

Investor Day 2021

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

Sumitomo Corporation

June 1, 2021



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	

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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

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

Thank you very much for taking time out of your busy schedule to participate in our Investor Day 2021 today.

Under these circumstances, we have decided to hold the conference on the web, but we would like to have a chance to exchange opinions and deepen communication with all participants in each session.

In opening the meeting, I would like to take a few minutes to present focusing on the 3 points.

The first point is to review the past and recognize the issues. Based on that, next is the aims and outline of our new medium-term management plan announced last month. Lastly, I will explain our sustainability management, which is the core of our management plan.

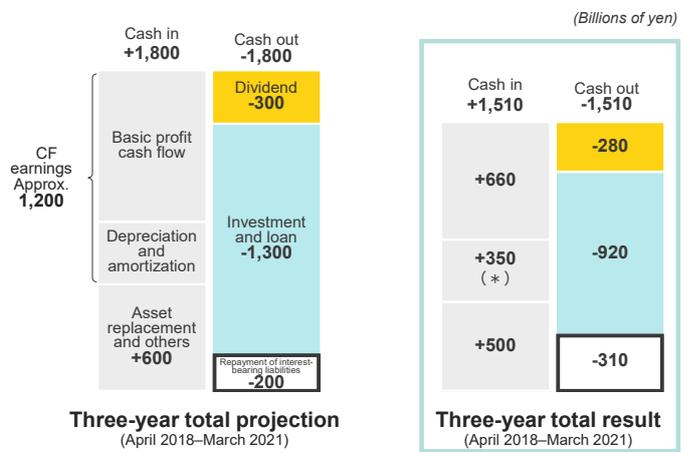
(1) Historical Performance Review and Identification of Issues (1/3)
– Medium-term Management Plan 2020 –

- 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)



Three-year total cash flow



Efficiency ratios

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

* 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.”

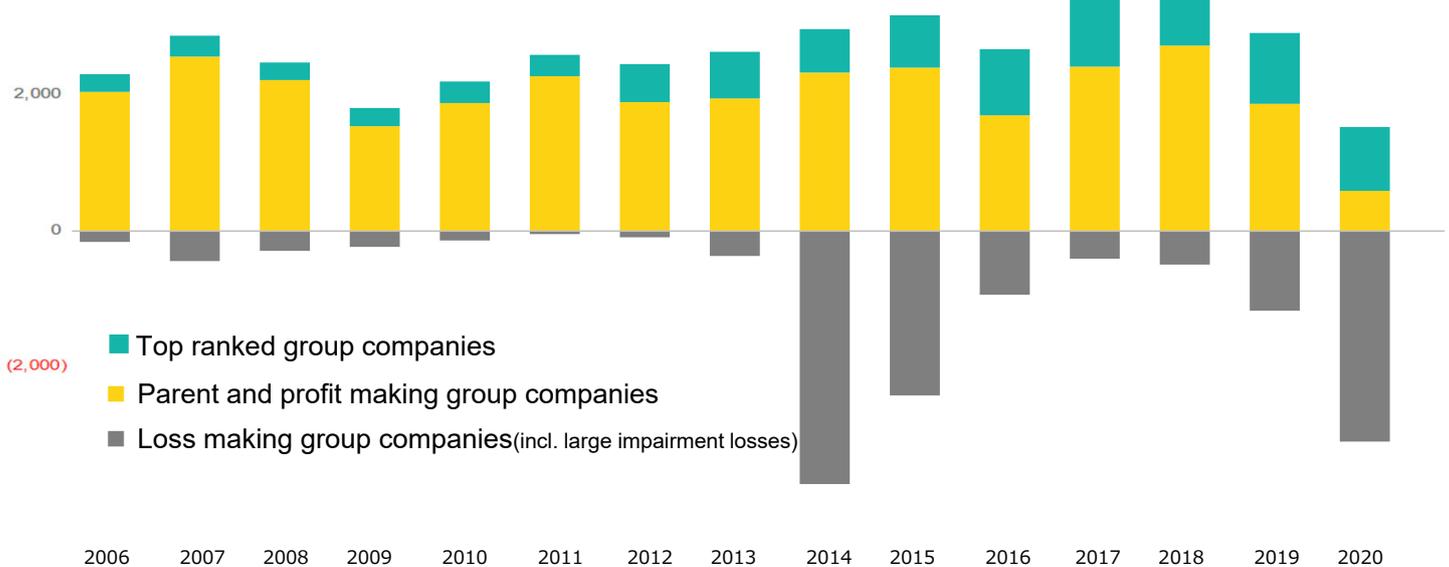
Let me begin by reviewing the past and sorting out the issues, as you look at the slides. Profit and loss for FY2020 was a loss of JPY153.1 billion. This is because, in addition to the loss incurred due to the deterioration in the business environment, the Company recorded a one-off loss of approximately JPY350 billion, including costs associated with the promotion of structural reforms.

Although the spread of the new coronavirus was a major factor, I believe that the coronavirus pandemic essentially exposed the weaknesses in our business portfolio. What were the factors that led to this situation? We decided that we should thoroughly analyze the factors that led us to this point, deepen the discussion, and take countermeasures.

Today, I will briefly explain the contents.

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

Historical Net Profit (FY2006 - FY2020)



This chart shows our consolidated net income over the past 15 years since FY2006. To identify the issues, I divided the performance graph into 3 elements: green in the top row, yellow in the middle row, and gray in the bottom row.

First, on the top row in green. This represents the total revenue of the top operating company groups that have contributed to our earnings over the years. These businesses are our core businesses that we have refined and grown over the years. Even in the difficult business environment caused by COVID-19, these businesses have been able to generate relatively stable earnings.

Next, the yellow area in the middle row shows the total revenue of the profitable operating companies other than the top companies and the non-consolidated companies. Although we have maintained a profitable trend throughout the decade, changes in the business environment have had a significant impact on our earnings, and we believe that there are issues to be addressed to improve this structure.

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

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

– Deep Diving the Issues –

Strength

Issue

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

**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

In the next page, we will dig a little deeper into the issues.

As you can see first, the green group of operating companies shown earlier is a group of businesses where we have been able to increase value over the years and demonstrate our strengths. We will continue to pursue profitability by leveraging our strengths.

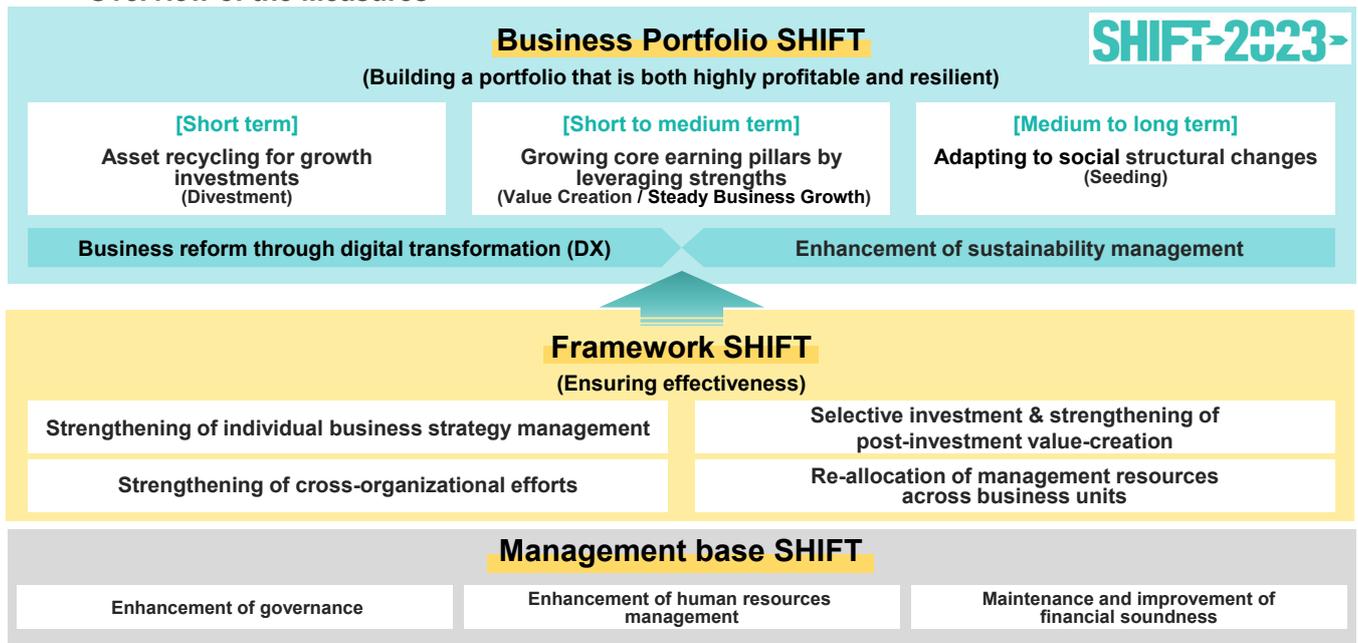
On the other hand, the issues that need to be resolved are shown in the yellow and gray areas. In other words, we believe that we need to strengthen the profitability and downward tolerance of our business portfolio.

