

# IR Day 2025

12 / **18** Thu 14:00~17:00

 Sumitomo Corp

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Program

Time	Program	Speakers	
14:00 ~ 14:10	Opening	Representative Director, President and CEO	Shingo Ueno
Part1 Progress of Initiatives in Non-Financial Areas			
14:10 ~ 14:20	Sustainability Management	Managing Executive Officer, CSDO	Makiko Eda
14:20 ~ 14:35	Human Capital Management	Managing Executive Officer, CAO・CCO	Yasuhiro Yoshida
14:35 ~ 14:40	Corporate Governance	Managing Executive Officer, CAO・CCO	Yasuhiro Yoshida
14:40 ~ 15:00	Panel Discussion with Outside Directors	Panelist) Representative Director, President and CEO	Shingo Ueno
		Panelist) Outside Director	Nana Otsuki
		Panelist) Outside Director, Audit & Supervisory Committee Member	Yukiko Nagashima
		Moderator) Executive Officer, Head of Investor Relations Dept.	Yoshinori Takayama
15:00 ~ 15:35	Q&A		
Part2 Examples of Growth Strategies (On-site・Digital・Human Resources)			
15:45 ~ 16:10	Digital & AI Strategy Update Initiative Example: Tubular Supply Chain	Executive Officer, CDO・CIO General Manager of Steel Business Unit (SCEU)	Tatsushi Tatsumi Taku Hattori
16:10 ~ 16:25	Retail	Managing Executive Officer, Group CEO of Lifestyle Business Group	Hiroki Takeno
16:25 ~ 16:50	Q&A		
16:50 ~ 17:00	Closing	Representative Director, President and CEO	Shingo Ueno

# Opening

**Shingo Ueno, Representative Director, President and CEO**

I am Ueno, the president of the Company. Thank you very much for taking time out of your busy schedules to join us today, including those of you who are joining us online.

I see today's IR day as a very valuable opportunity to engage in dialogue with market participants, focusing on medium- to long-term perspectives and non-financial initiatives. The moderator has just explained the program. To open the meeting, I would like to briefly mention the purpose of the program.

In the first part of the meeting, we would like to update you on the steady progress of our non-financial initiatives. More than half of the current three-year Medium-Term Management Plan 2026 has already passed. As we move toward the realization of No.1 in Each Field, we are also pursuing a variety of non-financial initiatives. We hope that the market will understand this trend and have high expectations for our company's path to sustainable improvement in corporate value.

In the second part, we will cover the update of the Digital & AI Strategy and the retail business as examples of growth strategies. Here is a brief explanation for the purpose of adding the Digital & AI Strategy update. Since the announcement of SCSK becoming a wholly owned subsidiary at the end of October, I have engaged in direct dialogue with market participants on various occasions. Some of the participants have commented that the explanations are conceptual and abstract. We will explain quantitatively in May next year; today, we would like to explain as much as we can. At this time, after the TOB was approved last week, we aim that today's second part will provide some update on our Digital & AI Strategy, which will be at the core of our future growth.

# Opening

**Shingo Ueno, Representative Director, President and CEO**

(Continued)

We will also provide specific examples of the application of digital solutions to our business sites. We would like to take this opportunity today to further clarify and elevate the objectives of this strategy.

We also hope to deepen your understanding of how digital and AI can be leveraged across our business operations, particularly in our retail business.

As I said at the beginning, this is a valuable opportunity for us to engage with you, although our time is limited. We will also have time for a Q&A session, so please feel free to give us your honest opinions and questions.

IR Day 2025

Part1

# Progress of Initiatives in Non-Financial Areas

01

# Sustainability Management

**Makiko Eda, Managing Executive Officer, CSDO**

I am Eda, Chief Sustainability, DE&I Officer. I will explain the corporate mission statement and material issues of the Group, as well as how we aim to promote sustainability in our Medium-Term Management Plan.

# Management Principles and Business Philosophy



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

**This means that Sumitomo's business must go beyond benefiting Sumitomo itself to also benefit the nation and society.**

Precepts written by Masatomo Sumitomo "Monjuin Shiigaki"—the origin of Sumitomo's Business Philosophy, which has been passed down for 400 years.

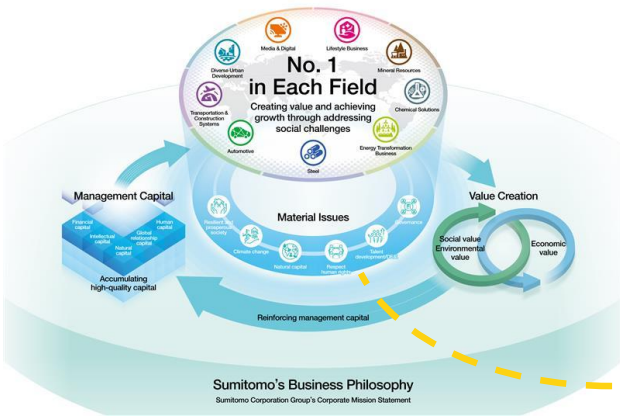


# Enriching lives and the world

The Sumitomo Corporation Group's corporate mission statement is based on Sumitomo's business philosophy, which has a history of approximately 400 years. One of the phrases, "benefit for self and others, private and public interests are one and the same," expresses the idea that Sumitomo's business must benefit not only itself but also the nation and society at large.

As we celebrated the 100th anniversary of Sumitomo Corporation in 2019, we looked back on our history of working together with society, and with an eye toward the next 100 years, we adopted the corporate message of "Enriching lives and the world."  
Each and every one of our employees is engaged in business activities with the aim of enriching not only the material value but also the hearts and lives of people around the world.

# Value Creation Model of Sumitomo Corporation



## Enriching lives and the world

Taking into account external environmental changes, we updated our material issues from the perspective of value creation. We will take our medium- to long-term commitment one step further and achieve sustainable growth through addressing the social challenges.









The diagram to the left is a value creation model that illustrates how our business creates economic, social, and environmental value.

Rooted in Sumitomo's business philosophy and the Sumitomo Corporation Group's corporate mission statement, we have formulated six material issues as our commitment to this goal and are engaged in our business activities.

Even amid the recent global upheaval in the external environment regarding sustainability, the Sumitomo Corporation Group's stance of creating value while remaining committed to material issues remains unchanged.



# Long-term goals and progress for each material issue

Material issues	Long-term goals	Status of initiatives up to FY2024	Policies for future initiatives
 <p>Build resilient and prosperous society</p>	Contribute to the development of local communities and economies	<ul style="list-style-type: none"> <li>•Promoted 100SEED, employee-participation social contribution activities based on the theme of "education," on a global scale. Participation rate of employees in Sumitomo Corporation and regional organizations is expected to be more than 5% each in Japan and overseas</li> </ul>	<ul style="list-style-type: none"> <li>•Continue 100SEED activities through the "Mirai School" career education support program</li> <li>Plan to implement the program for more than 100,000 students at 80 schools across Japan due to the increase in number of schools requesting it in FY2025</li> </ul>
 <p>Overcome climate change</p>	Contribute to the carbon neutrality of society	<ul style="list-style-type: none"> <li>•Completed calculation of greenhouse gas emissions (Scope 3) in the supply chain for the entire Group</li> <li>•Implemented trial calculation of reduction contribution as a quantitative indicator to measure contribution of major GX promotion projects for a carbon-neutral society</li> </ul>	<ul style="list-style-type: none"> <li>•Plan to disclose information in accordance with SSBJ (including the financial impact of climate-related risks and opportunities) from FY2026 and take measures accordingly</li> <li>•Work with stakeholders to decarbonize society as well as accelerate new growth through GX promotion</li> </ul>
 <p>Preserve and regenerate natural capital</p>	Achieve a world living in harmony with nature through initiatives including the building of a circular economy and supply chain management	<ul style="list-style-type: none"> <li>•Implemented trial disclosure based on TNFD as TNFD Early Adopter</li> <li>•Identified priority businesses (high-risk businesses) across the Group to strengthen risk-based initiatives toward a nature-positive world in the future</li> </ul>	<ul style="list-style-type: none"> <li>•Enhance information disclosure, including implementation of TNFD full disclosure during FY2025</li> <li>•Strengthen initiatives toward a nature-positive world in priority businesses, including the supply chain</li> </ul>
 <p>Respect human rights</p>	Respect the human rights of all stakeholders in all businesses and supply chains	<ul style="list-style-type: none"> <li>•Completed human rights due diligence for all businesses that have been implemented since FY2021</li> <li>•Identified priority businesses (high-risk businesses) across the Group to strengthen risk-based human rights due diligence in the future</li> </ul>	<ul style="list-style-type: none"> <li>•Further strengthen human rights due diligence and grievance mechanisms in priority businesses, including the supply chain</li> </ul>
 <p>Develop talent and promote DEI</p>	Create workplaces that allow diverse employees to apply their capabilities with passion in their own ways	<ul style="list-style-type: none"> <li>•Implemented measures to maximize the will and potential of diverse individuals, such as implementing "WILL recruitment" selection process and expanding the internal job posting system</li> <li>•In order to systematically develop management talent, started the training cycle by identifying potential personnel, setting up target positions for training, and matching them with each personnel.</li> <li>•Enhanced and strengthened the succession pipeline for key positions (initatively nominating mid-career talent, women, and young employees)</li> </ul>	<ul style="list-style-type: none"> <li>•Formulate leadership competencies and conduct talent assessments based on them</li> <li>•Reorganize human resources development system to develop management talent</li> </ul>
 <p>Maintain and strengthen governance</p>	Develop a robust governance system to enhance the corporate value	<ul style="list-style-type: none"> <li>•Confirmed the direction of reviewing the structure and operation of the Board of Directors to enable it to exercise highly effective oversight functions over management execution</li> <li>•Specific actions decided: (1) increase the number of outside directors to a majority; (2) expand the scope of delegation of important business execution decision-making to the Management Council; and (3) set agenda items to enhance monitoring and discussion of important management themes throughout the company</li> </ul>	<ul style="list-style-type: none"> <li>•Plan to start operation under the new structure subject to the submission of related proposals, including changes to organizational design (transition to a company with an Audit &amp; Supervisory Committee), to the regular General Meeting of Shareholders in June and approval</li> </ul>

We are evolving our efforts in each of the six material issues.

The status of specific initiatives through FY2024 and future policies are shown on the slide. I will not go into the details today, but I hope you will take a look at the material issues page of our website later on.

## Key points of Sustainability Management in the Medium-Term Management Plan 2026



### Expand viewpoint to the entire supply chain

Expanding our perspective beyond our company itself to the entire supply chain to acquire opportunities and address risks



### Strengthen sustainability management at business frontlines

Taking more strategic and agile actions at each business frontline



### Strengthen accountability

Strengthen efforts to fulfill the duty of accountability to stakeholders

I will now turn to the present and address our current initiatives.

In our Medium-Term Management Plan 2026, which started last year, we have set forth three key points for promoting sustainability.

The first is to broaden the perspective to the entire supply chain. The second is to bring sustainability down to the level of each business frontlines. Third, it is essential that we actively disclose these efforts and engage in dialogue with our stakeholders.

These three points are common to all sustainability management. From the following pages, I will explain the current status of our efforts to address the topics of climate change, preservation of natural capital, and respect for human rights.

# Climate Change Initiatives

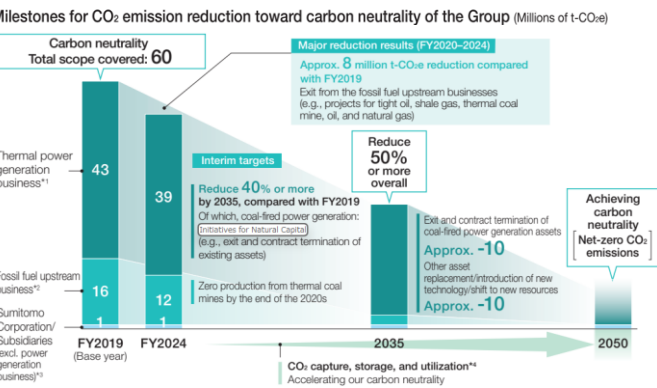
- Disclosure of Scope 3 emissions began in Integrated Report FY2025.
- Progress is on track toward achieving carbon neutrality in 2050. The target coverage will be updated in 2026 so that it will be aligned with the GHG Protocol\*.
- Viewing decarbonization as a business opportunity, we will advance initiatives to achieve carbon neutrality in society together with our suppliers and business partners.

## Scope 3 emissions

Based on the GHG Protocol—the standard for calculating GHG emissions — we completed calculation for all 15 categories of Scope 3 emissions across our supply chain, in addition to Scope 1 and Scope 2 emissions from our own operations, and disclosed the information after obtaining third-party assurance.

Upstream		Downstream	
Category	Emissions (Million t-CO <sub>2</sub> e)	Category	Emissions (Million t-CO <sub>2</sub> e)
1 Purchased products and services	32.7	9 Transportation and distribution (downstream)	0.3
2 Capital goods	0.6	10 Processing of sold products	1.0
3 Fuel- and energy-related activities not included in Scope 1 or Scope 2	4.5	11 Use of sold products	38.0
4 Upstream transport and delivery	2.3	12 End-of-life treatment of sold products	0.2
5 Waste generated in operations	0	13 Downstream Leased Assets	20.1
6 Business travel	0	14 Franchises	—
7 Employee commuting	0	15 Investments	17.8
8 Leased assets (upstream)	—	Downstream total	77.4
Upstream total	40.1	Scope 3 total	117.5

## Progress toward carbon neutrality target



This page shows our initiatives on climate change.

As shown on the left side of the slide, in September of this year, we disclosed Scope 3, which shows emissions in our supply chain.

The visualization of high-emission areas has accelerated discussions on reduction at the respective business frontlines level. Together with our suppliers and business partners, we will continue to strengthen our efforts to reduce emissions for society as a whole.

The figure on the right shows the progress of our group's carbon neutrality target. We have reduced emissions by approximately 8 million tons compared to FY2019, and are on track to achieve our initial plan to achieve net-zero emissions by 2050.

Our carbon neutrality target was set for 2019 as a starting point for projects that are a high priority for us to reduce. This is an early expression of our commitment to our policy of reducing and exiting high-emitting operations. Following the Scope 3 calculation, we are currently considering updating the target scope. We expect to be able to present new targets in line with the GHG Protocol by the end of 2026.

Achieving a decarbonized society is not something that can be accomplished by a single company. It is important to communicate our opinions to all of our business partners in the supply chain, as well as in industry associations and international organizations. We intend to utilize our network and comprehensive capabilities to promote solutions to the problems and at the same time, we will take decarbonization business as an opportunity to grow.

# Initiatives for Natural Capital

- The definition of initiatives toward a nature-positive world was clarified to promote understanding of our medium-term goal "Accelerate initiatives toward a nature-positive world by 2030" and strengthen initiatives for the goal.
- In September 2025, disclosures were made in line with recommendations of the Taskforce on Nature-related Financial Disclosures (TNFD). We were also selected as one of the 28 companies with "Excellent TNFD disclosure" announced by the Government Pension Investment Fund (GPIF) in August.

■ Sumitomo Corporation's definition of initiatives toward a nature-positive world :

"Minimize the impact of our businesses on natural capital and continue to transform our business to preserve and regenerate natural capital"

(=Mitigation of risk)

(=Creation of opportunities)

### Initiatives to mitigate risk

- Identified businesses to be prioritized by our Group from the perspectives of dependency or impact on nature, the amount of invested capital, etc.
- Conducted scenario analyses of five businesses, assessed risk taking regional characteristics into account, and examined response measures. Confirmed that a certain level of measures have been in place against high risk (water stress, impact on ecosystem, etc.).

Sector	Business
Agriculture	● Fresh produce business in Europe and the Americas: Fyffes
Mining	● Copper mining project in Chile: Quebrada Blanca
	● Iron ore and manganese mining project in South Africa: Oresteel
	● Iron ore mining project in Brazil: MUSA
Thermal power	● Gas-fired power generation project in the UAE: Hamriyah

### Initiatives to create opportunities

- Developed initiatives and businesses that contribute to a nature-positive and circular economy.

<Major initiatives>

- Establishment of the Nature-Positive Working Group within the company
- Aircraft parts business of Werner Aero
- PET bottle collection and recycling business operated by Tomra Japan
- Mangrove plantation project

I will explain our commitment to natural capital.

With regard to natural capital, our medium-term goal is to promote initiatives toward a nature-positive world by 2030. In order to foster understanding and strengthen our initiatives, we have clarified the definition of our initiatives. We defined our initiatives as minimizing the impact of our business on natural capital and continuing to transform our business to preserve and regenerate natural capital. We will work to reduce risk and create opportunities through our business. In September, we also made disclosures based on the TNFD recommendations.

With regard to risk reduction, we have identified priority projects in terms of the impact of dependence on nature and the amount of capital invested, and we have analyzed, confirmed, and disclosed the results of five of these projects. Specifically, we have confirmed that certain measures have been taken for high-risk items in the five projects listed in the table here, depending on the characteristics of each region and business. With regard to opportunity creation, we are also developing initiatives that contribute to the nature-positive world and the circular economy. In addition, we have formed a working group within the Company to study the commercialization of the nature-positive world and share information.

