Sumitomo Corporation | Enriching lives and the world

Integrated Report 2024

Sumitomo Corporation Integrated Report 2024

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On the release of Integrated Report 2024

As global circumstances grow increasingly complex and uncertain, demand for sustainability in both our planet and society continues to intensify.

In response, companies are embracing long-term and increasingly challenging initiatives, requiring management to more clearly link and integrate the financial and non-financial aspects of their operations.

With this understanding, our Integrated Report is designed to provide a comprehensive and medium- to long-term perspective on the future of the Sumitomo Corporation Group.

Under the leadership of the new President, Shingo Ueno, we launched a new management structure and business organization in April 2024.

With the achievements of the previous three-year medium-term management plan, SHIFT 2023, in hand, the Sumitomo Corporation Group is now poised to enter a new stage of growth.

This is the stage where we truly demonstrate the true value we have communicated in our previous integrated reports.

We also updated our Material Issues from the perspective of creating value and achieving growth by addressing social challenges.

In this Integrated Report, we delve into the core concept of "competitive advantage," which is central to our new Medium-Term Management Plan 2026, with the slogan "No.1 in Each Field." By explaining the plan's objectives and strategies, we aim to convey the strength and momentum of the Sumitomo Corporation Group as we move forward.

We encourage you to read through the report and share your thoughts and frank comments. We hope that this Integrated Report serves as a valuable tool for dialogue and the sharing of new values with all our stakeholders.

Masayuki Hyodo
Chairman of the Board of Directors

Editorial policy

At the 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.

As shown in the figure to the right, the integrated report is the primary disclosure tool for this information and serves as the core medium for communicating the medium- to long-term growth story of the Group.

Scope of report

- Period covered: April 1, 2023, to March 31, 2024 (Some activities starting on or after April 1, 2024, are included.)
- Organizations covered: Sumitomo Corporation and the Sumitomo Corporation Group

Referenced guidelines

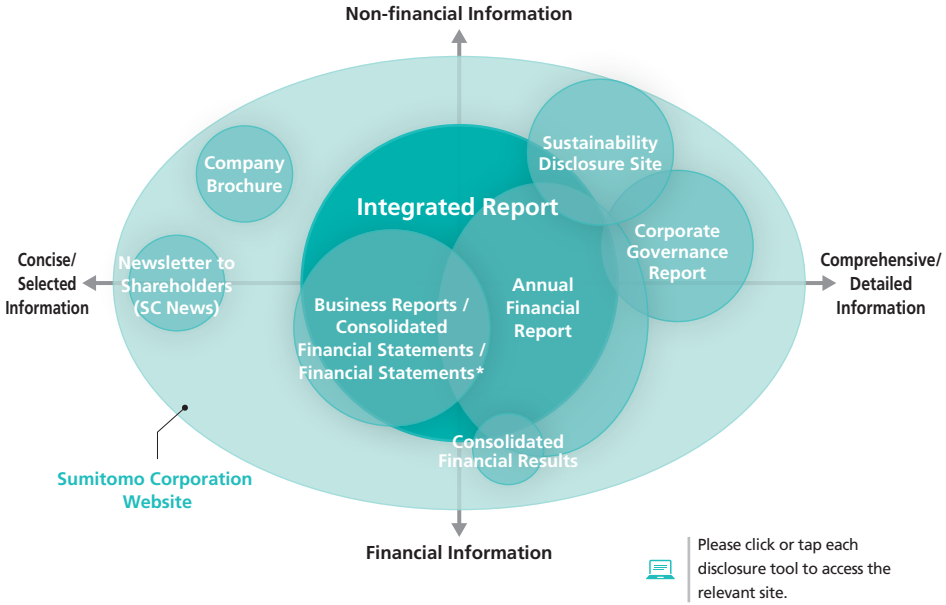
- The International Integrated Reporting Framework (IFRS Foundation)
- ISO 26000 (Guidance on Social Responsibility)
- Charter of Corporate Behavior, KEIDANREN (Japan Business Federation)
- Environmental Reporting Guidelines 2018, issued by the Ministry of the Environment
- Guidance for Collaborative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

Environment Social Governance
Guidance for Collaborative Value Creation

Cautionary statement concerning 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.

Sumitomo Corporation Group's information disclosure system



Main tools for information disclosure

Integrated Report	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 medium- to long-term as well as corporate strategy and the overall progress of our business.
Sustainability Disclosure Site	Among non-financial information, we disclose detailed information on our activities related to sustainability from the perspective of ESG. We also provide the latest relevant information by disclosing it on our corporate website and updating it as necessary.
Business Reports / Consolidated Financial Statements / Financial Statements*	The Business Report conveys important matters related to business results and the 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 of these documents are in accordance with the Japanese Companies Act.)

* Included in Notice of Convocation

History

1600s

1910s

1945–

End of World War II, General Headquarters of the Allied Powers in Japan issues an order calling for the dissolution of zaibatsu (1945)

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 its presence overseas

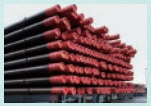
Posted an employee to Bombay (now Mumbai), India, for the first time in 1950, and subsequently established a U.S. subsidiary in New York in 1952.

1950–

Special demand caused by the Korean War (1950)
Japanese post-war economic miracle (1955)
Summer Olympics and Paralympics in Tokyo (1964) and Expo '70 in Osaka (1970)

1952
Renamed to Sumitomo Shoji Kaisha, Ltd.

1953
Begins export of Japanese tubular products



In the 1990s, long-term contracts with oil majors were evolved into supply chain management systems.

1962
Adopts a product division structure

1963
Opens the first Summit store

Committed to community-based service, Summit has grown into one of the top supermarkets in the Tokyo metropolitan area.

1970s and later
Expands the scale of overseas steel service centers

Developed a system to process and supply steel products on a just-in-time basis, mainly in Asia, in response to overseas expansion by our customers.

1980s
Starts commercial aircraft–related business

p.40 | Special Feature: Growth Story Story 1

Expands the construction and mining equipment business

The Company expanded from export and financing of construction and mining equipment to the sales & marketing business, and subsequently progressed into the rental business.

1990–

Collapse of asset price bubble in Japan (1991)
Asian financial crisis (1997)
Lehman Brothers bankruptcy (2008)

1990
Launches its first industrial park business in Indonesia

1993
Establishes Sumisho Retail Stores (now Tomod's)

Enters drugstore business

p.43 | Special Feature: Growth Story Story 2

1996
The copper incident

It came to light that the general manager of a sales department was conducting unlawful copper trading unbeknown to the Company. This incident led to the recording of losses to the extent of ¥285 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 Sumitomo Corporation Group's Corporate Mission Statement
Introduces the risk-adjusted return ratio as a new management indicator

1999
Promotes selection and concentration of businesses under medium-term management plan Reform Package

2001
Consolidates head offices into the Tokyo Head Office

The Head Office was relocated to Harumi Triton Square in May 2001

2003
Establishes the Sumitomo Corporation Corporate Governance Principles to enhance its corporate governance

2010–

COVID-19 pandemic (2020)
Summer Olympics and Paralympics in Tokyo (2021)

2011
Establishes SCSK Corporation
Focuses on joint promotion of DX within the Group

2017
Identifies six Material Issues

2018
Relocates Head Office to Otemachi, Tokyo

The Head Office was relocated to OTEMACHI PLACE EAST TOWER in September 2018

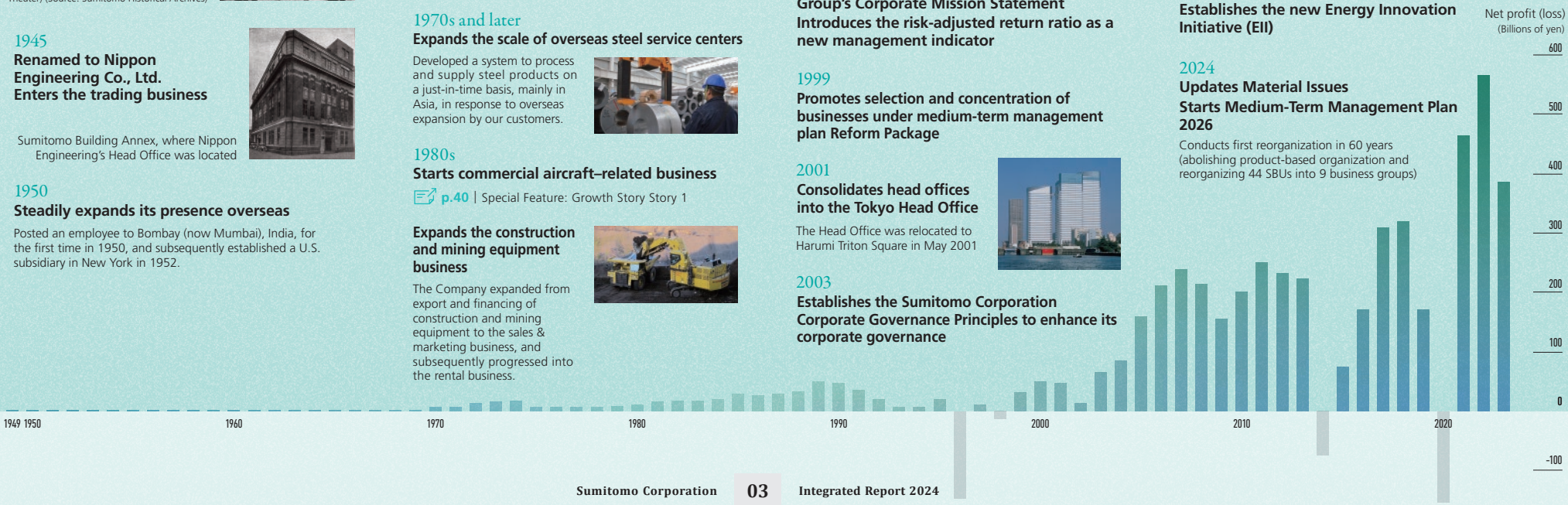
2019
100th anniversary
Establishes Corporate Message of Enriching lives and the world

2020
Identifies six key social issues and long-term goals

2021
Establishes the new Energy Innovation Initiative (EII)

2024
Updates Material Issues
Starts Medium-Term Management Plan 2026

Conducts first reorganization in 60 years (abolishing product-based organization and reorganizing 44 SBUs into 9 business groups)



At a glance (FY2023; year ended March 31, 2024)

Global network

127 offices in **65** countries and regions worldwide

(As of April 2024)

Consolidated subsidiaries and associated companies

884 companies

Number of employees (Consolidated basis)

79,692

Number of aircraft leasing fleet

No. **2** in the world

Cable television in Japan

No.1

Number of food supermarkets in Tokyo

No.1

Global comprehensive urban development projects (total land area)

5,000ha

Number of housing units supplied globally (cumulative)

Approx. **100,000**

Agribusiness expansion (number of countries)

38

Number of managed care members in Malaysia

3.7 million (No.1)

(As of July 2024)

Renewable energy (net ownership generation capacity)

2.1GW

Profit for the year

¥386.4 billion

Profit for the year excluding one-off profits/losses

¥501.0 billion

Of which, the percentage of non-mineral resources

75%

Free cash flow

+¥314.9 billion

(Repayments of lease liabilities categorized in financing activities have been adjusted.)

ROE

9.4%

Total payout ratio

40% or higher

(Medium-Term Management Plan 2026)

External evaluations

Long-term credit ratings

Moody's Investors Service	S&P Global Ratings	Rating and Investment Information, Inc.
Baa1 (stable)	**A-** (stable)	**AA-** (stable)

FTSE4Good | FTSE Blossom Japan Index | FTSE Blossom Japan Sector Relative Index | 2024 Sompo Sustainability Index | CDP DISCLOSURE INSIGHT ACTION

Message from the President and CEO

Entering a new growth stage with the theme "No.1 in Each Field."

Shingo Ueno

Representative Director,
President and Chief Executive Officer

Profile

Joined the Company in 1982 and engaged in the tubular products and energy businesses. After serving as General Manager for the Americas, he oversaw the mineral resources, energy, chemicals & electronics, and metals businesses. At the same time, as a head of the Energy Innovation Initiative (EII), launched in 2021, he led company-wide efforts for next-generation energy solutions.

My objectives as CEO

My name is Shingo Ueno, and I was appointed CEO as of April 2024. I look forward to your support.

First, let me share my thoughts on the kind of CEO I aspire to be. Although I am the Chief Executive Officer, my image of CEO is not standing at the top of the pyramid and reigning, looking down from above. While the roles played by each member of the Sumitomo Corporation Group might differ, I believe there is no superiority or inferiority among these roles, including that of the CEO. I will fulfill my role as CEO, and I trust that all employees will also fulfill their expected roles. My ideal management style is to foster an open and flat organization where everyone, including the CEO, communicates on equal terms and from the same perspective. I will create as many opportunities as possible to communicate directly with employees around the world on the same level. I want the Company to be a place where all employees can discuss their dreams and aspirations and demonstrate their strengths as a unified team towards the same direction.

Since joining the Company in 1982, I have been involved in a variety of businesses both in Japan and overseas. In my first 30 years, I engaged in enhancing functions of the Company and expanding its business scale to create value for customers and manufacturers worldwide in the export and sales, processing, and supply chain management of energy-related tubular products. Thereafter, in the mineral resources, energy, and chemicals & electronics business, I, as a Division Head, led rebuilding the organization and business after posting significant losses. I also made and implemented decisions to acquire or withdraw from upstream interests based on a long-term perspective as a Head of Business Unit.

In parallel with these efforts, I launched the Energy Innovation Initiative (EII) in April 2021 to spearhead a company-wide effort to provide next-generation energy solutions. The aim of the EII is to develop and promote businesses that help realize a carbon-neutral society over the medium to long term, thereby building new earning pillars of the Company.

Looking back, I have shared many experiences with team members and business partners, developing, expanding, recovering, and withdrawing from businesses while facing changes in the external environment and overcoming them together. This has been my foundation. In addition to pursuing economic value, we must simultaneously increase social value through businesses that help address social challenges. It is the only way to achieve sustainable growth in the long run, and it forms the basis of my values. These values are also a reflection from Sumitomo's Business Philosophy, which has been passed down for 400 years, as well as from the Sumitomo Corporation Group's Corporate Mission Statement, which embodies that philosophy.

Transition from previous plan (SHIFT 2023)

Thanks to structural reforms carried out over the three years of the previous medium-term management plan, SHIFT 2023 (FY2021–2023), we have strengthened the resilience of our business portfolio. I returned to Japan in April 2019 after completing my term as General Manager for the Americas. In the following FY2020, however, profit for the year fell into the red, partly due to the pandemic. After a thorough review, we worked diligently over the three-year period starting in FY2021 to return the Company to a growth trajectory. Specifically, we added ROIC and WACC to our indicators, which led to the Business Portfolio SHIFT. This included withdrawal from low-profitability businesses and recovery of management resources through divestment while promoting capital recycling by reallocating these resources to steady growth businesses. Over the three years through FY2023, we steadily improved our profitability, ROE, and financial soundness, establishing an earnings base capable of generating profit for the year at the ¥500 billion level.

p.15 | Review of SHIFT 2023

I believe that I was handed the baton of CEO at the time to finally go on the offensive.

The Company has been achieving growth by constantly staying a step ahead in dealing with change and evolving our business model. I now see great business opportunities amid the significant, fast-paced changes we are currently experiencing.

For example, in the areas of green transformation (GX), which is required for almost every business in the Group, and digital, which is essential for business transformation, we are making strong progress by leveraging the strength and speed of cross-organizational collaboration, a hallmark of the Company.

Amid these dynamic trends, we are entering a stage of dynamic growth.

Medium-Term Management Plan 2026 theme: "No.1 in Each Field"

As we forge strongly ahead toward a new stage of growth, we launched the Medium-Term Management Plan 2026 in April 2024, with the theme, "No.1 in Each Field." Under the previous plan, we adopted a stronger defensive approach that included implementing structural reforms, maintaining financial soundness, and strengthening resilience. Going forward, however, we will switch to an offensive mindset with the aim of becoming "No.1 in Each Field." The Company operates businesses in a variety of industries, sectors, and business categories. Accordingly, we intentionally do not set a uniform company-wide definition of "No.1" because each of our businesses operates in a different environment and follows a different trajectory. Each business recognizes its own strengths, enhances its competitive advantages, and defines what kind of "No.1" it aims to become. It can be market share, profitability, capital efficiency, customer satisfaction, or other objectives. By successfully implementing strategies that incorporate these objectives, we plan to make the Sumitomo Corporation Group into the "No.1" business group. I believe such dynamic growth can only be achieved through addressing social challenges, which aligns with the values I mentioned earlier.

This also means accelerating our business portfolio transformation. In addition to further expanding growth businesses, we will focus on enhancing the profitability of low-profitability businesses, with the aim of achieving profit for the year of ¥650 billion in FY2026.

Using business-specific ROIC and WACC as indicators, we will continue working on business portfolio transformation, thus raising company-wide ROA. Our businesses are classified into four strategic categories—steady business growth, value creation, restructuring, and nurture. Each business will steadily fulfill its expected role, leading to further improvement of profitability for the entire company. For struggling businesses, we will consider all options to make informed decisions.

By focusing on the two pillars of "growth leveraged by strength" and "strengthening the driving force for growth," we can successfully grow our business while accelerating our business portfolio transformation.

Concentrate investments in businesses with "core-strength"

With respect to "growth leveraged by strength," we will allocate around 80% of our growth investment to businesses with "core-strength" where we have familiarity, strength, and competitive advantage. This approach will expand our earnings base and build earning pillars that drive profit growth. The remaining 20% will be allocated to developing businesses that will become our future strengths in the medium to long term.

Businesses with "core-strength" include agriculture, construction systems, leasing, energy solutions, steel, digital, healthcare, and real estate. In each of these businesses, the Group has unique strengths and can demonstrate its competitive advantage.

In the aircraft leasing business, for example, we possess extensive knowledge and networks related to aircraft, which began with the trading of used aircraft and parts. In the real estate business, with a full lineup portfolio, we have the expertise to handle the entire project life cycle, from initial development to final operation. By maximizing synergy of our knowledge of each business field and our asset management capabilities, we have developed a unique strength.

In the healthcare business, we promote primary medical care that meets the needs of various overseas regions. Here, we leverage the customer relationship management and chain store operation capabilities we have developed over many years in our lifestyle-related businesses. We also utilize our management expertise from the drugstore and pharmacy business in Japan.

p.39 | Special Feature: Growth Story

First organizational changes in 60 years aimed at enhancing agility and maximizing the potential of our human capital

In addition to "growth leveraged by strength," we are "strengthening the driving force for growth" with a focus on empowering our people and our organizations.

Message from the President and CEO

In April 2024, after two years of discussion, we implemented a major reorganization, abolishing the product-based organization that had existed for the past 60 years. The basic unit of the new organization is the strategic business unit (SBU), which centers on strategy. Unrestricted by organizational scale, our 44 SBUs range in size from around 10 to 400 employees. These SBUs are organized into nine business groups based on strategic affinity. The head of each business group, acting as Group CEO, will promote autonomous group management globally and work flexibly to expand profits. In addition, there will be new value chain creations by starting from existing strong businesses, linking SBUs across former business units, represented in groups such as the Energy Transformation Business Group and the Diverse Urban Development Group.

We also reorganized the Management Council, the highest executive-level decision-making body. To accelerate business portfolio transformation by making timely and accurate decisions, we reduced the number of members from 12 to 7 and changed the resolution method to majority voting. While the Management Council focuses on allocating management resources from the perspective of company-wide optimization, each business group aims for growth by pursuing individual optimization through autonomous group management. This dual approach allows us to enhance organizational strength and overall integrated strength through continuous dialogue and discussion, balancing the perspectives of company-wide and individual optimization.

The human resources that make up our organization are among our most important management capital. We refer to them as our "human capital." By aligning our business portfolio transformation and SBU strategy, we will fully utilize our human capital, who are the driving force for our growth, to reinforce our strategy execution capabilities.

Together with stakeholders

In 10 or 20 years, the Company will have evolved with the times, resulting in a completely transformed business portfolio. Otherwise, we will not have made any meaningful progress. As in the past, it is essential for our businesses and business models to evolve by adapting to changing times. Our Medium-Term Management Plan 2026 is a critical step in this direction.

At the same time, one principle that remains unchanged, even as times change, is our commitment to creating social, environmental, and economic value by addressing social challenges through business activities that showcase our capabilities. Here, we will fully leverage our management capital, with Sumitomo's Business Philosophy at the core. By further expanding the value we create, we will achieve sustainable growth.

Sustainable growth cannot be achieved solely by the Company. Together with our shareholders, business partners, and all other stakeholders, we will enhance our corporate value and share that value with them.

For our shareholders, we will share value by aligning more closely with our shareholder interests, managing our business with a greater commitment to improving our corporate value. In our new medium-term management plan, we are targeting a total payout ratio of 40% or higher by implementing progressive dividend payments and conducting share repurchases in a flexible and agile manner. Simultaneously, we will allocate profits in a balanced way to investments in businesses earmarked for medium- to long-term growth. This approach aims to enhance our corporate value across the short, medium, and long terms.

p.19 | Summary of quantitative plans

As CEO, my pledge is to share our dreams, aspirations, and the value we create with all stakeholders, filling the future with abundance and truly "Enriching lives and the world."

Message from the CSO

Value Creation Stories Embodied in the Medium-Term Management Plan 2026

Takayuki Sumita
Managing Executive Officer
Chief Strategy Officer

Sources of management capital

Our Medium-Term Management Plan 2026, announced in May 2024, sets forth our commitment to becoming "No.1 in Each Field" through business portfolio transformation. At the same time, we updated our Material Issues from the perspective of value creation and clarified our intention to address social challenges to create value and thus achieve growth. At the heart of this is Sumitomo's Business Philosophy, which includes "benefit for self and others, private and public interests are one and the same" and "no pursuit of easy gains." As illustrated in the Value creation model section, Sumitomo Corporation's value creation stories, outlined in its medium-term management plan under the updated Material Issues, are detailed as follows.

p.10 | Value creation model

Here, the key input is our high-quality "capital"—encompassing our people, organizations, financial resources, and relationships—that we have developed through our sincere activities based on Sumitomo's Business Philosophy. Examples of our capital include our strong relationships with countries and regions such as Indonesia and Vietnam, our pioneering efforts in the digital area and energy innovation, and our large-scale, high-market-share businesses, such as tubular products in North America and construction systems. We also have powerful Group companies such as SMFL and SCSK. In addition, our competitive edge is bolstered by trusted partnerships and a diverse portfolio, ranging from mineral resources and urban development to B2C businesses like pharmacies and supermarkets, that only a conglomerate can offer. Moving forward, we will harness and integrate our core strengths—gained from the combination and synergy of such capital—to develop, expand, and reinforce our No.1 businesses. Then, we will accelerate the process by incorporating digital and green transformation (GX).

Value delivered by our No.1 businesses

With these No.1 businesses in mind, we will reorganize our financial and human capital portfolios and restructure our organizations accordingly. On the funding side, we will generate ¥2 trillion through business activities over the three-year period, plus ¥0.8 trillion in cash through asset replacement. Of these, we will invest more than ¥1.8 trillion in current areas of strength while making significant investments in nurture fields earmarked to become our future strengths. This forms the foundation of the business bases outlined in our medium-term management plan. We aim to become "No.1 in Each Field" by offering products and services that are both competitively superior and highly satisfactory to our customers. In FY2026, we are targeting profit of ¥650 billion and ROE of 12% or higher while increasing our contributions to greenhouse gas reduction and ecological impact minimization. These will be our outputs. Such outputs will result in various positive outcomes, including a total payout ratio of 40% or higher for shareholders, increased satisfaction and trust among business partners, competitive compensation for executives and employees, enhanced quality of life, and the development of exceptional talent. As our actions are based on our updated Material Issues, we will deliver social value and environmental value alongside economic value. These outcomes will further enhance the quality of our capital, which will become a key input for future growth.

Striving for further excellence

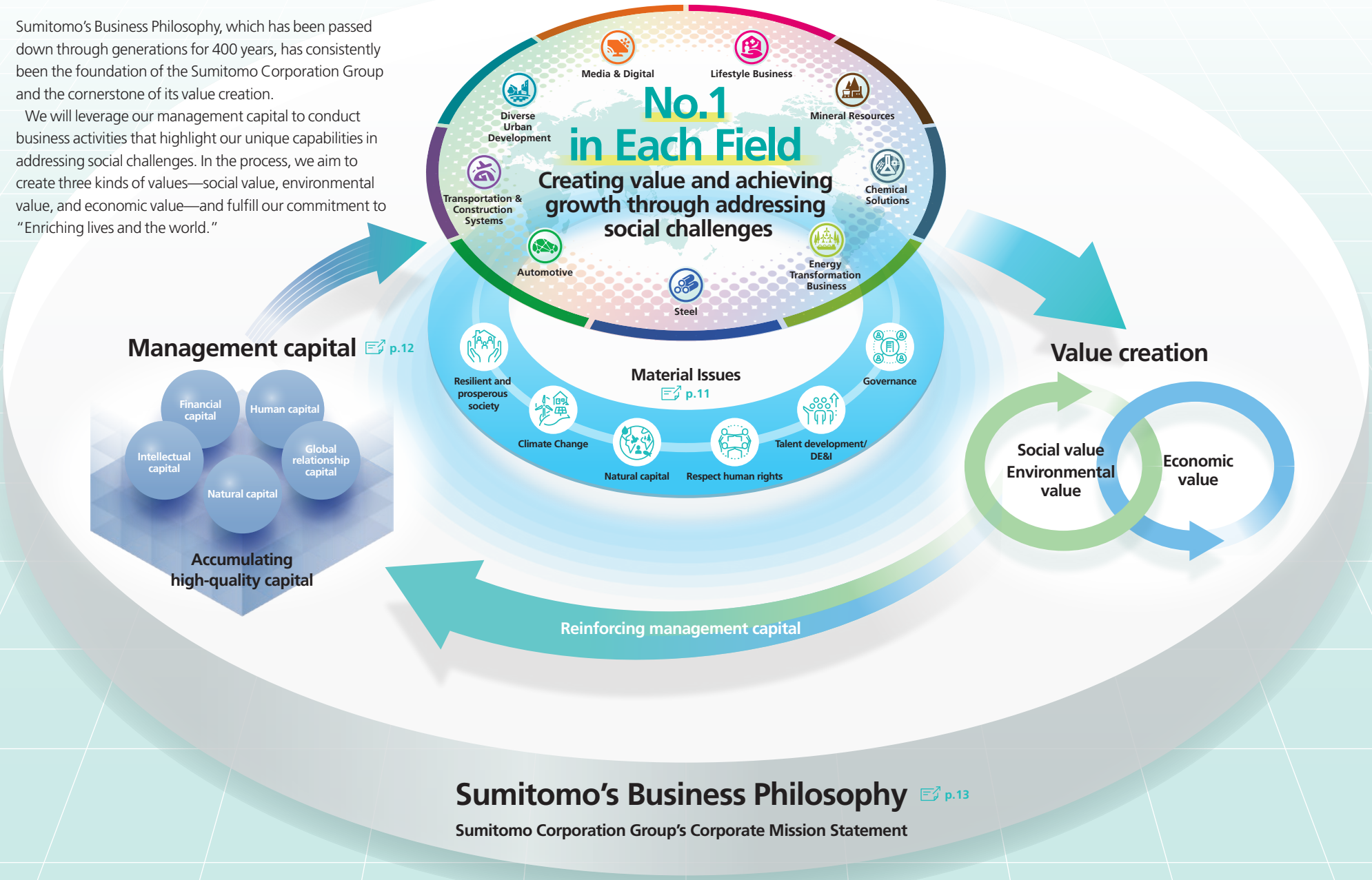
Certain areas require further refinement to fully achieve our goals. This involves pinpointing our core strengths and competitive advantages and using them as catalysts to develop a range of businesses that meet global needs, thereby enhancing our growth potential. It also requires us to enhance the driving force for growth—our organizations and human capital—so they can fully leverage their capabilities and attributes. Through these efforts, we will transform one aspect of Sumitomo's Business Philosophy—"Planning imbued with a farsighted perspective"—into a robust business engineering power. Under strong leadership, each of our organizations will operate autonomously and adapt swiftly and effectively to the rapidly evolving and dynamic business environment. As a result, we will elevate the quality of the aforementioned inputs and business model, leading to improved outputs and outcomes.

As CSO, I feel a heavy responsibility in leading the strategies and portfolio management essential for implementing our value creation stories. I will do my utmost to ensure that the entire Sumitomo Corporation Group is transformed by our medium-term management plan and makes even greater strides going forward.

Value creation model

Sumitomo's Business Philosophy, which has been passed down through generations for 400 years, has consistently been the foundation of the Sumitomo Corporation Group and the cornerstone of its value creation.

We will leverage our management capital to conduct business activities that highlight our unique capabilities in addressing social challenges. In the process, we aim to create three kinds of values—social value, environmental value, and economic value—and fulfill our commitment to "Enriching lives and the world."



Identification and review process, etc. ▸ https://sumitomocorp.disclosure.site/en/themes/12

Material Issues

Material Issues and medium- and long-term goals

We are committed to delivering sustainable growth by resolving social issues into the future. To this end, in 2017, we have identified our Material Issues that we should address by leveraging our strength in line with Sumitomo's Business Philosophy and Sumitomo Corporation Group's Corporate Mission Statement. Seeking to be more proactive in overcoming social issues, in 2020 we established the Key Social Issues and associated medium- and long-term goals and have conducted our business activities with an awareness of the social issues that we should prioritize.

In 2024, discussions with stakeholders—both within and outside the Group—were conducted over the course of approximately one year from the perspective of value creation, with consideration also given to the further aggravation of social issues such as climate change and the loss of biodiversity, the Group's strengths, and expectations from stakeholders. The Material Issues and the Key Social Issues were merged and updated after approval by the Management Council and Board of Directors.

Material Issues are a medium- to long- term commitment that goes one step further toward addressing key social challenges that the Group must undertake. The Group will achieve sustainable growth through addressing the social challenges.

	Our thoughts on Material Issues	Long-term goals	Medium-term goals
Build resilient and prosperous society	We create a virtuous circle in which all people can enjoy physically and mentally enriched lives, and we can grow and develop together with local communities by stepping ahead in dealing with the needs of people in various countries and regions.	● Contribute to the development of local communities and economies ● Develop human resources who will drive the future by providing quality education	● Develop safe, comfortable, and resilient industrial and social infrastructure ● Provide advanced services and functions that further enrich the lives of people ● Develop human resources who will drive the future through business and social contribution activities
Overcome climate change	We work together with stakeholders to decarbonize society and promote the realization of a carbon-neutral and resilient society, while taking into consideration the characteristics of the respective industry and region.	● Aim for carbon neutrality of the Sumitomo Corporation Group's businesses by 2050 ● Contribute to carbon neutrality of society	● Reduce the Group's CO_2 emissions 50% or more by 2035 (compared with 2019) ● Build a sustainable energy system and carbon cycle with an overview of supply chains
Preserve and regenerate natural capital	To achieve a world living in harmony with nature, we avoid or minimize the impact on natural capital caused by our business activities and go beyond preservation to also pursue regeneration and effective use of natural capital through the building of a circular economy and other measures.	● Achieve a world living in harmony with nature through initiatives including the building of a circular economy and supply chain management	● Accelerate initiatives toward a nature-positive world by 2030
Respect human rights	Striving to respect the human rights of every stakeholder involved in our supply chain is the foundation of all corporate activities. We work to identify and to prevent or mitigate any adverse impact on human rights, as well as to ensure the safety and security of our stakeholders.	● Respect the human rights of all stakeholders in all businesses and supply chains	● 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 ● Ensure a safe workplace environment
Develop talent and promote DE&I	We recognize Diversity, Equity & Inclusion (DE&I) as the core enabler for value creation, innovation, and competitiveness. 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 our people, which represent our most important management capital.	● Create workplaces that allow diverse employees to apply their capabilities with passion in their own ways	● Increase diversity in decision-making positions ● Cultivate inclusive leadership
Maintain and strengthen governance	We will develop an autonomous Group management system that responds to changes in the business environment with agility, and maintain and strengthen our efficient, sound, and transparent governance system.	● Develop a robust governance system to enhance the corporate value	● Further improve the effectiveness of oversight functions for ensuring the efficiency, soundness, and transparency of management ● Establish Group management system that responds to changes in the business environment with agility

Note: The goals for the Key social issues presented last year have been carried over and updated as the medium and long-term goals of the Material Issues shown above. For further details, please visit our Sustainability Disclosure Site. ▸ https://sumitomocorp.disclosure.site/en

Management capital

Building quality capital is the foundation of value creation.

Key elements of management capital

Financial capital

Stable financial position

We have a solid financial position owing to our stable financing. While expanding profitability with cash flow discipline, we are working on further enhancing our financial position and improving the stability of management.

Relevant indicators (FY2023; as of March 31, 2024)

Total assets	¥11.0 trillion
Shareholders' equity	¥4.4 trillion
Net DER	0.6 times
ROE	9.4%
ROA	3.7%

Human capital

Diverse talent

The Group's human capital are our people with diverse knowledge and experience, who have engaged in global business development dealing with a broad range of products and services. Such talent will create unprecedented added value by incorporating new perspectives and leveraging networks, becoming the driving force behind our corporate value enhancement.

Number of employees (Consolidated basis)	79,692
Percentage of mid-career hires (Number of mid-career hires as a percentage of all hires in FY2023)	46.8%
Percentage of women (Number of women as a percentage of total number of non-consolidated employees)	26.4%

Intellectual capital

Multifaceted business expertise

We leverage our business expertise and skills 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.

9 business groups/44 SBU (As of April 2024)	
Number of employees seconded to Group companies	1,527

Global relationship capital

Extensive business locations and presence in a wide range of industries

Operating from offices located worldwide, we have formed a network of ties with industries and governments in each country. By deepening our relationships with business partners cultivated in a variety of industries, we have established a solid presence in each industry while expanding our business on multiple fronts alongside our business partners.

Consolidated subsidiaries and associated companies	884
Number of offices (As of April 2024)	127 locations 65 countries and regions

Natural capital

Shared capital with society that should be preserved and restored

Recognizing the value of nature as crucial for both affluent lifestyles and business activities, we will work to minimize the environmental impact of our operations. Simultaneously, we will restore and sustainably manage natural capital by establishing a circular economy.

