesses, emissions from those affiliated companies under the equity method are also included).
 [Scope 3] Indirect CO₂ emissions associated with the use of energy resources produced by fossil energy concession of Sumitomo Corporation Group, its subsidiaries, and affiliated companies under the equity method.

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

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

*4 As the only exception, we acknowledge the project of Unit 3 and 4 of Matarbari plant in Bangladesh, which is under discussion between the Bangladesh and Japanese governments, as a potential expansion project of the Unit 1 and 2 project which we participate as a contractor. We will judge the possibility of participating in the Unit 3 and 4 project based on dialogue with our various stakeholders and also after we confirm the project's consistency with the Paris Agreement (this will be the last project of coal-fired power generation business that we may have a possibility to consider).

Mitigation of climate change

Enhancing information disclosure based on TCFD recommendations

Climate change issues are vital issues that call for a united global approach to realize a sustainable society. Global trends to mitigate climate change have brought significant changes to the business environment surrounding companies, including the adoption of new technologies contributing to decarbonization in various industries and transformation of business models. In the midst of this backdrop, companies are being pressed strongly about what role they should play in mitigating climate change and how they should address business risks and opportunities related to climate change. Due to these circumstances, stakeholders are becoming more aware of climate change issues and emphasizing efforts to address the issues as an aspect of their evaluations of companies. We actively publish our policies on climate change issues and information related to our initiatives through our integrated report as well as our corporate website and our ESG Communication Book. In addition, we are working to further enhance information disclosure through opportunities for dialogue, such as ESG briefings.

Furthermore, recognizing the importance of disclosing information related to our initiatives to address climate change issues, we have been supporting the final recommendations of the TCFD since March 2019. We established medium- and long-term goals for mitigating climate change as a key social issue. In compliance with the framework recommended by the TCFD, including efforts such as reviewing various policies on climate change issues, we disclose relevant information on governance, strategy, risk management, and metrics and targets on our corporate website and in our ESG Communication Book.

Efforts to mitigate climate change are picking up steam worldwide, and governments and companies are coming up with plans and measures to achieve carbon neutrality earlier, being conscious of the target set forth in the Paris Agreement of limiting the global temperature rise to 1.5°C. Changes in the business environment related to climate change are expected to become more and more drastic. We will position our initiatives to mitigate climate change as the development of strategic business opportunities while promoting enhancement of risk management related to climate change. We will also conduct a more extensive analysis of our risks assuming various long-term changes in the business environment, including scenarios of rapid climate change mitigation and decarbonization of society, and disclose information related to those risks.

For the latest disclosures based on TCFD recommendations, please see our ESG Communication Book.



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

Develop new businesses for realizing a sustainable energy cycle

We established the Energy Innovation Initiative (EII), a new business organization that aims to create next-generation businesses that contribute to the realization of a carbon-neutral society, in April 2021.

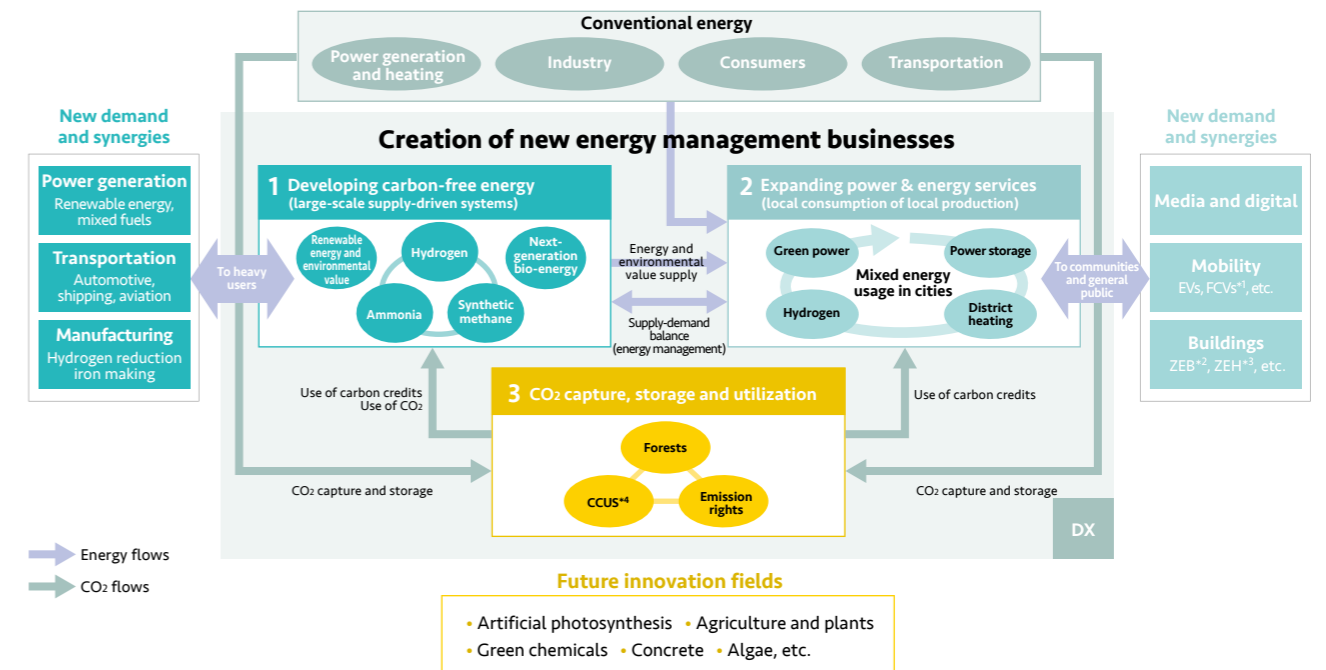
This organization aims to develop a decarbonization and recycling energy system and is engaged in cross-organizational efforts.

Specifically, these efforts are carried out in the three priority fields of “developing carbon-free energy” (such as hydrogen and next-generation bio-energy), “expanding power & energy services” (such as large-scale storage batteries and distributed power sources), and “CO₂ capture, storage and utilization.”

These three priority fields do not exist independently of each other but rather are interrelated, forming a single energy system. It will create new value by combining and uniting these fields. The EII calls this “the new energy management business” and is pursuing the creation of a next-generation business by combining related demand and synergy. The various projects of the EII include ones already commercialized and ones in different stages from field testing to social implementation. Work is underway to establish a sizable earnings base with 2030 as one possible target.

A business that creates and provides value that is truly needed by society is a business that is decidedly and highly resilient. We will take a medium- to long-term view and contribute to the realization of a carbon-neutral society.

Creation of next-generation businesses for a carbon-free, recycling-oriented energy system

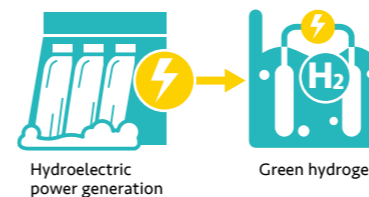


*1 FCV: Fuel cell vehicle
 *2 ZEB: Net zero energy building
 A building that aims to reduce the net annual primary energy consumption to zero
 *3 ZEH: Net Zero Energy House
 A house that aims to reduce the net annual primary energy consumption to zero
 *4 CCUS: Carbon dioxide Capture, Utilization and Storage
 Technology for capturing, effectively utilizing, and storing CO₂

Example of developing carbon-free energy

Green hydrogen production through hydroelectric power generation in Malaysia

Since launching the Hydrogen Value Chain Subcommittee in 2015, we have been building a global network and organizing projects with many partners. We are currently working on a feasibility study in collaboration with a Sarawak state government's investment agency and Japanese partner. We have begun hydrogen production in Sarawak for local consumption with a target of 2023, and we aim to build a system for producing and exporting hydrogen mainly to the Japanese market by 2030.



Hydroelectric power generation Green hydrogen

Example of expanding power & energy services

Green electricity platform business centered on distributed solar power sources

In April 2021, we invested in Singapore-based Sunseap Group Pte. Ltd. The company has a distributed solar power generation business with a net ownership generation capacity of approximately 220 MW, and boasts the top share of the Southeast Asian market. Leveraging Sunseap's know-how and the Sumitomo Corporation Group's customer base, we will promote a green electricity platform business.



Example of CO₂ capture, storage and utilization

Creation of new environmental value through utilization of forest resources in New Zealand and Russia

We have a timber and forestry business in New Zealand and Russia as our pillar. The scale of the forest assets that we manage and operate is outstanding among Japanese trading companies. We will contribute to the capture and storage of CO₂ through appropriate forest management that considers the environment. We are also working to create new value, including emission credits, making full use of our forestry business portfolio.



Respect for human rights

Human rights policy

Respect for human rights is essential for ensuring the sustainable growth of a business. In that regard, we have established the long-term goal of respecting human rights in all of our businesses and supply chains.

The Group declares in its Management Principles that it places prime importance on utmost respect for the individual. In 2020, we established the Sumitomo Corporation Group's

Human Rights Policy, which represents our commitment to respect human rights to fulfill our corporate social responsibility and to grow sustainably with society.

Our medium-term goal is to thoroughly instill respect for human rights in accordance with this policy, and we will strengthen risk analysis via human rights due diligence and implement measures to mitigate risk. We will also build a more effective grievance mechanism based on the results of an assessment of human rights risks.

Sumitomo Corporation Group's Human Rights Policy

Sumitomo Corporation declares in its management principles that it aims to be a global organization that contributes broadly to society and places prime importance on utmost respect for the individual. We will respect human rights to fulfill our corporate social responsibility, and pursue sustainable growth with society. Sumitomo Corporation became a signatory in 2009 to the "Ten Principles of the United Nations Global Compact", which advocates for values common to its own management principles, including those regarding human rights and labor. We also respect the "International Bill of Human Rights" and the International Labor Organization's "Declaration on Fundamental Principles and Rights at Work", and we operate in accordance with the "United Nations Guiding Principles on Business and Human Rights".

1. Scope of application

Sumitomo Corporation endeavors to ensure that all executives and employees within its group fulfill their responsibility to respect human rights. In addition, we encourage our suppliers and business partners to accept, understand and practice this policy so that we can work together to fulfill our social responsibilities, including respect for human rights in the relevant value chain.

2. Human rights due diligence

Sumitomo Corporation strives to identify and to prevent or mitigate any adverse impact on human rights through the application of human rights due diligence processes. Where we identify that our group's practices have caused or contributed to an adverse impact on human rights, we will endeavor to take appropriate remedial measures.

3. Compliance with relevant laws

Sumitomo Corporation will comply with national and regional laws and regulations applicable to its group operations. When those laws and regulations are incompatible with internationally recognized human rights, we will seek to employ measures to respect international human rights norms.

4. Stakeholder engagement

Sumitomo Corporation will seek to improve and progress human rights measures through engagement and dialogue with relevant stakeholders.

5. Education

Sumitomo Corporation will appropriately educate its executives and employees within its group in order to ensure that this human rights policy is understood and implemented effectively.

6. Reporting

Sumitomo Corporation will disclose appropriate information regarding its efforts to respect human rights.

Human rights due diligence

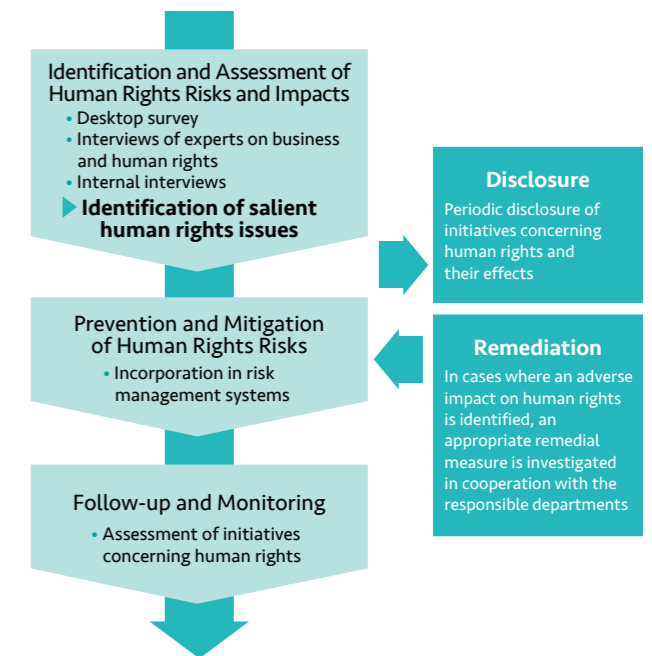
Based on the Sumitomo Corporation Group's Human Rights Policy, we began human rights due diligence in 2020 so that we can identify, prevent, mitigate, and account for how we address any adverse human rights impact that the Group business activities may cause or contribute to. This initiative is carried out via a process in line with international guidance such as the United Nations Guiding Principles on Business and Human Rights, the United Nations Guiding Principles Reporting Framework, and the Organisation for Economic Co-operation and Development (OECD) Due Diligence Guidance for Responsible Business Conduct. In FY2020, as the first step, we worked to identify salient human rights issues that should be prioritized in order to evaluate the impact of the Group's business activities on human rights and the related risks. As a result, we identified the eight issues below.

Going forward, we will prioritize the fields with the highest risk according to each of these human rights issues and review and execute a specific action plan to prevent and mitigate risks. We will continuously monitor initiatives to respect human rights that have already been implemented in individual businesses and periodically disclose the results. In addition, we will incorporate human rights risk assessments conducted on each business into the companywide risk management cycle, including supply chain management, and promote improvement efforts.

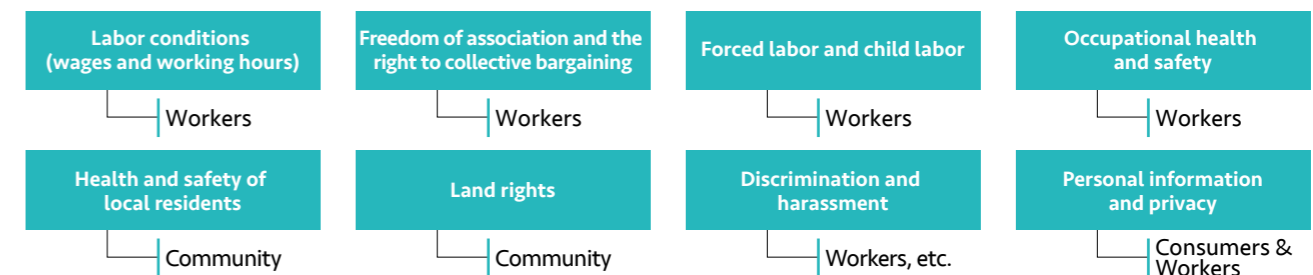
The social environment surrounding us is changing daily because of advances in digital technology, the spread of

COVID-19, and other events. In conjunction with this, the value chain situation and human rights issues in each business are changing on a daily basis. Through dialogue with stakeholders, we regularly check potential human rights issues and risks that may involve the diverse businesses of the Group and work to gain a more accurate and precise understanding of the situation.

Process of identification of salient human rights issues



Salient human rights issues



For further details on initiatives concerning respect for human rights, please see our ESG Communication Book. <https://www.sumitomocorp.com/en/jp/sustainability/report>





Part 4

Governance

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Corporate governance

Corporate governance principles

Sumitomo Corporation established the Sumitomo Corporation Corporate Governance Principles while keeping in mind that the backbone of our corporate ethics is in Sumitomo's Business Philosophy and Management Principles. The Sumitomo Corporation Corporate Governance Principles were established based on our view that the essence of corporate governance is improving management efficiency and maintaining sound

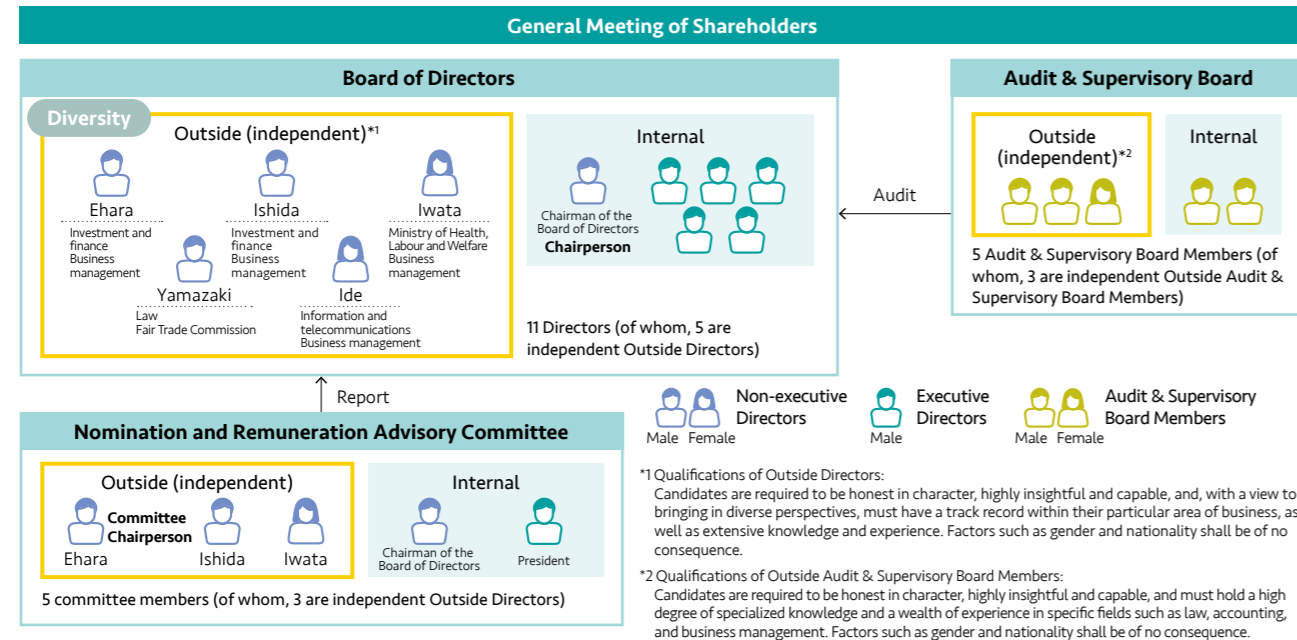
management, as well as ensuring management transparency to secure the first two. In line with the Principles, we seek constantly to establish the most appropriate managerial system for the Company and work to continuously improve our corporate governance to realize management that serves the interests of all stakeholders including shareholders.

System and features of corporate governance

Sumitomo Corporation, which has adopted an Audit & Supervisory Board system, seeks to ensure the effective supervision and monitoring of management through the appointment of Outside Directors and Outside Audit & Supervisory Board Members, who have an independent stance, and through the establishment of a Nomination and Remuneration Advisory Committee composed, in the majority,

of independent Outside Directors. Meanwhile, the introduction of an executive officer system and the establishment of the Management Council are among the measures designed to promote speedier and more efficient decision-making and execution of business as part of the effective corporate governance system we have worked to put in place.

Corporate governance system (Company with Audit & Supervisory Board)



Overview of corporate governance system (As of June 18, 2021)

Form of organizational structure	Company with Audit & Supervisory Board
Number of Directors	11 (of whom, 5 are Outside Directors); 1-year term
Term of Chairman of the Board of Directors, President and Chief Executive Officer, and Outside Directors	No more than 6 years, in principle
Number of Audit & Supervisory Board Members	5 (of whom, 3 are Outside Audit & Supervisory Board Members); 4-year term
Executive officers	Executive officer system adopted
Voluntarily established bodies as advisory bodies to the Board of Directors	Nomination and Remuneration Advisory Committee

Structures to enhance management efficiency and maintain sound management

Directors and the Board of Directors

Composition of the Board of Directors and appointment of Outside Directors

The membership of the Board of Directors is appropriate in numerical terms to facilitate adequate discussion and speedy and rational decision-making, and provides diversity in terms of experience, knowledge, specialism, gender, and other characteristics. Moreover, of the 11 Directors appointed, five must be Outside Directors to ensure appropriate decision-making from diverse perspectives and to further strengthen the

supervisory functions of the Board of Directors. Each Outside Director meets the independence criteria of Tokyo Stock Exchange, Inc. or other relevant body and the in-house rules on Standards for Appointment and Independence of Outside Directors and Outside Audit & Supervisory Board Members.