In response to this issue, we have decided that we need to implement the 3 measures described here. The first is to improve our business structure by accelerating the replacement of assets. One of the short-term remedies is to take a thorough look at and liquidate businesses that are judged to be unprofitable and have issues with growth potential. This initiative has been implemented since last fiscal year as part of our structural reforms, and although we still have a way to go, we have achieved the withdrawal of more than 30 companies.

The next step is to steadily generate profits from new investment and loan projects. Businesses that have invested in recent years and are not progressing as planned should be turned around steadily. In addition, to avoid making the same mistake in the future, it is essential to strengthen investment discipline, and to have a system and its operation to enhance value enhancement after investment.

Lastly, we will develop new core businesses. We need to change our existing businesses so that they are more suitable for the changes in the times. At the same time, we need to focus on nurturing new core businesses in a more reliable manner while leveraging our strengths and capabilities.

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



The new medium-term management plan, SHIFT 2023, was formulated to resolve our issues, restructure our business portfolio, and further strengthen it. As I mentioned, we will complete thorough structural reforms and at the same time aim for a V-shaped recovery in our business performance. Here is the whole picture.

First, the upper part is what we are aiming for in the new medium-term management plan. The middle section is the mechanism that supports it. The lower part is the continuous reinforcement of the management base. It consists of these 3 parts.

In order to shift to a business portfolio with higher profitability and downward pressure resistance, we will selectively invest the recovered management resources in strengthening and nurturing the pillars of earnings by leveraging our strengths through thorough asset replacement, while firmly grasping the 2 major social trends of digitalization and the demand for sustainability.

Also, we will take on the challenge of social structural change. In other words, we will continue our efforts in the field of seeding, which we will tackle from a medium- to long-term perspective, with a focus on results. By doing so, we will simultaneously promote the strengthening of our earning power and the development of new core businesses.

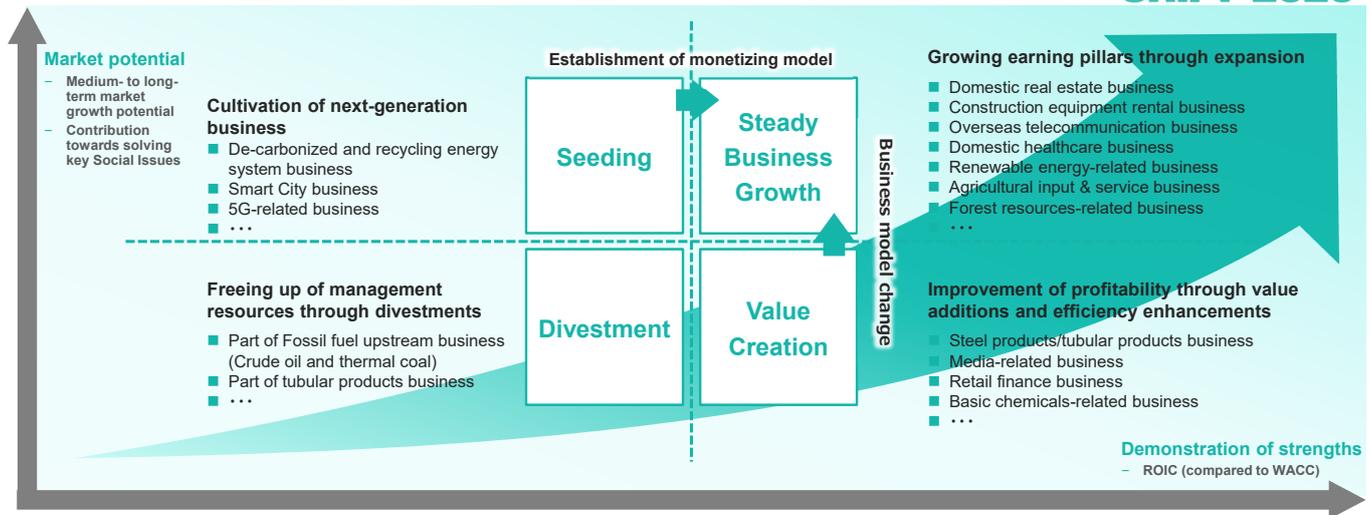
What we need now is to shift our company's structure with an awareness of its effectiveness in order to realize this shift in our business portfolio. Above all, I believe it is a shift in our own consciousness and behavior.

As I said, under the banner of the word SHIFT, we are determined to carry out structural reforms with all officers and employees united, with a mindset of never repeating the same mistakes again, based on the reflection of the past.

(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



I would like to provide some additional information about the shift in our business portfolio. Prior to the start of the new medium-term management plan, we reorganized all of our businesses into strategic business units and had a series of strategic discussions. As you can see in the diagram, we have plotted all strategic business units in the 4 categories of Divestment, Value Creation, Steady Business Growth, and Seeding, based on the 2 axes of Market Potential and Demonstration of Strengths, and we have set targets according to their respective positions.

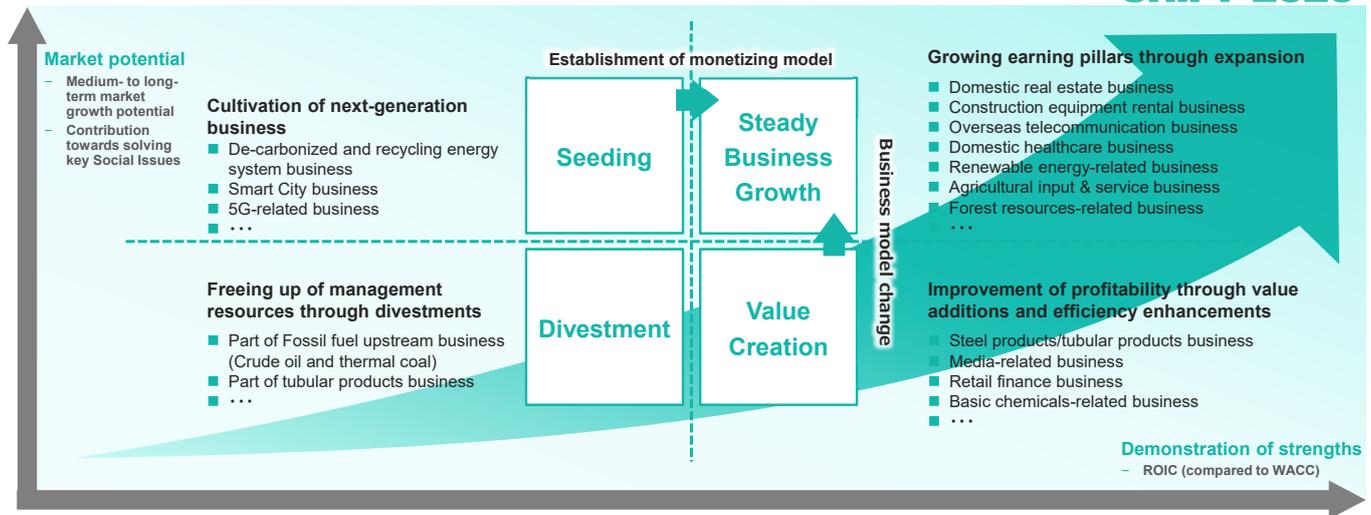
By steadily achieving the goals we have set for each category of business group, we aim to evolve all of our businesses into businesses with both market attractiveness and strength, i.e., Steady Business Growth in the upper right-hand corner.

The total cash flow to be generated over the 3 years is expected to be JPY1.4 trillion. After subtracting the fund for dividend from this amount, it will be JPY1.14 trillion. From this amount, we will allocate approximately JPY330 billion for investments necessary to increase the value of existing businesses and achieve a steady turnaround of these businesses. In addition, we will invest JPY760 billion to strengthen our earning power in focused businesses where we have strengths. However, although I have just talked about investments of more than JPY1 trillion, about half of this will be for replacement investment of existing businesses to maintain their assets, and the other half will be investments for business expansion.