In August of this year, we were the only general trading company selected by the GPIF as one of 28 companies for excellent TNFD disclosure by domestic equity management institutions. We understand that this is due to the evaluation of the contents of the trial disclosure based on the TNFD recommendations of the previous year. We will continue to enhance both our initiatives and information disclosure.

# Initiatives to Respect Human Rights

- In an effort to proceed with initiatives using a risk-based approach, we have identified businesses with high risk. We will continue to conduct human rights due diligence.
- We will strengthen grievance mechanisms and continue employee training on human rights.

## Human rights due diligence (DD)

- Completed human rights due diligence covering all of our businesses that began in FY2021.
- Conducted a company-wide risk mapping exercise based on the results of human rights due diligence to date as well as the characteristics of risks at each business. Plan to continue human rights due diligence going forward, mainly for the businesses identified as having high risk.



## Grievance mechanism

- Joined the Japan Center for Engagement and Remedy on Business and Human Rights (JaCER). Implemented measures in compliance with the UN Guiding Principles on Business and Human Rights.

## Employee training on human rights

- Provided e-learning and held seminars by external lectures with regard to human rights-related laws and regulations and external developments, the necessity of respecting human rights across the entire supply chain, issues requiring attention in conducting business activities, etc.

This section describes our commitment to respect for human rights.

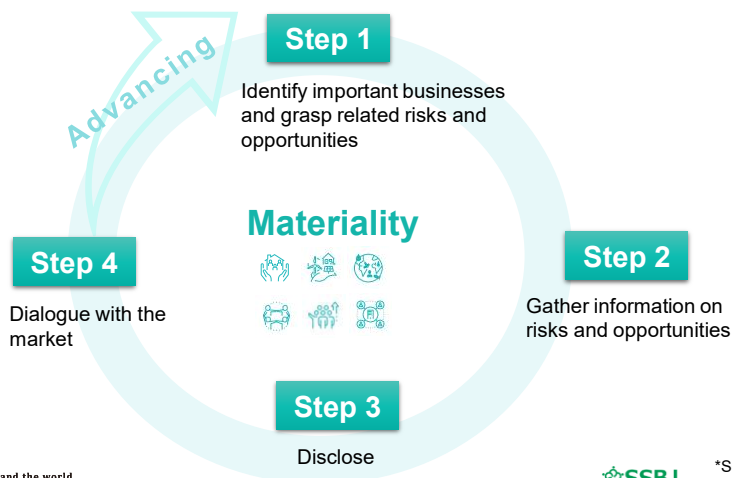
Having completed the human rights due diligence that has been conducted on all of our businesses, we have conducted a company-wide risk mapping based on the results of the due diligence and the risk characteristics of each of our businesses.

We will continue our human rights due diligence with a focus on identified high-risk businesses. For example, in some of the applicable businesses, after consulting with business partners in the current fiscal year, we are conducting interviews with crew members of cargo carriers in the trade business. In addition, after sending questionnaires on human rights to suppliers in the food trade business, we confirm details with some suppliers.

We will continue to conduct human rights due diligence throughout our supply chain, and we will also continue to operate a grievance mechanism for redress and to provide human rights education to raise awareness.

# Advancement of Sustainability Management Strategy

- We are advancing our sustainability management strategy by strengthening information disclosure in anticipation of statutory disclosure\* and dialogue with the market, while implementing a range of measures based on materiality.
- We plan to disclose information including the financial impact of sustainability-related risks and opportunities in the securities report for FY2025 (aiming for disclosure that is in accordance with statutory standards as much as possible).
- We are actively addressing social issues, viewing the resolution of these issues as business opportunities.



Finally, I would like to provide an overview of the advancement of sustainability management. As I have explained, based on the six material issues at the center of the circle, we have been progressively implementing measures on various sustainability topics, including climate change issues, protection of natural capital, respect for human rights, and investment in human capital. We are currently in the process of putting these in place in accordance with the SSBJ standards, which are statutory standards.

In information disclosure, what we consider important is to go beyond disclosure and at the same time strengthen dialogue with the market, thereby enhancing the quality of this entire cycle and leading to increased corporate value.

Japanese listed companies are required to make disclosures in accordance with the SSBJ standards starting in FY2026. We are now in the process of putting in place a governance structure with the aim of disclosing information based on SSBJ standards as much as possible starting with the annual financial report for FY2025, one year prior to that date.

Although we tend to focus on risk in our sustainability initiatives, this is a challenge shared by people around the world, and at the same time, a great business opportunity exists here. We will continue to engage in dialogue with our stakeholders to solve social issues and continue to be a corporate group that provides value to society.

## Enriching lives and the world

Our goal is to realize "enriching lives and the world" through our business.  
That is all I have to say. Thank you for your attention.

02

# Human Capital Management

Yasuhiro Yoshida, Managing Executive Officer, CAO・CCO

I am Yoshida, Chief Administration Officer and Chief Compliance Officer. Thank you. Today, I would like to explain our human capital management, which is aimed at enhancing corporate value and realizing our business strategy.



# Five fundamentals of human capital

We continuously invest in and advance the following five fundamentals of human capital and enhance employee engagement and foster individual growth. We aim to create a virtuous cycle where the growth of each of our people drives the growth of the Group's business.



The Sumitomo Corporation Group aims to create new value by conceiving and promoting businesses and solving social issues. These are promoted by each and every employee with diverse knowledge and experience.

We believe that motivating employees and encouraging their commitment to the organization and encouraging each individual's growth is the driving force behind the reliable implementation of our strategy and sustainable growth. That is why we are investing in human capital and making it a top management priority.

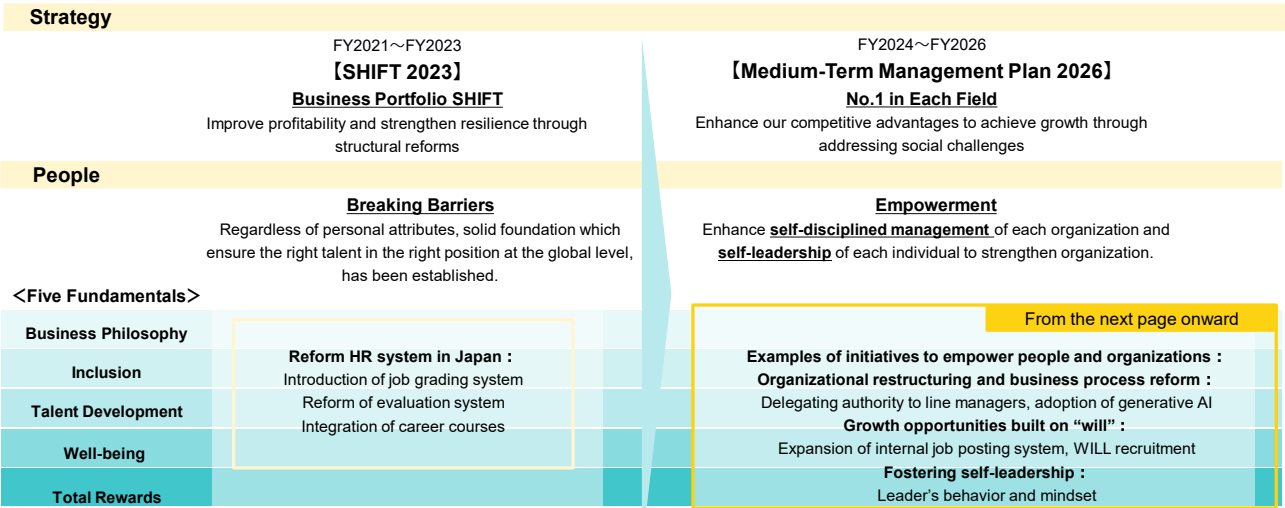
We will continue to invest in human capital. We have established five fundamentals: business philosophy, inclusion, talent development, well-being, and total rewards. We believe that through continuous investment in these areas, our employees can maintain their physical and mental health, take on challenges autonomously, and feel a sense of growth. The effectiveness of these investments in employees is monitored through various indicators in the engagement survey. This will be explained later.

This investment in human capital promotes the growth of people and organizations. In addition, the creation of innovations, the demonstration of competitive advantages, and the promotion of the use of Digital and AI will drive further growth in our business. And we will achieve sustainable growth by solving social issues and expanding our revenue base over the medium to long term, in other words, by promoting the value creation model I mentioned earlier. We would like to link these results to a virtuous cycle in which they are returned to our employees as new opportunities for growth.

# “Strategy Powered by People”

## ～HR roadmap from previous to current Medium-Term Management Plan～

Under the previous Medium-Term Management Plan, we fundamentally reformed our HR system, eliminating the institutional barriers, such as seniority and job classification. With this foundation, the current Medium-Term Management Plan, we are focusing on “Empowering people and organizations” toward being “No. 1 in Each Field.”



As we continue to invest in these five fundamentals to enhance our corporate value, I would like to explain the initiatives we are currently focusing on in particular and their backgrounds, depending on the stage of our business strategy.

Under the previous medium-term management plan, SHIFT 2023, we have promoted structural reforms, such as withdrawing from low-profit businesses, conducting turnarounds, and reallocating management resources to focused businesses where we can show greater strength. As one of the fundamentals for strengthening such downward resilience and carrying out the level-up of profitability, we first worked on the reform of the personnel system in Japan. We have eliminated traditional barriers such as seniority and job classifications. Specifically, we introduced a job grading system, reformed the evaluation system, and unified the job classifications. With this, based on the Pay for Job Pay for Performance concept, we are now ready to pursue the right person for the right job on a global basis, without being bound by attributes, but rather by the individuality, strengths, and values of each person.

Based on these efforts in the previous medium-term management plan, the current medium-term management plan aims to grow as the No.1 in Each Field by having the SBUs, which are organizations based on business strategies, leverage their respective competitive advantages and refine their strategies.

In terms of human capital, we aim to enhance the strength of the entire organization by maximizing the capabilities of each and every employee who promotes the SBU strategy, based on the foundation developed in the previous medium-term management plan. We call this empowering people and organizations.

Specific initiatives for human and organizational empowerment will be explained in the next and subsequent slides.

# Empowering people and organizations

～ Organizational restructuring and business process reform ～

## Delegating authority to line managers

### Organizational restructuring to group・SBUs



- Replacing product-based organization with a group・strategic business unit (SBUs) structure.
- The aim of the Medium-Term Management Plan 2026 is to grow our businesses into "No. 1 in Each Field" through the **self-disciplined management** of SBUs that leverage their competitive advantages to refine their strategies.
- With respect to Human capital, we have **delegated authority to line managers** to enable optimal and rapid personnel decisions. To support the enhancement of leadership capabilities among line managers, a dedicated "Line Manager Portal" has been launched and made accessible company-wide.

Process man-hours for personnel decisions regarding the appointment and transfer of certain personnel:



Beginning with the current medium-term management plan, we have restructured our organization into a SBU system centered on strategies, and are promoting self-disciplined group management. Each group makes speedy decisions in the execution of management and accelerates the implementation of growth strategies.

In such an executive management system, each organization and each individual is required to have both self-disciplined autonomy and a strong sense of responsibility for their own actions.

In order to encourage self-disciplined management of each organization, a portion of the authority that was previously concentrated in corporate personnel affairs has been delegated to line managers in the field, so that optimal and prompt decisions can be made on securing and allocating human resources necessary for business strategies in the field.

As a result, the number of man-hours required to process personnel decisions for appointments and transfers at certain levels has been reduced by approximately 70%. At the same time, it is a growth opportunity for line managers to hone their strategic vision and leadership skills.

To support the improvement of leadership and management skills, we have developed a company-wide website for line managers, providing know-how and e-learning.

# Empowering people and organizations

～ Organizational restructuring and business process reform ～

## Use of Microsoft 365 Copilot generative AI service



The PIC of the IT Planning and Promotion Dept who leads company-wide adoption of Copilot (left) and employees who promote utilization within the sales organization (center and right)

### Comments from members of Copilot Champion



Maki Sakamoto  
Logistics Management Dept.

I planned and held seminars on business reforms for my department and supported business efficiency improvements through the use of Copilot. To ensure that insights gained from the seminars are continuously applied in daily work, I created a dedicated Copilot channel within Microsoft Teams for the Logistics Management Dept. This enables us to regularly share specific tips and other information to promote practical application and adoption.



Nanami Sekino  
Digital Strategy & Promotion Dept.

I entrust Copilot with various tasks, such as obtaining regular industry news, creating icons for PowerPoint presentations, and performing instant searches during work. These small time-savings all add up. I also share examples of how to use Copilot on our internal social networking site and encourage broader adoption.

- To maximize the outcomes of our organizational restructuring, **all employees are proactively reviewing and implementing business reforms** aimed at improving our earning power and creating a rewarding workplace.
- A specific business reform measure is promoting the use of digital and IT. In April 2024, we became **the first company in Japan to globally implement generative AI service, Microsoft 365 Copilot.**
- To support information sharing, we are building open communities and promoting awareness and adoption of Copilot through various initiatives, such as the Copilot Champion program.

time saved on operations amounts to around

**10,000 hours** per month

Cost reduction effect estimated at around

**1.2 billion yen** annually

To maximize the results of the SBU reorganization, we are also promoting the use of digital and IT. In April 2024, we became the first Japanese company to simultaneously introduce Microsoft 365 Copilot, a generative AI service, across the entire Sumitomo Corporation's group. Copilot is integrated with Microsoft 365 applications such as Teams and Outlook, which are used in daily business operations, enabling smooth utilization by employees.

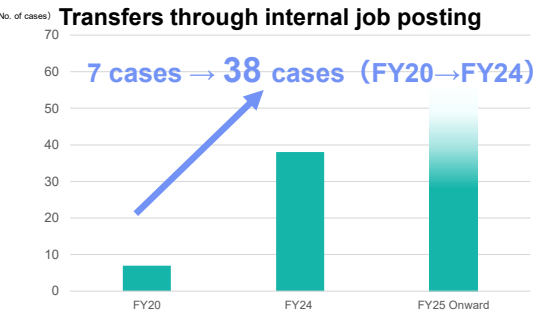
One of the most distinctive penetration measures is Copilot Champions. This is an initiative in which employees who are eager to use Copilot voluntarily raise their hands to become ambassadors and proactively communicate examples of its use in their respective field. This has led to a widespread movement of employees spontaneously learning from each other rather than from the top down.

Specific results include a reduction of approximately 10,000 work hours per month and annual cost savings of approximately JPY1.2 billion. This has led to the development of an environment in which routine and inward-looking work can be reduced and employees can focus on higher value-added tasks.

# Empowering people and organizations

～ Growth opportunities built on “will” ～

## Expansion of internal job posting system



An employee who transferred from the food business to the overseas industrial park business through the internal job posting system

### Overview

- We revised the system, which was previously conducted once a year, by allowing departments to post openings at any time and relaxing the application requirements for employees.

### Effects on individuals

- Individuals can **pursue self-directed career development according to their own “will”**.
- To be aware of their own careers and change their behaviors.

### Effects on organizations

- Opportunities to attract motivated talent with the necessary skills, capabilities, or diverse experience from other departments.
- **The participation of diverse talent** fosters new ideas, leading to innovative discussions and high-quality decision making.
- Contributes to enhancing the **organization's attractiveness and competitiveness**.

<Employee survey results regarding expansion of internal job posting system>

Question	Positive answer
Leading to individual growth by enabling challenges	79%
Contributing to strengthening and growing organizational capability through improved diversity among members.	67%
Would you like to use the job posting system in the future?	66%

Next, we will address growth opportunities starting from an individual's WILL. In order to become the No.1 in Each Field, we believe that it is essential for each of the diverse human resources who drive our strategy to take on challenges on their own initiative, starting from their own will, and to proactively engage in value creation.

One of the measures we are taking to provide opportunities to take on challenges on their own is to expand internal job posting system. The program, which used to be held once a year, is now open for applications at any time. We have also relaxed the application requirements for employees. This allows individual employees to focus on their own will as the starting point for self-disciplined career development and ambitious work. For the organization, this is also an opportunity to flexibly acquire the diverse human resources needed to drive the strategy forward. In order to acquire human capital, each organization will be required to attractively communicate, and more importantly, improve, the skills, experience, and organizational culture available at the organization. So, we believe that this also improves the competitiveness of the organization.

The program has steadily taken root, with the number of transfers realized in the last fiscal year increasing approximately five-fold from FY2020. In a survey of employees, approximately 80% responded affirmatively to the question of whether the program has led to their personal growth. About 70% of the respondents answered affirmatively to the question of whether the program has led to the strengthening and growth of organizational capabilities. Thus, this has had a positive impact on both individuals and organizations. Furthermore, just under 70% of employees indicated that they would like to utilize the job posting system if the opportunity arises in the future, confirming a growing awareness of the need for self-disciplined career development.



# Empowering people and organizations

～ Growth opportunities built on “will” ～

## WILL recruitment



### Overview

- To provide growth opportunities that respect people's individual will, we introduced “WILL recruitment” selection process in our new graduate recruitment, which allows candidates to receive confirmation of their initial assignment before joining the Company.

### Effects on individuals

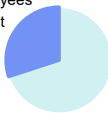
- Aligns expectations and resolves any gap between pre-employment hopes and post-employment reality.
- Enables them to continue working while leveraging experiences and issue awareness developed during student life.