Each Outside Director possesses the experience below and is qualified to ensure that the Board of Directors makes appropriate decisions and further strengthen the supervisory function.

Reasons for appointing Outside Directors

Name/Reason for appointment	Term of office as Director	Expertise and experience					
		Business management	Investment	Finance	Legal affairs	Government body	Information and telecommunications
Nobuyoshi Ehara: Wide-ranging knowledge and a wealth of experience in finance and business management accumulated during many years of engagement in a major U.S. investment bank and the management of a private-equity firm.	5 years	●	●	●	—	—	—
Koji Ishida: Wide-ranging knowledge and a wealth of experience in finance and business management accumulated during many years of engagement in a major financial institution and past position as a member of the Policy Board at the Bank of Japan.	4 years	●	●	●	—	●	—
Kimie Iwata: Wide-ranging knowledge and a wealth of experience in business management, corporate governance, corporate social responsibility, and diversity accumulated in managerial and outside director positions for private companies, before which she served in a succession of key positions in the Ministry of Labour (currently the Ministry of Health, Labour and Welfare) over the course of many years.	3 years	●	—	—	—	●	—
Hisashi Yamazaki: Highly specialized knowledge and a wealth of experience in law accumulated over the course of many years as a judge and an attorney at law.	3 years	—	—	—	●	●	—
Akiko Ide: Wide-ranging knowledge and a wealth of experience in information and telecommunications, business management, and corporate governance accumulated during many years of engagement in a major telecommunications carrier, the management of a group company and a full-time audit & supervisory board member of the parent (holding) company.	1 year	●	—	—	—	—	●

Separation of roles between the Chairman of the Board of Directors and the President and Chief Executive Officer and limitation of their terms of office

To allow mutual checks and balances, the posts of Chairman of the Board of Directors and President and Chief Executive Officer are in principle separate and not to be held jointly by the same individual. The Chairman of the Board of Directors convenes meetings of the Board of Directors and presides over them as

Chairperson, and engages in external relations activities. Furthermore, the Chairman supervises management but does not engage in routine operations and has no representative powers. Additionally, the terms of office of the Chairman of the Board of Directors and of the President and Chief Executive Officer are in principle set at six years in each case. This is to exclude the potential negative influence on governance of long-term absence of turnover in senior management.

Corporate governance

— Improvement of deliberation and enhancement of monitoring function at the Board of Directors

Agenda items for the Board of Directors are carefully selected to promote more focused discussion of management policy and plans and other important matters of relevance to companywide management. In May 2020 the Board discussed which items should be taken up for more intensive discussion at meetings of the Board of Directors in FY2020 and reflected them in the subsequent selection of agenda items. To further strengthen its business execution monitoring functions, the Board receives reports from each business unit on the state of progress of its strategy and any associated issues, as well as its response to the issues, with the report followed by a discussion focusing on the relevant issues. The Board also periodically

Main discussion themes of FY2020 Board of Directors' meetings and its off-site sessions (important management topics and activities of committees)

Management plans
<ul style="list-style-type: none"> • Progress review and revision of Medium-Term Management Plan 2020 • Establishment of the new medium-term management plan "SHIFT 2023" • Regular reporting by business units (progress on strategy and the associated issues and response)
Human resources-related
<ul style="list-style-type: none"> • Revision of HR management system and promotion of women's participation and advancement in the workplace
ESG-related
<ul style="list-style-type: none"> • Enhancement of sustainability management • Policies on climate change issues and policies on related disclosures • Sumitomo Corporation Group's Human Rights Policy • Fulfillment of role by Outside Directors • Evaluation of the effectiveness of the Board of Directors: reports on results, improvement measures
Reports on committee activities
Compliance Committee, IR Committee, Corporate Sustainability Committee, etc.

monitors the state of business execution companywide, for instance by receiving reports on the activities of the main corporate committees and portfolio reports covering market fluctuation risk, country risk, and other concentration risks. Moreover, to further enhance the quality of its discussion, the Board of Directors holds off-site sessions for free and frank discussion of important management topics, including management policy and plans and issues in the ESG field.

Sustainability governance

The Board of Directors discusses and makes decisions on important policies and measures related to sustainability after they are discussed by the Management Council. It also receives regular reports on the activities of the Corporate Sustainability Committee, and engages in lively discussions and exchanges of opinions on important matters related to sustainability in off-site sessions. (▶ Refer to p. 61)

In regard to the issue of human rights, for example, in May 2020 the Board of Directors passed a resolution on the Sumitomo Corporation Group's Human Rights Policy. In addition, based on the United Kingdom's Modern Slavery Act 2015, the Board of Directors discusses and releases an annual statement on efforts to prevent slave labor and human trafficking within the Group and its supply chain. Furthermore, in regard to the issue of climate change, the Group announced its Policies on Climate Change Issues in 2019. In light of the increasing urgency of resolving the issue, the Group also revised these policies in June 2020 and May 2021 to accelerate its efforts. Moreover, the Group set medium-term goals for realizing the long-term goal of achieving carbon neutrality in its business activities by 2050. The Board of Directors discusses changes in society and swiftly change policies in response. The Board of Directors will also monitor progress on these medium-term goals at its meetings and in off-site sessions.

Evaluation of the effectiveness of the Board of Directors

To maintain and heighten the effectiveness of the Board of Directors, each year Directors and Audit & Supervisory Board Members analyze and evaluate its effectiveness through the use of self-evaluations and other means. We disclosed a summary of the results.

The evaluation of effectiveness of the Board of Directors and its results for FY2020 is summarized in the figure to the right.

Initiatives to further improve effectiveness of the Board of Directors (PDCA cycle)

Plan	Do	Check	Act
Main issues in FY2019 <ul style="list-style-type: none"> Further diversity in the composition of the Board of Directors More appropriate selection of agenda items Role and function of Outside Directors 	Main initiatives in FY2020 <ul style="list-style-type: none"> Discuss a skill matrix for members of the Board of Directors and its utilization Discuss agenda setting for the Board of Directors in FY2020 Discuss the role and function of Outside Directors 	Evaluation of effectiveness in FY2020 <ol style="list-style-type: none"> Evaluation method* Questionnaire (anonymous) to Directors and Audit & Supervisory Board Members, and interview with third-party consultant Evaluation process Report to the Board of Directors the results of the third-party consultant's analysis of the aggregated responses (May 2021) 	FY2020 evaluation results and action <p>Evaluation results</p> <ul style="list-style-type: none"> • The Board of Directors was found to generally function effectively. • The majority had a positive opinion, such as that they were able to spend enough time on topics that should be discussed more intensively as a result of setting the agenda based on the FY2019 evaluation of effectiveness. <p>Action</p> <ul style="list-style-type: none"> • In FY2021, we will continue striving to further enhance discussion on important management strategies and policies and work on items such as review of progress on the new medium-term management plan (including monitoring of allocation of management resources, business portfolio strategy, and measures related to sustainability management).

* Main evaluation items: (1) Appropriateness of agenda setting, (2) method of consensus building, (3) discussions based on changes in the business environment, (4) provision of information in advance, (5) fulfillment of roles by Chairperson, Outside Directors, and other Directors, and (6) overall evaluation, etc. Space provided for free comment.

Message from an Outside Director

Ongoing discussions in response to diversifying human rights issues

Hisashi Yamazaki, Outside Director



Today, the phrase "business and human rights" has become firmly established, and there are growing international requirements for companies to respect human rights. The Government of Japan formulated the National Action Plan on Business and Human Rights in October 2020. It did so in response to such initiatives as the United Nations Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises, and the International Labour Organization's Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy.

In advance of the Japanese action plan, we formulated the Sumitomo Corporation Group's Human Rights Policy in May 2020. Respect for human rights is a universal issue. The evident differences in various countries and regions led to difficulties in

formulating a human rights policy for our Group, which deploys businesses globally and has wide-spanning supply chains. The results of discussions at forums such as the Board of Directors are presented on page 69.

The risks related to human rights issues, which include work environments, discrimination, and harassment, are high, and they are subject to constant change. It is therefore necessary to steadily implement human rights due diligence as stated in our Human Rights Policy. At the same time, we need to heighten our sensitivity to risk and respond appropriately. We hope to continue discussions under SHIFT 2023 so that we can properly fulfill our corporate social responsibility regarding human rights issues.

Corporate governance

Training and information provision for Directors and Audit & Supervisory Board Members

On taking office, Outside Directors and Outside Audit & Supervisory Board Members have the opportunity to receive a briefing on areas including the Sumitomo Corporation Group's Management Principles, management policy, business activities, finances, organization, medium-term management plan, and risk management system. Additionally, Directors and Audit & Supervisory Board Members are provided with the opportunity to



Online observation in FY2021
In July 2021, Outside Directors and Outside Audit & Supervisory Board Members used VR equipment (360-degree camera and head-mounted display) to perform a remote visit to a retail operator and commercial facility business in the Group.

receive training from specialist outside organizations.

To deepen their understanding of Sumitomo's Business Philosophy, Outside Directors and Outside Audit & Supervisory Board Members, in principle, visit a Sumitomo-related facility during the first fiscal year of their term of office. In FY2020, there were no opportunities to perform observation overseas due to COVID-19, but in Japan we observed a real estate development area in the Kanda area of Tokyo.

Prior to every meeting of the Board of Directors, we give a briefing to Outside Directors and Outside Audit & Supervisory Board Members on the agenda items due for discussion.

Establishment of an advisory body to the Board of Directors

The Nomination and Remuneration Advisory Committee, which is composed, in the majority, of Outside Directors and chaired by an Outside Director, operates as an advisory body to the Board of Directors. The committee is charged with the following items and reports the results thereof to the Board of Directors: (1) Policy and procedure for the appointment and dismissal of the President and Chief Executive Officer; (2) Policy and procedure for the appointment and dismissal of the Chairman of the Board of Directors; (3) Nomination criteria for Directors and Audit & Supervisory Board Members; (4) Appointment and dismissal of the President and Chief Executive Officer (including nomination of successor); (5) Nomination of candidates for Director and Audit & Supervisory Board Member (including deciding Representative and Executive Directors); (6) Appointment of Management Council members; (7) System and level of remuneration and bonus payments for Directors and Executive Officers and remuneration range for Audit & Supervisory Board Members; and (8) Consultation on the advisor system. An overview of the activities of the Nomination and Remuneration Advisory Committee in FY2020 is provided below.

Overview of Nomination and Remuneration Advisory Committee activities

Composition of the Nomination and Remuneration Advisory Committee		Number of meetings/ Attendance rate	Main discussion items
Outside Directors	Nobuyoshi Ehara (Chairperson)	11/11 (100%)	<ul style="list-style-type: none"> FY2021 Director/Audit & Supervisory Board Member/Executive Officer HR management (Selection of Management Council members and allocation of human resources based on successor plan) FY2020 evaluations of individual Executive Officers Director/Audit & Supervisory Board Member/Executive Officer remuneration (Review of pay level/composition, performance-linked bonuses, stock-based remuneration) Handling of officer bonuses/remuneration based on forecast for FY2020 results
	Koji Ishida	11/11 (100%)	
	Kimie Iwata	10/11 (91%)	
Internal Directors	Kuniharu Nakamura	11/11 (100%)	
	Masayuki Hyodo	11/11 (100%)	

Management Council

Highest executive-level decision-making body

The Management Council is the highest executive-level decision-making body that takes into account diverse opinions and multifaceted discussions in regard to specific key matters related to management, within the scope of the

mandate conferred by the Board of Directors. The Management Council, which meets in principle once a week, consists of the President and Chief Executive Officer, all chief officers of the corporate group, and the general managers of each of the business units.

Audit & Supervisory Board Members and the Audit & Supervisory Board

Enhancement of auditing capabilities

The Audit & Supervisory Board consists of five members: two internal full-time members and three outside part-time members. It makes decisions on matters related to audit policy, methods of investigating company operations and the status of assets, and the execution of other duties of Audit & Supervisory Board Members. Each Audit & Supervisory Board Member audits the execution of duties by the Board of Directors as a Member of the Board of Directors and an Executive Officer (Representative Director) in accordance with various laws such as the Companies Act, the Articles of Incorporation, and in-house rules.

Candidates for Full-time Audit & Supervisory Board Member are required to be honest in character, highly insightful and capable, and must hold a high degree of specialized knowledge and a wide range of experience related to operations. Factors such as gender and nationality shall be of no consequence. Candidates for Outside Audit & Supervisory Board Member are required to be honest in character, highly insightful and capable, and must hold a high degree of specialized knowledge and a wealth of experience in specific fields such as law, accounting, and business management. Factors such as gender and nationality shall be of no consequence.

execution of their duties, asks them for explanations as necessary, inspects important internal authorization documents and examines the status of operations and the financial status regarding the head office and important operating locations. As for subsidiaries, each Audit & Supervisory Board Member promotes communication and exchanges of information with directors and audit & supervisory board members, etc. of subsidiaries, and receives reports on the subsidiaries' business as necessary.

The Audit & Supervisory Board Members' Administration Department has been established as a specialized organization to support the work of the Audit & Supervisory Board Members. The Audit & Supervisory Board Members participate in personnel evaluations and transfers and so on regarding these employees to ensure their independence from the Board of Directors.

Collaboration between the Internal Auditing Department and accounting auditors

To ensure audit efficiency, Audit & Supervisory Board Members interact closely with the Internal Auditing Department, receiving reports on internal audit plans and their results in a timely manner.

In addition, Audit & Supervisory Board Members exchange information with and monitor the auditing activities of the accounting auditors through regular meetings. By attending audit review meetings and observing inventory audits by the accounting auditors, the Audit & Supervisory Board Members constantly work to improve audit efficiency and quality.

Ensuring audit effectiveness

Each Audit & Supervisory Board Member attends important meetings such as the Board of Directors Meeting, receives reports from Directors and employees, etc. regarding the

Corporate governance

Remuneration of Directors and Audit & Supervisory Board Members

Executive remuneration system

Type of remuneration, etc.	Eligibility			
	Executive Directors/ Executive Officers*1	Chairman of the Board of Directors*2	Outside Directors*3	Audit & Supervisory Board Members*4
Fixed Monthly remuneration	●	●	●	●
Variable Performance-linked bonuses Restricted performance share unit-based remuneration	●	—	—	—
	●	●	—	—

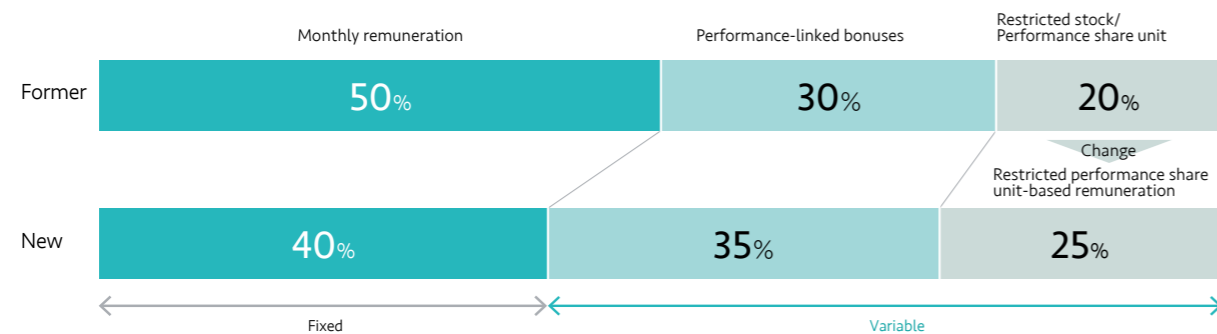
*1 The remuneration of Executive Directors and Executive Officers consists of "monthly remuneration," "performance-linked bonuses," and "restricted performance share unit-based remuneration."
 *2 The remuneration of the Chairman of the Board of Directors, whose main role is management supervision and engaging in external relations activities as stipulated in the Sumitomo Corporation Corporate Governance Principles, consists of "restricted performance share unit-based remuneration," which contributes to improving shareholder value, in addition to "monthly remuneration."
 *3 The remuneration of Outside Directors, who are in a position to supervise management with a high degree of objectivity and independence, consists solely of fixed remuneration ("monthly remuneration"), which is provided on a monthly basis.
 *4 The remuneration of Audit & Supervisory Board Members, who are in a position to audit and supervise management with a high degree of objectivity and independence, consists solely of fixed remuneration ("monthly remuneration"), which is provided on a monthly basis. The remuneration of each Audit & Supervisory Board Member is decided through discussions between the Members within the maximum amount approved by shareholder resolutions.

Revision of executive remuneration system

In order to further enhance the effectiveness of the Company's executive remuneration system, which is linked to the Company's management strategy and encourages sustainable enhancement of corporate value, the executive remuneration system has been partially revised in FY2021, the first year of the new medium-term management plan "SHIFT 2023," with the aim of strengthening the Group's governance and increasing its corporate value over the medium to long term.

Specifically, the ratio of the fixed-amount portion of total remuneration has been reduced, while that of the variable portion, consisting of performance-linked bonuses and stock-based remuneration, has been increased. Furthermore, the details of performance-linked bonuses and stock-based remuneration have been revised. In addition, the non-financial metrics for individual evaluations have been revised to conform to the efforts set forth in SHIFT 2023.

Composition of Representative Director, President and Chief Executive Officer remuneration



Note: The above is an illustration at a certain level of the Company's performance and stock rate. In reality, the actual composition will differ depending on the actual performance and stock rate.

For further details on executive remuneration, please visit our corporate website. <https://www.sumitomocorp.com/en/jp/about/governance/detail/remuneration>



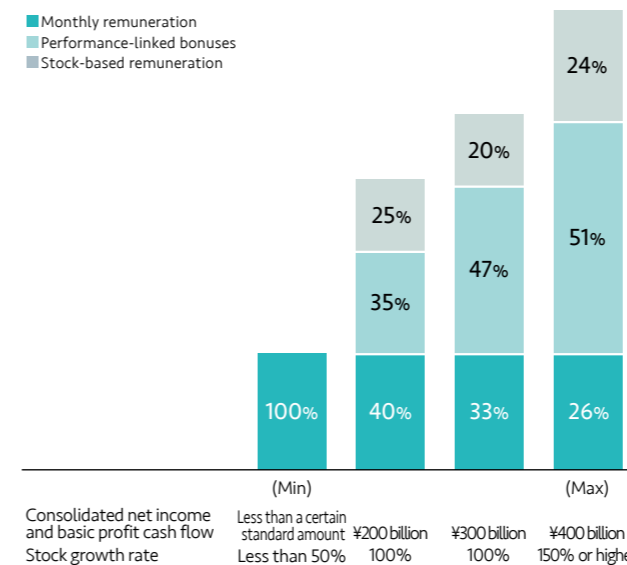
Remuneration standards and remuneration composition ratios

- The Company has established appropriate remuneration standards and remuneration composition ratios based on its business environment, management strategy, and human resources strategy, with reference to objective remuneration market research data, etc., provided by external specialized agencies such as the Willis Towers Watson "Executive Compensation Database."
- The remuneration composition ratio for Executive Directors is set so that when consolidated net income*1 and basic profit cash flow*2 are ¥200.0 billion and the stock growth rate*3 reaches 100%, monthly remuneration, performance-linked bonus and stock-based remuneration are as follows.

	Representative Director, President and CEO	Other Executive Directors
Monthly remuneration	40.0%	47.5%
Performance-linked bonuses	35.0%	32.5%
Stock-based remuneration	25.0%	20.0%

*1 Consolidated net income is equivalent to profit attributable to owners of the parent set out in International Financial Reporting Standards (IFRS).
 *2 Basic profit cash flow = Gross profit + Selling, general and administrative expenses (excluding provision for doubtful receivables) + Interest expense, net of interest income + Dividends) × (1-Tax rate) + Dividend from investments accounted for using the equity method
 *3 Stock growth rate = {(Average price of Company's common shares in the month of termination of Evaluation Period + Total amount of dividends during Evaluation Period) ÷ (Average price of Company's common shares in the month of commencement of Evaluation Period)} ÷ {(Average of TOPIX in the month of termination of Evaluation Period) ÷ (Average of TOPIX in the month of commencement of Evaluation Period)}

Representative Director, President and CEO remuneration by various given levels of business performance



Performance-linked bonuses

From the perspective of reinforcing the relationship with the Group's management strategy, the total amount to be paid is determined in accordance with the performance management index to be focused on in SHIFT 2023, and the amount to be paid to individual officers is distributed according to their position and personal evaluation and paid after the end of the fiscal year. In addition, each officer is evaluated on the basis of both financial indicators (status of achievement of the business plans, etc., in the respective areas of responsibility) and non-financial indicators (business reform through digital transformation (DX), enhancement of sustainability management, promotion of Diversity & Inclusion, etc.) so that they can become more aware in regard to their commitment to management strategies and results. In principle, the ratio of financial indicators to non-financial indicators in personal evaluation is 50:50.

