

Investor Day 2021

Our Sustainable Growth and the Realization of a Sustainable Growth of Society

Sumitomo Corporation

June 1, 2021



Sumitomo Corporation

Enriching lives and the world

Investor Day 2021

Date&Time : June 1st, 2021 1:00pm – 4:30pm Venue : Online Meeting (Zoom)

Time	Program	Speakers
Part 1 Achievement of Swift Recovery to our Growth Path		
1:00~1:10	Opening Remarks	President and CEO, Masayuki Hyodo
1:15~1:35	Panel Discussion by Outside Directors	Outside Director, Koji Ishida Outside Director, Nobuyoshi Ehara Facilitator : Japan Investor Relations Association
1:35~2:05	Questions and Answers	Executive Managing Director, Ms. Yoshiko Sato
Part 2 Sustainability Management to Achieve Sustainable Growth		
2:10~2:20	Sustainability Management of Sumitomo Corporation	CSO/CIO, Hideki Yamano
2:20~2:30	Infrastructure Business Unit Strategy Responding to Changes in the Business Environment	Senior Managing Executive Officer, GM of Infrastructure Business Unit, Tsutomu Akimoto
2:30~2:40	Initiatives for Next-Generation Energy Management Business	Executive Vice President, Head of Energy Innovation Initiative, Shingo Ueno
2:45~3:15	Questions and Answers	
Part 3 DX-based Corporate Transformation (CX)		
3:20~3:50	Panel Discussion	Executive Vice President and CDO, Toshikazu Nambu Outside Director, Akiko Ide Facilitator : GM of DX Center, Bin Haga
3:50~4:10	Questions and Answers	
4:30	Closing	



Investor Day 2021

Contents

Start 1:00

Closing 4:30

Part 1

Achievement of Swift Recovery to our Growth Path

1:00-2:05

Part 2

Sustainability Management to Achieve Sustainable Growth

2:10-3:15

Part 3

DX-based Corporate Transformation (CX)

3:20-4:10

Investor Day 2021

Part 1

Achievement of Swift Recovery to our Growth Path

1:00-1:10 Opening Remarks

President and CEO, Masayuki Hyodo

**1:15-1:35 Panel Discussion
by Outside Directors**

**Outside Director, Koji Ishida
Outside Director, Nobuyoshi Ehara
Facilitator : Japan Investor Relations Association
Executive Managing Director, Ms. Yoshiko Sato**

1:35-2:05 Questions and Answers

Opening Remarks

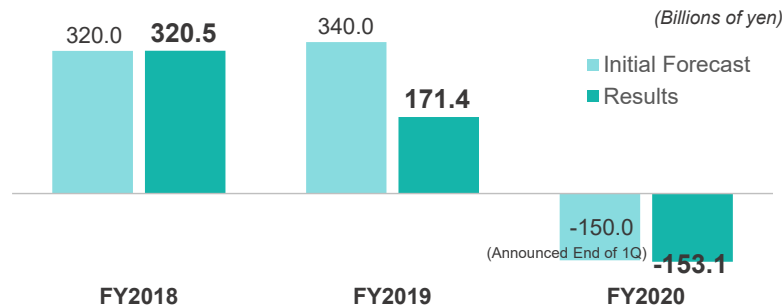
President and CEO, Masayuki Hyodo

(1) Historical Performance Review and Identification of Issues (1/3)

– Medium-term Management Plan 2020 –

- We achieved the initial forecast and record-high profits in FY2018, but fell short of the initial forecast in FY2019 due to factors including trade friction between the United States and China. In FY2020, we fell into the red as a result of recording a large one-off loss associated with restructuring of unprofitable businesses on top of the impact of COVID-19.
- Likewise, efficiency ratios exceeded the target in FY2018, but not in FY2019 or FY2020.
- As a result of enhanced cash flow management in “emergency mode”, we exceeded a post-dividend free cash flow target of ¥200 billion for the three years.

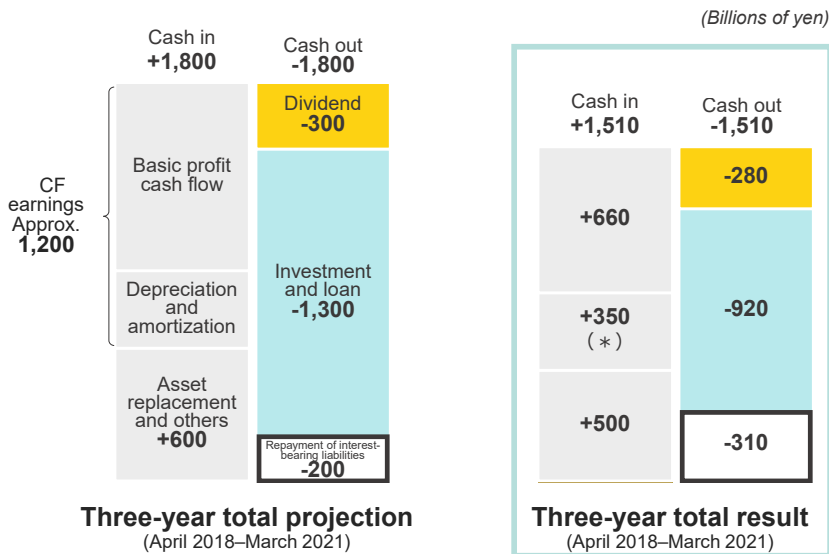
Profit (loss) for the year (attributable to owners of the parent)



Efficiency ratios

	Target	FY2018	FY2019	FY2020
ROA	4% or higher	4.1%	2.1%	-
ROE	10% or higher	12.0%	6.4%	-

Three-year total cash flow

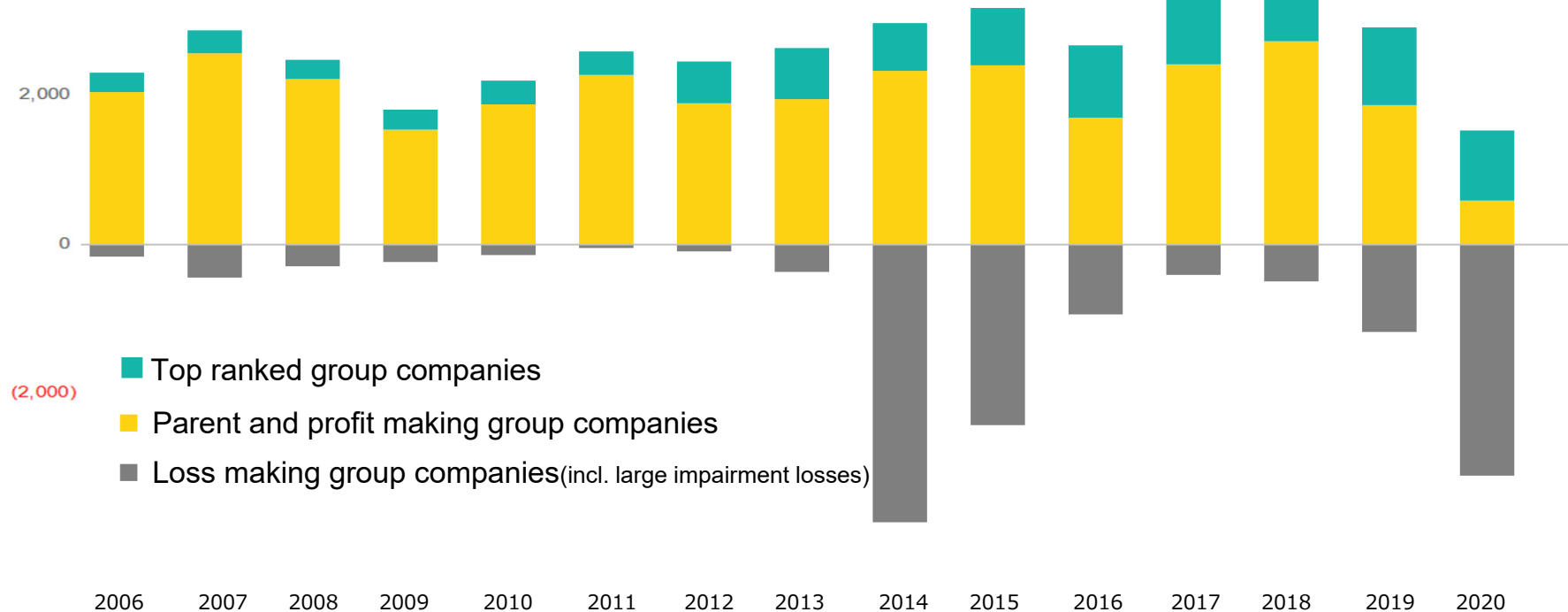


* The amount of ¥50 billion has been deducted from the FY2019 and FY2020 results to reflect the increase in depreciation and amortization resulting from application of IFRS 16 “Leases.”

(1) Historical Performance Review and Identification of Issues (2/3)

– Historical Performance and Identification of Issues –

Historical Net Profit (FY2006 - FY2020)



(1) Historical Performance Review and Identification of Issues (3/3)

— Deep Diving the Issues —

Strength

**Group companies that have increased
its earnings base for past years**

Issue

**Increasing earning power and improving resiliency
of our business portfolio**



- Accelerate asset recycle
- Ensure profitability of new investments
- Grow new core businesses

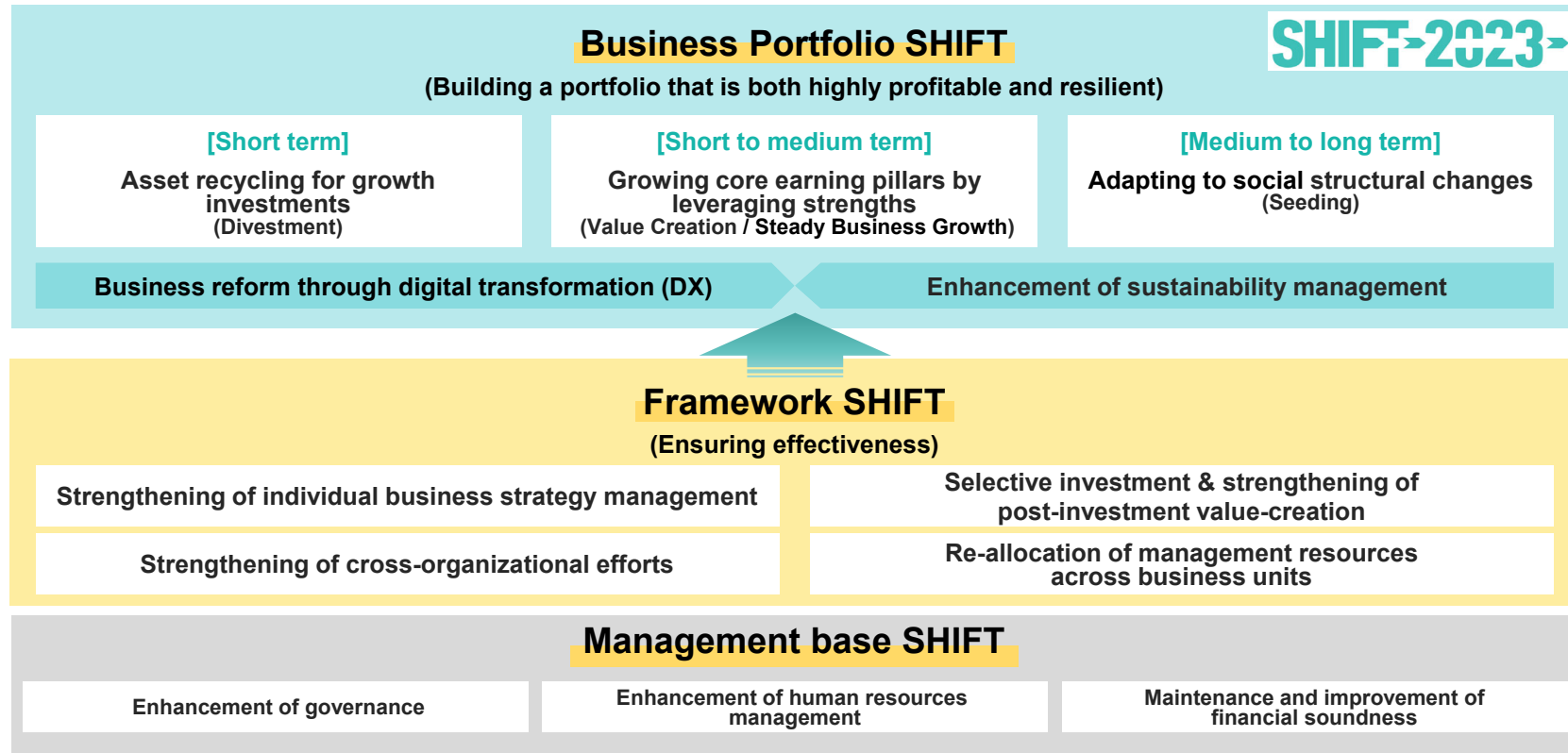
Our Direction



**Strengthening individual business /
Allocating management resource based on each business' capability**

(2) Purpose and Overview of New Medium-term Management Plan (1/2)