Water withdrawal (1,000,000 m³)	1,525
Exposure of upstream interests in mineral resources/energy	¥570 billion
Renewable energy net ownership generation capacity	2.1 GW

Values of the Sumitomo Corporation Group

Sumitomo's Business Philosophy encapsulated in five phrases

Place prime importance on integrity and sound management; don't pursue immoral business

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."

Planning imbued with a farsighted perspective

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."

Recognize human resources as the most important asset

While managing mines in various regions, Sumitomo came across the Besshi Copper Mine, which birthed its business, in 1690. For more than 300 years since that time, Sumitomo has developed this concept throughout its many challenges with nature. Since its founding, Sumitomo has valued free and vigorous discussions, and successive Director-Generals in the modern era have worked hard to ensure that those abilities were put to good use while securing human resources.

Sumitomo Corporation Group's Corporate Mission Statement

Corporate Vision

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

Management Principles

[Corporate Mission]
To achieve prosperity and realize dreams through sound business activities

[Management Style]
To place prime importance on integrity and sound management with utmost respect for the individual

[Corporate Culture]
To foster a corporate culture full of vitality and conducive to innovation

Activity Guidelines

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

Growth Strategy

Medium-Term Management Plan 2026

Presentation Material (New Medium-Term Management Plan) ▸ https://www.sumitomocorp.com/en/global/about/principles/mid-term

Review of SHIFT 2023

Summary of SHIFT 2023

Under SHIFT 2023, which covered the three-year period from April 2021 to March 2024, we steadily implemented three shifts—Business Portfolio SHIFT, Framework SHIFT, and Management Base SHIFT—and made concerted efforts to strengthen our business portfolio.

Specifically, we withdrew from and/or turned around low-profitability businesses and reallocated the recovered management resources to steady business growth areas where we have strengths and seeding businesses with an eye to the next generation. Through these and other structural reforms, we strengthened our resilience and further increased our profitability.

In addition, we introduced strategic business units (SBUs), adopted business strategy management using ROIC and WACC as indicators, established an optimized company-wide management resource allocation system, and practiced investment discipline. We also implemented a new personnel system, took various other measures, and integrated IT and digital technologies into existing businesses. Furthermore, we promoted sustainability management by setting medium-term targets for addressing social issues related to climate change, human rights, and other key areas.

Business Portfolio SHIFT

	Asset recycling for growth investments		Growing core earning pillars by leveraging strengths				Adapting to social structural changes	
	Divestment (total)		Value creation (total)		Steady business growth (total)		Seeding (total)	
	Invested capital	Profit for the year excluding one-off effects	Invested capital	Profit for the year excluding one-off effects	Invested capital	Profit for the year excluding one-off effects	Invested capital	Profit for the year excluding one-off effects
FY2020	¥200 billion	–¥10 billion	¥2.3 trillion	¥40 billion	¥3.2 trillion	¥160 billion	¥35 billion	–¥5 billion
FY2023	0 billion	0 billion	¥2.5 trillion	¥140 billion	¥5.5 trillion	¥340 billion	¥200 billion	–¥15 billion
	Recovered management resources through sale of upstream interests in fossil fuels		● Expanded invested capital and earnings mainly by steady business growth in SBUs where we have strengths ● Strengthened resilience, including turnarounds ● Loss recognition of large struggling businesses (FY2023 one-off loss ¥150 billion)				Accumulated invested capital to create next-generation businesses, such as EII	

Adopted IT and digital technologies in existing businesses and worked to improve functionality and profitability

Set medium-term goals for key social issues, introduced internal carbon pricing, conducted segment-specific human rights due diligence, and took early action on the TNFD recommendations

Framework SHIFT

Started SBU-specific business strategy management, and introduced ROIC (vs. WACC)	Made progress in exit from and/or turnaround of low-profitability businesses based on Full Potential Plan
Adopted cross-organizational approach to promote next-generation growth fields, including establishment of EII	Shifted from Business Unit-based to SBU-based invested capital allocation

Management Base SHIFT

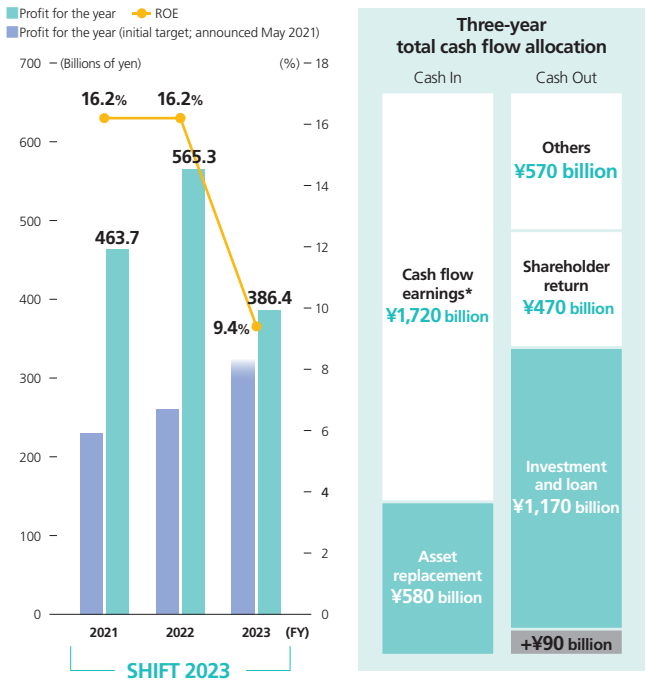
Strengthened supervisory function of Board of Directors Formulated Group Management Policy	Revamped head office HR system; promoted pay-for-job and pay-for-performance	Maintained cash flow discipline without overreliance on interest-bearing liabilities

Quantitative outcomes

Our profit levels improved significantly compared to the Medium-Term Management Plan 2020 (FY2018–FY2020) period, exceeding the targets we set at the start of SHIFT 2023. We posted ROE of 16.2% in both FY2021 and FY2022, but this fell to 9.4% in FY2023 due to a one-off loss.

Over the three years, we enhanced shareholder returns mainly by increasing the dividend per share and repurchasing shares, while also securing positive free cash flow post shareholder returns, thereby maintaining our financial soundness.

Profit for the year and ROE



* Cash flow earnings = [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 + Depreciation + Lease liability payments

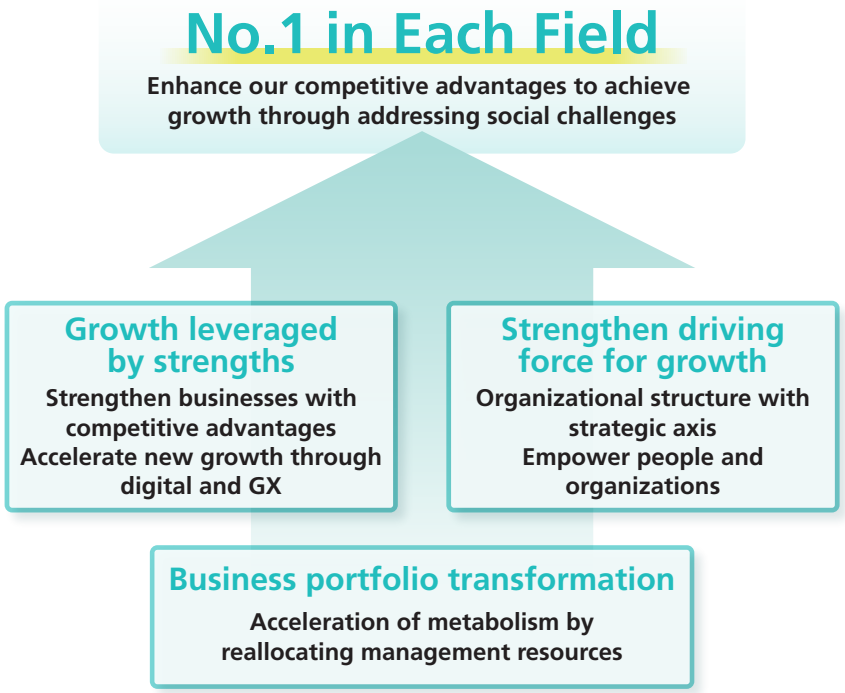
Medium-Term Management Plan 2026

Theme of Medium-Term Management Plan 2026: No.1 in Each Field

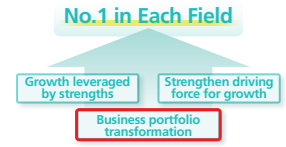
No.1 in Each Field

The theme of the Medium-Term Management Plan 2026 is "No.1 in Each Field." As we enter a new growth stage, having completed structural reforms under the previous medium-term management plan, we will use the "No.1 in Each Field" theme as the driving force to elevate each of our businesses to new heights and achieve significant growth for the Company as a whole.

The key elements of "No.1 in Each Field" are enhancing a competitive advantage and addressing social challenges. We will achieve dynamic and sustainable growth by having each business develop and refine its own competitive advantage and address social challenges through Material Issues. The foundation for achieving growth is to accelerate the "business portfolio transformation" that we have been pursuing since the previous medium-term management plan. To this end, we will focus on "growth leveraged by strengths" and "strengthening the driving force for growth."



Acceleration of "business portfolio transformation" as the foundation



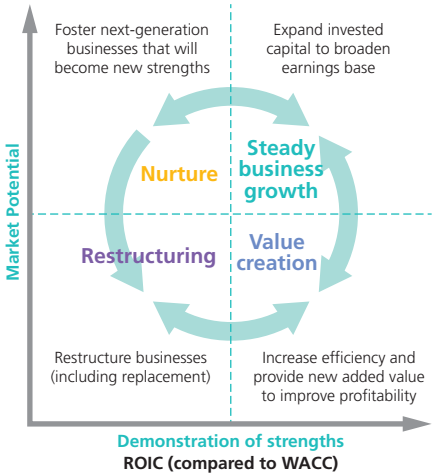
Business portfolio transformation

Under the current medium-term management plan, we will accelerate the renewal of our business portfolio by prioritizing the allocation of management resources (capital and human capital) to growth businesses and reallocating management resources through asset replacement and other means, thereby achieving growth.

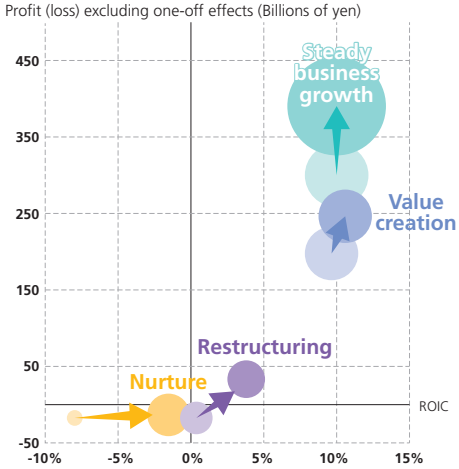
For business portfolio management, we will continue utilizing the business strategy management framework introduced under the previous medium-term management plan. This includes classifying our businesses into four strategic categories—Steady business growth, Value creation, Restructuring, and Nurture—and adopting business-specific ROIC and WACC as indicators. Each SBU, classified into one of four categories based on market potential and the degree to which we can demonstrate our competitive advantages and strengths, will steadily fulfill its role according to its strategic category. This will enhance the overall profitability of our business portfolio.

With respect to restructuring businesses, we will define specific actions and timelines to improve profitability, including asset replacement. By also prioritizing the allocation of management resources to "Steady business growth" areas where we have strengths and competitive advantages in markets with potential, we will expand our earnings base and build earning pillars that will drive profit growth.

Business strategy category

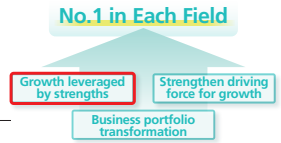


Management resource allocation (FY2023 → FY2026)



Notes: 1. Among the previous four strategy categories, two names have been changed (Seeding → Nurture; Divestment → Restructuring)
2. Size of circles indicates the image of the amount of invested capital
3. The figures for FY2026 are planned with an assumption that each business stays in the same category from the beginning of FY2023.

Medium-Term Management Plan 2026

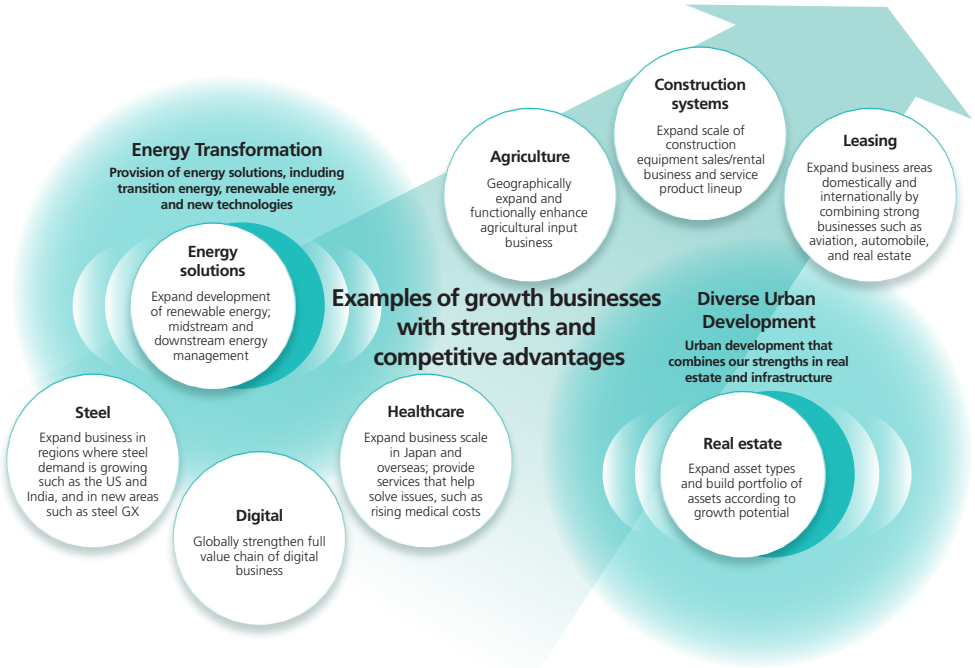


"Growth leveraged by strengths" "Digital and GX"

We have many businesses with strengths and competitive advantages that we have built up over the years. Under the current medium-term management plan, we will strengthen and grow these businesses by investing capital in them. We will also accelerate that growth through digital technology and green transformation (GX) while nurturing next-generation businesses and acquiring new strengths.

Growth leveraged by strengths

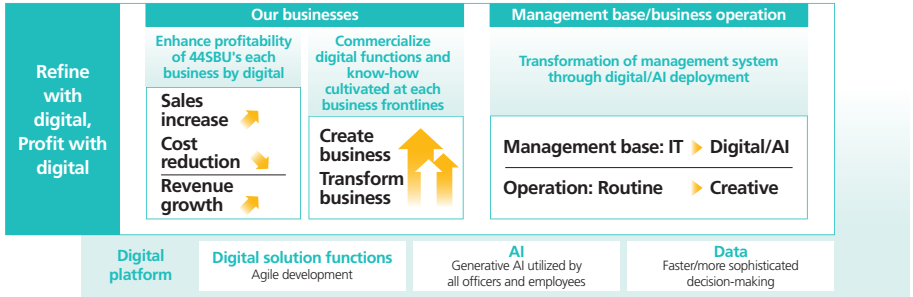
The figure below shows a few examples of businesses with strengths and competitive advantages. They include agribusiness, construction equipment, leasing, energy solutions, steel, digital, healthcare, and real estate. We will further refine the competitive advantages of these businesses and prioritize the allocation of management resources to make our strong businesses even stronger. In addition, starting with our existing strong businesses, such as the Energy Transformation Business Group and the Diverse Urban Development Group, we will foster collaboration among SBUs that have newly come together as business groups. Through this collaboration, we will work to create new value.



Refine with digital, Profit with digital

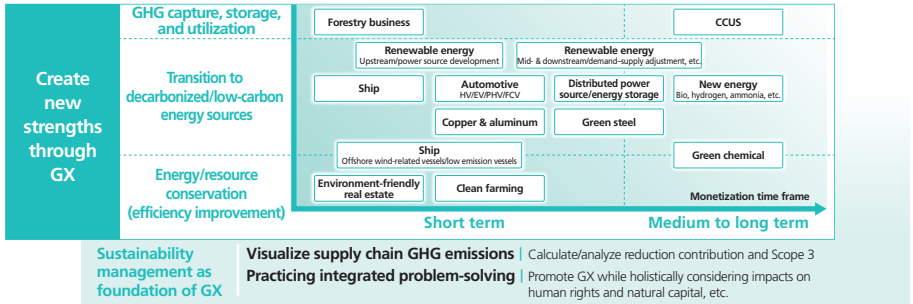
The Company has focused on building a strong digital foundation by enhancing the digital solution capabilities of IT-related companies within the Group and establishing a dedicated organization, the DX Center, in 2018. Under the current plan, we will strengthen our overall earning power by digitally transforming the various businesses within the Group. In addition, we will introduce AI and digital technologies to speed up and advance data-driven decision-making, thereby transforming our management base and business processes and cultivating new strengths.

p.28 | Transformation through digital

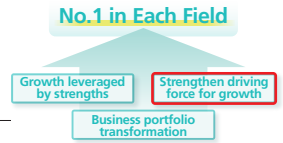


Accelerated new growth driven by GX

With regard to GX, under the previous medium-term management plan, we promoted sustainability management and established EII, a cross-company organization. In these ways, we sought to create next-generation businesses that help realize a carbon-neutral society. Under the current plan, we will leverage GX to further strengthen businesses with strengths and competitive advantages in the short term. In the medium to long term, we will also deploy GX to create new strengths for the future and develop new business models that meet the evolving demands of society.



Medium-Term Management Plan 2026

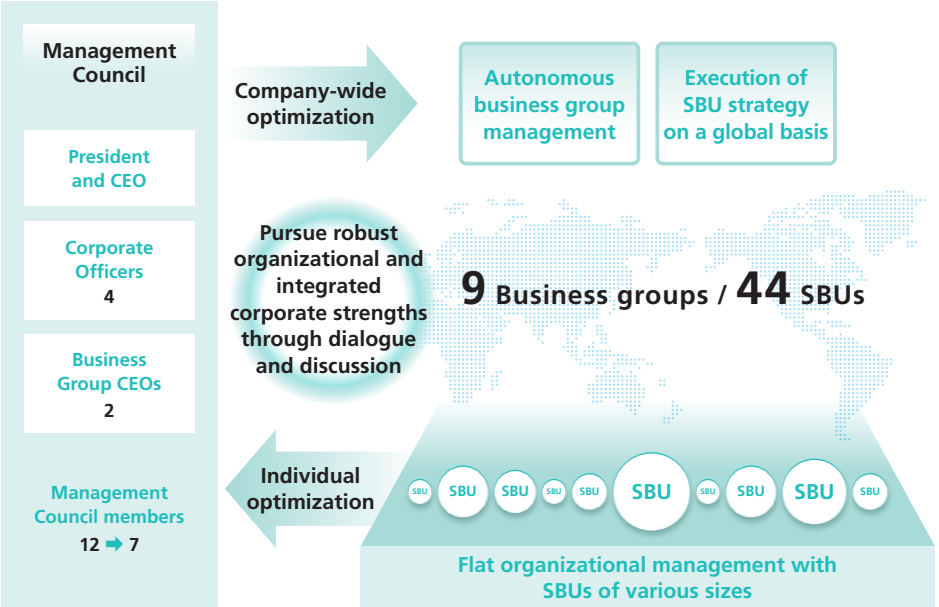


Strengthen driving force for growth

To enhance our ability to execute business portfolio transformation and SBU strategies, we will pursue organizational strength and overall capability by operating an organization structured along a strategic axis. At the same time, we will advance human capital and organizational initiatives aimed at acquiring and strengthening the necessary capabilities, thereby unleashing the potential of our people, who are the greatest driving force behind our growth.

Organizational structure with strategic axis

To enhance the sophistication and speed of decision-making, we reviewed the membership of the Management Council and the method of making resolutions. In addition, to optimize our organizational structure and enhance our strategy execution agility, we abolished the product division structure that had been in place for 60 years. We also restructured our business organization into 44 SBUs based on global strategic priorities and formed nine business groups, each bringing together SBUs with high strategic affinity. The SBUs are organized with an emphasis on strategy execution agility, and their sizes vary from 10 to 400 people. Furthermore, we integrated some corporate functions into the business groups, establishing a system that enables each group to autonomously manage its operations and flexibly work on expanding profits, with global offices working together as one to drive our strategies forward.



Empower people and organizations

Under the new organizational structure, we will unleash the potential of our people, who are the driving force behind our growth, and strengthen our strategy execution capability. There are many elements to the power of people and organizations, but our three priorities are business engineering power, leadership, and speed. To embody such attributes in our people and organizations, we will implement various global initiatives. These include talent management starting with clear capability definition, empowering line managers through delegation of authority, and fostering open and flat communication spearheaded by our leaders.

We will maximize the power of the approximately 8,000 employees who make up our global network, the driving force for growth, and strengthen our strategy execution capability.

pp.23–27 | Message from the CAO, Human Capital

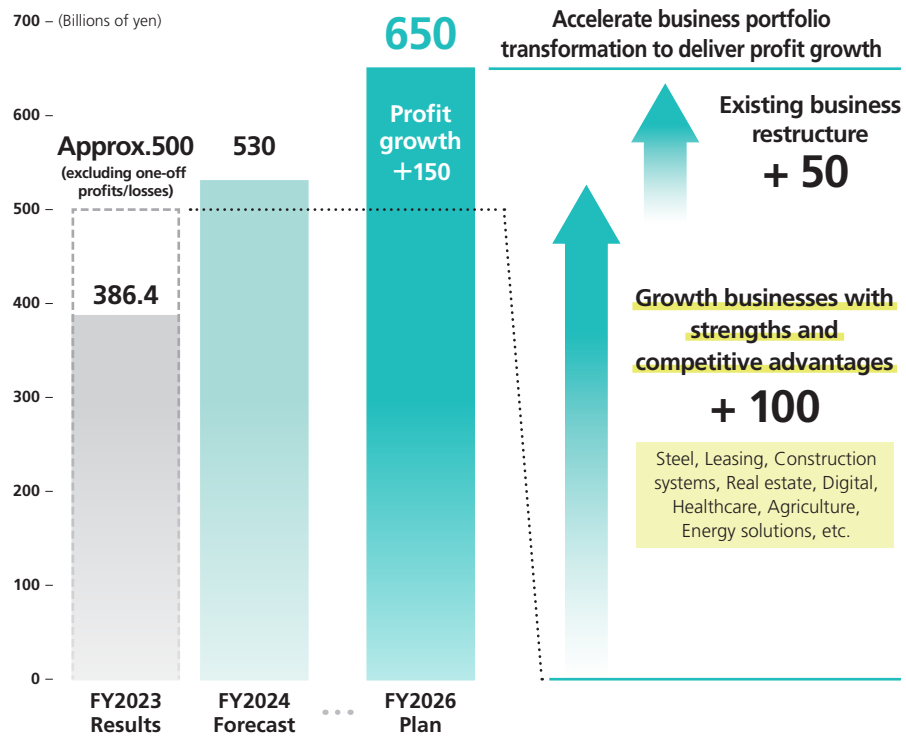
Medium-Term Management Plan 2026

Summary of quantitative plans

Profit plan

During the period of the current medium-term management plan, we are targeting profit for the year of ¥530 billion in FY2024 and ¥650 billion in FY2026. To achieve these targets, we will maintain ROE of 12% or higher and focus on expanding growth businesses with competitive advantages. Businesses with strengths and competitive advantages will drive profit growth of around ¥150 billion from result of approximately ¥500 billion (excluding one-off profits/losses) in FY2023. In addition to further expanding growth businesses, we will accelerate our business portfolio transformation by improving the profitability of restructuring businesses to deliver further growth.

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



Cash flow allocation

We will generate ¥2.8 trillion in cash through asset replacement and improved cash flow earnings. While maintaining financial soundness, we will improve ROE by appropriately allocating the cash generated to growth investments and shareholder returns.

p.21 | Capital policy

Efficiency ratio	ROE 12% or higher
Financial soundness	Positive free cash flow post shareholder return*

* Excludes changes in working capital, etc.

Shareholder return policy

New shareholder return policy

We revised our shareholder return policy after comprehensively considering our improved basic profitability, achieved through the previous medium-term management plan, as well as the need to continuously strengthen our financial position and secure funds for investments for sustainable growth.

- Pay dividends and repurchase our shares in a flexible and agile manner with a total payout ratio of 40% or higher
- Further improve dividend stability and increase dividends in line with profit growth through progressive dividend payments

p.21 | Capital policy

Shareholder return	Total payout ratio of 40% or higher Progressive dividend payments

Message from the CFO

In this new stage of growth, we aim to sustainably enhance corporate value through the strategic allocation of management resources.

Reiji Morooka

Representative Director,
Senior Managing Executive Officer,
Chief Financial Officer

Pleased with the results of the previous medium-term management plan, SHIFT 2023, over the three years

We started the previous medium-term management plan in FY2021 after posting a loss in FY2020. Under that plan, we lifted profitability to a higher level and executed structural reforms to strengthen our resilience.

Over the three-year period of the plan, we withdrew from 74 low-profit businesses and allocated company-wide resources to turning around struggling business, leading to improved profitability. However, we recognized losses for some businesses with unresolved issues after reviewing our future business plan and other factors.

We calculated the WACC for each of our SBUs based on their specific business characteristics and risk profiles. All of our businesses aligned their strategies and pursued various initiatives to elevate their ROIC above their respective WACC levels. For company-wide business portfolio management, we recovered management resources through asset sales after taking into account future potential, etc., and we increased investments in steady business growth areas that will drive future growth.

As a result, we generated positive free cash flow post shareholder returns, maintained financial soundness, and significantly improved profitability compared with the previous three years of the medium-term management plan. We believe this is evidenced by our improved PBR, which exceeded 1x.

To reduce the cost of capital and enhance corporate value, we need to establish earning pillars that drive profit growth in our areas of strength.

Over the period of the Medium-Term Management Plan 2026, which began in April 2024, we will build on these achievements to drive further profit growth and enhance corporate value. In this new plan, we have set a target for profit of ¥650 billion for FY2026, with the target of achieving an ROE of 12% or higher in each year of the plan. However, we feel the market is not yet fully convinced of our ability to achieve medium- to long-term profit growth.

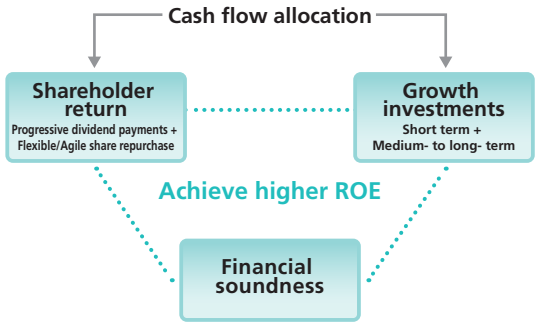
We believe there are two main reasons for this. First, we are still in the process of establishing earning pillars to drive substantial future profit growth. Second, potential declines in future earnings could occur due to investment failures and other factors.

During the three years of the new plan, we will continue to uphold our policy of maintaining financial soundness by generating positive free cash flow post shareholder returns. Specifically, we will generate cash flow earnings (cash flows from day-to-day operations) of ¥2 trillion and recover ¥0.8 trillion by stepping up asset replacement, resulting in total cash flows of ¥2.8 trillion. Regarding asset replacement, we have decided to accelerate that beyond the ¥0.6 trillion achieved under the previous plan, after evaluating the future growth potential of group companies, including those that are currently profitable. Of the more than ¥1.8 trillion allocated for investment, 80% will be directed to growth areas where we can leverage our strengths and competitive advantages. By concentrating funds in areas where we have expertise and can quickly adapt to changing business conditions, we aim to build stronger earning pillars and increase the likelihood of investment success.

Under the new plan, we are targeting shareholder returns of ¥0.7 trillion or more. We will also pay progressive dividends and conduct agile share repurchases, aiming for a total payout ratio of 40% or higher. We project that cash inflows will exceed outflows by ¥0.3 trillion over the period of the plan. This surplus will be allocated to shareholder returns and growth investments based on a thorough assessment of the Group's environment, including investment opportunities and cash flows. Through these efforts, we will achieve a high ROE and ensure sustainable increase in corporate value.

Capital policy

To sustainably increase corporate value, we will make growth investments to increase profits and enhance shareholder return while maintaining financial soundness, with the aim of achieving a sustainably high ROE.



Financial soundness

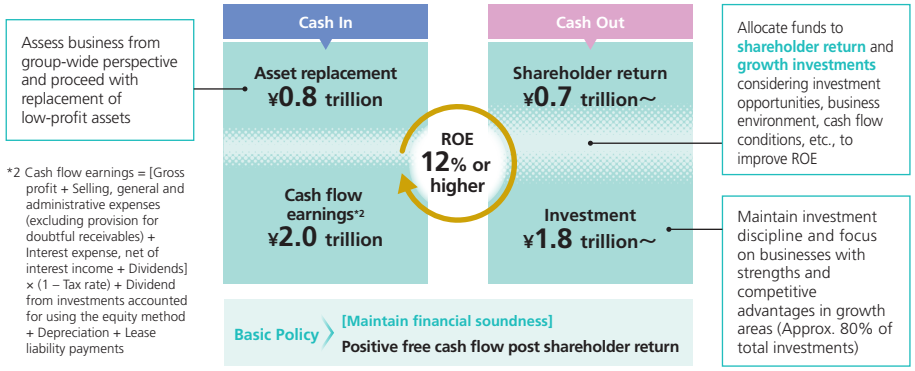
Under our previous medium-term management plan, we sought to strengthen earnings stability and maintain and improve our financial soundness. As a result, we maintained positive free cash flow post shareholder return and improved financial soundness indicators, including the balance between core risk buffer and risk-weighted assets, as well as our net debt-equity ratio, while increasing shareholder return. Under Medium-Term Management Plan 2026, as well, we will continue striving to maintain financial soundness by adopting investment discipline without over-reliance on interest-bearing liabilities and following a basic policy of ensuring positive free cash flow post shareholder return*1.

*1 Excludes changes in working capital, etc.

Growth investments

We will accelerate ongoing efforts to transform our business portfolio and generate returns that exceed our cost of capital. Specifically, we will continue utilizing business-specific ROIC and WACC as indicators and proceed with business restructuring, including replacement of low-profit assets. At the same time, we will build earning pillars that drive profit growth by prioritizing allocation of management resources to growth businesses where we can demonstrate our strengths and competitive advantages, thereby further expanding our earnings base and improving earnings stability. We will also leverage digital and GX to further strengthen our growth businesses while fostering next-generation businesses and acquiring new strengths.

Cash flow allocation (Medium-Term Management Plan 2026, three-year total)

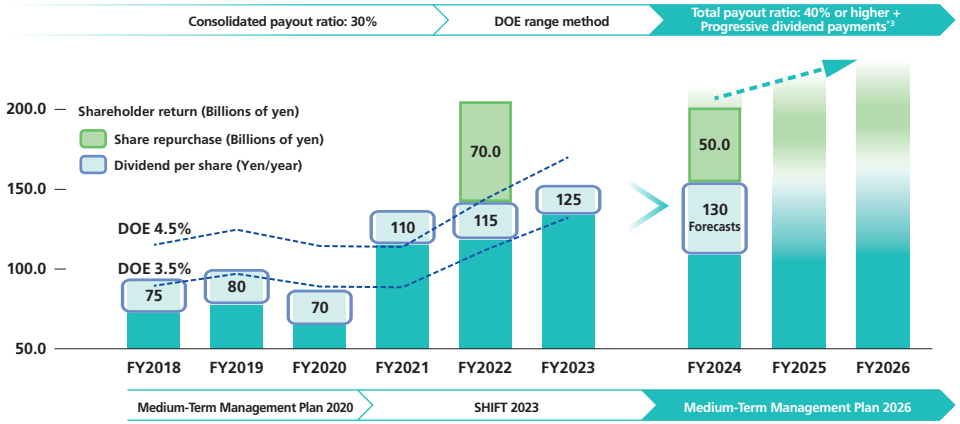


*2 Cash flow earnings = [Gross profit + Selling, general and administrative expenses (excluding provision for doubtful receivables) + Interest expense, net of interest income + Dividends] × (1 – Tax rate) + Dividend from investments accounted for using the equity method + Depreciation + Lease liability payments

Shareholder return

We have revised our shareholder return policy, effective from FY2024, after having comprehensively considered the improvement of basic profitability through the previous medium-term management plan, continuously strengthening our financial position, and securing funds for investments toward sustainable growth. Under our new policy, we will pay dividends and repurchase our shares in a flexible and agile manner with a total payout ratio of 40% or higher. We will also further improve dividend stability and increase dividends in line with profit growth through progressive dividend payments.

We will continue pursuing sustainable profit growth and further strengthening our earnings base to enhance shareholder return and increase shareholder value.



*3 Dividend per share to be maintained or increased

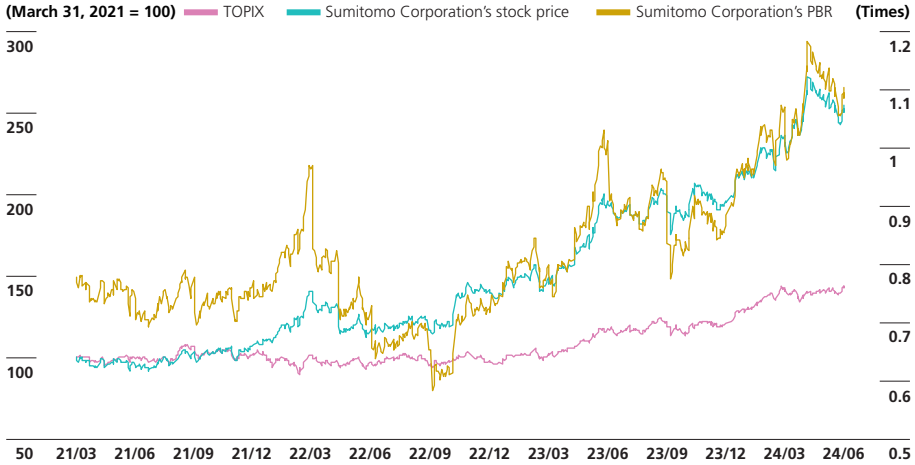
Management conscious of cost of capital and stock price

Analysis of current situation

By implementing various measures outlined in our previous medium-term management plan, SHIFT 2023 (FY2021-FY2023), the Company has improved its basic profitability, withdrawn from low-profit businesses, thus strengthened its resilience. Thanks to these efforts, our average ROE for the period of the plan was approximately 14%.