### Effects on organizations

- Allows hiring based on matching and future potential, as the head of the assigned SBU conducts the selection directly.
- Attracting more diverse applicants such as students in science and engineering fields or with doctoral degrees.

Percentage of new graduate employees hired through WILL recruitment

Approx. 30%



Number of applicants: (vs. before introduction of WILL recruitment)

19%UP



“An employee from Corporate Communications Dept. (right) interviewing new employees who joined in 2025 through the WILL recruitment (left and center)”

In new graduate recruitment, as an effort to respect their will, in addition to our existing open-type selection process, we introduced WILL recruitment selection in FY2024, which allows the initial assignment to be determined before the new employee joins the Company.

As a general trading company, one of the attractions for students is the diversity of our businesses and sections. On the other hand, some students who have a clear area of challenge may feel that they are at risk of being assigned to a field that is different from the one they are interested in.

Against this backdrop, we introduced the WILL recruitment selection system as a mechanism to make better use of students' experiences and awareness of issues.

In the past, the final hiring decision was made by the human resources department, which then decided where all new employees would be assigned based on their aptitudes and desires. On the other hand, in this WILL recruitment selection process, the head of the SBU to which the student will be assigned directly conducts the selection process, making it possible to match the student and confirm his or her future potential before making a decision.

We have also seen an increase in the number of applications from professionals with science backgrounds or doctoral degrees, who had relatively few applications, as well as from those who had not previously applied to the trading company industry. We believe that this system has also led to greater diversity in the applicant pool.

# Empowering people and organizations

## ～ Fostering self-leadership ～

### Global discussion on the “Mindset and Behaviors Expected of Our Leaders”.

- Conducted leadership interviews with about 70 people across all levels and regions globally. Aiming to achieve the “No.1 Business Group,” we gathered candid feedback on “the leadership we need now” and “behaviors that should be changed.”
- Launched global discussion in October 2025, marking the midpoint of the current Medium-Term Management Plan, to provide an opportunity for individual to reflect on their leadership and consider actions for the future.
- Encouraged each organization and individual to exchange opinions and hold discussions, and collected feedback on insights gained and actions they plan to implement, using it to develop initiatives that will boost company-wide momentum.

### Insights from the interviews: the mindset and behaviors expected of our leaders

Lead Organization	<ul style="list-style-type: none"><li>• Say “no” when necessary to steer the company towards the greater good, even if it leads to conflict.</li><li>• Inaction is a risk—build that into your decisions</li></ul>
Lead Others	<ul style="list-style-type: none"><li>• Insights from the interviews: the mindset and behaviors expected of leaders in SC</li><li>• Make space while remaining involved enough to support autonomy.</li></ul>
Lead Self	<ul style="list-style-type: none"><li>• Take ownership of your results - learn from them and grow.</li><li>• Speak up when disagreeing - “I see it differently.”</li></ul>

Next, I will explain our initiatives to foster self-leadership. In order to practice self-discipline and self-responsibility, we have identified leadership as a key theme that we want all employees to have now and have begun to take action. Leadership here refers not only to the ability to lead an organization, but also to self-leadership, in which each individual thinks and initiates behavioral change to realize the No.1 in Each Field. The practice of self-leadership by each individual is the driving force for the organization to grow significantly.

Last year, we conducted leadership interviews with approximately 70 people across all levels and regions globally. We have collected candid opinions from a variety of perspectives on the kind of leadership required in our company today and on the types of behavior that need to be changed, and we are currently developing these opinions throughout the Company. We hope that this will serve as an opportunity to deepen the discussion at each site, for each of us to reflect on leadership and consider actions for the future. We are looking forward to further increasing momentum as a whole company.

## Current Status Based on Engagement Survey Results and Future Initiatives

- Monitoring indicators to verify whether our initiatives for people and our organization are producing the intended effects
- Both of the following two indicators, known for their high correlation with performance, have improved for three consecutive years, and are now on par with the global average

**FY25 Results**      **Employee Engagement : 71% (+1% from last year),**      **Work Environment : 72% (+1% from last year)**

		Indicators	vs previous mid-term plan	Examples of Initiatives	< 5 Fundamentals >
Strengths	Strengths already demonstrated through years of initiatives across 5 fundamentals	Understanding of Business Philosophy	Maintaining high levels	Business Philosophy : Various programs conducted such as visiting Besshi Copper Mine to pass on our DNA	Business Philosophy
		Respect & Recognition		Inclusion: Mid-career hires, women's empowerment, and inclusive awareness event Well-being: Work transformation, programs to support WLB.	Inclusion Talent Development Well-being Total Rewards
Improving	Areas where improvements are becoming visible under the new organizational structure through initiatives for empowering people and organizations, a focus of the current Medium-Term Management Plan (MTMP)	Quality & Customer Focus	+6	(Initiatives within each group/organization to become No. 1 in each field; initiatives for improvement based on the engagement survey)	
		Authority & Empowerment	+5	Talent Development : Delegating authority to line managers	
		Work, Structure & Process	+5	Well-being : restructuring and business process reform such as introducing Microsoft 365 Copilot	
Further improvement needed	Areas we aim to further improve through initiatives for empowering people and organizations, a focus of the current MTMP	Confidence in Leaders	+2	Talent Development : Mindset and Behaviors Expected of Our Leaders , Development of management talent	
		Development Opportunities	+2	Total Rewards : Expansion job posting, WILL recruitment	

Finally, I will explain how the measures we have described so far are showing results through the engagement survey results. As explained in the first slide, we monitor our engagement survey as an indicator to see if our human capital initiatives are having the intended effect.

Overall, both the employee engagement and working environment indexes, which are said to be highly correlated with business performance, have continuously improved. I will explain each item in detail.

The two items in the upper row, green, understanding of business philosophy and respect and recognition, have remained high. This is the result of many years of continuous investment in human resources in line with one of Sumitomo's business philosophies, "Business is People," and we recognize this as one of our strengths.

Next, I will explain the most recent items in dark purple that are showing improvement as a result of the "empowering people and organizations" initiative. Compared to the previous medium-term management plan, there have been significant improvements in quality and customer focus, authority and empowerment, and work, structure and process. This is due to the delegation of authority under the new organizational structure and the promotion of business reforms such as the use of Copilot, as I explained earlier. These have led to faster decision-making in the field and a reduction in inward-looking work. We believe that this is an indication of a change in the mindset of our employees, who are now more focused on value-added creation.



## Current Status Based on Engagement Survey Results and Future Initiatives

- Monitoring indicators to verify whether our initiatives for people and our organization are producing the intended effects
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		Development Opportunities	+2	Total Rewards : Expansion job posting, WILL recruitment	

(Continued)

Areas that need further focus and improvement are confidence in leaders and development opportunities in light purple below. As explained earlier, we will further accelerate measures to strengthen leadership and provide opportunities for growth, including discussions on leadership and open recruitment of employees, which we have already started, and will also work to expand on a global basis.

These are my explanations on human capital.

03

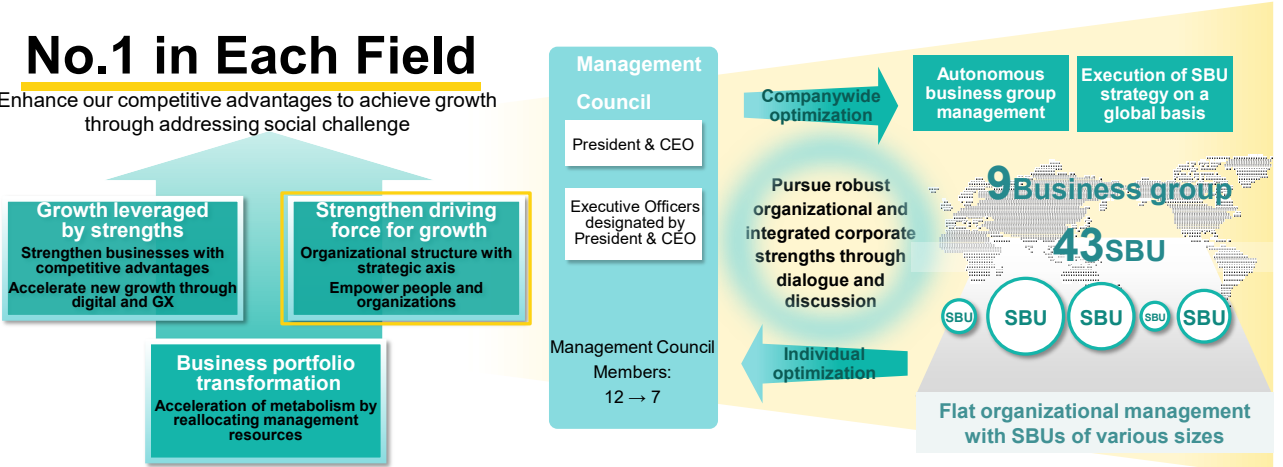
# Corporate Governance

Yasuhiro Yoshida, Managing Executive Officer, CAO・CCO

I would like to continue with an explanation of corporate governance.  
Here I will briefly outline the changes to the governance structure that were implemented in June of this year and what we are aiming for.

# Medium-Term Management Plan 2026

- Theme of Medium-Term Management Plan 2026: Aiming to be “No.1 in Each Field” as we enter a new stage of growth following the preceding plan (during which structural reforms were implemented).
- Regarding “strengthen driving force for growth,” in April 2024, we reorganized our structure with a strategic axis in management execution and reviewed the structure and decision-making processes of the Management Council.



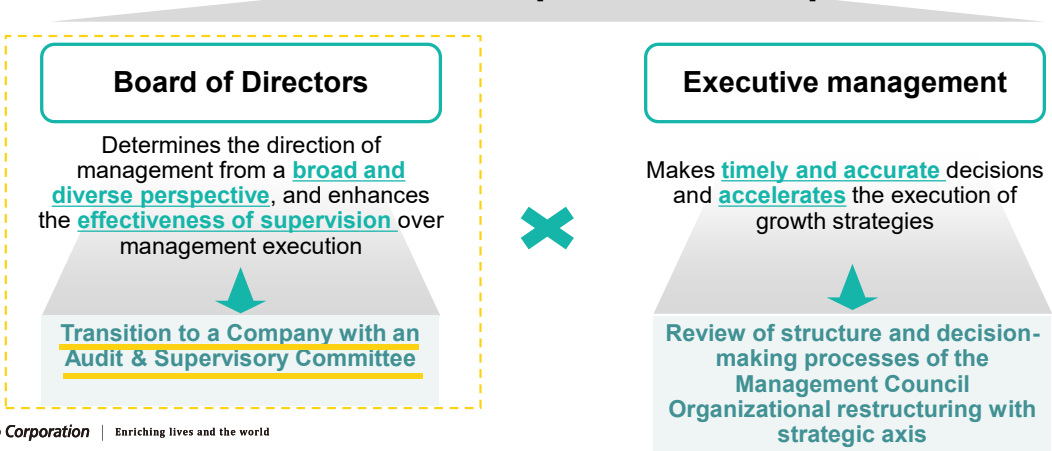
Under the Medium-Term Management Plan 2026, which we are currently working on, we have entered a new growth stage from the previous medium-term management plan, in which we carried out structural reforms, with the theme of aiming to become No.1 in Each Field.

In the area of "strengthening driving force for growth," one of the pillars of this, we have reorganized our organization around a strategic axis to promote autonomous group management on a global basis and to expand revenues in a flexible manner. In addition, we reviewed the structure and decision-making process of the Management Council with a view to accelerating business portfolio transformation. This was implemented in April 2024.

## Background of Changes in Governance Structure

- Based on the organizational restructuring in April 2024 and following concrete deliberations on the ideal relationship between the Board of Directors and management execution, it was determined that transitioning to a Company with an Audit & Supervisory Committee is the most appropriate course of action. This decision is based on the belief that defining the roles of the Board and executive management more clearly, further delegating authority to executive management, and simultaneously enhancing the effectiveness of the Board's supervision over management execution, will lead to the improvement of corporate value over the medium to long term.

### Toward the medium- to long-term growth of the Sumitomo Corporation Group

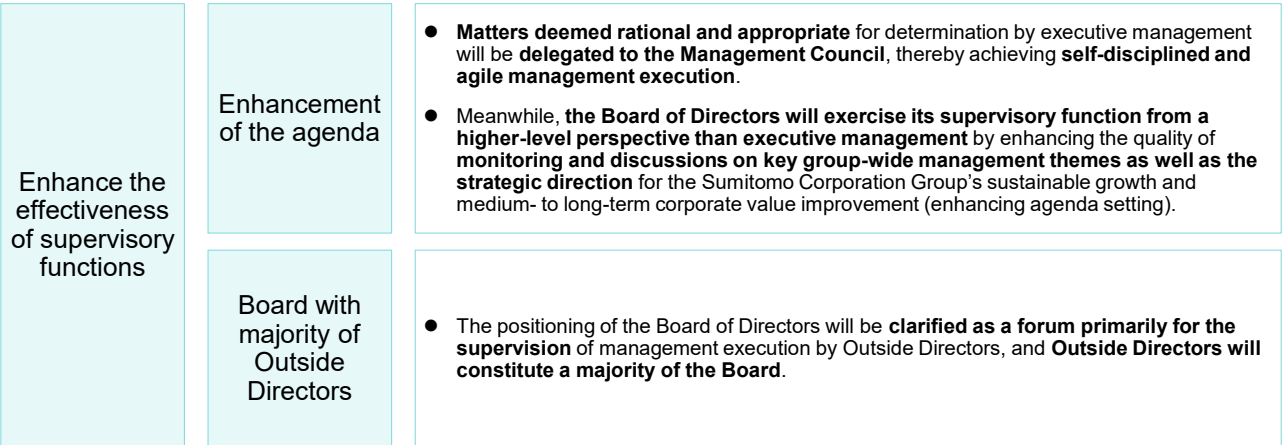


On top of that, in June of this year, we implemented changes to the governance structure. In fact, we have had ongoing discussions about the role of the Board of Directors and how to improve its effectiveness. In this context, as I mentioned earlier, we have executed a reorganization in April 2024. Based on these discussions, the Board of Directors has decided that the most appropriate course of action is to transition to a company with an Audit & Supervisory Committee, as we believe that further enhancing the effectiveness of the supervisory function over management execution will lead to medium- to long-term improvements in the corporate value of the Sumitomo Corporation Group.

The Board of Directors will further enhance the effectiveness of supervision by determining the direction of management from a broad and diverse perspective. In management execution, we will accelerate the implementation of growth strategies by making timely and accurate decisions.

# Enhancing the Effectiveness of Supervisory Functions

- In conjunction with changes in the governance structure, the following revisions have been implemented to enhance the effectiveness of the supervisory functions.



In terms of improving the effectiveness of the supervisory function of the Board of Directors, several revisions were also made in line with the change in the governance structure.

The first is the enhancement of the agenda. The Company aims to realize self-disciplined and agile management execution by delegating authority to the Management Council for matters that are considered rational and appropriate to be decided by the executive side of management. The Board of Directors, on the other hand, will discuss the direction to enhance the medium- to long-term corporate value of the Sumitomo Corporation Group and monitor and discuss important themes related to the management of the entire company, thereby exercising a supervisory function from a higher perspective than that of management execution.

The second is to increase outside directors to the majority. Clarifying that the Board of Directors is primarily a forum for supervision of management execution by outside directors, the Company has implemented that the majority of the Board of Directors shall be composed of outside directors.

The results of these reviews are monitored in the annual evaluation of the effectiveness of the Board of Directors. In addition, the Board of Directors will continue to work with various committees and the internal audit department to achieve sustainable growth and enhance corporate value as the optimal corporate governance structure for implementing the Group's growth strategy.

That is all from me.

**Part2**

**Examples of Growth Strategies  
(On-site・Digital・Human Resources)**

05

# Digital & AI Strategy Update

Tatsushi Tatsumi, Executive Officers, CDO・CIO

I am Tatsumi, CDO and CIO. Thank you.  
Now I would like to move on to the digital and AI part.

# Medium-Term Management Plan 2026: Accelerating Growth Through Digital

- Since establishing the DX Center in 2018, we have positioned digital-driven business transformation as one of our key initiatives under the previous Medium-Term Management Plan (SHIFT 2023).
- Digital and AI technologies have advanced at a pace far exceeding the assumptions made when formulating Medium-Term Management Plan 2026. In response, and to further deepen and reinforce the plan's pillars – "growth leveraged by strengths," "strengthen driving force for growth" and "Business portfolio transformation" – we have developed a comprehensive Digital & AI Strategy.

## No.1 in Each Field

Enhance our competitive advantages to achieve growth through addressing social challenges



In our company, we, as management, have begun a full-fledged commitment to digital in 2018. We first established the DX Center in 2018, and the digital awareness campaign started. In our mid-term management plan, SHIFT 2023, starting in 2021, followed by our Mid-Term Management Plan 2026 starting in 2024, we have made DX and digital-enabled growth a priority for our company and have taken various initiatives.