(2) Purpose and Overview of New Medium-term Management Plan (2/2) – Direction and Strategy of Our Business Portfolio –

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- Shift portfolio to potential markets where our strengths can be fully demonstrated in order to increase both profitability and resilience.

SHIFT-2023

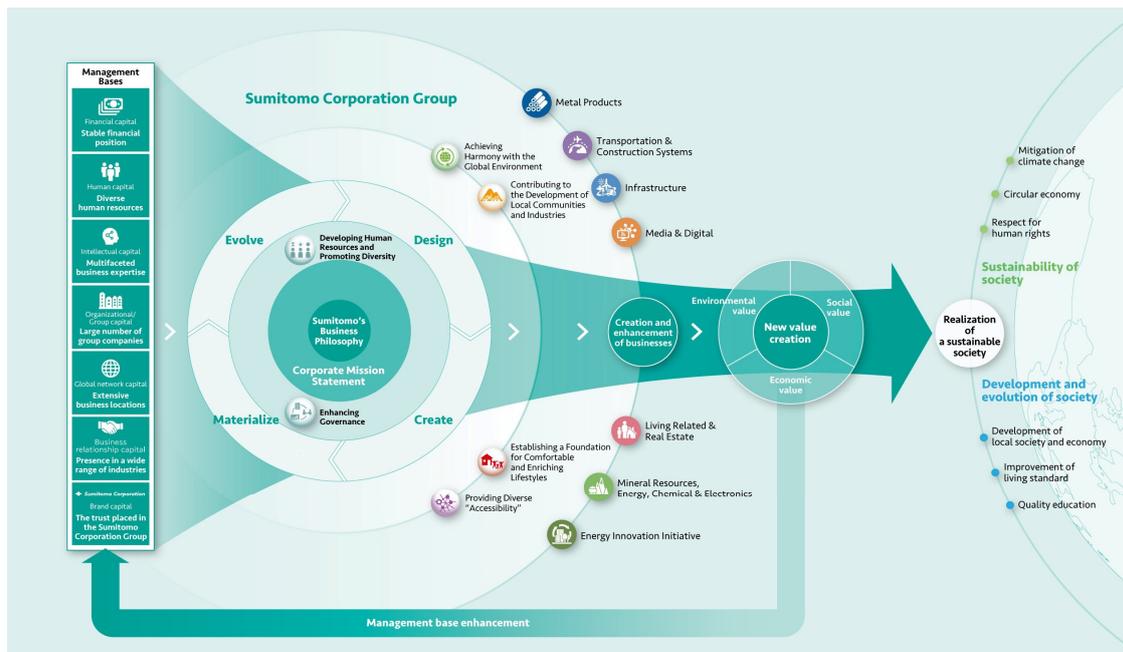


Through these measures, we aim to increase our asset size from the current JPY8 trillion to about JPY8.5 trillion after 3 years of the new medium-term management plan, achieve ROA of about 4% and ROE of 10% or more, and achieve steady improvement of our business structure and V-shaped recovery through structural reforms and various measures of SHIFT 2023.

We have set aside JPY50 billion for seeding investment for the next generation, but this investment is not expected to contribute to profits until after the next medium-term management plan.

By implementing the new medium-term management plan, we will do our best to regain the trust of everyone as soon as possible.

(3) Sustainability Management



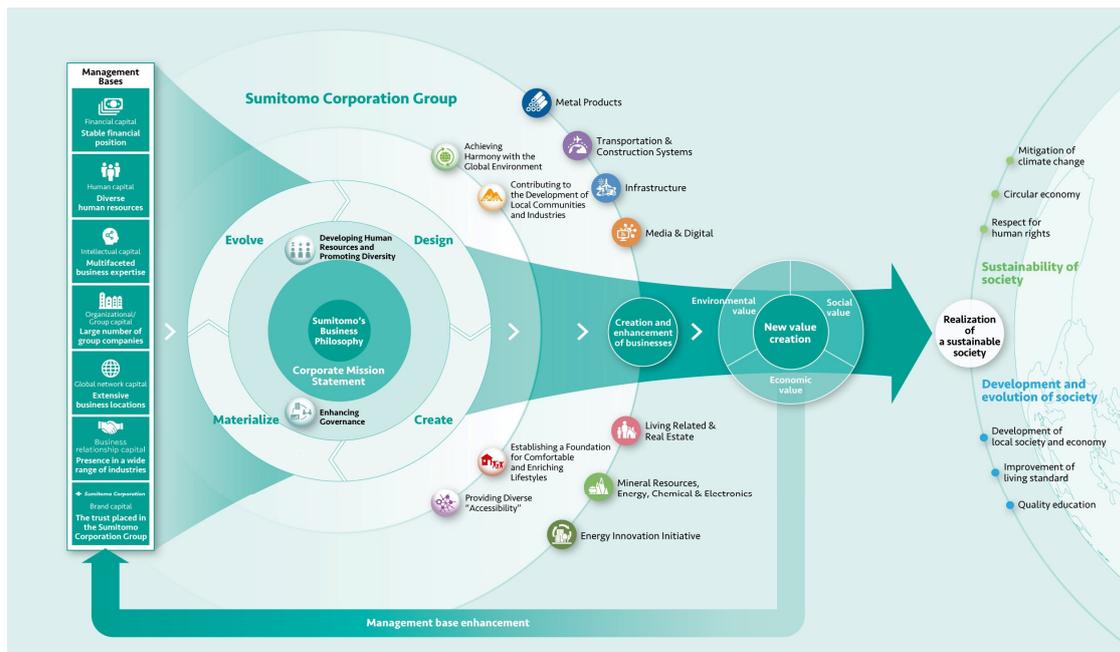
At the end of my presentation, I would like to introduce our sustainability management, which is a key initiative of our company from a long-term perspective. As we introduced at Investor Day about 2 years ago, this represents our value creation model.

The spread of new coronavirus, climate change, and other social issues are becoming more and more prominent, and I believe that we are in an era of very rapid change. Despite all of this, the foundation of our value creation model remains unchanged. In other words, it is a system for creating and upgrading new businesses by utilizing the 7 capitals, which are the strengths we have cultivated, based on Sumitomo's business spirit represented by "benefit for self and others, private and public interests are one and the same" as the foundation of our corporate activities.

We will contribute to the realization of a sustainable society with the 3 values created through our business. This is the kind of work we practice. In addition, this value creation model shows that we will achieve 2 types of sustainable growth at the same time. The first of these is the sustainable growth of our group. The other is sustainable growth of society. With regard to the latter, sustainable growth of society, we announced in June last year the 6 key social issues plotted on the right side of this value creation model and have now announced the mid-term target KPIs that will serve as milestones toward solving these issues.

In the new medium-term management plan, we have also clearly positioned efforts to achieve these goals in the plan. As I mentioned earlier, climate change and other social issues are becoming increasingly serious and pose a serious threat to the sustainability of our society, and I believe that it is the mission of our group to contribute to solving these issues through our business.

Part 1 Achievement of Swift Recovery to our Growth Path
(3) Sustainability Management



We believe that a business that can create and provide value that is truly needed by society will be a business that is resistant to downturn. I am convinced that strategically allocating management resources to such businesses will enable us to achieve sustainable growth, which in turn will lead to the long-term enhancement of our corporate value. We will continue to work to ensure that the Group's business activities are consistent with a sustainable society through sustainability management.

At the Investor Day today, we will have time for questions and answers at each session, so we would like to hear frank opinions from our stakeholders to help us realize better management of our group in the future.

It will be a long 3 1/2 hours, but I would like to ask for your cooperation today.

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,
Tutomu 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

Hello everyone. I am Yamano, the CSO, who was just introduced. I would like to take some time to explain about the Sumitomo Corporation Group's sustainability management for the second part of the presentation.

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



We have been promoting management with a strong awareness of sustainability. The reason for this is not only that corporations are expected to contribute to the realization of a sustainable society as social issues such as climate change become more serious.