Restricted performance share unit-based remuneration

With the aim of offering incentives to seek sustainable improvement of the Company's corporate value as well as promoting efforts to increase our corporate value over the medium to long term, the Company's common shares (restricted) in a number determined according to the Company's stock growth rate (ratio of the Company's stock growth including dividends to the growth rate of TOPIX (Tokyo Stock Price Index)) during the three-year evaluation period are granted each year in principle. The restriction period will be from the day the shares are granted until the day the recipient resigns or retires from all their positions as Director or Executive Officer or any other positions determined by the Board of Directors.

Performance-linked bonuses in FY2020

The results of performance metrics selected as the basis for calculating performance-linked remuneration (in the FY2020 results) are as shown below. Based on the results in FY2020, performance-linked bonuses were not paid for FY2020 (portion to be paid in June 2021).

	Results
Consolidated net income	-¥153.1 billion
Basic profit cash flow	¥130.8 billion

Corporate governance

Cross-shareholdings

The Company takes various considerations into account when making decisions about whether to hold shares in other listed companies for purposes other than pure investment. It fully considers issues such as whether the shareholding will lead to medium- to long-term growth in profits as a result of maintaining and strengthening the business relationship with the investee company, from the perspective of investment profit, such as a comparison with the capital cost of individual stocks. Based on the above, the Company reviews the significance of its shareholdings and reports the results thereof to the Board of Directors each year. Where the significance of its shareholdings cannot be confirmed, the Company has a policy of reducing the holding.

The Company also takes various considerations into account under the internal guidelines when making decisions in

exercising its voting rights. Having fully considered issues from both quantitative and qualitative standpoints, it adequately exercises voting rights for each agenda based on whether exercising voting rights will lead to enhanced medium- to long-term corporate value at the investee company and the Company and to enhanced value for its own shareholders.

When a company holding the Company's stock for purposes other than pure investment indicates to dispose of its holdings, the Company respects the decision in principle and ensures that their business relationship will not be influenced.

In FY2020, under an emergency mode, sale of shares in cross-shareholdings companies was actively implemented companywide as a means of generating cash through a reduction of assets to more strictly manage companywide cash flows.

Initiatives to ensure transparency of business management

Establishment of disclosure policy

To ensure that all stakeholders correctly understand its business management policy and business activities, the Company not only discloses statutorily required information but also actively discloses information on a voluntary basis. Moreover, the Company established the Corporate Disclosure Policy in July 2016.

For details on the Corporate Disclosure Policy, please visit our corporate website.
<https://www.sumitomocorp.com/en/jp/about/governance/detail/disclosurepolicy>



Measures relating to the General Meeting of Shareholders

The Company sends out a Notice of Convocation to shareholders approximately three weeks prior to each regularly scheduled General Meeting of Shareholders. For the convenience of overseas shareholders, the Company also provides an English-language translation of the notice on our corporate website in advance of sending a Notice of Convocation. This early sending and posting of the Notice of Convocation gives shareholders and institutional investors adequate time to study the content of the agenda items. In addition, we live stream to shareholders who cannot attend the General Meeting of Shareholders and provide a video of the meeting on our corporate website for viewing for a certain period following the meeting.

Please visit our corporate website for the Corporate Governance Report.
<https://www.sumitomocorp.com/jp/-/media/Files/hq/about/governance/detail/cgr.pdf?la=en>



Directors, Audit & Supervisory Board Members, and Executive Officers

(As of June 18, 2021, Executive Officers: As of July 1, 2021)

■ Shares owned in the Company (As of March 31, 2021)
 ■ Attendance at Meetings of the Board of Directors in FY2020

Directors



Kuniharu Nakamura
Chairman

■ 155,600 shares
 ■ 21/21

Apr. 1974
Entered the Company
Jun. 2012
Representative Director, President and CEO
Jun. 2017
Representative Director, President and Chief Executive Officer
Jun. 2018
Chairman of the Board of Directors (present position)



Masayuki Hyodo
Representative Director

■ 80,200 shares
 ■ 21/21

Apr. 1984
Entered the Company
Jun. 2018
Representative Director, President and Chief Executive Officer (present position)



Toshikazu Nambu
Representative Director

■ 67,800 shares
 ■ 21/21

Apr. 1982
Entered the Company
Apr. 2020
Representative Director, Executive Vice President, General Manager, Media & Digital Business Unit, Chief Digital Officer (present position)



Hideki Yamano
Representative Director

■ 29,152 shares
 ■ 21/21

Apr. 1983
Entered the Company
Apr. 2020
Representative Director, Senior Managing Executive Officer, Chief Strategy Officer and Chief Information Officer (present position)



Takayuki Seishima
Representative Director

■ 31,100 shares
 ■ 21/21

Apr. 1984
Entered the Company
Apr. 2021
Representative Director, Senior Managing Executive Officer, Chief Administration Officer and Chief Compliance Officer (present position)



Masaru Shiomi
Representative Director






■ 22,300 shares
 ■ 18/18

Apr. 1985
Entered the Company
Jun. 2020
Representative Director, Managing Executive Officer, Chief Financial Officer (present position)






Directors, Audit & Supervisory Board Members, and Executive Officers

- Shares owned in the Company (As of March 31, 2021)
- Attendance at Meetings of the Board of Directors in FY2020
- Attendance at Meetings of the Audit & Supervisory Board in FY2020

Outside Directors

 <p>Nobuyoshi Ehara <i>Independent</i> Outside Director ■ 0 shares ■ 21/21 Sep. 1978 Entered Morgan Guaranty Trust Company Nov. 1996 Limited Partner, Goldman Sachs & Co. (retired in March 1998) Jan. 1999 Representative Director, Unison Capital, Inc. (retired in January 2020) Jun. 2016 Outside Director, Sumitomo Corporation (present position) Feb. 2020 Partner, Unison Capital, Inc. (retired in June 2020)</p>	 <p>Koji Ishida <i>Independent</i> Outside Director ■ 0 shares ■ 21/21 May 1970 Entered The Sumitomo Bank, Limited Apr. 2004 Representative Director, Senior Managing Director, Sumitomo Mitsui Financial Group, Inc. (SMFG) (retired in June 2005) Jun. 2005 Standing Corporate Auditor, SMFG (retired in June 2006) Corporate Auditor, Sumitomo Mitsui Banking Corporation (retired in June 2006) Oct. 2007 President, Sumitomo Mitsui Finance and Leasing Co., Ltd. (retired in June 2011) Jun. 2011 Member of the Policy Board, the Bank of Japan (retired in June 2016) Jun. 2017 Outside Director, Sumitomo Corporation (present position) Jul. 2017 Member of the Public Interest Oversight Committee, KPMG AZSA LLC (present position)</p>	 <p>Kimie Iwata <i>Independent</i> Outside Director ■ 0 shares ■ 19/21 Apr. 1971 Entered the Ministry of Labour (currently Ministry of Health, Labour and Welfare) Jan. 2001 Director-General of Equal Employment, Children and Families Bureau (retired in August 2003) Jun. 2008 Representative Director, Executive Vice President, Shiseido Company, Limited (retired as Executive Vice President in March 2012; retired as Representative Director in June 2012) Jul. 2012 Outside Director, Japan Airlines Co., Ltd. (retired in June 2018) Oct. 2015 Audit and Inspection Commissioner, the Tokyo Metropolitan Government (present position) Mar. 2016 Outside Director, Kirin Holdings Company, Limited (retired in March 2019) Jun. 2018 Outside Director, Sumitomo Corporation (present position) Jun. 2019 Outside Director, Resona Holdings, Inc. (present position) Outside Director, Ajinomoto Co., Inc. (present position)</p>	 <p>Hisashi Yamazaki <i>Independent</i> Outside Director ■ 0 shares ■ 21/21 Apr. 1974 Assistant Judge Feb. 2011 President, Sapporo High Court (retired in March 2013) Mar. 2013 Commissioner, Japan Fair Trade Commission (retired in December 2015) Aug. 2016 Attorney at Law (present position) Jul. 2017 Supervisory Board Member, National Federation of Agricultural Cooperative Associations (present position) Jun. 2018 Outside Director, Sumitomo Corporation (present position) Outside Director, Tokyo Commodity Exchange, Inc. (retired in December 2019) Jun. 2020 Outside Director, JAPAN POST INSURANCE Co., Ltd. (present position)</p>	 <p>Akiko Ide <i>Independent</i> Outside Director ■ 0 shares ■ 18/18 Entered Nippon Telegraph and Telephone Public Corporation (currently Nippon Telegraph and Telephone Corporation) Jun. 2012 Executive Director, Director of Information Security, NTT DoCoMo, Inc. (currently NTT DOCOMO, INC.) May 2013 President and Chief Executive Officer, Radishbo-ya Co., Ltd. (currently Oisix ra daichi Inc.) (retired in May 2014) Jun. 2013 Executive Director, Senior Manager in Charge of Commerce Business Promotion, NTT DoCoMo, Inc. (currently NTT DOCOMO, INC.) (retired in June 2014) Jun. 2014 Full-time Audit & Supervisory Board Member, Nippon Telegraph and Telephone Corporation (retired in June 2020) Aug. 2018 Audit & Supervisory Board Member, NTT, Inc. (retired in June 2020) Jun. 2020 Outside Director, Sumitomo Corporation (present position)</p>
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Audit & Supervisory Board Members

 <p>Michihiko Hosono Senior Audit & Supervisory Board Member (Full-time) ■ 38,500 shares ■ 21/21 ○ 17/17 Apr. 1981 Entered the Company Apr. 2016 Managing Executive Officer Apr. 2019 Adviser Jun. 2019 Senior Audit & Supervisory Board Member (present position)</p>	 <p>Toshiaki Murai Audit & Supervisory Board Member (Full-time) ■ 7,400 shares ■ 21/21 ○ 17/17 Apr. 1980 Entered the Company Apr. 2016 Executive Officer Apr. 2018 Adviser Jun. 2018 Audit & Supervisory Board Member (present position)</p>	 <p>Toshio Nagai <i>Independent</i> Outside Audit & Supervisory Board Member (Lawyer) ■ 0 shares ■ 20/21 ○ 17/17 Apr. 1974 Assistant Judge Mar. 2013 President, Osaka High Court (retired in July 2014) Sep. 2014 Attorney at Law (present position) Jun. 2015 Outside Corporate Auditor, Toray Industries, Inc. (present position) Jun. 2016 Outside Audit & Supervisory Board Member, Sumitomo Corporation (present position)</p>	 <p>Yoshitaka Kato <i>Independent</i> Outside Audit & Supervisory Board Member (Certified Public Accountant) ■ 0 shares ■ 21/21 ○ 17/17 Sep. 1978 Certified Public Accountant (present position) Aug. 2008 CEO, Ernst & Young ShinNihon LLC (retired in June 2014) Jun. 2015 Outside Corporate Auditor, Sumitomo Chemical Company, Limited (present position) Outside Corporate Auditor, Mitsui Fudosan Co., Ltd. (present position) Auditor, the General Insurance Rating Organization of Japan (present position) Jun. 2016 Outside Audit & Supervisory Board Member, Sumitomo Corporation (present position)</p>	 <p>Yukiko Nagashima <i>Independent</i> Outside Audit & Supervisory Board Member ■ 0 shares ■ -/- ○ -/- Apr. 1985 Entered Recruit Co., Ltd. (currently Recruit Holdings Co., Ltd.) Apr. 2006 Corporate Executive Officer, Recruit Co., Ltd. Jan. 2008 President and Representative Director, Recruit Staffing Co., Ltd. (retired in April 2016) Oct. 2012 Corporate Executive Officer, Recruit Holdings Co., Ltd. Jun. 2016 Standing Audit & Supervisory Board Member, Recruit Holdings Co., Ltd. (present position) Apr. 2018 Standing Audit and Supervisory Board Member, Recruit Co., Ltd. (present position) Mar. 2019 Outside Director, Japan Tobacco Inc. (present position) Jun. 2021 Outside Audit & Supervisory Board Member, Sumitomo Corporation (present position)</p>
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Executive Officers

President and Chief Executive Officer

Masayuki Hyodo
Chief Executive Officer

Executive Vice Presidents

Toshikazu Nambu
General Manager, Media & Digital Business Unit; Chief Digital Officer

Shingo Ueno
General Manager, Metal Products Business Unit; General Manager, Mineral Resources, Energy, Chemical & Electronics Business Unit; Head of Energy Innovation Initiative

Senior Managing Executive Officers

Shoichiro Oka
General Manager, Transportation & Construction Systems Business Unit

Tsutomu Akimoto
General Manager, Infrastructure Business Unit

Hideki Yamano
Chief Strategy Officer and Chief Information Officer

Takayuki Seishima
Chief Administration Officer and Chief Compliance Officer

Masaki Nakajima
General Manager for the Americas; President and CEO of Sumitomo Corporation of Americas Group; Director and President of Sumitomo Corporation of Americas

Managing Executive Officers

Daisuke Mikogami
General Manager for East Asia; CEO of Sumitomo Corporation China Group; Sumitomo Corporation (Shanghai) Limited; General Manager, Sumitomo Corporation (China) Holding Ltd.

Masato Ishida
Director, Executive Vice President, Chief Strategy Officer, T-Gaia Corporation

Nobuki Ando
General Manager, Living Related & Real Estate Business Unit

Keiji Tanaka
General Manager for Japan Region; General Manager, Kansai Office

Keigo Shiomi
General Manager for Asia & Oceania; CEO of Sumitomo Corporation Asia & Oceania Group; President and CEO, Sumitomo Corporation Asia & Oceania Pte. Ltd.

Reiji Morooka
Representative Director, Senior Managing Executive Officer, Sumitomo Mitsui Finance and Leasing Co., Ltd.

Yoshiyuki Sakamoto
Deputy General Manager, Mineral Resources, Energy, Chemical & Electronics Business Unit

Masaru Shiomi
Chief Financial Officer

Iehisa Nakamura
General Manager for Europe, Middle East, Africa & CIS; Chairman of Sumitomo Corporation Europe Holding Limited

Bin Haga
Assistant General Manager, Media & Digital Business Unit; General Manager, Digital Business Division

Kei Sato
Assistant General Manager, Living Related & Real Estate Business Unit; General Manager, Food & Agriculture Business Division

Norihiko Nonaka
Assistant General Manager, Infrastructure Business Unit; General Manager, Planning & Coordination Dept., Infrastructure Business Unit

Shinji Nakano
Director, Executive Vice Secretary & Human Resources

Mitsuhiro Takeda
Chief Financial Officer

Hirokazu Higashino
Deputy General Manager, Living Related & Real Estate Business Unit; General Manager, Planning & Coordination Dept., Living Related & Real Estate Business Unit

Katsuya Inubushi
Deputy General Manager, Metal Products Business Unit

Executive Officers

Shinichi Kato
Assistant General Manager for the Americas; Sumitomo Corporation of Americas; CAO, TBC Corporation

Haruo Matsuzaki
General Manager, Mineral Resources Division No. 2

Yoshinori Mukaida
Assistant CFO, Finance; General Manager, Finance Dept.

Haruhiko Aritomo
General Manager, Mineral Resources Division No. 1

Eiji Ishida
General Manager, Lease, Ship & Aerospace Business Division

Nobuhiro Yoshida
Assistant General Manager for the Americas; General Manager for South America; President of Sumitomo Corporation do Brasil S.A.

Hiroyuki Koike
Assistant General Manager for the Americas; Executive Vice President and CFO of Sumitomo Corporation of Americas Group; Executive Vice President and CFO of Sumitomo Corporation of Americas

Tomonori Wada
CEO, SUMMIT FRESH PRODUCE LIMITED

Kazunari Sakata
President and CEO, Sumitomo Corporation Global Metals Co., Ltd.

Tsutomu Ozaki
General Manager, Planning & Coordination Dept., Media & Digital Business Unit

Takashi Yamana
Assistant General Manager for Europe, Middle East, Africa & CIS; General Manager for Europe & CIS; CEO of Sumitomo Corporation Europe & CIS Group; Managing Director, Sumitomo Corporation Europe Holding Limited; Chairman and Managing Director, Sumitomo Corporation Europe Limited

Tatsuro Tamura
Assistant General Manager for Europe, Middle East, Africa & CIS; General Manager, Europe & CIS Corporate Management Unit in Sumitomo Corporation Europe & CIS Group; Sumitomo Corporation Europe Limited

Kazumasa Watanabe
General Manager, Media Division

Masahiko Yokohama
Assistant General Manager for East Asia; General Manager, China Metal Products Business Unit in Sumitomo Corporation China Group; General Manager, Sumitomo Corporation (Shanghai) Limited

Hajime Mori
General Manager, Energy Division; Director of Energy Innovation Initiative

Yukihito Honda
General Manager, Tubular Products Division

Kotaro Tameda
General Manager, Corporate Planning & Coordination Dept.

Takayuki Sumita
President and CEO, Sumitomo Corporation Global Research Co. Ltd.; Design & Strategy Dept., Energy Innovation Initiative

Koji Aso
General Manager, Construction & Mining Systems Division

Yusuke Ujimoto
Managing Corporate Officer, JCOM Co., Ltd.

Hiroki Takeno
General Manager, Lifestyle & Retail Business Division

Tadayuki Ueno
Assistant CFO, Risk Management

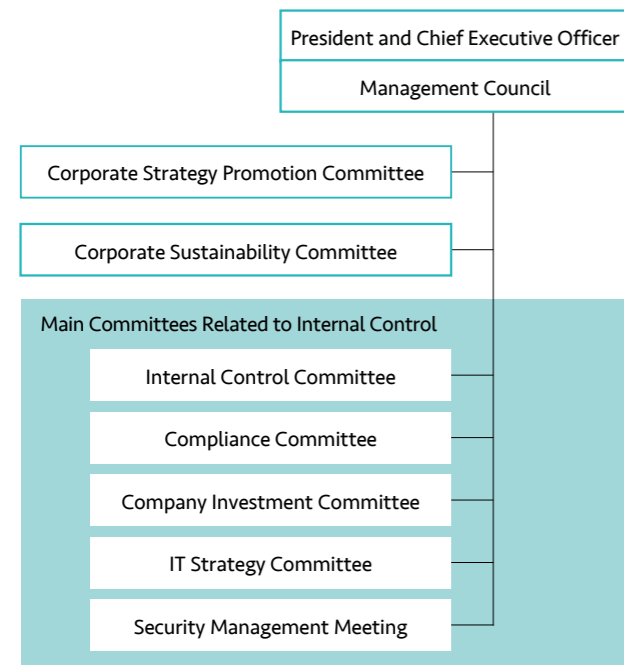
Yasuhiro Yoshida
Assistant CFO, Accounting; General Manager, Accounting Controlling Dept.

Internal control

Internal control: Basic principles and system

In order to realize sustainable growth and development for the Sumitomo Corporation Group by enhancing the operational quality of each of the Group companies, we stipulate basic regulations for internal control, develop and conduct appropriate internal control, and access the effectiveness and take action to improve it. To rationally ensure compliance with laws and

regulations throughout the entire Group in relation to business activities, safeguarding assets against loss, effectiveness and efficiency of operations, and reliability of financial reporting, initiatives are being taken to improve group governance.



Group Management Policy

Our approach to group management is to respect Jiritsu* management of each group company, to contribute to important decision-making at Board and other meetings through active dialogue based on relationships of trust as a shareholder, and to create new value through collaboration among group companies including Sumitomo Corporation. For the purpose of sharing and implementing this approach within the group, we established the Group Management Policy (GMP) and have set Jiritsu, dialogue, and collaboration as the three principles of group management. In addition, we aim to achieve sustainable growth of the Company and each group company and to maximize the corporate value of the entire Sumitomo Corporation Group by sharing and putting into practice the values set out in the Sumitomo Corporation Group's Corporate Mission Statement and GMP groupwide.