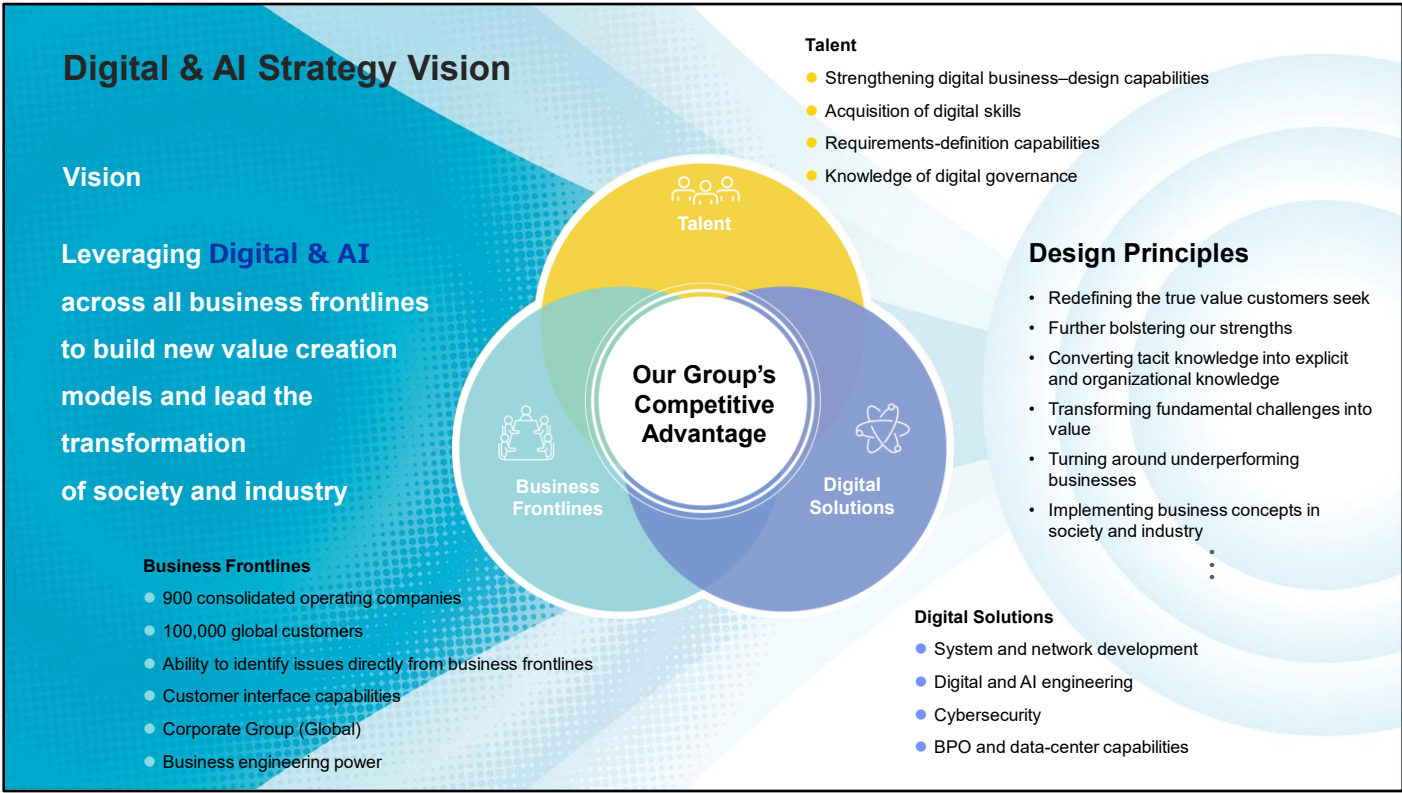
On the other hand, AI is evolving at a speed that exceeds what was envisioned when the current medium-term plan was formulated. I am sure you are feeling this on a daily basis. This is an opportunity for us to transform our business and to become a leader in our respective industries, but at the same time, there is a risk for us to fall behind and allow our competitors to take our business away from us in one fell swoop.

Given this situation, the management team felt strongly that we must further accelerate our efforts to "Refine with digital, Profit with digital" as stated in the Medium-Term Management Plan 2026.

As you can see in the diagram here, we have formulated this Digital and AI Strategy and placed it in the middle of the three original elements of the medium-term business plan: "growth leveraged by strengths," "strengthen driving force for growth," and "business portfolio transformation," in order to further strengthen these elements.

Through this practice, we will accelerate the theme of the medium-term management plan 2026, which is "each business aims to be number one in its own field, and enhance our competitive advantages to achieve growth through addressing social challenges."



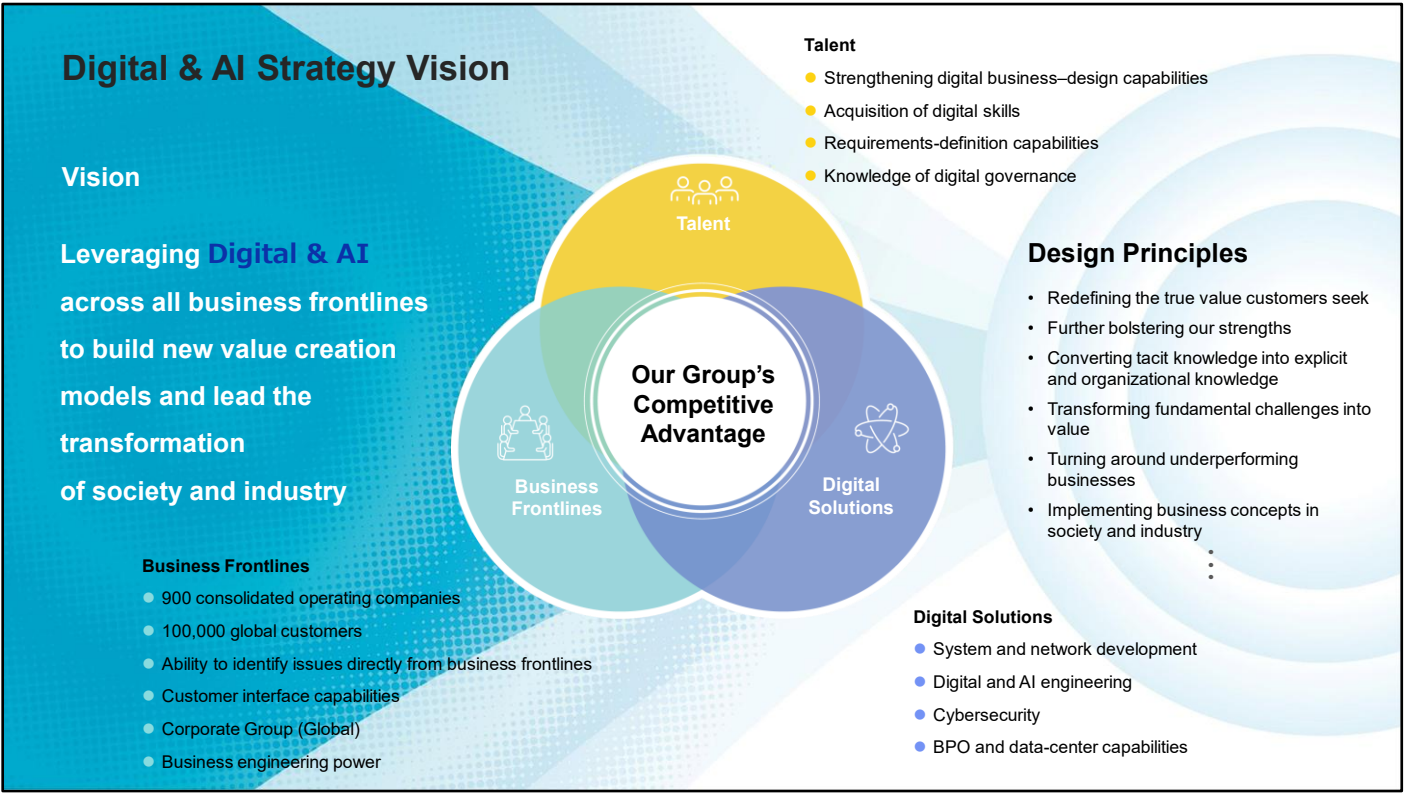


This page will provide an overview of the overall Digital and AI Strategy.

First, on the left is the vision for Digital and AI Strategy. As stated, it is to lead the transformation of industry and society by building new value creation models using digital and AI in all business settings.

The diagram in the middle shows how our group will realize this vision. Our Group has the business frontlines, digital solutions, and talent to realize this vision. First, on the business frontlines, with 900 operating companies and 100,000 customers globally, the executives and employees of our group are sincerely dealing with the problems and demands of the industry and customers at their respective business frontlines. These business frontlines are our strengths. From the perspective of AI solution companies, these will be business frontlines they want so badly, where they can implement what they have developed. Here, we will multiply the digital solutions further advanced by AI in the lower right corner.

And the talent in the upper tier is indispensable for such transformation at the business frontlines. We will strengthen our digital human resources development measures and make all employees digital human resources to realize this transformation. In this way, we will achieve vision by differentiating ourselves significantly from our competitors through our unique fighting style and by leveraging the strengths and competitive advantages of our group.



(Continued)

In addition, the Design Principles, or in Japanese, the design philosophy, are used to promote this process. This is listed on the right.

Starting with Redefinition of the value that customers truly seek, we list six points, but not limit to them. We will capture the essence of issues and create new value through digital and AI solutions.

If we put this initiative into practice, each business line will be able to quickly realize the number one business it is aiming for, and plans for new number one businesses will emerge.

# Growth of Sumitomo Corporation, SCSK, and the Sumitomo Corporation Group

- By fully supporting SCSK's growth and strongly driving our Digital & AI Strategy, we will enable significant, exponential growth for the entire Sumitomo Corporation Group.

Leading the transformation of society and industry

## Accelerating our Growth Through Digital & AI Strategy

Deploy digital applications across our business frontlines (operating companies, customers and corporate functions). Advance the development of digital infrastructure.

Sumitomo Corporation Growth

Integration of Net One Systems into the SCSK 2024

2011

Merger of SCS and CSK

SCSK Growth

## Fully Supporting SCSK's Autonomous Growth

SCSK will continue refining its strengths, and Sumitomo Corporation will support that growth to the fullest extent.

## Maximize the Corporate Value of the Group

Sumitomo Corporation and SCSK will **combine their respective strengths**, deepen **collaboration** and pursue areas where **synergy** can further enhance the competitiveness and growth of the entire Group.

### Sumitomo Corporation's Strengths

- Business frontlines, global network and customer interface
- Issue-identification, business engineering power, overseas business investment, etc.

- Established robust management foundation (profits and revenue growth in 13 consecutive years)
- Differentiated position in the industry as a "Sler + Nler"

### SCSK's Strengths

Now, continuing on, I would like to reiterate here that SCSK has become a wholly owned subsidiary, as was mentioned earlier in the panel discussion.

Our goal is to achieve dramatic growth by bringing together SCSK's own growth and respective strength of us and to jointly lead the transformation of society and industry. SCSK, Sumitomo Corporation as the parent company, and Sumitomo Corporation group will each strive for growth.

First is SCSK's autonomous growth. SCSK has an established and solid management foundation with 13 consecutive terms of increased sales and profits. SCSK will continue to hone its strengths and equip itself with new capabilities, while at the same time making full use of our infrastructure and resources, which we will again fully support, in order to achieve dramatic growth.

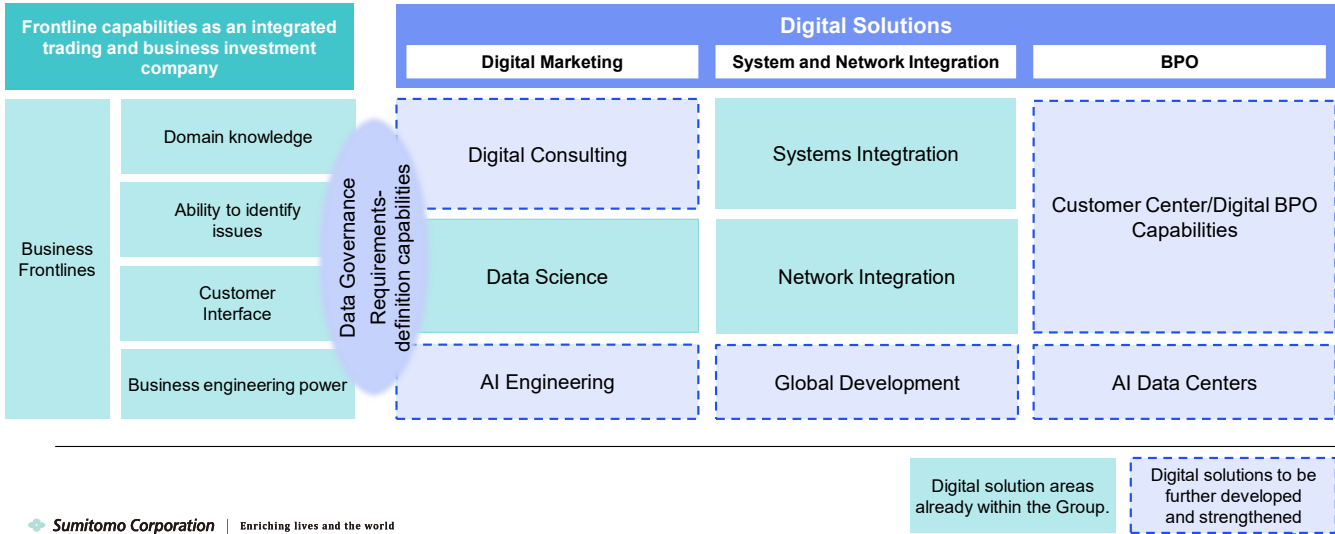
Next is our own growth. We will lead the transformation of society and industry by utilizing enhanced digital solutions to translate business concepts into concrete actions in the field, including corporate. By accumulating case studies and sharing them across the Company, we will build up a model for transformation. We will also work to build a digital infrastructure, which is one of our strengths as a general trading company.

Then move your eyes to the right side. Finally, Maximize the corporate value of our group. We and SCSK will bring our respective strengths to the table and find areas of collaboration and fusion that will lead to the growth of each of us and the dramatic expansion of the SC Group as a whole.

# Strengthening Frontline Capabilities and Digital Solutions



- To realize our Vision, we must strengthen our ability to identify issues and business engineering power, and integrate these with robust digital solutions.
- In parallel with enhancing our digital solutions, we will also pursue greater synergy across solution areas.



Next, I will explain how we are strengthening our field capabilities and digital solutions at our business sites.

Our strengths in the field are broken down into several categories and are listed on the left. Domain knowledge, ability to identify issues, customer interface, and business engineering power will be upgraded and further strengthened as AI technology rapidly advances.

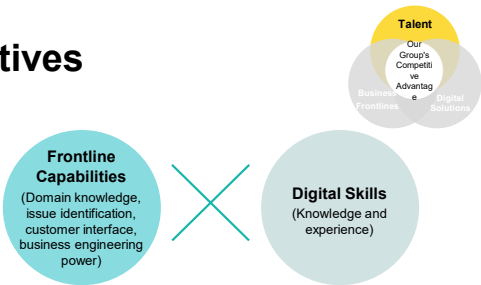
Next, regarding digital solutions, SCSK, the core company, and other operating companies provide many digital solutions. Some already have sufficient strengths and will be strengthened organically, while others need to be strengthened inorganically through M&A or alliances with other companies.

We will also pursue collaboration among digital solutions.

We will multiply these frontline capabilities with digital solutions to realize our vision at each of our sites.

## Strengthening Our Talent Development Initiatives

- We are implementing initiatives to raise digital skills across the organization and enhance digital utilization capabilities – combining frontline issue-identification, business engineering power and digital skills. We've also introduced the Digital Talent Certification System (D-Grade).
- New opportunities created by digital and AI technologies provide a chance for each employee to enhance their value and open new career paths. Individual growth feeds directly into the value enhancement of the entire Sumitomo Corporation Group.



### Examples of Upcoming Initiatives

<b>Rising Digital Skills Levels</b>	✓ Intensive digital and AI training (for employees & organizational managers)
<b>Nurturing Leaders of Digital Transformation</b>	✓ Visualization and certification of digital skills (D-Grade)
	✓ Reskilling programs
<b>Enhancing Digital Utilization Capabilities</b>	✓ Providing practical, value-generating content (e.g., internal and external case studies)
<b>Visualization and Sharing of Initiatives</b>	✓ Digital & AI business-concept events
	✓ Use of the internal DX Channel
	✓ Showcasing initiatives at Company-wide meeting, etc.

Next, I will explain our digital human resource development.

We will implement measures to raise the level of digital skills of all employees and improve their ability to utilize digital technology. The new opportunities brought about by digital and AI are also a great chance for each employee to grow on their own, increase their market value, and open up their careers.

Specific measures are summarized in the table. In addition to the training already provided for all employees, we also provide training to develop unconventional human resources and training for organizational managers. Also, the use of Copilot was explained earlier in Yoshida's part. We are preparing to introduce a digital human resources certification system, which we are going to call "D grade." In addition to visualizing the digital skills of each individual, we would like to create a career path centered on digital skills in the future.



# Society and Industries Shaped by Digital & AI Strategy

## - Transformation on the Global Business Frontlines -

### 5G and AI-Driven Infrastructure Maintenance

Addressing workforce shortages in social-infrastructure inspection by providing efficient, digital-powered solutions.