– Overview of the Measures –

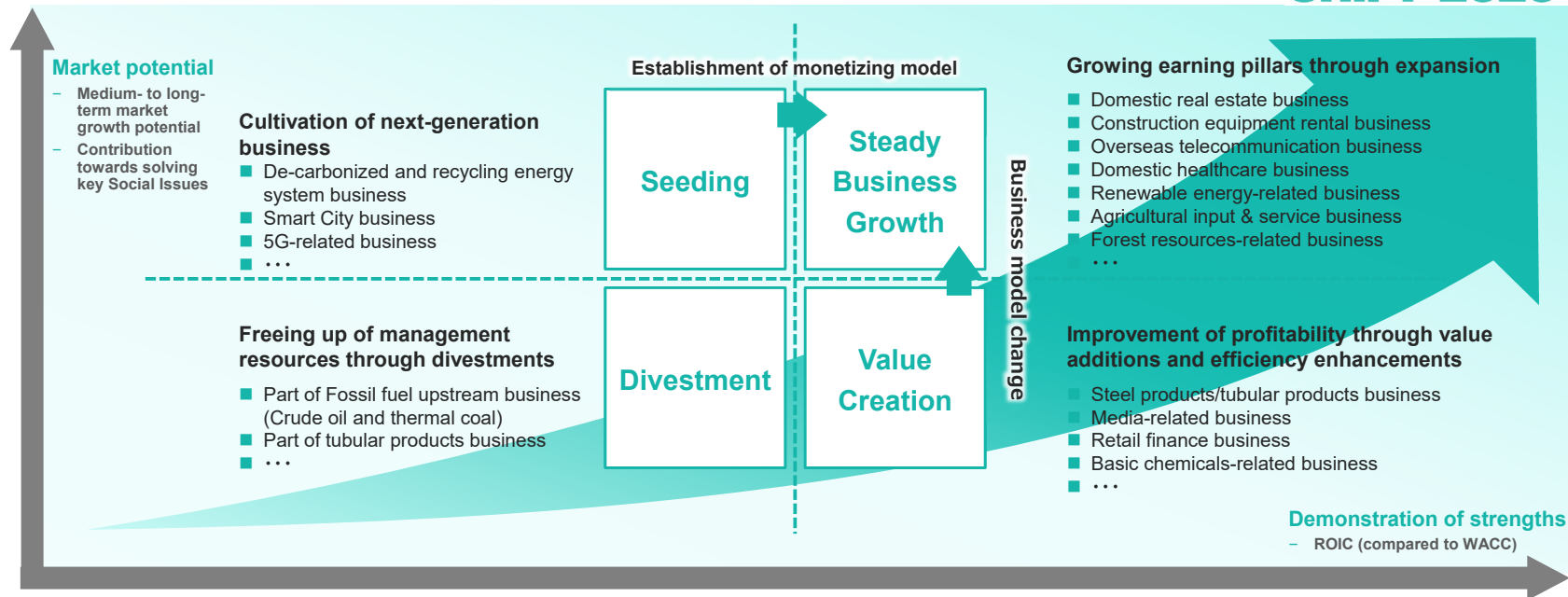


(2) Purpose and Overview of New Medium-term Management Plan (2/2)

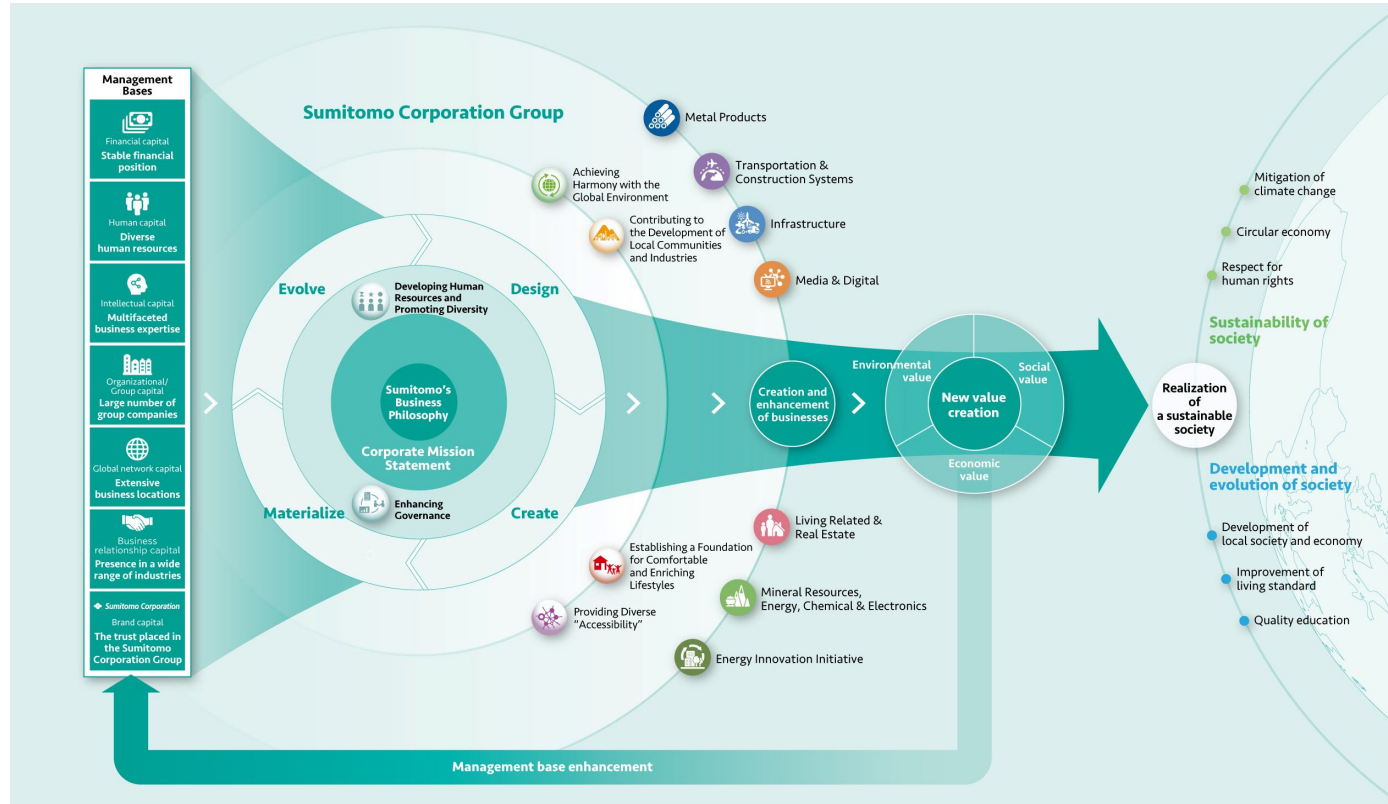
– Direction and Strategy of Our Business Portfolio –

- Clarify positioning of individual strategic business units based on "market potential" and "our demonstration of strengths," and set relevant goals.
- Shift portfolio to potential markets where our strengths can be fully demonstrated in order to increase both profitability and resilience.

SHIFT-2023



(3) Sustainability Management



Panel Discussion by Outside Directors

Outside Director Koji Ishida x Outside Director Nobuyoshi Ehara

Brief profiles of the panelists



Koji Ishida

June 2017 — Outside Director, Sumitomo Corporation

He has wide-ranging knowledge and a wealth of experience in finance and business management, accumulated through his many years working in important positions at a major financial institution, among other roles.



Nobuyoshi Ehara

June 2016 — Outside Director, Sumitomo Corporation

He has wide-ranging knowledge and a wealth of experience in finance and business management, accumulated through his many years working in important positions at a major US financial institution and managing a private equity firm, among other roles.



Facilitator : Ms. Yoshiko Sato

Japan Investor Relations Association (JIRA)
Executive Managing Director

Questions and Answers

President and CEO Hyodo x Outside Director Ishida x Outside Director Ehara

Part 2

Sustainability Management to Achieve Sustainable Growth



2:10-2:20 Sustainability Management of Sumitomo Corporation

CSO/CIO, Hideki Yamano

**2:20-2:30 Infrastructure Business Unit Strategy Responding to
Changes in the Business Environment**

**Senior Managing Executive Officer,
GM of Infrastructure Business Unit,
Tsutomu Akimoto**

**2:30-2:40 Initiatives for Next-Generation Energy
Management Business**

**Executive Vice President,
Head of Energy Innovation Initiative,
Shingo Ueno**

2:45-3:15 Questions and Answers

Sustainability Management of Sumitomo Corporation

CSO/CIO, Hideki Yamano

Sustainability Management of Sumitomo Corporation

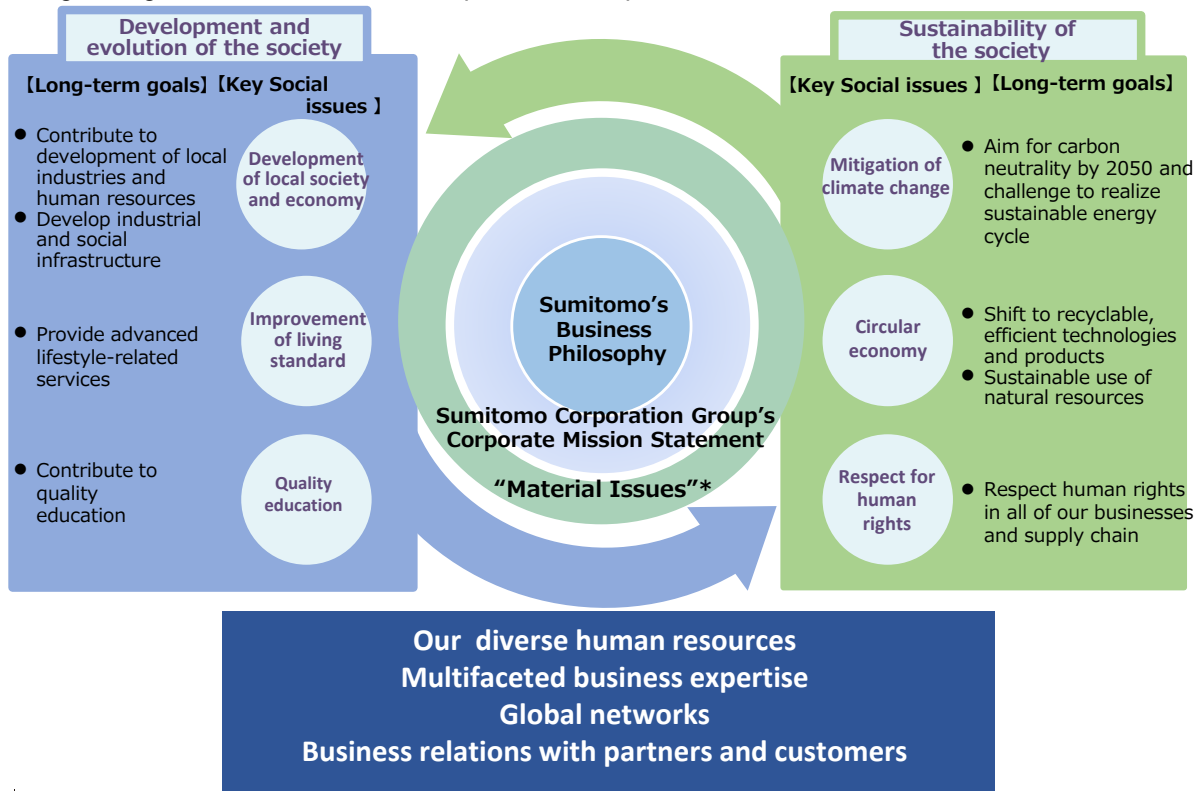
- Transform the Sumitomo Corporation Group's business activities suitable for the realization of sustainable society

