

# Our aim to achieve Sustainable Growth of Sumitomo Corporation Group

May 16<sup>th</sup>, 2019

**Representative Director  
President & CEO  
Masayuki Hyodo**

 Sumitomo Corporation

Ladies and gentlemen, thank you very much for attending Sumitomo Corporation Investors Day 2019 today. For this three-hour event, I would like to give a brief speech for about 10 minutes, at the beginning of the meeting. Sumitomo Corporation started in 1919, and listed its shares on the Tokyo, Osaka, and Nagoya stock exchanges in 1949. Since then, we have received great support of our shareholders and stakeholders, and 100 years have passed very quickly. And this year, we have reached the 100th anniversary. Thank you very much for your support. I would like to extend my sincere gratitude to you for taking this opportunity. Today, we have made every effort to ensure a deeper understanding of Sumitomo Corporation. In addition, while listening to the opinions of our stakeholders, we will move on to the next 100 years. I would like to take this opportunity to learn a variety of things from you today. Thank you very much.

# 1. Introduction

Enriching lives and the world

**Timeline:**

- 1919:** Foundation of The Osaka North Harbour Company
- 1952:** Entering the trading business
- 1979:** Introduction of sales division system
- Late 90's:** The Copper Incident
- 2000-:** Reinforcement of Global Consolidated Management
- 2019:** Centennial Anniversary

**Megatrends Social Issues:**

- Population Growth
- Social Polarization
- Advancement of Urbanization
- Aging of Society
- Climate Change Issues
- AI·IoT

**Corporate Mission Statement:** To achieve prosperity and realize dreams through sound business activities

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

**Corporate Culture:** To foster a corporate culture full of vitality and conducive to innovation

**Sumitomo's Business Philosophy:**

- "Integrity"
- "Avoiding Easy Gain"
- "Enterprising spirit to stay a step ahead"
- "Benefit for self and others, private and public interests are one the same"

**100<sup>th</sup> ANNIVERSARY SINCE 1919**

Let me move on to page 2.

Let me talk a little about our history before I get to the details. As I mentioned, our company's operation started in 1919, the year when the World War I ended. At that time, it was a Sumitomo-affiliated business. The Sumitomo Group refined copper produced in Besshi copper mines as a separate business of the Sumitomo Family. At that time in Sumitomo's 400-year history, we were making efforts to modernize its industry in line with Japan's policy to Europeanization or the policy of "enriching the country and strengthening the army", and to expand the businesses dramatically. At that time, there were many businesses of Sumitomo, including the steel production by blast furnaces. One of the sections that were engaged in the construction of the necessary units for blast furnaces in Osaka became an independent company, the Osaka North Harbor Company Limited that was responsible for the development of real estate in the vicinity of the Osaka North Harbor. This is the origin of our company.

Since then, as you know, the Second World War started, and Japan lost the war, and the financial cliques of the time, including Sumitomo, became dismantled. Sumitomo Corporation was also dismantled, and the name of the company was known as Sumitomo Real Estate Building before it was dismantled. After the end of the war, we became a company that did not use the name "Sumitomo" as Nippon Engineering and then hired former Sumitomo employees demobilized from the war. The management at that time worried about this and was about to start trading activities. In fact, originally Sumitomo family prohibited the trading business based on their philosophy. "Avoiding easy gain" they said, and the trading activities haven't been done until the end of the war.

When we started trading after the war, as you know, the San Francisco Peace Treaty was signed in 1951 to restore Japan's sovereignty, and we reinstated Sumitomo's name. This was Sumitomo Corporation in 1952. In 1950, Sumitomo Corporation opened its first office in Bombay, India, and then expanded its operations one step at a time. As a general trading company, Sumitomo Corporation became a leading trading company. The history of Sumitomo Corporation goes alongside Japan's growth after the war. Japan's rapid economic growth, and all kinds of technological innovations followed. Sumitomo Corporation evolved with this follow wind.

As you know recently, "Industrial Revolution 4.0." The wave of technological innovation and globalization, the world's populism, as represented by the Trump Administration, have shaken the world, and our business environment is changing dramatically amid such developments. Given these developments, how will Sumitomo Corporation change in the future, with a firm eye on the megatrends as Sumitomo Corporation's management team? This is about the time that we are not only thinking about it daily, but also building a new Sumitomo Corporation while actually taking action. Among these, we will always return to the Sumitomo Business Philosophy – which is at the bottom of the screen- and the Corporate Mission Statement of Sumitomo Corporation without any doubt. As we firmly adhere to these philosophies. We are determined to follow this fundamental spirit in the next 100 years.