While there are various methods to calculate the cost of shareholders' equity, we currently believe that if we can continuously achieve ROE of 12% or more, our profitability will exceed the cost of shareholders' equity and create Economic Value Added (EVA). The Company's stock price showed an upward trend throughout FY2023, and its PBR exceeded 1x in the first quarter of FY2024.

Sumitomo Corporation's stock price performance



		FY2021	FY2022	FY2023
Sumitomo Corporation's stock price (8053)	Close (Yen)	2,119.0	2,341.0	3,652.0
	High (Yen)	2,238.5	2,488.0	3,766.0
	Low (Yen)	1,434.0	1,762.5	2,261.0
PBR (Times, end of March)		0.83	0.76	1.00

Initiatives

By accelerating the business portfolio transformation outlined in Medium-Term Management Plan 2026 (FY2024-FY2026), we continue targeting ROE of 12% or higher and sustainable corporate value increase and thus further improving our PBR.

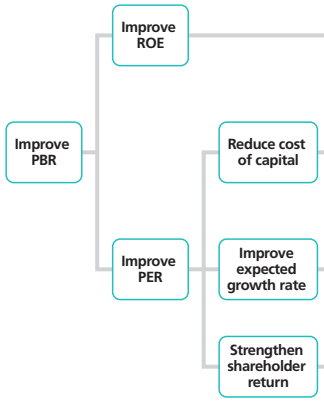
Specifically, we will increase profitability by prioritizing allocation of management resources to growth businesses with strengths and competitive advantages, while utilizing business-specific ROIC and WACC as indicators. At the same time, we will steadily improve the stability of earnings by restructuring businesses, including through replacement of low-profit businesses. To smoothly implement these initiatives, we reorganized our structure around strategic business units (SBUs) and revised the Management Council's structure to ensure timely and accurate decision-making.

Regarding shareholder return, under SHIFT 2023 we improved profitability, strengthened our financial position, and secured funds for investments in sustainable growth. With these improvements, we established a policy in FY2024 to pay progressive dividends and conduct share repurchases in a flexible and agile manner with a total return ratio of 40% or higher. We will continue to allocate management resources appropriately to shareholder returns and growth investments with a focus on sustainable enhancement of corporate value, while maintaining financial soundness.

We will also work to enhance information disclosure and strive for constructive dialogue with market participants so that the track record and details of these initiatives can be fully understood.

PBR logic tree

Our initiatives to enhance corporate value are depicted through a PBR logic tree as illustrated here.



Main points	Relevant content
• Utilize business-specific ROIC and WACC as indicators to accelerate business portfolio transformation … Prioritize allocation of management resources on growth businesses with strengths and competitive advantages … Restructure businesses, including replacement of low-profitability businesses • Reorganize structure with strategic axis and revise structure of Management Council	• pp.5–8 Message from the President and CEO • pp.16–19 Medium-Term Management Plan 2026
• Strengthen resilience • Promote sustainability management • Enhance information disclosure and promote constructive dialogue	• p.20 Message from the CFO • pp.16–19 Medium-Term Management-Plan 2026 • pp.45–49 Sustainability • p.75 Dialogue with stakeholders
• Achieve sustainable growth through addressing social challenges • Establish earning pillars to drive profit growth and cultivate businesses that will become new strengths • Empower people and organizations (Leverage the full potential of human capital)	• p.9 Message from the CSO • p.11 Material Issues • p.20 Message from the CFO • p.23 Message from the CAO • pp.16–19 Medium-Term Management Plan 2026
• New shareholder return policy (Make progressive dividend payments and conduct share repurchases in a flexible and agile manner)	• p.21 Capital policy

Message from the CAO

Empower people and organizations in the growth stage

Makiko Eda
Managing Executive Officer
Chief Sustainability, DE&I Officer,
Chief Administration Officer, and
Chief Compliance Officer

Leveraging the full potential of diverse and talented human capital in the growth stage

Sumitomo Corporation Group is supported by exceptional human capital who have gained experience in various global businesses. Currently in our growth stage, we must now fully leverage the potential of our people to pave the way for dynamic growth. This is precisely what we mean by "Empowering people and organizations."

Having joined Sumitomo Corporation in 2023 from outside the Company, I am impressed by how all employees embody Sumitomo's Business Philosophy and our Management Principles and Activity Guidelines, which places prime importance on integrity. While many companies struggle to instill values within their organizations, Sumitomo Corporation makes it a strong cornerstone, which represents our major strength. Our employees believe that addressing social challenges will enable our businesses to take root and thrive in society. Embracing an "enterprising spirit," they are tackling the challenge of adapting to change for the benefit of society. This attitude reflects a proactive response to the demands of the times.

Organizational structure with strategic axis and empowerment of people and organizations

In April 2024, we renewed our head office business organization for the first time in 60 years as part of our initiative to "Strengthen the driving force for growth" under the Medium-Term Management Plan 2026. Specifically, we created strategic business units (SBUs) based on business strategy, irrespective of employee numbers or business size, to enhance decision-making agility. We also reviewed the composition of the Management Council, which determines company-wide management policies, and are actively driving a comprehensive reform of our business portfolio.

Under this new organizational structure, we are focusing on three priorities—business engineering power, leadership, and speed—to leverage the full potential of our people.

To achieve significant growth, we need to enhance our business engineering power and develop a broader vision. Experience on the business front lines is crucial for cultivating this creativity, and we are implementing measures to help employees develop such experience. In the Medium-Term Management Plan 2026, we outlined our vision for achieving business growth by seizing pivotal opportunities presented by the times. With this vision in mind, we established the Diverse Urban Development Group and the Energy Transformation Business Group, integrating businesses that were previously dispersed across multiple divisions. By leveraging the synergies and innovations generated by these groups, we will accelerate the creation of new business value.

I also believe that by leveraging their individual strengths and incorporating new perspectives to exercise leadership, each person in our diverse talents will enhance the overall strength of the organization. To achieve this, we are intensifying our efforts from the previous medium-term management plan to put the right talent in the right positions, irrespective of nationality, age, gender, or other individual characteristics. Sumitomo Corporation's people engage in a diverse array of global businesses, gaining extensive experience daily, which contributes to the steady development of a talent pool. In FY2023, mid-career hires made up more than 45% of new hires at the Japan head office and 10% of all employee hires. In terms of Group human capital, talented local Group personnel hold key business positions in overseas operations in such areas as tubular products, steel products, construction systems, and agribusiness.

Finally, we need speed. To lead in the global market, which is rapidly evolving due to accelerating technological innovation, we will adopt more agile strategies, speed up decision-making, and expand our business globally. We will also advance the use of AI across the Company to boost organizational efficiency and foster creativity of our people.

Human Capital

Our people

Throughout our history spanning over 400 years, we have inherited and upheld Sumitomo's Business Philosophy. One of its core tenets, "Recognize human resources as the most important asset," represents our unwavering belief that our people are the source of our competitiveness and the driving force behind our growth. This belief is also reflected in our Management Principles and Activity Guidelines. A retrospective view of our history reveals that talent discovery and development have consistently been regarded as matters of utmost importance in our management approach, regardless of the era.

This culture of valuing our people has been perpetuated as an integral part of the Group's DNA. In 2020, we established the Global HR Management Policy, which represents our vision and philosophy regarding talent management on a global scale.

Based on this philosophy, and to more clearly express our belief that employees are our treasure, and our capital as the driving force behind our corporate value enhancement, we have decided to refer to our people as "human capital" (人財) rather than "human resources" (人材) in our Medium-Term Management Plan 2026 and beyond, except when using the general term. The Sumitomo Corporation Group, having engaged in global business development dealing with a diverse array of products and services, benefits from the contributions of talents with wide-ranging knowledge and experience. We believe that this diverse talent, by incorporating new perspectives and leveraging our historically established networks, will address various social challenges, thereby creating unprecedented added value. Consequently, this approach will enhance our group's corporate value.

Human capital strategy road map

Initiatives of SHIFT 2023

In the previous medium-term management plan, SHIFT 2023, we implemented three key measures under our Management Base SHIFT strategy, with the aims of eliminating existing barriers, promoting the right talent in the right positions, and enabling each individual to maximize their performance. The first was to introduce a job grading system, the second called for a reform of the evaluation system, and the third was to integrate career courses.

Under the first measure, introducing a job grading system, we eliminated seniority-based management approach and adopted position-based grading system in which grades are determined purely by the scope and size of the job. In addition to communicating closely with employees around 200 times, we focused on actual promotions in FY2022 and FY2023 (the first two years following the system's introduction). Among employees surveyed in FY2023, 41% responded that they felt the previous seniority-based management had been effectively eliminated (affirmative response), which was 1.5 times higher than in FY2022, indicating a gradual change in mindset.

The second measure involved reforming the evaluation system. This shifted from relative evaluations based on comparisons with others to absolute evaluations focused on individual development. This approach involves supervisors engaging with each of their subordinates to evaluate their respective job performance, with the aim of fostering career development tailored to each individual. To establish career-related dialogue between subordinates and supervisors, we provided training for managers covering one-on-one interviews, coaching, and so forth. In surveys from FY2022 to FY2023, satisfaction with evaluation feedback interviews improved by 3 points, and career-related dialogues with supervisors improved by 7 points.

The third measure, integrating career courses, involved eliminating rigorous course-based career system. This system had been a long-standing practice in Japan, which created a glass ceiling for women who are recruited for administrative roles, limiting them from pursuing a broader range of career paths. By integrating career courses into a single professional track, individuals are no longer constrained by their job title and challenge themselves in a wide range of fields for the career they want to achieve. As a result, 13 employees from the former administrative track were promoted to managerial positions in FY2022 and 17 in FY2023, and all are playing active roles.

Great place to work and employee engagement

Starting in FY2023, we are conducting an annual engagement survey on a global basis. This involves surveying employees worldwide, including those hired at both domestic and overseas offices, to assess (1) their level of commitment to the organization and their willingness to take initiative in their work, and (2) whether their work environment enables them to maximize their performance. The results of the survey are shared with employees, and various initiatives are implemented at each workplace. The annual goals of executive officers also include numerical targets related to engagement and DE&I, and the results of the survey will be reflected in the share grant ratio of their restricted performance share unit-based remuneration.

	FY2023
Employee Engagement Index	68%
Work Environment Index	68%

Example of workplace initiative to improve employee engagement

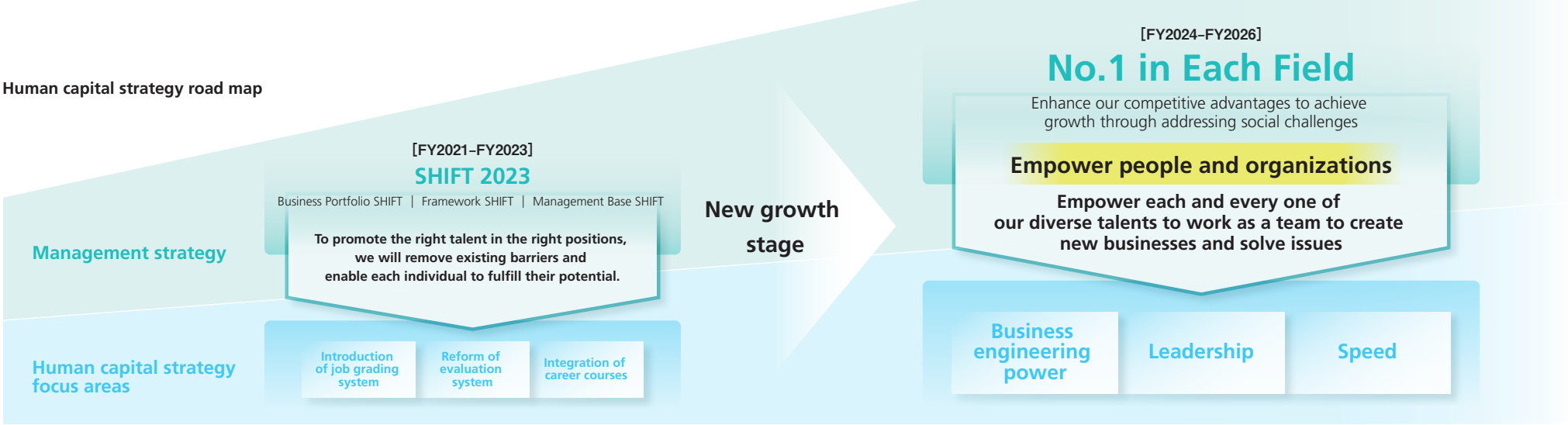
Human Capital

Initiatives of Medium-Term Management Plan 2026

In the previous medium-term management plan, we worked to improve the foundation of our HR systems and the skills of our line managers. Under the new medium-term management plan, starting in FY2024, we will seek to "Empower people and organizations" as a key part of our quest to become "No.1 in Each Field." In this medium-term management plan, having made significant progress in the growth stage, we will enhance our strategy execution capability by unleashing the power of our people and organizations more than ever before.

In the face of a rapidly evolving VUCA business environment, we are empowering our diverse talents to "Unlock Your Power" and passionately pursue the realization of "Enriching lives and the world." By cultivating an engaging work environment, we are enabling our people to unleash their full potential, driving the creation of new business opportunities, and addressing social challenges. In particular, we are prioritizing "Business Engineering Power," "Leadership," and "Speed" as critical capabilities for our people and organizations, and we will implement various measures to ensure dynamic growth.

Human capital strategy road map



Business engineering power

We have acquired business engineering power in various business fields by refining competitive advantages and exercising sound management decisions. By further enhancing this business engineering power, we will drive transformative changes in our business portfolio and target even more dynamic growth.

While indicating future directions, the Sumitomo Corporation Group will transform its existing core businesses, create new value through cross-business synergies, and develop businesses that anticipate and move in response to social structural changes. We believe that the key to sparking innovation unique to the Sumitomo Corporation Group lies in the business engineering power that we are seeking.

We believe that diversity is one of the key elements of innovation.

In addition to our people with diverse business experience, we have actively recruited professionals who have honed their expertise at other companies. Currently, mid-career hires constitute approximately 10% of our workforce. To transform this diversity into a driving force for our business, we are enhancing our onboarding processes for mid-career hires, promoting diversity in decision-making positions, and fostering internal talent mobility through initiatives such as internal job postings and concurrent jobs. These efforts aim to create an environment conducive to innovative ideas.

Human capital

DE&I initiatives

Targets for Women's Empowerment

- Introduction of indicator for women's empowerment in officer evaluation and remuneration
- Promotions not based on attributes (gender, seniority, etc.), active promotion of mid-career hires including executive officers, and promotion of women and younger employees to senior management and general manager positions

Targets for FY2030

Ratio of women in managerial positions	Ratio of women in general manager positions	Ratio of women in Director and Audit & Supervisory Board Member positions
20% or higher	10% or higher	30% or higher
(9.6% as of April 2024)	(2.4% as of April 2024)	(18.8% as of April 2024)

Diversity Weeks 2024

Total number of participants: **2,300**

Participation in the Tokyo Rainbow Pride 2024* parade

Number of participants: **120**

* LGBTQ+ related event

Certified as a "Gold" in "PRIDE Index 2023"

Selected as a "Next Nadeshiko: Companies Supporting Dual-career and Co-parenting" for FY2023

Leadership

We believe that empowering our talent to incorporate fresh perspectives and cultivate strong leadership is key to achieve dynamic growth.

In the VUCA era, effective leadership is crucial for swift adaptation and value creation. We focus on developing future leaders essential for medium-to long-term growth and fostering self-leadership, where individuals take the initiative in their actions.

To nurture successors for key positions in the future, we will establish talent pools at an early stage. Our goal is to develop rich and strong leadership pipelines by defining the skills and experiences that will be needed for the next 5 to 10 years. Each year, our top managers address the development needs of selected talent and discuss differentiated development plans. Based on these discussions, we will accelerate the growth of candidates through our established leadership training programs, which continuously evolve to align with our business strategies.

In addition, we introduced an e-learning platform in April 2024 to foster individual leadership development. On a non-consolidated basis, we have dispatched around 900 employees overseas, and the e-learning platform is designed to allow each employee, including those working overseas, to learn at their own convenience. Within the first month of its release, approximately 70% of employees accessed the platform, significantly exceeding the 20% average of other companies. Simultaneously, we are developing a website for line managers to provide them with one-stop access to content for learning the management skills and leadership competencies required for global leaders. We believe that such self-initiated learning activities represent the driving force behind our growth.

Self-leadership for new recruits

For new graduate recruitment, we launched our "WILL recruitment" selection process, which is intended to value each person's "willingness to take action." This process allows each person's initial assignment to be determined before joining the Company. It is also part of our efforts to foster self-leadership in each of our future talents. As a result, we have seen not only the overall number of applicants increase but also a rise in applications from a diverse group of people. These include students who have studied science and advanced technology, who represented relatively few applicants in the past.

Speed

Under our new business organizational structure, launched in April 2024, we aim for speedy, agile, and autonomous management. Consequently, we are also promoting the delegation of authority in HR-related matters. Building on the success of previous initiatives, such as enhanced training programs for line managers, we are further empowering direct supervisors. This approach enables line managers to engage more effectively with individual team members and promote efficient and effective organizational management in alignment with the Company's strategy. In addition, we intend to adopt AI on a company-wide basis to establish a system that allows us to focus on higher-value, strategic activities.

Entrance Ceremony in 2024. ▸ https://www.sumitomocorp.com/en/jp/news/topics/2024/group/20240401

Initiatives to refine and unleash the power of our people

The driving force behind our growth is our diverse talent.
A variety of initiatives to unleash the power of people.

Human capital initiatives 01

Spreading Sumitomo's Business Philosophy

Training conducted annually at Besshi Copper Mine (which birthed Sumitomo's business) to help employees experience and inherit Sumitomo's Business Philosophy

Human capital initiatives 02

Extensive training programs

Around 200 training courses per year through the Sumisho Business College (SBC)

Human capital initiatives 03

Cross-organizational collaboration

MIRAI LAB PALETTE, a hub where individuals from diverse backgrounds and cutting-edge technologies converge, stimulating one another and creating new value that transcends organizational barriers and defies conventional practices

Human capital initiatives 04

Health and well-being

- Support system for employees' mental and physical health that includes in-house clinics (medical and dental) and counseling centers
- Subsidy for comprehensive medical checkup (up to ¥80,000), immunizations, etc.
- Encouragement to undergo regular health checkups (uptake rate: 100%)
- Educational activities on health issues, such as holding seminars on lifestyle disease prevention and Femtech exhibitions

Human capital initiatives 05

Embracing diverse work styles

- Various systems to support diverse lifestyles and careers, including one for employees with overseas assignments to be accompanied only by their children (total number of users: 20) and encourage male employees to take childcare leave (ratio of eligible male employees taking it in FY2023: 63.6%).
- In-house entrepreneurship program ("0→1 Next") inspires new ideas from our people

Human capital initiatives 06

Career

- SC Alumni Network encourages alumni and current employees active outside the Company to network and innovate
- Career development program designed to support autonomous career development

Entrance ceremony: "Seize, enjoy, and maximize opportunities"

In April 2024, we held an entrance ceremony to celebrate the start of our new employees' careers. The President and CEO addressed new employees with the message, "Seize, enjoy, and maximize opportunities." This message conveys the hope that in a VUCA world, each individual will take on challenges in new fields, face difficulties, enjoy any situation, and play an active role while leveraging their unique individualities. The event also featured an athletic demonstration by a sport climber sponsored by the Company and a video message from senior employees. The atmosphere was filled with smiles as new employees and executives engaged in lively conversations. The ceremony was broadcast online to the families of new employees and all employees, allowing everyone to celebrate this special day together.

Features of entrance ceremony

1. Open dress code for attendees
2. No conventional practices such as standing up and bowing
3. Use of the term "Mr." or "Ms." when addressing executive officers instead of official title
4. Firm handshakes exchanged between each new employee and an officer when notifying assignments
5. Photo sessions with the President and CEO and leaders of assigned groups

Transformation through digital

「SHIFT 2023」: Progress of DX

The entire Group has been working together to promote DX, which is positioned as an important tool to support the Business Portfolio SHIFT outlined in our previous medium-term management plan, SHIFT 2023.

In 2023, we consolidated the functions responsible for overseeing our DX promotion and IT strategy activities. In collaboration with Group companies Insight Edge (DX technology and engineering), SC Digital (data marketing), SCSK (digital solution development and operation), and others, we deployed IT and digital technologies across our business sites to enhance profitability and create value.

Our DX initiative continues to expand as a business and evolve into delivering solutions that benefit society. Emerging examples of social applications can be seen in new technologies, such as generative AI and quantum technology. In particular, we established SC-Ai Hub, a cross-functional organization dedicated to generative AI, to consolidate the requirements and expertise in this field. This initiative aims to expedite operational reforms and business development through the introduction, development, and implementation of generative AI technologies. In addition to deploying generative AI services, search apps, and decision support tools accessible to all employees, we are introducing and commercializing generative AI-based business improvement apps at each workplace. In these and other ways, we are fully leveraging the potential of generative AI across our operations.

Accelerated new growth driven by digital

We are entering a new phase with our DX initiatives. We will strengthen our business capabilities by leveraging digital technology to its fullest potential. At the same time, we will drive business transformation through the application of digital capabilities and expertise developed at each business site, with the aim of enhancing profitability. We will also promote the adoption of generative AI and other advanced technologies to enhance the efficiency and sophistication of our operations. Furthermore, we will measure the effectiveness of these initiatives and make investments as appropriate.

By embracing innovation through the advancement of digital and AI, the Sumitomo Corporation Group is taking on the challenge of providing new value to the world. Please stay updated on the Group's growth.

Tatsushi Tatsumi
Executive Officer
CDO/CIO

ENEXIA — Examples of operational enhancement and new business creation through deployment of digital

The introduction of renewable energy is urgently required to realize a carbon-neutral society. However, it is difficult to generate a stable supply of renewable energy from sources such as solar and wind because their output fluctuates depending on the weather. This has been an impediment to our business advancement.

In 2023, therefore, we developed a highly accurate forecasting model and optimization algorithm, allowing us to become the first company in Japan to sell renewable energy through the FIP* system. In March 2024, meanwhile, we established ENEXIA LLC, a new company led by a data scientist, to fulfill the functions necessary for expanding our renewable energy business. In this way, we are expanding our electric power value chain and contributing to the proliferation of renewable energy.

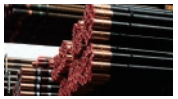
*Feed-in-premium (FIP): A system designed to provide direct financial incentives or premiums for the generation and delivery of renewable energy

Summit — AI-based initiatives to improve work comfort and operational efficiency

Our Summit supermarket chain utilizes AI for customer and sales forecasting, product ordering, personnel planning, and other areas to enhance operational efficiency and support initiatives aimed at creating a better work environment for employees. By leveraging DX to enhance employee and customer experiences while addressing social issues, such as loss reduction and labor security, we aim to realize Summit's vision of making supermarkets in Japan more enjoyable.

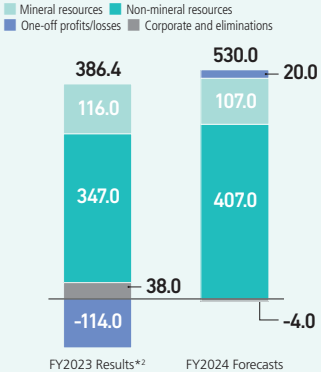
Our business ▸ https://www.sumitomocorp.com/en/jp/business

List of Group businesses

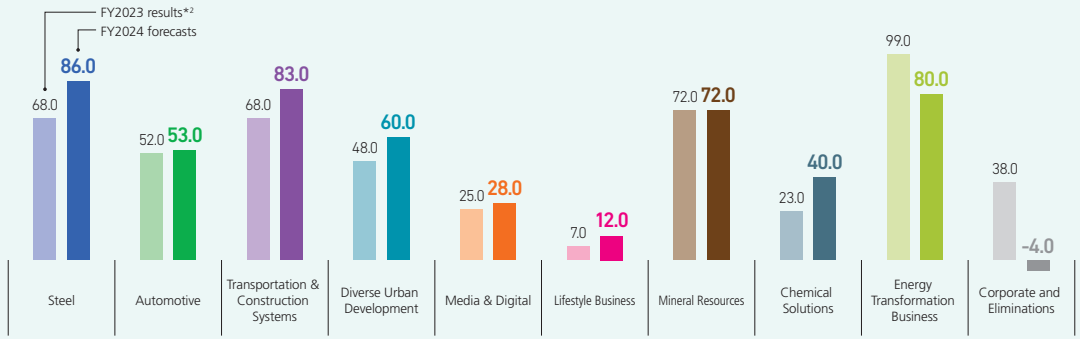
	Steel Group	Automotive Group	Transportation & Construction Systems Group	Diverse Urban Development Group	Media & Digital Group	Lifestyle Business Group	Mineral Resources Group	Chemical Solutions Group	Energy Transformation Business Group
Group									
SBU*1	• Energy Tubular • Steel Products • Steel GX	• Automotive Manufacturing and Engineering • Automotive Sales & Marketing • Mobility Services • Tire • Beyond Mobility	• Leasing • Commercial Aviation • Aerospace Defense & Technology • Ship & Marine • Construction & Mining Systems	• Real Estate • Industrial Park and Sustainable City • Industrial System & Material • Logistics and Insurance • Social Infrastructure	• Digital • Smart Communication Platform • 5G • Cable Platform • Media Commerce & Contents • Innovation & Investment	• Retail • Food • Global Fruit and Vegetables • Healthcare	• Non-Ferrous Metals • Aluminium • Coal and Nuclear Fuel • Iron & Steel Making Raw Materials and Carbon • Commodity Business	• Basic Chemicals • Electronics • Green Chemical • Life Science • Agri Business	• Energy Innovation Initiative • Japan Energy Solution • Overseas Energy Solution • Indonesia Energy Solution • Gas Value Chain • Maritime Energy Solution
Business Lines	• Trade of steel products (steel sheets, tubular products, and railway products) • Processing of steel sheets, tubular products, and railway products, and other related businesses	• Manufacturing, distribution, finance, lease, and peripheral businesses of automotive products, tires and related products, as well as mobility service business	• Trade and operations for aircrafts, aerospace-related products, and ships, as well as general lease & finance business • Sales, services, rental, and trading of construction, mining, agricultural, and industrial equipment, together with related products	• Real estate business, including office buildings, retail facilities, residences, logistics facilities, hotels, and real estate funds • Development and management of sustainable cities and industrial parks • Business related to construction material and equipment, including construction materials, cement, air conditioning, and electrical facilities • Business related to industrial facilities and communication infrastructure • Integrated logistics infrastructure business and insurance business • Social infrastructure business, including transportation, airports, ports, and water infrastructure business	• Digital solution business and digital media-related business • Smart communications infrastructure business and value-added service business • Businesses related to fifth-generation (5G) mobile communication systems • Media businesses in cable television and multi-channel programming distribution • TV shopping business and video content-related business • Global corporate venture capital and private equity	• Retail business such as supermarkets • Food products including perishable food (meat, fruits, and vegetables) and food raw materials (fruit juice, grains, oils, sugar, and sweeteners) • Healthcare business, such as drugstores and managed care business	• Development and trading of non-ferrous metal raw materials such as copper, nickel, and aluminium, precious metals, coal, iron ore, and nuclear fuel, trading of carbon-related raw materials and products, non-ferrous metal products and related businesses, commodity derivatives, etc.	• Businesses related to basic chemicals (organic/inorganic chemicals and plastics), green chemicals, semiconductor/battery materials, electronic, pharmaceuticals, cosmetics, animal health products, veterinary medicine, agricultural materials (e.g., crop protection products, fertilizers), and next-generation agriculture and food production systems	• Carbon-free energy-related business • New power and energy services business • Carbon management business (nature base) • Power infrastructure business • Offshore infrastructure business • Bunker fuel and lubricant supply and next-generation marine fuel business • LNG projects and city gas distribution • Trading of natural gas, power and environmental products, and LNG • LPG business development

*1 SBU: Strategic Business Unit

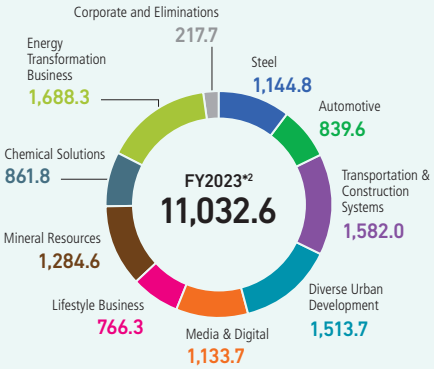
Profit for the year by mineral resources non-mineral resources (Billions of yen)



Profit for the year by segment*3 (Billions of yen, excluding one-off profits/losses)



Total assets by segment (Billions of yen)



*2 Due to the reorganization carried out as of April 1, 2024, the figures are described on a reclassified basis.
*3 Profit for the year by segment is rounded to the nearest billion yen.

Steel Group

Leverage our global steel product supply chain to contribute to the achievement of carbon neutrality in the industry and create new functions and value.

Katsuya Inubushi
Group CEO, Steel Group

Main Business Fields

Our customer base covers a wide range of industries that use steel products, including energy, construction, transportation equipment manufacturing, and electrical appliances and consumer electronics. We are developing unique supply chains globally to meet the diverse needs of each of these industries.

Major Group Companies

- Steel Products SBU
  Sumitomo Corporation Global Metals
- Energy Tubular SBU
  Eryngium, Edgen

Group Business Development

Supply of oil country tubular goods (OCTG) to oil fields in the North Sea

North American railway product manufacturing business

Supply of oil country tubular goods (OCTG) and line pipe to major energy companies

Crankshaft manufacturing business

Steel service center operations worldwide

Special steel manufacturing business in India

Key Group Strengths

- Expertise, solution capabilities, and an extensive customer network in steel products and tubular products
- Global development of a strong supply chain firmly rooted in each region
- One of the world's largest oil country tubular goods (OCTG) distribution businesses and strategic partnerships with energy majors
- Leading market shares in unique segments such as railway products

Growth-driving business | Steel Group's Global Supply Chain

We aim to leverage our accumulated strengths to increase earnings in regions where demand is increasing alongside economic growth and in markets where demand is increasing in line with energy transition.

Group Business Environment

- The North American energy industry remains cautious about drilling new wells, and the number of oil and gas active rigs (rig count) remains low
- Movement toward local production and local consumption in Europe and other countries where the Carbon Border Adjustment Mechanism (CBAM) regulations have been introduced
- Sluggish utilization of steel service centers due to the economic slowdown caused by inflation and high interest rates

Growth Opportunities and Risks

Opportunities

- Social demand for a decarbonized/recycling-oriented society
- Development of urbanization and railway infrastructure in emerging countries
- Environmental response for various transportation equipment

Risks

- Volatile fluctuations in mineral resource, steel raw material, and product prices
- Fluctuations in the global supply–demand balance
- Structural changes in the industry and transition to alternative materials for existing products in conjunction with energy transition

Business Strategy

- Leverage our global supply chain network to closely monitor the changing situation in the global steel industry and thus maintain and expand earnings in the steel business
- Strengthen regional sales capabilities and manage inventory risk to improve resilience to market volatility

Automotive Group

Lead the transformation of mobility and create new values.

Norihiko Nonaka
Group CEO, Automotive Group

Main Business Fields

We are globally developing businesses in each field of the automotive industry, including manufacturing, sales and marketing, leasing and related services of automobiles, automotive components, tires, and other products, with a bird's eye view of the industrial value chain.

Major Group Companies

- Automotive Manufacturing and Engineering SBU
  KIRIU, Hirotec Mexico, SC Automotive Engineering
- Automotive Sales & Marketing SBU
  TOYOTA UKRAINE, TOYOTA LIBYA, MOTO-PFOHE EOOD
- Mobility Services SBU
  Sumitomo Mitsui Auto Service, OTO*1/SOF*2, Aimo Park
- Tire SBU
  TBC Corporation
- Beyond Mobility SBU
  SC-ABeam Automotive Consulting

*1 Oto Multiartha *2 Summit Oto Finance

Group Business Development

- Engineering services
- Manufacture of automobile parts
- Automotive sales and marketing
- Leasing, rental, subscriptions
- EV-related products
- Tire sales
- Automotive finance
- Car park operations and other services

Key Group Strengths

- Business portfolio covering automotive manufacturing, sales, finance, and services on a global basis
- Network and partnerships with major OEMs and other key players in the industry
- Operational experiences in various countries (including high-volatility regions), risk management skills, and high-quality talent pool

Growth-driving business: Mobility platformer for a sustainable society

[Sumitomo Mitsui Auto Service's growth strategy]

As a leading company in the auto-leasing industry, we will create a sustainable future by providing comprehensive mobility services that meet all kinds of needs related to the movement of people and goods, in order to contribute to the development of an automobile society and global sustainability.

Group Business Environment

- Growing need for automobiles to support economic development and increasing movement of people and goods in each country
- Shift from ownership to utilization (leasing, rental, subscriptions, etc.)
- Spread of eco-friendly vehicles to achieve carbon neutrality
- Advancement of reusing and recycling to build a circular economy

Growth Opportunities and Risks

Opportunities

- Growing demand for automobiles in emerging regions, such as ASEAN and the Middle East
- New business opportunities stemming from changes in market and customer needs due to electrification, sharing, autonomous driving, etc.
- Changing competitive landscape and accelerated restructuring in each sector of the automotive industry due to technological innovation

Risks

- Slowing economic growth and rising business costs due to inflation and high interest rates
- Supply chain disruptions and deteriorating business environment caused by geopolitical risks

Business Strategy

- Promote growth by expanding the product lineup and sales and service network in the automotive sales and marketing business
- Expand the scale of earnings by increasing the value of the parts manufacturing, sales finance, and tire sales businesses
- Expand services in the mobility service domain centered on automobile leasing, and capture new business opportunities

Transportation & Construction Systems Group

Drive ESG management in construction equipment, shipping, and aerospace businesses, and leverage financial solutions and cutting-edge technologies, to create new social value in the global market.