* Jiritsu is the Japanese term. In GMP, we define it to mean "following the rules necessary for the management of an Sumitomo Corporation Group company, such as the Sumitomo Corporation Group's management principles, strategies, and policies, to discipline oneself, to think, make decisions, act for oneself in order to achieve goals, and to be accountable to stakeholders."

— Appropriate responses to compliance violations and preventive measures

In the event of a compliance-related problem, we quickly ascertain the facts and investigate the cause. Based on their findings, corrective action is taken, disciplinary sanctions imposed, and measures to prevent recurrence are applied.

The Compliance Committee also analyzes compliance violations occurring within the Group, including the number of cases and the preventive measures taken, as reference for future policy measures. The results of the analysis are reported periodically to the Management Council and the Board of Directors. Through this process of repeatedly improving and enhancing such measures, we strive to further encourage thorough compliance throughout the Group.

— Continuous education program initiatives

The Compliance Manual has been prepared to explain issues particularly important from a compliance perspective, such as antitrust, security trade control, and anti-bribery/corruption, and is communicated to all officers and employees of Sumitomo Corporation to familiarize them with those issues. In addition, we carry out workshops for all personnel levels as well as e-learning, harassment prevention seminars, and other activities for all officers and employees.

We also provide various support for strengthening the compliance system at each group company, including developing e-learning content related to the Sumitomo Corporation Group Compliance Policy.

Further information on the Sumitomo Corporation Group Compliance Policy, Compliance Management System, Speak-Up System, and Sumitomo Corporation Group Anti-Corruption Policy is available on our corporate website. <https://www.sumitomocorp.com/en/jp/about/governance/compliance>

Compliance

Basic policy

The basis for the Group's compliance is to win the trust of society by practicing the Activity Guideline that states "to comply with laws and regulations while maintaining the highest ethical standards."

Accordingly, we follow our principles of "Compliance as Top Priority," which means compliance takes priority over all activities of the Group and that we must never violate compliance as a result of giving priority to the pursuit of profit, and "Immediate Report," which means, in the event of a compliance problem, employees must report the situation without delay to their line manager and to the relevant department of the corporate group.

To provide a clear understanding of this basic policy, we established the Sumitomo Corporation Group Compliance Policy, and work for its acceptance and full application groupwide through ongoing education and awareness activities.

Compliance system

— Compliance system

We have established the Compliance Committee chaired by the Chief Compliance Officer (CCO). The committee plans and proposes compliance measures based on the understanding of the situation within the Sumitomo Corporation Group.

In the event of a compliance issue emerging, we operate a Speak-Up System providing direct internal and external hotlines to the CCO in addition to the abovementioned regular organizational reporting lines ("Immediate Report").

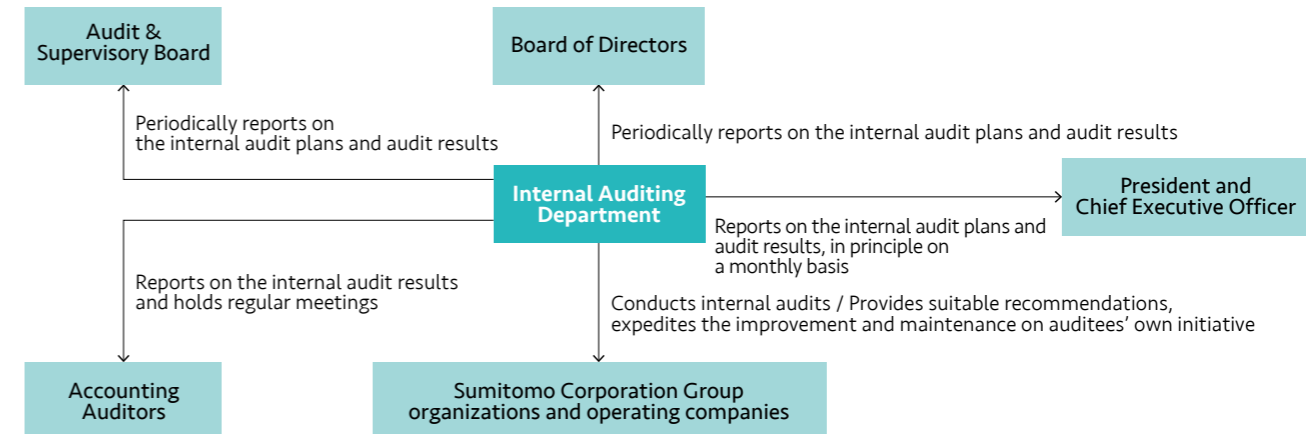
Under this system, the fact and details of the report are maintained in the strictest confidence, and it is ensured that the whistleblower is not subject to disadvantageous treatment for making the report. We encourage the use of this system through internal seminars, internal notices, and other activities.

The group-based Speak-Up system, which enables officers and employees of group companies both in and outside Japan to report compliance-related issues, has also been developed and launched.

Internal audits

The Internal Auditing Department, which reports directly to the President and Chief Executive Officer, is an independent organization that monitors the operations of the Group, and audits organizations and operating companies of the Group. As well as reporting the outcome of internal audits directly to the President and Chief Executive Officer, in principle on a monthly basis, periodic reports are also made to the Board of Directors and the Audit & Supervisory Board. The department conducts audits on all aspects of internal control, comprising asset and risk management, compliance and business

operations. Also, by comprehensively examining and identifying the risks inherent in the organization being audited, it provides suitable recommendations based on an evaluation of the effectiveness and adequacy of the internal controls of the organization, thus it expedites improvement and maintenance on auditees' own initiative. The department will continue contributing to the improvement of internal control at the Sumitomo Corporation Group based on the Group Management Policy.



Internal control

Risk management

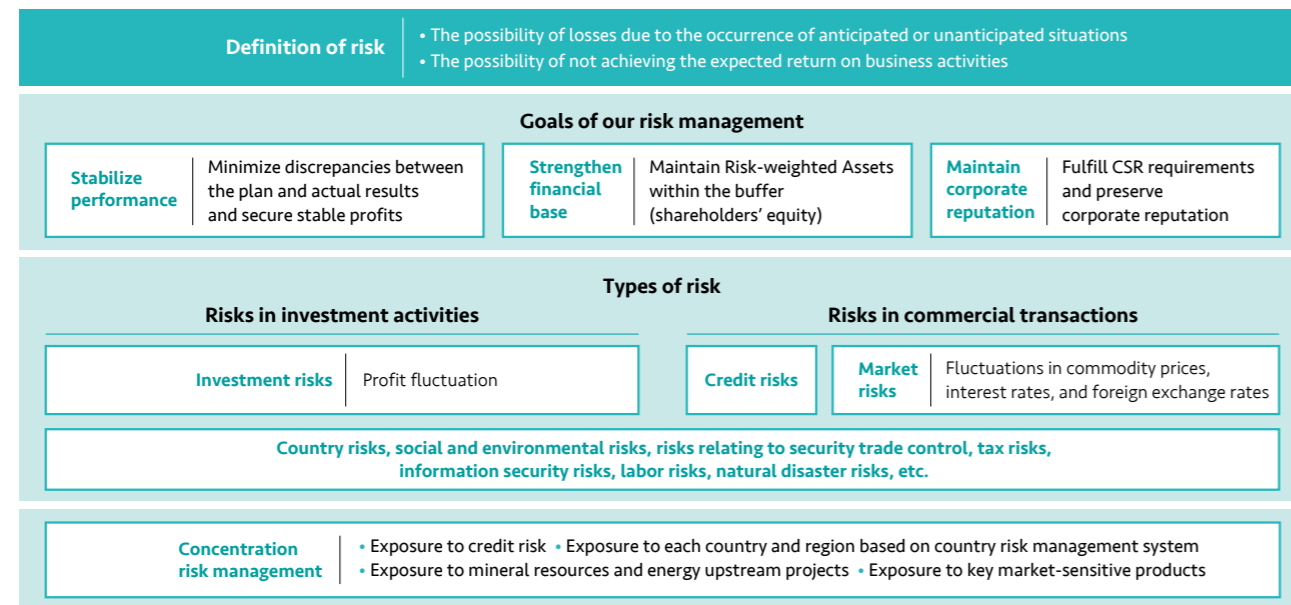
Basic policy and framework

We define "risk" as "the possibility of losses due to the occurrence of anticipated or unanticipated situations," and also as "the possibility of not achieving the expected return on business activities." We have set the following three items as the goals of our risk management activities.

1. Stabilize performance
2. Strengthen financial base
3. Maintain corporate reputation

We categorize our business activities into investments and

commercial transactions and manage risk after identifying both common and category-specific risk factors. We, by studying advanced methods and processes, have created an effective risk management framework that anticipates changes in the external environment. Our goal is to implement the best practice in risk management while maintaining the flexibility to adapt to changes in the business environment. The business environment is continually altering, and new business models that we could never have imagined are emerging on a daily basis. To respond to such situations in a timely and effective manner, we continue to evolve our risk management activities under the leadership of senior management.



Information security

Basic policy and system

Sumitomo Corporation appoints a Chief Information Officer (CIO), who has ultimate responsibility for information security. This officer works to ensure information security and the appropriate management of information assets by formulating the Information Security Policy and other relevant regulations. For personal information, we operate a Privacy Policy and have put in place relevant regulations and organizational structures

to ensure appropriate protection.

We also take steps to minimize the risk from unexpected situations involving information security, such as external attacks aimed for instance at theft or destruction of corporate information. In addition to system-based safeguards, these include continuous training and drills for officers and employees and system monitoring and upgrades covering our major subsidiaries and other group entities.

For further details on internal control, please visit our corporate website.
<https://www.sumitomocorp.com/en/jp/about/governance/scic>



Dialogue between Outside Directors

Early return to a growth trajectory

Shareholders and investors were invited to attend Investor Day 2021, which was held online in June that year. On the day, a panel discussion took place with Outside Director Nobuyoshi Ehara and Outside Director Koji Ishida. During the event, honest opinions from their positions as outside directors were exchanged on the subject of an early return to a growth trajectory. The two also addressed such matters as how discussions are held at Board of Directors.



Nobuyoshi Ehara
Outside Director

Nobuyoshi Ehara entered Morgan Guaranty Trust Company in 1978. After joining Goldman Sachs & Co. in 1980, he took on key positions, such as limited partner, before becoming representative director at Unison Capital, Inc. in 1999. He was appointed an outside director of Sumitomo Corporation in 2016. He has wide-ranging knowledge and rich experience related to finance and corporate management, including pioneering the establishment of a private equity fund in Japan.



Koji Ishida
Outside Director

Koji Ishida joined The Sumitomo Bank, Limited in 1970 and took on key positions within Sumitomo Mitsui Financial Group, Inc., including appointment as representative director. Besides serving as President of Sumitomo Mitsui Finance and Leasing Co., Ltd. between 2007 and 2011, he was a member of the Policy Board of the Bank of Japan from 2011 to 2016. In 2017, he was appointed an outside director of Sumitomo Corporation. Having served in key positions within major financial institutions over many years, he has wide-ranging knowledge and rich experience related to finance and corporate management.



Yoshiko Sato
Facilitator

Japan Investor Relations Association (JIRA)
Executive Managing Director

Theme 1

Reflecting on management of the Sumitomo Corporation Group

— Looking back at the management of the Sumitomo Corporation Group in recent years, besides major one-off losses posted in FY2020 there were such losses in FY2014. It looks like a repeat of the past. What do you think is the root cause for the recurrence of such one-off losses?

Ehara The root cause is not one or two matters. We recognize that the issues lie in our Group's low-profitability

businesses over many years as well as a management system that cannot exit from those businesses. In FY2020, those issues coincided with the spread of COVID-19 and were prominently exposed.

To solve the issues our Group faces, we need to fundamentally review our systems regarding investments. Generally, when making investments, importance is placed on appropriately handling the three aspects of "buy well," "manage well," and "sell well." When we looked back at how our Group handled those aspects, the points to reflect became quite obvious.

First, under "buy well," which is the start for investments, the point is whether we established thorough investment themes and whether setting the investment

Dialogue between Outside Directors Early return to a growth trajectory

price was appropriate. Next, under “manage well,” the focus is on whether projects were managed properly. At Board of Directors’ meetings, we hear opinions that the Sumitomo Corporation Group has pretty good capabilities in value creation. However, we need to seriously acknowledge the fact where problematic projects have not been able to realize the intended value creation. Third, regarding “sell well,” this has been incorporated as a key point in SHIFT 2023. And so I believe it has become extremely important to break away from the conventional stance of holding onto investments long term and think about rebuilding our portfolio.

Ishida I think Director Ehara has indicated a very significant perspective. I would like to supplement that from a slightly different viewpoint. In the first place, an integrated trading company tends to subdivide management into units by business department. I believe we will be further required to leverage our total capability as an integrated trading company and think about how to realize this at the whole Group level. We have already started to move in this direction under SHIFT 2023. I consider it important to thoroughly implement this policy no matter how the environment changes in the future.

Theme 2

Outlook on SHIFT 2023

— You have identified issues concerning management of the Sumitomo Corporation Group through reflecting on the past. How should the measures of SHIFT 2023 be advanced for an early return to a

growth trajectory? What especially are your thoughts about how reforms should be conducted regarding the decision-making process for investments and subsequent project management?

Ishida A major theme of SHIFT 2023 is Business Portfolio SHIFT, particularly asset recycling. This refers to exiting underperforming businesses and replacing them with promising businesses with future prospects. Through this, we can make the management decisions to exit underperforming businesses, but it is not easy to find promising businesses with future prospects, incorporate them into our portfolio, and develop them into highly profitable businesses. Still, that is exactly what is expected now in our Group.

Our Group introduced the Strategic Business Unit (SBU) to enhance our business strategy management. Through that introduction, we can refine growth strategies aimed at developing businesses and maximizing value. I have very high expectations for this initiative.

At the same time, I feel it is important to be even more thorough than before in conducting feasibility studies for managing individual projects from a neutral position. As long as the business group manage individual projects, I think their spirits will become mixed in with the projects and lead to ambitious business plans. Therefore, it is essential to have a system that thoroughly and objectively checks the evaluation and post merger integration of individual projects. Our Group has business groups and divisions, which are involved in various businesses and experience both success and failure, as well as excellent human resources. Thus, I think companywide management that fully utilizes such management capital will become even more important.

Ehara Currently, our Group is facing a time of the structural reform. There are two aspects in this structural reform we should address. One is an early return to a growth trajectory seen from a short-term perspective. That is a relatively simple, clear issue that we can work on, and the first step is achieving the quantitative plan stated in SHIFT 2023. We began the structural reform in FY2020, and I feel we are steadily giving shape to momentum toward a V-shaped recovery.

The other aspect is improving investment capability from a medium- to long-term standpoint. Even more multifaceted, ongoing measures are needed because this involves various factors, including organizations, structures, human resources development, and remuneration systems. It is probably not something where results can emerge in a single fiscal year. However, the current management places a very strong emphasis on this issue, and I feel we are making a good start with appropriate measures being undertaken in SHIFT 2023. So, I do not have any major concerns. I look forward to management accomplishing this structural reform with great determination.

Theme 3

Enhancement of monitoring function by the Board of Directors

— How do you think the Board of Directors should fulfill accountability toward stakeholders?

Ishida To accomplish the structural reform specified in SHIFT 2023, it is necessary for the Board of Directors to receive detailed reports about the state of progress, follow up regularly, and conduct thorough monitoring. Given the significant losses recorded in the previous fiscal year, I think we must achieve this fiscal year’s earnings plan.

Ehara To make the company better, it is necessary for directors and executive officers to unite as one and hold discussions in the same direction. But it is the executives who are responsible for execution. I do not think it is the outside directors’ role to offer opinions about day-to-day operations.

There are exceptions, however. We outside directors have a role to provide opinions regarding issues related to urgent projects—especially such as with large-scale investments. It is essential to provide those from an objective position, which is different from that of executive officers as we give an outsider’s perspective. There are times

when it is difficult to be objective when people in executive positions are involved in projects. In such situations, I think outside directors are important in being able to ask questions and offer opinions, such as whether there is an exit option and the merits of considering a contingency plan. I believe there is significance there to give comments from a slightly detached position.

Of course, I recognize that one of our important roles is to act as catalysts to stimulate discussions at Board of Directors. We act as such not only with respect to such urgent projects but also during normal times.

Ishida SHIFT 2023 incorporates various measures. The Board of Directors has to listen to what affiliates in the capital market are saying, such as enquiring about overall progress. I think the Board of Directors should conduct proper monitoring and provide transparent reports to external parties.

I believe it would yield good results if we raised the discussion and checked regularly at the Board of Directors more than ever about the state of progress, such as for individual measures, pending large-scale projects, medium-term goals for key social issues in sustainability management, and such measures as the new human resources system.

Ehara Further to what Director Ishida said, I think it is important for outside directors to become actively involved with the Board of Directors. It has been around five years since I was appointed as an outside director. When participating in the Board of Directors of Sumitomo Corporation, I strongly feel that the Board always conducts candid, lively discussions. That is one point I wish to note to everyone. The Board of Directors discusses submitted proposals and also deliberates matters that have to be addressed at least once a year. In addition, at every opportunity the Board actively generates discussion on important subjects requiring thorough examination. So, I believe the discussions take place appropriately in terms of both quality and quantity.

I have served as director for many companies, and I think Sumitomo Corporation’s Board of Directors functions extremely well, such as with monitoring. Of course, there are areas for improvement, and I have my own personal hopes for changes in the future. But put simply, no outside director adopts a passive stance when engaging with the Board of Directors.

— Thank you for your time today.



Dialogue between Outside Directors

Early return to a growth trajectory

Q&A

Here are some of the main questions received from shareholders and investors following the panel discussion together with the responses.

Q In the new medium-term management plan, what is the key point for improving the effectiveness of accelerating asset recycling, ensuring profitability of investments, and seeding?

Ishida I see it as establishing the SBU. Through execution centered on SBUs as the new structure, I think decisions will be made based on companywide strategic discussions instead of remaining within business groups. For the Sumitomo Corporation Group to secure competitive

market positions in each business and increase earnings, it is necessary for the entire Company's integrated functions to be applied. That is the reason for being an integrated trading company. SHIFT 2023 is aimed in that direction, and I am expecting for good results to come.

Q As outside directors, how do you see the level of understanding and penetration of SHIFT 2023 within the Sumitomo Corporation Group?

Ishida CEO Hyodo announced SHIFT 2023 internally via video conferencing, and a Q&A session was held online. Specifically, during the Q&A, there were vibrant discussions with employees, including questions that were a bit difficult for the CEO to answer. I regard such communication as very positive. I believe that the intentions and aims embedded in SHIFT 2023 have adequately penetrated within the Company.

Ehara Fortunately, I have many opportunities to be in contact with various employees within the Company. The

other day, I engaged in dialogue through an online meeting with division general managers. Through such opportunities, I acutely felt that the sense of urgency has been thoroughly shared. People within the Company have started to recognize the root cause behind the large losses this time. From the sense of taking on the challenge of overcoming this major crisis, every employee has certainly taken a fighting pose and is facing the right direction.

Q There are concerns that large one-off losses will be repeated in the future. What are your thoughts about the checks and balances function of the Board of Directors?

Ehara The one-off losses in FY2014 were related to the mineral resources business. I do not think there were any major mistakes made when analyzing the reasons for the losses back then or with the measures taken based on that analysis.

However, it cannot be denied that the subsequent good performance masked latent issues within our Group. In that sense, the biggest difference between SHIFT 2023 and previous measures is that it goes right to the root cause as it

takes measures to change from our Group's constitution.

We are not abolishing business groups as organizations. In discussions with the Board of Directors, I strongly felt the stance of correcting problems by adopting a different framework. The conventional business groups are also focusing and working on the right issues. This desire to change was something that would have been unimaginable at our Group several years ago. In this regard, I can sense pretty strong determination.

But as outside directors, we must be careful about not being satisfied just because we achieve a V-shaped recovery in our performance. It is necessary to overcome fundamental issues and bring about sustainable growth, and I believe this will be accomplished by completing the structural reform.