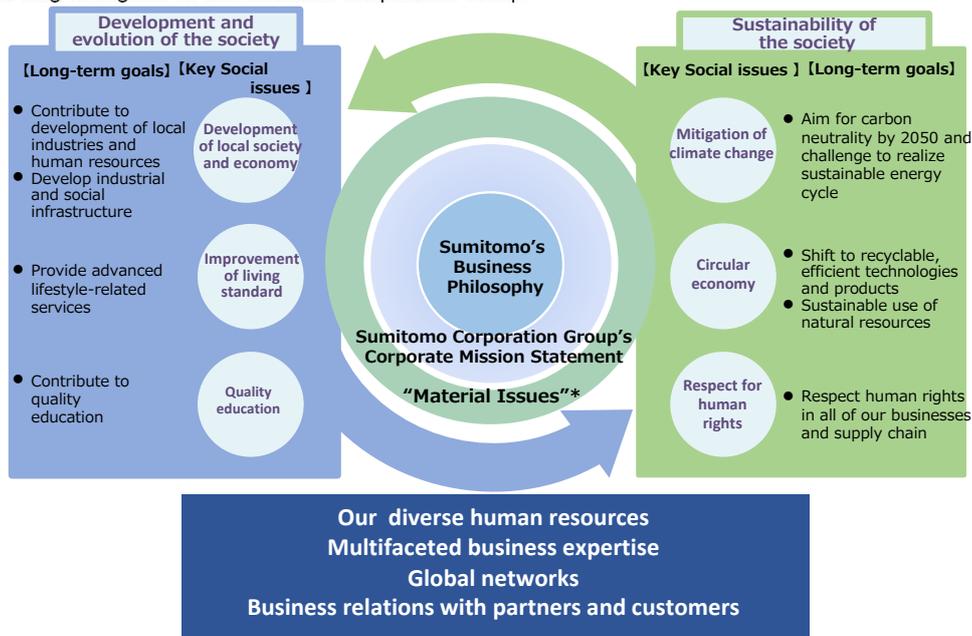
This is because we believe that now, when sustainability is threatened, pursuing the ideal state of society from a medium- to long-term perspective will bring more business opportunities. In addition to contributing to the resolution of social issues through our business, we believe that we can ensure our own sustainability and enhance our corporate value by continuing to create value that is truly needed by society by anticipating future changes in the business environment and investing our management resources in that environment.

As shown in this slide, Sumitomo Corporation's goal of sustainability management is to combine the realization of a sustainable society with the value creation and sustainable growth of the Sumitomo Corporation Group.

The concepts of contributing to society and emphasizing sustainability are not new to the Sumitomo Group. Sumitomo Group's business spirit, which we have inherited over the past 430 years, has repeatedly emphasized the importance of public interest, and we have been conducting our management with this in mind.

Sustainability Management of Sumitomo Corporation

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

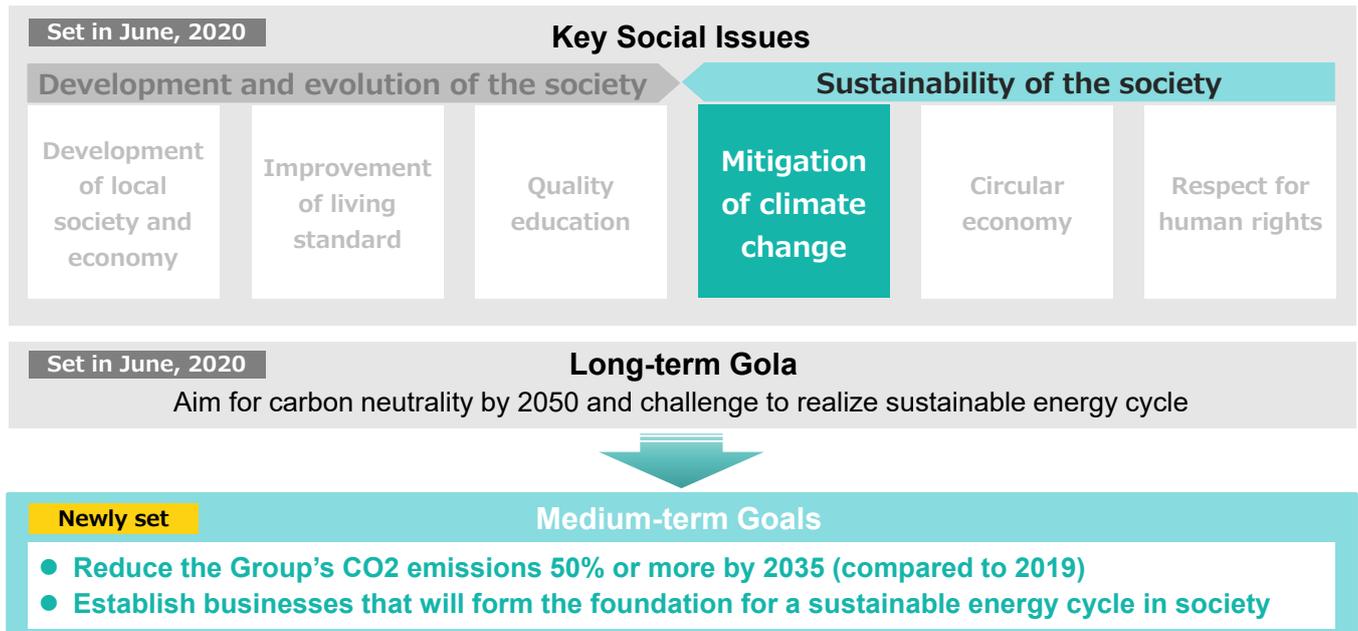


These are the 6 key social issues and their associated long-term goals that we established last year as part of our efforts to enhance our sustainability management.

Sumitomo's business spirit and the Sumitomo Corporation Group's management philosophy and code of conduct have been and will continue to be at the center of our corporate activities, and we will never waver from this axis. The materiality we identified in 2017 is also positioned as the foundation of our management decisions. With these values at the core, the key social issues and long-term goals represent what we aim to achieve and what role we will play in society by leveraging our strengths, which are listed at the bottom of the slide.

As you can see on the upper right of the slide, with regard to the climate change issue, our policy is to aim to become carbon neutral in the business activities of our group by 2050 and to contribute to the realization of a sustainable energy cycle for society.

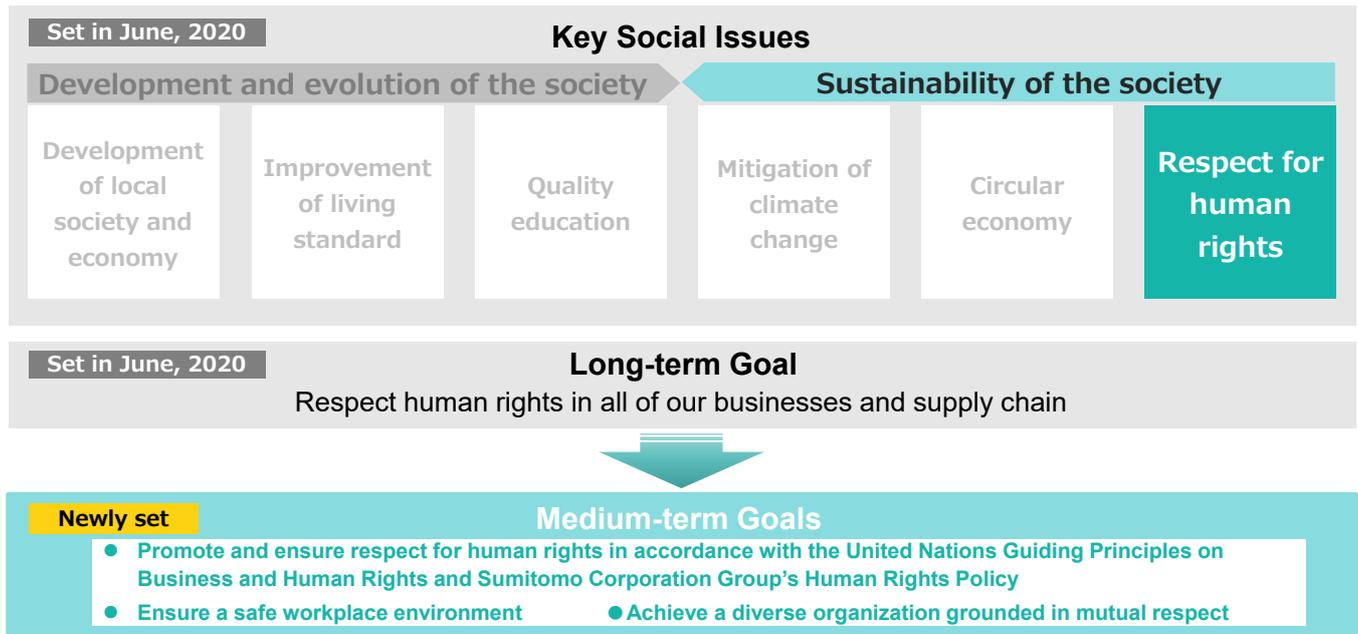
Setting Medium-term Goals for Key Social Issues and Long-term Goals



Last month, we also formulated medium-term targets and KPIs, which will serve as an action plan to realize the long-term targets mentioned above, and announced them to the public along with the new medium-term management plan.