Pursue sustainable growth with society

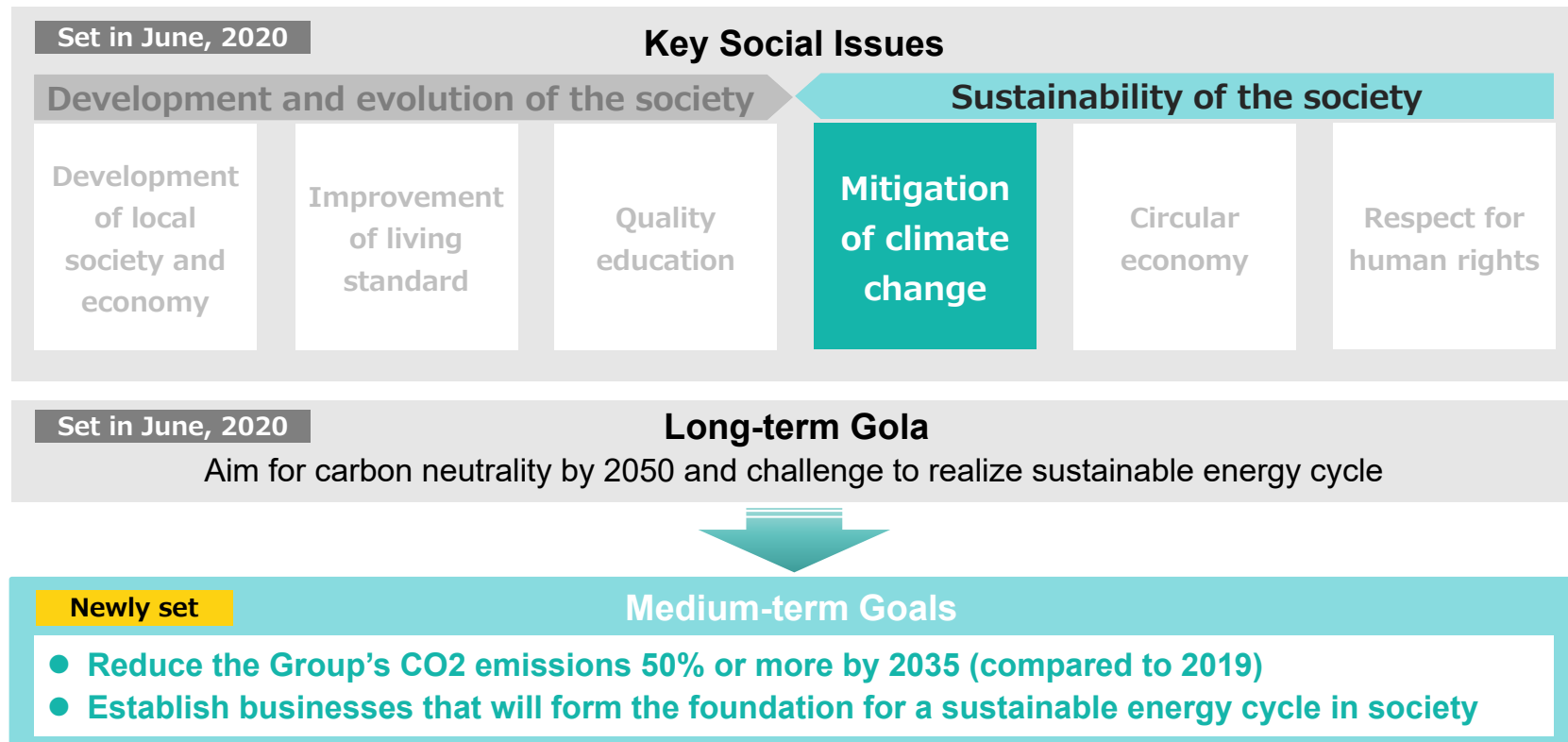


Sustainability Management of Sumitomo Corporation

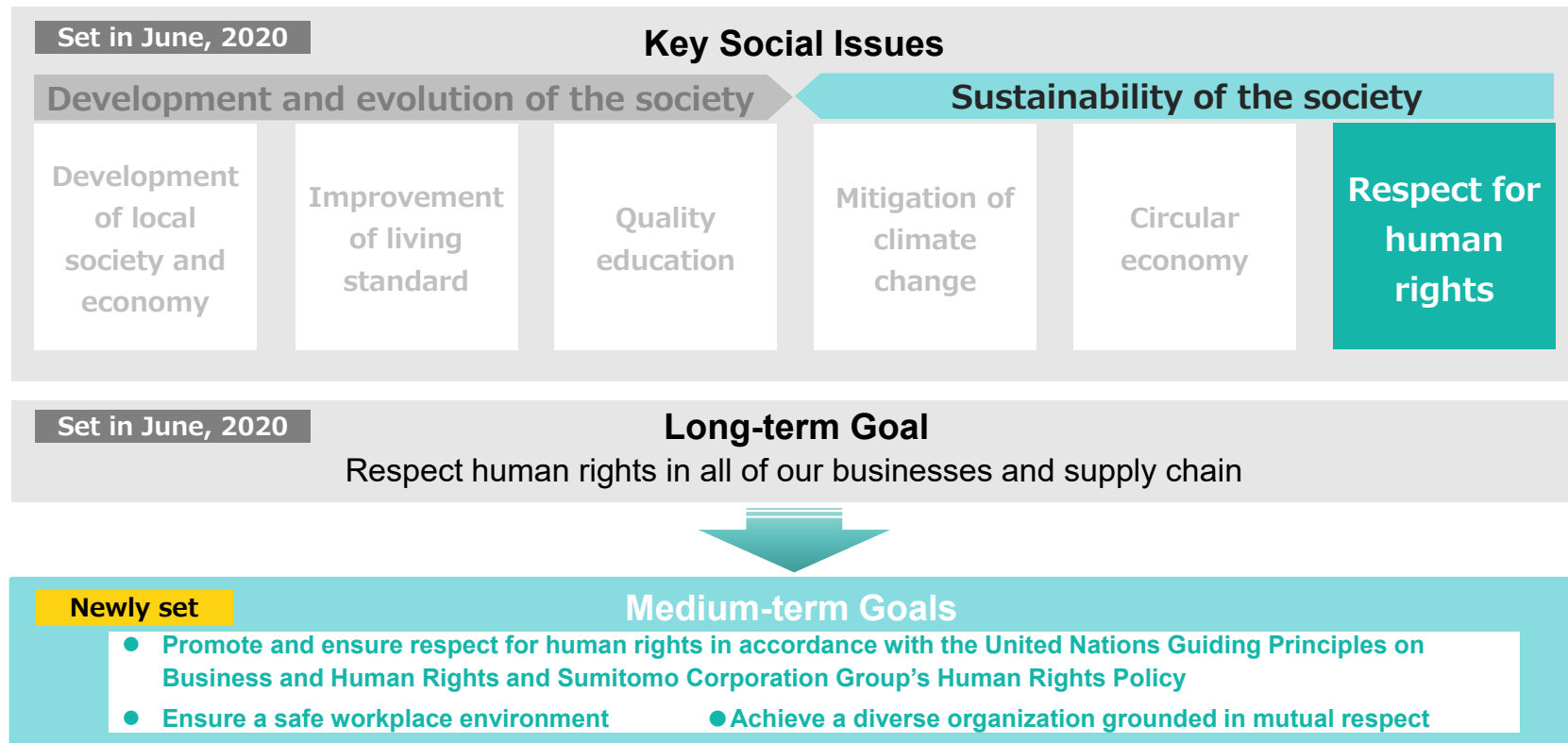
- Key social issues and long-term goals for the Sumitomo Corporation Group



Setting Medium-term Goals for Key Social Issues and Long-term Goals



Setting Medium-term Goals for Key Social Issues and Long-term Goals



Revision to “Policies on Climate Change Issues”

Responses to climate change risks

- Regularly monitor the status of major risks in light of global trends in climate change at the Management Council and the Board of Directors
- Consider measures including reduction of exposure based on risk status

Information disclosure on climate change risks

Disclose governance, strategy (including scenario analysis^{(*)1}), risk management, targets and KPIs related to climate change based on TCFD recommendations, and continue to enhance the content of disclosure.

^{(*)1} Based on the IEA's Stated Policies Scenario and Sustainable Development Scenario, conduct analysis for power, resources, transportation equipment and materials industries which are highly impacted by climate change

Changes in business portfolio associated with achieving carbon neutrality in 2050

- Reduce CO₂ emissions 50% or more by 2035 (compared to 2019)

Power generation business

CO₂ emissions: Reduce 40% or more (of which 60% reduction or more for coal-fired power generation business)

Net ownership generation capacity: coal 20%, gas 50% renewables 30%

Fossil fuel upstream business

CO₂ emissions ^{(*)1}: Reduce 90% or more

For coal-fired power generation business, no further involvement in IPP (Independent Power Producer) nor EPC (Engineering, Procurement, Construction) business^{(*)2} and will end all the coal-fired power generation business in the late 2040s. For thermal coal mine interest, no additional investment and aim to achieve zero equity production from thermal coal mines by 2030.

^{(*)1} Indirect CO₂ emissions by others associated with the use of energy resources produced

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

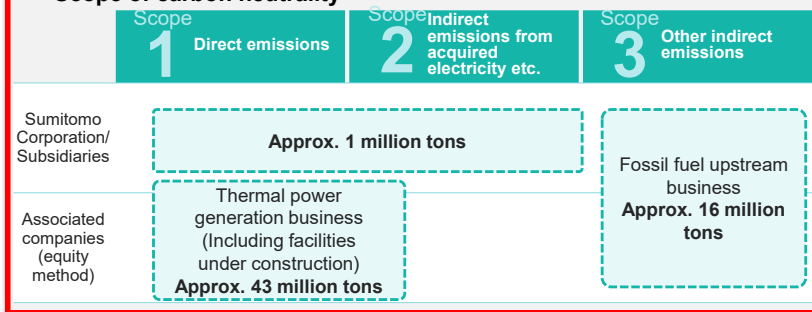
^{(*)3} As of 2019



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Scope of carbon neutrality^{(*)3}



Develop new businesses for realizing a sustainable energy cycle

We will make Companywide effort including initiatives taken by EII, established to create next-generation business.

- Develop hydrogen and other forms of carbon-free energy, increase supply of renewable energy, and expand new power and energy services
- Expand businesses encouraging electrification, fuel conversion, improved energy and coal efficiency, and energy conservation
- Capture, store and utilize CO₂ via carbon recycling, forestry business, CCS, and emissions credit trading, etc.

Part 2

Sustainability Management to Achieve Sustainable Growth



2:10-2:20 Sustainability Management of Sumitomo Corporation

CSO/CIO, Hideki Yamano

**2:20-2:30 Infrastructure Business Unit Strategy Responding to
Changes in the Business Environment**

**Senior Managing Executive Officer,
GM of Infrastructure Business Unit,
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2:30-2:40 Initiatives for Next-Generation Energy Management Business

**Executive Vice President,
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2:45-3:15 Questions and Answers

<Appendix> Setting Medium-term Goals for Key Social Issues and Long-term Goals (1/2)

Key social issues		Long-term goals	Medium-term goals (newly set)
Sustainability of society	Mitigation of climate change	<ul style="list-style-type: none"> Aim for carbon neutrality by 2050 and challenge to realize sustainable energy cycle 	<ul style="list-style-type: none"> Reduce the Group's CO₂ emissions 50% or more by 2035 (compared to 2019) <ul style="list-style-type: none"> Reduce CO₂ emissions of the power generation business by 40% or more by 2035 (of which reduce 60% or more for coal-fired power generation business); power generation portfolio in 2035 to comprise 20% coal-fired, 50% gas-fired and 30% renewables (*1) in terms of net ownership generation capacity. Reduce indirect CO₂ emissions (*2) associated with the fossil fuel upstream business by 90% or more by 2035. Reduce CO₂ emissions in all other businesses (*3). Establish businesses that will form the foundation for a sustainable energy cycle in society <ul style="list-style-type: none"> Develop hydrogen and other forms of carbon-free energy, increase supply of renewable energy (3GW or more by 2030)(*4), and expand new power and energy services. Expand businesses encouraging electrification, fuel conversion, improved energy and coal efficiency, and energy conservation. Capture, store and utilize CO₂ via carbon recycling, forestry business, CCS, and emissions credit trading, etc.
	Circular economy	<ul style="list-style-type: none"> Shift to recyclable, efficient technologies and products Sustainable use of natural resources 	<ul style="list-style-type: none"> Use renewable and recyclable raw materials, collect waste, and promote improved efficiency of product usage <ul style="list-style-type: none"> Expand use of raw materials derived from recycled or renewable resources. Improve efficiency of product usage and expand businesses that promote longer product life (sharing, sales of used items, leasing, rentals, etc.) . Reinforce the sustainable procurement system for major natural resources used by the Group <ul style="list-style-type: none"> Identify major natural resource-related commodities requiring sustainable procurement, establish procurement policy, promote certification, and strengthen voluntary auditing system.
	Respect for human rights	<ul style="list-style-type: none"> Respect human rights through all of our businesses and supply chains 	<ul style="list-style-type: none"> Promote and ensure respect for human rights in accordance with the United Nations Guiding Principles on Business and Human Rights and Sumitomo Corporation Group's Human Rights Policy <ul style="list-style-type: none"> By 2023, achieve 100% participation rate in human rights education based on the Guiding Principles, and 100% implementation rate in regional organizations and subsidiaries. Strengthen risk analysis in human rights due diligence to accurately assess risks in all businesses, including the supply chain, and implement risk mitigation measures by 2025. Establish a more effective grievance mechanism(*5) based on assessment results. Ensure a safe workplace environment <ul style="list-style-type: none"> Strengthen efforts to achieve zero accidents at major business workplaces, focusing on manufacturing, processing, and projects involving large-scale construction. Achieve a diverse organization grounded in mutual respect <ul style="list-style-type: none"> Provide a safe working environment that is free from discrimination and harassment. Promote human resource management that enables individuals to demonstrate their abilities regardless of nationality, age, gender, sexual orientation, gender identity, or any other attributes or values.

(*1) As of 2020 : coal 50%, gas 30%, renewables 20% (*2) Indirect CO₂ emissions generated by others with the use of fossil fuel (*3) Contribute to CO₂ reduction by setting targets for individual businesses

(*4) As of 2020 : 1.5GW (1GW = 1 billion W) (*5) A process that employees, local residents or other stakeholders can use to lodge complaints regarding human rights violations and other issues related to enterprise's business activities including its supply chain, for resolving such issues



<Appendix> Setting Medium-term Goals for Key Social Issues and Long-term Goals (1/2)

Key social issues		Long-term goals	Medium-term goals (newly set)
Development and evolution of society	Development of local society and economy	<ul style="list-style-type: none"> Contribute to development of local industries and human resources Develop industrial and social infrastructure 	<ul style="list-style-type: none"> Develop local industries, create jobs, and develop human resources through the Group's global business operations <ul style="list-style-type: none"> Promote sustainable, highly productive and value-added industries, and coexist with local communities through business. Create employment and develop management and highly skilled human resources at the Group's business sites. Establish industrial and social infrastructure that contributes to the sustainable development of society <ul style="list-style-type: none"> Promote infrastructure that enables access to high-quality energy, water, transportation, logistics, communications, and financial services, as well as businesses that enhance urban functions.
	Improvement of living standard	<ul style="list-style-type: none"> Provide advanced lifestyle-related services 	<ul style="list-style-type: none"> Deliver advanced lifestyle services that help to solve social issues such as urbanization and aging populations <ul style="list-style-type: none"> Provide more advanced services and new functions that improve the standard of living, such as mobility, media and telecommunications, healthcare services, and smart city development, based on new technologies and concepts.
	Quality education	<ul style="list-style-type: none"> Contribute to quality education 	<ul style="list-style-type: none"> Provide quality and equal learning opportunities through 100SEED(*) activities <ul style="list-style-type: none"> Quantitatively expand the scope of learning opportunities. 100% satisfaction of beneficiaries. Continue to have at least 5% of all employees participate annually (scope is Sumitomo Corporation, regional organizations and Group companies).