Ishida From the business group's perspective, if the businesses do not perform well, the groups tend to put in full effort for improving the performance. Business groups operate in that way, therefore, their behavior is sound and not wrong at all.

Such decisions may produce good results at times, but there are also cases when the situation deteriorates. I think a more effective framework is necessary for assessing and making "nay" decision from a companywide perspective before such a situation arises.

As a Board of Directors with third-party perspectives, we will apply considerable effort to enhance our checks and balances function. At the same time, we will keep monitoring so that this function is reflected in management.

Q What improvements to its constitution is the Sumitomo Corporation Group aiming for in the future? What discussions are being held to achieve that?

Ehara I always think about how employees feel about the Sumitomo Corporation Group as well as the expectations that shareholders and investors have of the Group. When considering the vision for the Company based on these two aspects, I believe there is a large gap between the image held by employees and the expectations of shareholders and investors. As to the nature of this gap, expressing my opinion simply, it is being professional. Most of an integrated trading company's earnings come from business investments, so being professional as an investor is especially required. It is also necessary to develop this within the organization. If I think about whether we are achieving that within our Group, I have to be honest and say that we are only halfway there.

The investment function in integrated trading companies will become increasingly important in the future. As well as the mindset as an investor, it is essential

to learn the knowledge and skills necessary for continuously generating adequate earnings. This is not to say that our Group does not have investment capability now, but it is still insufficient from the perspective of being a true professional. At the Nomination and Remuneration Advisory Committee, we are using this time of slightly more than a year to repeatedly discuss what evaluation frameworks and remuneration systems are necessary to strengthen this area.

To improve our Group's constitution, I think the priority is to advance toward being professional. The management recognizes that there are major issues and obstacles in this effort, and we are starting to take the appropriate measures. Because of the large size of our organization, I think it will be some time before we can achieve this endeavor. But we are steadily proceeding in the right direction.

Segment Overview

At a Glance

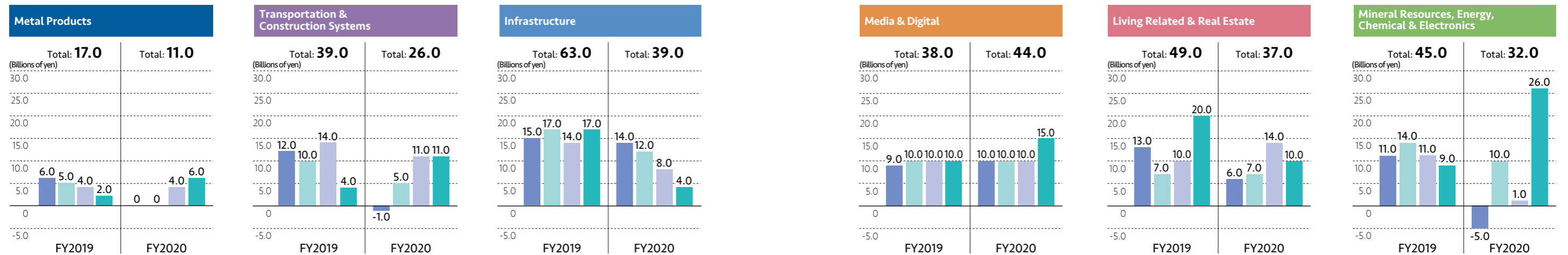
For the years ended March 31, 2017, 2018, 2019, 2020 and 2021

(Billions of yen)	(FY)	Metal Products		Transportation & Construction Systems		Infrastructure		Media & Digital		Living Related & Real Estate		Mineral Resources, Energy, Chemical & Electronics		Corporate and Eliminations		Total	
		2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020
Gross profit		104.8	73.8	164.9	140.4	114.4	15.5	100.2	105.2	226.4	238.8	152.0	151.6	11.0	4.1	873.7	729.5
Selling, general and administrative expenses		-96.1	-85.0	-149.9	-140.1	-60.5	-57.8	-76.7	-79.0	-178.5	-195.4	-102.7	-112.1	-13.0	-9.5	-677.4	-678.9
Share of profit (loss) of investments accounted for using the equity method		-16.4	-5.6	26.6	-2.1	14.6	-3.7	38.6	40.4	9.3	4.1	8.8	-74.5	3.3	0	84.8	-41.4
Profit (loss) for the year		-50.4	-35.6	30.5	-17.5	61.5	-55.6	38.3	44.3	51.3	-8.4	43.2	-63.7	-3.0	-16.6	171.4	-153.1
One-off profits/losses <small>Rounded figures</small>		-67.0	-46.0	-9.0	-43.0	-1.0	-94.0	0	0	3.0	-45.0	-2.0	-96.0	0	-26.0	-77.0	-351.0
Profit/Loss excluding one-off effects <small>Rounded figures</small>		17.0	11.0	39.0	26.0	63.0	39.0	38.0	44.0	49.0	37.0	45.0	32.0	-3.0	9.0	248.0	198.0
Basic profit cash flow*		9.8	-1.2	21.9	14.9	47.2	-17.2	41.0	41.7	33.7	32.2	58.6	45.4	26.8	15.0	239.0	130.8
Investments and loans <small>Rounded figures</small>		22.0	6.0	75.0	83.0	81.0	64.0	37.0	27.0	95.0	35.0	41.0	40.0	-	-	350.0	260.0
Total assets		1,093.0	983.6	1,689.0	1,748.5	894.8	1,003.2	879.9	916.0	1,538.4	1,507.7	1,595.8	1,662.6	437.6	258.3	8,128.6	8,080.0
Trade and other receivables		339.5	329.6	289.9	291.6	283.6	275.0	76.4	81.6	147.5	153.5	505.8	484.5	-79.8	-73.0	1,563.0	1,543.0
Goodwill		3.8	4.6	37.6	52.8	0.8	1.0	20.5	13.9	52.9	30.3	7.7	7.1	0.1	0.1	123.3	109.8
Number of employees (Non-Consolidated Basis)		655	625	687	686	617	629	465	501	531	534	879	890	1,373	1,375	5,207	5,240
Number of employees (Consolidated Basis)		8,054	7,054	18,893	19,666	3,687	3,698	14,524	15,148	15,439	16,674	9,229	9,717	2,816	2,963	72,642	74,920

* Basic profit cash flow = (Gross profit + Selling, general and administrative expenses (excluding provision for doubtful receivables) + Interest expense, net of interest income + Dividends) × (1-Tax rate) + Dividend from investments accounted for using the equity method

Quarterly trend for profit/loss for the year attributable to owners of the parent excluding one-off effects

■ Q1 ■ Q2 ■ Q3 ■ Q4 * One-off profits/losses are rounded off to the nearest 1 billion.





Metal Products

- Steel Products Division
- Tubular Products Division



Shingo Ueno
General Manager

Strengths

- Expertise, solution capabilities, and a strong customer network in steel products and tubular products
- Strong global supply chain for steel products firmly rooted in each community
- Strategic partnership with energy majors and our oil country tubular goods (OCTG) distribution business, which is one of the world's largest
- Leading market shares in unique segments such as railway products and equipment

Opportunities

- Global steady growth of automotive production
- Growing demand for steel products driven by urbanization in emerging countries and infrastructure upgrades in developed countries
- Modal shifts in developed countries and railway infrastructure development in emerging countries
- Growing demand for reduction of CO₂ emissions when producing oil and gas
- Weight reductions in transportation equipment in preparation for decarbonized/recycling-oriented societies, shift to renewable energy, demands to recycle resources

Challenges

- Shift of assets and human resources in line with regional strategies in the steel products business
- New business development utilizing digital transformation (DX) in railway products and equipment and the forging business both in Japan and overseas
- Creating new business models through DX in the tubular products business

Risks

- Market volatility due to steel oversupply and intensification of trade issues in various countries
- Dramatic changes in business conditions such as obsolescence of existing products or emergence of alternative materials due to global environmental measures
- Structural change in the industry due to realignments in related industries
- Impact of continued spread of COVID-19 in certain countries

FY2020 Summary

The Metal Products Business Unit posted a ¥14.8 billion improvement over the previous fiscal year. The main factors were a recovery in the overseas steel service center business and a decrease in impairment losses recorded in the tubular products business in the previous fiscal year, mainly in the United States.

On the other hand, the recovery in the tubular products business in North America was slowed due to the negative impact of COVID-19 on the macroenvironment and sluggish crude oil prices. In addition, impairment losses were recorded in the specialty steel business in India. As a result, a ¥35.6 billion loss was recorded.

Key Points of New Medium-Term Management Plan "SHIFT 2023"

Our business unit deals primarily with metal products, which are key materials for a diverse society and a variety of industries. We have worked to support societies and industries by delivering high-quality, high-performance products all over the world, and by undertaking business activities rooted in local communities with our global partners. Amid the rapid change of the social and business environments in recent years, we will promote structural reform in response to these changes and achieve our goals. The main strategy in the steel products business has focused on maintaining and expanding the global supply

network, but under SHIFT 2023 we will cultivate strategies according to the competitive environment in each region and leverage DX to increase the value in existing businesses and explore new ones. In the railway products and services business, we will work on establishing a service- and recycling-oriented business model in addition to manufacturing and selling products and equipment in the U.S. market, which is currently our main market. In the forging & casting products for transportation equipment business, we will work on expanding our portfolio and building a new business model. In the tubular products business, our aim is to stabilize earnings through advancement of the function and automation in existing businesses while also addressing changes in the environment surrounding the industry and optimizing the teams at group companies according to market size to strengthen profitability and stability.

At the same time, we will focus efforts on the enhancement of sustainability management and contribute to the resolution of key social issues by such means as supplying steel products and services that contribute to a carbon-neutral society, including renewable energy and CCUS*, human resources development, job creation, and the promotion of initiatives to eliminate work-related accidents.

* Carbon dioxide Capture, Utilization and Storage. Technology for collecting, effectively utilizing, and storing CO₂.

Implementing a Value Creation Model in the Steel Products Business SBU

Strengthening the earnings base by sophisticating and improving efficiency of the supply chain

Steel demand is projected to increase with economic development in emerging countries. At the same time, changes in the industrial structure are expected to accelerate the trend toward local production for local consumption. On the other hand, increased environmental demand will bring about demand for new materials that contribute to the shift toward renewable energy and automobile weight reduction/electrification.



Investing Management Capital



Human capital

Diverse human resources, including an abundance of human resources for managing group companies who are thoroughly familiar with the job sites all over the world



Intellectual capital

Access to markets and extensive specialized product and market knowledge cultivated over many years in business operation



Business relationship capital

Partnerships with outstanding and leading enterprises in each region through joint ventures all over the world



Global network capital

Steel products supply network spanning the globe

Growth Strategy

The Steel Products Strategic Business Unit (SBU) has Sumitomo Corporation Global Metals Co., Ltd., as a primary business operator with steel service centers and other group companies around the world to meet all kinds of industrial needs. Leveraging the collective strengths of the Sumitomo Corporation Group based on this business foundation provides a powerful source for the creation of new businesses and leads to the acquisition of a solid customer base. Under SHIFT 2023, the Steel Products SBU will work on strengthening the functions of the supply chain and increasing its efficiency, utilizing DX to respond to the demand environment and required distribution functions, which vary by region and industry. For example, in growing emerging countries in Asia, we will expand our operations into the manufacturing and distribution business, addressing the trend toward local production for local consumption, and in the European and U.S. markets, where steady earnings are expected from steel distribution, we will continue to grow by expanding our community-based supply network and strengthening its functions.



Specialty steel business in India

Value Created

Social value

- Helping the development of each industry and regional economy by providing iron products through a high-quality and highly efficient supply chain
- Contributing to the creation of jobs and the development and stability of local communities

Environmental value

- Contributing to the reduction of CO₂ emissions by pursuing the establishment of a highly efficient supply chain and supplying high-quality materials that contribute to the reduction of CO₂ emissions by such means as weight reduction, electrification, and energy efficiency

Economic value

- Providing a steel products supply chain in line with changing regional and industrial needs
- Creating new businesses based on the customer base gained through the supply of steel products



Transportation & Construction Systems

- Beyond Mobility Business Department
- Lease, Ship & Aerospace Business Division
- Mobility Business Division 1
- Mobility Business Division 2
- Construction & Mining Systems Division



Shoichiro Oka
General Manager

Strengths

- Japan's leading general leasing and financing business
- World-top-class aircraft leasing business
- A value chain and business portfolio that covers business fields from manufacturing and sales to aftermarket, financing, and services on a global basis

Challenges

- Further accumulating prime assets and enhancing asset efficiency in the general leasing and financing business
- Implementing business transformation and improving asset efficiency in response to the "new normal" caused by the COVID-19 pandemic in the aircraft leasing business
- Strengthening and upgrading manufacturing, sales, financing, and aftermarket functions in the aircraft business
- Reinforcing and expanding the business foundation in the United States and harnessing growth in the Asian market in the construction equipment rental business
- Innovating business and creating new business models to reflect the mobility society that will emerge from advancing technology

Opportunities

- Utilizing the existing business foundation
- New lifestyles and mobility patterns in the post-COVID-19 new normal
- Accelerating evolution of new technologies and creation of new business models for realizing a decarbonized society
- New business opportunities arising from utilization of DX

Risks

- Movement restrictions and changes in dynamics of people and goods as a result of the COVID-19 pandemic
- Changes in market needs arising from post-COVID-19 new normal and obsolescence of existing business models
- Geopolitical risks
- Cyclical markets

FY2020 Summary

In the Transportation & Construction Systems Business Unit, profit for the year was down ¥48.0 billion year on year, to a ¥17.5 billion loss. This was due to one-off losses arising primarily from the impact of the COVID-19 pandemic and lower profit in the leasing business, automotive-related business, and construction equipment sales & marketing business and rental business. The main one-off losses were an allowance for receivables in the automotive financing business in Indonesia and a loss on foreign exchange valuation in the automotive sales and marketing business in Libya.

Key Points of New Medium-Term Management Plan "SHIFT 2023"

Our business unit operates in diverse domains mainly relating to mobility. Our particular strengths include the leasing and financing business, the global reach of our value chains in the ship, automotive, construction and mining equipment businesses, and our advanced expertise in the aerospace-related business.

Tight restrictions were placed on the movement of people and goods and on production and sales activities due to the

spread of COVID-19. Many businesses of our business unit were negatively impacted in FY2020.

For this reason, our business unit will work on rebuilding its earnings base through the strengthening of its business portfolio and structure considering such factors as resistance to event risks while realizing a steady recovery from the pandemic under SHIFT 2023.

Under the post-COVID-19 new normal, the movement of people and goods is expected to develop in a way that breaks from the past. Anticipating the kind of mobility services needed under the new normal, our business unit will aim to (1) increase value by implementing growth strategies and DX in existing businesses, (2) transform our businesses (reorganize and diversify our portfolio), and (3) create new value through innovative development projects that anticipate changes in the social and economic environment. In addition, we aim to achieve sustainable growth by contributing to the realization of prosperity in society through the activities of our business unit carried out in response to social issues such as mitigation of climate change, realization of a circular economy, development of local societies and economies, and improvement of living standard.

Implementing a Value Creation Model in the Equipment Rental SBU

Extending knowledge of business operations cultivated in Japan and the United States to Southeast Asia

Demand for construction equipment rental is expected to continue growing as awareness of workplace safety and productivity increases and the trend changes from ownership to use. Moreover, customer needs are becoming diverse, requiring enhancement of services utilizing DX and other tools.



Aver Asia acquired in December 2020

Investing Management Capital



Financial capital

Solid financial base enabling introduction of new rental assets



Human capital

Human resources with a wealth of experience at sites in the construction equipment sales and rental business



Intellectual capital

Rental business know-how cultivated through management and operations in Japan and overseas spanning more than 30 years



Organizational/Group capital

Knowledge of regional organizations and connections with start-ups

Growth Strategy

In Japan and the United States, which are advanced construction equipment rental countries, we are developing the business through TAIYOKENKI RENTAL CO., LTD., and Sunstate Equipment Co., LLC, respectively. Because customer needs are growing more diverse with increased awareness of workplace safety and productivity, we aim to provide new value by upgrading services utilizing IT and DX, such as enhancement of rental products and offering of various rental apps.

In addition, we acquired Aver Asia (S) Pte Ltd., which has operations throughout Southeast Asia, in December 2020 in order to expand into this area where mechanization and rental demand are expected to increase in conjunction with economic growth. We will take advantage of the knowledge of business operations cultivated in Japan and the United States while also efficiently allocating managerial resources between group companies.

By providing and promoting the use of highly reliable and economically efficient machinery, we will contribute to the realization of a sustainable circular economy.



Machinery yard at Sunstate Equipment



Corporate culture of people and teamwork

Value Created

Social value

- Contributing to the strengthening of infrastructure and to urbanization by supporting improved productivity at construction sites
- Improving safety at construction sites by promoting construction machinery rentals in emerging markets

Environmental value

- Contributing to mitigation of climate change by renting out environment-friendly construction machinery
- Realizing effective utilization of assets and a circular economy by recycling rentals and used machinery

Economic value

- Meeting increasingly diverse user needs
- Providing relevant products and services with a high level of customer satisfaction in a timely fashion
- Maintaining and growing our top share of local markets



Infrastructure

- Social Infrastructure Business Division
- Global Power Infrastructure Business Division
- Logistics Infrastructure Business Division

Tsutomu Akimoto
General Manager



Strengths

- Market presence that has been cultivated over decades and the ability to communicate with markets that capture the overall needs of local societies
- Project management capabilities backed by an extensive EPC track record
- Project structuring capabilities to establish systems for stable business operation
- Expertise in each business area and industry network

Opportunities

- Increased demand for environment-friendly infrastructure businesses such as the renewable power generation business
- Increased demand for environmental value in the electricity retail business in Japan
- Expansion of business opportunities addressing the overall needs of local societies and the privatization of public infrastructure
- Increased needs for logistics and overseas industrial parks addressing changes in the supply chain such as the relocation of production sites in the manufacturing industry

Challenges

- Promoting new businesses that view climate change as a business opportunity
- Commercializing new electric power and energy services through co-creation initiatives with the Energy Innovation Initiative (EII)
- Increasing the value of existing businesses and creating new businesses through combination with DX
- Development of human resources with business designing capabilities and utilization/optimal allocation of human resources on a global basis

Risks

- Changes in business structure and business opportunities as a result of the COVID-19 pandemic
- Changes in business conditions or tightened regulations for coal-fired power plants
- Risk of political or institutional changes in each country
- Intensification of competitive business environment with the entry of manufacturers from emerging countries and new business operators

FY2020 Summary

In the Infrastructure Business Unit, profit for the year was down ¥117.1 billion year on year, amounting to a loss of ¥55.6 billion. Excluding one-off losses, however, profit came to approximately ¥39.0 billion.

In addition to peak-out of the progress in construction work related to large-scale engineering, procurement, and construction (EPC) projects, the business unit recorded additional costs associated with delays in the construction of multiple EPC projects and one-off/impairment losses in IPP/IWPP business.

Key Points of New Medium-Term Management Plan "SHIFT 2023"

In this business unit, our two long-term goals are to establish a stable earnings base with a sense of scale and achieve carbon neutrality by 2050. Under SHIFT 2023, our business activities will be carried out to achieve these goals.

In establishing a stable earnings base with a sense of scale, our aim is to build a stable earnings base that is resistant to market conditions and thereby further increase profits.

SHIFT 2023 shifts management resources to the renewable power generation business and the social infrastructure business, where the potential for market growth is particularly high and the strengths of the business unit can be leveraged. These will be grown into the next stable earnings pillars. We

will also enhance our earning power of such businesses as overseas industrial parks and energy services by utilizing environmental value and increasing value through DX. Thoroughly implementing the above shift and various measures, we will restore the performance of the business unit during the period of SHIFT 2023 and get back on a growth trajectory.