For more details, please refer to the appendix in your handout. With regard to the climate change issue, for example, we have set a medium-term goal of reducing CO2 emissions by 50% or more compared to 2019 levels by 2035, which is the intermediate year to achieve our long-term goal of becoming carbon neutral by 2050. I will explain this point in more detail later.

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



Regarding to respect for human rights, which is another important social issue, we have set the following medium-term goals: strengthening human rights due diligence in line with the Group's human rights policy established last year, building an effective grievance mechanism, and creating a diverse and mutually respectful organization.

Through these efforts, we will continue to promote respect for human rights.

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^(*)), risk management, targets and KPIs related to climate change based on TCFD recommendations, and continue to enhance the content of disclosure.

^(*) 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

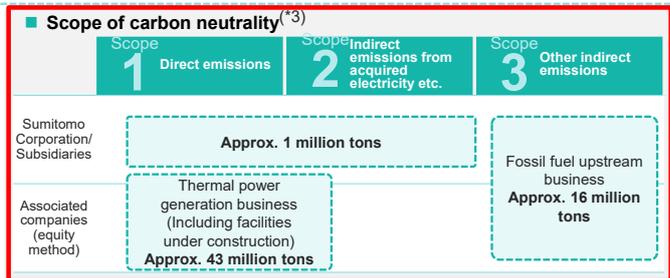
CO₂ emissions (*1): Reduce 90% or more

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.

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

^(*) 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).

^(*) As of 2019



Develop new businesses for realizing a sustainable energy cycle

We will make Companywide effort including initiatives taken by EIL, 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.

Here, I would like to give you an additional explanation on how to deal with climate change issues, which may be of great interest to you.

At the same time as the announcement of our medium-term goals on key social issues, we have also announced our new policy on climate change. This is a bit of a busy slide, but the content is what you see on this page. We have included a document in the appendix that compares the old policy with the new policy, so please refer to it later.

This time, we have clarified the path to achieve carbon neutrality by 2050. In addition to the medium-term target that I explained earlier of reducing CO₂ emissions by more than 50% by 2035, we have also announced a schedule for withdrawing from the coal-fired power generation business and the thermal coal mining business, as shown in the underlined portion on the left side of the slide.

The red box on the right shows the scope of our carbon-neutralization efforts, along with our current emissions. This includes indirect CO₂ emissions from coal- and gas-fired power generation projects, including those of our equity method affiliates, as well as from our so-called Scope 3 fossil energy concession operations, demonstrating our strong commitment to mitigating climate change. In the future, we will not only steadily implement initiatives in line with this policy but will also disclose and announce the progress of these initiatives in a timely manner through the ESG Communication Book and other means.

We endorsed the TCFD 2 years ago and have already begun disclosing risks and opportunities related to climate change, as well as the new non-financial disclosure standards announced this year by the International Business Council, a member of the World Economic Forum, which hosts the Davos Forum. By disclosing the status of our initiatives in a highly transparent manner to our stakeholders in accordance with such international disclosure standards, we will make firm efforts to gain their understanding and support for the Group’s sustainability management and overall corporate activities. The above is a brief explanation of our efforts to enhance our sustainability management.

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	

I will now give a brief explanation of the program for the second part of the presentation.

First of all, in relation to sustainability, Mr. Akimoto, General Manager of the Infrastructure Business Unit, will talk about the future initiatives and growth strategies of the Infrastructure Business Unit, including the power generation business, which has a large impact on the recent long-term changes in the business environment related to climate change and is of great interest to shareholders and investors.

Following that, Mr. Ueno, Executive Vice President, Leader of Energy Innovation Initiative, EII, will explain the initiatives and strategies of the EII. EII was established in April this year as a new business organization that transcends the framework of existing unit to create next-generation energy businesses that will contribute to the realization of a carbon-neutral society.

After that, as the last part of the second session, Ueno, Akimoto and I will be happy to answer any questions you may have.

<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"> ■ 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 ■ 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 ■ 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"> ■ 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"> ■ 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"> ■ 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 	<p style="background-color: #bbdefb; margin: 0;">Former policy</p> <p>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.</p>	<p style="background-color: #bbdefb; margin: 0;">Revised policy</p> <p>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.</p>
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
	Former policy	Revised policy
<ul style="list-style-type: none"> ■ Thermal coal mining business 	The current level of equity share coal production shall be the upper limit, and new development will not be implemented.	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.

(*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)

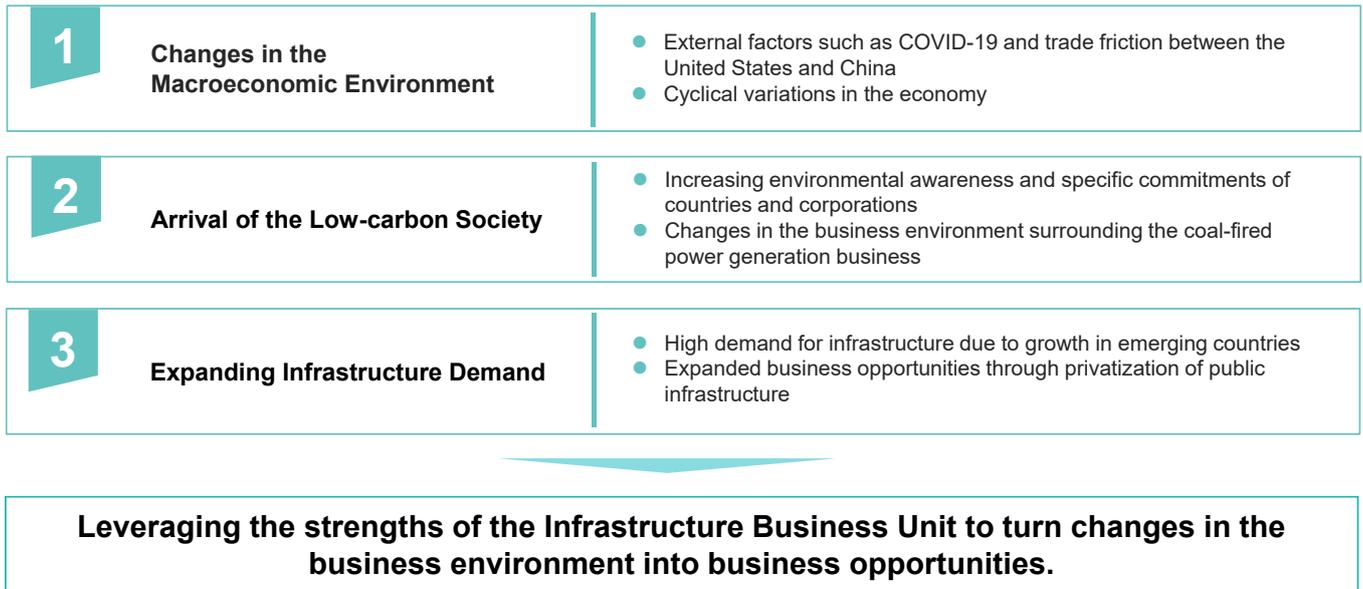
(*4) Indirect CO2 emissions generated by others with the use of fossil fuel

Infrastructure Business Unit Strategy Responding to Changes in the Business Environment

Tsutomu Akimoto, GM of Infrastructure Business Unit

My name is Akimoto, General Manager of the Infrastructure Business Unit. Today, I would like to explain our strategy for the Infrastructure Business Unit in light of the changing business environment.

Business Environment Surrounding the Infrastructure Business Unit



First, I will explain the 3 main changes in the business environment surrounding the unit. The first point, not limited to our unit, is the impact of COVID-19 and changes in the macroeconomic environment due to economic fluctuations. The revenues of infrastructure projects are inherently resistant to downward fluctuations in economic and market conditions. Therefore, we had to support the Company's business performance with stable revenues precisely at a time when the economic environment is difficult to predict. Unfortunately, the unit posted large one-off losses last year, disappointing our expectations.

Although this was the result of a number of factors other than COVID-19, all of us involved in the unit will take this fact seriously and thoroughly review each project and extract lessons learned to avoid repeating the same mistakes and recover the loss in future projects.

The second point is the advent of a low-carbon society. The issue of climate change is now a global challenge that the entire world must work together to solve. In this business segment, the business environment surrounding coal-fired power generation business in particular has been drastically changing, and as a result, the unit's power generation portfolio has taken a major turn toward low-carbon power generation.