### Digital Infrastructure and Industrial Base Development & Expansion

Expansion and enhancement of the industrial foundation, including data centers, telecommunications infrastructure, power systems and semiconductor-related facilities.

1

### Transforming Supply Chains

Optimizing industrial supply chains worldwide to improve efficiency and ensure stable delivery.



### <Example of Approaches>

• Analyze all business-related/supply chain data with AI to implement solutions tailored to frontline needs and expand our added values.

### Advancing Agriculture Through Global Data Utilization

Integrating and analyzing crop, soil, weather and agricultural-input data to support stable growth in agricultural production.

### New Businesses Leveraging Retail Data

Integrating and analyzing customer data from supermarkets, drugstores, and other retail channels to develop services tailored to individual consumers.

### Building a Digital Ecosystem for Urban Development

Enhancing energy efficiency, promoting residents' health management, and strengthening disaster-prevention and mitigation through digital technologies.

This slide shows the society and industry that the Digital and AI Strategy will create in the form of a worldview.

The six plotted here are concrete cases that have already been raised that can bring about change in the business field. The Group will take the lead in implementing the Digital and AI Strategy by increasing the number of such cases.

Today, I would like to share with you two case studies that we are currently working on, which will be shared with you more in depth.

First, Hattori, General Manager of the European Steel Division, will explain our efforts in energy tubular products business as a specific example of supply chain transformation in the lower left-hand corner.

As you all know, the tubular products business is a key business in which we are strong, with major oil companies as our major customers and global sales exceeding JPY1 trillion. In this business, we use AI to analyze all kinds of data related to business and supply chains to realize new solutions tailored to on-site needs.

- Integrate and accumulate customer data, analyze it with AI, and develop personalized, proposal-based application services and new businesses.

- Enhancing energy efficiency, promoting residents' health management, and strengthening disaster-prevention and mitigation through digital technologies.

# Digital & AI Strategy: Initiative Example

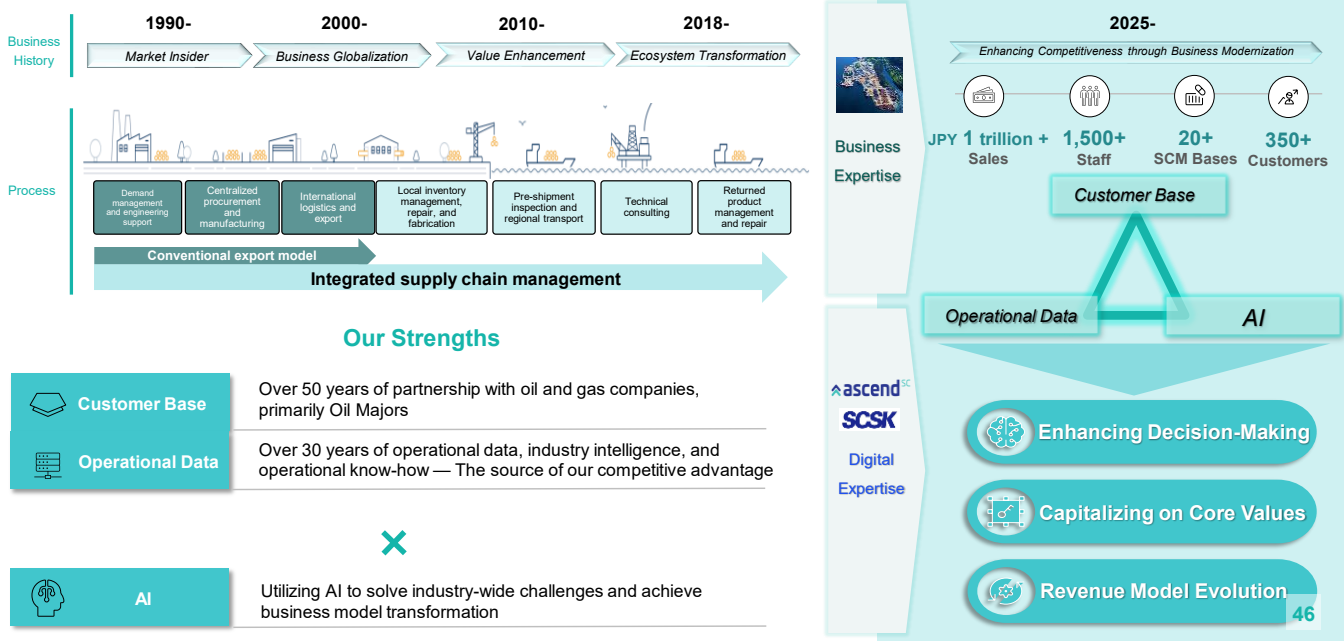
## - Enhancing of the Tubular Supply Chain through AI Adoption -

Taku Hattori, General Manager of Steel Business Unit (SCEU)



# 1. Transformation of Our Tubular Business

## Transition from a Conventional Export Model to Integrated Supply Chain Management



I am Hattori from the European Steel Division. As a specific case study, I would like to explain our efforts at European Steel business.

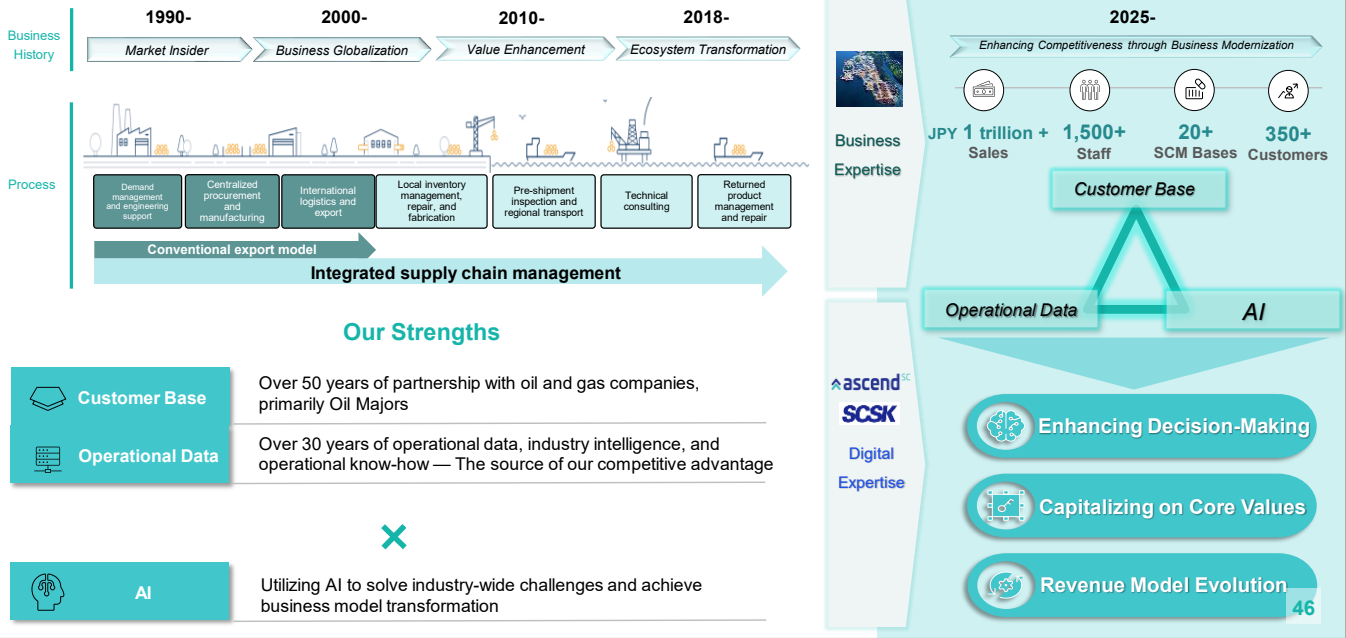
First, I would like to explain the transformation of our tubular products business over the past 40 years. As described in the history above, until the early 1990s, we were trading under the conventional export model, but when crude oil prices began to fall, our client oil companies rushed to cash in their own tubular products inventories and sold them at low prices in the market. The situation continued to affect our company as well. From the perspective of how we can leverage the market by solving this industry issues and momentum at a rise at the same time that oil companies were shifting their non-core businesses, including the purchase of tubular products, to supply companies, we acquired a tubular products wholesaler in the US, the largest market in the country, and also invested in a steel manufacturer in the US. In this way, we were promoted as an insider toward 2000.

During this period, as our business grew, the number of inventory and accounting items became enormous, and we were pressed to introduce a management system. We once considered introducing software available in the market. However, it was difficult to incorporate our unique know-how into the system, so we decided to develop the system in-house. The development of this unique system, its subsequent upgrades, and the data and knowledge accumulated over the past 30 years that have been capitalized as tools have become our strengths in the introduction of AI.

After that, requested by a US oil company, we developed US business models globally. Since 2010, as described in the process section, we have developed our business model from the initial export-oriented model to an integrated supply management model by enhancing various services and values. In this way we established a strong presence in the industry.

# 1. Transformation of Our Tubular Business

## Transition from a Conventional Export Model to Integrated Supply Chain Management



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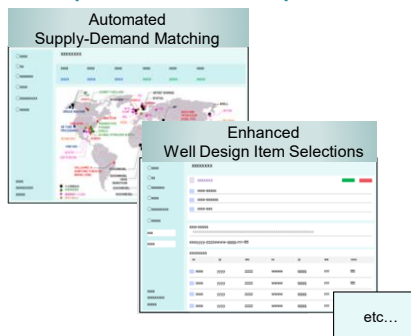
The upper right-hand column shows our current business scale, which is JPY1 trillion in annual sales, 1,500 employees, more than 20 SCM bases, and 350 customers. The essence of our history in the tubular products business is that we have been able to change the business model of the industry by understanding the needs and challenges of customers of each era and each industry and providing solutions.

We have been studying the possibility of creating new value by combining our 50 years of partnerships with clients and more than 30 years of accumulated data know-how, which are listed in the lower left-hand column as our strength with AI. Specifically, we have targeted the three points on the lower right-hand side: enhancing decision-making, capitalizing on core values, and revenue model evolution. Let me explain them in detail on the next page.

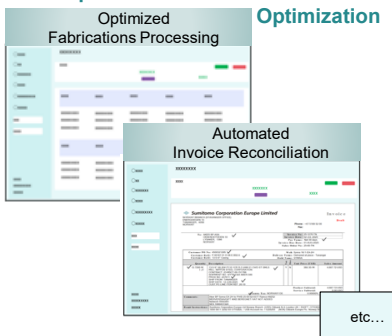
## 2. Enhancing Decision-Making Through AI Adoption

Completed a Proof of Concept (PoC) Phase; built use cases to address frontline challenges.  
Developed 10+ prototypes with the participation of SCSK engineers - **Implementation Phase to begin next year**

### AI Adoption Area①: Asset Optimization



### AI Adoption Area②: Business Process Optimization



#### Asset Optimization

- Supply-demand optimization
- Aged inventory reduction
- Financial cost reduction...



#### Business Process Optimization

- Operational efficiencies
- Enhanced decision-making...



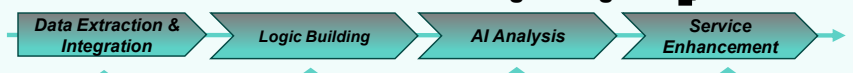
Economic impact of several billion yen projected during the next Medium-Term Management Plan period



#### Revenue Model Evolution

47

### Enhanced decision-making through AI



### Core system overhaul & Data infrastructure modernization



AI platform



Operational Data

This is about enhancing decision-making through the introduction of AI.

As indicated in the top row, we have been conducting PoC's in Europe since the beginning of this year, and these PoC have been completed. With the participation of SCSK engineers, we have already developed prototypes of more than 10 different applications, and we are at the point where we will begin implementation next year.

The two main areas of AI application are asset optimization on the left and business process optimization on the right. There are four examples listed here. The asset optimization supply-demand matching application is that AI instantly matches thousands of customer demand and thousands of our inventory details and suggests candidate details.

In the well design item selections, when we input drilling conditions for drilling oil and gas wells, such as temperature and depth, the AI will suggest the best specifications from more than 80,000 possible combinations.

On the right side, in the business process optimization, we have already developed applications that improve processing and ordering efficiency, such as an application that enables AI to complete in a few minutes tasks that previously took several days to complete manually, or an application that enables AI to automatically create and reconcile invoices.

By introducing these AI applications, as shown on the right, we expect to realize billions of yen in cost reductions and tens of billions of yen in asset optimization during the next mid-term plan by reducing inventory costs, interest rates, and labor costs.

In addition, as shown in the bottom line, we believe that we can achieve an effect of about JPY5 billion to JPY6 billion by evolving our profit model by selling our business intelligence and know-how externally.

### 3. Outlook and Scalability

#### Tubular Business

#### Approach in expanding into Other Businesses within Our Group

Analyze all business-related/supply chain data with AI to implement solutions tailored to frontline needs and expand our added values.

\* Oil & Gas Equipment and Services Market Size: Approx. JPY 50 trillion



#### Expansion to Sumitomo's other business

##### Use Case Solution

New Orders/  
Predictive Maintenance  
Well item selection support

Inventory Management/  
Supply-demand optimization

#### Approach in expanding into Other Businesses within Our Group

Transform competitive strengths and profit sources into intellectual property by converting tacit knowledge into formalized knowledge.

Leveraging data and AI to build digital platforms, strength customer engagement platforms to service providers targeting various customer segments.

Continuously analyze market data using AI to enable supply-demand matching, condition optimization and automated transactions.

Finally, I would like to provide an overview of future prospects and scalability.

As Tatsumi explained earlier, in the tubular products business, we will expand our business globally, starting with Europe on the left side, and expand our business area, in principle, based on the approach described in the upper part of this slide. In addition to this, we will work to become a platform in the oil and gas equipment market, which is estimated to be worth JPY50 trillion, by promoting linking of customer data including major oil companies, integrating our processes and expanding into other oil and gas equipment and materials on the right side. We have already signed memorandums of understanding with several oil companies and have agreed to consider them. In addition to the conventional strategy of retaining individual customers through differentiation, we would also like to work on expanding our area through generalization.

Lastly, the bottom line is our expansion into other businesses. I think it would be possible to expand across businesses by using the approach or principle listed on the right that is universally applicable within our company, based on the solution we are actually trying to realize in this case on the left side.

We intend to accelerate the realization of these AI strategies through collaboration between our sales and digital divisions, SCSK and the AI Tech Company.

That is all the explanation from me. Thank you very much.

# Retail

## - On site x Digital in the retail business -

Hiroki Takeno, Managing Executive Officer, Group CEO of Lifestyle Business Group

Now, the second case study is a retail business.

In this part, the presenter will address in depth not only digital and AI, but also the human capital angle explained in part one, regarding an overall picture of how the strength of our retail business has been developed and how we will continue to grow.

The presenter is Takeno, and I would like to explain a little more about his background, as it is related to the industry structure and human resources that he will explain later.

He has been leading our retail business for over 30 years since he joined us. He has been deeply involved in business development and value enhancement since the 1990s, and has a thorough understanding of both the field and management, including business investment in the US, drugstore business, and food supermarket business.

In particular, he served as president of Summit and currently serves as its chairman, providing leadership in management reform, strengthening frontline capabilities, and enhancing brand value. Currently, as vice president of the Japan Chain Stores Association, he is driving change and growth in the industry as a whole, beyond the boundaries of each company.

Since April of this year, as CEO of our lifestyle group, he has been leading the growth of multiple businesses, both domestically and internationally, with a management style that incorporates the consumer's viewpoint.

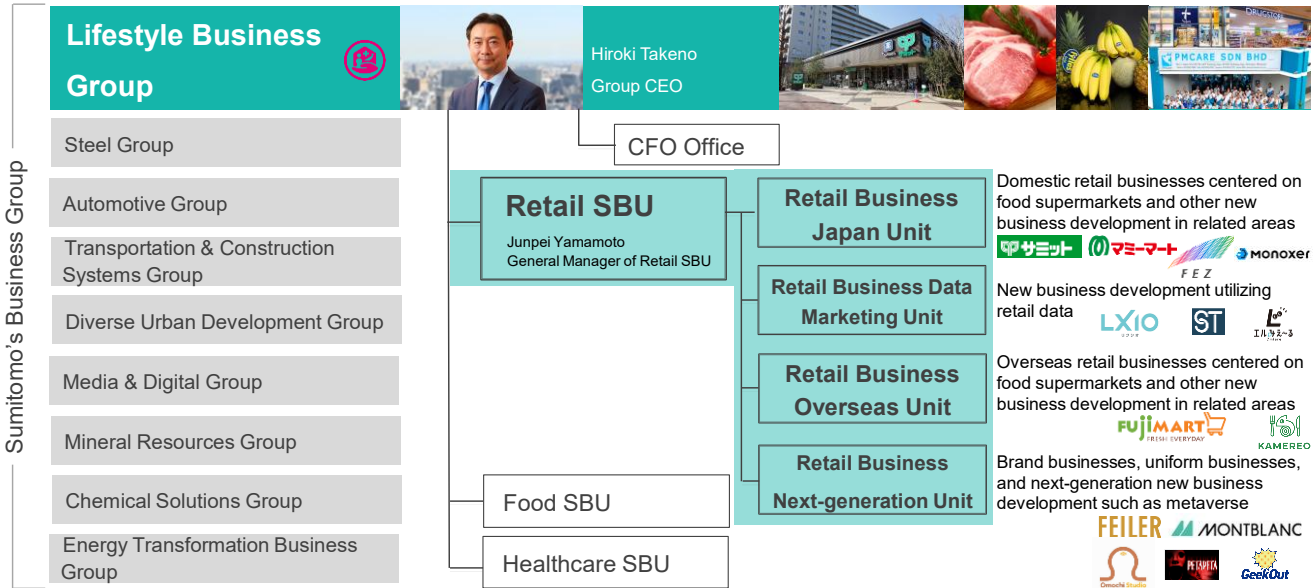
# Contents

01	<b>Our Company's Retail Business - Strengths and Journey -</b>	<b>P.50</b>
02	<b>Digital Utilization in the Retail Business - On site x Digital -</b>	<b>P.63</b>
03	<b>Human Capital Supporting Growth of Retail Business</b>	<b>P.71</b>

I am Takeno from the lifestyle group. I would like to provide an overview of our group's retail business, which is on-site x digital.