Takao Kusaka
Group CEO, Transportation & Construction Systems Group

Main Business Fields

We operate an aircraft and engine leasing business; a ship and marine business; an aerospace and security business; a construction and mining equipment sales, service, and rental business; and a business that combines the functions of the Group's leasing and financing companies with those of a trading company.

Major Group Companies

- Leasing SBU
  Sumitomo Mitsui Finance and Leasing (SMFL)
- Commercial Aviation SBU
  SMBC Aviation Capital, SMBC Aero Engine Lease, SMFL LCI Helicopters, Werner Aero
- Aerospace Defense & Technology SBU
  Sumisho Aero-Systems, Sumitomo Precision Products
- Ship & Marine SBU
  Oshima Shipbuilding, Triton Navigation, Sumisho Marine
- Construction & Mining Systems SBU
  SMS Equipment, Sunstate Equipment, Linder Industrial Machinery

Group Business Development

- Leasing SBU
- Commercial Aviation SBU
- Aerospace Defense & Technology SBU
- Ship & Marine SBU
- Construction & Mining Systems SBU

SMBC Aviation Capital
(Aircraft leasing)

Sumitomo Mitsui Finance and Leasing (SMFL)
(Leasing and financing)

SMS Equipment
(Construction and mining equipment sales and services)

Oshima Shipbuilding
(Shipbuilding)

Sunstate Equipment
(Rental of construction equipment)

Werner Aero
(Aftermarket aircraft parts)

Key Group Strengths

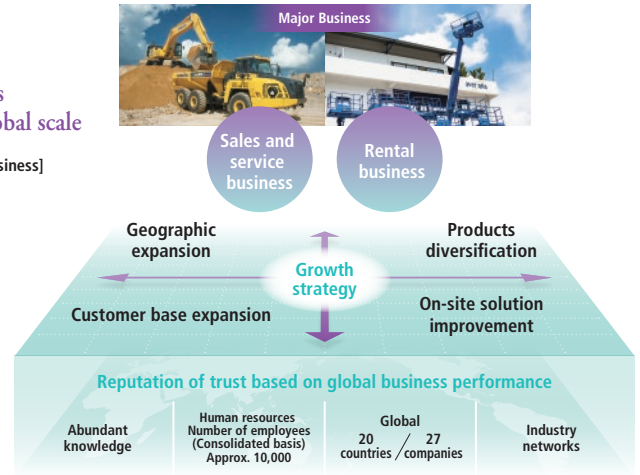
- Track record of providing financial solutions and solution capabilities in a wide range of industries
- Knowledge of commercial aircraft leasing and maintenance business and world-class fleet of leased aircraft
- Business experience in aerospace, security, and precision technology areas and positive approach to new technologies
- Comprehensive business group and solid customer base covering ship manufacturing, trading, operation, and chartering
- Management track record and talented human resources in our construction equipment sales/service dealers and rental companies

Growth-driving business

Long-accumulated strengths represent new value on a global scale

[Construction & mining equipment business]

We operate in continuously growing industrial fields backed by infrastructure construction in developed countries and urbanization and resource development in emerging countries. In these fields, we leverage our strengths of a solid business foundation and abundant experience to contribute to the realization of affluent lives for people and the world through our business operations.



Group Business Environment

- Passenger and aircraft demand, marine freight demand, and infrastructure construction demand are expected to increase as the world's population grows
- Investments to meet demand for renewable energy (such as solar power and offshore wind power) are growing over the long term
- National aerospace defense-related expenditures are expected to expand amid the growing importance of security

Growth Opportunities and Risks

Opportunities

- Opportunity to create new business models using digital and other new technologies
- Accelerating R&D and increasing demand for new technologies (such as AI, 5G/6G, and quantum computing)
- Growing shift to decarbonized society and increasing need for low-carbon and carbon-free products and services

Risks

- Heightened geopolitical risk
- Existing financial business maturing and facing intensifying competition
- Labor shortages in manufacturing, maintenance, repair, and other frontline activities
- Increased competition and high steel prices in the shipbuilding industry

Business Strategy

- Increase prime assets and improve asset efficiency in the general leasing and aircraft leasing businesses and establish the "Assets x Finance x Services" business in new areas (such as GX)
- Expand the agency business in aerospace defense fields, add inventory and maintenance functions, and incorporate new technologies
- Strengthen market resilience in the ship business, expand the ship-owning business, and actively invest in offshore wind power and other marine development fields
- Broaden the customer base and provide on-site support solutions through regional and product expansion in the construction & mining equipment business

Diverse Urban Development Group

Filling communities and lives with smiles and compassion through real estate and infrastructure business.

Yukihito Honda
Group CEO, Diverse Urban Development Group

Main Business Fields

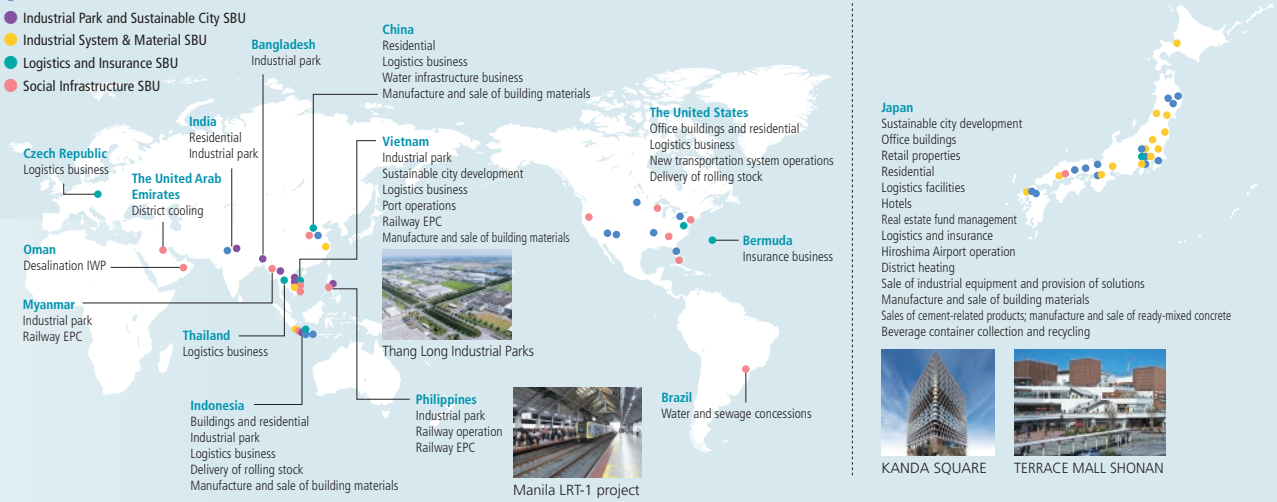
We engage in the development, operation, and asset management of real estate, industrial parks, sustainable cities, and urban infrastructure, as well as the manufacture and sale of construction materials and sales of industrial equipment. We also engage in logistics and insurance-related businesses.

Major Group Companies

- Real Estate SBU
  Sumisho Realty Management, Sumisho Building Management, Sumisho Tatemono
- Industrial Park and Sustainable City SBU
  Thang Long Industrial Park, North Hanoi Smart City Development Investment
- Industrial System & Material SBU
  S.C.Cement, Sumitomo Shoji Machinex
- Logistics and Insurance SBU
  Sumisho Global Logistics, Sumisho Insurance
- Social Infrastructure SBU
  Muscat City Desalination Company, Crystal Mover Services

Group Business Development

- Real Estate SBU
- Industrial Park and Sustainable City SBU
- Industrial System & Material SBU
- Logistics and Insurance SBU
- Social Infrastructure SBU



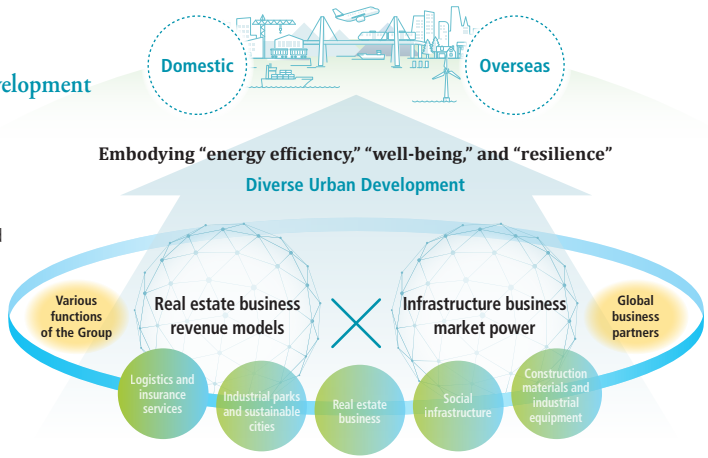
Key Group Strengths

- Comprehensive business capabilities that combine advanced and substantial expertise, networks, and customer bases in each business field
- Strong presence in local communities thanks to reliable business operations that accurately meet the needs of each country and society
- Structuring capabilities for creating stable frameworks to manage diverse projects and businesses

Growth-driving business

Comprehensive urban development drawn from master plans

We have more than 5,000 hectares of land under comprehensive development globally, including residential land, industrial parks, and sustainable cities. Based on this foundation, we aim to become the world's No.1 Japanese-affiliated "Diverse Urban Developer" that combines multiple functions to realize affluent lifestyles for communities and societies.



Group Business Environment

- Growing awareness of dangers posed by the global environment and future living environments, and the need to address increasingly large-scale natural disasters
- Continuously changing living and business environments stemming from geopolitical risks and the digital revolution
- Capital inflows to stable markets (Japan and the United States) and growth markets (emerging nations) leading to rising asset prices

Growth Opportunities and Risks

Opportunities

- Increasing demand for infrastructure and urban development that is environmentally friendly, safe, and disaster-resistant
- Ongoing transformation of global manufacturing and distribution networks due to rising geopolitical risks and environmental responses
- Increasing demand for urban development and redevelopment in consideration of the natural environment and the pursuit of affluent lifestyles

Risks

- Changes in market needs and business models in response to geopolitical risks (real and latent)
- Continuously intensifying competition due to DX and AI technologies and entry of players from emerging countries and different industries
- Impact of rising construction costs and capital market fluctuations on domestic and overseas real estate markets

Business Strategy

- We will leverage our "development capabilities in base/facilities*1," "development capabilities in grid/rails*2," and "area development capabilities*3" to adopt varying approaches to comprehensive urban development and thus enable the Group to provide diverse value globally
- With emphases on "energy efficiency" (environmentally friendly living), "well-being" (affluent and aspirational living), and "resilience" (safe and secure living), we will engage in urban development that provides high quality and sustainable value on a global scale, thus enhancing the brand value of the Group's initiatives and projects in local communities

*1 Development in base/facilities: Office buildings, residence, hotels, airports, ports, etc.
*2 Development in grid/rails: Railways, water supply, logistics, etc.
*3 Area development: Retail properties, mixed-use buildings, industrial parks, sustainable cities, etc.

Media & Digital Group

In the field of media and digital technology, we combine cutting-edge technologies with our strengths to create new value and contribute to the realization of a sustainable society.

Shinichi Kato
Group CEO, Media & Digital Group

Main Business Fields

We engage in the digital solutions business, smart communications infrastructure business, mobile value-added services business, 5G (5th-generation mobile communications) related business, media businesses in cable television, TV shopping business, and global corporate venture capital business (start-up investments, or GCVC).

Major Group Companies

- Digital SBU
  SCSK, SC Digital
- Smart Communication Platform SBU
  T-Gaia, Safaricom Telecommunications Ethiopia
- 5G SBU
  Sharing Design
- Cable Platform SBU
  JCOM
- Media Commerce & Contents SBU
  Jupiter Shop Channel (SHOP)

Group Business Development

Ethiopia
Telecommunications business

Japan
Digital business, 5G-sharing infrastructure, media businesses in cable television, TV shopping

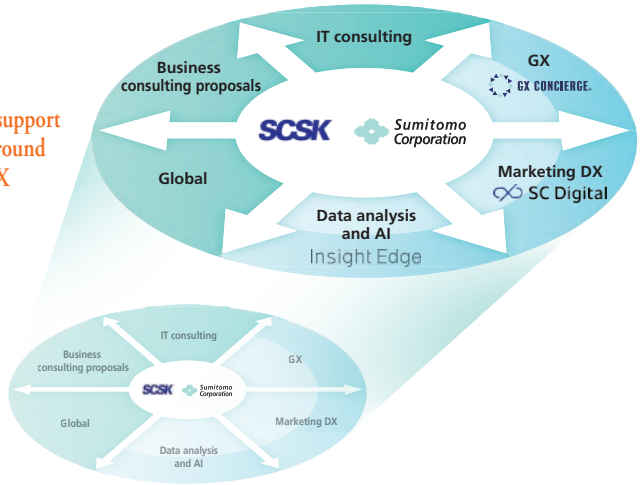
Key Group Strengths

- IT business foundation × Cutting-edge technology (GCVC business investee company) × Development talent
- Domestic network directly connected to consumers (JCOM: 5.67 million households, SHOP: 30.25 million viewable households)
- Expertise in building overseas telecommunications infrastructure (skills × specialized human resources)

Growth-driving business

Growth of both Sumitomo Corporation and SCSK will support the evolution of businesses around the world through IT and DX

[Digital Business]
While expanding/upgrading SCSK's core business, Sumitomo Corporation will leverage its experience in launching new businesses, its business foundation, and overseas business management know-how to broaden its businesses.



Group Business Environment

- Overall IT investment demand is expected to grow despite the uncertain economic outlook; competition for IT personnel is intensifying due to the shortage of IT personnel
- Changing customer base due to domestic factors, such as the declining birthrate, an aging population, increasing single-person households, and decreasing consumer spending
- Increasing geopolitical risks, inflation, and other factors causing the unit prices of goods and services to rise

Growth Opportunities and Risks

Opportunities

- New markets emerging and expanding due to social adoption of new digital technologies alongside the growing importance of digital and data utilization (SCSK, GCVC)
- New markets replacing existing ones as the speed of social change increases (JCOM, SHOP, overseas telecommunications business)

Risks

- Changes in the global industrial structure and consumer behavior as a result of digital disruption
- Intensified competition to secure IT and DX human resources across various industries
- Competition arising from the fusion between broadcasting and telecommunications
- Emergence of country risks, especially in developing nations, due to changes in policies and regulations

Business Strategy

- Expand the digital solution business and enhance digital-related functions
- Strengthen the information/telecommunications infrastructure business and expand/upgrade value-added services
- Expand/upgrade domestic 5G-sharing infrastructure and solutions
- Leverage the cable platform to expand/upgrade new services
- Align with Over The Top (OTT) and enhance mobile services
- Tap and utilize cutting-edge technologies with a focus on GCVC (now 5 bases) and PE sites

Lifestyle Business Group

Address social issues related to food and health from consumers' perspectives to make their lives more enjoyable.

Kotaro Tameda
Group CEO, Lifestyle Business Group

Main Business Fields

We operate retail businesses (including supermarkets and brands), food businesses (including food products, food ingredients, and fresh produce), and healthcare businesses (including drugstores, pharmacies, and managed care organizations, clinics).

Major Group Companies

- **Retail SBU**
  Summit, Feiler Japan
- **Food SBU**
  SC Foods, WELLNEO SUGAR
- **Global Fruit and Vegetables SBU**
  Fyffes International, Highline Produce
- **Healthcare SBU**
  Tomod's, SC Healthcare Holdings, CareClinics Healthcare Services

Group Business Model

Key Group Strengths

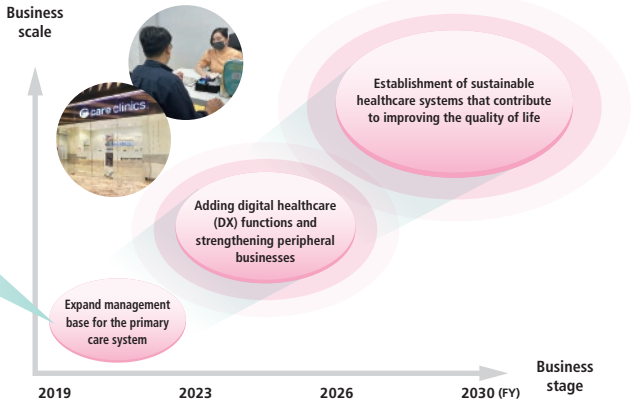
- Retail business operation know-how and customer access cultivated through Summit and Tomod's business
- Knowledge of healthcare business in Japan and overseas, ability to build business models, and market presence
- Robust global platform for food distribution and sale

Growth-driving business

Healthcare business contributing to the medical cost containment in Malaysian local communities

Leveraging our chain store operation knowledge, cultivated in the retail business, we help contain medical costs in Malaysia, specifically through collaboration between our clinic business (which provides convenient, high-quality medical services) and our managed care business (which connects medical institutions, insurance companies/corporations, and patients to provide optimal medical care to the public), with the addition of digital technologies.

In-house company clinic operations, disease prevention programs, health management services, etc.



Group Business Environment

- Diversifying consumer values and lifestyles
- Growing consumer awareness about food and health
- Need to optimize medical costs due to accelerated aging of population
- Expectations for sustainable products, services, and management

Growth Opportunities and Risks

Opportunities

- Diversifying consumer purchasing channels and segmentation of demand
- Expanding retail markets overseas backed by the rise of the middle class, particularly in emerging economies
- Improving efficiency in containing medical costs in Japan and developed countries and improving healthcare infrastructure in emerging countries
- Growing interest in the SDGs, such as those related to food loss and reduction of environmental impact

Risks

- Intensifying competition from domestic supermarkets, drugstores, and others (including major distribution companies)
- Impact of climate change, unfavorable weather, and geopolitical risks on global food supply, production, and logistics
- Rising labor/fuel costs and high interest rates

Business Strategy

- Expand our store networks (supermarkets, drugstores, and pharmacies) in Japan and overseas, and deploy know-how, DX, and data to roll out new businesses
- Broaden our primary care system and community-based comprehensive care–related businesses to address rising medical costs both in Japan and overseas
- Leverage our expertise in sales and processing of food and foodstuffs (cultivated in Japan and overseas) and our network to expand our earnings base and develop businesses in growth markets

Mineral Resources Group

Through mineral resource development and the construction of its value chain, we will provide value that is unique to us and contribute to the development of industry and the realization of a sustainable society in Japan and around the world, thereby creating an enriched future for all.

Koichiro Yazaki
Group CEO, Mineral Resources Group

Main Business Fields

We promote the development/operation of interest in such commodities as copper, nickel, aluminium, coal, iron ore, and precious metals, and the sale of their respective products, as well as the trading business that provides a wide range of functions including use of commodity derivatives.

Major Group Companies

- Non-Ferrous Metals SBU
  SMM Cerro Verde Netherlands, SC
  Quebrada Blanca, Ambatovy Minerals
- Aluminium SBU
  Press Metal Bintulu, Tri-Arrows Aluminum, SUMISHO METALEX
- Coal and Nuclear Fuel SBU
  SCAP C, Sumisho Coal Australia Holdings
- Iron & Steel Making Raw Materials and Carbon SBU
  Oresteel Investment, Mineracao Usiminas
- Commodity Business SBU
  Sumitomo Corporation Global Commodities

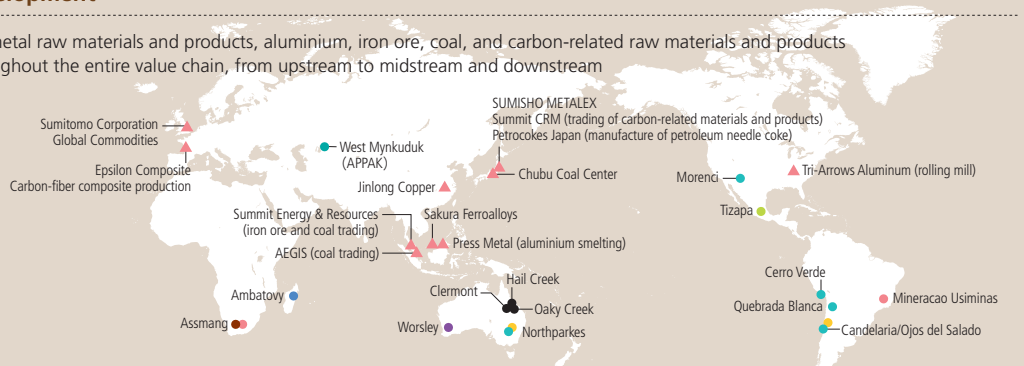
Group Business Development

- Handling of nonferrous metal raw materials and products, aluminium, iron ore, coal, and carbon-related raw materials and products
- Business operations throughout the entire value chain, from upstream to midstream and downstream

Upstream business:
Mine development

- Copper
- Gold
- Nickel
- Silver, lead, and zinc
- Aluminium
- Coal
- Iron ore
- Uranium
- Manganese

Midstream/downstream businesses:
Trading, processing, and manufacturing



Assmang iron ore and manganese business (South Africa)

Press Metal's aluminium smelting plant (Malaysia)

Ambatovy Nickel Project (Madagascar)

Cerro Verde Copper Mine (Peru)

Mineracao Usiminas iron ore mine (Brazil)

Key Group Strengths

- Experience and know-how in operating/managing highly challenging mining operations
- Competitive, high-potential business assets
- Offering a wide range of market instruments and tailor-made trading functions, including derivatives
- Strong partnerships, industry-wide network, and global customer base

Growth-driving business

Expanding the copper and aluminium business while coexisting with global environments and communities

We contribute to coexistence with the global environment, expansion of local employment, economic development, and industrial development based on growth that leverages our respective strengths, from copper mine operations and management to aluminium production and trading and other areas.

Experience in mining operation and management

Accumulation of world-class mining interests

Achieving coexistence with the global environment | Stable supply of copper [EVs, renewable energy, etc.] | Development of local communities and industries

Clean energy
Utilization of power with reduced CO_2 emissions

Smelting Rolling | Trading

Recycled raw materials

Expand aluminium business

Enhance "green" value throughout the value chain

Achieving coexistence with the global environment | Development of local communities and industries

Photo: Quebrada Blanca copper mine (Chile), which started operation in 2023

Group Business Environment

- Changing supply–demand structure and increasing mineral resource price volatility due to heightened geopolitical risks
- Increasing development risks and development/operating costs due to high degree of difficulty in mine development
- Transformation of demand toward decarbonization and recycling-oriented society

Growth Opportunities and Risks

Opportunities

- Global trend of energy transition
- Changes in demand for a decarbonized/recycling-oriented society
- Increasing opportunities to demonstrate our capabilities and participate in projects as mineral resource development becomes more difficult

Risks

- Geopolitical risks
- Increasing mine development and operating costs

Business Strategy

- Collaborate with partners to expand the earnings base for copper and other commodities earmarked for demand growth
- Leverage expertise in market commodity derivatives to upgrade trading functions; leverage a diverse and excellent business partner base to develop market-driven business that unifies upstream, midstream, and downstream
- Establish a business value chain that helps resolve social issues such as achieving decarbonization and a recycling-oriented society

Chemical Solutions Group

We will contribute to enriching people's lives and realizing sustainable societies by building new value chains that address material social issues, such as global food security and climate change.

Takuya Tsujigaki
Group CEO, Chemical Solutions Group

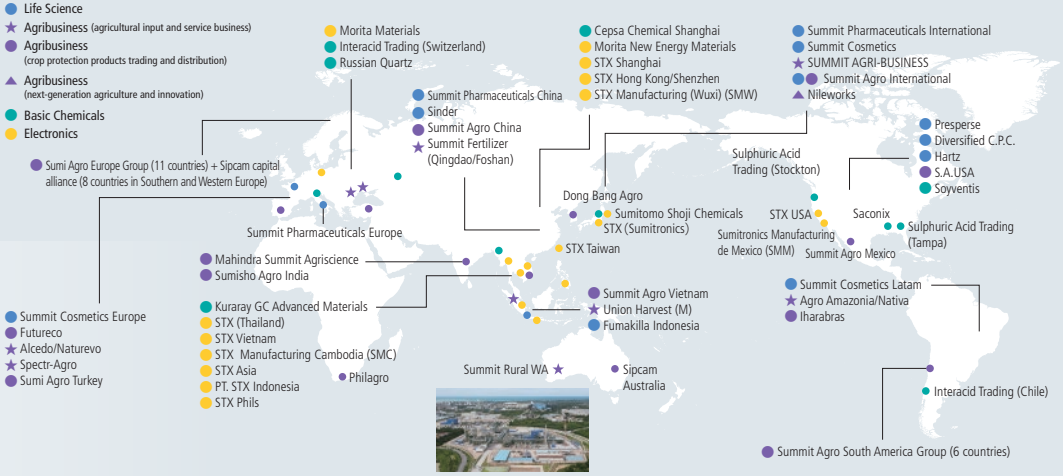
Main Business Fields

We engage in the chemical trading and manufacturing business, electronic materials trading and electronics manufacturing service (EMS) business, pharmaceutical-related business, cosmetics business, animal health business, and sales of agricultural materials (crop protection products, fertilizers, etc.).

Major Group Companies

- Basic Chemicals SBU
  Sumitomo Shoji Chemicals
- Electronics SBU
  Sumitronics (STX)
- Life Science SBU
  Summit Pharmaceuticals International
- Agri Business SBU
  Agro Amazonia Produtos Agropecuarios

Group Business Development



Sumitronics Manufacturing de Mexico (SMM) (Mexico)

Summit Cosmetics Latam (Brazil)

Agro Amazonia Produtos Agropecuarios (Brazil)

Interacid Group (USA, Chile, Switzerland)

Key Group Strengths

- Agricultural consulting skills derived from the agricultural input & service business, the ability to develop products and services that meet customer needs, and credit management skills
- Global sales network and business intelligence/procurement capabilities in the crop protection products trading and distribution business
- Supply–demand balancing function and know-how of trading operation in basic chemicals such as sulfuric acid (terminal and storage services + seaborne trading + inland distribution)
- Electronics: Strong customer base for semiconductor-related materials and manufacturing capabilities in the EMS business
- Pharmaceutical raw materials and cosmetics ingredients: Purchasing and sales network; Animal health: Product development and sales capabilities

Growth-driving business

Next-generation agribusiness to become fundamental to sustainable agriculture worldwide

Building on our strong partnerships and trust with local communities around the world, we will combine our capabilities in agrochemical trading/distribution, agricultural input & service, and next-generation agriculture to create a new agribusiness landscape.

Growth Strategy

Crop protection products trading and distribution	Agricultural input and service business	Next-generation agriculture and innovation
Diversify sales channels Expand business in major agricultural producing countries	**Expand geographically** Broaden sales network through branch expansion and M&As	**Smart farming** AI Analysis/Precision Farming Services & Agricultural Drone Business
Expand bio-crop protection products business Acquire manufacturing, registration, development, and marketing capabilities and strengthen sales efforts	**Expand/upgrade product portfolio** Expand lineup of high-performance products and soil neutralizers	**Clean farming** GHG Reduction Agri Input・Feed Additive Business
Enhance functions Adopt in-house processing and acquire technologies to reduce environmental impact, etc.	**Strengthen comprehensive services for producers** Engage in seed and fertilizer processing, etc. (in addition to direct sales)	**Next-generation food production** Genome Editing・Alternative Protein Business

Group Business Environment

Although geopolitical requirements and weather conditions (drought, floods) will lead to supply–demand balance fluctuations and increased price volatility for our products, we expect solid demand growth in essential areas, such as basic chemicals, pharmaceuticals, agricultural materials, and semiconductors in the medium to long term.

Growth Opportunities and Risks

Opportunities

- Changes in supply–demand balance and industry structure in each region
- Increasing demand for agricultural materials due to population growth and rising food demand
- Increasing demand for agricultural materials and services with low environmental impact
- Increasing demand for basic chemicals and electronics due to growth in EV, renewable energy, semiconductor, and EMS markets

Risks

- Changing market conditions due to growth of companies in emerging economies
- Impact of climate change on agricultural production and increasing price volatility for grain and agricultural materials (especially fertilizers)
- Risk of decline in plant profitability due to exchange rate fluctuations and rising labor costs

Business Strategy

- Optimize the business portfolio to strengthen downward resilience to market risks
- Enhance trading capabilities and develop related businesses to provide added value
- Expand agricultural materials sales (geographically and functionally), and create new businesses in innovation fields
- Leverage strengths in existing businesses (pharmaceuticals, cosmetics, and animal health) to reinforce the earnings base
- Create new business models according to greening and economic security needs in the chemical industry

Energy Transformation Business Group

Build a stable and sustainable energy system and carbon cycle to create a society full of prosperity and dreams.

Koji Aso
Group CEO, Energy Transformation Business Group

Main Business Fields

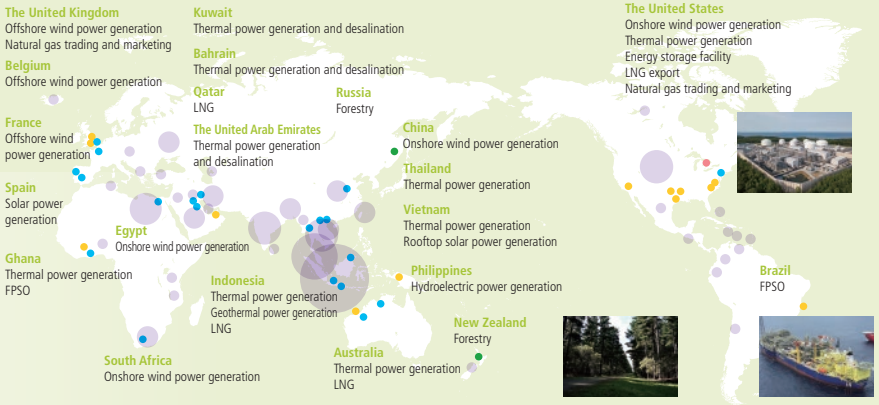
In addition to our global power infrastructure business, as well as trading and business development related to natural gas and LNG, we push forward business development in the next-generation energy field.

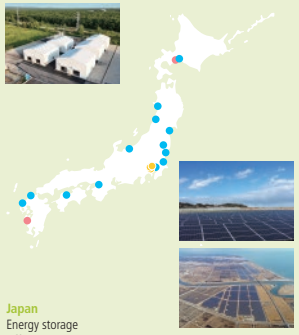
Major Group Companies

- Energy Innovation Initiative SBU
  Summit Forests New Zealand
- Overseas Energy Solution SBU
  Overseas IPP/IWPP business: 30 companies
- Japan Energy Solution SBU
  Summit Energy
- Indonesia Energy Solution SBU
  Central Java Power, Bhumi Jati Power, Supreme Energy Muara Laboh
- Gas Value Chain SBU
  LNG Japan, Pacific Summit Energy
- Maritime Energy Solution SBU
  Japan Offshore Facility Investment 1

Group Business Development

● Forestry ● Energy storage business and equipment ● Power generation business
● Power EPC (Size: Total installed generation capacity) ● Gas Value Chain and Maritime Energy Solution





Japan
Energy storage
Offshore and onshore wind power generation
Solar power generation
Thermal power generation
Biomass power generation
Marine fuel ("Very Low Sulphur Fuel Oil") trading
LNG bunkering
Domestic electric power trading
LPG wholesaling
LPG retailing

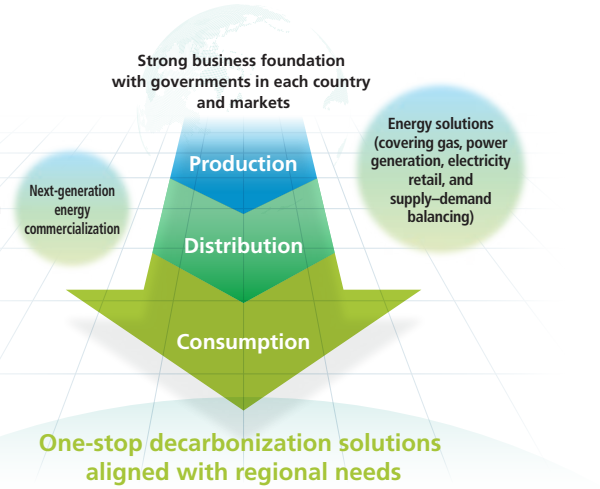
Key Group Strengths

- Track record in global project development and execution cultivated over many years in the power, gas, and energy sectors
- Our accumulated relationships with governments in each country and partners
- Strong connectivity with customers in each business

Growth-driving business

One-stop decarbonization solutions that meet regional needs

From production to distribution and consumption, we will contribute to society by providing one-stop solutions for decarbonization and stable energy supply. Here, we will bring together our various strengths, including a solid business foundation, a wide portfolio of energy solutions, and next-generation energy commercialization capability.



Group Business Environment

- Shift to a decarbonized, circular economic model
- Growing demand for energy security and stable supply

Growth Opportunities and Risks

Opportunities

- Significant increase in electricity consumption due to growing use of generative AI and other IT equipment
- Changing energy demand and accelerating energy transition toward a decarbonization and recycling society
- Growing interest in global climate change initiatives and energy security

Risks

- Intensification of a competitive business environment with the entry of suppliers from emerging countries and new business operators from other industries
- Heightened geopolitical risk and fluctuations in resource prices and electricity market
- Changes/setbacks in national decarbonization policies/regulations and their impact on decarbonization-related businesses

Business Strategy

- Through a strategic transformation by bringing together our existing energy-related departments, which have strong business connections with markets and governments in each country, and our Energy Innovation Initiative (EII), which aims to commercialize the next-generation energy sector. In this way, we will build a future earnings pillar while maintaining and expanding the existing earnings base.
- With a full view of the entire value chain in each industrial sector, we will provide one-stop decarbonization solutions that meet regional needs and expand our new earnings base.

Special Feature: Growth Story —Enhancing Our Competitive Advantages

Story 1 → Established strengths

Competitive advantage

Expertise in commercial aviation and real estate businesses × Asset management capabilities

Story 2 → Expansion into new domains

Competitive advantage

Expertise in lifestyle-related businesses × Community coexistence

Special Feature: Growth Story—Enhancing Our Competitive Advantages

Story 1 → Established strengths

Commercial aviation business:
Commercial Aviation SBU/Leasing SBU/Aerospace Defense & Technology SBU

Competitive advantage

Expertise in commercial aviation and real estate businesses × Asset management capabilities

Commercial aviation business
Profit for the year in FY2023

¥13.6 billion

Target of profit for the year in FY2030

Approx. ¥33 billion*

* Excluding one-off profits/losses

2025 **Advanced Air Mobility**

2020 **Helicopter leasing** — Helicopter leasing industry **No. 2 in the world**

2004 **Engine leasing** — Engine leasing industry **No. 5 in the world**

1996 **Aircraft leasing** — Aircraft leasing industry **No. 2 in the world**

1980s **Trading and aftermarket** — **The beginning of our commercial aviation business**

Spreading sustainable wings to the world

By 2050, the world population is expected to reach 10 billion, and the movement of people and goods will further expand globally. Amid the rapid expansion in demand for travel, the commercial aviation business holds significant growth potential for the future. Over the next 20 years, we anticipate that 30,000 to 40,000 new aircraft will take to the skies in the civil aviation sector.