Sumitomo Corporation has nearly 70,000 employees on a consolidated basis globally. I would say about 66,000 people. These are employees on a consolidated basis. I would like to share Sumitomo's business philosophy with all of the employees. There are also numbers of group companies. Each company has its own business philosophy and corporate missions. Instead of pushing it down, we look back at our origins and ask what we are doing today. Are we active enough? What do we think about doing business or doing business in the future? We have been thinking about these issues for two years with our colleagues, 3,000 or so in total. We have been asking for participation and have been discussing it in various ways. Then, we have been thinking about what word would be appropriate if we were to speak our own way of thinking in simple terms.

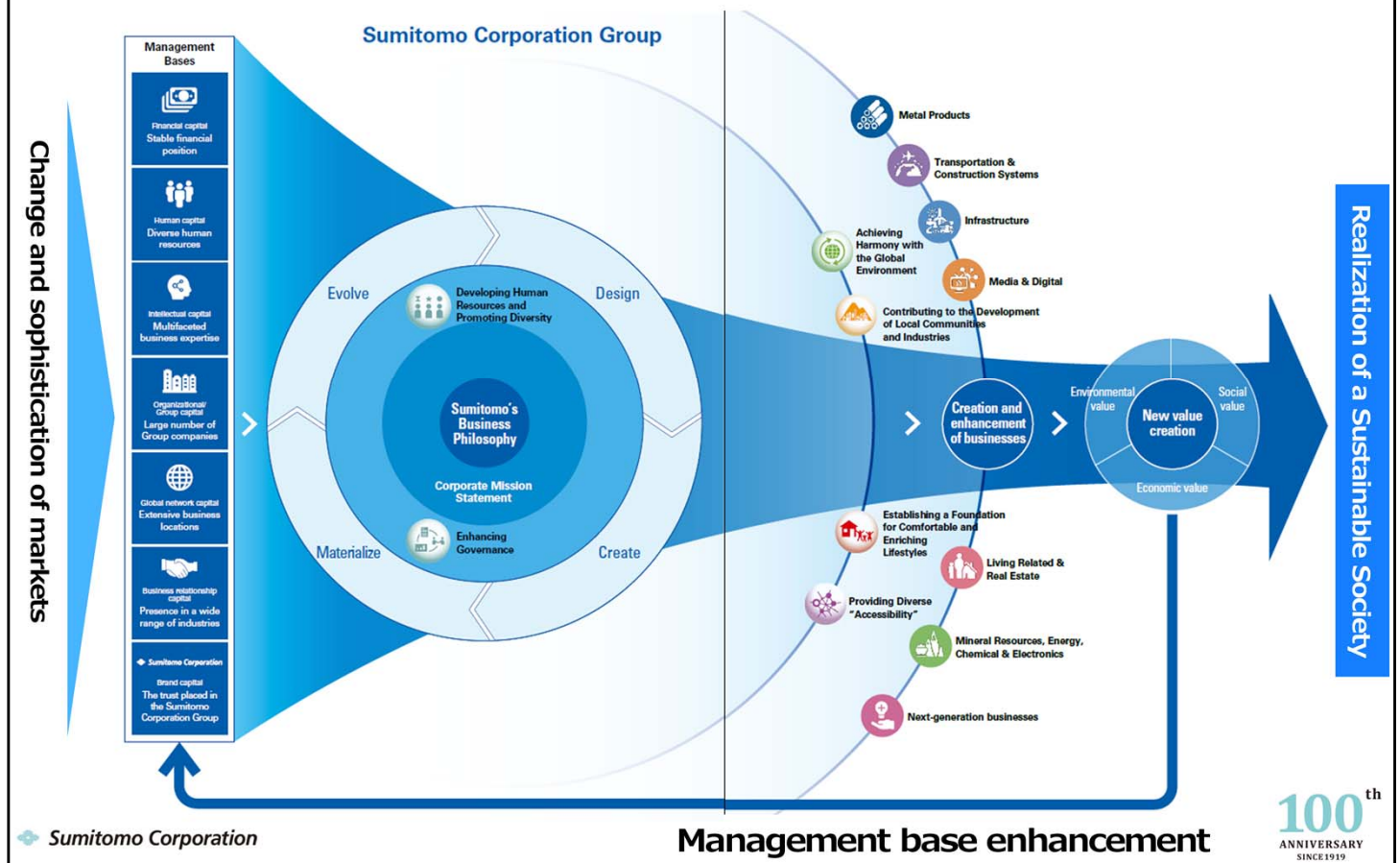
# Enriching lives and the world

I'll skip one page.