The third point is the enormous increase in global demand for infrastructure. With the dramatic economic and population growth in emerging countries, the demand for high quality basic social infrastructure is increasing. In developed countries as well, there are many business opportunities due to the demand for renewal and the opening up of public infrastructure to private capital. The unit is formulating business strategies to take advantage of these changes in the business environment as an opportunity for growth rather than a threat.

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.

Next, I would like to explain the 2 long-term goals and the mission of the unit that we are committed to.

The first point is to build a stable revenue base with a sense of scale. By taking advantage of the characteristics of the infrastructure business, we will build a stable revenue base with strong downward resistance that is not easily affected by economic fluctuations, and contribute to the Company's performance.

The second point is to achieve carbon neutral in 2050. In order to achieve company-wide carbon neutral, it is first and foremost imperative that the power generation portfolio of this unit be low-carbon. It should be noted, however, that the sector's power generation portfolio is not concentrated in a single country, but rather in a collection of power plants scattered around the world. Therefore, we cannot forget another important mission of the unit, which is to make the unit's power generation portfolio low-carbon while at the same time contributing to the development of the local communities and economies of the host countries where the individual power plants are located.

These are 2 difficult issues, but I believe that the solution must be a sustainable and compatible process.

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

In order to achieve the above long-term goals, we have set the following 4 goals in the new medium-term management plan.

The first point is to return to a growth path.

The second point is to promote projects aimed at achieving carbon neutral.

The third point is to shift the divisional business portfolio.

The fourth point is the co-creation with EII, which will be explained in detail later by Mr. Ueno. I will explain them in order.

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

The first is a return to a growth path.

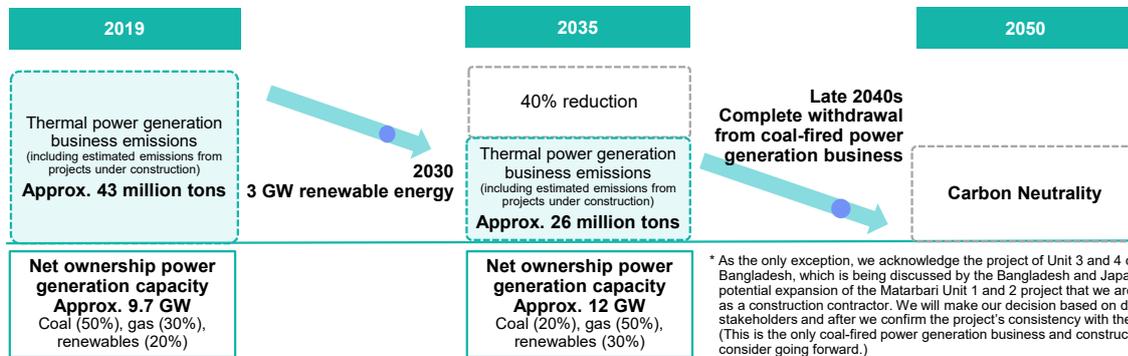
We plan to get out of the red in the last fiscal year and return to a growth path in the new medium-term management plan, aiming for JPY32 billion in the current fiscal year, JPY37 billion in the next fiscal year, and higher revenues in the 2023 fiscal year.

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.



Next, carbon neutral.

This is the low-carbon roadmap for our power generation portfolio. As of FY2019, the Company's equity generating capacity is 9,651 megawatts. The ratio of power sources is 50% coal, 30% gas, and 20% renewable energy, and CO₂ emissions are estimated to be about 43 million tons, including the assumed value of the project currently under construction.

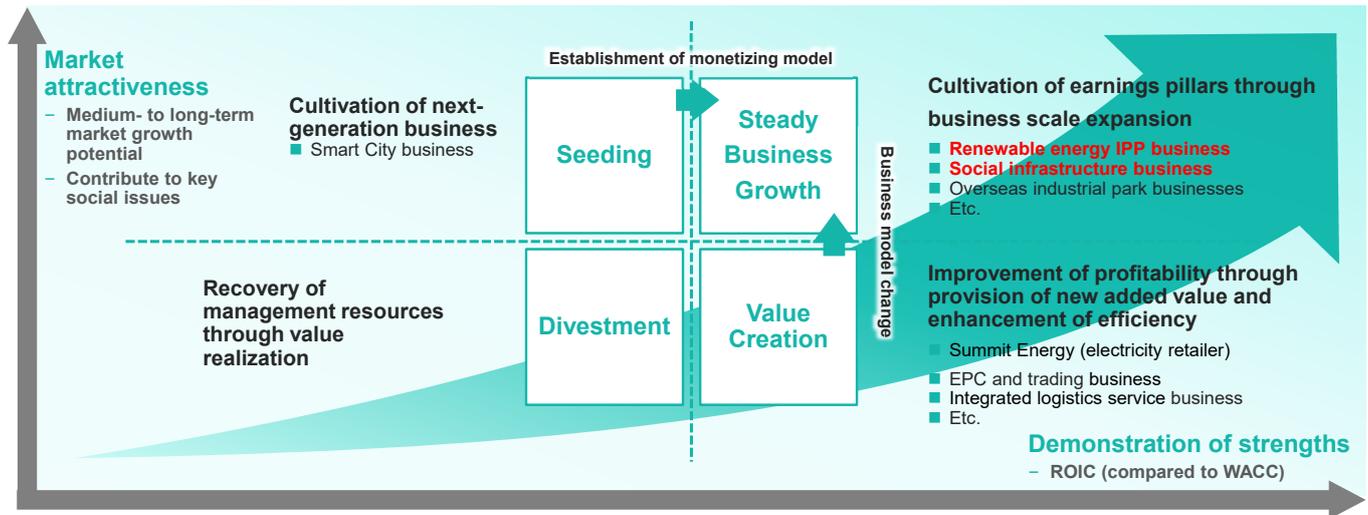
From here, the division will continue to push forward with the low-carbonization of its portfolio in order to achieve carbon neutral by 2050. First of all, we will not engage in any new coal-fired power generation projects in the future. In addition, the unit will shift its management resources to the renewable energy power generation business and plans to expand the equity capacity of renewable energy power generation to 3 gigawatts, about twice the current capacity, by 2030.

In 2035, total equity generating capacity is expected to be about 12 gigawatts, and the ratio of power source types will be steadily reduced to 20% coal, 50% gas, and 30% renewable energy, resulting in a 40% reduction in CO₂ emissions compared to FY2019, with a 60% reduction in the coal-fired power generation business in particular. In the late 2040s, we will completely withdraw from the coal-fired power generation business and achieve carbon neutral by 2050.

The assumptions for this target do not include new technologies and innovations such as CCUS, which are being considered in the EII. Therefore, as the development of these new technologies progresses and their introduction becomes more realistic, it will be possible to bring forward the roadmap that we are currently envisioning.

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.



Next is the shift in our business portfolio.

This slide is a divisional version of the business portfolio mapping used in the Company's new medium-term management plan presentation materials and plots the division's businesses and SBUs in the areas of focused businesses, seeding, and value-up.

Among the priority businesses in the new medium-term management plan, the unit will shift its management resources intensively to the renewable power generation business and social infrastructure business, where the unit can leverage its strengths and capture the growth potential of the market itself and make them the pillars of the unit's revenues for the next generation.

In addition, we will promote a shift to the quadrant of focused businesses through the refinement, sophistication, and implementation of the strategies of Smart City, a seeding company, and Summit Energy, an electricity retail company that is upgrading its value.

In order to give you a more concrete idea of what we are doing, here is a brief description of each project.

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 GM 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.