At the same time, contributing to decarbonization is an urgent priority that extends to the aviation world.

Furthermore, the number of retired aircraft is increasing, making the effective utilization of used aircraft and parts, as well as the recycling of fuselage, essential for creating a circular economy.

We support regional socioeconomic development by overcoming the conflicting themes of meeting the growing demand for the movement of people and goods while also contributing to environmental sustainability.

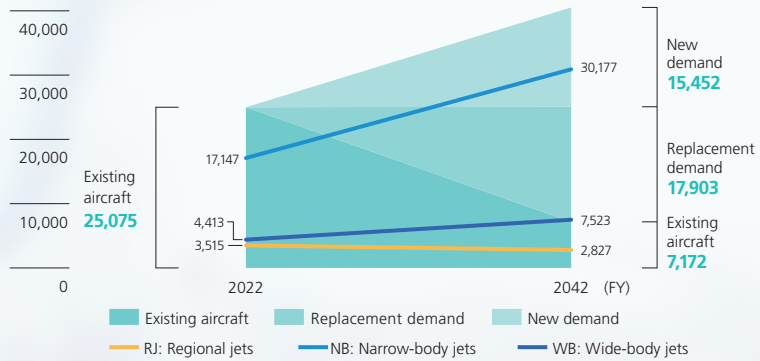
This is our path to value creation and the strength that will enable us to gain a foothold for further growth.

Our strength lies in maximizing synergy of expertise in the commercial aviation business and asset management capabilities in response to economic cycles.

In the aircraft leasing business, which is sensitive to economic fluctuations, the key to success is the ability to buy and sell aircraft at the right time and maintain asset values.

In addition to the industry network and technical expertise we have built by addressing social and customer issues, we have established strength through our asset management know-how leveraged by our strong fund-raising capabilities.

Passenger jet aircraft demand forecast (no. of aircraft)



Source: *Worldwide Market Forecast 2023-2042*, published by the JADC

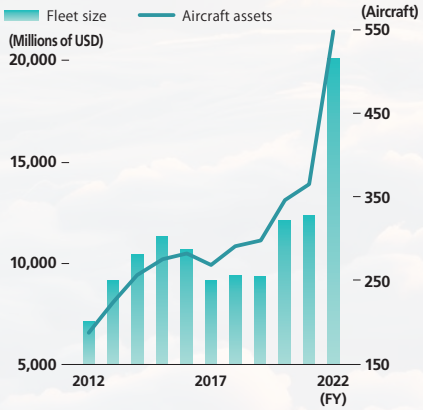
Special Feature: Growth Story—Enhancing Our Competitive Advantages

Competitive advantage Expertise in commercial aviation and real estate businesses × Asset management capabilities

Features of SMBC AC

Narrow-body jet ratio	83%
For domestic and short-haul routes	
Customers	150 companies
Customer risk diversification	
Average age of aircraft	Approx. 5 years
High liquidity	
Aircraft fleet diversification	50 countries
Geographical risk diversification	

Fleet size and aircraft assets



Strengths generating additional value

SMBC AVIATION CAPITAL

SMFL — Sumitomo Mitsui Financial Group: 50%
Sumitomo Corporation: 50%

We entered the commercial aviation business in the 1980s in the aftermarket sector with the trading of used aircraft and parts. We then entered the aircraft leasing business in the 1990s and expanded into engine leasing in the 2000s. In the 2020s, we also began helicopter leasing.

Through these businesses, we have accumulated the knowledge necessary for the commercial aviation business in such areas as asset management, networking, and the technical expertise and credit assessment ability of our group companies.

In 2012, we acquired the aircraft leasing division of the Royal Bank of Scotland in partnership with Sumitomo Mitsui Financial Group and Sumitomo Mitsui Finance and Leasing (SMFL). That business, now called SMBC Aviation Capital (AC), is the second-largest aircraft leasing company in the world. It owns, manages, and has orders in place for approximately 1,000 aircraft and has expanded its business to 150 companies across 50 countries. Its owned aircraft assets amount to around ¥3 trillion.

We diversify geographical risk by leasing across multiple regions. We also focus primarily on highly liquid narrow-body aircraft and keep the average age of our fleet young. This approach allows us to maintain and control high asset values.

Furthermore, we are accelerating our efforts to address environmental issues, with the goal of achieving zero emissions throughout AC's entire value chain by 2050.

The commercial aviation industry is highly sensitive to economic changes and experiences cyclical fluctuations triggered by unforeseen events, such as conflicts, terrorism, and crises. Nevertheless, AC's strong asset management capabilities, especially in finance, allow it to flexibly buy and sell assets in response to economic cycles.

Other main businesses

Manufacturing

SUMITOMO PRECISION PRODUCTS CO., LTD.

Aircraft engine and helicopter leasing

SMBC AERO ENGINE LEASE

LCI

Sumitomo Precision Products Co., Ltd. (SPP), became a wholly owned subsidiary in FY2022. The company has been designing and manufacturing aircraft equipment, propellers, landing gear, and heat exchangers, for more than half a century.

As a developer and manufacturer of products that contribute to the safety of air transport, SPP is recognized as a leading company in the global civil aircraft equipment sector.

SPP is also working with partner companies to develop thermal management systems in anticipation of the emergence of hydrogen and electric aircraft in the future.

Through SMFL, we have invested in SMBC Aero Engine Lease, the fifth-largest engine leasing company in the world.

With proper maintenance, engines can maintain their asset value regardless of age and provide a stable source of income.

Through SMFL, we have also invested in the world's second-largest helicopter leasing company. Anticipating an increase in leasing opportunities in the future, we will focus particularly on leasing helicopters with high social needs, such as those used in emergency medical transport and search-and-rescue operations.

Competitive advantage Expertise in commercial aviation and real estate businesses × Asset management capabilities

Reaching Greater Heights: Addressing Social Challenges

Contributing to decarbonization is an important issue in the world of commercial aviation. With this in mind, we are working to decarbonize the skies by providing new transportation and mobility.

As an example of a business contributing to circular economy, we have already begun reusing and recycling retired aircraft. In FY2023, we acquired a 51% stake in Werner Aero, a U.S. company that removes, repairs, and resells reusable parts from retired aircraft.

With the aim of acquiring carbon credits, we have also entered the carbon credit business through mangrove plantations in Indonesia.

In the meantime, we will accelerate efforts related to sustainable aviation fuel (SAF)*1, which significantly reduces carbon dioxide emissions.

*1 Aviation fuel produced from recyclable raw materials

Decarbonized, environmentally responsive, circular economy business

Our goal is to acquire a total of 600,000 tons of cumulative carbon credits over 20 years.

WERNERAERO

- Joint development project for SAF production in North America (aiming for commercial production in 2029)
- Production of bioethanol from SAF feedstock in Japan and North America (development under way for commercial production)

Advanced Air Mobility (AAM)

These vehicles are commonly known as "electric vertical take-off and landing (eVTOL)" by the public.

Specifically, this refers to drones and eVTOL aircraft. Using these emerging technologies, our aim is to provide new, environmentally friendly air mobility solutions.

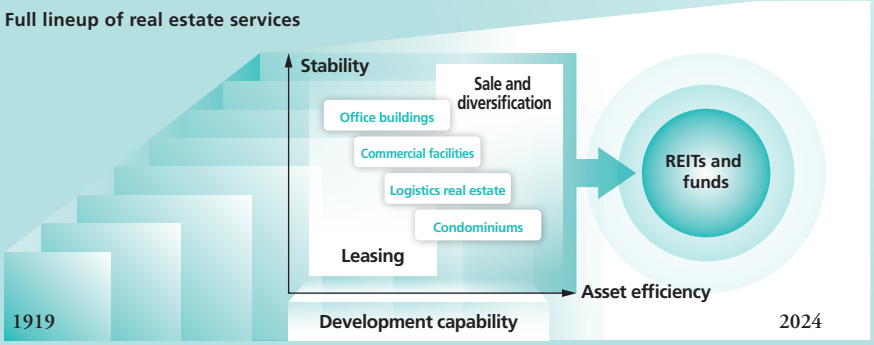
In collaboration with Japan Airlines, we are expanding business and accumulating knowledge in the field of AAM.

We provide unmanned aircraft control systems in the AAM field through OneSky Systems, Inc.

Real Estate Business: Real Estate SBU

Current state of the real estate business where we have 100 years of experience

Full lineup of real estate services



The Company's original business was real estate, and our strength lies in our ability to handle everything from development to operation in a fully integrated manner. Leveraging our accumulated property development know-how and network of multiple business partners, we generate a wide range of business opportunities tailored to the business environment and stage of each project.

In addition to our own Real Estate SBU, subsidiaries of the Sumitomo Mitsui Finance and Leasing Group engage in a wide range of real estate business activities.

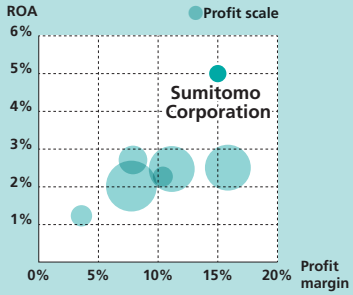
Our strength lies in maximizing synergy of expertise in the real estate business — with a full lineup portfolio, we have the expertise to handle the entire project life cycle, from initial development to final operation— and asset management capabilities.

Our real estate business, which began around 100 years ago, continues to expand as we explore new business opportunities. One of our strengths is high asset efficiency.

While accumulating prime assets, we have also developed a unique system and expertise that enhances profitability by effectively combining external capital, including through sales to REITs, without holding 100% of the assets ourselves.

This combination of business expertise and asset management capabilities is a competitive advantage that also works well in the commercial aviation business.

Industry comparison (developers)



Special Feature: Growth Story—Enhancing Our Competitive Advantages

Story 2 → Expansion into new domains

Lifestyle-related business: Healthcare SBU

Competitive advantage

Expertise in lifestyle-related businesses × Community coexistence

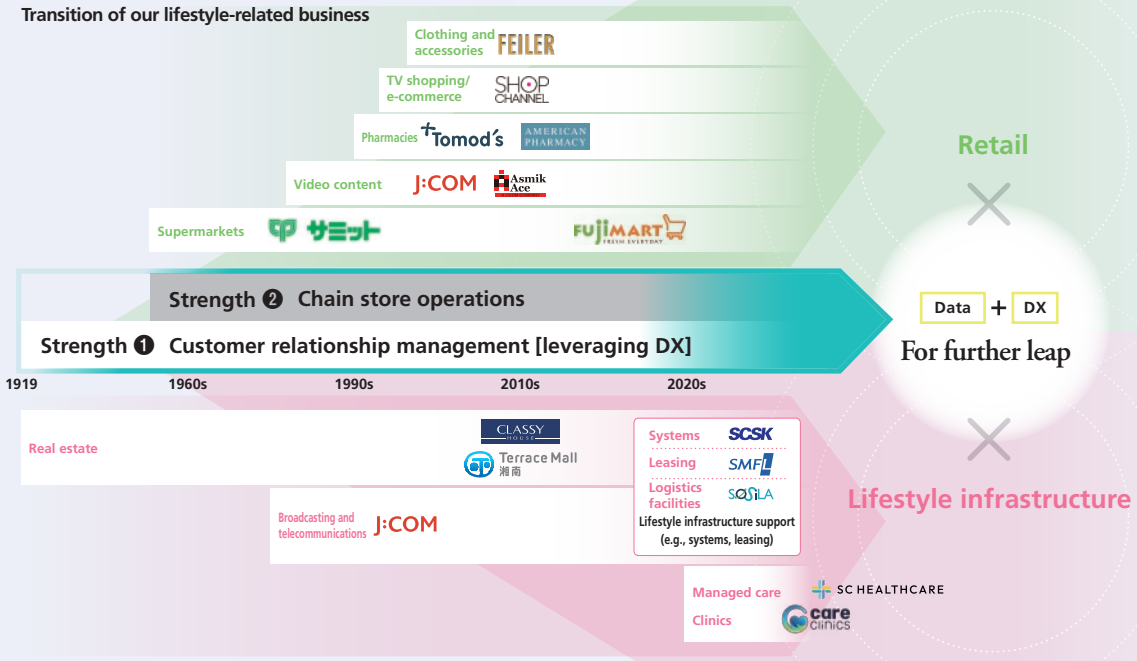
What kind of services enrich society?

It is required to establish social environments that cater to the lifestyle aspirations of each individual: to live better, to live more authentically, and to enrich both body and mind. The current focus on wellness is another major trend required by society. From health-related solutions to lifestyle services, offerings that enrich individuals will, in turn, enrich entire communities.

Since our founding, we have strived to establish and maintain the goods, services, and infrastructure essential for daily life.

Our original business was real estate, which provided an environment for nurturing lifestyle-related enterprises. Beginning with the supermarket business in the 1960s, we have launched various lifestyle-related businesses and have now expanded beyond the retail market to include lifestyle infrastructure.

Over decades of listening to local customers' voice, we have accumulated significant tangible and intangible assets. These assets form a unique strength in each of our businesses that cannot be easily imitated by others.



Strengths that create value

Many of our lifestyle-related businesses have been around for decades. It might sound impressive to say that we founded various companies and expanded into new fields on our own. However, the reality is that we built our businesses by understanding customer needs one by one, learning from repeated failures along the way.

Our current lifestyle-related business brands can be broadly divided into two groups: retail market brands and lifestyle infrastructure brands. With both groups, we believe that by collecting data and utilizing DX technology, we can strengthen our direct ties with consumers in terms of both goods and services, thereby building greater strengths.

For some time, we have been able to understand diverse needs across different regions through individual customer interactions. The keys to future growth are accumulated customer data and ongoing dialogue with our customers.

Our strength lies in our expertise in lifestyle-related businesses and our commitment to regional coexistence. In other words, we excel in management know-how across a wide range of lifestyle services, with a specific focus on customer relationship management and chain store operations.

Our strength lies in our management expertise across a wide range of lifestyle service areas.

[Customer relationship management, chain store operations, etc.]

Competitive advantage Expertise in lifestyle-related businesses × Community coexistence

Domestic healthcare

"Family drugstore" with the deepest community roots

450 stores centered on Tokyo Tomod's + Allosone + Yakuju

Tomod's was established in 1993 as Sumitomo Corporation's first in-house venture in anticipation of the separation of dispensary from medical practice. It started out as a pharmacy.

In its history of more than a quarter century, it has solidified its operations by strategically identifying store locations and developing a product lineup that meets the needs of local customers through effective customer relationship management. It has also expanded through M&As, growing into a network of 450 stores as a group and showcasing its proficiency in chain store operations. As a "retailer involved in healthcare," Tomod's has grown into a drugstore chain known for its healthy product lineup and its consultation services with customers. Its product offerings are regularly reviewed and expanded to include products and food items that reflect customer needs.

Yakuju specializes in home dispensing services, where pharmacists deliver medicines to the homes of elderly people and those with dementia, helping them manage their medication. It joined our Group in 2023. We are leveraging Yakuju's expertise to strengthen our ties with surrounding medical institutions and nursing care facilities.

Our goal is to become a "family drugstore" with the deepest roots in each community.

Overseas healthcare

Primary care services: Bringing management expertise cultivated in Japan to the world

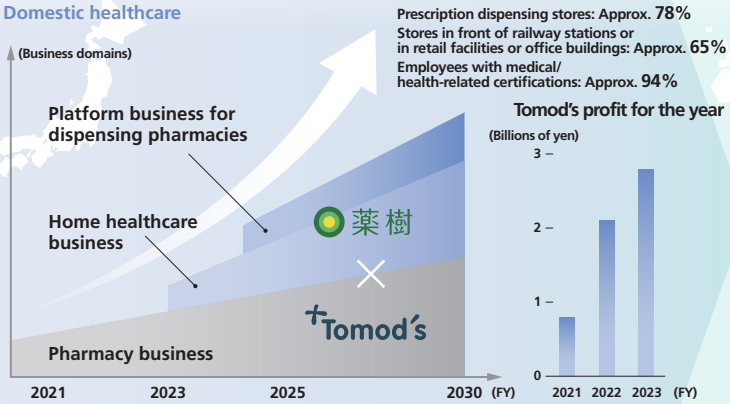
In Southeast Asia, with an aging population and rising cases of lifestyle-related diseases, the supply and quality of medical services have not kept pace with growing medical needs, and the issue of inadequate access to appropriate services has become evident. In addition, the financial burden on patients, companies, and insurance providers is increasing as healthcare costs continue to rise. As a result, there is a growing need to address illnesses before they become serious (primary medical care), as well as to provide pre-symptomatic and preventive services.

Leveraging its management expertise cultivated in Japan, Sumitomo Corporation invested in managed care businesses in Malaysia in 2019 and Vietnam in 2021. Since then, we have invested in the managed care business, establishing a system in which three entities—private health insurance companies, managed care providers, and medical institutions—collaborate to provide comprehensive medical services. In Malaysia, our managed care provider not only manages medical expense payments and provides medical infrastructure but also offers tools to analyze and reduce medical expenses and provide online medical examinations and dispensing services. In addition, it promotes health promotion programs (customer relationship management utilizing DX). Accordingly, it now holds the largest market share in Malaysia.

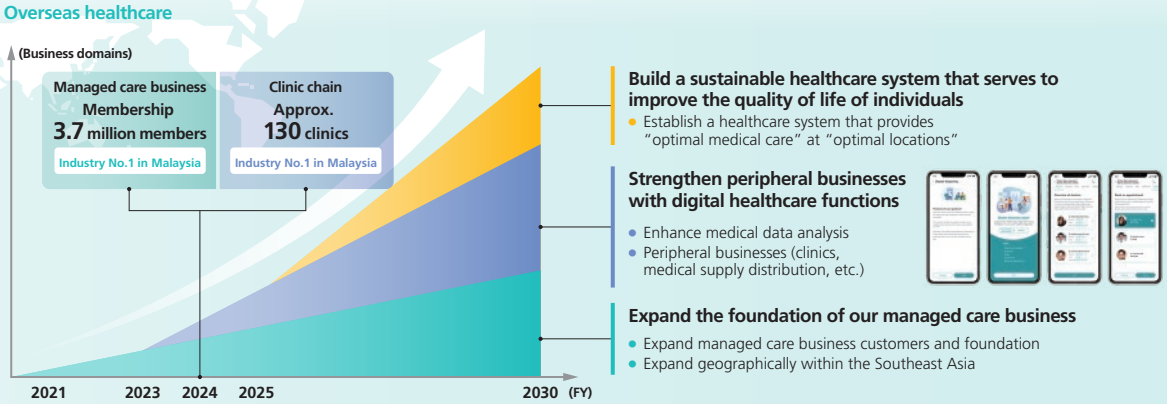
To expand our healthcare business, we invested in Malaysian clinic business operator in 2020, of which we are now the largest shareholder. In operating local clinic chains, achieving growth requires market analysis, employee training, and improved efficiency in drug procurement and delivery. Our expertise gained from chain store operations in Japan is proving invaluable in these areas. As a result, our network of clinics has expanded from 18 at the time of our investment to 123 facilities as of July 2024, making it the largest private medical clinic chain in Malaysia. Moreover, we aim to further grow the network to 300 facilities by 2026. By promoting collaboration between managed care providers and our clinic business, we aim to continue building networks that will serve as social infrastructure to support healthcare in Southeast Asia.

We strive to build a sustainable healthcare system that enhances quality of life by providing high-quality medical services to people in Southeast Asia and helping companies, governments, and local authorities reduce healthcare costs.

Domestic healthcare



Overseas healthcare



Store expansion and monetization	Strength ❷	Chain store operations (multiple stores = management expertise for scale expansion)
Community-based and interactive	Strength ❶	Customer relationship management [leveraging DX] (management know-how to continuously build relationships with specific [= local] customers and thus increase profits and corporate value)

Details on Sustainability Management ▸ https://sumitomocorp.disclosure.site/en/themes/10
Details on Sustainability Promotion System ▸ https://sumitomocorp.disclosure.site/en/themes/11

Sustainability management

Sustainability management embodying Sumitomo's Business Philosophy

"Enriching lives and the world" is the corporate message of the Group. We are developing our business around the world with the aim of realizing a sustainable society and enriching people's lives. The background to this message is a phrase that conveys the Group's business philosophy: "Benefit for self and others, private and public interests are one and the same." It means that Sumitomo's business, while benefiting Sumitomo, must also benefit the nation and benefit society. This philosophy is the source of the Group's sustainability management, and under this philosophy, we strategically allocate management resources in anticipation of the long-term shifting business landscape impacted by these social issues, and we leverage our strengths to continue creating the value that society truly needs. We promote sustainability management in the belief that each of these actions will create a sustainable society and achieve sustainable growth for Sumitomo Corporation.

Note: In this sustainability section, our primary focus is to provide a deeper understanding of the Group's unique approach to value creation and sustainability. We continuously disclose and update our specific sustainability initiatives and related data on our corporate website.

Corporate Sustainability Committee

Main topics discussed and reported in FY2023

- New medium-term management plan and revision of the Material Issues
- Monitoring of medium-term sustainability goals
- Operation of the Corporate Sustainability Committee and the Sustainability Advisory Board
- Disclosure based on the TCFD recommendations
- Status of social and environmental risk management
- Social contribution activities
- Environmental management activities
- Initiatives related to natural capital
- Initiatives related to respect for human rights
- Initiatives for enhancing disclosure of non-financial information
- Results of the ESG rating

Sustainability Advisory Board

Discussion on the new medium-term management plan

- Expectations toward integrated trading and the business investment company for addressing key social issues
- Internal proliferation of sustainability management
- Structure and evaluation mechanism
- Individual topics: climate change, natural capital, respect for human rights

External Advisors

Sadayosi Tobai	Chief Executive Officer, WWF Japan
Hidemi Tomita	Chief Executive Officer, Institute for Sustainability Management
Takashi Nawa	Professor, Kyoto University of Advanced Science, and Visiting Professor, Hitotsubashi University Graduate School
Junko Watanabe	Attorney-at-Law, Nishimura & Asahi (Gaikokuho Kyodo Jigyo)

Sustainability Governance and Oversight

The board of directors renders decisions concerning key management matters in the Group's wide range of business activities. In addition, the board of directors oversees the decision-making and the business execution by the Management Council and executive officers.

The Management Council and executive officers are responsible for decision-making and business execution of important sustainability-related management matters of the Group. The Management Council makes comprehensive decisions after consulting with the Corporate Sustainability Committee and other committees that are advisory bodies of the Management Council in order to make effective decisions.

In addition, the Corporate Sustainability Department and related corporate organizations, as well as sustainability promotion personnel in each business group and overseas regional organization, work closely together to formulate and promote company-wide sustainability plans and measures. Moreover, we have established the Sustainability Advisory Board, consisting of external experts on ESG issues, to obtain advice and recommendations on our overall sustainability management.

Policies on Climate Change Issues ▸ https://sumitomocorp.disclosure.site/en/themes/24

Addressing global environmental issues

Overcoming climate change

One of the Group's Material Issues is to "Overcome climate change." Recognizing that climate change is a pressing issue to be undertaken globally, we put an importance on the international determinations stipulated in the Paris Agreement and set our Policies on Climate Change Issues in order to play a more active role in achieving the carbon neutrality goal of society in aligned with the Agreement and are conducting business activities.

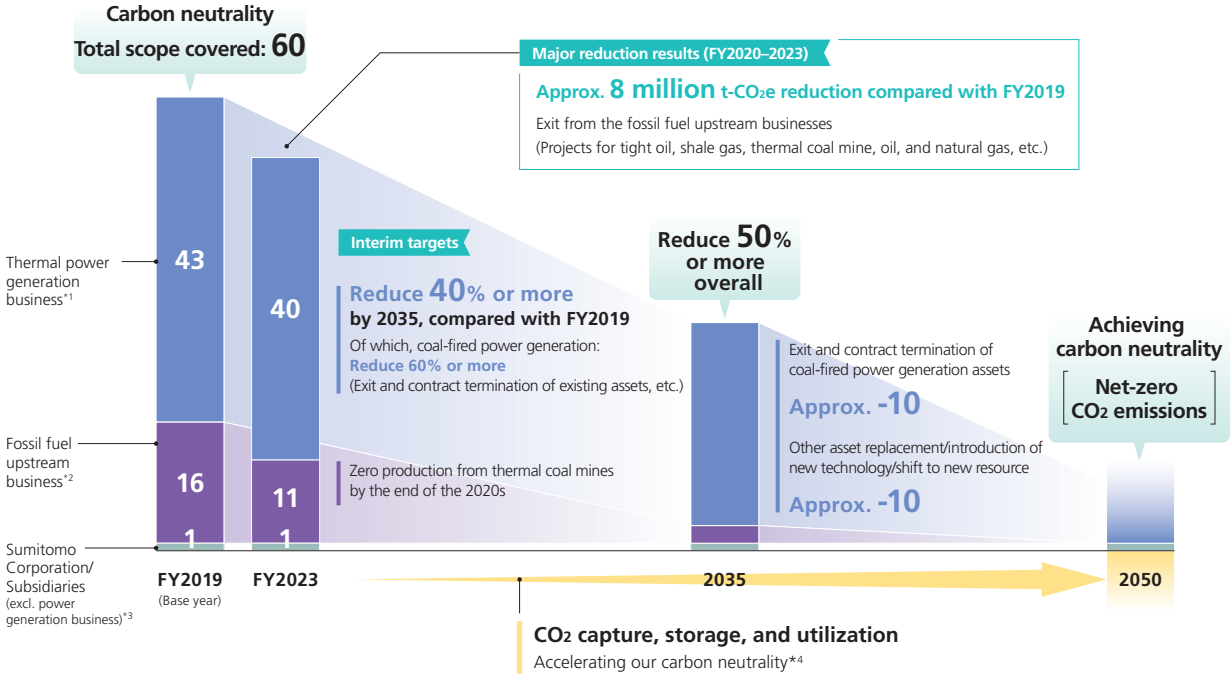
Specifically, we have set milestones for CO_2 emission reduction to achieve our goal of carbon neutrality of our own business by 2050 as well as our medium-term goal of reducing CO_2 emissions by 50% or more by 2035. To overcome climate change, on top of the reduction of CO_2 emissions of our own business, it is essential to contribute to realize a carbon-neutral society. Accordingly, we will work together with stakeholders to decarbonize society and promote the realization of a carbon-neutral and resilient society, while taking into consideration the unique characteristics of respective industry and region.

Based on this thought, in May 2024, in response to recent changes in the external environment, including climate change countermeasures and energy security, we updated our equity generation capacity-based ratio target among the Group's climate-related targets. In addition, we have added commitments to reduce indirect CO_2 emissions from thermal coal mines to zero by the end of 2020s and to work with natural gas only in projects that contribute to the realization of a carbon-neutral society.

Milestones for CO_2 emission reduction toward carbon neutrality of the Group

The scope of business targeted for carbon neutralization includes the power generation business and fossil energy concession businesses in addition to Scope 1 and 2 of Sumitomo Corporation and its subsidiaries. For these, we have established specific milestones for CO_2 emission reduction as shown below and are actively working on them to achieve carbon neutrality by 2050. The progress of our efforts is monitored and reported regularly to the Management Council and the Board of Directors.

Milestones for CO_2 emission reduction toward carbon neutrality of the Group (Millions of t-CO_2e)



Coal-fired power generation business

Sumitomo Corporation policy

- No involvement in any new coal-fired power generation business, neither in IPP nor EPC, without any exception
- End all coal-fired power generation business by the late 2040s

Approach to efforts

From the perspective of our social responsibility, including the development of local communities and economies and our obligation to supply, we will pursue every option, not eliminating the possibility of accelerated withdrawal from the business, while implementing the following efforts to accelerate the decarbonization of our Company and society as a whole.

- Consensus building based on sincere dialogue with host countries, local communities, and other stakeholders
- Pursuit of consideration and efforts toward the decarbonization and low carbonization of existing facilities
- Maximum support for host countries to shift power sources to renewable energy and other sources

*1 Includes estimated figures after the construction and operation of the businesses for projects still under construction and emissions from equity-method affiliates
*2 Indirect CO_2 emissions from the use of energy resources produced by fossil energy concession of Sumitomo Corporation, its subsidiaries, and affiliated companies under the equity method
*3 Direct CO_2 emissions of Sumitomo Corporation and its subsidiaries and indirect CO_2 emissions of the generation of energy used by them
*4 Through means recognized by international standards such as capture and storage by forests and other technical methods

Trial Analysis Based on TNFD's Beta Framework ▸ https://sumitomocorp.disclosure.site/en/themes/27#52
Disclosure Based on the TCFD Recommendations ▸ https://sumitomocorp.disclosure.site/en/themes/24#26

Contributing to the carbon neutrality of society

An important component of our Material Issues related to "Overcoming climate change" is to contribute to the carbon neutrality of society. To achieve this goal, we believe that, as Sumitomo Corporation Group with a diverse range of business operations, we must actively contribute toward low carbonization and decarbonization of the related entire supply chain. Specifically, we will strive to build a decarbonized, recycling-oriented energy system. This effort will be led by our Energy Transformation Business Group, which unites SBUs with a shared focus on creating such a system. We will also strive to establish a sustainable carbon cycle, contribute to creating a prosperous and visionary society, and enhance our competitive advantages to achieve our sustainable growth.

Hydrogen pilot plant for the world's first trial lower-carbon alumina refining in Australia: Development of the next-generation business

In Australia, Sumitomo Corporation, in collaboration with U.K.-based Rio Tinto, has initiated the building of a pilot plant at Rio Tito's Yarwun alumina refinery to test using hydrogen to replace natural gas in the alumina refining process. If successful, this project could result in a significant reduction of CO_2 emissions from alumina refining in the future. It also represents the first step in our phased approach to achieving our goal of establishing a global hydrogen supply chain. We are committed to expanding our business and commercializing this initiative.

News

Creating business opportunities through improved Scope 3 accounting

The primary objective of our Scope 3 calculations is to accurately pinpoint areas within our supply chain where we can collaborate with suppliers and other partners to reduce CO_2 emissions. In addition, these calculations aim to identify new business opportunities and potential avenues for emission reductions. In FY2023, we focused on a limited number of target subsidiaries and projects for which CO_2 (Scope 3) emissions are large in order to gain expertise in calculating CO_2 (Scope 3) emissions. Utilizing the expertise acquired, we expanded the scope of subsidiaries and projects to encompass the entire company in FY2024, thereby deepening our efforts.

Preserving and regenerating natural capital

The Sumitomo Corporation Group is conducting business activities across multiple sectors, including infrastructure, mining, forestry, and agriculture, and its business activities are largely dependent on nature. We believe it is essential to foster the sustainability of both our business and the global environment by making decisions with natural capital in mind. To achieve a world living in harmony with nature, we avoid or minimize the impact on natural capital caused by our business activities and go beyond preservation to also pursue regeneration and effective use of natural capital through the building of a circular economy and other measures.

Registration as a TNFD Early Adopter

We registered as a TNFD* Early Adopter to accelerate our efforts to preserve and regenerate natural capital, which we both benefit from and impact through our business activities across the world. We will properly assess risks and opportunities related to natural capital, conduct our initiatives toward a nature-positive world by 2030, and disclose information in accordance with the TNFD recommendations by the end of FY2025.

*Taskforce on Nature-related Financial Disclosures

Efforts to build a circular economy: Solar panel reuse and recycling business

Seeking to build a sustainable circular economy, we are leveraging diverse internal and external expertise to develop businesses that transcend conventional regional and industry boundaries. As part of these efforts, we are collaborating with four partner companies on a demonstration experiment to establish a solar panel reuse and recycling business. Through this initiative, we aim to promote the sustainable recycling of solar panels, which are presumed for disposal in large quantities in the 2030s.

Disclosure based on the TCFD recommendations

In March 2019, Sumitomo Corporation announced its support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and made disclosures in line with the framework on our Sustainability Disclosure Site. For further details, please visit our Sustainability Disclosure Site.

Respect for Human Rights ▸ https://sumitomocorp.disclosure.site/en/themes/30
Medium- and long-term goals and progress ▸ https://sumitomocorp.disclosure.site/en/themes/12#3

Respect for human rights

Our approach to respect for human rights

Through the implementation of human rights due diligence, stakeholder dialogue, internal education, and other such efforts based on the Sumitomo Corporation Group's Human Rights Policy established in May 2020, the Group strives to demonstrate respect for human rights as part of its corporate social responsibility and achieve sustainable growth together with society.

Goals and progress

Long- and medium-term goals	**Long-term goals** ● Respect the human rights of all stakeholders in all businesses and supply chains **Medium-term goals** ● 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 ● Ensure a safe workplace environment
Progress in FY2023	**Promote and ensure respect for human rights** ● Carried out human rights due diligence for two business units (Transportation & Construction Systems, Metal Products). This brings the cumulative total to six business units. ● Rolled out e-learning on business and human rights to regional organizations and subsidiaries in Japan and overseas **Ensure a safe workplace environment** ● We are promoting the following initiatives with the aim of establishing common sense attention to safety …Visit by members of our Disaster Response and Safety Management Department to our Top Priority Companies in Japan and overseas to conduct safety seminars and site inspections …Started an e-learning program on occupational safety in Japan, with 554 employees enrolled

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 Labour 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 the 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 the Group in order to ensure that this human rights policy is understood and implemented effectively.