(*) Social contribution projects with employee participation at Sumitomo Corporation Group

<Appendix>Revision to “Policies on Climate Change Issues”

Long-term Goals	Aim for carbon neutrality by 2050 and challenge to realize sustainable energy cycle	Existing Goals (set in June, 2020)
Medium-term Goals	<ul style="list-style-type: none"> Reduce the Group's CO2 emissions 50% or more by 2035 (compared to 2019) Establish businesses that will form the foundation for a sustainable energy cycle in society 	Newly set

	<Original policies and goals>	<Revised policies and new goals>
Power generation business	NA	Reduce CO2 emissions by 40% or more by 2035
<ul style="list-style-type: none"> Power generation portfolio (*1) 	2035: Coal 30%, gas 40%, renewable 30%	2035: Coal 20%, gas 50%, renewable 30%
<ul style="list-style-type: none"> Coal-fired power generation business 	Former policy New coal-fired power generation will not be developed. Provided, however, that individual considerations will be taken for projects which are indispensable for the economic and industrial development of regional communities, and match the policies of the governments of Japan and the relevant host country considering international initiatives and trends in the mitigation of climate change.	Revised policy We will not be involved in any new coal-fired power generation business neither IPP nor EPC (*2). For IPP business, we will end the business in the late 2040s.
CO2 emissions	NA	Reduce 60% or more by 2035 compared to 2019
<ul style="list-style-type: none"> Renewable energy 	NA	Increase supply (3GW or more by 2030) (*3)

<Appendix>Revision to “Policies on Climate Change Issues”

	<Original policies and goals>	<Revised policies and new goals>
Fossil energy business	NA	Reduce indirect CO2 emissions ^(*3) by 90% or more by 2035
■ Thermal coal mining business	<div>Former policy</div> <p>The current level of equity share coal production shall be the upper limit, and new development will not be implemented.</p>	<div>Revised policy</div> <p>We will not make any further investment in the thermal coal mining interest and aim to achieve zero production from thermal coal mine by 2030.</p>

(*1) net ownership generation capacity basis. As of 2019: Coal 50%, gas 30%, renewable 20%

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

(*3) As of 2020: 1.5GW (1GW = 1 billion W)

(*4) Indirect CO2 emissions generated by others with the use of fossil fuel

Infrastructure Business Unit Strategy Responding to Changes in the Business Environment

Tsutomu Akimoto, GM of Infrastructure Business Unit

Business Environment Surrounding the Infrastructure Business Unit

1

Changes in the Macroeconomic Environment

- External factors such as COVID-19 and trade friction between the United States and China
- Cyclical variations in the economy

2

Arrival of the Low-carbon Society

- Increasing environmental awareness and specific commitments of countries and corporations
- Changes in the business environment surrounding the coal-fired power generation business

3

Expanding Infrastructure Demand

- High demand for infrastructure due to growth in emerging countries
- Expanded business opportunities through privatization of public infrastructure

Leveraging the strengths of the Infrastructure Business Unit to turn changes in the business environment into business opportunities.

Long-term Goals of the Infrastructure Business Unit

✓ We are committed to the following two long-term goals.

Building a Stable Earnings Base With a Sense of Scale

We aim to build a stable earnings base with strong downward resistance, which is a characteristic of infrastructure business, while achieving even greater profits.

Achieving Carbon Neutrality by 2050

We will promote low-carbonization in our power generation portfolio to realize a sustainable carbon-neutral society that allows development of local societies and economies.

New Medium-term Management Plan Goals of the Infrastructure Business Unit

- ✓ To achieve our long-term goals, our new medium-term management plan will drive business activities in line with the following policies.

1

Returning to a Growth Trajectory

- Returning to a growth trajectory from FY2021 after a V-shaped recovery in business performance

2

Driving Business Toward Carbon Neutrality

- Taking new business opportunities for the business unit from initiatives toward carbon neutrality by 2050, and using the renewable energy power generation business as a strategic growth driver for reducing the carbon footprint of our power generation portfolio

3

Shifts within the business unit's business portfolio

- Shifting management resources from thermal IPP businesses to renewable energy IPP and social infrastructure businesses to cultivate the next stable earnings pillars

4

Co-creation with the EII

- Driving commercialization of new electricity and energy services through co-creation initiatives with the EII, with a focus on renewable energy IPP business and Summit Energy Corporation, an electricity retailer

Quantitative Targets of the Infrastructure Business Unit

We will work to return to a growth trajectory from FY2021 after a V-shaped recovery in business performance.



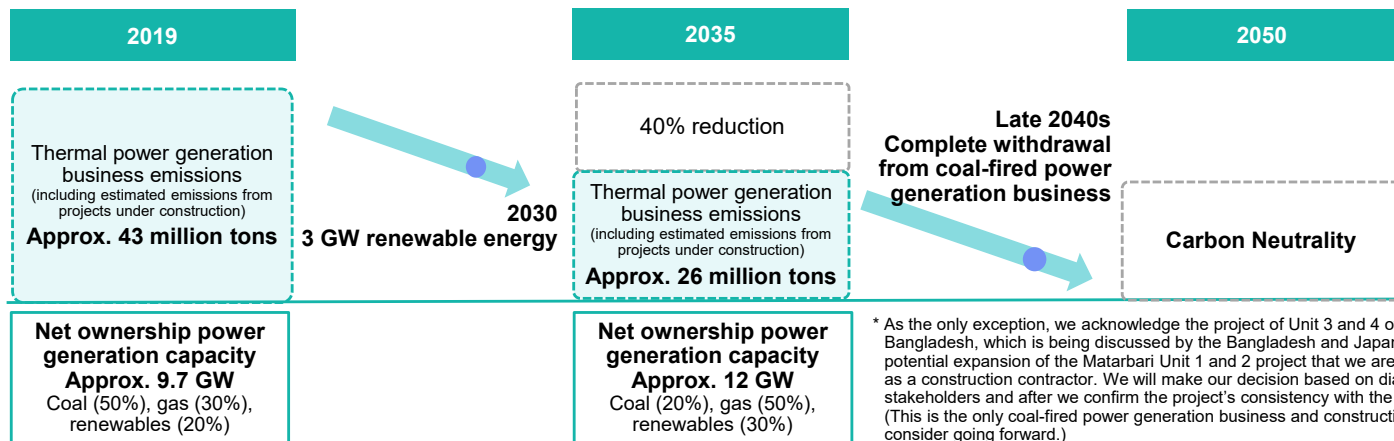
Unit: 100mil yen	FY2020 (results)	FY2021 (forecast)	FY2022 (planned)	FY2023 (aim)
Profit for the period (attributable to owners of the parent)	-552	320	370	Return to growth trajectory

Infrastructure Business Unit's Commitment to Climate Change Issues

- ✓ We will promote low-carbonization in our power generation portfolio to realize a sustainable carbon-neutral society that allows development of local societies and economies.

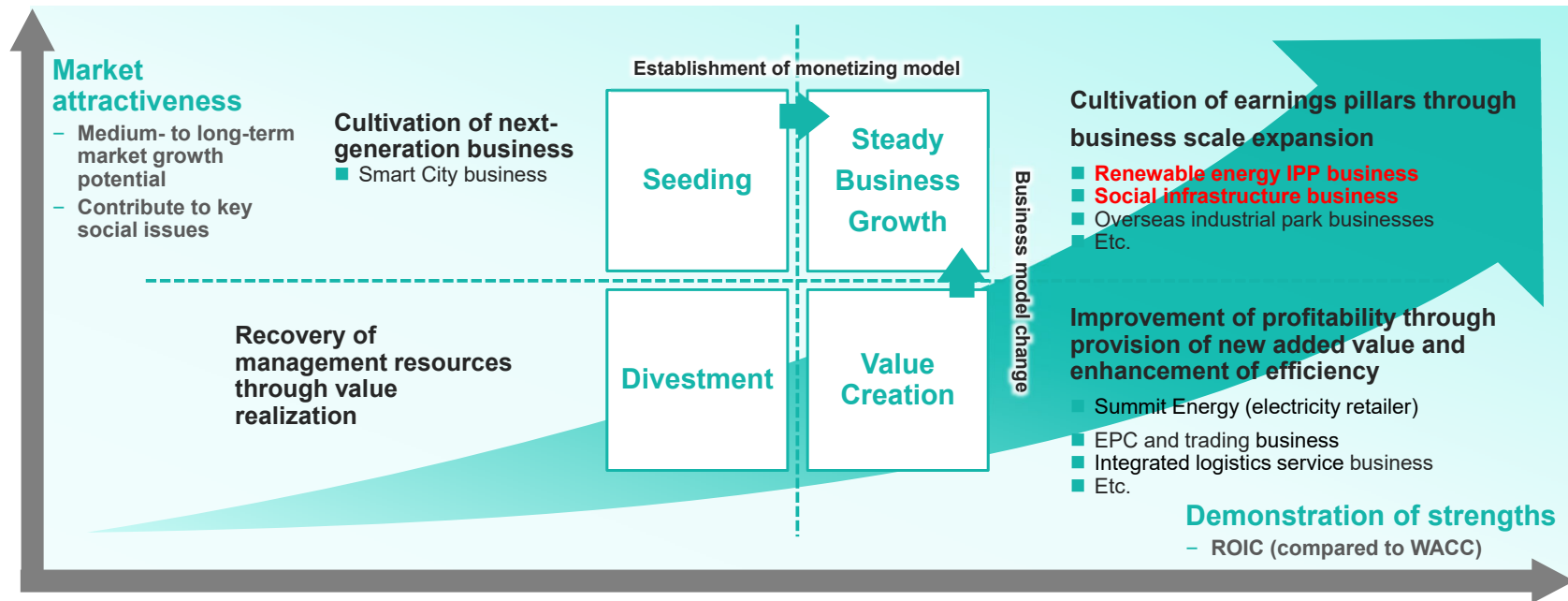
Roadmap to Carbon Neutrality by 2050

- We will not be involved in any new coal-fired power generation businesses neither IPP nor EPC*. We will complete all projects and withdraw from the coal-fired thermal power generation business by the late 2040s.
- We will reduce CO₂ emissions from our power generation businesses by 40% or more by 2035 (of which a reduction of 60% or more of emissions from coal-fired power generation businesses).
- We will shift the balance of net ownership power generation capacity in our power generation portfolio from the recent position of coal (50%), gas (30%) and renewable energy (20%) to a new position of coal (20%), gas (50%) and renewable energy (30%) by 2035.
- We will expand our supply of renewable energy to 3 GW by 2030.



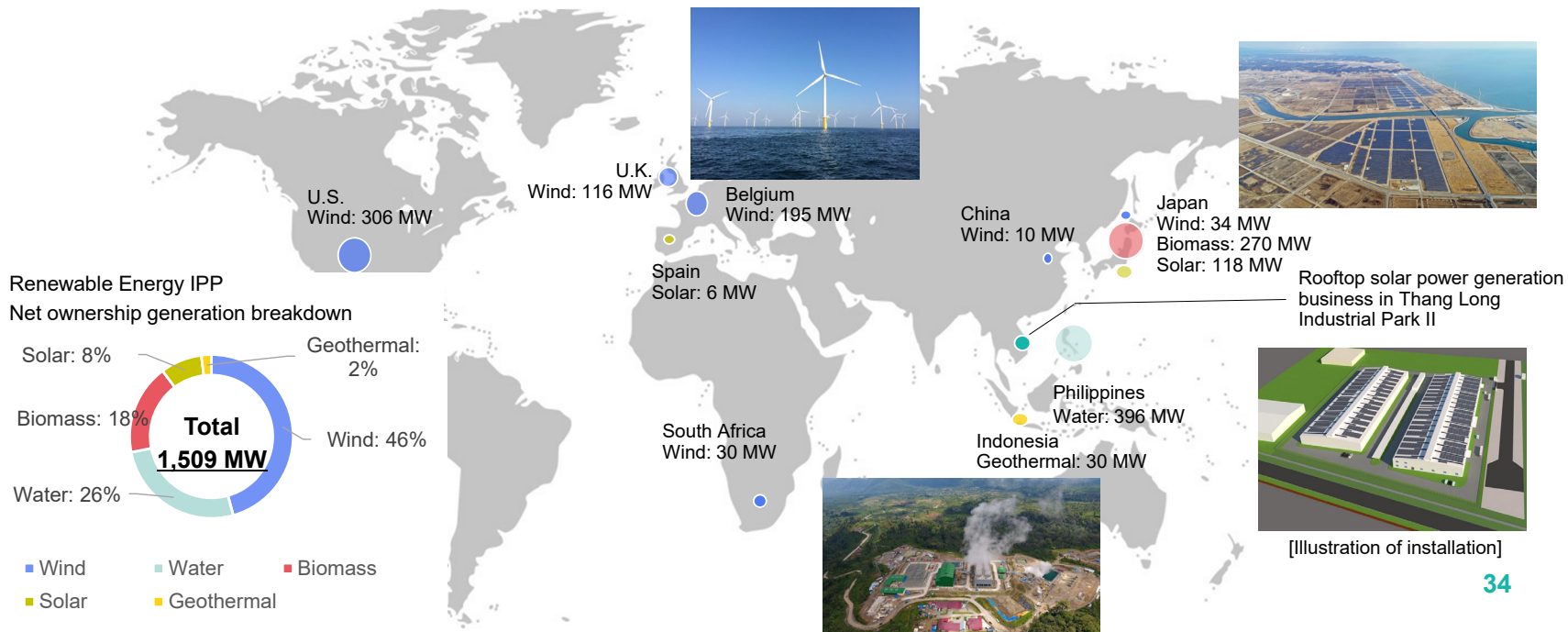
Infrastructure Business Unit – Shift in Business Portfolio

- ✓ We will leverage the strengths of our business unit and shift our management resources to focus on renewable energy IPP and social infrastructure businesses with particularly strong market growth potential to create our next earnings pillars.