Today I'm going to announce it for the first time. We have created a corporate message created by us all. That is "Enriching lives and the world". This is not a message created by Sumitomo Corporation's Management Council members. By bringing together our colleagues from around the world, we discussed how will Sumitomo Corporation conduct its activities, and what will Sumitomo Corporation do in the future? This is expressed in simple words. We will continue putting efforts to bring these words into practice in our actual business activities as well.

## 2. Value Creation Model

Enriching lives and the world



Going back one page.

How do we expand our business? In the first section of the 2018 Integrated Report, there is our business model. We must think how we create value when we, Sumitomo Corporation, which is a general trading company, create our value by proceeding to business. This picture is summarized in one picture. On the left you can see our capital that has been cultivated over the course of 100 years. We call them seven types of capital. For example, we have extremely valuable, invisible, but important assets with our stakeholders and business partners. We have our global network and customer base. Also, we have financial strengths that are supporting our financial soundness today.

While using this as a source of our power, we are using the capital of the Sumitomo Business Philosophy and Sumitomo Corporation's Corporate Mission Statement as our core. We protect it as our core. We have divided our business into six divisions, and we are trying to develop these businesses. In doing so, we will create new value daily and create social, economic, and environmental values for society. We hope to create these comprehensive values. Our ability to make the next investment, which means good human resources and financial strengths, i.e. funds, will promote a positive cycle. This is Sumitomo Corporation's business model.



### Part 1

**Panel Discussion with Independent Directors**  
**Subject: "Governance"**

### Part 2

**Presentation by Business Units**  
**(Media & Digital BU / Living Related & Real Estate BU)**



Metal Products BU



Transportation &  
Construction  
Systems BU



Infrastructure BU



Media & Digital BU



Living Related &  
Real Estate BU



Mineral Resources,  
Energy, Chemical  
& Electronics BU



Sumitomo Corporation

Please let me skip one page.

"Enriching lives and the world," I would like to tell you two things today.

In the first section, we would like to talk about how Sumitomo Corporation's current governance is practiced by inviting Mr. Ehara and Ms. Iwata, outside directors as panelists. I would like to introduce to you the status of the Board of Directors and other matters with firsthand opinions to let you understand what kind of governance Sumitomo Corporation is aiming for. We have six divisions in Sumitomo Corporation.

In the second section, we will explain about the Media & Digital Business Unit and the Living Related & Real Estate Business Unit. Particularly, we are aiming for further growth within this segment. We would like to explain in detail the areas in which we are focusing our efforts, from the heads of each unit, Mr. Nambu, and Mr. Ando.



**0→1 Challenge**  
2018



I would like to conclude my remarks.

We have already entered the second year of our Medium-Term Management Plan 2020, which we released in 2018, and have already begun to move forward toward the next 100 years. In this new era, we are now working on a variety of new things to bring out great dreams and energy from young employees that will help us create more value. For example, we opened the MIRAI LAB PALETTE space on the second basement floor of this building. We opened a laboratory that expects chemistry between the Sumitomo Corporation Group and various other players, including our business partners. We have worked to innovate by gathering people around the world every day, and we are working on this initiative on a global basis. Last year, we started operating the "0→1 Challenge" in-house startup system. Last year, eight ideas remain in the final contest, and we are now studying specific ways to start businesses.

Through these efforts, we hope to continue activities that will lead to the next 100 years of Sumitomo Corporation. Last but not least, I would like to say: "Enriching lives and the world" as a word of pledge, with the "Create a world never seen before" here as a hidden agenda, and I would like to conclude my opening remarks. I would like to ask for your cooperation. Thank you very much.

**Enriching lives and the world**

**100<sup>th</sup>**  
**ANNIVERSARY**  
SINCE 1919