6. Reporting

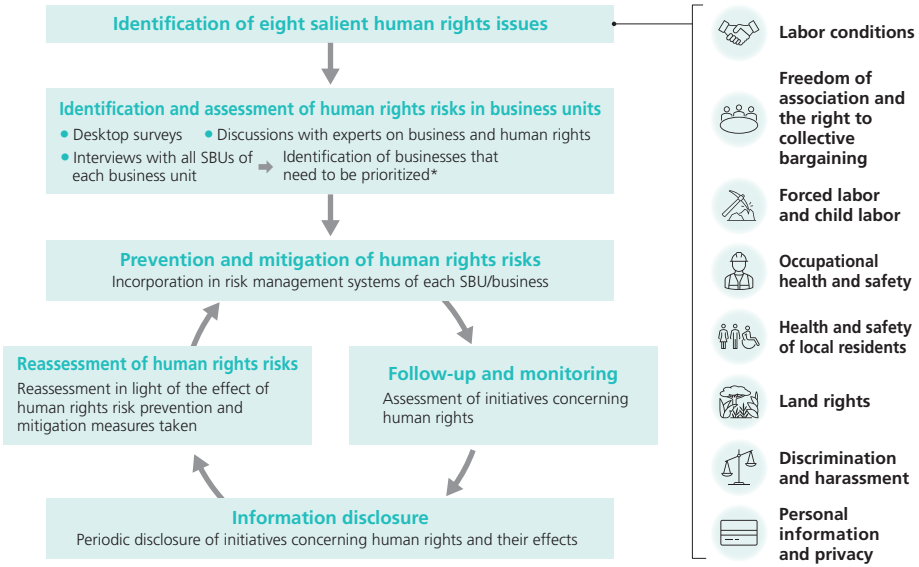
Sumitomo Corporation will disclose appropriate information regarding its efforts to respect human rights.

Supply Chain Management ▸ https://sumitomocorp.disclosure.site/en/themes/29
Implementation and Progress of Human Rights Due Diligence ▸ https://sumitomocorp.disclosure.site/en/themes/30#74

Human rights due diligence in all businesses, including the supply chain

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 risks of human rights related to the Group's business activities and have been conducting such activities on an ongoing basis. Our human rights due diligence is carried out via a process in line with international guidance such as the United Nations Guiding Principles on Business and Human Rights and the United Nations Guiding Principles Reporting Framework. We also identified salient human rights issues that should be prioritized in order to assess the risks on human rights for the entire Group and are currently verifying human rights risks with a focus on the salient through our human rights due diligence in each unit. Specifically, we have positioned the following as our salient issues: "freedom of association and the right to collective bargaining," "forced labor and child labor," "discrimination and harassment," and "occupational health and safety." Those are related to the five core labor standards of the International Labour Organization, as well as "labor conditions," "health and safety of local residents," "land rights," and "personal information and privacy."

Human rights due diligence/process of identification of salient human rights issues



* Also promote human rights due diligence in SBUs/businesses other than those identified in human rights due diligence by department.

FY2023 results and future initiatives

In FY2023, we conducted human rights due diligence at the Transportation & Construction Systems Business Unit and the Metal Products Business Unit. Considering the characteristics of each business, we identified human rights risks of concern and confirmed the status of activities to mitigate them. In FY2024, we will implement the Energy Innovation Initiative to complete our human rights due diligence for all businesses. Human rights risks identified to date are prioritized based on their importance. We incorporate the findings into specific action plans while implementing the plan-do-check-act (PDCA) cycle. In line with our medium-term goals for human rights education, we have conducted e-learning training on business and human rights for all officers and employees of Sumitomo Corporation, and then rolled that out to our regional organizations and subsidiaries. Human rights education is also included in the training of new managers and mid-career hires. Based on the results of human rights due diligence conducted to date, as well as the characteristics and risks concerning our businesses, we will adopt a risk-based approach. This includes selecting businesses that prioritize reinforcement of human rights due diligence and enhancement of human rights education by risk type.

Occupational health and safety

To prevent occupational accidents, we are working to create a common sense of value for safety, establish a safety management system, and improve occupational safety at key sites. Our main achievements in FY2023 are described below. We will continue striving to prevent occupational accidents by stepping up various initiatives, such as education and awareness-raising.

- Held cross-organizational occupational safety liaison meetings to share case studies of workplace accidents and best practices for improvement within the Group
- The Disaster Response & Safety Management Department provided first-response support for occupational accidents that occurred within the Group
- Disaster Response & Safety Management Department members visited our Top Priority Companies in Japan and overseas to provide occupational safety management support by conducting safety seminars and site inspections

Tripartite discussion among Outside Directors

Expectations and challenges for long-term corporate value enhancement under the Medium-Term Management Plan 2026 and new executive structure

Following the structural reforms under SHIFT 2023, we are now entering a growth stage under a new executive structure. In this section, three of our Outside Directors share their insights on the challenges and expectations for the long-term enhancement of the Sumitomo Corporation Group's value, drawing from their extensive experience.

Takashi Mitachi
Outside Director

Profile
Takashi Mitachi was appointed an Outside Director of Sumitomo Corporation in June 2022. He has extensive knowledge and rich experience in corporate management and integrated risk management, having served in key positions at a major management consulting firm in the United States for many years.

Akiko Ide
Outside Director

Profile
Akiko Ide was appointed an Outside Director of Sumitomo Corporation in June 2020. She has extensive knowledge and rich experience in information and telecommunications, corporate management, and corporate governance, having held key positions with a major telecommunications group over the course of many years. She has also served as an executive at its group companies and a full-time Audit & Supervisory Board Member at its parent company (holding company).

Takahisa Takahara
Outside Director

Profile
Takahisa Takahara was appointed an Outside Director of Sumitomo Corporation in June 2023. He has extensive knowledge and rich experience in corporate management, having served in key positions, including as President & CEO, at a major consumer goods manufacturer for many years.

The Medium-Term Management Plan 2026 has commenced. What discussions took place regarding the strategy to enhance our competitive advantages under the theme of "No.1 in Each Field" and achieve dynamic growth by addressing social challenges?

Discussion of the unique strengths and organizational structure needed to grow and win

Ide When the previous medium-term management plan, SHIFT 2023, was formulated, we reflected that important management policies should be discussed by the Board members at an earlier stage. Accordingly, we began discussing "post–SHIFT 2023" in May 2023, one year before the announcement of the new plan. This time, we were able to discuss the organizational structure for implementing the plan from an early stage, which was highly beneficial. Initially, our focus was on organizational restructuring. And then once the concept of the new plan took shape, we engaged in lively discussions about our growth strategies and the significance of the "No.1 in Each Field" theme. We also addressed sustainability matters early on, such as updating the Material Issues and reviewing climate-related policies, in parallel with the organizational restructuring. This approach allowed us to finalize the opinions and proposals of the Outside Directors, ensuring alignment with the executive side and avoiding any discrepancies.

Mitachi The Board of Directors, including Outside Directors, is entrusted by shareholders to protect and enhance corporate value. Under the previous medium-term management plan, we thoroughly emphasized the importance of considering return on invested capital (ROIC) and weighted average cost of capital (WACC) when evaluating businesses, which has yielded positive results. Under the new plan, we are focused on growth and achieving competitive success. Naturally, we cannot win by simply imitating other companies, so we discussed strategies to outperform competitors, ultimately settling on the theme, "No.1 in Each Field." In addition to strengthening individual businesses, we deliberated on the optimal combination of businesses for our portfolio, how to manage and grow the overall portfolio effectively, and how we, as Outside Directors, could support the execution of this process.

Takahara At the recent General Meeting of Shareholders, we received encouraging comments from our shareholders, urging us not to be complacent about the current situation in which we are being outpaced by other trading companies. They emphasized that, regardless of external environmental impacts, we should respond decisively rather than speak of performance fluctuations as a third party. With respect to sustainability, one of the pillars of the new medium-term management plan, we received suggestions about delivering both social value and economic value rather than solely pursuing economic superiority. Our theme, "No.1 in Each Field," encompasses both relative and absolute value. It would be beneficial for our SBUs to thoroughly analyze and pursue both economic value and social value, breaking down and considering the unique value that makes them unique in their respective fields.

To effectively implement the medium-term management plan and achieve positive outcomes, it is crucial for those on the ground to have a clear understanding of how to best move forward with the plan. In my company, we select a project owner from among frontline leaders who will be involved in the execution from the planning stage, and we allow them to choose their own project members. As a Japanese saying goes, "the outcome of a battle is decided while the sword is still in its sheath," and I believe that formulating the plan in this way significantly increases its chances of success. In addition, it is crucial for top management to spend time visiting the field and explaining the plan to the frontline employees who will implement it, even if that requires extra time.

Organizational reforms to speed up decision-making

Ide In our recent organizational reform, we positioned SBUs in parallel regardless of size and reorganized them into nine business groups with high strategic affinity, creating a structure that enables autonomous organizational management. Past employee engagement surveys have indicated that the lengthy and complex decision-making process leads to an increase in non-rewarding and inward-looking work. I believe this organizational restructuring was also aimed at quickly incorporating an understanding of the situation on the ground into management decisions.

Mitachi I consider our battlefield to have a "3+1" configuration. The "3" refers to three layers of competition: competition with other companies, competition within each sector of our business groups, and competition at the level of our 44 SBUs. It is important for the nine business groups in the middle to define their meaning of "No.1" in both quantitative and qualitative terms, ensuring that their focus extends beyond just managing the SBUs. The "+1" refers to our investee companies. In 2021, we established the Group Management Policy to spearhead the creation of synergies with SBUs through governance as a shareholder of investee companies. This approach aims to create value for both those companies and our SBUs. I believe we need to link the three layers of competition with our

"+1" management approach, encompassing investee companies, to further sharpen our competitive advantages by leveraging the mechanisms we have accumulated to date. It is crucial to do this skillfully, and I believe we have incorporated these elements into the framework of our new medium-term management plan.

What do you see as the competitive advantages of the Sumitomo Corporation Group, and what challenges do you foresee in leveraging those advantages for sustainable growth?

Creating "No.1" businesses from a long-term perspective in areas of strength, taking a comprehensive, bird's-eye view of the value chain, along with the values and mindset that underpin this approach.

Mitachi The business model of integrated trading companies, including Sumitomo Corporation, is currently being reevaluated positively. This shift is due to our growing emphasis on long-term holdings and our adoption of an bird's-eye view of the entire value chain in each industry, from upstream to downstream. From the perspective of an integrated trading company with a "long-term, bird's-eye view," creating business models such as Sumitomo Corporation's unique "No.1" model will provide us with competitive advantages. The challenge lies in how many of these models we can successfully develop. As Mr. Takahara has mentioned, the pursuit of both economic value and social value is more easily achieved in the long term when economic value is derived from social value. Now, amid significant changes, we undoubtedly have more opportunities to pursue this approach. Here, it is crucial for the Company to invest cash and management resources in a timely manner, adhering to rigorous investment discipline and appropriate risk management. I would like to see Sumitomo Corporation create unique value by enhancing the areas of strength it already possesses in the value chain, from upstream to downstream. In addition, by organically linking the value of our trading business with that of our long-standing customers, we can truly become "No.1" in the Sumitomo Corporation sense of the word. This, in turn, will allow us to return that value to our shareholders.

Takahara I believe that a company's competitive advantage also lies in its organizational culture and values. Last year, when I visited a project company in Vietnam, I met our employees working in a jungle-like remote site, and it was evident to me that our corporate culture values experience on the front lines of our businesses. They were highly aware that, as frontline leaders, they were the vanguards embodying Sumitomo's corporate culture. Remarkably, one of them was a young employee who had been with the Company for only one or two years. I witnessed how even new personnel were given the opportunity to gain on-the-job experience from the very beginning, instilling in them the importance of making a sincere effort. I was deeply impressed by this approach to personnel development. At the same time, I realized that the Company recognizes through experience that the fresh ideas and energy of young people will be at the heart of the Company's transformation and will drive our future growth.

Ide Recently, there has been an increase in the number of career hires, including those in executive positions, who bring diverse experience from outside the Company. Even with this influx of new perspectives and values, there is an ingrained practice of making decisions that reflect Sumitomo's Business Philosophy in meetings and various other settings. I believe this is another great strength of our organization. In addition, the Company makes a concerted effort to solve issues by getting deeply involved at the business front lines, more so than I had initially imagined. While some projects might not succeed, being on the front lines allows us to apply the lessons learned from both successes and failures to other initiatives. In this respect, the strength of being directly engaged in the business front lines provides us with competitive advantages. Mr. Ueno, President and CEO, emphasizes that the greatest significance of the keyword "No.1" is to change the mindset of employees. This involves encouraging them to consider where they should aim to be "No.1" in their own unique way. I believe these words reflect our desire to take the next step forward and adopt a more proactive, offensive approach.

Digital and GX: Key to business creation and value creation for differentiation

Ide We began our digital transformation (DX) journey at an early stage with the establishment of our DX Center in 2018. The DX Center spearheads efforts to share cases where digital technologies have led to operational improvements, sales growth, and business model

transformation. We have also focused on developing human resources through personnel exchanges between our business units and the DX Center. Under the theme of "Refine with digital, profit with digital" in our new medium-term management plan, I am confident that digital technologies will play a major role in strengthening our new capabilities, which transcend the traditional boundaries within the Group.

Takahara I think the primary purpose of digital technology is to facilitate the achievement of our goal of business creation. First, we need to confirm whether the themes considered by each SBU are correct from a deductive perspective and reflect Sumitomo's Business Philosophy, as well as whether social value and economic value can be reconciled. Then, the challenge is how to leverage digital technology to achieve these objectives. Because technology is advancing rapidly, there is a risk of falling behind if we rely only on inductive reasoning to learn what we currently need. I believe that digital technology should be positioned as a method of value creation that sets us apart, beginning with the goal of determining what kind of business to create from a deductive perspective.

Mitachi Digital technology is precisely a means of "creation and innovation," and we are at the stage where we must advance to the level of determining what kind of businesses we will create. Meanwhile, the battle for GX is just beginning. Amid the significant and irreversible trend of GX, various industry structures will undergo major changes in the future as new standards are introduced. If each ton of greenhouse gas emissions incurs a cost, such as a carbon tax, there will be a heightened awareness of the need to shift our focus from return on equity (ROE) to return on carbon (ROC). As we consider how to ride the wave of this structural change and create new businesses, we must leverage the bird's-eye view unique to integrated trading companies and start working ahead of the curve during the current medium-term management plan. Just as the automobile revolutionized business and life worldwide, GX represents a carbon-based movement that is transforming global behavior. The individual who spearheaded the GX initiative and launched the Energy Innovation Initiative (EII) under the previous medium-term management plan has now been appointed President and CEO. This positions us well to ride the wave of change, and we must contribute actively to this effort.

Expectations for the new executive team and new President and CEO, Mr. Ueno

Ide Recently, I have felt that diversity has been expanding in terms of new graduate and mid-career hires, leading to noticeable changes within the Company. Generally, when mid-career hires join a company where the majority of employees were hired as new graduates, feelings of conflict or tension can easily arise due to human nature. Nevertheless, I am hopeful that top management will view the power of mid-career hires as an opportunity to unlock the potential of existing employees. Particularly at the executive level, mid-career hires bring new perspectives and drive work forward. This will enable us to harness our diversity and strengthen our entire organization.

Takahara I am confident that the Company can establish unique competitive advantages by anticipating dramatic changes in society and pursuing both economic and social value. Especially as we predominantly operate in the B2B space, it is crucial to understand the perspectives of the consumers who are ultimately impacted by our partner companies and business customers. Making a conscious effort to consider the changes we bring to consumers' lives will be key to demonstrating our competitive advantages from the perspective of social value.

Targeting medium- to long-term value creation, we have announced our new medium-term management plan, with the theme "No.1 in Each Field." Our vision and purpose must resonate with employees and inspire them to want to contribute to their realization. Emotional keywords are important, but we also need to set quantitative KPIs not only at the company-wide level but also for each SBU and other organizational units. To change individual behavior, these KPIs need to be translated into specific actions for each person. Otherwise, it is difficult to influence personal actions effectively. I am confident that Mr. Ueno will ensure that all employees fully understand and embrace the medium-term management plan and vision and elevate engagement to a level where they genuinely resonate with the aspirations of top leadership.

Mitachi Company leaders are like relay runners: They must contribute to long-term corporate value by adding efforts at each stage of the journey, not only setting a record for their own section. For better or worse, we are living in a time of significant change, marked by challenging social conditions, such as geopolitical risks and increasingly severe natural disasters. In this context, I believe the important role of a top leader, as a vital symbol of the organization, is to be cautiously optimistic. The Company has had several charming and optimistic leaders in succession, and the new President and CEO, Mr. Ueno, is also promoting a forward-looking and positive approach to work. I have high expectations for this.

In the past, integrated trading companies had a significant advantage due to their deep understanding of cultures and languages, as well as their extensive networks in both the government and private sector worldwide. While the situation is changing with the advance of globalization, I believe it is now time to reimagine integrated trading companies as entities that are both global and locally rooted in the regions and domains where they excel. This vision might indeed represent the culmination of the "No.1 in Each Field" theme of our new medium-term management plan.

Message from former Chairperson of the Nomination and Remuneration Advisory Committee

Nomination of New President and Chief Executive Officer

Kimie Iwata

Former Outside Director,
former Chairperson of the Nomination and Remuneration Advisory Committee

Profile

Kimie Iwata was appointed an Outside Director of Sumitomo Corporation in June 2018 and the Chairperson of the Nomination and Remuneration Advisory Committee in June 2022. She retired in June 2024. She has extensive knowledge and rich experience in corporate management, corporate governance, CSR, and diversity, having held a number of important positions in the Ministry of Labour (currently Ministry of Health, Labour and Welfare) over the years. Since retiring from the ministry, she has served as an executive and outside director at private companies.

Integrated trading companies face a fast-paced, complex, and unpredictable business environment. Under these conditions, they have built a track record of developing diverse businesses globally. They also have a history of forming strong networks with varying stakeholders. Accordingly, integrated trading companies are currently in a phase of unprecedented strength. At the Company, as well, we have been studying ways to pass the baton to strong leaders who will turn our diversity into a strength in the next phase of our business.

Our specific nomination process began in February 2019, when we held deliberations on criteria for appointing the President and Chief Executive Officer, who will personally embody Sumitomo's Business Philosophy and possess the qualities and abilities required of such a position: "Be fair, impartial, disciplined, and self-controlled," "Have leadership and communication skills," "Have foresight and the ability to develop strategies," "Have the ability to execute and make innovative changes," and "Have perseverance and mental fortitude." The candidate should also have experience and a proven track record in global and diverse business operations and corporate management. From FY2022 onwards, when the change in President and Chief Executive Officer became imminent, we stepped up discussions and reaffirmed that there was no need to revise these appointment criteria. Following numerous subsequent discussions about multiple candidates, we narrowed down our list of candidates. We then made contact with the listed candidates and others, both at internal meetings and off-site, and considered the most suitable person for the position. After taking the time to understand and carefully consider the candidates, the Nomination and Remuneration Advisory Committee unanimously decided to nominate Mr. Ueno as the new President and Chief Executive Officer, which was approved by the Board of Directors in December 2023.

Mr. Ueno has the qualifications and abilities required to serve as the President and Chief Executive Officer of the Company. With respect to "foresight and ability to build strategies" and "ability to execute and change," in particular, the Committee highly praised his ability to oversee the entire energy value chain and coordinate our Energy Innovation Initiative, which is creating next-generation businesses that help realize a carbon-neutral society from a customer perspective, as well as his efforts to promote new value creation across industries. Regarding "leadership and communication skills," as well, he has gained broad-ranging experience as a trading company employee and always led our organization with a positive attitude. He is also highly regarded for his ability to communicate his ideas and business direction to various internal and external stakeholders in a logical and easy-to-understand manner.

Under SHIFT 2023, we strengthened our resilience and raised our earnings power by implementing structural reforms. Under our new medium-term management plan, we will transform our business portfolio and ourselves to enhance metabolism and build earning pillars to drive growth. In this context, Mr. Ueno is capable of implementing an unrestrained transformation of the Company's organizational structure, business portfolio, human resource policies, and decision-making structure, in order to achieve greater heights and dynamic and sustainable corporate growth. Accordingly, I am convinced that he is the right person to whom we can entrust the future of Sumitomo Corporation.

Following the nomination of Mr. Hyodo, our former President and Chief Executive Officer, we were able to nominate a new President and Chief Executive Officer based on the recommendation of the Nomination and Remuneration Advisory Committee while ensuring objectivity, transparency, and fairness. This is a testament to the high standards of our corporate governance. The role of the Nomination and Remuneration Advisory Committee is to enhance objectivity and transparency in the appointment of candidates for the Board of Directors and determine their remuneration. The Nomination and Remuneration Advisory Committee, which serves as an advisory body to the Board of Directors, has five members, three of whom are Outside Directors, and I have chaired the Committee since FY2022. In the meantime, we have positioned the nomination of candidates for the new President and Chief Executive Officer as a matter of utmost importance and have deliberated carefully as a result. Although I retired from the Board of Directors in June 2024, I trust that the Committee continue working appropriately to build strong relationships of trust with our stakeholders and enhance our corporate value.

Corporate governance

Group governance: Promoting maximization of corporate value based on the Group Management Policy
▸ https://sumitomocorp.disclosure.site/en/themes/38
Compliance ▸ https://sumitomocorp.disclosure.site/en/themes/39
Internal control ▸ https://sumitomocorp.disclosure.site/en/themes/42

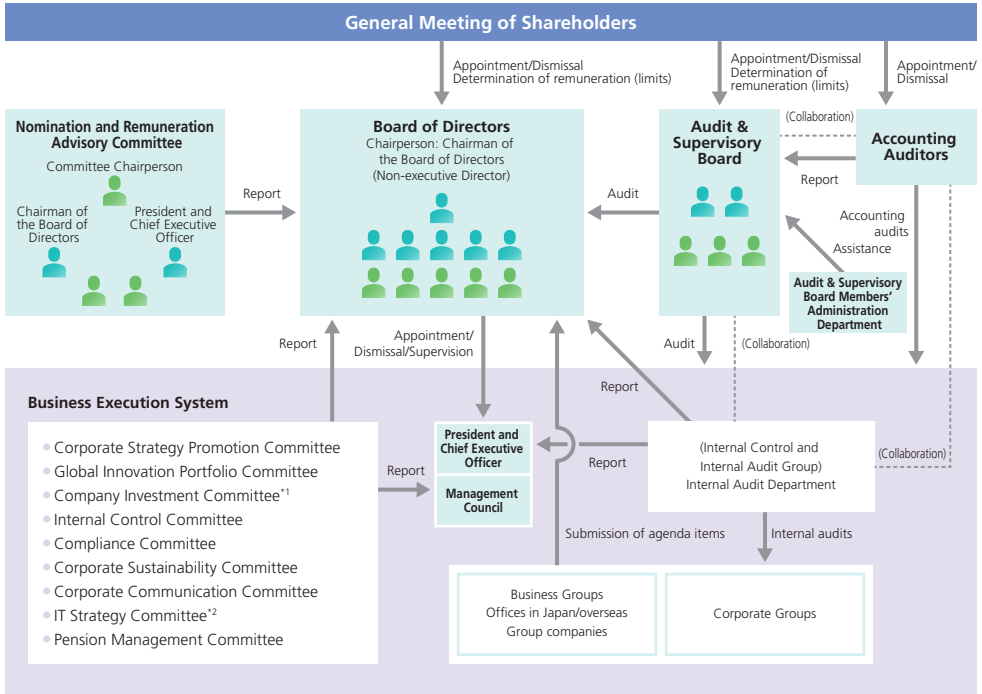
Basic principles

Sumitomo's Business Philosophy and the Sumitomo Corporation Group's Management Principles form the backbone of the corporate ethics and represent the foundation underpinning our corporate governance. Based on this, we established the Sumitomo Corporation Corporate Governance Principles, recognizing that the essence of corporate governance is enhancing management efficiency and maintaining sound management, as well as ensuring management transparency to secure the first two. Efforts to build a better corporate governance system and carry out business activities following these principles help the Company to achieve sustainable growth, enhance corporate value over the medium to long term, and fulfill its mission as a good corporate citizen, as well as benefits the interests of shareholders and all other stakeholders. For this reason, we continuously work to further enhance and improve our corporate governance.

System

Under the Audit & Supervisory Board system, the Company elects Outside Directors and Outside Audit & Supervisory Board Members with independence from the Company and a high level of insight in their respective specialized fields, and incorporates more diverse perspectives in the Company's decision-making and management supervision. In addition, the Company has established the Nomination and Remuneration Advisory Committee, chaired by an Outside Director and composed of a majority of Outside Directors, to enhance the independence, objectivity, and transparency of the functions of the Board of Directors regarding the nomination and remuneration of senior management, thereby ensuring effective supervision and monitoring of management. Furthermore, the introduction of the executive officer system that clarifies the responsibilities and authority of business execution 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 put into place. 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. It meets three times a month in principle and consists of seven members: the President and CEO, the officer responsible for the Corporate Group, three Heads of Corporate Groups, and two CEOs of Business Groups. To accelerate the transformation of our business portfolio from a company-wide perspective, in April 2024 the Company reviewed the composition of members and methods of resolution, with the aim of establishing a system for ensuring timely and accurate decision-making.

Corporate governance system (company with Audit & Supervisory Board)



*1 p.69 | Investment risk management *2 p.70 | Information security

Overview of corporate governance system (As of June 21, 2024)

Form of organizational structure	Company with Audit & Supervisory Board
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
Audit & Supervisory Board Members	5 (of whom 3 are Outside Audit & Supervisory Board Members); 4-year term
Executive officer system	System adopted
Voluntarily established committees as advisory bodies to the Board of Directors	Nomination and Remuneration Advisory Committee (Chairperson: Outside Director)

Strengthening corporate governance

Sumitomo Corporation has worked continuously to strengthen governance. This has included introducing the Audit & Supervisory Board system, increasing the number of Outside Audit & Supervisory Board Members and Outside Directors, and evaluating the effectiveness of the Board of Directors. Our Material Issues, which were updated in 2024, include "Maintain and strengthen governance." To strengthen the functions of the Board of Directors, the Company will strive to further improve the functions of the Board of Directors in monitoring the execution of operations through the effective supervision of key management policies and strategies (allocation of management resources, strategies related to business portfolio, sustainability management, etc.) and enhancing organizations for further strengthening the objectivity of the Board of Directors.

History of strengthening corporate governance

1993
Appointed first Outside Audit & Supervisory Board Member

1998
Established the Sumitomo Corporation Group's Corporate Mission Statement

2003
Established the Sumitomo Corporation Corporate Governance Principles
Reduced the number of Directors (from 24 to 12)
Introduced the executive officer system
Specified the term of office of Chairman and President (limited to 6 years) in the Sumitomo Corporation Corporate Governance Principles
Increased the number of Outside Audit & Supervisory Board Members by 1 to 3 (for a total of 5 Audit & Supervisory Board Members)

2005
Shortened term of office of Directors and Executive Officers to 1 year

2007
Established the Remuneration Committee as an advisory body to the Board of Directors, the majority of whose members are outside

2013
Appointed first 2 Outside Directors
Specified the term of office of Outside Directors (limited to 6 years) and Outside Audit & Supervisory Board Members (limited to 8 years) in the Sumitomo Corporation Corporate Governance Principles

2015
Reviewed governance and decision-making processes
- Reorganized the Remuneration Committee as the Nomination and Remuneration Advisory Committee, the majority of whose members are Outside Directors
- Enhanced the monitoring function by the Board of Directors
- Management Council became the highest executive-level decision-making body

Increased the number of Outside Directors by 1 to 3

2016
Began evaluating the effectiveness of the Board of Directors (evaluation period began with FY2015; continues each year)
Complied with all principles of Japan's Corporate Governance Code (continues each year)
Increased the number of Outside Directors by 1 to 4

2017
Reduced the number of Internal Directors from 10 to 6

2018
Increased the number of Outside Directors to 5

2019
Revised the counselor and honorary advisor system
Set the policy and procedure for appointment and dismissal of the President and Chief Executive Officer
Determined the policy and procedure for appointment and dismissal of the Chairman of the Board of Directors

2020
Began agenda setting for the Board of Directors

2021
Disclosed the skills matrix for Directors and Audit & Supervisory Board Members

2023
Newly established a dedicated department to support Directors

Board of Directors

Composition of the Board of 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, out of the 11 Directors appointed, five are independent Outside Directors with differing experiences and specializations to ensure appropriate decision-making from more diverse perspectives and to further strengthen the supervisory functions of the Board of Directors. The Chairman of the Board of Directors, who convenes meetings of the Board of Directors and presides over them as Chairperson, supervises management but does not engage in routine operations and has no authority to represent the Company. Furthermore, 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 concurrently by the same individual. Skills such as the knowledge, experience, and competencies, etc., that the Board of Directors is required to possess and the skills of each Director or Audit & Supervisory Board Member are listed on the next page.

Corporate governance

Skills of Directors and Audit & Supervisory Board Members

The types of Skills such as knowledge, experience, and competencies, etc., that the Board of Directors is required to possess

All Directors and Audit & Supervisory Board Members of the Company, regardless of whether they are internal or Outside Directors or Audit & Supervisory Board Members, are required to be honest in character, as well as highly insightful and capable, in accordance with their respective qualifications. Also, the Company raises "No.1 in Each Field" as a theme under the Medium-Term Management Plan 2026, and the Company is transforming its business portfolio by leveraging the strengths of individual businesses to reinforce them and strengthening people and organizations, which are the driving forces for growth. Through such initiatives, the Company will strive to enhance the Group's competitive advantages and achieve growth by addressing social challenges. For successful implementation of this management plan, we have identified the types of knowledge, experience, and competencies, etc. (hereinafter "Skills"), which enables the Board of Directors to adequately fulfill its roles of making decisions on important business matters and supervising business execution. "Governance" and "Global perspective" are Skills that all Directors and Audit & Supervisory Board Members are required to possess, while we believe that the Board of Directors as a whole should possess the other seven Skills. Of these seven Skills, for Audit & Supervisory Board Members we place a particularly high priority on "Corporate Management," "Finance/Accounting," and "Legal/Risk Management." As the Skills that the Board of Directors is required to possess may vary according to business strategies or changes in the external environment, the Board of Directors will continue to discuss the skills required, make necessary changes, and disclose such changes.

Skills that all Directors and Audit & Supervisory Board Members are required to possess and the reasons why these Skills are necessary

Governance

We believe that in order to fulfill our mandate from shareholders while at the same time managing our business in the interests of all stakeholders, it is essential for all Directors and Audit & Supervisory Board Members to be well-equipped with a high level of knowledge regarding governance. The essence of corporate governance based on our view is defined in the Sumitomo Corporation Corporate Governance Principles as "improving management efficiency" and "maintaining sound management," as well as "ensuring management transparency."

Global Perspective

From the perspective that the Company conducts business transactions and investments throughout the world, we believe that all Directors and Audit & Supervisory Board Members should have keen insight from a global perspective. We view that this Skill entails the ability to plan and implement an optimal business strategy that combines caution with flexibility even under extremely uncertain situations, taking into account different cultures, different industrial structures, or the latest geopolitical developments, etc. We also view that this Skill includes the ability to appropriately supervise the execution of related management duties.

Skills that the Board of Directors as a whole is required to possess and the reasons why these Skills are necessary

Corporate Management

The Company engages in a range of business activities, aiming for a stable and sustainable increase in its corporate value. As the Board of Directors is the body that makes decisions on the Company's important business matters and supervises operational execution, we place a high priority on Skills related to corporate management. Such Skills are necessary to plan and implement an optimal business strategy for creating value in accordance with the Company's Management Principles while also meeting our stakeholders' expectations in a constantly changing operating environment.

Finance/ Accounting

To enhance its sustainable corporate value, the Company endeavors to achieve medium- to long-term earnings growth and increase its returns to shareholders while maintaining a healthy balance between investment for growth and a solid financial position. To enable us to make appropriate decisions and properly inform the Company's initiatives to stakeholders as we work forward toward these goals, we need to provide accurate, timely financial reporting. We regard specialized Skills relating to finance and accounting as vital for the implementation and supervision of these tasks.

Investment/ M&A

The Company invests in a diverse range of business domains. We consider Skills related to investment and M&A to be important for maximizing corporate value by selecting and implementing investment projects aligned with our strategy, and for supervising the progress of such projects. Such Skills include the abilities to clearly define investment objectives and determine their compatibility with our strategy, to properly evaluate investment targets, to undertake post-investment monitoring, and to ascertain the best timing for replacement of assets. We believe that it is expected for the Board of Directors to take a broad overview of investment projects and express its opinions on such projects from a standpoint one step away from that of Executive Officers and other executives.

Legal/ Risk Management

We consider three goals to be of key importance in ensuring that the Company achieves sustainable, robust growth: stabilizing performance, strengthening our financial base, and maintaining our corporate reputation. To achieve these objectives, we conduct appropriate risk management using various means. These include assessing and analyzing the risks that accompany commercial transactions, business investments, and other business opportunities; keeping the Company's total Risk-weighted Assets to within our buffer (shareholders' equity); and maximizing Risk-adjusted Return. Accordingly, we place priority on a wide variety of risk management–related skills necessary to achieve these ends, including the ability to screen and monitor transactions, investments, and loans, and expertise in legal and compliance risk management.

IT/DX/ Technology

As accelerating technological advancements transform societies and industrial structures, the Company will continue to create value by responding with agility to such change, by anticipating change to pursue business innovation, and by creating new businesses. We will also reform our own business foundation by making effective use of new digital technologies such as AI in our business activities in line with our own values. We therefore place priority on Skills related to IT, DX, and Technology to facilitate decision-making and supervision in relation to such initiatives.

HR Management & Development

Regarding human capital as its most important form of business capital, the Company provides each individual with opportunities for autonomous growth and self-realization and strives to upgrade its HR management cycle. Through such efforts, we are maximizing the performance of our diverse talents and the organization as a whole, thereby pursuing our business strategies and creating new value. We particularly emphasize Diversity, Equity & Inclusion, which we recognize as the core enabler for value creation, innovation, and competitiveness. We therefore regard Skills related to HR management and development as important for enabling the Board of Directors to make key decisions on such initiatives and supervise their implementation.

Sustainability

Having identified certain important challenges that need to be prioritized as Material Issues, and placed these issues at the core of its business management, the Company always pays attention to whether its businesses are contributing to society. We are pursuing sustainability management, which entails anticipating long-term changes in our operating environment relating to social issues and allocating management resources strategically to contribute to a sustainable society and achieve sustainable growth for the Company. In order to implement and supervise such management, therefore, we place priority on knowledge and Skills relating to sustainability, including awareness of international trends and understanding of the relevant issues.