To achieve carbon neutrality by 2050, we will aggressively work to reduce CO₂ emissions, pursue new business models, and promote our business for achieving a sustainable carbon-neutral society balanced against growth of local societies and economies. In the power generation business, we will not be involved in any new coal-fired power generation business. We will reduce CO₂ emissions by 40% or more (60% or more in the coal-fired power generation business) compared to 2019 by 2035. We will also promote low-carbonization in our power generation portfolio, shifting from the current composition of 50% coal-fired, 30% gas-fired, and 20% renewables in terms of net ownership generation capacity in 2020 to 20% coal-fired, 50% gas-fired, and 30% renewables by 2035. We will also develop businesses based on solutions to climate change as the growth driver and promote commercialization of new electric power and energy services through co-creation initiatives with the EII in energy services, social infrastructure, Smart City, overseas industrial parks, logistics, and other fields.

Implementing a Value Creation Model in the Smart City SBU

Expanding profit through efficient urban management and enhanced value creation

In emerging countries, there are an increasing number of complex urban development projects from greenfield, while in Japan and other developed countries there are an increasing number of projects for utilizing new technologies to bring smart functionality to existing cities. Additionally, demand for resilient urban development is on the rise due to the spread of COVID-19 and an increase in natural disasters.



"Smart and warm" city lined with cherry blossom trees

Thriving scene of northern Hanoi by development in front of the station

Investing Management Capital



Business relationship capital

Partners with a strong presence in Vietnam and a network that includes government agencies and business entities



Human capital

Group human resources with experience in the infrastructure and real estate fields as well as designing and promoting capabilities for businesses that enable them to unify players from various fields of Smart City development



Brand capital

Many years of business experience in Vietnam and the associated reliability and strong presence of the Group

Growth Strategy

We will integrate the real estate business and infrastructure business, both of which the Group has extensive experience in, and undertake efficient management of urban development utilizing digital infrastructure*. At the same time, we will utilize various smart services and the data obtained from these initiatives to develop a business model in which profit is earned by improving urban value.

We will also develop an innovation platform in collaboration with industry, government, and academia in Japan and Vietnam. By rolling out the new technologies and services developed in northern Hanoi to the rest of Vietnam and other ASEAN countries, we will help resolve social issues utilizing the experience gained and business model developed in northern Hanoi.

* Integrated IoT platform for integrating, accumulating, and analyzing urban data



Comfortable living environment surrounded by waterfronts and other natural scenery

Value Created

Social value

- Providing solid basic infrastructure and security to support the daily lives of 70,000 to 90,000 residents
- Providing a system that allows residents to connect naturally and realizing community formation that offers a sense of security and pride

Environmental value

- Promoting urban development that aims to achieve net zero emissions by utilizing renewable energy
- Fostering clean urban development that allows people to enjoy open spaces, sunlight, wind, water, and green vegetation and experience nature

Economic value

- Developing and managing a multi-use Smart City with a resident population of 70,000 to 90,000, a working population of 50,000 to 100,000, and a total of nearly 20 million visitors annually.
- Creating opportunities to invest in demonstration experiments and local companies and business opportunities with the provision of a local ecosystem



Media & Digital

- Media Division
- Digital Business Division
- Smart Communications Platform Business Division



Toshikazu Nambu
General Manager

Strengths

- JCOM Co., Ltd., with the No. 1 share of the cable TV market
- Jupiter Shop Channel Co., Ltd., with the No. 1 share of the TV shopping market
- SCSK Corporation, a leading IT solutions provider
- Access to advanced technologies through our global CVC network
- Global promotion structure for companywide DX
- Know-how and network cultivated through the overseas telecommunications business
- T-Gaia Corporation, No. 1 mobile phone distributor in Japan

Challenges

- Enhancing J:COM's lifestyle service functions
- Strengthening new services adapted to changing lifestyles
- Upgrading the Group's IT infrastructure
- Expanding the DX-related business
- Expanding value-added services in the overseas telecommunications business
- Horizontal expansion of telecommunications infrastructure and related services

Opportunities

- Changes in lifestyles and consumer behavior amid the COVID-19 pandemic
- Changes in the way that young people consume media
- Deregulation of online medical consultation
- Creation and expansion of new markets with 5G mobile technologies
- Increase of DX demand arising from accelerated transformation of customers' businesses
- Expansion of opportunities to resolve social issues with digital technologies
- Multifaceted development through business alliance in various fields with Vodafone Group Plc.
- Expansion of business at mobile carrier shops

Risks

- Changes in the market environment caused by an acceleration of the fusion between broadcasting and telecommunications
- Market shrinkage in Japan due to a declining birth rate and an aging population
- Changes in the global industrial structure due to digital disruption
- Intensified competition to secure IT and DX human resources across various industries
- Changes in mobile device distribution market (higher device prices, further development of e-commerce, etc.)
- Country risk in businesses based in emerging countries such as changes in policies or regulations

FY2020 Summary

The Media & Digital Business Unit was impacted by the pandemic, but profit for the year was up ¥6.0 billion year on year to ¥44.3 billion due to stable performance of the major domestic group companies, led by JCOM and SCSK Corporation.

Key Points of New Medium-Term Management Plan "SHIFT 2023"

We will anticipate the paradigm shift brought about by the pandemic, including growing demand for non-contact/non-face-to-face transactions. To adapt to the shift, we are working on creating value and businesses through the promotion of DX to help resolve social issues with a basis on the SDGs.

In the cable TV business, we will work on expanding our service areas in addition to enhancing online living-related services and creating personalized services. In the TV shopping business, we will introduce new experiential products, enhance customer loyalty by proposing products tailored to individual needs, and expand our customer base through live commerce. In the 5G business, we will launch a 5G base station sharing business for mobile network operators and contribute to the realization of a 5G society via early nationwide expansion.

In the overseas telecommunications business, we will establish a telecommunications infrastructure and roll out value-added online services on this platform for healthcare, education, finance, and more. While contributing to lifestyle and industrial infrastructure development in emerging countries, we will promote a multifaceted business alliance in various fields with Vodafone Group. We have also made the decision to enter the telecommunications business in Ethiopia and aim to launch services in 2022. In the mobile business in Japan, we will work on a new business model that addresses changes in the mobile device distribution market (higher device prices, further development of e-commerce, etc.). As the organization promoting companywide DX, we will aim for results with social and significant impact, focusing on fields in which we have strengths, such as manufacturing and retail. When we promote DX, we will also work on further co-creation of value with start-ups, leveraging global corporate venture capital (CVC) functions in addition to enhancing our technological capability through closer collaboration with SCSK and enhancing our data marketing functions.

Through these initiatives, we aim to evolve as "a Digital Solutions *Sogo-Shosha*" consistently creating new value.

Implementing a Value Creation Model in the J:COM SBU

Connecting with broader range of customers and communities by enhancing services and expanding coverage areas

As we work on business activities rooted in local societies, the market environment continues to change rapidly as a result of the emergence of online video streaming services and the spread of ultrahigh-speed internet. On the other hand, changes in the external environment such as technological innovations and regulatory reforms are expected to lead to more business opportunities, including the adoption of new services.



Entrance at JCOM's headquarters

Investing Management Capital



Business relationship capital

Long-term relationships with local governments and foreign/domestic companies and large-scale customer base



Organizational/Group capital

Asset utilization and collective strengths of the Sumitomo Corporation Group (electric power, healthcare, mobility, real estate, etc.)



Brand capital

High profile based on the No. 1 share of the industry Brand power as a pioneer expanding into multifaceted business domains



Intellectual capital

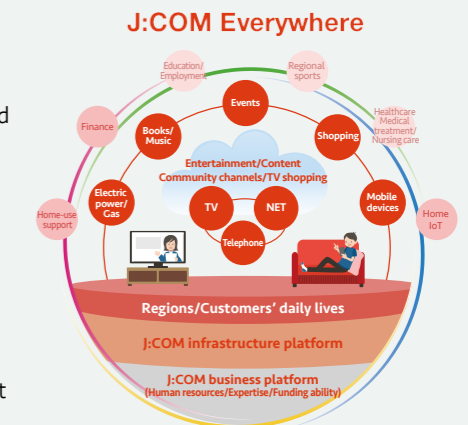
Know-how on the broadcasting and telecommunications business cultivated over more than 25 years since its launch

Growth Strategy

We have been in the cable TV business for more than 25 years. Our affiliated company JCOM has expanded its services from TV, internet, and landline phones to mobile phones, electric power, home IoT services, and other living-related fields. Our strengths are close ties to communities and meticulous support. The number of subscribing households has grown to approximately 5.6 million.

Aiming for further growth, we will work on creating personalized services utilizing digital technologies and data in addition to enhancing life-related services such as insurance services and online medical consultations. Some services will be newly launched outside the current service area.

We will continue to expand profits through the provision of services closely connected to customers' lives and contribute to the establishment of a foundation for comfortable and enriching lifestyles.



Value Created

Social value

- Contribution to resolution of regional issues and enriched lifestyles by strengthening existing services and creating new ones
- Further increase in the number of households subscribing to our services
Number of subscribing households
Approx. 5.6 million (FY2020 result)

Environmental value

- Promotion of energy conservation in equipment at centers and reduction of CO₂ emissions by switching to ride-sharing for half of commercial vehicles
FY2023 target for CO₂ reduction
Approx. 910 tons (approx. 30% reduction compared to FY2019)

Economic value

- Value as a general regional service platform provider centered on broadcasting, telecommunications, and living-related services
- Further increase in profits
Annual sales
Approx. ¥790 billion (FY2020 result)



Living Related & Real Estate

- Lifestyle & Retail Business Division
- Food & Agriculture Business Division
- Materials, Supplies & Real Estate Division



Nobuki Ando
General Manager

Strengths

- Expertise in retail and healthcare businesses acquired through the management of Summit Inc. and Tomod's Inc.
- Store network located primarily in the Tokyo metropolitan area and access to customers of Summit and Tomod's
- Robust global platform for food distribution and sale
- Extensive track record of developing and managing comprehensive portfolio of real estate projects in Japan

Opportunities

- Expansion of overseas retail market, primarily in emerging countries with growing middle class
- Development of new businesses that lead to greater efficiency in rising medical expenses in Japan and other developed countries, as well as installations of medical infrastructure in emerging countries
- Heightened global concerns over SDGs-related issues including food waste and environmental burdens
- Focus on real estate in Japan as stable assets and investments

Challenges

- Creating new businesses by combining DX with the retail business
- Creating growth opportunities and new businesses in the growing healthcare field
- Strengthening and expanding the food business value chain
- Utilizing external funding and managing the balance sheet

Risks

- Decline in consumer confidence due to worsening economic conditions
- Extreme weather patterns, infectious diseases, and other factors affecting harvest and sales price in recent years
- Changes in global food supply, production, and logistics
- Impact on the real estate market caused by capital market fluctuations

FY2020 Summary

In the Living Related & Real Estate Business Unit, the supermarket business in Japan performed well owing to increased demand for eating at home as a result of the COVID-19 pandemic. Despite some downward pressure, the real estate business performed well. On the other hand, our fresh produce business in Europe and the Americas recorded an impairment loss due in part to worsening market conditions arising from the pandemic. In addition, due to the large project delivery in the real estate business in the previous fiscal year, profit for the year was down ¥59.6 billion year on year, to a loss of ¥8.4 billion.

Key Points of New Medium-Term Management Plan "SHIFT 2023"

Under SHIFT 2023, we will aim for further growth of our core retail, food, and real estate businesses for which we solidified the foundation as part of Medium-Term Management Plan 2020. At the same time, we will promote initiatives in new areas in the retail and healthcare businesses.

In the lifestyle & retail field, we will further solidify the foundation of our retail and healthcare businesses, centered on

Summit and Tomod's. In addition, we will accelerate DX in the retail business and utilize data available from our access to brick-and-mortar customers and business sites to promote improved consumer convenience as well as the provision of optimal products and services.

In the food & agriculture field, we will strengthen our sales capabilities by collaborating with the retail business. In the fresh produce business in Europe and the Americas, we will work on streamlining operations and reducing costs in Fyffes business, which we undertook turning around under Medium-Term Management Plan 2020.

In the materials, supplies & real estate field, our pillars are the construction material-related business including building materials and cement, office buildings, retail facilities, residential facilities, logistics facilities, and the real estate fund business. In particular, we will expand the office buildings and logistics facilities business in strategic areas and utilize external funding as we promote asset efficiency. We will also utilize the real estate business as a platform to provide new value and lifestyles through our unique products and services via collaboration with other businesses.

Implementing a Value Creation Model in the Domestic Real Estate SBU

Optimizing asset efficiency and building an adequate portfolio

Demand for real estate investment remains high due to the effects of large-scale monetary easing around the world. Meanwhile, the environment surrounding the real estate business is also undergoing significant change, including a drop in demand from inbound tourism due to the COVID-19 pandemic and the spread of telework.



SOSILA Yokohama Kohoku

Investing Management Capital



Intellectual capital

Know-how passed down over many years of hands-on management of the real estate business, which is the founding business of Sumitomo Corporation



Human capital

Experienced human resources who inherit the know-how developed via hands-on work and steadily put it into practice



Organizational/Group capital



Business relationship capital

A platform that enables collaboration both inside and outside the Group in all aspects of business, including financing, tenant leasing, and building materials network

Growth Strategy

Under SHIFT 2023, we will promote the utilization of external funding and grow the development and sales and the asset management businesses into more efficient businesses. Our policy is to aggressively undertake development of office buildings, residential facilities, daily-use retail facilities, logistics facilities, and other facilities. In addition, in order to adapt to the surrounding environment, which is changing due to the COVID-19 pandemic, we will build an adequate portfolio in terms of asset type and area to create a risk-tolerant business foundation. We will also focus on improving the environmental performance of our portfolio assets from an ESG standpoint and enhancing our real estate management via DX.



KANDA SQUARE

Value Created

Social value

- Providing social infrastructure to support people's daily lives through various assets
- Development of spaces to serve as disaster prevention bases or places for temporary evacuation and installation of stockpiling warehouses and emergency generators in our facilities
- Contributing to the development of local communities and industries by meeting various needs

Environmental value

- Reducing CO₂ emissions and energy consumption by improving the environmental performance of portfolio properties
- Supplying real estate assets that have received environmental certification such as "Comprehensive Assessment System for Built Environment Efficiency" (CASBEE) or "Building-Housing Energy-efficiency Labeling System" (BELS)

Certifications

CASBEE: 6 properties
BELS: 7 properties
(As of June 30, 2021)

Economic value

- Engaging in more efficient business development utilizing external funds and creating added value by leveraging our real estate development know-how
- Providing investors with excellent investment opportunities leveraging our sourcing capabilities and management know-how

Management/portfolio status

83 office buildings 61 retail facilities

Track record of supply

59,000 condominium units
11 logistics facilities
(As of March 31, 2021)

Mineral Resources, Energy, Chemical & Electronics

- Mineral Resources Division No. 1
- Mineral Resources Division No. 2
- Energy Division
- Basic Chemicals & Electronics Division
- Life Science Division



Shingo Ueno
General Manager

Strengths

- Experience and know-how of operations and business management in the upstream mineral resources and energy field
- Business-building capabilities covering the entire value chain
- Global partner and customer bases
- Competitive advantage in electronics manufacturing services, agricultural inputs, and pharmaceuticals
- Sales network for crop protection products in countries worldwide

Opportunities

- Increased demand for high-grade nickel and cobalt in conjunction with the spread of electric vehicles (EVs)
- Global trend of energy transition
- Increased focus on aluminum-related products due to their light weight and ease of recycling
- Higher expectations for improved agricultural productivity and increased opportunities for innovation leveraging new technologies

Challenges

- Shifting the product portfolio toward a decarbonized society
- Completing construction early and achieving highly stable operations in the upstream mineral resources and energy business
- Strengthening initiatives contributing to a circular economy, including the biodegradable material and recycling business

Risks

- Tightening of legal regulations in response to higher environmental awareness and changes in consumer needs
- Impact on world trade and investment by trade friction between the United States and China
- Weak demand resulting from slowing economic growth in emerging countries
- Country risks associated with projects
- Market downturns due to weather and other external factors

FY2020 Summary

In the Mineral Resources, Energy, Chemical & Electronics Business Unit, profits were up in the iron ore business in Brazil and South Africa in accordance with the market growth, and the chemical and electronics business also performed well. Meanwhile, due to the COVID-19 pandemic, operations had to be temporarily suspended at some mines, including those of the nickel mining and refining business in Madagascar and the silver, zinc, and lead business companies in Bolivia, resulting in lower profits. In addition, profits were down in the companies related to the coal mining business in Australia due to the worsened market, and impairment losses were recorded in the nickel mining and refining business in Madagascar and the tight oil and shale gas business in the United States. As a result of these and other factors, profit for the year was down ¥106.9 billion year on year, to a loss of ¥63.7 billion.

Key Points of New Medium-Term Management Plan “SHIFT 2023”

We consider the changes brought about by social demand and megatrends for sustainability as great opportunities. By upgrading our existing businesses and creating new ones, we will rebuild our business portfolio and create social, environmental, and economic value.

In the mineral resources and energy field, we will work on downsizing and withdrawing from the thermal coal/crude oil upstream business. Meanwhile, we will shift our portfolio to the upstream metal resources business that deals with copper

and nickel, which is expected to experience increased demand in the medium to long term, the aluminum value chain that holds promise as a resource to support the recycling-oriented society of the future, and the energy transition business that will contribute to the mitigation of climate change. In addition, we will grow the midstream to downstream trading business by creating synergy with the upstream business, pursue efficiency and expertise, and increase profitability. On top of these efforts for immediate structural reform, we will also work on exploration and development in fields with long-term future potential such as the decarbonization and next-generation energy business in collaboration with the EII and other internal organizations.

In the chemicals and electronics field, we will utilize our advanced expertise and global network to create new value that contributes to sustainability and realize a higher level of profits. We have unique strengths in the agricultural input and service business and will focus investment of companywide management resources to promote further geographical expansion and enhancement of functions.

In the EMS business, we will pursue opportunities for growth while further increasing our competitive advantages, such as our manufacturing and supply chain management capabilities. We will also actively promote businesses that contribute to a circular economy, including the biodegradable material and recycling business.

Implementing a Value Creation Model in the Upstream of Metal Resources SBU

Building a product portfolio for sustainable mineral resource supplies

With increasing environmental awareness worldwide, initiatives to realize a decarbonized society that mitigates climate change have expanded. In conjunction with this, new mine development is needed as a result of increased demand for mineral resources. In addition, the need for risk sharing and the provision of added value is growing due to the increasing difficulty of mine development.



Operations in the iron ore business in South Africa

Investing Management Capital



Business relationship capital

Presence in the industry established through many years of participation in mining business management and strategic partnerships that are built on relationships of trust



Human capital

Accumulation of human resources from upstream business management and on-site experience cultivated in participation in the management of multiple mining businesses



Intellectual capital

Project formation capabilities (sales, marketing, logistics development, risk management, regulatory compliance, etc.)



Global network capital

Global network/collective strengths as an integrated trading company surpassing those of the industry

Growth Strategy

We will accelerate the shift in our product portfolio to realize a sustainable business and society. Specifically, we will downsize or withdraw from unprofitable businesses and strengthen our initiatives for copper and nickel, which are expected to increase in demand in the medium to long term. We will improve the profitability and safety of our portfolio overall through efforts such as those to quickly achieve stable operations in the nickel mining and refining business in Madagascar, complete Quebrada Blanca operations in the copper mining business in Chile, and secure new investments and loans for carefully selected projects. In addition, metallic raw materials used in automobile parts such as automotive secondary batteries are indispensable for manufacturing EVs. By providing a stable supply of these metallic raw materials, we will help spread EVs and contribute to a decarbonized society.



Ambatovy Nickel Plant in Madagascar

Value Created

Social value

- Contributing to improvement of living standard by providing a stable supply of mineral resources
- Contributing to employment, human resources development, and growth of local industry by developing the areas around mining sites

Environmental value

- Contributing to the realization of a decarbonized society mainly by promoting the shift to EVs
- Utilizing new technologies to improve the efficiency of mining operations and reduce environmental impacts

Economic value

- Increasing profitability by optimizing the product portfolio
- Securing stable profits by increasing resilience

Summary of Key Financial Indicators

For the years ended March 31

We have prepared consolidated financial statements in accordance with International Financial Reporting Standards (IFRS).