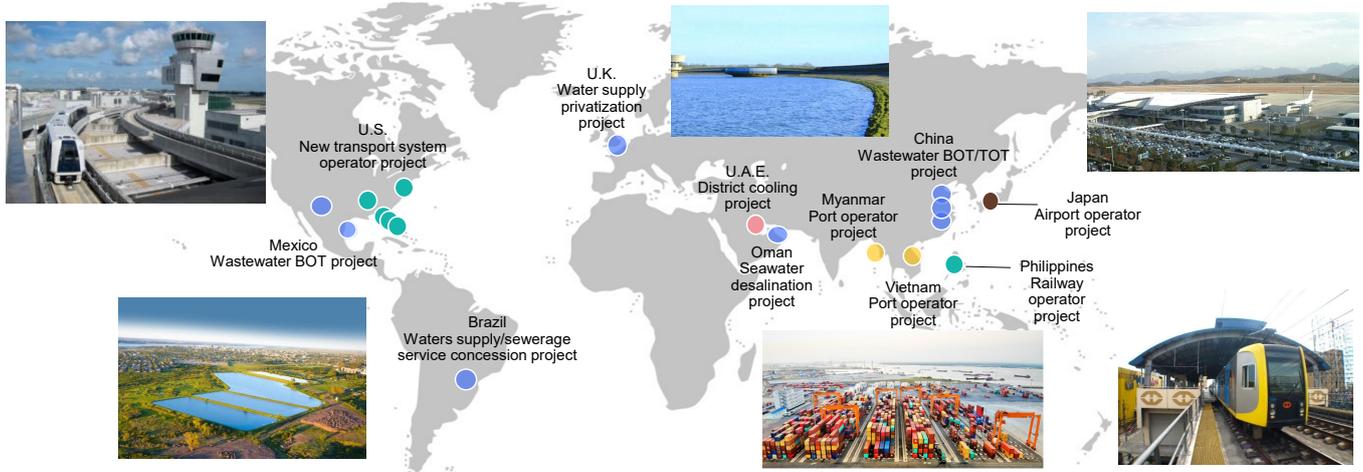
First, I will explain the renewable energy power generation business.

We were one of the first general trading companies to enter the renewable energy power generation business, and our current scale is 1.5 gigawatts. The project will be expanded to 3 gigawatts by 2030. Our achievements to date have been highly evaluated, and we are now working on an increasing number of projects in which we can add value from the initial development stage.

In addition, through the Renewable Energy Fund, which was established in 2018, we have been able to provide Japanese investors with opportunities to invest in renewable energy assets. We will continue to develop our business by overlooking across the value chain, from development to the provision of investment opportunities to our investors.

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.



The next page shows the social infrastructure business.

There are a wide variety of social infrastructure areas, and this unit already has experience in water, port, railroad, and airport projects. In other areas as well, we will allocate our limited management resources to focus on areas where we can leverage our strengths and where we can find a solid way to win.

Value Improvement: Summit Energy (Electricity Retailer)

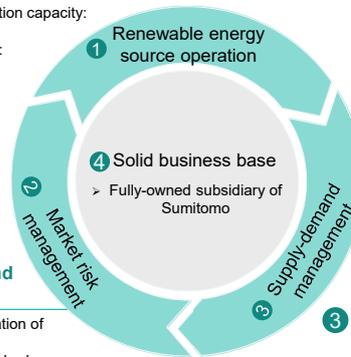
- ✓ Domestic electricity retailer Summit Energy will leverage its strengths (environmental value, risk management and supply-demand management capabilities) to implement growth strategies and improve its value. During FY2020, it supplied 1.6 billion kWh of electricity to about 1 million households and 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)

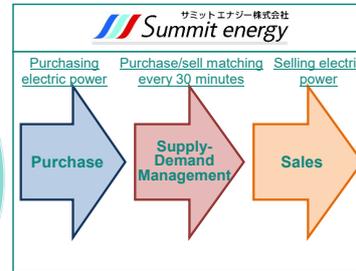


2 Advanced Risk Management and Hedging Know-how

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

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



Solution Provision to Users

- Carbon Neutral response
- Competitive electric power

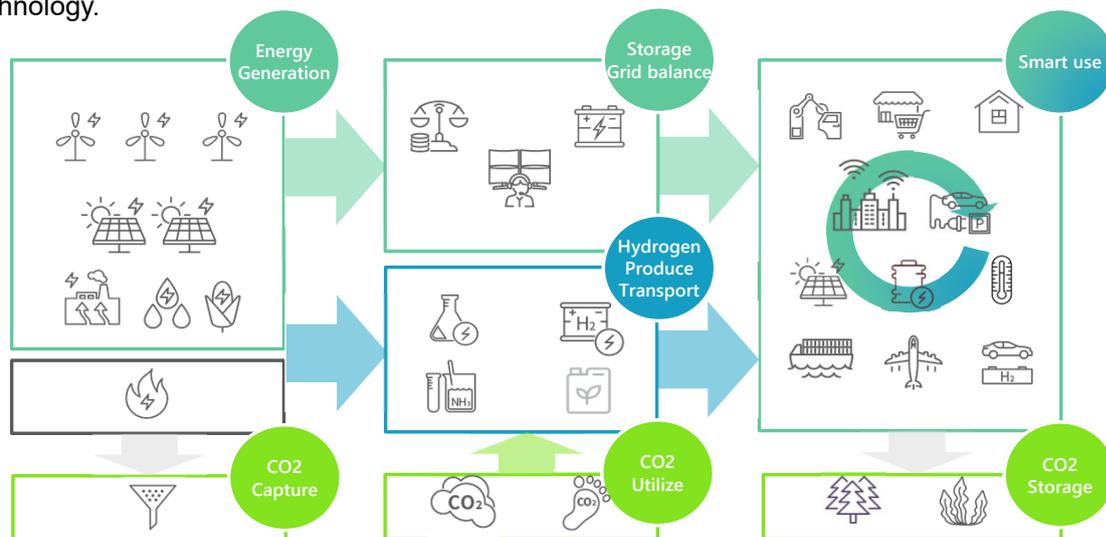
Lastly, I would like to explain about Summit Energy, a so-called new electricity business company engaged in electricity retailing in Japan.

The Company is building and operating several renewable energy power plants, mainly biomass power plants. In addition, we have advanced market risk management capabilities and power supply and demand adjustment capability and will steadily implement growth strategies that take advantage of these strengths to increase value in the new medium-term management plan.

In the electric power business, the Company is unique in Sumitomo Corporation in terms of having direct contact with both electric power customers and the electric power market. Through co-creation with EII, we will be responsible for devising, building and commercializing new electric power and energy services.

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.



Mr. Ueno will explain the details of EII later, but I would like to explain a little bit from the perspective of co-creation with the infrastructure unit.

Each of the businesses that EII is working on has a high degree of synergy with the infrastructure business that this unit is developing, and the co-creation of the 2 organizations will enable us to build a new value chain. For example, a key element that EII will address is hydrogen. In order to make this hydrogen production green, electricity from renewable energy power generation such as solar and wind power is required. In addition, to consume the resulting hydrogen in large quantities, one of the best destinations for its demand is gas-fired power plants. Partial co-firing of hydrogen has already started, and a hydrogen power plant that will generate electricity from 100% hydrogen is planned for 2030.

The zero-emission electricity generated by the hydrogen power plant will be delivered by Summit Energy to the participating companies of RE100, either through the electricity market or directly.

With the exception of hydrogen, all of the above are existing businesses that the division already handles as its mainstay. This is just one example, but collaboration between the 2 organizations is essential for the social implementation of other innovations that are expected in the future, such as ammonia co-firing, CCUS, etc.

Initiatives for Next-Generation Energy Management Business

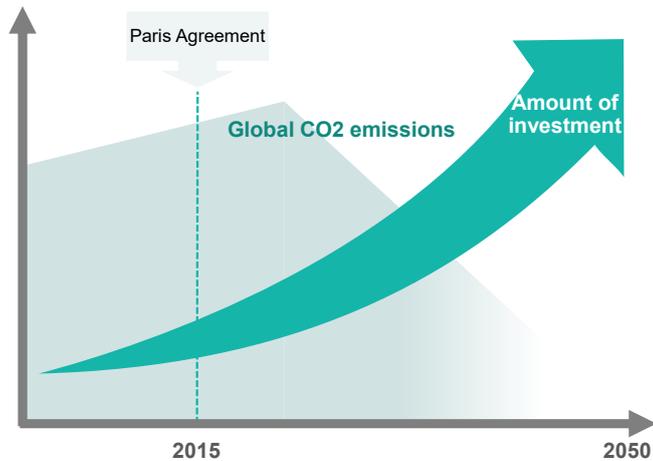
Shingo Ueno, Head of Energy Innovation Initiative

This is Ueno. I would like to introduce EII, Energy Innovation Initiative, or EII for short. This is an organization that was newly established on April 1, 2021, as part of our efforts in the next-generation energy management field.

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

Before I introduce our activities at EII, I would like to talk about the environment surrounding us.