Corporate governance

Skills that Directors or Audit & Supervisory Board Members currently in office possess

Of the Skills identified above as necessary for the Board of Directors as a whole, Skills currently possessed by individual Directors or Audit & Supervisory Board Members are shown in the table below. The skills of individual Directors or Audit & Supervisory Board Members are determined after considering all their attributes, including their careers, knowledge, experience, capabilities, qualifications, and specific achievements, and discussing these with the individuals concerned.

Name		Position	Skills such as knowledge, experience, and competencies, etc.						
			Corporate management	Investment/ M&A	IT/DX/ Technology	Sustainability	Finance/ Accounting	Legal/ Risk management	HR management & development
Internal	Masayuki Hyodo	Director, Chairman	●	●		●	●	●	●
	Toshikazu Nambu	Director, Vice Chairman	●	●	●		●		●
	Shingo Ueno	Representative Director, President and Chief Executive Officer	●	●		●			●
	Takayuki Seishima	Representative Director, Executive Vice President	●				●	●	●
	Reiji Morooka	Representative Director, Senior Managing Executive Officer	●				●	●	
	Norihiko Nonaka	Representative Director, Senior Managing Executive Officer	●	●					
Outside	Akiko Ide	Outside Director	●		●	●			
	Takashi Mitachi	Outside Director	●	●		●		●	●
	Takahisa Takahara	Outside Director	●	●		●			
	Haruyasu Asakura	Outside Director	●	●			●		
	Nana Otsuki	Outside Director		●		●	●		
Internal	Daisuke Mikogami	Senior Audit & Supervisory Board Member (Full-Time)	●	●	●				●
	Kazunari Sakata	Audit & Supervisory Board Member (Full-Time)	●	●					
Outside	Yukiko Nagashima	Outside Audit & Supervisory Board Member	●	●					●
	Nobuo Inada	Outside Audit & Supervisory Board Member						●	●
	Taisei Kunii	Outside Audit & Supervisory Board Member	●				●		

Note: Currently, 2 of the 11 members of the Board of Directors and 1 of the 5 members of the Audit & Supervisory Board are female.

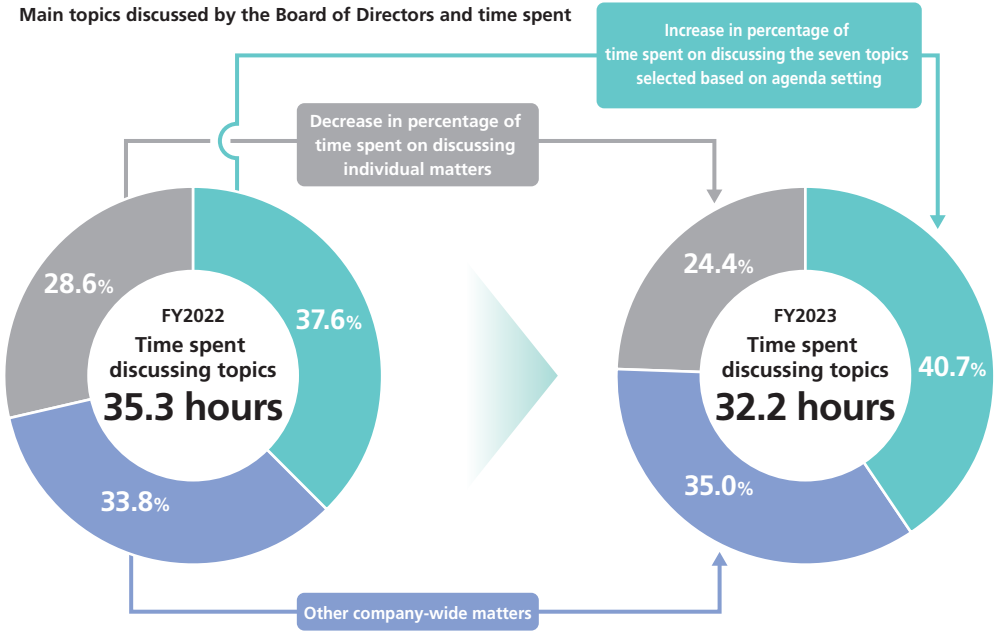
Corporate governance

Adequate deliberation and enhancement of monitoring function

Agenda items for the Board of Directors are carefully selected by delegating authority to the business execution side within a scope deemed appropriate in order to promote more focused discussion of management policy and plans and other important matters of relevance to company-wide management. Agenda setting is carried out where important management topics for the Board of Directors that should be taken up for more intensive discussion covering the next one-year period are set by all Board members through careful consideration and discussion, with sustainability and personnel strategy, among others, being identified as topics. In addition, to further strengthen its business execution monitoring functions, the Board of Directors receives regular progress reports on each Business Unit/Initiative strategy and on the activities of important committees*1 throughout the year, with the reports followed by a discussion focusing on company-wide issues. Moreover, to further enhance the quality of Board member discussions, the Board of Directors holds off-site meetings*2 separate from in-person Board meetings to more actively discuss important management topics, including management policy and plans as well as ESG issues.

*1 Corporate Strategy Promotion Committee, Global Innovation Portfolio Committee, Corporate Sustainability Committee, Internal Control Committee, etc.
*2 A venue involving all members of the Board of Directors that encourages free and frank discussions

Main topics discussed by the Board of Directors and time spent



Main topics and agenda items of Board of Directors' meetings

Topic	Example of agenda items
Review of current medium-term plan and discussion on next medium-term plan	• Overall management review • Next medium-term management plan • Full Potential Plan
DX	• Company-wide promotion of DX
Monitoring of individual businesses	• Ambatovy nickel mining and refining business in Madagascar • Mining business in Bolivia
Enhancement of governance	• Evaluation of the effectiveness of the Board of Directors • Internal control and internal audit • Status of reducing cross-shareholdings • Officer nomination and remuneration • Efforts to enhance Group management • Revision of the Board of Directors' agenda criteria
Sustainability	• Status of promoting sustainability in each SBU • Status of human rights due diligence company-wide • Disclosure based on the TCFD recommendations • Review of Material Issues
Personnel strategy and DE&I	• Employee engagement
Shareholder return	• Dividend policy • Share repurchases
Other company-wide matters	• General Meeting of Shareholders • Annual results and finance • Crisis management and compliance • Monthly business reports by President and CEO • Reports on activities of important committees
Individual matters	• Individual investments and loans • Regular reporting of Business Units

Discussions on sustainability

The Company, having passed down Sumitomo's Business Philosophy, recognizes the importance of contributing to the realization of a sustainable society through its business activities. Under this shared awareness, the Company's Directors and Audit & Supervisory Board Members discuss and approve important policies and measures on sustainability at Board of Directors' meetings and hold active discussions during off-site meetings. For example, the Board of Directors receives reports on the progress of each SBU's medium-term sustainability targets, the results of human rights due diligence, and the status of social contribution activities, and it follows up and monitors the progress of the Corporate Sustainability Committee's consideration of critical social and environmental risks. In addition, it discusses disclosures related to the Group's sustainability, including those based on such frameworks as the TCFD (climate change) and the TNFD (natural capital). Moreover, it held an off-site meeting to consider updating the Group's Material Issues, which we announced in May 2024.

Corporate governance

Evaluation of the effectiveness of the Board of Directors

To maintain and enhance the effectiveness of the Board of Directors, each year Directors and Audit & Supervisory Board Members engage in analysis and evaluation of the Board's effectiveness through evaluation and several discussions with support of an independent third party (outside consultant) and proceed to disclose the outline of the results.

1 — Evaluation process

Number of persons subject to evaluation | All Directors: 11 | All Audit & Supervisory Board Members: 5

November 2023 — **Questionnaire conducted**

Conducted a questionnaire-based survey in a signed format covering 12 evaluation items, including those described below
- Function and role of the Board of Directors
- Composition of the Board of Directors
- Agenda of the Board of Directors
- Quality of Board discussions, etc.

January 2024 — **Discussions at Outside Officers' meeting**

February–March 2024 — **Discussions at Board of Directors' meetings**

Based on survey results, held multiple meetings to analyze and evaluate effectiveness, identify issues, and discuss initiatives for improvement

The questionnaire survey primarily consists of a free-writing format regarding topics that Directors and Audit & Supervisory Board Members view as issues. In addition, given the current candid exchange of opinions by the Board of Directors to grasp the background of respondents' issue awareness and opinions to deepen discussions, from FY2022 respondents are asked to fill in their names.

2 — Evaluation results overview

We evaluated that the Board of Directors is functioning effectively overall, with the level of operations and performance of functions improving year by year through constant efforts.

FY2023 report on initiatives to address issues raised in FY2022 effectiveness evaluation

Issues raised in FY2022 effectiveness evaluation	FY2023 report on initiatives
Deepening of discussion on medium- to long-term corporate strategies	Held off-site Board meetings on 4 occasions to discuss the new medium-term management plan from its early stage of formulation
Strengthening of the Board of Directors' supervisory function	Revision of discussion criteria, including addressing discussions to the Board earlier regarding the implementation of investment or divestment and financing projects to the point where the Company embarks on full-fledged consideration of a project, as opposed to the point prior to the conventional implementation of a transaction depending on the project
Enhancing support and information provision to the Board of Directors	A dedicated organization, established in FY2023 to support communication between the Board of Directors and executive management, has been functioning well. The Company has also made progress in organizing issues on the agenda and brushing up materials for discussion

3 — Discussion at Board meetings regarding specific issues and future actions

Issues for discussion	Content of Board members' discussions	Future initiatives based on discussions
Functions and roles that should be fulfilled by the Board of Directors	● Evaluating that the current format with both monitoring and management functions is effectively functioning ● Exchanging opinions on the roles of the Company's Board of Directors, as well as the anticipated roles of Outside Directors and Internal Directors that also concurrently execute duties	Reconfirm the functions and roles of the Board of Directors, which is the foundation of the Board of Directors, and further strengthen supervisory functions
Composition of the Board of Directors	● Evaluating that there are no major issues with the current system at present ● Exchanging opinions regarding the diversity and skills of Outside Directors, the composition of Outside/Internal Directors, and institutional design with respect to direction going forward	Continuously consider the future ideal structure of the Board of Directors based on a review of the structure of the Management Council and the organization in April 2024 in addition to ongoing discussions on the composition and structure of the Board of Directors
Setting the agenda for the Board of Directors	● Evaluating that the Board of Directors systematically discussed the agenda and that the agenda is being properly set up ● Discussing on narrowing down the agenda items appropriate for discussion by the Board of Directors/expanding the scope of delegation for the execution of duties For example, the following opinions were expressed: …Focus should be shifted to company-wide strategies as opposed to individual business strategies. …Taking into account the situation the Company is in and the opinions of investors, the focus of discussion should be narrowed down to issues that should be undertaken, in particular, in the new medium-term management plan (Examples: company-wide growth strategy, reshuffling the business portfolio, human resources training/education, etc.).	Set agendas that allow more effective discussions while taking into account these opinions in FY2024

Corporate governance

Support system for Outside Officers

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

To deepen their understanding of Sumitomo's Business Philosophy, the core of the Company's Management Principles, in principle, Outside Directors and Outside Audit & Supervisory Board Members visit Sumitomo-related facilities during the first fiscal year of their term of office. Furthermore, to facilitate their understanding of our wide-ranging businesses, they visit our business sites. In FY2023, they conducted one site visit in Japan and two site visits overseas.

Supermarket Business in Vietnam

Tubular Product Business in the United States

Pre-meeting briefings for the Board of Directors

To maximize the monitoring and supervisory functions of management by Outside Officers, prior to each Board of Directors' meeting, explanatory sessions are provided to Outside Directors and Outside Audit & Supervisory Board Members outlining each project and important points. Pre-meeting briefings for Outside Directors were held 12 times in FY2023 lasting approximately 28 hours.

Establishment of a dedicated department

The Company established the Directors' Administration Department to promote communication between the Board of Directors and executive management. In addition to assisting in setting the annual agenda, the department ensures that the issues to be discussed at each Board meeting are properly organized. In these ways, the Company is improving the quality of discussions at Board meetings and strengthening the support system to help Directors execute their duties.

Discussions at Outside Officers' meetings

To ensure that Outside Directors and Outside Audit & Supervisory Board Members actively contribute to the discussions at the Board of Directors, a monthly meeting is held, which is comprised of Outside Directors and Outside Audit & Supervisory Board Members, in which they engage in robust discussion. In FY2023, some meetings were attended solely by outside officers, who reviewed discussions at Board meetings and the results of the effectiveness evaluation. Other meetings included an exchange of opinions on important matters concerning overall management with the attendance of the Chairman and the President and an exchange of opinions with the accounting auditors.

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 appointment and dismissal of the President and Chief Executive Officer; (2) Policy and procedure for appointment and dismissal of the Chairman; (3) Nomination criteria for directors and Audit & Supervisory Board Members; (4) Appointment and dismissal of the President and Chief Executive Officer (including nominating the successor to the President and Chief Executive Officer); (5) Nomination of candidates for director and Audit & Supervisory Board Members (including deciding representative directors and executive directors); (6) Appointment of members of the Management Council; (7) Structure and level of remuneration and bonuses for directors and executive officers, as well as limits for remuneration of Audit & Supervisory Board Members; and (8) Advisor system. In addition, the committee deliberates and determines other matters delegated by the Board of Directors outside of (1) to (8) above, and then reports its findings to the Board of Directors.

An overview of the Nomination and Remuneration Advisory Committee activities in FY2023 is provided below.

Overview of the Nomination and Remuneration Advisory Committee activities

Composition of the Nomination and Remuneration Advisory Committee		Number of meetings/ Attendance rate	Main discussion items
Outside Directors	(Chairperson) Kimie Iwata	9/9 (100%)	• Appointment of the President and Chief Executive Officer • Revision of the executive remuneration system • FY2024 Director/Audit & Supervisory Board Member/Executive Officer HR management (Selection of Management Council members and allocation of human resources based on successor plan) • FY2022 evaluations of individual Executive Officers • Evaluations of non-financial indicators for stock-based remuneration
	Akiko Ide	7/7 (100%) *	
	Takashi Mitachi	9/9 (100%)	
Internal Directors	Kuniharu Nakamura	9/9 (100%)	
	Masayuki Hyodo	9/9 (100%)	

* Attended all 7 committee meetings held after appointment as committee member in June 2023

Audit & Supervisory Board Members and the Audit & Supervisory Board

Enhancement of auditing capabilities

We are enhancing the audit structure so that Audit & Supervisory Board Members are able to audit the execution of duties by Directors as a member of the Board of Directors or an Executive Officer (Representative Director). The Audit & Supervisory Board comprises five members, including three Outside Audit & Supervisory Board Members. Full-time Audit & Supervisory Board Members utilize their specialized knowledge of the Company's operations and wide-ranging experience to perform audits, while Outside Audit & Supervisory Board Members utilize their advanced specialized knowledge and abundant experience in the fields of corporate management, legal affairs, or accounting. In addition to resolving statutory matters, the Audit & Supervisory Board shares the status of activities of Audit & Supervisory Board Members and receives prior explanations on matters to be discussed by the Board of Directors in an effort to improve the efficiency and quality of the auditing activities of Audit & Supervisory Board Members.

Ensuring audit effectiveness

To obtain sufficient information vital to their audits, Audit & Supervisory Board Members attend important meetings such as Board of Directors' meetings; receive reports from Directors, officers and employees, and other relevant parties regarding the execution of their duties; ask them for explanations as necessary; inspect important internal authorization documents; and examine the status of operations and the financial status regarding the Head Office and important operating locations. Audit & Supervisory Board Members also promote communication and exchanges of information with directors, audit & supervisory board members, and other relevant parties of subsidiaries, receive reports on the subsidiaries' business as necessary, and visit and observe principal subsidiaries. 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 with the Internal Auditing Department and accounting auditors

Audit & Supervisory Board Members periodically receive reports from the Internal Auditing Department on internal audit plans and their results in order to ensure the effectiveness of their auditing duties. In addition, Audit & Supervisory Board Members exchange information with the accounting auditors through regular meetings and are aware of the auditing activities of the accounting auditors by attending audit review meetings and observing inventory audits by the accounting auditors. In this manner, Audit & Supervisory Board Members interact closely with the Internal Auditing Department and accounting auditors.

Executive remuneration

Executive remuneration system

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

*1 The remuneration of Executive Directors and Executive Officers consists of "monthly remuneration," "performance-linked bonus," 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." In addition, the remuneration of the Vice Chairman of the Board of Directors also consists of "monthly remuneration" and "restricted performance share unit-based remuneration" for the same reasons.
*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") and 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.

Remuneration standards and remuneration composition ratios

Referring to remuneration market research data*5 provided by independent external specialized agencies, the Company sets competitive remuneration standards and remuneration composition ratios in light of the current business environment, business strategies, and human capital strategy.

Regarding remuneration for Executive Directors and Executive Officers, from FY2024, we have increased the ratio of variable remuneration accounted for by restricted performance share unit-based remuneration to further strengthen the incentive to increase the Company's corporate value over the medium to long term and to pursue business management that is more concerned than ever before with the Company's stock price and with a focus on sharing value with the shareholders. Also, we have amended the overall remuneration standard in light of current business results and the level of business results we seek to achieve, with the aim of setting a standard that assists in acquiring and retaining our management personnel.

*5 WTW's Executive Compensation Database

Corporate governance

Breakdown of the Representative Director, President and Chief Executive Officer remuneration

	Before change	After change	Increase/decrease
Fixed remuneration (Monthly remuneration)	34%	27%	-7%
Variable remuneration ((1) Performance-linked bonus (2) Restricted performance share unit-based remuneration)	66% ((1) 33% (2) 33%)	73% ((1) 33% (2) 40%)	+7% ((1) ±0% (2) +7%)

Note: The above breakdown is calculated on the assumption that the rate of achievement of business results, the stock price growth rate*1, the stock growth rate*2, and the results based on non-financial indicators are all 100%. The composition ratios for each type of remuneration vary according to changes in these rates.

*1 Stock price growth rate = {(Average price of Company's common shares in relevant fiscal year) / (Average price of Company's common shares in the previous fiscal year)} / {(Average of TOPIX in relevant fiscal year) / (Average of TOPIX in the previous fiscal year)}

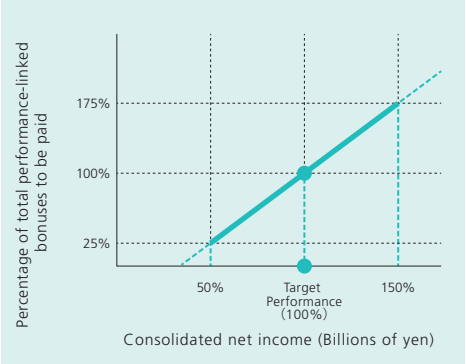
*2 Stock growth rate = {(Average price of Company's common shares in the month of termination of Evaluation Period) / (Average price of Company's common shares in the month of commencement of Evaluation Period)} / {(Average of TOPIX in the month of termination of Evaluation Period) / (Average of TOPIX in the month of commencement of Evaluation Period)}

Performance-linked bonus (total amount)

Beginning in FY2024, the formula for calculating the total performance-linked bonuses will be changed. In particular, each fiscal year the Company sets the full-year forecast (consolidated net income for the year) or the consolidated net income for the year when ROE is 12% (whichever amount is higher) as the target business result and decides the total performance-linked bonuses to be paid according to the rate of achievement of this target business result. The potential range of business results is assumed to be up to 50% above or below the target business result set each fiscal year and the standard for the total performance-linked bonuses to be paid is set at 100% when the target business result is achieved, with a range of variation from 25% to 175% in line with the potential range of business results. If business results fall outside this range, the total performance-linked bonuses to be paid is decided separately by the Board of Directors based on a report from the Nomination and Remuneration Advisory Committee.

As a result of increasing the ratio of stock-based remuneration, the stock price growth rate will be no longer be included as an element in the calculation of performance-linked bonuses.

Total performance-linked bonuses (image)

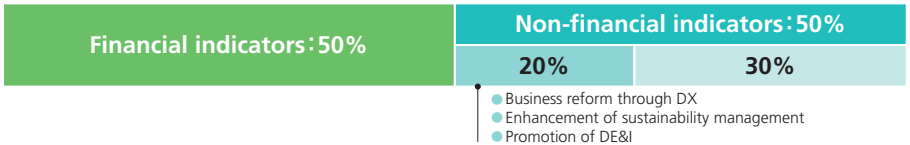


Performance-linked bonus (paid to individuals)

The amount to be paid to individual officers is distributed according to their position and personal evaluation and paid after the end of the fiscal year.

Each officer is evaluated on the basis of both financial and non-financial indicators so that they can become more aware in regard to their commitment to management strategy and results. Financial indicators mainly consider the status of achievement of the business plans in the respective areas of responsibility. Non-financial indicators take into account the status of achievement of strategies of each SBU measured by KPIs and KAIs as well as the status of initiatives to address important company-wide issues. The ratio of financial indicators to non-financial indicators in the personal evaluation is 50:50, and of the evaluation based on non-financial indicators, 20% relates to the important company-wide issues of business reform through DX, enhancement of sustainability management, and promotion of DE&I.

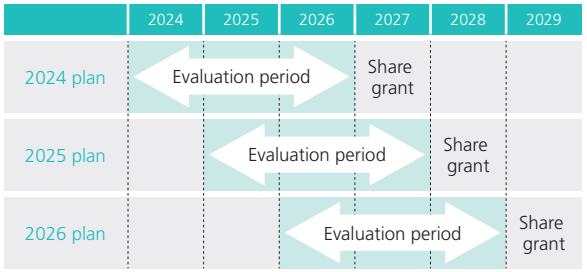
Breakdown of financial and non-financial indicators in the personal evaluation



Restricted performance share unit-based remuneration

To further encourage management to focus on promoting efforts to increase the Group's corporate value over the medium to long term and sharing value with its shareholders, the Company's common shares (restricted) in an amount determined according to the Company's stock growth rate during the three-year evaluation period are provided to officers each year, in principle. Beginning in FY2023, to promote efforts to help solve Key Social Issues and to make non-financial indicators related to the environment and society more closely linked with stock-based remuneration to raise awareness of the Company's commitment to enhance sustainability management, evaluation on the non-financial indicators (measures to tackle climate change, promotion of women's active engagement, and employee engagement) is used to calculate the amount of the Company's common shares to be granted as restricted shares. To enable a shared focus on shareholder value over the medium to long term, the restriction period will be from the day the shares are provided until the day the recipient resigns or retires from all their positions as Director or Executive Officer of the Company or any other position determined by the Board of Directors.

Evaluation period of the Company's stock growth rate and non-financial indicators (image)



Corporate Disclosure policy ▸ https://www.sumitomocorp.com/en/jp/about/governance/detail/disclosurepolicy
General Meeting of Shareholders ▸ https://www.sumitomocorp.com/en/jp/ir/stock/stmt

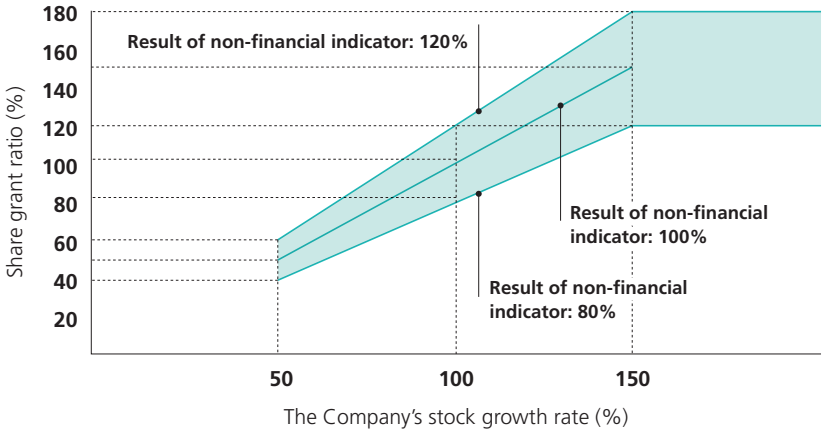
Non-financial indicators in calculation of the share grant ratio

Measures to tackle climate change, promotion of women's active engagement, and employee engagement have been set as indicators in calculating the number of granted shares. The progress and results of initiatives for each fiscal year are evaluated, and the final evaluation is determined by the Nomination and Remuneration Advisory Committee after averaging the evaluations over a three-year period.

Item	Evaluation criteria	Evaluation ratio
Measures to tackle climate change	Progress and results to reduce our Group's CO_2 emissions and build businesses that will serve as the foundation for a sustainable energy cycle for society	Reflected in evaluation using a ratio of 1:1:1
Promotion of women's active engagement	Results versus the quantitative targets set every year to achieve the target ratio of women in FY2030	
Employee engagement	Quantitative results of "employee engagement" and "environment that utilizes employees" in engagement surveys	

Share grant ratio based on the stock growth rate and non-financial indicator

Grant calculation formula = Standard number of granted shares by position × Share grant ratio based on the Company's stock growth rate (0% to 150%) × Share grant ratio based on the non-financial indicator (80% to 120%)



Cross-shareholdings

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

However, the Company might decide to hold shares in listed companies in some exceptional cases when the Company determines that it is appropriate. For such determination, the Company will comprehensively assess and verify the cost of capital of individual stocks and economic rationality and the significance of holding the stocks in light of the necessity of partnering or other business needs. Each year, the Board of Directors reviews whether the Company's holding of listed shares is appropriate. If such annual review concludes that specific shareholdings are of little significance, the Company will push ahead with the sale of the shares. In FY2023, the Company sold shares of 18 listed stocks (either in whole or in part), amounting to ¥20.6 billion in total. As of the end of March 2024, the Company's shareholdings in listed companies covered 48 stocks, with a total balance of ¥272.2 billion.

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 item 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 intent to dispose of its holdings, the Company respects the decision in principle and ensures that their business relationship will not be influenced.

Initiatives to ensure transparency of business management

Basic Policy on Information Disclosure

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

Measures relating to the General Meeting of Shareholders

Approximately three weeks prior to each General Meeting of Shareholders, the Company sends out a convening notice describing how to access the materials for the General Meeting of Shareholders to our shareholders (the printed materials for the General Meeting of Shareholders, for shareholders who have requested delivery of such materials in paper form). The Company also provides the materials for the General Meeting of Shareholders on its corporate website in advance of sending the notice, together with its English-language translation. This early sending of materials for the General Meeting of Shareholders 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 as well as accept questions from shareholders online prior to the meeting. For questions received beforehand, we provide responses for matters of particular concern to shareholders and then post the responses on our corporate website at a later date along with other questions and comments from the meeting.

Management ▸ https://www.sumitomocorp.com/en/jp/about/company/officer

Directors, Audit & Supervisory Board Members (As of June. 24, 2024)

■ Shares owned in the Company (As of March. 31, 2024) ■ Attendance at meetings of the Board of Directors in FY2023

Directors

Masayuki Hyodo
Director, Chairman

■ 134,100 shares
■ 17/17

Apr. 1984
Joined the Company

Jun. 2016
Representative Director, Managing Executive Officer

Apr. 2017
Representative Director, Senior Managing Executive Officer

Jun. 2017
Senior Managing Executive Officer

Apr. 2018
President and Chief Executive Officer

Jun. 2018
Representative Director, President and Chief Executive Officer

Apr. 2024
Director, Chairman of the Board of Directors (present position)

Toshikazu Nambu
Director, Vice Chairman

■ 85,600 shares
■ -/-

Apr. 1982
Joined the Company

Jun. 2019
Representative Director, Senior Managing Executive Officer, General Manager, Media & Digital Business Unit, Chief Digital Officer

Apr. 2020
Representative Director, Executive Vice President, General Manager, Media & Digital Business Unit, Chief Digital Officer

Apr. 2022
Representative Director, Executive Vice President & Chief Digital Officer (Media & Digital Business Unit and Living Related & Real Estate Business Unit)

Apr. 2023
Representative Director, Assistant to President and CEO (Adviser of Chief Digital Officer)

Jun. 2023
Adviser (Adviser of Chief Digital Officer)

Apr. 2024
Vice Chairman

Jun. 2024
Director, Vice Chairman (present position)

Shingo Ueno
Representative Director, President & Chief Executive Officer

■ 67,800 shares
■ 14/14
(Since taking office on June. 23, 2023)

Apr. 1982
Joined the Company

Apr. 2013
Executive Officer

Apr. 2016
Managing Executive Officer

Apr. 2018
Senior Managing Executive Officer

Apr. 2021
Executive Vice President

Jun. 2023
Representative Director, Executive Vice President (Metal Products Business Unit, Mineral Resources, Energy, Chemical & Electronics Business Unit and Energy Innovation Initiative)

Apr. 2024
Representative Director, President and Chief Executive Officer (present position)

Takayuki Seishima
Representative Director, Executive Vice President

■ 50,300 shares
■ 17/17

Apr. 1984
Joined the Company

Apr. 2016
Executive Officer

Apr. 2019
Managing Executive Officer

Jun. 2019
Representative Director, Managing Executive Officer

Apr. 2021
Representative Director, Senior Managing Executive Officer

Apr. 2023
Representative Director, Executive Vice President, Chief Administration Officer and Chief Compliance Officer

Apr. 2024
Representative Director, Executive Vice President (Corporate Planning & Coordination Group, Sustainability, DE&I Group and Human Resources, General Affairs & Legal Group) (present position)

Reiji Morooka
Representative Director, Senior Managing Executive Officer

■ 39,300 shares
■ 17/17

Apr. 1984
Joined the Company

Apr. 2016
Executive Officer

Apr. 2020
Managing Executive Officer

Apr. 2022
Senior Managing Executive Officer

Jun. 2022
Representative Director, Senior Managing Executive Officer, Chief Financial Officer

Apr. 2024
Representative Director, Senior Managing Executive Officer, Chief Financial Officer (present position)

Norihiko Nonaka
Representative Director, Senior Managing Executive Officer

■ 34,100 shares
■ -/-

Apr. 1985
Joined the Company

Apr. 2017
Executive Officer

Apr. 2021
Managing Executive Officer

Apr. 2024
Senior Managing Executive Officer, Group CEO, Automotive Group

Jun. 2024
Representative Director, Senior Managing Executive Officer, Group CEO, Automotive Group (present position)

Directors, Audit & Supervisory Board Members

■ Shares owned in the Company (As of March. 31, 2024) ■ Attendance at meetings of the Board of Directors in FY2023

Outside Directors

Akiko Ide

Outside Director Independent

■ 0 shares
■ 17/17

Apr. 1977
Joined Nippon Telegraph and Telephone Public Corporation (currently Nippon Telegraph and Telephone Corporation)

Jun. 2006
Executive Director, General Manager of Corporate Citizenship Department, NTT DoCoMo, Inc. (currently NTT DOCOMO, INC.)

Jul. 2008
Executive Director, General Manager for Chugoku regional office, NTT DOCOMO, INC.

Jun. 2012
Executive Director, Director of Information Security, 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 Jun. 2014)

Jun. 2014
Full Time Audit & Supervisory Board Member, Nippon Telegraph and Telephone Corporation (retired in Jun. 2020)

Aug. 2018
Audit & Supervisory Board Member, NTT, Inc. (retired in Jun. 2020)

Jun. 2020
Outside Director, Sumitomo Corporation (present position)

Jun. 2021
Outside Director & Audit and Supervisory Committee Member, Tohoku Electric Power Co., Inc. (present position)

Takashi Mitachi

Outside Director Independent

■ 0 shares
■ 17/17

Apr. 1979
Joined Japan Airlines Co., Ltd.

Oct. 1993
Joined Boston Consulting Group

Jan. 1999
Vice President & Partner, Boston Consulting Group

Jan. 2005
Japan Co-chair, Boston Consulting Group

May 2005
Managing Director & Senior Partner, Boston Consulting Group

Mar. 2011
Director, Japan Association for the World Food Programme (retired in Aug. 2018)

Apr. 2013
Vice Chairman, KEIZAI DOYUKAI (Japan Association of Corporate Executives) (retired in Apr. 2017)

Mar. 2016
Outside Director, Rakuten, Inc. (currently Rakuten Group, Inc.) (present position)

Jun. 2016
Outside Director, Lotte Holdings Co., Ltd. (present position)

Mar. 2017
Outside Director, DMG MORI CO., LTD. (present position)

Outside Director, FiNC co., Ltd. (currently FiNC Technologies Inc.) (retired in Mar. 2020)

Outside Director, Audit and Supervisory Committee Member, UNICHARM CORPORATION (retired in Mar. 2021)

Jun. 2017
Outside Director, Tokio Marine Holdings, Inc. (present position)

Oct. 2017
Senior Advisor, Boston Consulting Group (retired in Dec. 2021)

Apr. 2020
Professor, Graduate School of Management, Kyoto University (present position)

Jun. 2022
Outside Director, Sumitomo Corporation (present position)

Takahisa Takahara

Outside Director Independent

■ 0 shares
■ 14/14
(Since taking office on June. 23, 2023)

Apr. 1986
Joined The Sanwa Bank, Ltd. (currently MUFG Bank, Ltd.)

Apr. 1991
Joined UNICHARM CORPORATION

Jun. 1995
Director, UNICHARM CORPORATION

Jun. 1997
Senior Director, UNICHARM CORPORATION

Jun. 2001
Representative Director, President, UNICHARM CORPORATION

Jun. 2004
Representative Director, President & CEO, UNICHARM CORPORATION (present position)

Jun. 2015
Outside Director, Calbee, Inc. (retired in Jun. 2023)

Jun. 2021
Outside Director, Nomura Holdings, Inc. (present position)

Jun. 2023
Outside Director, Sumitomo Corporation (present position)

Haruyasu Asakura

Outside Director Independent

■ 0 shares
■ -/-

Apr. 1984
Joined Mitsubishi Corporation

May 1999
Partner, Apax Globis Partners (currently GLOBIS CAPITAL PARTNERS Co., Ltd.)

Feb. 2001
Managing Director, Carlyle Japan LLC

Jul. 2009
Senior Managing Director (COO), Innovation Network Corporation of Japan (currently Japan Investment Corporation) (retired in Jun. 2015)

Mar. 2012
Outside Director, Japan Display Inc. (retired in Jun. 2014)

Oct. 2013
Outside Director, Renesas Electronics Corporation (retired in Jun. 2015)

Apr. 2014
Trustee, KEIZAI DOYUKAI (Japan Association of Corporate Executives) (present position)

Mar. 2016
Representative Director, President (CEO and CIO), Marunouchi Capital Inc.