	(Billions of yen)										
	<i>f(x)</i>		BBBO2014	BBBO2014	BBBO2017			Medium-Term Management Plan 2020			
Financial data	(FY)	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Results of operations:											
Gross profit	¥	918.8	¥ 827.0	¥ 894.4	¥ 952.9	¥ 894.1	¥ 842.7	¥ 956.5	¥ 923.2	¥ 873.7	¥ 729.5
Selling, general and administrative expenses		-686.4	-657.1	-706.4	-755.2	-762.7	-693.8	-731.6	-647.6	-677.4	-678.9
Interest expense, net		-15.1	-15.8	-17.4	-13.0	-2.6	-1.7	-5.8	-11.6	-15.6	-5.5
Dividends		11.2	13.4	14.9	17.2	10.6	9.4	10.7	12.1	11.1	8.6
Share of profit (loss) of investments accounted for using the equity method		110.6	107.4	126.2	49.1	-53.8	83.5	149.7	127.1	84.8	-41.4
Profit (loss) for the year attributable to owners of the parent		250.7	232.5	223.1	-73.2	74.5	170.9	308.5	320.5	171.4	-153.1
Financial position at year end:											
Total assets		7,226.8	7,832.8	8,668.7	9,021.4	7,817.8	7,761.8	7,770.6	7,916.5	8,128.6	8,080.0
Equity attributable to owners of the parent		1,689.1	2,052.8	2,404.7	2,481.4	2,251.5	2,366.5	2,558.2	2,771.5	2,544.1	2,528.0
Interest-bearing liabilities (net)*1		2,786.7	2,930.3	3,123.5	3,517.5	2,770.3	2,627.9	2,521.5	2,427.1	2,468.8	2,300.4
Cash flows:											
Net cash provided by (used in) operating activities		190.4	280.3	278.2	243.7	599.7	345.8	295.3	268.9	326.6	467.1
Net cash provided by (used in) investing activities		-35.7	-186.2	-249.9	-399.6	-85.4	-180.7	-155.8	-51.3	-203.4	-120.1
Free cash flows		154.7	94.1	28.4	-155.9	514.3	165.1	139.5	217.6	123.2	347.0
Net cash provided by (used in) financing activities		-33.3	-24.7	145.9	-74.8	-507.2	-254.4	-229.6	-233.2	-57.7	-466.4
(Yen)											
Amounts per share:											
Profit (loss) for the year attributable to owners of the parent:											
Basic	¥	200.52	¥ 185.92	¥ 178.59	¥ -58.64	¥ 59.73	¥ 136.91	¥ 247.13	¥ 256.68	¥ 137.18	¥ -122.42
Diluted		200.39	185.79	178.46	-58.64	59.69	136.81	246.91	256.41	137.03	-122.42
Equity attributable to owners of the parent		1,351.10	1,641.60	1,927.37	1,988.62	1,803.95	1,895.81	2,048.93	2,219.11	2,036.48	2,022.83
Cash dividends declared for the year*2		50.00	46.00	47.00	50.00	50.00	50.00	62.00	75.00	80.00	70.00
(%/Times)											
Ratios:											
Equity attributable to owners of the parent ratio (%)		23.4	26.2	27.7	27.5	28.8	30.5	32.9	35.0	31.3	31.3
ROE (%)		15.4	12.4	10.0	—	3.2	7.4	12.5	12.0	6.4	—
ROA (%)		3.5	3.1	2.7	—	0.9	2.2	4.0	4.1	2.1	—
Debt-Equity Ratio (net) (times)		1.6	1.4	1.3	1.4	1.2	1.1	1.0	0.9	1.0	0.9

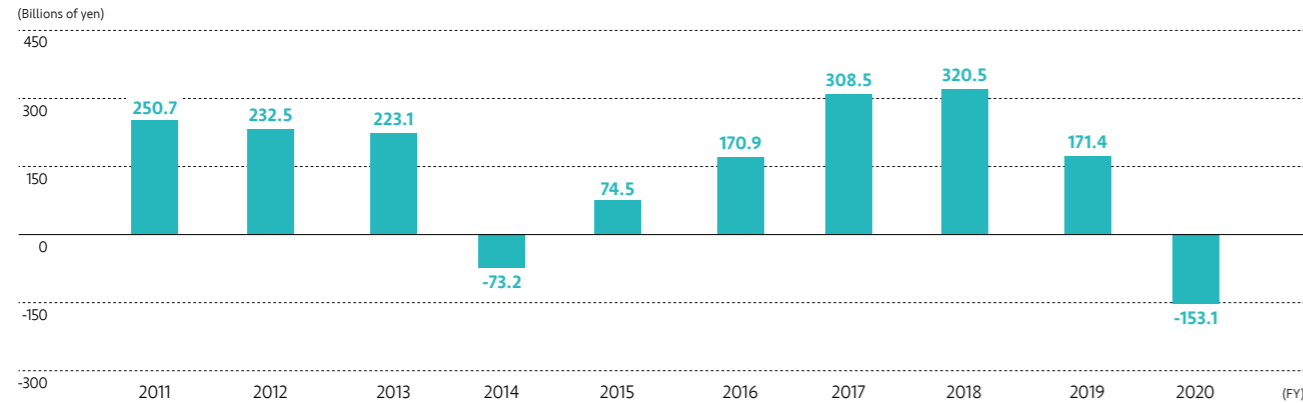
*1 Interest-bearing liabilities (net) excludes cash and cash equivalents and time deposits from interest-bearing liabilities.

*2 Cash dividends per share represents the cash dividends declared applicable to each respective year, including dividends paid after the year-end.

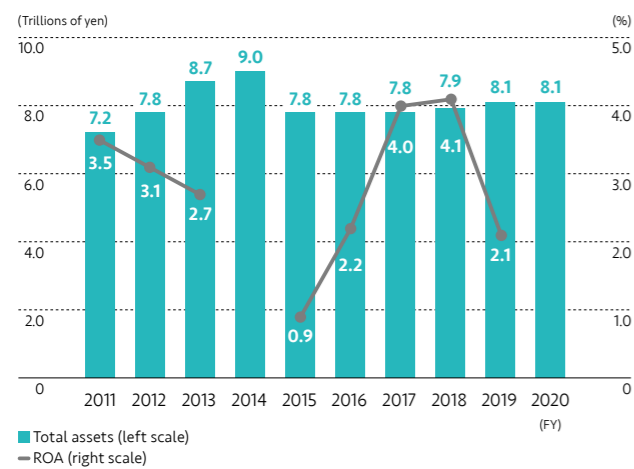
Financial Highlights

We have prepared consolidated financial statements in accordance with International Financial Reporting Standards (IFRS).

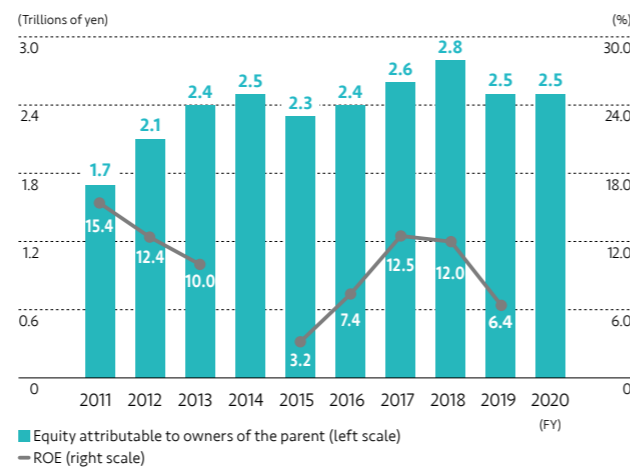
Profit (loss) for the year attributable to owners of the parent



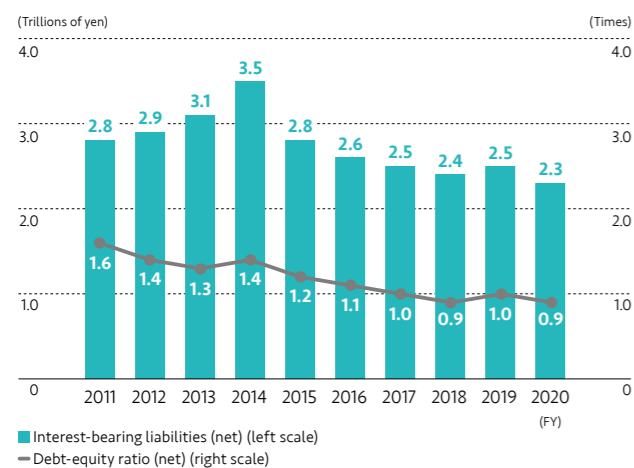
Total assets and ROA



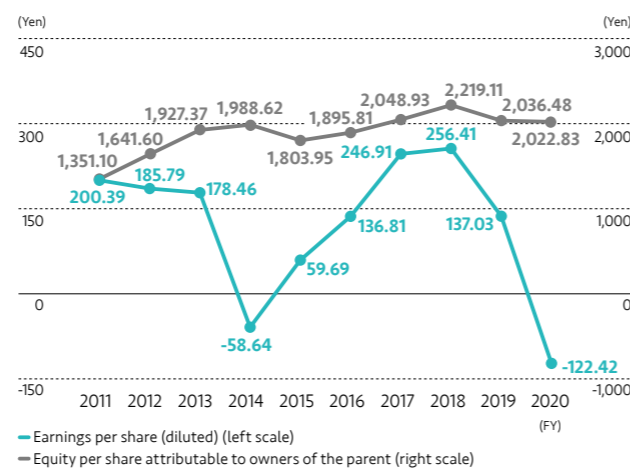
Equity attributable to owners of the parent and ROE



Interest-bearing liabilities (net) and DER (net)



Earnings per share (diluted) / Equity per share attributable to owners of the parent



ESG Highlights

Environmental data

Scope: Head office, regional offices, branches, and sub-branches in Japan and overseas

	(FY) 2017	2018	2019	2020
CO ₂ Emissions (Scope1,2)*1 (t-CO ₂)	4,926	4,148	3,233	2,667
Electricity Consumption (MWh)	7,536	5,773	4,526	3,521
Water Consumption (m ³)	21,609	13,897	11,777	4,460
Waste Emissions (t)	191	190	123	45

*1 CO₂ emission factors for electricity are based on as follows:
 (In Japan) The basic emission coefficients of individual power companies.
 (Overseas) The country-specific data in 2013 listed on "CO₂ EMISSIONS FROM FUEL COMBUSTION 2016 EDITION," an IEA (International Energy Agency) statistics.
 Note: For details and other data, please visit our corporate website.
<https://www.sumitomocorp.com/en/jp/sustainability/report>

Employee data (As of March 31 of Each Fiscal Year)

	(FY) 2017	2018	2019	2020	
Employee Data	Number of Employees (Consolidated Basis)	73,016	65,662	72,642	74,920
	Number of Employees (Non-Consolidated Basis)*2	5,261	5,295	5,376	5,390
	Number of New Employees	157	162	209	153
	Men/Women	107/50	104/58	118/91	102/51
	Number of Mid-career Employees	7	34	32	27
	Ratio of Differently Abled Employees to Total Employees*3 (%)	2.21	2.24	2.24	2.11
	Number of Female Managers	153	169	184	202
	Ratio of Female Managers to Total Managers (%)	5.55	5.90	6.45	7.20
	Average age	42.7	42.6	42.5	42.7
	Average years of service (years/months)	18/4	18/2	17/11	18/5
Working Styles	Men	19/0	18/10	18/8	19/1
	Women	16/1	16/0	15/7	16/4
	Average Monthly Overtime Hours (hours/minutes)	9/12	9/53	7/47	12/49
	Average Annual Days of Paid Vacation Acquired	16.8	16.9	17.1	12.9
	Spouse maternity leave	74	90	92	83
	Leave to look after a sick child	215	237	225	173
	Number of individuals acquiring childcare leave	68	81	65	107
	Men/Women	2/66	10/71	9/56	34/73
	Number of individuals using shortened work hour system	129	136	165	173
	Human Resource Development	Number of Employees Dispatched Overseas	1,101	1,153	1,144
Number of Employees Undergoing Training Overseas		94	96	67	35
Number of Employees Participating in Training		11,818	14,646	14,963	10,389
Total Number of Lectures		326	340	286	221
Number of Employees from Overseas Participating Global Training Program*4		259	291	257	86
Cost for Training (millions of yen)		2,416	2,588	2,379	1,701

*2 Figures include employees at overseas offices of the Company.
 *3 Figures are as of June 1 of each fiscal year.
 *4 Training hosted by the head office targeted at locally recruited employees of overseas bases and business companies

Corporate governance data (As of March 31 of Each Fiscal Year)

	(FY) 2017	2018	2019	2020*5
Number of Directors	9	11	10	11
Number of Internal Directors	6	6	6	6
Number of Outside Directors	3	5	4	5

*5 We have 11 Directors (including 5 Outside Directors), as resolved at the 153rd Ordinary General Meeting of Shareholders held in June 2021.

Consolidated Statement of Financial Position

Sumitomo Corporation and Subsidiaries
As of March 31, 2017, 2018, 2019, 2020, and 2021

(Millions of yen)

ASSETS	(FY)	2016	2017	2018	2019	2020
Current assets:						
Cash and cash equivalents	¥	776,464	¥ 667,152	¥ 660,359	¥ 710,371	¥ 599,013
Time deposits		13,996	15,187	10,492	10,262	12,751
Marketable securities		4,647	1,361	1,989	2,014	1,621
Trade and other receivables		1,206,398	1,266,782	1,340,451	1,231,088	1,303,621
Contract assets		—	—	—	117,230	188,812
Other financial assets		66,550	66,885	62,692	112,723	115,041
Inventories		830,871	877,808	925,204	929,981	793,279
Advance payments to suppliers		169,084	137,675	161,037	131,520	135,217
Assets classified as held for sale		—	247,677	56,034	—	24,718
Other current assets		253,165	196,759	329,392	291,202	323,511
Total current assets		3,321,175	3,477,286	3,547,650	3,536,391	3,497,584
Non-current assets:						
Investments accounted for using the equity method		1,870,935	1,994,366	2,130,517	2,025,255	2,102,139
Other investments		437,162	462,841	429,532	358,961	416,934
Trade and other receivables		472,462	381,120	371,420	331,871	239,348
Other financial assets		91,937	80,214	75,576	94,981	87,422
Property, plant and equipment		795,857	750,226	746,647	1,054,042	1,050,648
Intangible assets		357,359	264,477	259,759	288,913	255,961
Investment property		311,115	278,026	275,273	355,844	340,451
Biological assets		12,536	16,057	22,858	21,075	26,183
Prepaid expenses		23,498	23,817	21,043	23,186	39,493
Deferred tax assets		67,758	42,202	36,248	38,077	23,821
Total non-current assets		4,440,619	4,293,346	4,368,873	4,592,205	4,582,400
Total assets		¥7,761,794	¥7,770,632	¥7,916,523	¥8,128,596	¥8,079,984

We have prepared consolidated financial statements in accordance with International Financial Reporting Standards (IFRS).
Please refer to annual financial report for detailed information of financial situation.

(Millions of yen)

LIABILITIES AND EQUITY	(FY)	2016	2017	2018	2019	2020
Current liabilities:						
Bonds and borrowings	¥	659,257	¥ 603,249	¥ 682,349	¥ 754,696	¥ 477,927
Trade and other payables		1,029,294	1,038,657	1,178,542	1,079,099	1,269,631
Lease liabilities		—	—	11,717	65,871	71,141
Other financial liabilities		53,264	59,413	50,787	87,578	90,402
Income tax payables		20,737	39,639	28,467	25,785	31,655
Accrued expenses		105,164	89,778	94,019	95,318	95,926
Contract liabilities		—	—	132,693	98,951	137,915
Provisions		4,490	5,711	8,356	4,837	6,578
Liabilities associated with assets classified as held for sale		—	74,207	8,841	—	6,295
Other current liabilities		80,129	87,599	82,935	84,411	80,937
Total current liabilities		2,175,919	2,158,149	2,278,706	2,296,546	2,268,407
Non-current liabilities:						
Bonds and borrowings		2,759,069	2,600,616	2,415,606	2,434,696	2,434,285
Trade and other payables		121,126	104,108	57,775	57,189	53,176
Lease liabilities		—	—	56,637	426,080	430,257
Other financial liabilities		40,599	33,853	23,660	46,051	36,404
Accrued pension and retirement benefits		28,076	27,362	34,869	44,946	29,619
Provisions		33,210	40,503	46,364	46,248	53,186
Deferred tax liabilities		116,840	111,720	96,707	84,253	79,100
Total non-current liabilities		3,098,920	2,918,162	2,731,618	3,139,463	3,116,027
Total liabilities		5,274,839	5,076,311	5,010,324	5,436,009	5,384,434
Equity:						
Common stock		219,279	219,279	219,449	219,613	219,781
Additional paid-in capital		263,937	265,126	258,292	256,966	251,781
Treasury stock		-3,113	-2,796	-2,501	-2,276	-2,063
Other components of equity		309,094	248,564	234,937	-4,054	187,041
Retained earnings		1,577,288	1,827,987	2,061,306	2,073,884	1,871,411
Equity attributable to owners of the parent		2,366,485	2,558,160	2,771,483	2,544,133	2,527,951
Non-controlling interests		120,470	136,161	134,716	148,454	167,599
Total equity		2,486,955	2,694,321	2,906,199	2,692,587	2,695,550
Total liabilities and equity		¥7,761,794	¥7,770,632	¥7,916,523	¥8,128,596	¥8,079,984

Consolidated Statement of Comprehensive Income

Sumitomo Corporation and Subsidiaries
For the years ended March 31, 2017, 2018, 2019, 2020, and 2021

	(Millions of yen)				
(FY)	2016	2017	2018	2019	2020
Revenues:					
Sales of tangible products	¥3,504,159	¥4,333,190	¥4,920,772	¥4,822,984	¥4,187,392
Sales of services and others	492,815	494,133	418,466	476,830	457,667
Total revenues	3,996,974	4,827,323	5,339,238	5,299,814	4,645,059
Cost:					
Cost of tangible products sold	-2,951,459	-3,581,975	-4,151,165	-4,180,175	-3,666,589
Cost of services and others	-202,817	-288,875	-264,880	-245,976	-249,009
Total cost	-3,154,276	-3,870,850	-4,416,045	-4,426,151	-3,915,598
Gross profit	842,698	956,473	923,193	873,663	729,461
Other income (expenses):					
Selling, general and administrative expenses	-693,759	-731,616	-647,553	-677,430	-678,935
Impairment losses on long-lived assets	-18,803	-7,226	-7,567	-65,286	-80,967
Gain (loss) on sale of long-lived assets, net	-876	2,859	3,581	3,507	-4,679
Other, net	-20,132	9,419	2,502	16,436	-23,762
Total other income (expenses)	-733,570	-726,564	-649,037	-722,773	-788,343
Finance income (costs):					
Interest income	26,009	27,530	28,975	30,621	25,159
Interest expense	-27,738	-33,297	-40,535	-46,191	-30,679
Dividends	9,372	10,652	12,107	11,099	8,643
Gain (loss) on securities and other investments, net	12,873	27,767	2,204	20,712	2,911
Finance income (costs), net	20,516	32,652	2,751	16,241	6,034
Share of profit (loss) of investments accounted for using the equity method	83,457	149,734	127,110	84,791	-41,367
Profit (loss) before tax	213,101	412,295	404,017	251,922	-94,215
Income tax expense	-25,896	-78,385	-66,230	-62,405	-40,269
Profit (loss) for the year	187,205	333,910	337,787	189,517	-134,484
Profit (loss) for the year attributable to:					
Owners of the parent	¥ 170,889	¥ 308,521	¥ 320,523	¥ 171,359	¥ -153,067
Non-controlling interests	16,316	25,389	17,264	18,158	18,583
Other comprehensive income:					
Items that will not be reclassified to profit or loss					
Financial assets measured at fair value through other comprehensive income	22,771	21,073	-20,646	-47,001	74,747
Remeasurements of defined benefit pension plans	10,884	3,219	-10,799	-1,536	24,306
Share of other comprehensive income of investments accounted for using the equity method	-541	1,292	-1,453	-6,903	7,711
Total items that will not be reclassified to profit or loss	33,114	25,584	-32,898	-55,440	106,764
Items that may be reclassified subsequently to profit or loss					
Exchange differences on translating foreign operations	-47,621	-77,122	18,784	-133,359	98,096
Cash-flow hedges	2,495	-2,722	5,183	-11,769	15,104
Share of other comprehensive income of investments accounted for using the equity method	6,061	2,399	-6,887	-43,410	15,665
Total items that may be reclassified subsequently to profit or loss	-39,065	-77,445	17,080	-188,538	128,865
Other comprehensive income, net of tax	-5,951	-51,861	-15,818	-243,978	235,629
Comprehensive income for the year	181,254	282,049	321,969	-54,461	101,145
Comprehensive income for the year attributable to:					
Owners of the parent	¥ 169,715	¥ 256,329	¥ 305,075	¥ -69,413	¥ 76,083
Non-controlling interests	11,539	25,720	16,894	14,952	25,062
					(Yen)
Earnings per share:					
Basic	¥ 136.91	¥ 247.13	¥ 256.68	¥ 137.18	¥ -122.42
Diluted	136.81	246.91	256.41	137.03	-122.42

We have prepared consolidated financial statements in accordance with International Financial Reporting Standards (IFRS). Please refer to annual financial report for detailed information of financial situation.