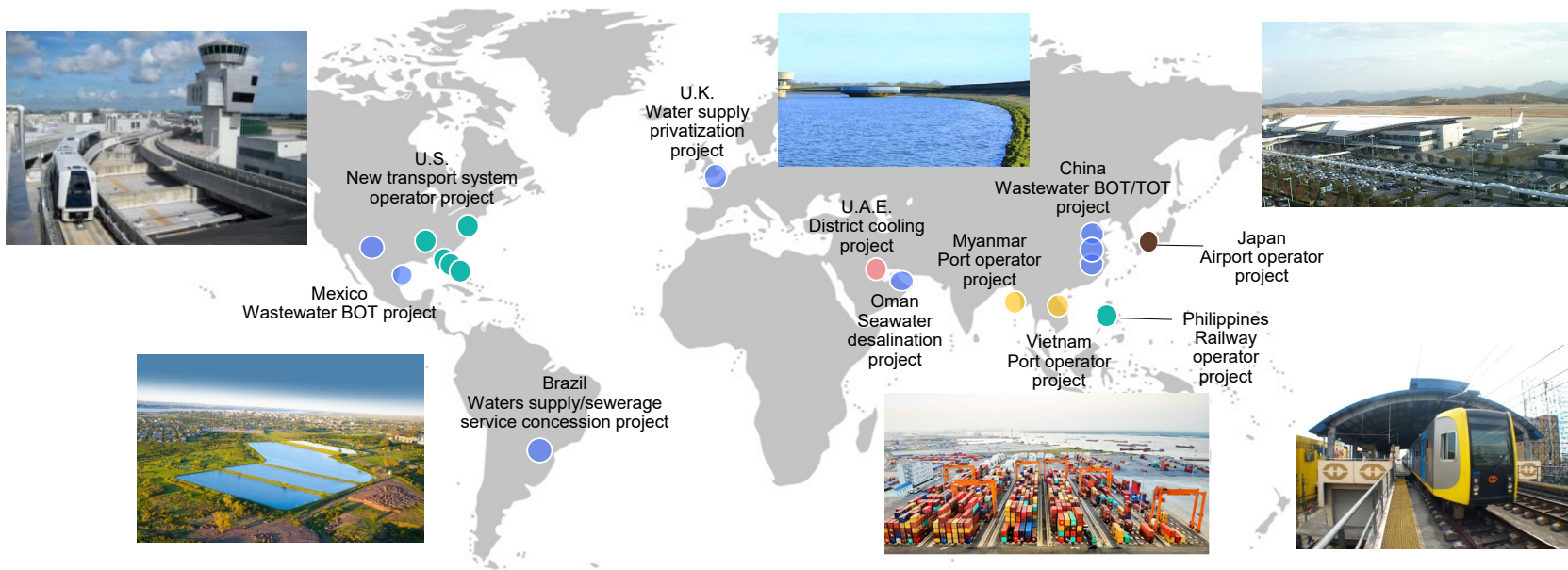
Key Business: Renewable Energy IPP Business

- ✓ At Sumitomo, we entered the renewable energy IPP business at an early stage and, as of March 2021, we had 1.5 GW of net ownership generation capacity. This market continues to have strong growth potential, so we aim to increase capacity to 3 GW by 2030 by participating in projects from the development stage.
- ✓ We have established renewable energy asset funds and have established mechanisms for providing investment opportunities to investors.
- ✓ In response to the increasing demand for green power from manufacturing and other industries, we have launched a rooftop solar business for companies in an industrial park that we operate.



Key Business: Social Infrastructure Business

- ✓ With predictions for increased local demand for high quality infrastructure and further privatization of public infrastructure, this market has strong growth potential. Demand is also solid, so there is strong downward resistance and potential for profit stability.
- ✓ This is an area where we can leverage the strengths of our business unit in terms of project structuring and management capabilities, and we have already had successes in water, ports, railways, airports and other businesses. Going forward, we will drive initiatives in other fields as well.



Value Improvement: Summit Energy (Electricity Retailer)



- ✓ Domestic electricity retailer Summit Energy will leverage its strengths (environmental value, risk management and supply-demand management capabilities) to implement growth strategies and improve its value. During FY2020, it supplied 1.6 billion kWh of electricity to about 1 million households and 5,000 business customer sites.
- ✓ This is a valuable business with many user and market contact points. It plays an essential role in co-creation initiatives with the EII to commercialize new electric power and energy services.

1 Portfolio of Renewable Energy Sources Offering Supply Stability With Focus on Biomass Power Source

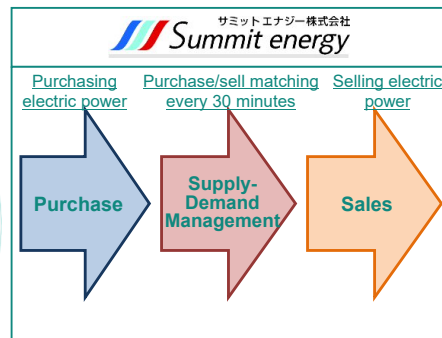
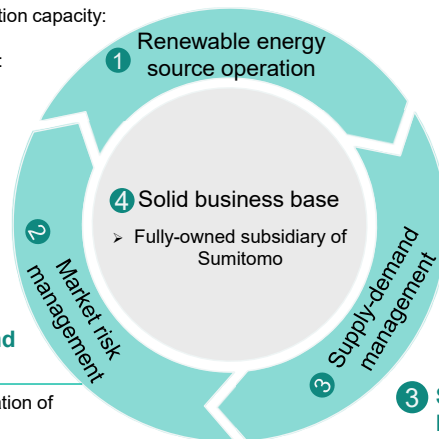
- Own renewable energy power generation capacity: 1 billion kWh/yr
- Own Green Power Certificates issued: 200 million kWh/yr



Biomass power plant (Summit Sakata Power)

2 Advanced Risk Management and Hedging Know-how

- Accurate understanding and visualization of market and fuel risks
- Portfolio optimization through diverse hedge instruments from cash to derivatives



Solution Provision to Users

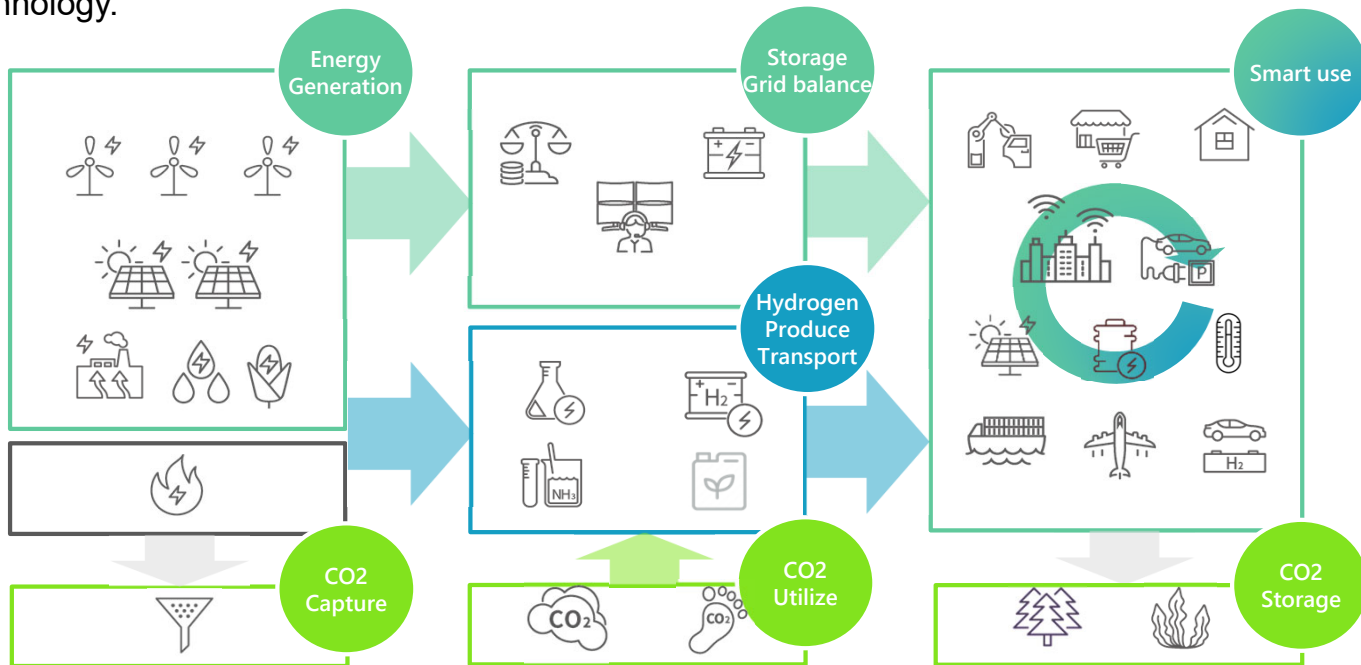
- Carbon Neutral response
- Competitive electric power

3 Supply-Demand Management Know-how Based on Many Years of Power Generation and Retailing Business Operation

- Operation of power generation and retail businesses over 20 years
- Extensive experience managing supply and demand for low-voltage users with complex load requirements

Co-creation with the EII

- ✓ Establish new value-chain by Co-creation with EII
- ✓ Utilize each strength and enhance the co-work between two organizations for social implementation of innovation, such as production and consumption of hydrogen, co-firing of ammonium, and use of CCUS technology.

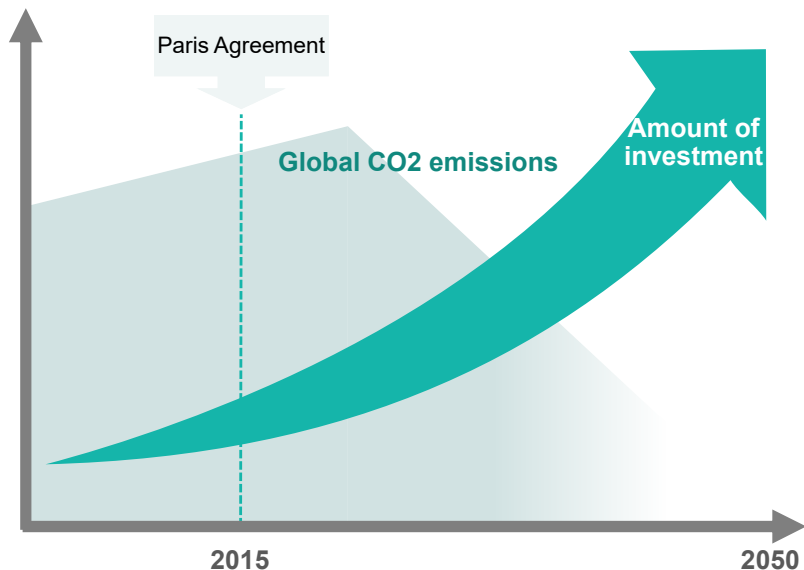


Initiatives for Next-Generation Energy Management Business

Shingo Ueno, Head of Energy Innovation Initiative

Social Structure Changes to Achieve a Carbon-neutral Society

- Since adoption of the Paris Agreement in 2015, there has been a dramatic acceleration of initiatives for the issue of global climate change. An enormous amount of ESG investment has been injecting into markets.
- To achieve a Carbon-neutral society, current CO₂ emissions must be reduced to net zero by 2050 (annual CO₂ emissions during 2020 were 33.9 billion tons).
- Game-changing efforts are needed to bridge the gap between actual and target emissions, and new value must be created (environment and innovation) while pursuing conventional economic value.