Now, I would like to provide an overview of it in terms of the three frameworks listed in the table of contents using the example of Summit, a food supermarket business whose strengths are easy to understand.

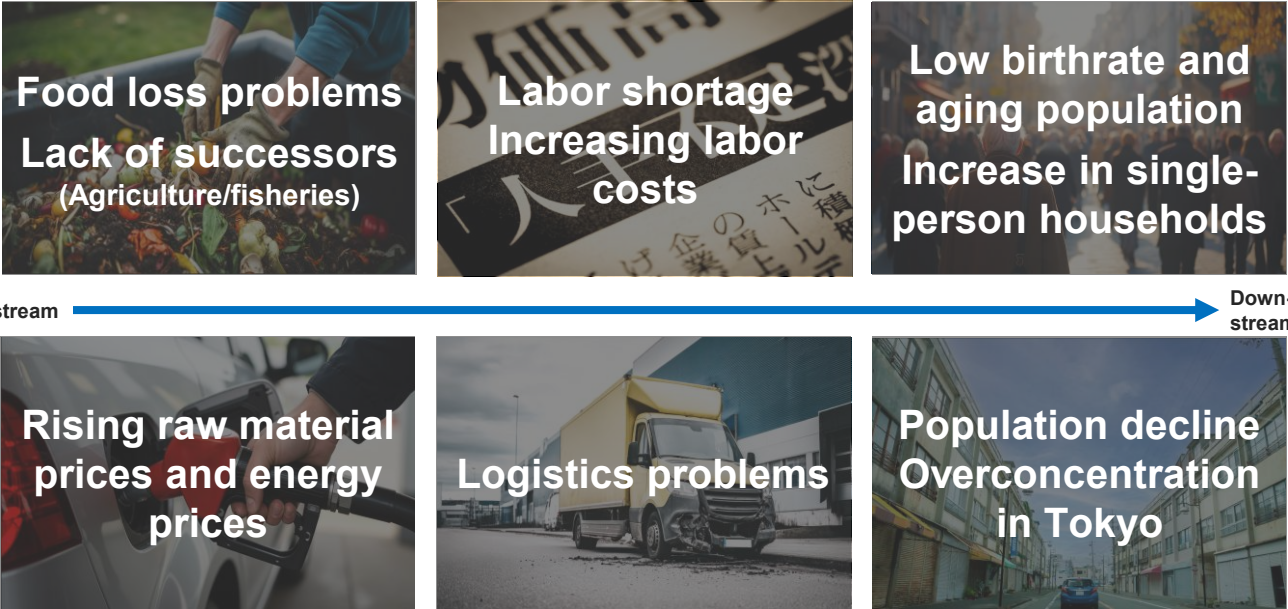
# Organizational Structure of Retail Business: Overview



First, let's start with our organization promoting the retail business. The lifestyle group consists of three SBUs: retail, food, and health care. As explained earlier, I, Takeno, was appointed as CEO in April of this year, and one below myself, Yamamoto, the head of SBU, oversees the retail business.



# Social Issues Surrounding the Retail Business



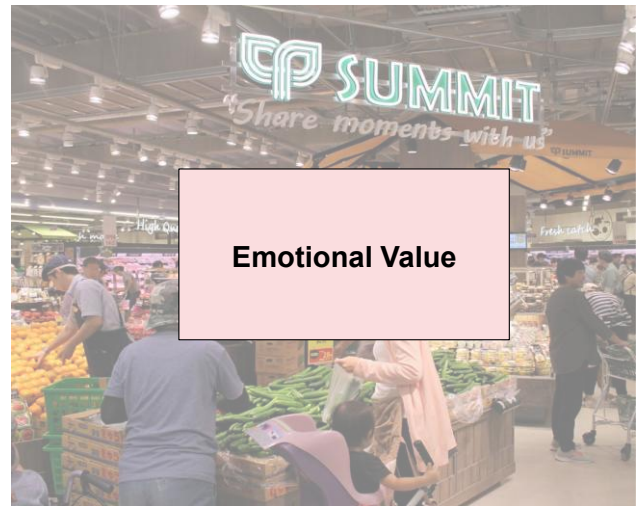
Before I get down to the points, let me briefly review the social issues surrounding the retail business.

The retail business has a broad base and faces all kinds of social issues. The lack of successors to farmers, food loss problems, soaring raw material and energy prices, and the declining birthrate and aging population are just a few examples. Conversely, we operate our business with a sense of pride in the fact that we are engaged in a business that is so closely related to society and has such high social value.





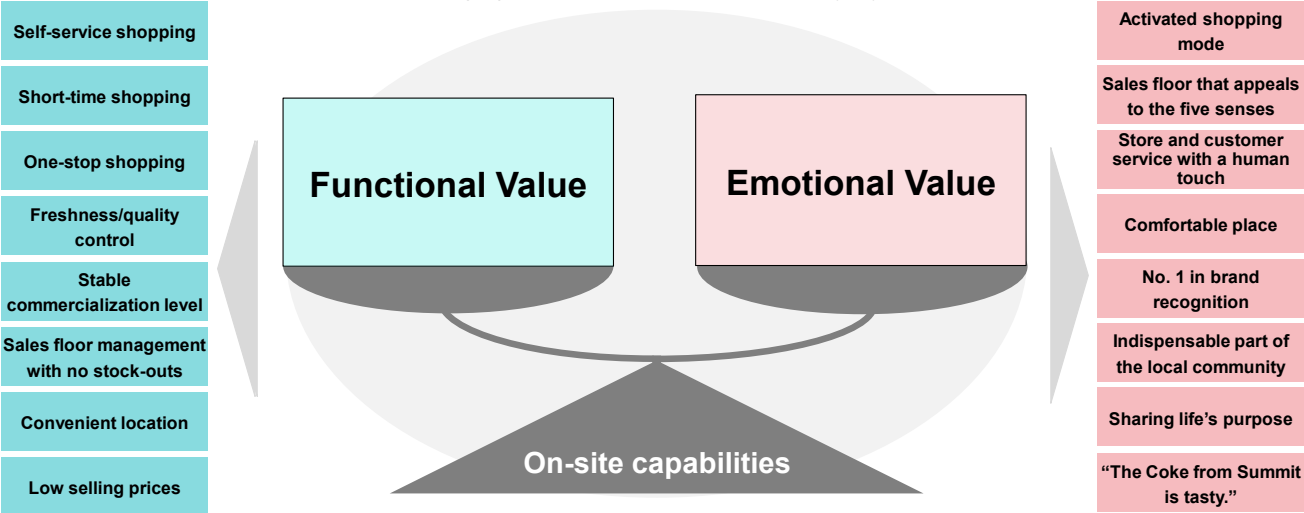
Now, what do you see in these two photos?  
On the left is an old Summit store. And on the right is the recent one.



In the old days, Summit enhanced functional value to satisfy the customers of the time. And now, Summit continues to evolve by pursuing functional value at a higher level through DX and other means, while at the same time enhancing emotional value.  
On the next page, I would like to explain exactly what I mean.

## On-site Capabilities: Balance Between Functional and Emotional Value

- Based on our **functional value**, which has been our company's strength since its founding, we formulated a new business vision for Summit in 2017: "Making supermarkets in Japan more enjoyable". We are strengthening our **emotional value** to respond to the changing times and increase customer loyalty to our stores.



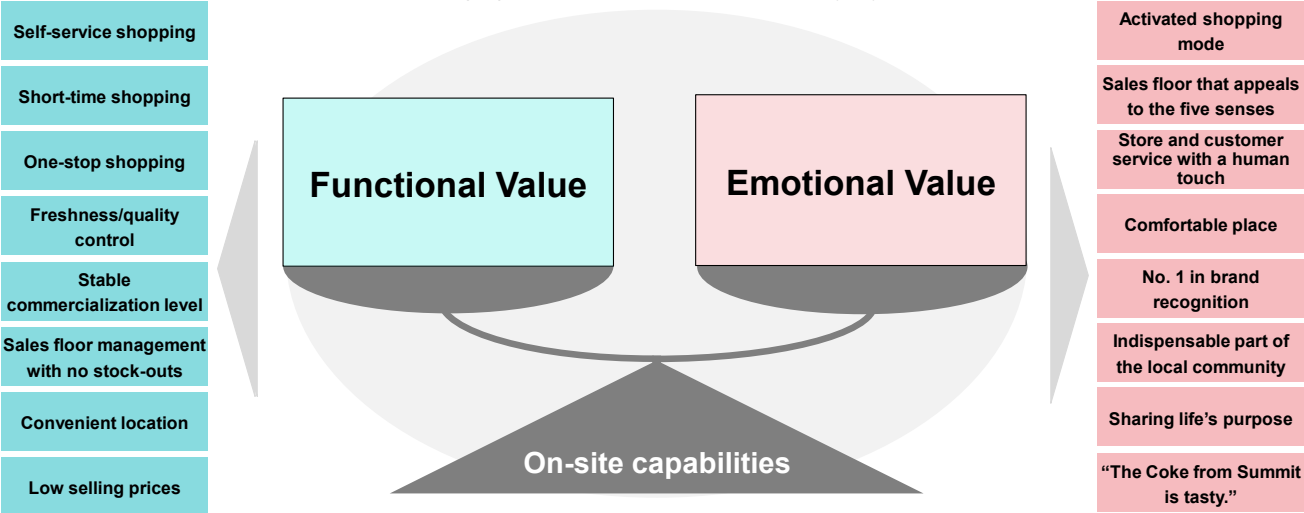
Functional value, which is what you see on the left side of this page, has always been Summit's specialty. In particular, the top three points, self-service, short-time shopping, and one-stop shopping, have been recognized as textbooks in the industry as a result of our continued improvement in efficiency and convenience, and are referred to as the Summit study.

On the other hand, since 2016, when I became president of Summit, we have reached a turning point with our new business vision of making Japanese supermarkets more enjoyable. As I mentioned earlier, the retail business has a broad base and faces a variety of social issues. Among these, the declining birthrate, aging population, and increase in the number of single-person households and busy dual-income households in particular made us think about how to deal with our customers.

At that time, we discussed what we were going to do in the future and the direction in which we were going. It is what we now call redefining business. Who should we be to grow sustainably in the face of higher prices and increased costs, and whether we should simply be a low-priced discounter, or aim for something different? We discussed these things. In conclusion, we have begun to enhance the emotional value of our stores to make them indispensable to the community, not only in terms of price, but also in terms of sharing the sustenance of life with our customers.

## On-site Capabilities: Balance Between Functional and Emotional Value

- Based on our **functional value**, which has been our company's strength since its founding, we formulated a new business vision for Summit in 2017: "Making supermarkets in Japan more enjoyable". We are strengthening our **emotional value** to respond to the changing times and increase customer loyalty to our stores.



(Continued)

Some examples of emotional value are listed to the right. Symbolic is the bottom right-hand side, "The Coke from Summit is tasty. This is actually what our customers have told us. Coke should taste the same no matter where you drink it, but why did this customer still say that the Coke he/she buys at Summit taste good? I believe that this is where the essence of emotional value lies.

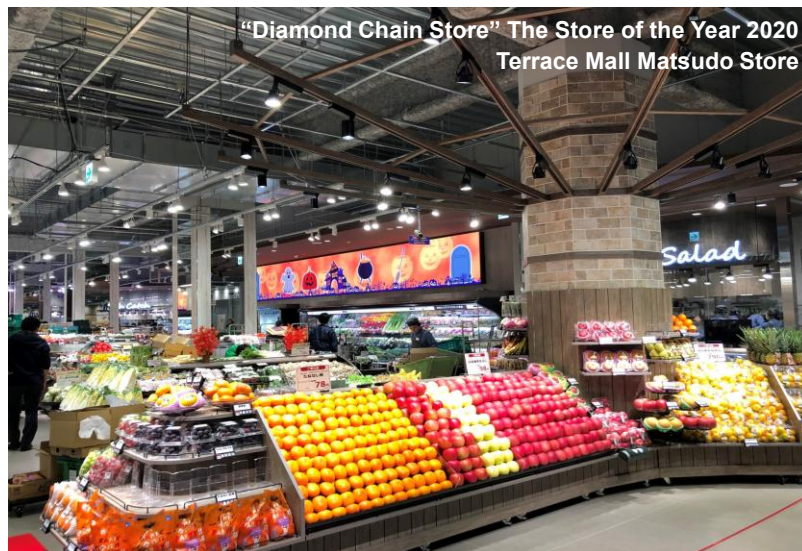
Lowering prices is easy to imitate, but enhancing emotional value is not so easy to imitate. I would say that there is a certain difficulty in imitating, or rather, our competitive advantage that can be found here.

Which is best pursued, functional or emotional value? Which is correct? It is not that kind of dualism.

Surviving as a discounter type would be one way to go. However, those that are halfway in the right direction as a company will become less and less competitive in the move toward mergers and acquisitions, and be swallowed up in the flow of capital restructuring.

## Providing Emotional Value①: Store Design

### Sales floor with a human touch



The next three pages show examples that embody the emotional value I have just described, divided into areas such as the sales floor, customer service, and information dissemination.

This is the first one, and it is an exciting sales floor. We have created a sales floor that makes people want to go back again.



# Providing Emotional Value②: Store Design

## Customer service with a human touch



This is Summit's unique, customer-interactive service. On the left is a tasting area, and on the right is an information desk where customers can ask for help with anything.

## Providing Emotional Value③: Leaflets

### Communication with a human touch



Next are the inserts.

This is a little different from ordinary flyers, but it is an effort to excite people and encourage them to go to the store to experience the fun of shopping, even though we live in the Internet age.

## Retail Business Strengths

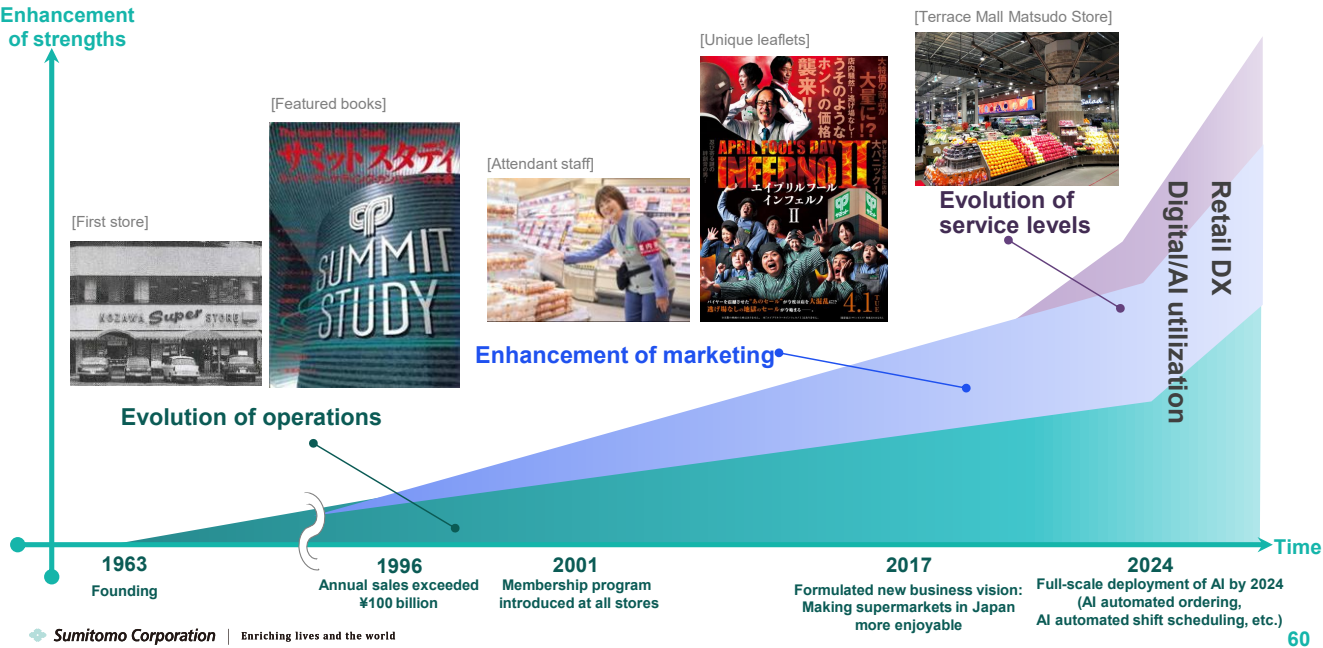
- 01** **Operational capabilities** (Functional value) **x Marketing capabilities** (Emotional value)  
**x Retail DX promotion capabilities**
- 02** **Store network and customer contact points centered on**  
**the Tokyo metropolitan area x Retail data visualizing food and health**
- 03** **Diverse retail business talent x Ability to increase value**

Through the knowledge, experience, and management experience gained through these summit stores and other retail businesses, we believe that we have accumulated strengths in our retail business.