Consolidated Statement of Cash Flows

Sumitomo Corporation and Subsidiaries
For the years ended March 31, 2017, 2018, 2019, 2020, and 2021

	(Millions of yen)				
(FY)	2016	2017	2018	2019	2020
Operating activities:					
Profit (loss) for the year	¥ 187,205	¥ 333,910	¥ 337,787	¥ 189,517	¥ -134,484
Adjustments to reconcile profit for the year to net cash provided by operating activities:					
Depreciation and amortization	114,266	118,907	111,838	165,340	170,906
Impairment losses on long-lived assets	18,803	7,226	7,567	65,286	80,967
Finance (income) costs, net	-20,516	-32,652	-2,751	-16,241	-6,034
Share of (profit) loss of investments accounted for using the equity method	-83,457	-149,734	-127,110	-84,791	41,367
(Gain) loss on sale of long-lived assets, net	876	-2,859	-3,581	-3,507	4,679
Income tax expense	25,896	78,385	66,230	62,405	40,269
Decrease (increase) in inventories	-8,866	-126,008	-46,038	505	217,409
Decrease (increase) in trade and other receivables	21,169	-70,468	-60,634	127,337	-10,383
Increase in prepaid expenses	-2,221	-5,939	-2,831	-7,228	-4,606
(Decrease) increase in trade and other payables	105,028	90,793	108,735	-97,292	138,399
Other, net	-61,680	-16,925	-133,370	-114,966	-91,962
Interest received	25,799	26,882	28,155	30,587	15,904
Dividends received	114,333	128,723	108,909	114,401	97,149
Interest paid	-26,999	-32,079	-38,933	-45,458	-27,134
Income tax paid	-63,848	-52,898	-85,090	-59,277	-65,349
Net cash provided by operating activities	345,788	295,264	268,883	326,618	467,097
Investing activities:					
Proceeds from sale of property, plant and equipment	17,773	4,929	19,222	3,472	9,034
Purchase of property, plant and equipment	-73,004	-97,762	-110,028	-76,935	-66,342
Proceeds from sale of investment property	7,838	10,083	5,100	15,739	8,602
Purchase of investment property	-57,947	-4,341	-26,310	-42,424	-7,986
Proceeds from sale of subsidiaries, net of cash and cash equivalents disposed of	—	—	—	15,499	-1,700
Acquisition of subsidiaries, net of cash and cash equivalents acquired	—	—	—	-73,238	-13,962
Proceeds from sale of other investments	65,840	59,239	217,846	99,909	98,577
Acquisition of other investments	-177,974	-163,446	-182,599	-135,847	-123,271
Collection of loan receivables	146,404	110,901	63,407	42,145	23,249
Increase in loan receivables	-109,603	-75,369	-37,955	-51,737	-46,308
Net cash used in investing activities	-180,673	-155,766	-51,317	-203,417	-120,107
Financing activities:					
Net increase in short-term debt	36,090	-10,974	36,570	152,687	-201,485
Proceeds from issuance of long-term debt	358,743	342,344	298,841	453,651	278,486
Repayment of long-term debt	-547,643	-484,871	-454,880	-547,690	-445,582
Cash dividends paid	-62,407	-66,160	-88,653	-103,675	-87,461
Capital contribution from non-controlling interests	974	348	3,806	2,824	375
Payment for acquisition of subsidiary's interests from non-controlling interests	-20,120	-2,778	-21,055	-3,798	-280
Payment of dividends to non-controlling interests	-20,117	-7,697	-8,020	-11,821	-10,455
(Acquisition) disposal of treasury stock, net	32	178	195	80	34
Net cash used in financing activities	-254,448	-229,610	-233,196	-57,742	-466,368
Net increase (decrease) in cash and cash equivalents	-89,333	-90,112	-15,630	65,459	-119,378
Cash and cash equivalents at the beginning of year	868,755	776,464	667,152	660,359	710,371
Effect of exchange rate changes on cash and cash equivalents	-2,958	-14,688	4,821	-15,943	8,151
Net increase (decrease) in cash and cash equivalents resulting from transfer to assets classified as held for sale	—	-4,512	4,016	496	-131
Cash and cash equivalents at the end of year	¥ 776,464	¥ 667,152	¥ 660,359	¥ 710,371	¥ 599,013

We have prepared consolidated financial statements in accordance with International Financial Reporting Standards (IFRS). Please refer to annual financial report for detailed information of financial situation.

Company Information

Corporate Profile (As of March 31, 2021)

Trade Name	Sumitomo Corporation
Establishment Date	December 24, 1919
Paid-in Capital	¥219.8 billion
Fiscal Year	From April 1 of each year through March 31 of the following year
Number of Consolidated Subsidiaries	662 (Domestic 117, Overseas 545)
Associated Companies [Equity Method]	273 (Domestic 52, Overseas 221)
Total	935
Number of Employees	5,390* (Consolidated Base: 74,920)
Head Office	OTEMACHI PLACE EAST TOWER 3-2 Otemachi 2-Chome, Chiyoda-ku, Tokyo 100-8601, Japan
URL	https://www.sumitomocorp.com/en/jp

* Includes 150 staff employed by Company branches and offices overseas.

Stock Information (As of March 31, 2021)

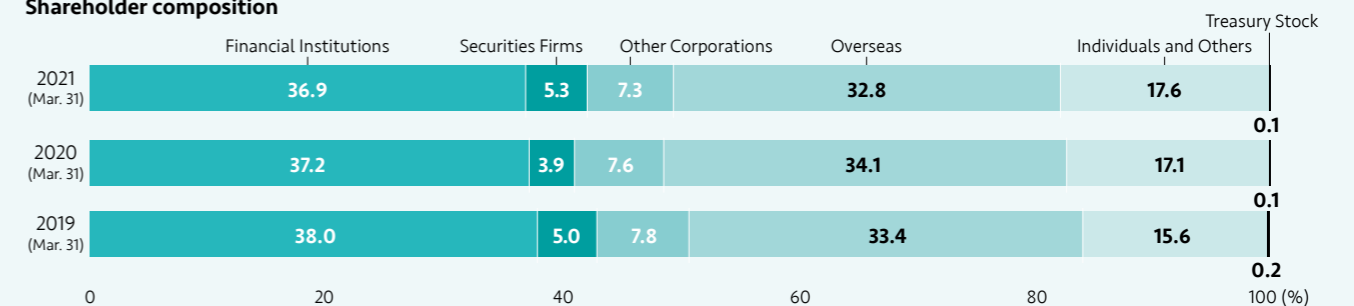
Stock Listings	Tokyo, Nagoya, and Fukuoka
Securities Identification Code	8053
Ratio	1ADR:1ORD
American Depository Receipts	Exchange: OTC (Over-the-Counter) Symbol: SSUMY CUSIP Number: 865613103
Depository and Registrar	Citibank, N.A. Depository Receipts Services, P.O. Box 43077, Providence, Rhode Island 02940-3077, U.S.A.
Overseas Dial-in	1-781-575-4555
Toll-Free Number	1-877-248-4237 (CITI-ADR)
Number of Issued Shares	1,251,253,867 (Including 1,544,207 treasury stock)
Number of Shareholders	205,689

Major shareholders

Rank	Name	Number of shares (Thousands of shares)	Shareholding ratio (%)*
1	The Master Trust Bank of Japan, Ltd. (trust account)	123,170	9.86
2	BNYM AS AGT/CLTS NON TREATY JASDEC	67,010	5.36
3	Custody Bank of Japan, Ltd. (trust account)	61,222	4.90
4	Sumitomo Life Insurance Company	30,855	2.47
5	Custody Bank of Japan, Ltd. (trust account 5)	19,053	1.52
6	STATE STREET BANK WEST CLIENT - TREATY 505234	18,067	1.45
7	Mitsui Sumitomo Insurance Company, Limited	18,000	1.44
8	NORTHERN TRUST CO. (AVFC) RE SILCHESTER INTERNATIONAL INVESTORS INTERNATIONAL VALUE EQUITY TRUST	17,539	1.40
9	Custody Bank of Japan, Ltd. (trust account 7)	17,046	1.36
10	Custody Bank of Japan, Ltd. (trust account 6)	16,895	1.35

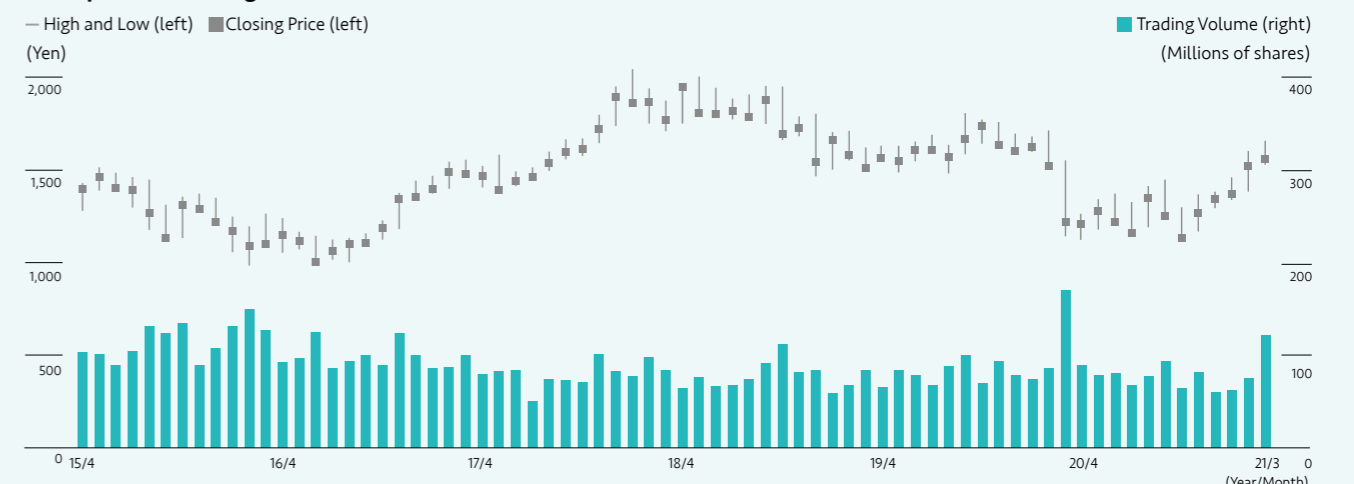
* The shareholding ratio is calculated by dividing the number of shares held by the number of shares outstanding—which is derived by deducting treasury stock (1,544,207 shares) from the total number of issued shares—and rounding to the nearest hundredth of a percent.

Shareholder composition



Note: The total of the shareholding ratios may not equal 100% because of rounding to the first decimal place.

Stock price and trading volume*



	20/4	5	6	7	8	9	10	11	12	21/1	2	3
Stock Price (Yen)												
Closing Price	1,228	1,298	1,234	1,170	1,374	1,258	1,144	1,286	1,365	1,387	1,540	1,577
High	1,257	1,337	1,367	1,322	1,408	1,442	1,293	1,363	1,377	1,455	1,597	1,651
Low	1,114	1,170	1,218	1,169	1,183	1,258	1,140	1,160	1,286	1,330	1,375	1,520
Trading Volume (In thousands of shares)	87,350	77,480	79,120	66,800	76,380	92,600	63,570	80,410	59,170	61,640	73,780	120,840

* The above stock prices and trading volume are based on Tokyo Stock Exchange data. The stock prices are rounded to the nearest yen.

Global Networks (As of April 1, 2021)

Domestic and overseas offices

● indicates the cities in which our offices are located.



Overseas 65 countries and regions

37 subsidiaries--86 locations
 2 branches-----2 locations
 1 sub-branch-----1 location
 24 offices-----24 locations
Total 113 locations

Japan

Headquarters
 3 subsidiaries-----9 locations
 6 offices-----12 locations
Total 22 locations

Offices

135 locations
 66 countries and regions
Consolidated subsidiaries and associated companies
(As of March 31, 2021)
 935 companies
 81 countries and regions

For further details, please visit "Messages from Regional Heads" on our corporate website.
<https://www.sumitomocorp.com/en/jp/about/point/area-organization/#03>



IR/SR* Activities (As of March 31, 2021)

We facilitate direct communication with shareholders and other investors, in addition to enhancing disclosure on our corporate website. During the COVID-19 pandemic, which started in 2020, we have also been utilizing online tools to maintain dialogue with our shareholders and investors. An executive officer with responsibility for dialogue with shareholders and other investors exercises overall control of and coordinates such IR initiatives shown below. Also, related in-house departments contribute to IR initiatives by distributing information and collecting feedback from shareholders and other investors. Going forward, the Company will continue to increase the transparency of its management,

implementing fair disclosure at all times, integrating financial and non-financial information, and strengthening relationships of trust with share holders and investors by displaying initiatives to increase the corporate value of the Sumitomo Corporation Group over the medium to long term.

* IR: Investor Relations SR: Shareholder Relations

For further details, please visit "Investor Relations" on our corporate website.
<https://www.sumitomocorp.com/en/jp/ir>



FY2020 IR/SR activities

	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
		Announcement of annual results		Ordinary General Meeting of Shareholders	Announcement of 1st quarter results		Publication of the integrated report	Announcement of semi-annual results		Announcement of 3rd quarter results		
For individual investors							Meetings for individual investors		Meetings for individual investors		Meetings for individual investors	Meetings for individual investors
For analysts and institutional investors			Small ESG meeting	Overseas IR roadshow				Overseas IR roadshow				Overseas IR roadshow

Notes: 1. IR events in Japan and SR talks in Japan and overseas are held throughout the year.
 2. Briefings for individual investors are all held online.

Number of individual meetings with institutional investors in FY2020

Japan	Overseas			Total
	Europe	Asia/Oceania	The Americas	
100	30	41	12	83

Meetings for individual investors in FY2020

Number of meetings (held online)	Number of participants
4 times	3,804



Meeting for analysts and institutional investors



Online meeting for individual investors

History

Sumitomo Corporation Group Milestones

Around 1600
Starts copper mining



Copper beating pictorial record in the *Kodo Zuroku* (Source: Sumitomo Historical Archives)

1919
The Osaka North Harbour Company Limited founded (the predecessor to today's Sumitomo Corporation)



Head Office of The Osaka North Harbour (Sumitomo Sohonten Annex, former Teikokuza Theater) (Source: Sumitomo Historical Archives)



1945
Renamed to Nippon Engineering Co., Ltd. Enters the trading business

Sumitomo Building Annex, where Nippon Engineering's Head Office was located

1950
Steadily expands our presence overseas

Posted an employee to Bombay (now Mumbai), India, for the first time in 1950, and subsequently established a U.S. subsidiary in New York in 1952.

1952
Renamed to Sumitomo Shoji Kaisha, Ltd.

Usage restrictions on the "Sumitomo" trade name and trademark, resulting from a 1945 order issued by the General Headquarters of the Allied Powers in Japan for the dissolution of zaibatsu financial conglomerates, were abolished following the signing of the Japan-US Security Treaty in 1952.

1962
Adopts a product division structure

This move involved consolidating the Osaka and Tokyo sales offices and creating nine product divisions: Iron & Steel, Nonferrous Metals, Electric, Machinery, Agriculture & Fishery, Chemicals, Textiles, General Products & Fuel, and Real Estate.

1977
Launches the "Big Three & The Best" slogan

Set a goal of becoming one of the top three companies in terms of total trading transactions and the overall best company in the industry from an all-encompassing standpoint by improving profitability and efficiency.

1979
Introduces a sales division system

Following the expansion of the Company's business scope, four new sales divisions were established: Iron & Steel; Machinery & Electric; Nonferrous Metals, Chemical & Fuel; and Consumer Products. As a result of promoting the empowerment of these sales divisions, the flexibility of sales was significantly improved.

1988
Introduces the "Integrated Business Enterprise" corporate vision

Based on existing trading activities, promoted (1) acceleration of business activities, (2) expansion into downstream fields, and (3) reinforcement of integrated corporate strength, with the aim of forming two major revenue sources for the Company from trading activities and business activities.

1996
The copper incident

It came to light that the general manager of a sales department was conducting unlawful copper trading unbeknownst to the Company. This incident led to the recording of losses to the extent of ¥285.0 billion, and roughly a decade was required to resolve the issue. Learning from this experience, the Company implemented a strict internal control system to prevent the recurrence of similar acts.

1998
Establishes the Group's Corporate Mission Statement

Introduces the risk-adjusted return ratio as a management indicator
The Sumitomo Corporation Management Charter was revised, and a new Corporate Mission Statement was established. The risk-adjusted return ratio was introduced as a new management indicator to serve as a common benchmark for judging the profitability of projects based on the amount of returns generated compared with inherent risks.

2000-
Formulates and implements medium-term management plan

2001
Consolidates head offices into the Tokyo Head Office

2017
Identifies Six Material Issues

2018
Relocates Head Office to Otemachi, Tokyo



OTEMACHI PLACE EAST TOWER, where Head Office was relocated in September 2018

2019
Established 100th anniversary Corporate Message of "Enriching lives and the world"

Early period—
Establishment of
management
foundation

Reorganization
for expansion

Establishment of
management
foundation as an
integrated trading
company

Integrated Business
Enterprise
corporate vision

Reinforcement of
global consolidated
management
Establishment of
Corporate Mission
Statement

Implementation of
Reform Package—
Heading for a
new stage of growth

Toward the centennial and
the next 100 years

1600s

1910s 1920s 1930s 1940s

1950s

1960s

1970s

1980s

1990s

2000s

2010s

2020s

Economic and Social Trends

1945

- End of World War II
- General Headquarters of the Allied Powers in Japan issues an order calling for the dissolution of zaibatsu

1950

- Special demand for supplying the United States in the wake of the Korean War
- Japanese economy makes strides toward recovery

1955

- Japanese post-war economic miracle
- Exports stimulated and trade deregulated

1964

- Summer Olympic and Paralympic Games in Tokyo

1970

- Expo '70 in Osaka

1971

- Nixon Shock

1973

- First oil crisis
- Transition to floating exchange rate system

1979

- Second oil crisis

1980

- Iran-Iraq War

1985

- Plaza Accord
- Rapid yen appreciation
- Monetary easing policies instituted by the Bank of Japan

1986

- Sharp rise in stock real estate prices contributes to creation of the Japanese asset price bubble

1989

- Consumption tax is introduced in Japan
- Nikkei 225 reaches record high of ¥38,915.87 in December
- End of Cold War and collapse of the Berlin Wall

1991

- Collapse of asset price bubble in Japan, start of recession

1996

- Launch of large-scale financial system reform ("Japanese Big Bang")

1997

- Asian financial crisis

1999

- Creation of Economic and Monetary Union
- Dot-com bubble

2001

- Birth of Japan's big three megabanks
- September 11 attacks

2003

- Start of Iraq War
- Severe acute respiratory syndrome (SARS) outbreak, mad cow disease pandemic in the United States

2008

- Lehman Brothers bankruptcy

2010

- Greek government debt crisis
- China's GDP becomes No. 2 in the world

2011

- Great East Japan Earthquake

2013

- "Abenomics" economic reforms

2020

- COVID-19 pandemic

2021

- Summer Olympics and Paralympics in Tokyo