Diagnosis of the macro environment

1

Forecast investment of 45–50 trillion USD per year by 2050

Source: IEA - Net Zero by 2050: A Roadmap for the Global Energy Sector

2

Must reduce emissions from 33.9 billion tons per year to net zero by 2050

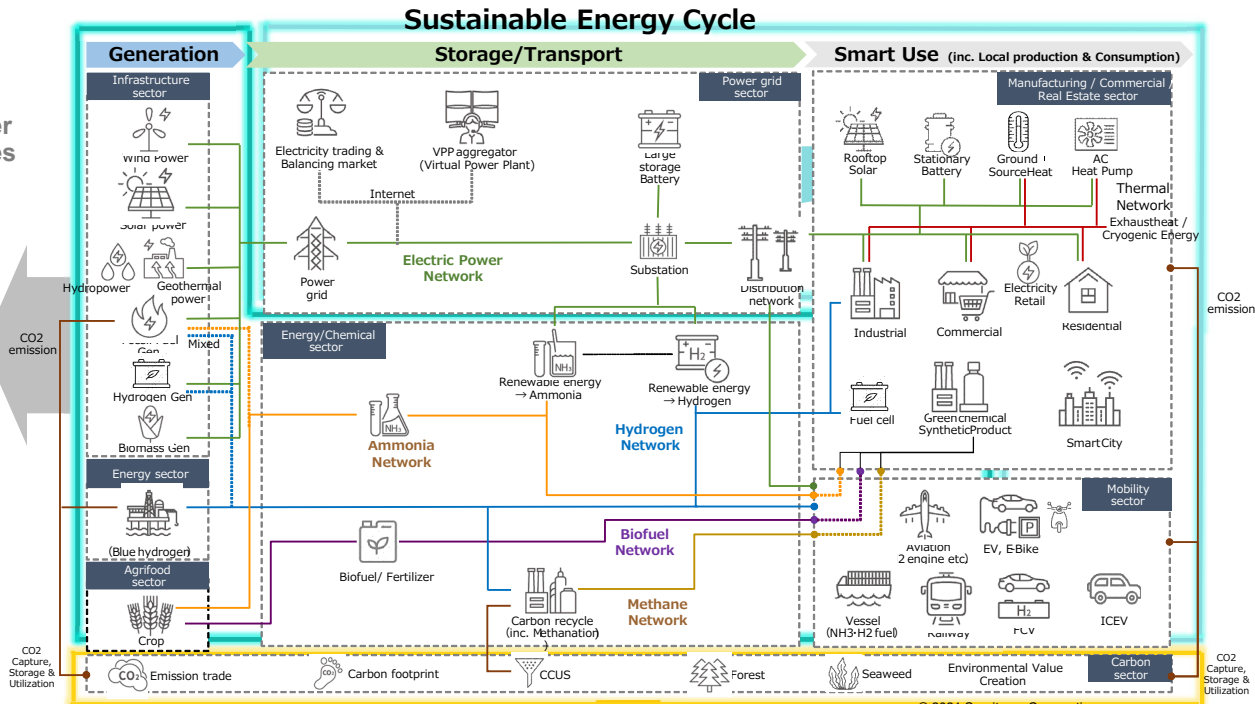
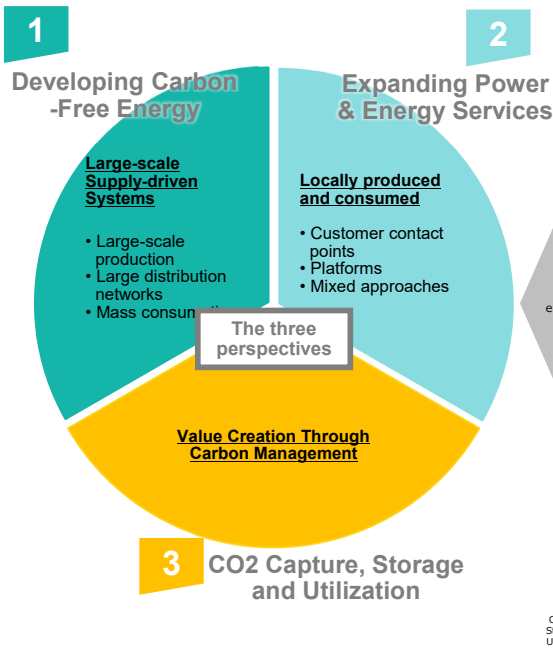
Source: IEA - Net Zero by 2050: A Roadmap for the Global Energy Sector

3

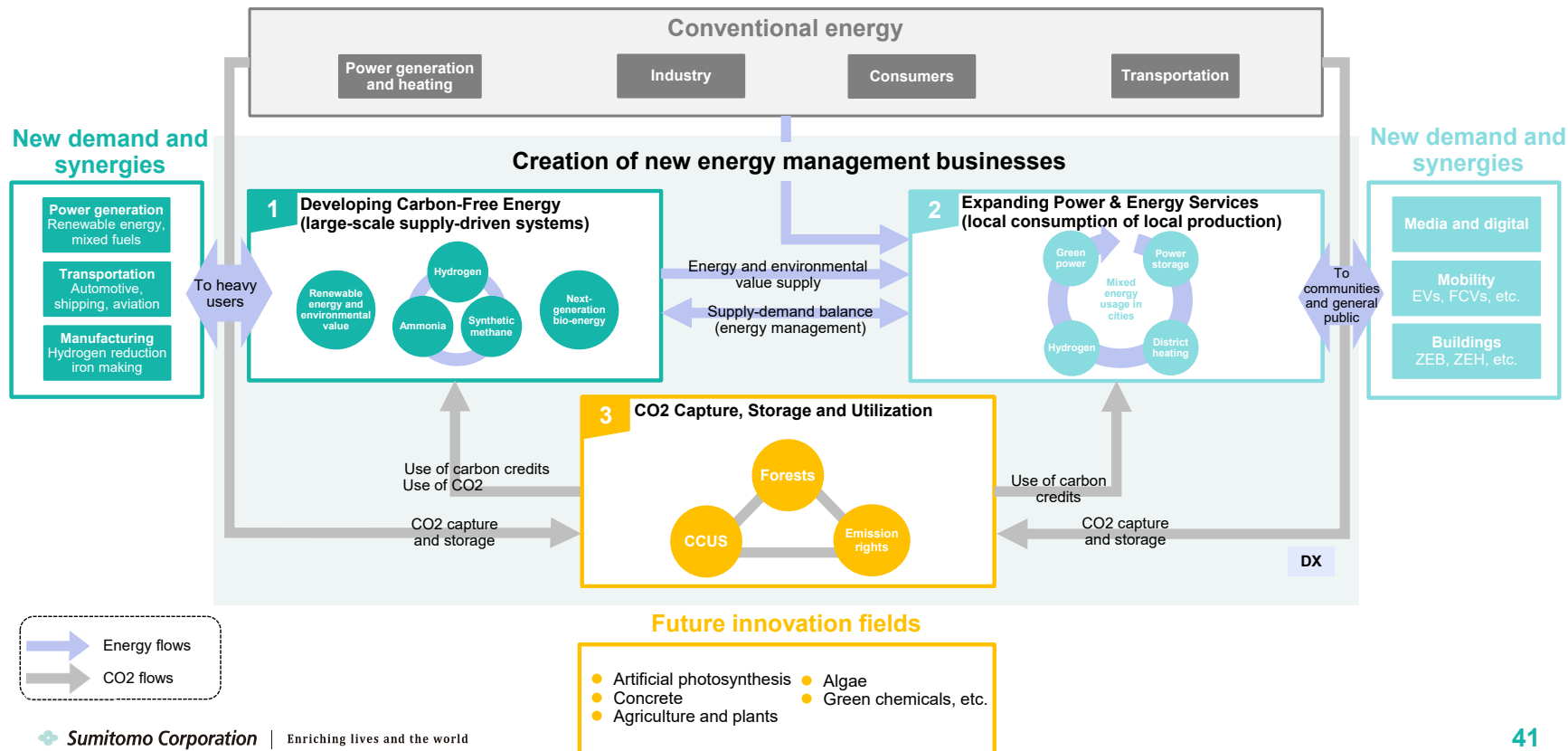
Rules of the game must change; rather than economic value alone, creation of new value is required

Bird's Eye View and Three Priority Fields of a Carbon-free, Recycling-oriented Energy System

- Overhead view of a carbon-free, recycling-oriented energy system for achieving a Carbon-neutral society as envisaged by the EII
- Survey value chains to classify EII initiatives for value creation into the three characteristic perspectives and identify priority fields



Creation of Next-generation Businesses for a Carbon-free, Recycling-oriented Energy System



Organization & Structure

- Dynamic and effective project-based organization & structure

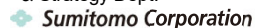
Management



Shingo Ueno
Head of EII
Senior Managing
Executive Officer



Seiji Kitajima
Director of EII
GM of EII Design
& Strategy Dept.



Hajime Mori
Director of EII
GM of Energy
Division

Enriching lives and the world



Keiichi Mihara
Director of EII
GM of Global Power
Infrastructure Business
Division



Takayuki Sumita
Assistant CSO
Sumitomo Corporation Global
Research Co. Ltd
EII Strategy & Design Dept.

Business Dept. / Team / Project



Design & Strategy Dept.



Hydrogen business Dept.



Zero Emission Solution Business Dept.



Wood Resources Business Dept.



Woodchip & Biomass Dept.



Team Power Frontier



Subsurface Energy Team



Next-generation
Bioenergy Project

Total Staff: Around 100

Examples of Main Projects to be Promoted by the EII

- Driving projects that leverage the strengths (cross-organizational collaboration and global networks) of the Sumitomo Corporation Group

Green hydrogen manufacture and sales business



Hydrogen Business Dept.

We are involved in the manufacture and sales of hydrogen using electricity from solar power as the main power source. We aim to build a hydrogen community that consumes energy produced locally. (Australia)

Wood pellet business



Woodchip & Biomass Dept.

As the largest domestic importer of wood pellets, we will lead Japan's biomass industry and expand biomass power generation for many years to come. (Japan)

Next-generation bio-energy business



Next-generation bio-energy project

We aim to develop next-generation bio-energy, which utilizes agricultural residues, in collaboration with strategic partners. (Brazil)

Namie, Fukushima Prefecture project



Hydrogen Business Dept.

Having entered a partnership agreement with the town of Namie in Fukushima Prefecture, we will develop cities that use distributed clean energy (hydrogen, etc.), with Namie as our starting point, and then take that "Fukushima Model" to the rest of Japan and the world. (Japan)

Distributed power source platform business



Team Power Frontier

We will work to develop a clean electricity platform business built around distributed solar power sources. (Japan, Asia, Africa)

Large storage battery business



Zero Emission Solution Business Dept.

In anticipation of issues facing electric power networks when large amounts of renewable energy are being used, we aim to build the base for large battery businesses that will install storage batteries in communities. (Japan)

Mixed energy service business



Zero Emission Solution Business Dept.

We aim to achieve carbon neutrality through our urban carbon management business following a concession format. (U.K.)

Otaru heat utilization business



Underground Energy Team

We aim to build the world's largest and Japan's first fifth generation district heating supply network (5G) in the city of Otaru, and create a wide-area heat supply and sales business. (Japan)

Forestry business



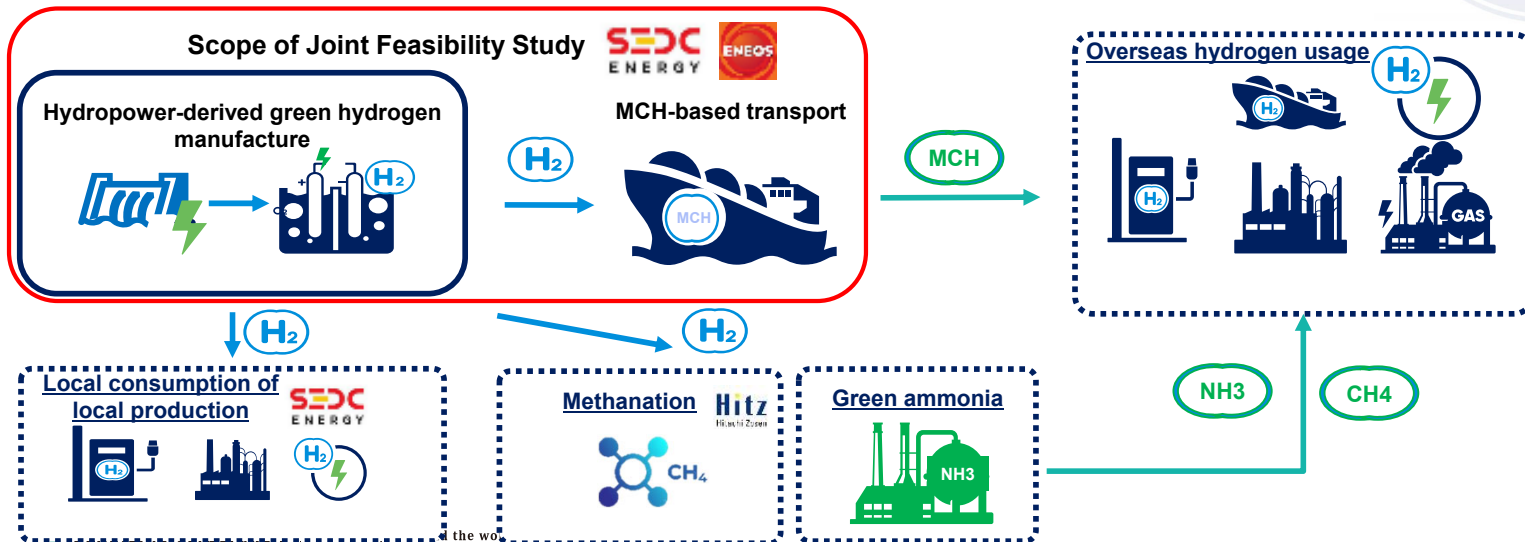
Wood Resources Business Dept.

As a trading company with the largest amount of forest resources, we will work on new environmental value creation projects based on CO2 capture and storage. (New Zealand, Russia)

Project Introduction (1): Hydropower-based Hydrogen Manufacture in Sarawak, Malaysia

Green hydrogen manufacturing project using the abundant, low-cost hydroelectric power generation capabilities of the state of Sarawak

- We signed an MOU with SEDC, the statutory investment body of the Sarawak government, and started pre-feasibility studies from November 2019.
- We aim to start manufacturing 3,000 tons of hydrogen per year from 2023 as a target (for local consumption).
- We aim to gradually increase production volumes until 2030 when we aim to produce and export between 100,000 and 300,000 tons.