In other words, operational capability x marketing capability x retail DX promotion capability, as well as a store network and customer contact points centered on the Tokyo metropolitan area x retail data visualizing food and health, as well as diverse retail business talent x ability to increase value.



# Journey of Enhancing On-Site Capabilities and Creating Value

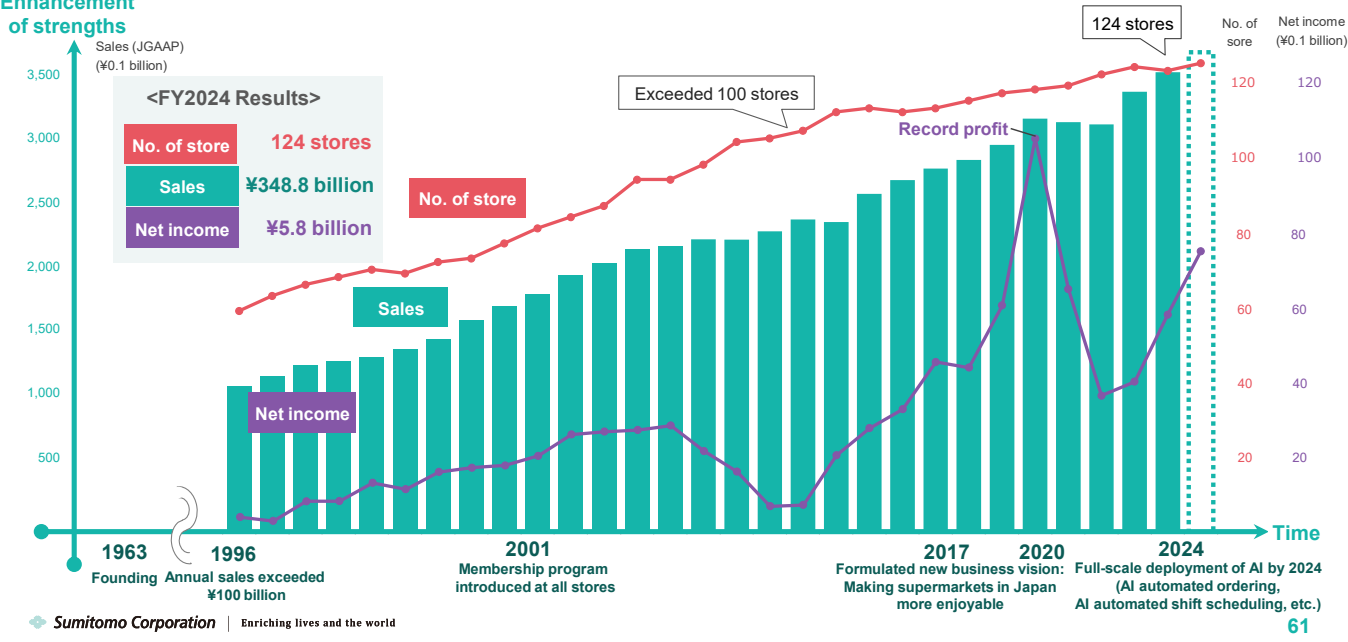


A symbolic example of this is the Summit I have been describing. Since our founding, we have built a solid foundation for chain store operations through operational advancements. To this, as mentioned earlier, we have made efforts to increase the attractiveness of the Summit by deepening our marketing and evolving our service level in a way that enhances the emotional value of the Summit.

Now, in addition to those, we are trying to further deepen them through DX and digital and AI utilization.

# Growth Trajectory: Transition of the Domestic Food Supermarket Business

Enhancement  
of strengths



Please take a look at Summit's performance trends, tracing the trajectory of the deepening I have just described.

Since our establishment, we have expanded our scale by increasing the number of stores along with deepening our operations. Profit levels have also achieved a V-shaped recovery and are steadily increasing.

# Going Beyond the Boundaries of a Supermarket

- By strengthening our on-site capabilities, we have been able to improve both **functional and emotional value**, resulting in an increase in Summit fans.



The graph here is a comparison with peers. This shows, starting in 2015, the trend we have been following over the last 10 years. On the left is the growth rate of existing store customers and on the right is the growth rate of existing store sales. As a comparison, we have included about five companies, mostly in the Tokyo metropolitan area, in the same industry that Summit is benchmarking.

As you can see, Summit shows the largest growth in the number of existing store customers which is one of our most important KPI as an indicator of customer engagement.

If you move your eyes to the right, these are the same-store sales figures. The three strongest companies in the metropolitan area, including Summit, as you may have guessed, are shown. The other three companies are a bit lower, and you can see that the winners and losers are clear.

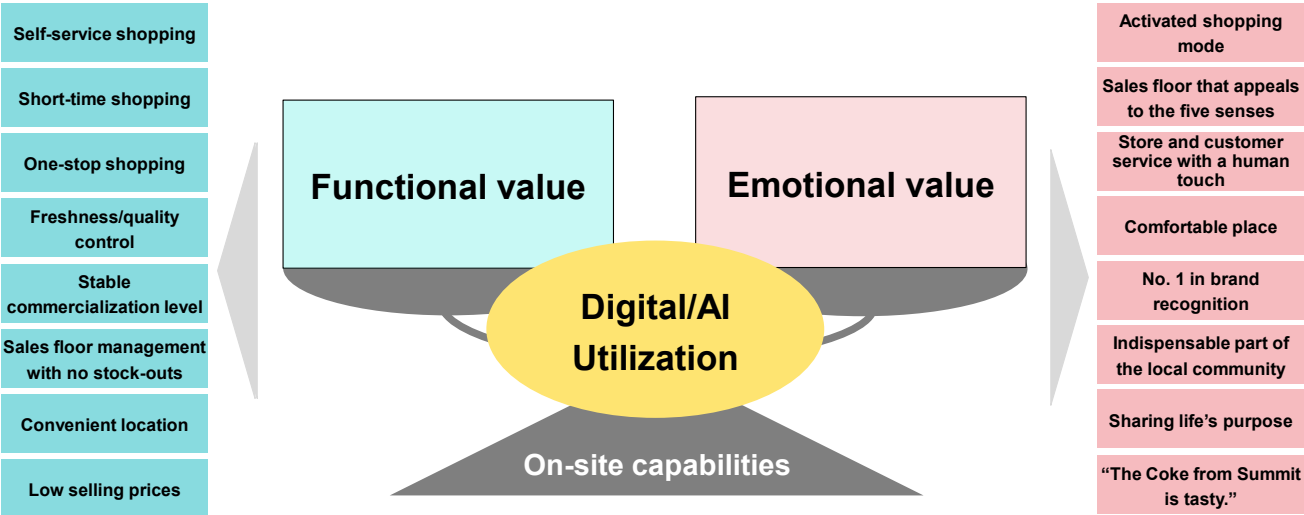
# Contents

01	Our Company's Retail Business - Strengths and Journey -	P.50
02	Digital Utilization in the Retail Business - On site x Digital -	P.63
03	Human Capital Supporting Growth of Retail Business	P.71

Now, let me explain the use of digital in the retail business.

Leveraging On-site Capabilities to Add Further Business Value Through the Utilization of Digital/AI

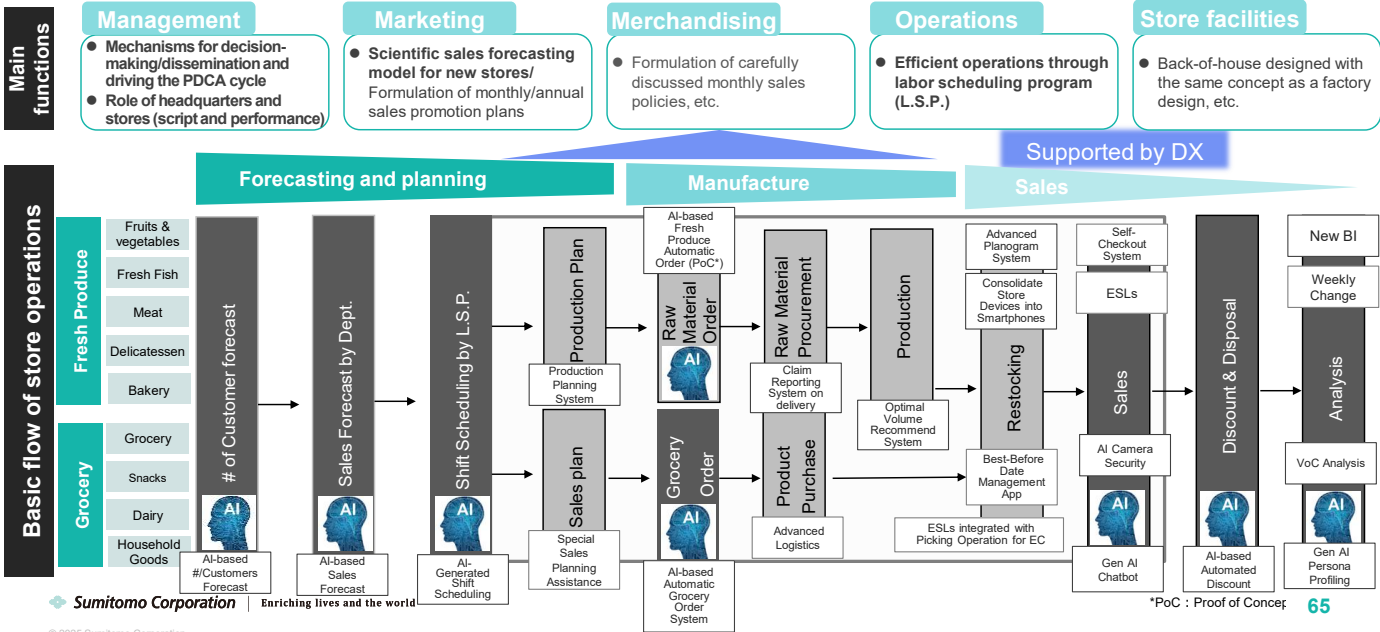
- By combining our on-site capabilities that provide **functional value** and **emotional value** with digital and AI, we can further improve business value.



In order to enhance the functional and emotional value I explained earlier, it is essential to enhance our on-site capabilities. We are trying to further increase value using digital and AI.

# Utilization of Digital/AI: Case Studies of Enhanced On-site Operations

- We dramatically improve productivity by combining diverse workplaces with digital and AI (“Refine with digital”).



This is a bird's eye view of the entire Summit operation.  
As indicated by the white squares in the operational flow below, specific measures to utilize digital and AI are underway.

There are many things such as AI-based customer and sales forecasting, AI automatic shift creation, etc. But what I want to say here is that in order to utilize digital and AI, as explained earlier, a deep understanding of on-site operations is necessary, and if you start something with an armchair theory without practical understanding of the on-site, you will often end up with a failed experiment.

By combining our knowledge of digital and AI with our knowledge and experience in the on-site domain, we will have more and more projects to work on.

# Utilization of Digital/AI: Strong Customer Base and Store Network

- Utilizing a wide range of customer touch points and digital technology, we develop optimal services that fit their lifestyles and new businesses that utilize data.

Over 700 stores concentrated in the Tokyo metropolitan area



We operate over 700 stores in the huge Tokyo metropolitan market, primarily supermarkets, drugstores, and dispensing pharmacies, to meet all needs of our customers.

Approx. 5 million members



We strengthen our customer base through data integration with physical stores and creating new value that uses retail data.



The foundation for the use of digital and AI will be a network of over 700 stores concentrated in the Tokyo metropolitan area and a customer base of approximately 5 million loyalty card members. The data in this foundation will be the basis for digital and AI utilization.

## Utilization of Digital/AI: Creating New Value and Business through Physical Stores and Data Utilization

- We acquire first-party data from our group's affiliated companies, which have a wide range of touch points, and aggregate and analyze it into a data infrastructure to create new value.
- We are using the value we create to strengthen services for customers and are also working to build a new monetization model ("Profit with digital").



We have been steadily building such a foundation over the past few years, including the development of the data infrastructure I just mentioned, the integration of Summit and Tomod's customer IDs, and the launch of the new company LXIO.

Based on the infrastructure we have established, we are deepening our services to customers through the use of digital and AI, and have also begun the challenge of developing new businesses centered on data.

What value does the supermarket data have? I think the data volume is more from convenience stores. I think many people would say so. Although convenience stores certainly have a larger number of IDs, supermarkets have the highest number of items customer purchase per visit (10 to 15 items) and the highest frequency of store visits among any retailer.

What you buy will change as you have more children, and what you eat will change as you become more health-conscious. In short, behavioral changes in consumers are easy to read from the data. This is the true appeal of retail data, and many manufacturers are interested in cooperative efforts based on such retail data and the sales floor.

Of course, personal information must be masked so that there are no privacy related problems, but we are trying to develop this as a new and scalable business.

Specifically, we have begun to consider various new businesses, such as customer research, data marketing, and retail media, as well as to conduct more and more demonstration experiments, in a way that utilizes real retail data and owned stores.

We are beginning to discuss with the top management of each company whether it would be possible to further increase value by collaborating with other leading companies to link data in this way in the future.



Vision For Retail x Digital: A Business Foundation That Enables Us to Combine Our Strengths

- Leveraging the power of digital technology, we demonstrate our unique development and scaling capabilities, enhancing our social value as a “data-driven retailer” that brings together the strengths of individual companies.

Vision: Address social issues related to food and health from the consumers’ perspectives to make their lives more enjoyable

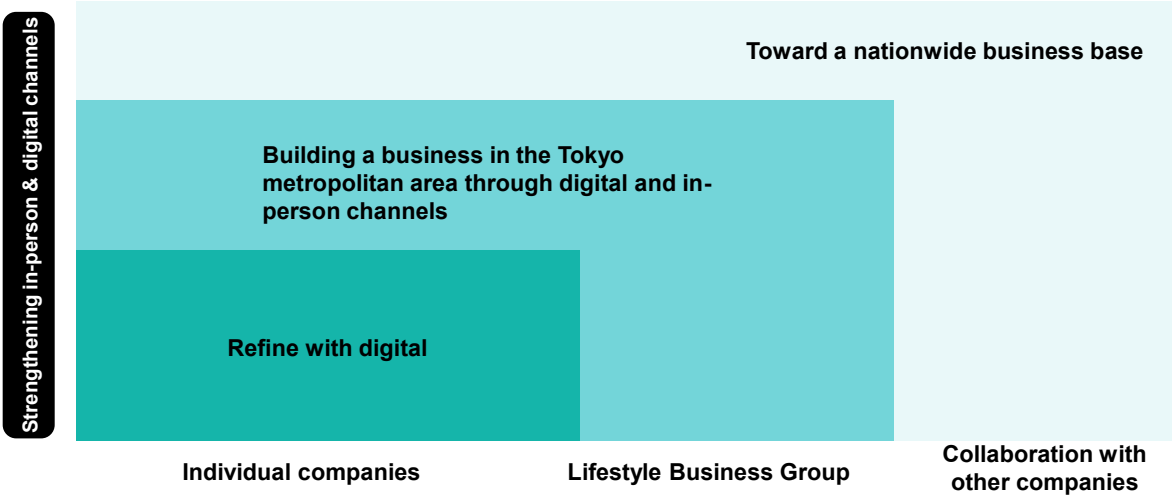


This is a painting of the concept by combining retail and digital. The strength of the retail business in our group is that we have a food supermarket, a drugstore, and a dispensing pharmacy division, which allows us to develop a business that is close to and aligned with consumers, from food and health to prevention and pre-disease, and dispensing, all in one place, and yet we hold the data for these businesses in our own hands.

First, we will increase specific collaboration efforts at Summit, Tomod's, and the dispensing pharmacy business in the future. At the same time, starting with the integration of Summit and Tomod's customer IDs, we intend to create added value by multiplying data and further enhance our value to society as a "data-driven retailer" that transcends the boundaries of conventional supermarkets and drugstores.

# Retail x Digital Vision

- By combining the strengths of physical stores and data integration, we can gain touchpoints with consumers nationwide. We demonstrate the value of connecting directly with consumers through data and digital technology/AI and aim to evolve into a data-driven retailer.



In addition, this slide shows what we are aiming for in the future. The image is of a business base expanding from the lower left to the upper right.

From the stage where each individual company refines digital to pursue growth, we will build businesses through collaboration within our group, mainly in the Tokyo metropolitan area, and finally, we will further scale up our business through data collaboration with other retailers.

# Society and Industries Shaped by Digital & AI Strategy

- Transformation on the Global Business Frontlines -

## 5G and AI-Driven Infrastructure Maintenance

Addressing workforce shortages in social-infrastructure inspection by providing efficient, digital-powered solutions.