Dec. 2022
Senior Advisor, Marunouchi Capital Inc. (retired in Dec. 2023)

Jun. 2023
Outside Director/Audit and Supervisory Committee Member, SAKAI HEAVY INDUSTRIES, LTD. (present position)

Jun. 2024
Outside Director, Sumitomo Corporation (present position)

Nana Otsuki

Outside Director Independent

■ 0 shares
■ -/-

Apr. 1988
Joined Mitsui Trust and Banking Company, Limited (currently Sumitomo Mitsui Trust Bank, Limited)

Jun. 1994
Joined Banque Nationale de Paris (currently BNP Paribas), Tokyo Branch

Mar. 1998
Joined HSBC Securities (Japan) Limited

Jan. 2000
Head of Japan and Korea Financial Ratings, Standard & Poor's Ratings Japan K.K.

Dec. 2005
Managing Director, Research Division, UBS Securities Japan Co., Ltd.

Jun. 2011
Managing Director, Merrill Lynch Japan Securities Co., Ltd. (currently BofA Securities Japan Co., Ltd.) (retired in Dec. 2015)

Sep. 2015
Professor, Faculty of Economics, Nagoya University of Commerce & Business

Jan. 2016
Executive Officer and Chief Analyst, Monex, Inc.

Jun. 2017
Outside Director, Credit Saison Co., Ltd. (retired in Jun. 2024)

Apr. 2018
Professor, Graduate School of Division of Business Administration, Nagoya University of Commerce & Business (present position)

Jun. 2018
Outside Audit & Supervisory Board Member, Tokio Marine Holdings, Inc. (present position)

Apr. 2021
Expert Director and Chief Analyst, Monex, Inc. (retired in Aug. 2022)

Jun. 2021
Outside Director, Mochida Pharmaceutical Co., Ltd. (retired in Jun. 2024)

Sep. 2022
Senior Fellow, Pictet Asset Management (Japan) Ltd. (present position)

Jun. 2024
Outside Director, Sumitomo Corporation (present position)

Directors, Audit & Supervisory Board Members

■ Shares owned in the Company (As of March. 31, 2024) ■ Attendance at meetings of the Board of Directors in FY2023 ■ Attendance at meetings of the Audit & Supervisory Board in FY2023

Audit & Supervisory Board Members

Daisuke Mikogami

Senior Audit & Supervisory Board Member (Full-Time)

■ 38,800 shares
■ 14/14
■ 11/11
(Since taking office on June. 23, 2023)

Apr. 1983
Joined the Company

Apr. 2014
Executive Officer

Apr. 2017
Managing Executive Officer

Apr. 2022
Senior Managing Executive Officer

Apr. 2023
Advisor

Jun. 2023
Senior Audit & Supervisory Board Member (Full-Time) (present position)

Kazunari Sakata

Audit & Supervisory Board Member (Full-Time)

■ 14,200 shares
■ 17/17
■ 16/16

Apr. 1985
Joined the Company

Apr. 2020
Executive Officer

Apr. 2022
Advisor

Jun. 2022
Audit & Supervisory Board Member (Full-Time) (present position)

Yukiko Nagashima

Outside Audit & Supervisory Board Member

Independent

■ 0 shares
■ 17/17
■ 16/16

Apr. 1985
Joined 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 Apr. 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 TABACCO INC. (present position)

Jun. 2021
Outside Audit & Supervisory Board Member, Sumitomo Corporation (present position)

Nobuo Inada

Outside Audit & Supervisory Board Member

Independent

■ 0 shares
■ -/-
■ -/-

Apr. 1981
Public Prosecutor

Oct. 2008
Deputy Vice-Minister of Justice, Ministry of Justice

Aug. 2011
Director-General of the Criminal Affairs Bureau, Ministry of Justice

Jan. 2014
Vice-Minister of Justice, Ministry of Justice

Sep. 2016
Superintending Prosecutor, Sendai High Public Prosecutor's Office

Sep. 2017
Superintending Prosecutor, Tokyo High Public Prosecutor's Office

Jul. 2018
Prosecutor-General (retired in Jul. 2020)

Oct. 2020
Attorney at Law (present position)

Jun. 2021
Outside Director, Member of the Audit and Supervisory Committee, Nomura Securities Co., Ltd. (present position)

Mar. 2023
Outside Audit & Supervisory Board Member, JAPAN TOBACCO INC. (present position)

Jun. 2024
Outside Audit & Supervisory Board Member, Sumitomo Corporation (present position)

Taisei Kunii

Outside Audit & Supervisory Board Member

Independent

■ 0 shares
■ -/-
■ -/-

Oct. 1985
Joined Tohmatsu Awoki & Co. (currently Deloitte Touche Tohmatsu LLC)

Aug. 1989
Certified Public Accountant (present position)

Jun. 1999
Partner, Tohmatsu Awoki & Co. (currently Deloitte Touche Tohmatsu LLC)

Oct. 2010
General Manager, Tokyo Audit Division, Deloitte Touche Tohmatsu LLC

Nov. 2010
Member of Management Committee, Deloitte Touche Tohmatsu LLC

Oct. 2013
Executive Officer (General Manager, Tokyo Audit Department), Deloitte Touche Tohmatsu LLC

Jun. 2018
Chief Executive Officer, Deloitte Touche Tohmatsu LLC (retired in May 2022)

Jan. 2023
Retired Deloitte Touche Tohmatsu LLC

Feb. 2023
Established Taisei Kunii & Co. (present position)

Jun. 2024
Outside Audit & Supervisory Board Member, Sumitomo Corporation (present position)

Outside Audit & Supervisory Board Member, MS&AD Insurance Group Holdings, Inc. (present position)

Risk Management ▸ https://sumitomocorp.disclosure.site/en/themes/40

Risk management

Basic policy and framework

We define "risk" as "the possibility of losses due to the occurrence of anticipated or unanticipated situations" and 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	2	3
Stabilize performance	Strengthen financial base	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. By studying advanced methods and processes, we 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. As an example, we have established rigorous investment discipline as the common basis of judgment to select more appropriate investments among diverse investment opportunities in a wide range of business domains. At the same time, we have built an optimal governance structure for improving the value of each business after investment and introduced an incentive plan linked to investment performance.

Risk management system

Definition of risk

- The possibility of losses due to the occurrence of anticipated or unanticipated situations
- The possibility of not achieving the expected return on business activities

Goals of our risk management

Stabilize performance	Strengthen financial base	Maintain corporate reputation
Minimize discrepancies between the plan and actual results and secure stable profits	Maintain Risk-weighted Assets within the buffer (shareholders' equity)	Fulfill CSR requirements and preserve our corporate reputation

Risks in investment activities

Investment risks
Profit fluctuation

Risks in commercial transactions

Credit risks

Market risks
Fluctuations in commodity prices, interest rates, and foreign exchange rates

Country risks, social and environmental risks, risks relating to security trade control, tax risks, information security risks, labor risks, natural disaster risks, etc.

Concentration risk management

- Exposure to credit risk
- Exposure to each country and region based on the country risk management system
- Exposure to mineral resources and energy upstream projects
- Exposure to key market-sensitive products

Investment risk management

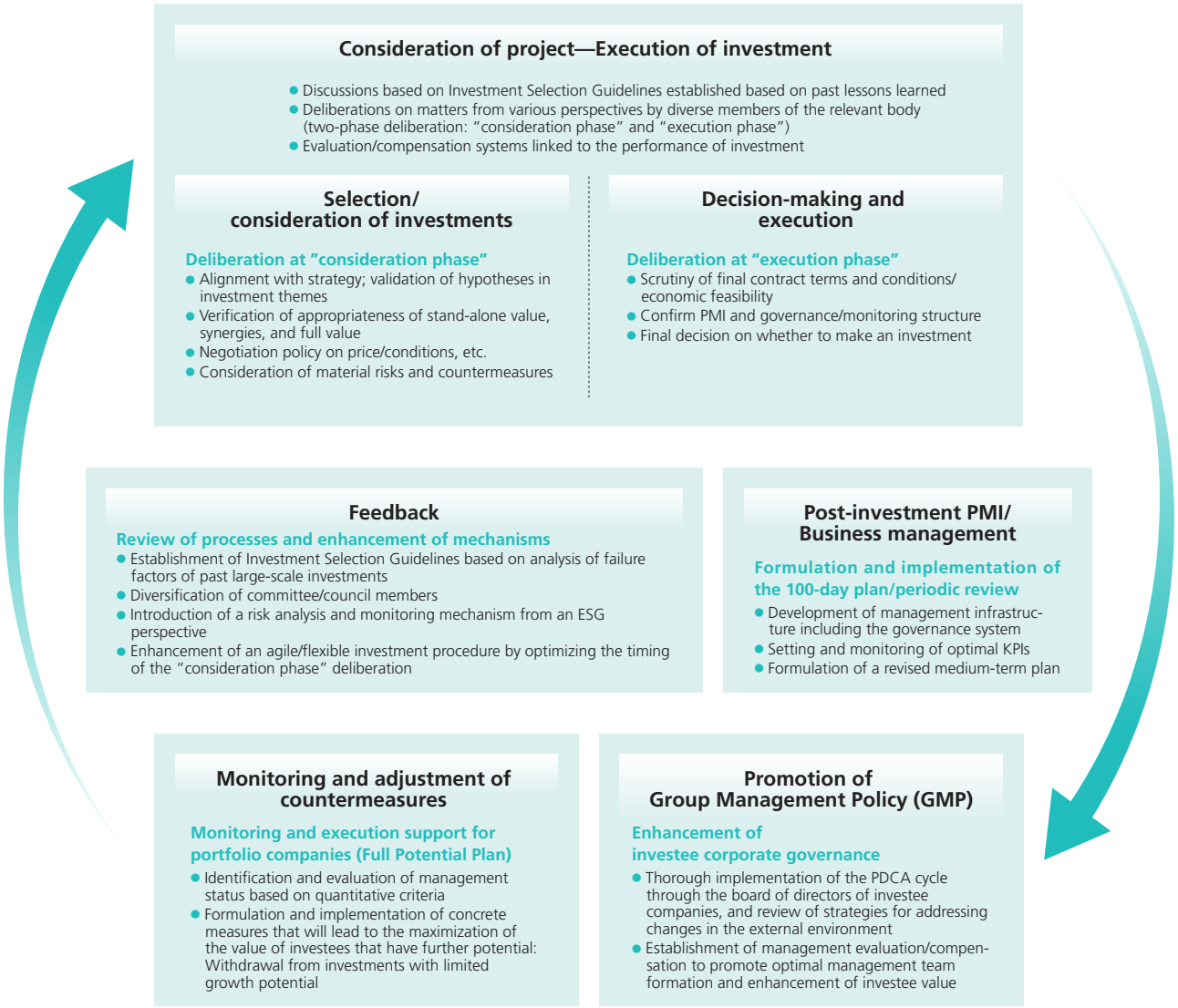
Dealing with the changes in our overall portfolio, as well as the nature of the risks involved in each individual investment opportunity, we have adopted a unified framework that covers the whole investment process from the entrance to the exit of investments, while reviewing the process for assessing and following up on investment projects as appropriate.

When assessing investment projects, we clarify the investment theme at the initial stage of the process and verify its appropriateness 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.

Investment decisions are made at meetings of the Company Investment Committee or the Group Management Council (the investment decision-making body of each business group) at each stage of consideration and execution, depending on the size and importance of the investment. From an early stage, these institutions identify issues and conduct in-depth discussions from a variety of perspectives on the various factors that may affect the success or failure of investments, such as the strategic positioning of the project, the background to and the reasoning behind the selection of the project, the assumptions and certainty of post-investment value-up measures, and the ESG issues. Discussions on the feasibility of each project including countermeasures are also held.

In addition, we have enhanced the mechanisms for improving the probability of investment success at each stage of investment. We will increase the value of each business by steadily implementing measures, including establishment of strict investment disciplines for selecting investments, implementation of an optimal governance structure for increasing the value of each business after investment, reviewing strategies and establishing a medium-term plan for addressing changes in the external environment, and deployment of the right resources at the right time. In 2022, to further enhance our commitment to value creation, we introduced a new compensation system linked to the performance of our portfolio companies. We are strengthening the monitoring efforts of our portfolio companies, setting a clear time frame and implementing improvement measures for business investments that do not increase in value as expected. We will continue to thoroughly replace assets where improvement is not expected.

Investment risk management framework



Information Security Policy ▸ https://www.sumitomocorp.com/en/jp/security
Privacy Policy ▸ https://www.sumitomocorp.com/en/jp/privacy

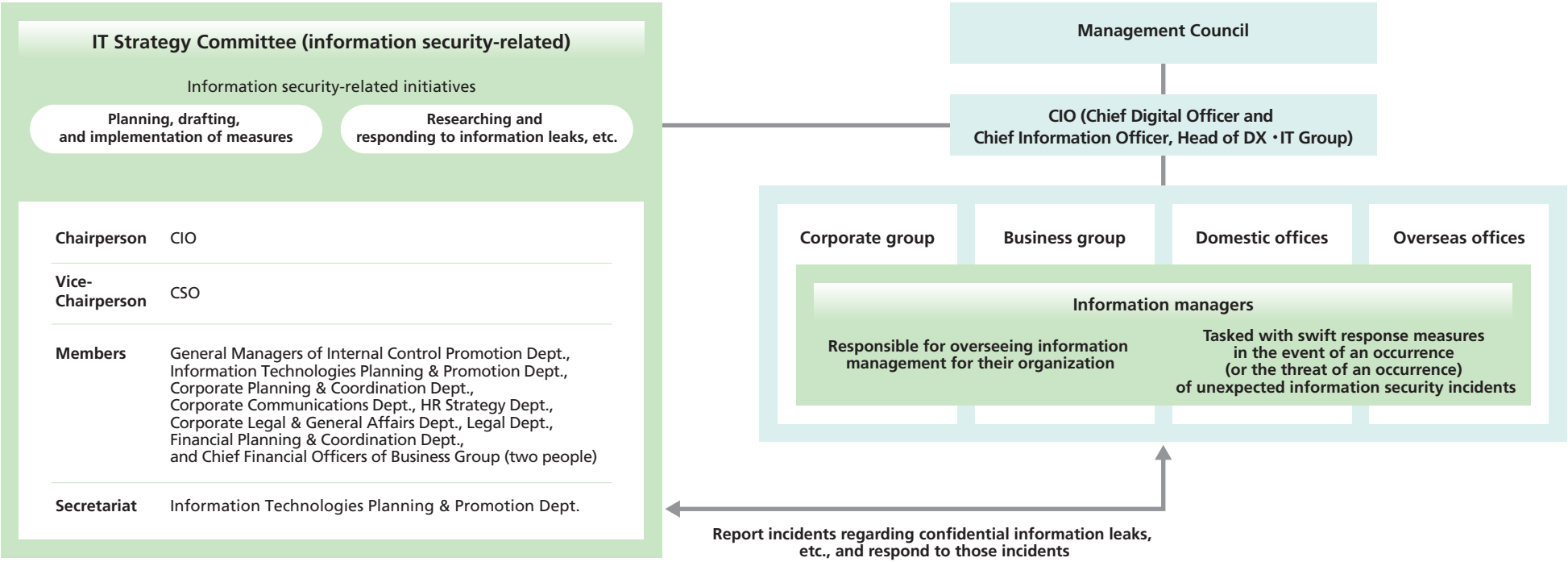
Information security

Recognizing the importance of information security, Sumitomo Corporation, led by the IT Strategy Committee chaired by the Chief Information Officer (CIO), has established the Information Security Policy and other relevant regulations, and works to ensure information security and the appropriate management of information assets. 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, through collaboration with external specialized agencies. In addition to system-based safeguards, we conduct continuous training and drills for officers and employees and system monitoring and upgrades covering our major subsidiaries and other group entities.

Furthermore, we have assigned information managers to each organization. These people classify information assets according to their importance and provide instructions on how to handle them, thereby ensuring overall information security.

Information security management system



Summary of key financial indicators (As of and for the years ended March 31)

Annual Financial Report ▸ https://www.sumitomocorp.com/en/jp/ir/report/yuka/AnnualFinancialReport

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

Financial data

(Billions of yen)

(FY)	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Results of operations:										
Gross profit	¥ 952.9	¥ 894.1	¥ 842.7	¥ 956.5	¥ 923.2	¥ 873.7	¥ 729.5	¥ 1,009.6	¥ 1,234.8	**¥ 1,342.5**
Selling, general and administrative expenses	-755.2	-762.7	-693.8	-731.6	-647.6	-677.4	-678.9	-713.9	-811.7	**-927.6**
Interest expense, net	-13.0	-2.6	-1.7	-5.8	-11.6	-15.6	-5.5	-1.2	-11.5	**-16.3**
Dividends	17.2	10.6	9.4	10.7	12.1	11.1	8.6	27.3	20.1	**13.7**
Share of profit (loss) of investments accounted for using the equity method	49.1	-53.8	83.5	149.7	127.1	84.8	-41.4	176.8	252.4	**172.4**
Profit (loss) for the year attributable to owners of the parent	-73.2	74.5	170.9	308.5	320.5	171.4	-153.1	463.7	565.3	**386.4**
Financial position at year-end:										
Total assets	9,021.4	7,817.8	7,761.8	7,770.6	7,916.5	8,128.6	8,080.0	9,582.2	10,105.4	**11,032.6**
Equity attributable to owners of the parent	2,481.4	2,251.5	2,366.5	2,558.2	2,771.5	2,544.1	2,528.0	3,197.8	3,778.7	**4,445.5**
Interest-bearing liabilities (net)*1	3,517.5	2,770.3	2,627.9	2,521.5	2,427.1	2,468.8	2,300.4	2,273.7	2,484.4	**2,523.4**
Cash flows:										
Cash flows from operating activities	243.7	599.7	345.8	295.3	268.9	326.6	467.1	194.1	232.8	**608.9**
Cash flows from investing activities	-399.6	-85.4	-180.7	-155.8	-51.3	-203.4	-120.1	49.0	-91.5	**-219.2**
Free cash flows	-155.9	514.3	165.1	139.5	217.6	123.2	347.0	243.1	141.3	**389.6**
Cash flows from financing activities	-74.8	-507.2	-254.4	-229.6	-233.2	-57.7	-466.4	-139.9	-250.5	**-415.5**

(Yen)

Amounts per share:										
Profit (loss) for the year attributable to owners of the parent:										
Basic	¥ -58.64	¥ 59.73	¥ 136.91	¥ 247.13	¥ 256.68	¥ 137.18	¥-122.42	¥ 370.79	¥ 452.63	**¥ 315.87**
Diluted	-58.64	59.69	136.81	246.91	256.41	137.03	-122.42	370.53	452.27	**315.64**
Equity attributable to owners of the parent	1,988.62	1,803.95	1,895.81	2,048.93	2,219.11	2,036.48	2,022.83	2,558.24	3,061.92	**3,638.06**
Cash dividend declared for the year*2	50.00	50.00	50.00	62.00	75.00	80.00	70.00	110.00	115.00	**125.00**

(%/Times)

Ratios:										
Equity attributable to owners of the parent ratio (%)	27.5	28.8	30.5	32.9	35.0	31.3	31.3	33.4	37.4	**40.3**
ROE (%)	–	3.2	7.4	12.5	12.0	6.4	–	16.2	16.2	**9.4**
ROA (%)	–	0.9	2.2	4.0	4.1	2.1	–	5.3	5.7	**3.7**
Debt-equity ratio (net) (Times)	1.4	1.2	1.1	1.0	0.9	1.0	0.9	0.7	0.7	**0.6**

*1 Interest-bearing liabilities (net) excludes cash and cash equivalents and time deposits from interest-bearing liabilities.
*2 Cash dividend per share represents the cash dividends declared applicable to each respective year, including dividends paid after the year-end.

Summary of non-financial indicators (years ended March 31, 2022, 2023, and 2024)

Women's Empowerment ▸ https://sumitomocorp.disclosure.site/en/themes/32
Environmental-related data ▸ https://sumitomocorp.disclosure.site/en/themes/18

Employee data

	(FY)	2021	2022	2023
Employee data	Number of employees (Consolidated basis)	74,253	78,235	**79,692**
	Number of employees (Non-consolidated basis) *1	5,300	5,223	**5,152**
	Number of employees dispatched overseas	976	921	**926**
	Number of new employees	106	101	**100**
	Male/Female	75/31	72/29	**63/37**
	Number of mid-career employees	20	75	**88**
	Ratio of differently abled employees to total employees*2	2.09%	2.25%	**2.29%**
	Number of female managers*3	204	232	**267**
	Ratio of female managers to total managers*3	7.4%	8.4%	**9.6%**
	Average age	43.1	43.2	**43.1**
	Average years of service per person (Years/Months)	18/6	18/5	**18/4**
	Male	19/2	19/1	**18/11**
	Female	16/4	16/6	**16/6**
	Gender wage gap between male and female*4	-	58.7%	**59.0%**
Working styles	Average monthly overtime hours (Hours/Minutes)	12/20	10/55	**9/51**
	Average annual days of paid vacation acquired	12.8	13.7	**14.3**
	Number of employees taking spousal maternity leave	70	86	**86**
	Number of employees taking leave to care for sick/injured children	169	194	**243**
	Number of employees taking childcare leave	103	112	**111**
	Male/Female	41/62	61/51	**48/63**
	Ratio of eligible male employees taking childcare leave*5	-	67.0%	**63.6%**
	Number of individuals using shortened work hour system	200	195	**190**
Skills development training*6	Number of employees undergoing training overseas	76	60	**65**
	Total number of lectures	919	1,705	**1,063**
	Total number of employees participating in training	44,876	92,446	**40,530**
	Total training hours	119,894	177,320	**106,605**
	Average hours per employee	23.4	32.3	**21.2**

Environmental data

Scope: Sumitomo Corporation, consolidated subsidiaries, and joint operations*7

(FY)	2021	2022	2023
GHG emissions (Scope 1, 2)*8 (1,000 t-CO_2e)	2,293	2,081	**5,102**
Electricity consumption (MWh)	1,645,278	1,336,280	**1,470,838**
Water withdrawal (1,000 m³)	78,107	66,452	**1,525,114**
Waste emissions (t)	36,413	33,200	**35,033**

Corporate governance data

(FY)	2021	2022	2023*9
Number of Directors	11	11	**11**
Number of Internal Directors	6	6	**6**
Number of Outside Directors	5	5	**5**

*1 Figures include employees at overseas branches and offices of the Company.
*2 Figures are as of June 1 of each fiscal year.
*3 Figures are as of April 1 of the subsequent fiscal year.
*4 Items subject to calculation of gender wage gap: Monthly salary (base pay, secondment allowance, separate living allowance, teleworking allowance, overtime work allowance, late-night premium allowance for managers, bonus)
Reason for gap: While the ratio of female managers affects the wage gap, there is no significant wage gap among employees with equivalent jobs (Wage gaps by job category, including non-regular employment, are as follows: department general manager equivalent: 95.8%, section manager level: 102.1%, non-manager level: 87.4%). The wage gap is expected to decrease over the medium to long term as we aim to achieve its target female manager ratio (at least 20% female managers by FY2030).
*5 "The ratio of eligible male employees taking childcare leave" is calculated based on the ratio of employees taking childcare leave or leave intended for childcare under Article 71-4, Item 2 of the Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Ministry of Labour Ordinance No. 25, 1991) in accordance with the provisions of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Act No. 76, 1991).
*6 Training hosted by the Head Office targeted at Head Office employees and employees of overseas bases and business companies. The scope of calculation was partially revised in FY2023.
*7 We apply the operational control approach in the GHG Protocol to decide the boundary. Thus, we include the total amount from businesses only when we had operational control over the businesses from FY2023 instead of the method that we applied until FY2022, for which we include the amount from joint operations corresponding to the investment ratio as of the end of March.
*8 CO_2 emission factors for electricity: (market-based method)
(Non-consolidated in Japan) The adjusted emission factors of individual power companies. Before the FY2020 results, the basic emission factors were used.
(Consolidated subsidiaries in Japan) The average emission factors of all power companies.
(Overseas) Emission factors from electricity generation are based on the country-specific data in 2021 listed on "Emissions Factors 2023," an IEA (International Energy Agency) statistics.
*9 We have 11 Directors (including 5 Outside Directors), as resolved at the 156th Ordinary General Meeting of Shareholders held in June 2024.

Company information (As of March 31, 2024)

Corporate profile

Trade name	Sumitomo Corporation
Establishment date	December 24, 1919
Paid-in capital	¥220.4 billion
Fiscal year	From April 1 of each year through March 31 of the following year
Number of consolidated subsidiaries	633 (Domestic 141, Overseas 492)
Number of associated companies [Equity method]	251 (Domestic 50, Overseas 201)
Total	884
Number of employees	5,152*1 (Consolidated: 79,692)
Head Office	OTEMACHI PLACE EAST TOWER 3-2 Otemachi 2-Chome, Chiyoda-ku, Tokyo 100-8601, Japan
URL	https://www.sumitomocorp.com/en/jp

*1 Figures include 132 employees at overseas branches and offices of the Company.

Stock information

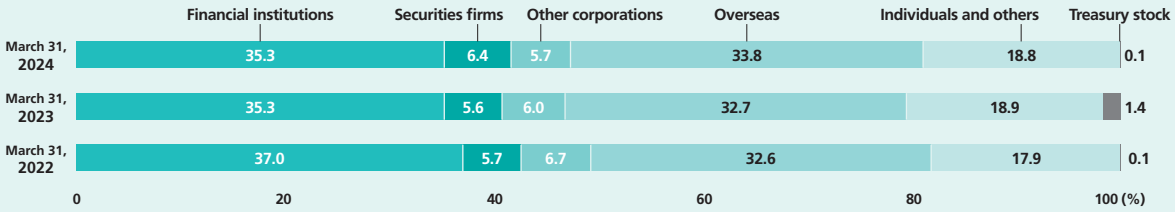
Stock listing		Tokyo
Securities identification code		8053
American depositary receipts	Ratio	1ADR:1ORD
	Exchange	OTC (over-the-counter)
	Symbol	SSUMY
	CUSIP number	865613103
Depository and registrar		Citibank, N.A. Depositary Receipts Services P.O. Box 43077 Providence, Rhode Island 02940-3077, USA
TEL		1-781-575-4555
Toll-free number		1-877-248-4237 (CITI-ADR)
Number of issued shares		1,223,082,867 (Including 1,143,723 treasury stock)
Number of shareholders		287,634

Major shareholders

Rank	Name	Number of shares (Thousands of shares)	Shareholding ratio (%)*2
1	The Master Trust Bank of Japan, Ltd. (trust account)	200,965	16.45
2	BNYM AS AGT/CLTS 10 PERCENT	113,294	9.27
3	Custody Bank of Japan, Ltd. (trust account)	66,522	5.44
4	SUMITOMO LIFE INSURANCE COMPANY	30,855	2.53
5	JP Morgan Securities Japan Co., Ltd.	21,477	1.76
6	STATE STREET BANK WEST CLIENT - TREATY 505234	20,338	1.66
7	JP MORGAN CHASE BANK 385781	15,036	1.23
8	Mitsui Sumitomo Insurance Company, Limited	15,000	1.23
9	Nippon Life Insurance Company	14,879	1.22
10	JP MORGAN CHASE BANK 385632	12,290	1.01

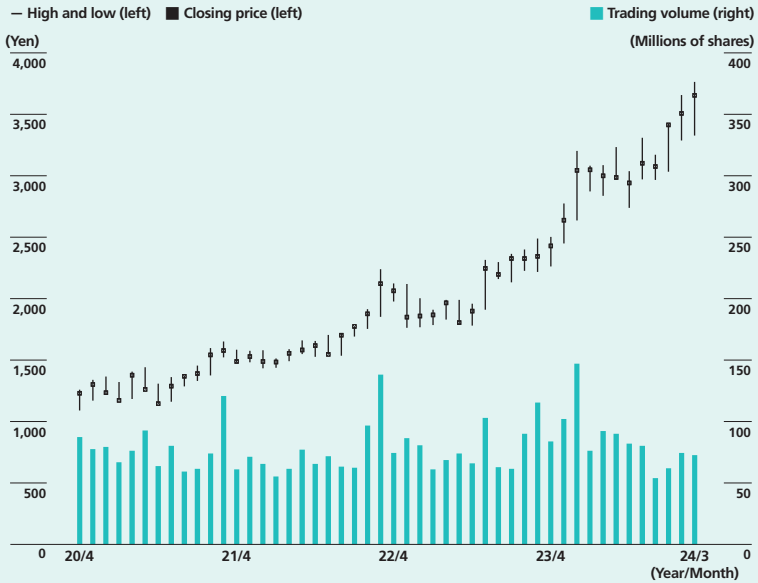
*2 The shareholding ratio is calculated by dividing the number of shares held by the number of shares outstanding—which is derived by deducting treasury stock from the total number of issued shares—and rounding to the nearest hundredth of a percent.

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



Global network (As of April 1, 2024)

Messages from Regional Heads ▸ https://www.sumitomocorp.com/en/jp/about/point/area-organization

Domestic and overseas offices

Indicates the cities in which our offices are located.

Overseas
64 countries and regions

36 subsidiaries	82 locations
2 branches	2 locations
1 sub-branch	1 location
22 offices	22 locations
Total	107 locations

Japan

	Head Office
3 subsidiaries	9 locations
6 offices	10 locations
Total	20 locations

Offices

127 locations
65 countries and regions

Consolidated subsidiaries and associated companies
(As of March 31, 2024)

884 companies
77 countries and regions

Dialogue with stakeholders

Investor Relations ▸ https://www.sumitomocorp.com/en/jp/ir

We are working to strengthen engagement with shareholders, investors, and other stakeholders outside the Company following our Corporate Disclosure Policy. The Investor Relations Department has established four guidelines for its activities. These are Proactive Disclosure, Sincere Dialogue, Timely and Appropriate Sharing, and Constructive Proposals. We actively disseminate information in cooperation with internal related departments and collect opinions through dialogue. Based on feedback from these opinions, we make proposals and hold discussions to realize management conscious of cost of capital and stock price. Through this cycle of activities, we will deepen external stakeholders' understanding of the Group and contribute to the strategy execution and value creation capabilities of all officers and employees as internal stakeholders, thereby fulfilling our stated mission of "obtaining the correct evaluation from the market and contributing to the enhancement of our corporate value."

p.22 | Management conscious of cost of capital and stock price

Guidelines and activities

External stakeholders ⇄ **Investor Relations Department** ⇄ **Management and internal stakeholders**

Proactive disclosure to and sincere dialogue with external stakeholders

We strive for appropriate disclosures and expanded explanations of both financial and non-financial information based on our Corporate Disclosure Policy. In addition, we have established opportunities for proactive dialogue with shareholders and investors throughout the year to deepen understanding of the Group and solicit the opinions of stakeholders.

FY2023 results

- Number of individual meetings: Approx. 250 (29 of which were ESG/SR*1 related)
  [Number of times management attended: President 1, CFO 28]
- IR Day 2023 held
- Briefings for individual investors: 14 times annually (Total participation 5,724)

*1 SR: Shareholder Relations

Details of dialogue

- **Growth strategy**
  Summary/evaluation of SHIFT 2023 and consequent expectations/requests for the next medium-term management plan
  Growth drivers and cash flow allocation plans
- **Corporate value and shareholder return policy**
  Initiatives to enhance corporate value
  Shareholder returns (including comparison with other trading companies)
- **Matters related to sustainability management**
  In addition to overall sustainability management, wide range of topics (climate change mitigation, biodiversity, human capital, etc.)

Timely and appropriate sharing with and constructive proposals to management and internal stakeholders

We provide evaluations and opinions received from external stakeholders to internal stakeholders including management as feedback, which are used for proposals and discussions that help improve management.

FY2023 results

- Management Council: 11 times annually
- Board of Directors' meetings: 7 times annually
- Regular meetings with the President: 4 times annually
- Corporate Communication Committee: Quarterly
- IR/SR Subcommittee: Monthly
- IR quarterly report*2: Published quarterly
- Internal IR meetings held

*2 In-house IR activity report

Measures implemented based on feedback

- **Growth strategy**
  Under the Medium-Term Management Plan 2026, accelerate "business portfolio transformation" by reallocating management resources, aiming for profit for the year of ¥650 billion in FY2026 while maintaining ROE of 12% or higher; identify specific businesses that will drive growth and provide cash flow allocation plans
- **Corporate value and shareholder return policy**
  Included PBR logic tree in Integrated Report
  Collated feedback from shareholders and discussed that at the Board of Directors level. Revised shareholder return policy in FY2024 to set the total payout ratio at 40% or higher, and pay dividends and conduct share repurchases in a flexible and agile manner, and introduce progressive dividend payments
- **Matters related to sustainability management**
  Regarding climate change, contribute to making society carbon neutral while fostering next-generation business by leveraging GX under the current medium-term management plan. In addition, undertake initiatives to conserve and restore natural capital. Regarding human capital, continue unleashing talent power and strengthening our strategy execution capability

External recognition

External Recognition ▸ https://sumitomocorp.disclosure.site/en/themes/17

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
- FTSE Blossom Japan Sector Relative Index

FTSE4Good

FTSE Blossom Japan Index

FTSE Blossom Japan Sector Relative Index

- S&P/JPX Carbon Efficient Index
- Sompo Sustainability Index

2024 Sompo Sustainability Index

Other external evaluations

- CDP: Awarded A- Leadership level in the Climate Change, Water Security, and Forests questionnaires

CDP DISCLOSURE INSIGHT ACTION

- Ministry of Health, Labour and Welfare (Japan): "Platinum Kurumin" as a company that provides superior childcare support
- 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
- work with Pride: Certified as "Gold" in PRIDE INDEX
- Ministry of Economy, Trade and Industry (Japan): "White 500" enterprise with outstanding health and productivity management
- Ministry of Economy, Trade and Industry (Japan): Selected as a "Next Nadeshiko: Companies Supporting Dual-career and Co-parenting"

- Ministry of Internal Affairs and Communications: Top Hundred Telework Pioneers
- Ministry of Economy, Trade and Industry (Japan): DX Certified Business Operator under the DX Certification

TW100 Telework Pioneer

DX認定

Sumitomo Corporation

For further information, please contact:
Investor Relations Department
E-mail: ir@sumitomocorp.com