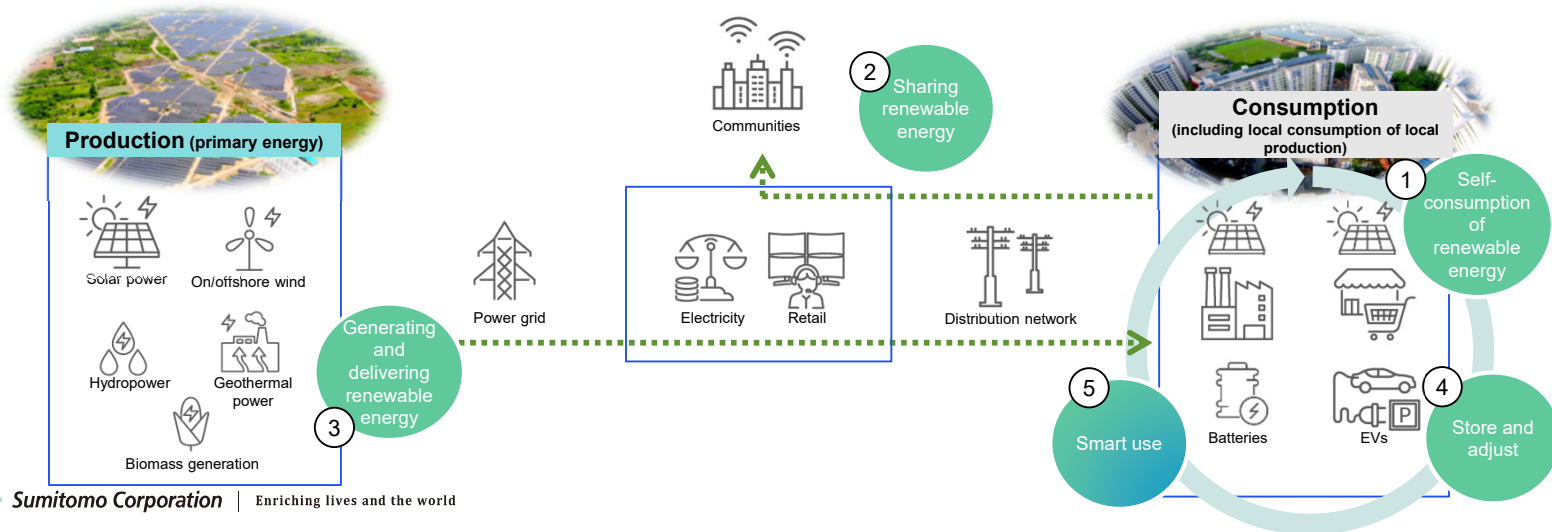


Project Introduction (2): Green Electricity Platform Business

Green electricity platform business generated from distributed renewable energy electricity

- Step (1): Adopt distributed renewable energy electricity → Start with self-consumption of renewable energy
- Step (2): Roll out a P2P electricity trading platform for unused excess renewable energy electricity → Share green electricity
- Step (3): Generate electricity for the grid from renewable energy → Realize goals of the RE100
- Step (4): Combine renewable energy with EVs and batteries → Stabilize supplies of renewable energy electricity
- Step (5): Adopt energy management systems → Integrated management and optimization

Project partners



Project Introduction (3): Forestry Business and Carbon Management

As a trading company with the largest amount of forest resources, we will work on new environmental value creation projects based on carbon management.



Terneyles JSC

Founded:	1992
Head office:	Plastun, Far East Region, Russia
Area of logging forests:	2.85 million ha (1.5 times the area of Shikoku, Japan)
Ownership:	49%



Summit Forests New Zealand Ltd.

2013
Auckland, New Zealand
37,000 ha (about 6 times the inner area of the Yamanote Line, Tokyo)
100%

Goals of the EII

**Establishment of a future earnings base
for Sumitomo Corporation**

**Achievement of a Carbon-neutral society
by establishing a decarbonization
and recycling energy system**

Questions and Answers

CSO/CIO Yamano x GM of Infrastructure Business Unit Akimoto x Head of EII Ueno

Part 3

DX-based Corporate Transformation (CX)



3:20-3:50 Panel Discussion

Executive Vice President and CDO,
Toshikazu Nambu
Outside Director, Akiko Ide
Facilitator : GM of DX Center, Bin Haga

3:50-4:10 Questions and Answers

Brief profiles of the panelists



Akiko Ide

June 2020 Outside Director, Sumitomo Corporation

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



Toshikazu Nambu

He Joined Sumitomo Corporation in 1982. After served as GM of the Americas and the Senior Managing Executive Officer of the Company, he currently serves as Representative Director, Executive Vice President, General Manager, Media & Digital Business Unit, Chief Digital Officer. He is responsible for DX activities of the Group and supervises wide-range of domestic group companies.

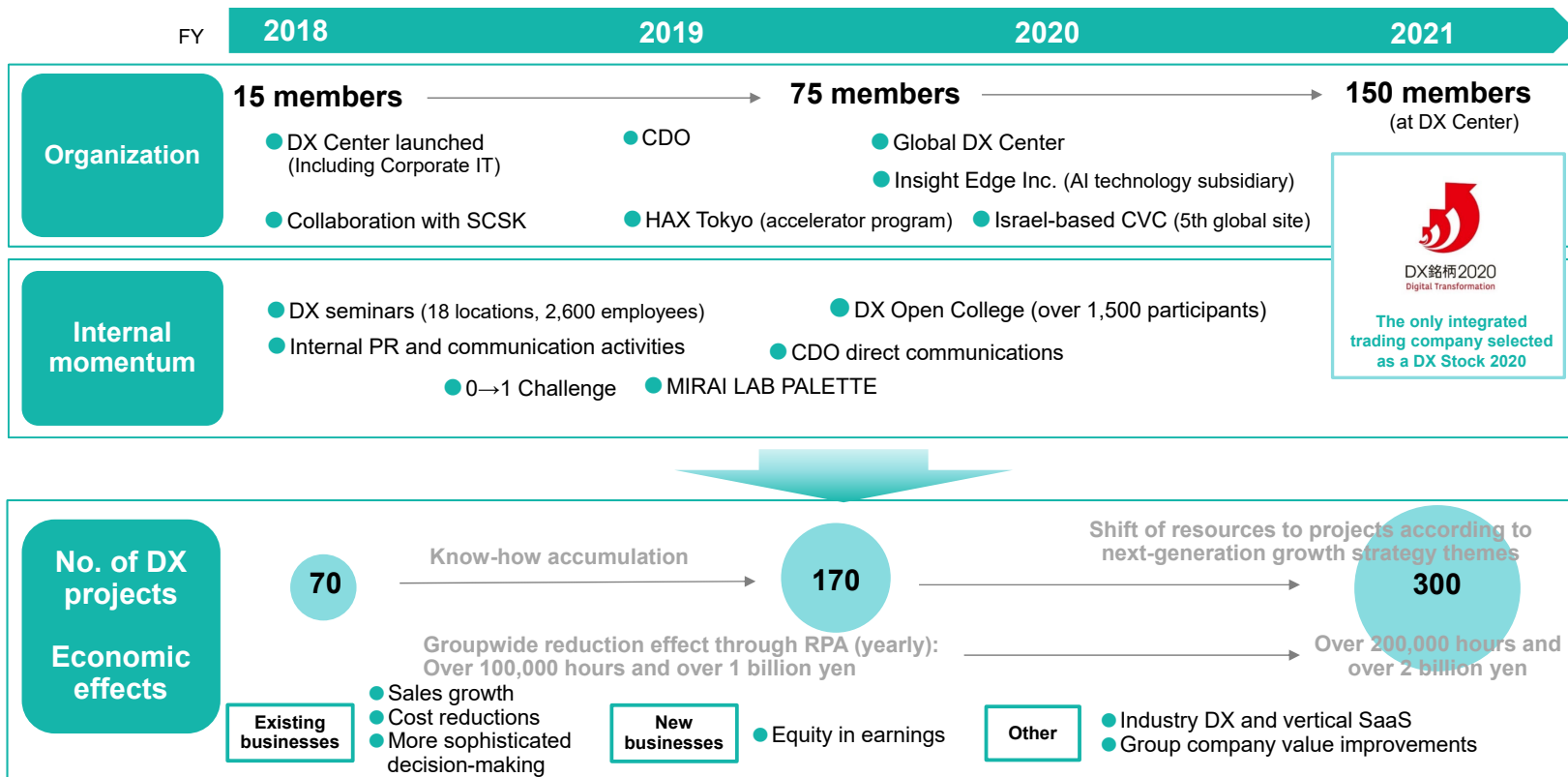


Facilitator : Bin Haga

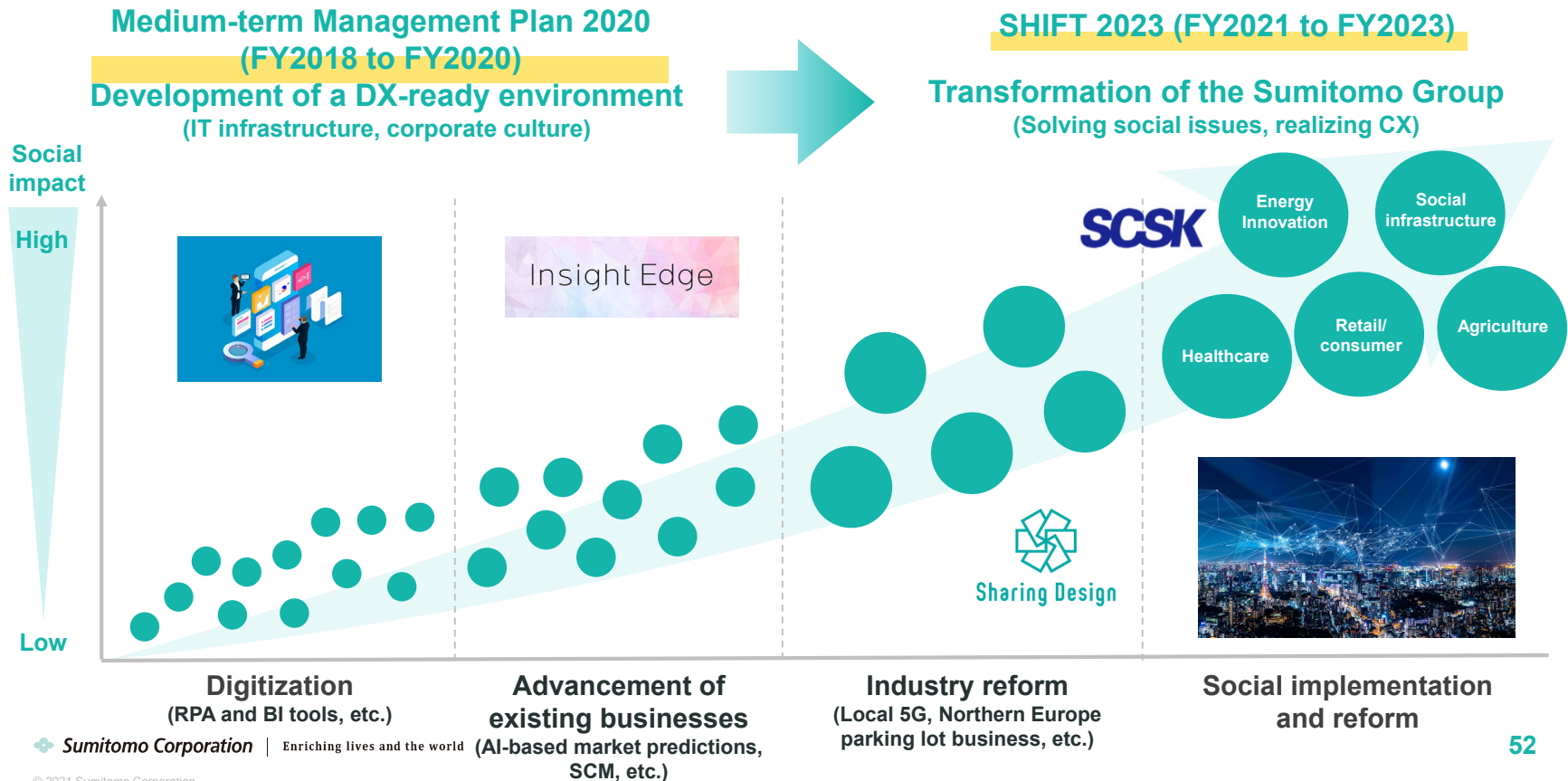
Managing Executive Officer
Assistant General Manager, Media & Digital Business Unit
General Manager, Digital Business Division

He engages in DX promotion, corporate venture capital and corporate IT of the Group.