## Digital Infrastructure and Industrial Base Development & Expansion

Expansion and enhancement of the industrial foundation, including data centers, telecom infrastructure, power semiconductor-related

## Transforming Supply Chains

Optimizing industrial supply chains worldwide to improve efficiency and ensure timely delivery.

### <Our Approach>

- **Analyze all business-related data with AI to develop solutions tailored to frontline needs and expand our businesses.**  
[Retail Use Case] Operational Excellence at Summit Business (such as AI-based customer volume prediction and other advanced capabilities)
- **Integrate and accumulate customer data, analyze it with AI, and develop personalized, proposal-based application services and new businesses.**  
[Retail Use Case] Utilize in-store and first-party data to generate new business models and value.

## Advancing Agriculture Through Global Data Utilization

Integrating and analyzing crop, soil, weather and agricultural-input data to support stable growth in agricultural production.

## New Businesses Leveraging Retail Data

Integrating and analyzing customer data from supermarkets, drugstores, and other retail channels to develop services tailored to individual consumers.

## Building a Digital Ecosystem for Urban Development

Enhancing energy efficiency, promoting residents' health management, and strengthening disaster-prevention and mitigation through digital technologies.

# Contents

01	Our Company’s Retail Business - Strengths and Journey -	P.50
02	Digital Utilization in the Retail Business - On site x Digital -	P.63
03	Human Capital Supporting Growth of Retail Business	P.71

Finally, we will also discuss human capital, which supports growth.

## Ideal Managerial Talent of Lifestyle Group

- As Lifestyle Group primarily focus on business management, the development of management talent is essential for sustainable growth. “Development of management talent” has been made as a key organizational policy, and the ideal management talent has been clearly defined.

### 1. Visionary

Possessing the ability to discuss strategies and motivate the organization with outstanding foresight and insight (including DX/AI utilization)

### 2. Track record of problem-solving skills

No matter how much you sing your own praises, if you don't have a proven track record of accomplishments, others won't trust you or follow your lead.

### 3. Management skills

Possessing team building and presentation skills, verbal skills, and digital skills, in addition to MBA-like management skills

### 4. Human strengths

Having integrity (nobility/unselfishness), the ability to serve others (virtue), and leading with authority rather than power

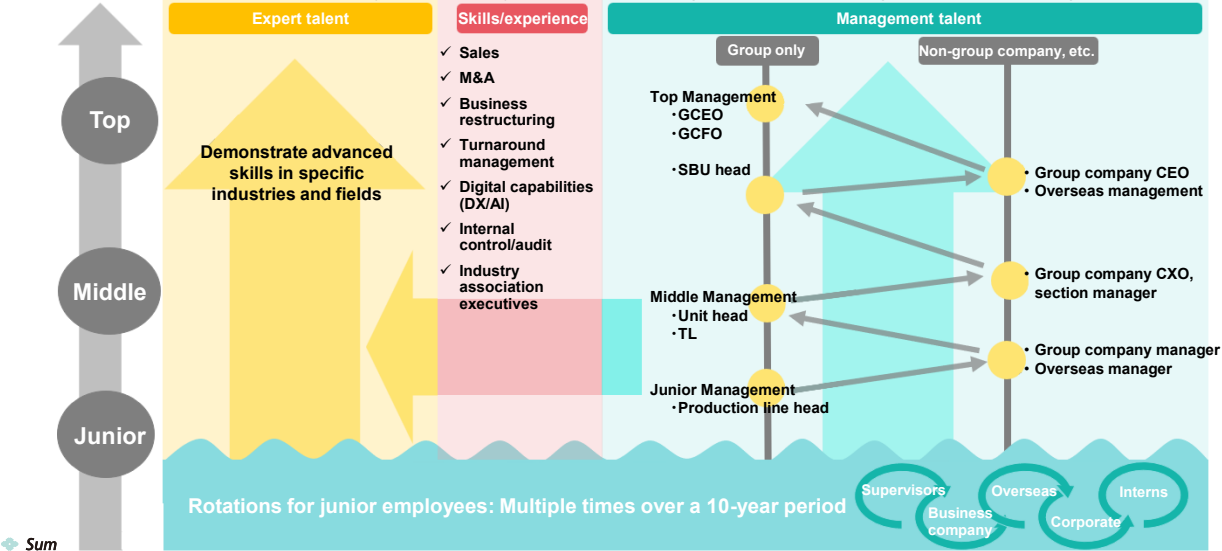
### 5. Courage

Having unwavering strength, decisiveness rather than judgment, and the ability to make unexpected decisions (contrarian decisions)

First, these are the ideal managerial talent we aim to create as a group. As a group focused on business management, the development of managerial talent is indispensable for sustainable growth, and is positioned as one of our most important policies. As shown in this slide, we will organize the five managerial talent images that we are aiming for, and will make them clear to the Group members.

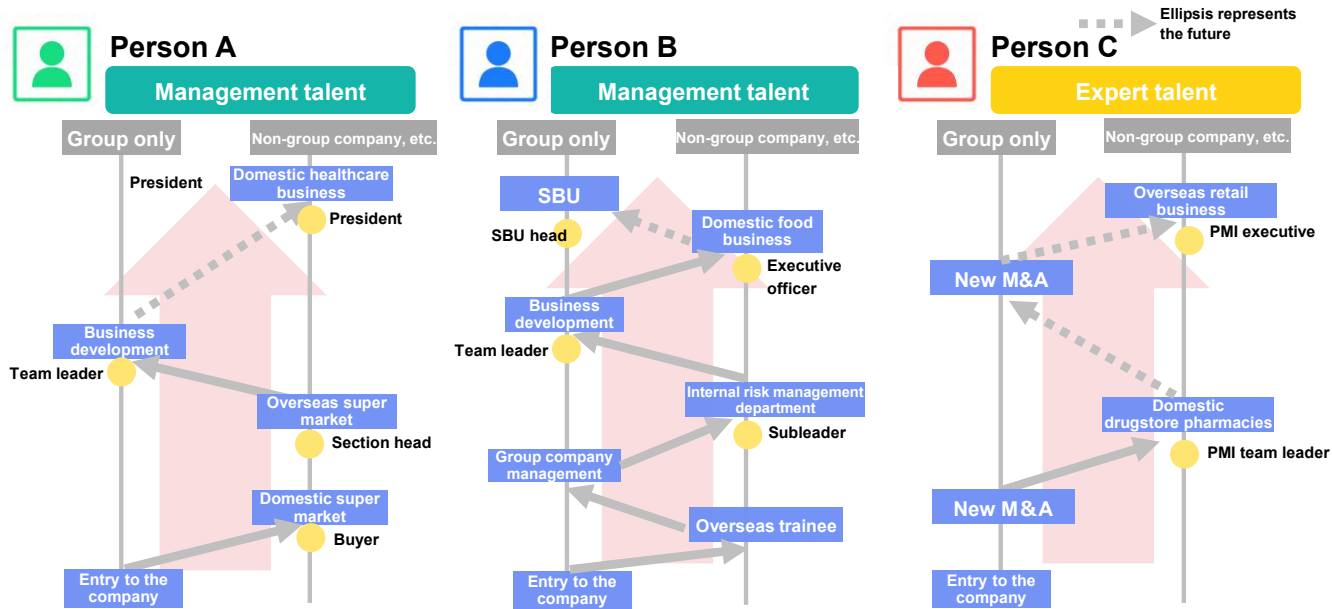
Talent Development Model of Lifestyle Group: Management Skills Developed Through Challenges and Rotations

- Through ladder model rotation and diverse experiences, employees hone multiple perspectives and skills and develop the ability to solve management issues.
- We also create opportunities for junior employees to take on organizational management and management positions.



This is a ladder model for human resource development shown within the Group, in which employees move back and forth between the head office and the business companies and other sites, growing as they move up the ladder and gaining experience and growth.

The Future Depicted Through a Human Resource Development of Lifestyle Group: Career Development Vision

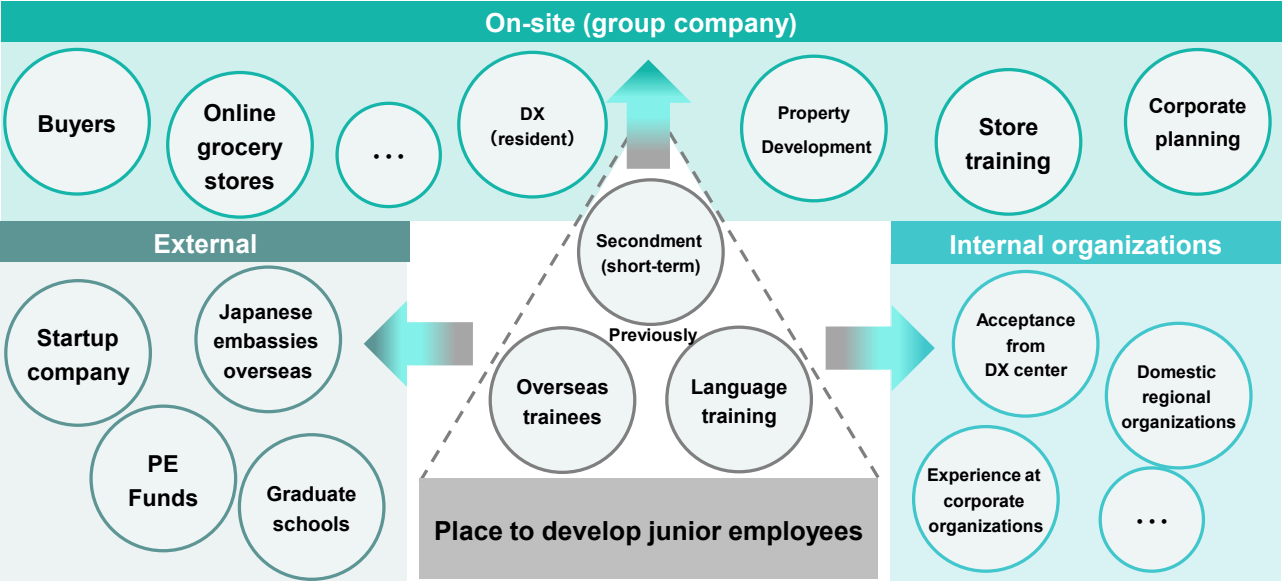


Here is an image of an example of the ladder model depicting three people. There are a wide variety of career paths for management professionals, including those who accumulate on-the-job experience mainly at operating companies and those who gain experience at internal and external corporate organizations to gain a company-wide perspective.

However, we aim to develop human resources with a management mindset that understands the workplace and has a high level of perspective by providing them with a wide range of experiences.

# Expanding Opportunities for Training Junior Employees

- Expanding the places to train junior employees on-site (group companies), at external and internal organizations, etc.

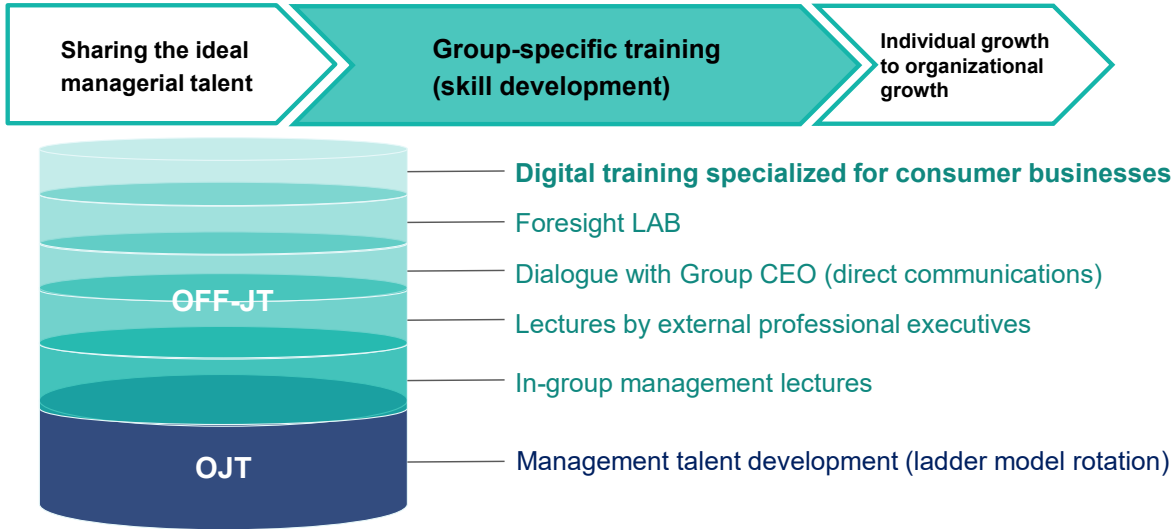


In addition, opportunities for the development of young people are expanding. Traditionally, trading companies have focused on overseas language training and trainees, as shown in the middle. Now, for example, as an example of the training of young people in our group, we are able to offer a variety of experiences as described.



## Unique Management Talent Development to Drive Growth of Lifestyle group

- In addition to company-wide systems and training, we also provide training independently within the group, developing talent with a wide range of skills at multiple levels.

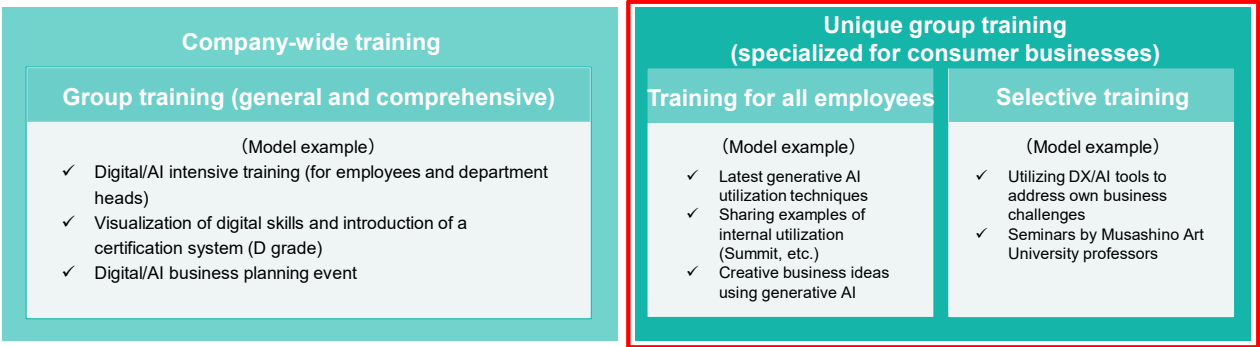


The Group also provides its own human resource development. In addition to the rotation based on the ladder model I have just described, we have been conducting multi-layered on-the-job training, including lectures by internal and external managers and group CEO dialogues in which I use my direct experience to talk with small groups of people.

## Developing Talent That Can Utilize Digital/AI: Strengthening Consumer Businesses

- In addition to company-wide training, we are promoting the group's own digital training specifically tailored to consumer businesses.
- By combining training for all group employees with selective training, we are capturing cutting-edge trends and improving the competitiveness of our organization.

### Company-wide Digital/AI strategy: “Refine with digital, Profit with digital”



In addition, this year, we are focusing on digital skills development training specific to the Group's consumer business.

In addition to company-wide training, the Group is promoting its own digital training, as shown in the red box in the figure, to raise the level of knowledge of all employees and conduct selective training in a dual approach to nurture human resources who can acquire digital skills as quickly as possible and go far as soon as possible.

We are seeing a lot of human resources who can utilize digital and AI at actual business sites, and we are getting a good response from them.

# The future is in our hands

Consumer-driven approach for food, health, and a better life

This is all for my explanation.

We will realize the Group's vision, "The future is in our hands. Consumer-driven approach for food, health and better life."

Thank you for your attention.

# Closing

Shing Ueno, Representative Director, President and CEO

Thank you for taking time out of your busy schedule today, and for the long hours you have spent here discussing various topics.

We received various suggestions. Thank you very much. We have also received various opinions on how to reduce Sumitomo Corporation's cost of capital, and what we are learning from our mistakes.

As I mentioned in my opening remarks, we are now past the halfway point of our medium-term management plan 2026. The strategy of this medium-term management plan itself and implementing it steadily will gain us confidence of the market while lowering the cost of capital, as we discussed earlier. We are convinced that this is the case, and we will steadily implement our strategies, each of which has its own strategy, to carry out these initiatives.

On the other hand, there are still many areas that are lacking, areas that need more focus, areas that need to be accelerated, and areas that need to be replaced. Today, in our Digital and AI Strategy, which I have explained in more depth at this time, it is essential that we further accelerate the digitalization in step with the trends of the times, and we must make use of this acceleration. More to the point, from a higher perspective, we believe that we must lead the industrial transformation of society.

In that sense, we must further accelerate the replacement of our business portfolio. We will continue to make constant efforts to reform our business portfolio.

We will further refine our strengths and competitive advantages that I mentioned earlier to build a solid track record that will satisfy you and achieve growth. I personally believe that we are now laying a solid foundation for this.

The Sumitomo Corporation Group will continue to work together to implement its strategies to achieve sustainable growth. Through dialogue with all of our stakeholders, including market participants, we are given a variety of insights and many points that we consider to be important factors, and we look forward to your continued guidance and encouragement.

Thank you very much for your time today.

[End]