DX Activity Timeline



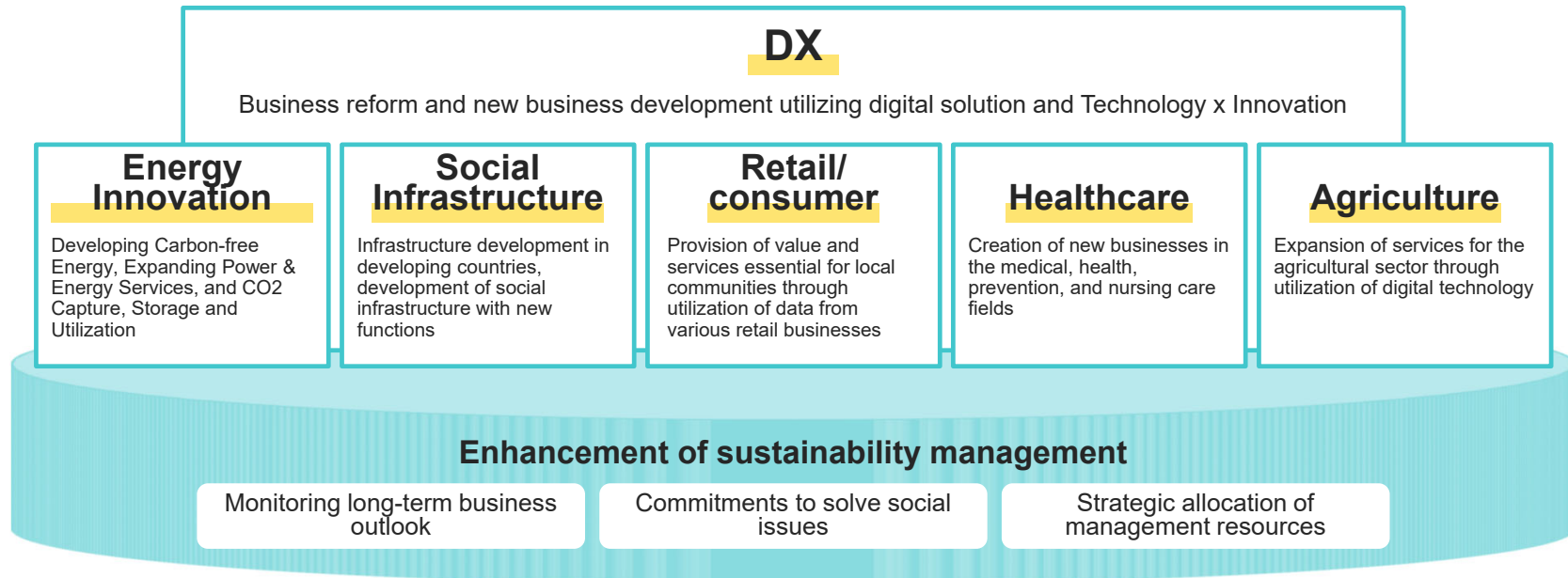
Phases of Business Creation Through DX



SHIFT 2023 Next-generation growth fields

- Six “next-generation growth fields” have been identified based on market potential and our strengths.

We will strengthen and cultivate businesses in these fields in the medium to long term throughout the entire organization.



Summit DX (Pursuit of Operational Excellence)

Rich data acquired through Summit's business base

Data-based AI learning and algorithm-based output

DX measures and improvement effects of optimized data output



Number of stores: 118
Annual sales: 310.5 billion yen

Rich data from inside and outside Summit

External data

Date, day, holidays, calendar events
Weather, temperature, sensory indicators

Product information

Product codes, selling prices, display location, number of facings
Sales promotion information, leaflets, price reductions, points

Store information

Store size, area, predicted customer visits



Learning

Trained models

DX measures

1st step

Demand prediction (customer visits, sales)



2nd step

Loss reduction

Price optimization

Sales promotion optimization

Product range optimization

Store working efficiency improvement

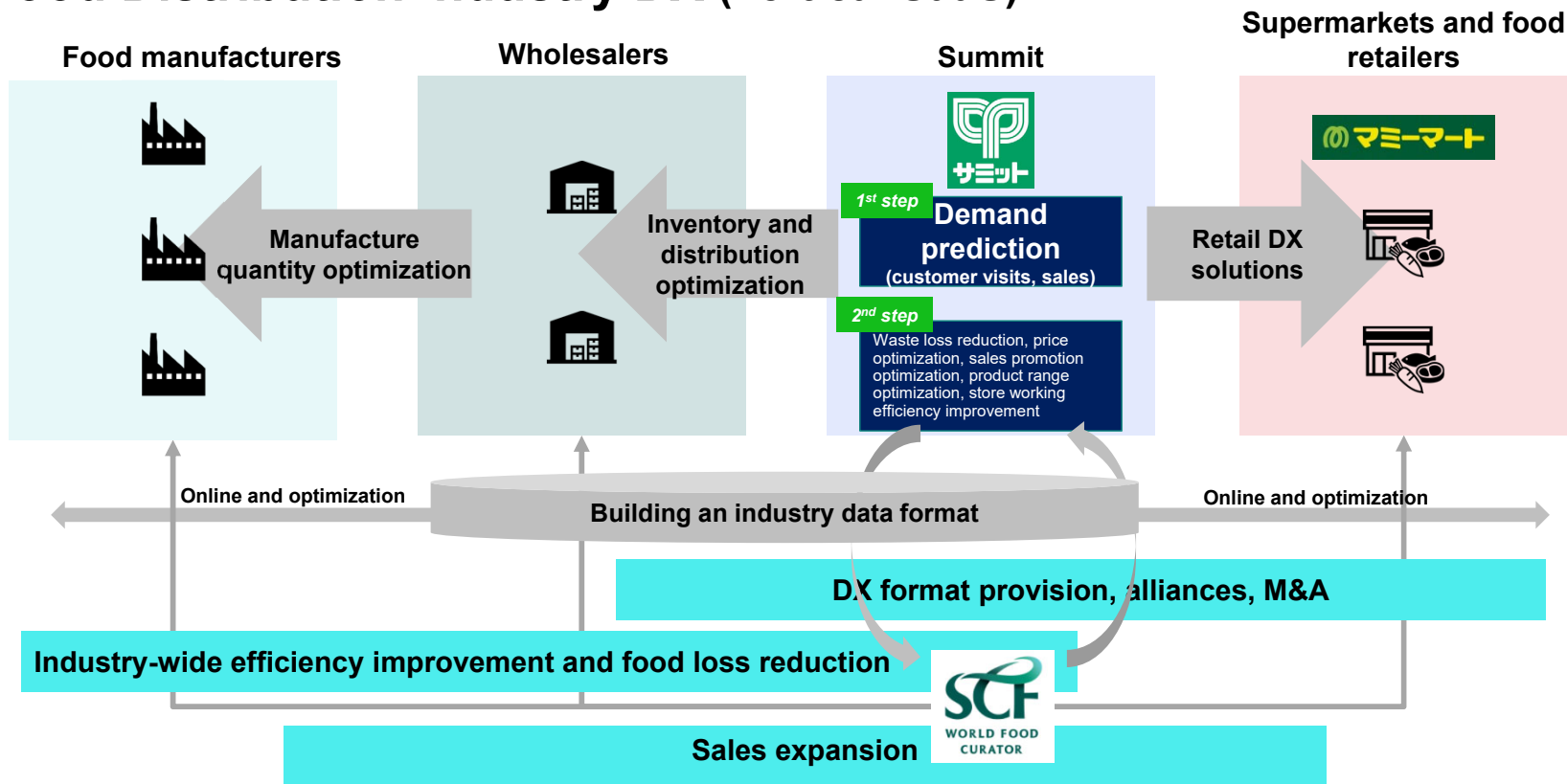
Improvement effects

Customer visits: Up

Revenue: Up

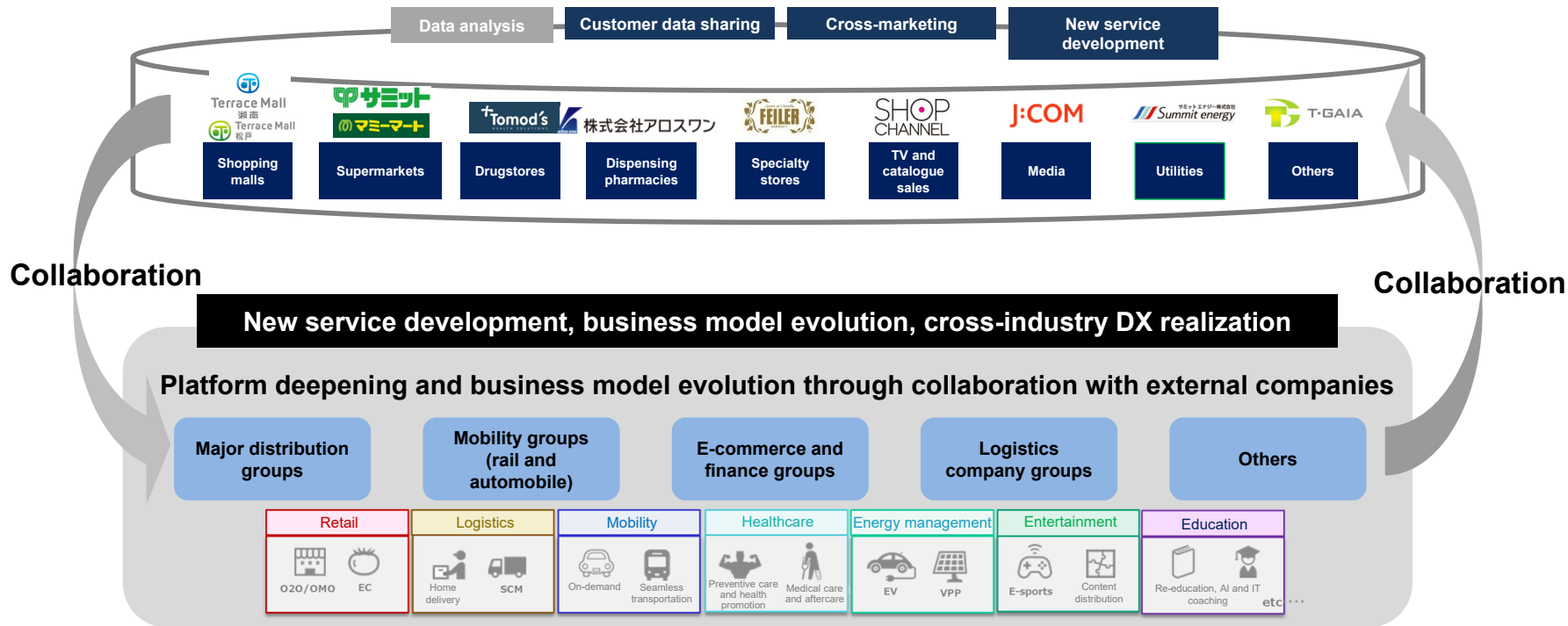
Costs: Down

Food Distribution Industry DX (Vertical SaaS)

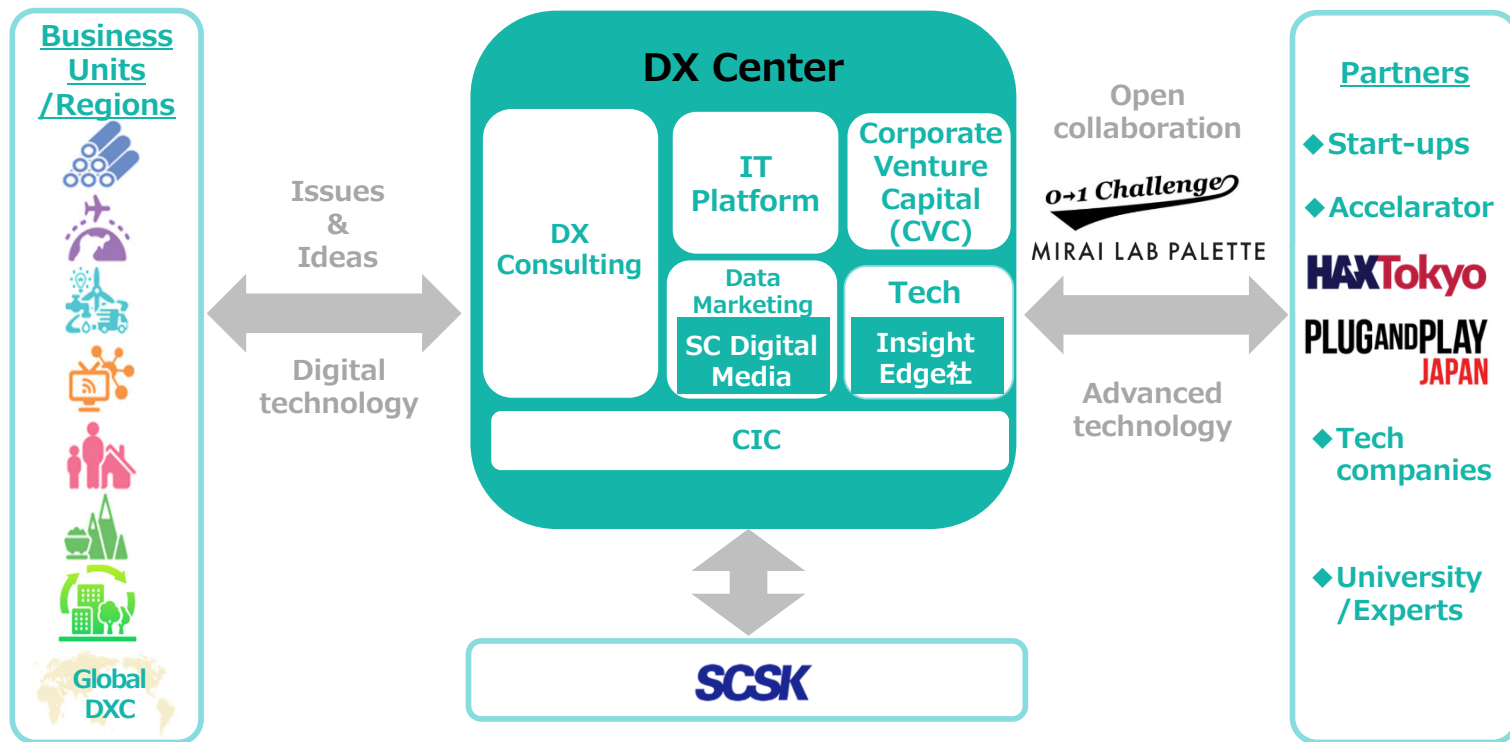


Retail/Consumer Business: Cross-industry DX

A consumer data-based platform of Sumitomo's operating companies



<Appendix> Promotion System



Panel Discussion

Executive Vice President and CDO Toshikazu Nambu x Outside Director Akiko Ide

Questions and Answers

CDO Nambu x Outside Director Ide x GM of DX Center Haga