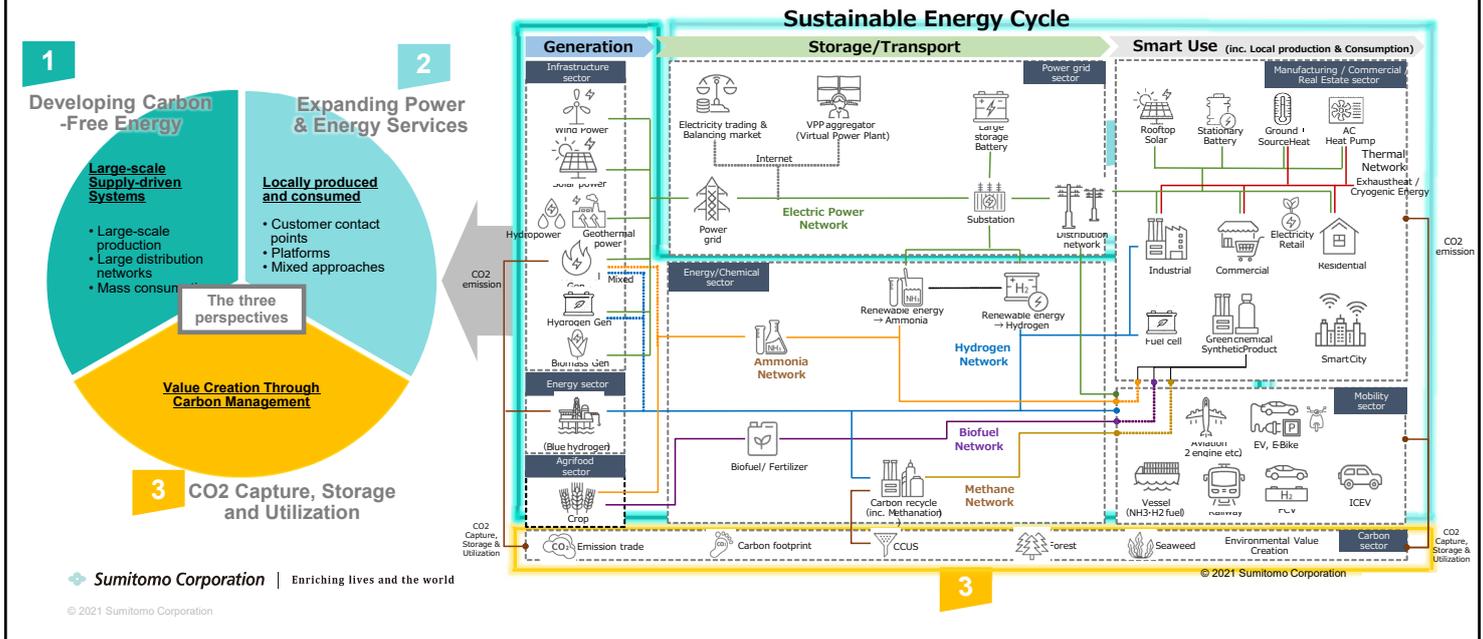
As you know, the world's efforts to address climate change will be greatly accelerated in the future. In order to realize a carbon-neutral society, we will be required to make huge ESG investments and drastically reduce our CO2 emissions.

In addition, the business environment and environmental values will change drastically as a result of the game change, including the legal system that will bridge the gap between reality and goals. I believe that this change in social structure will accelerate in the future but will not regress.

In the midst of this change, there is a need to create new value. This is exactly what is needed for energy innovation, and this is the main reason why we established EII.

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



In order to realize a carbon-neutral society, we first considered what the energy system of the future should be. We began by taking a bird's-eye view of the entire energy value chain and drawing a grand design for the decarbonized and recycling-oriented energy system that we are aiming for.

From there, we have identified 3 key fields in which we should work to create new value.

The first, as mentioned here, is the development and deployment of carbon-free energy.

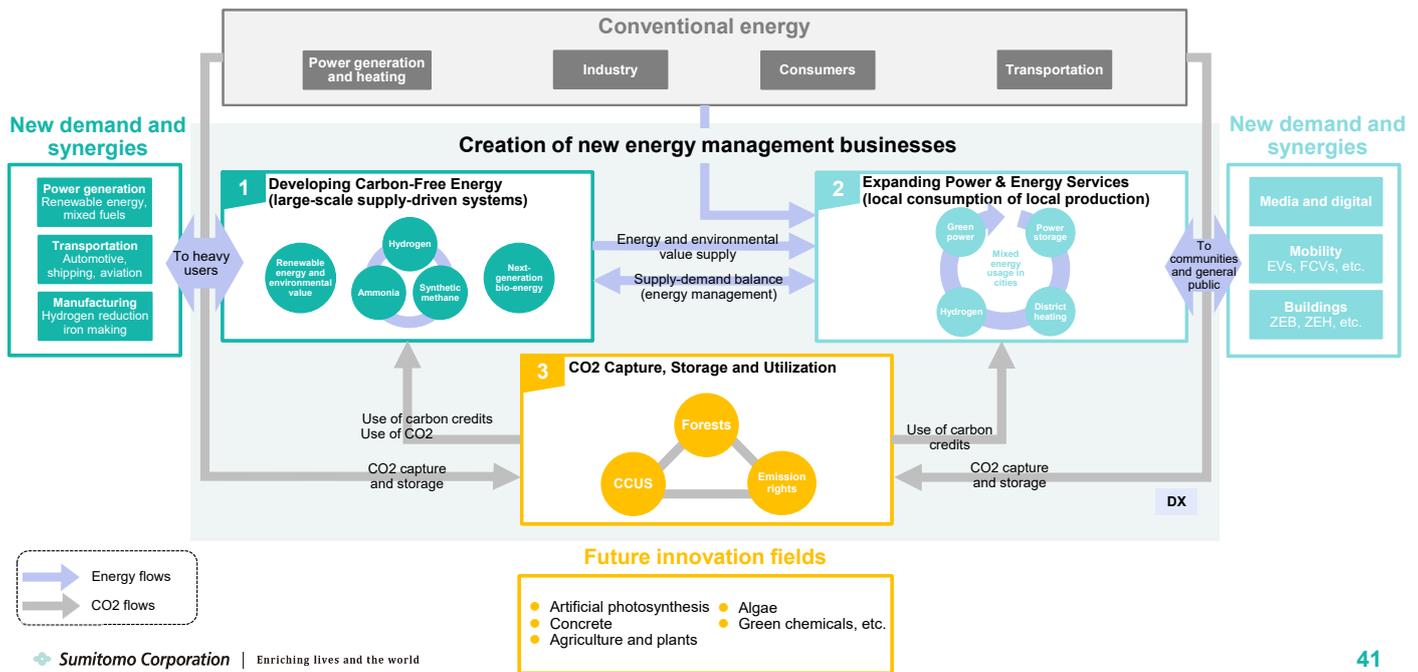
The second is the expansion of new power and energy services.

The third is the absorption, fixation and utilization of CO2.

These 3 priority fields do not exist independently, but are interrelated to each other to form a single energy system, i.e., a decarbonized and recycling-oriented energy system.

EII will take a comprehensive view of this entire energy system and work to create next-generation businesses.

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



This slide shows a more systematic explanation of the creation of next-generation businesses that EII is aiming for.

In the development and deployment of carbon-free energy, we will work on the development of new energy sources such as hydrogen, ammonia, and next-generation biotechnology.

In the second field, the expansion of new electricity and energy services, we aim to create a model of local production for local consumption. The goal is to create an urban complex energy service that combines not only green power, but also various technologies and energy sources such as energy storage, hydrogen, and district heating.

And finally, the absorption, fixation, and utilization of CO2. Carbon management will be important in the construction of a decarbonized and recycling-oriented energy system. We will also work on CCUS and emissions trading, focusing on CO2 absorption and fixation through our forestry business, in which we have an overwhelming track record.

The above 3 priority fields can only be combined and fused together to create new value. In EII, we call it a new energy management business, and together with related demand and synergies, we aim to create a next-generation business.

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.
Sumitomo Corporation



Hajime Mori
Director of EII
GM of Energy
Division



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

This is the organization and structure of the EII.

Initiatives, they are different from traditional departments. Departments and teams are lined horizontally. The organization is written vertically, but the actual organization is lined horizontally, with each project taking the lead in business development.

In addition to the newly established Planning and Strategy Department, which is responsible for formulating overall strategies, 4 divisions and 3 teams from each department have been established under the Planning and Strategy Department, for a total of 100 members. Each member of the team will collaborate with each department and local organization, and by combining outside knowledge, we will create a variety of chemical reactions and take on the challenge of creating new businesses that are not bound by conventional frameworks.

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



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)



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



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)



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



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)



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



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)



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)

Although it has only been 2 months since the establishment, many projects are already underway. I won't go into all of them here, but I can say that with the establishment of EII, business opportunities are increasing every day, and the momentum is accelerating further, as we combine our strengths in inter-organizational collaboration, and global customer and regional networks.

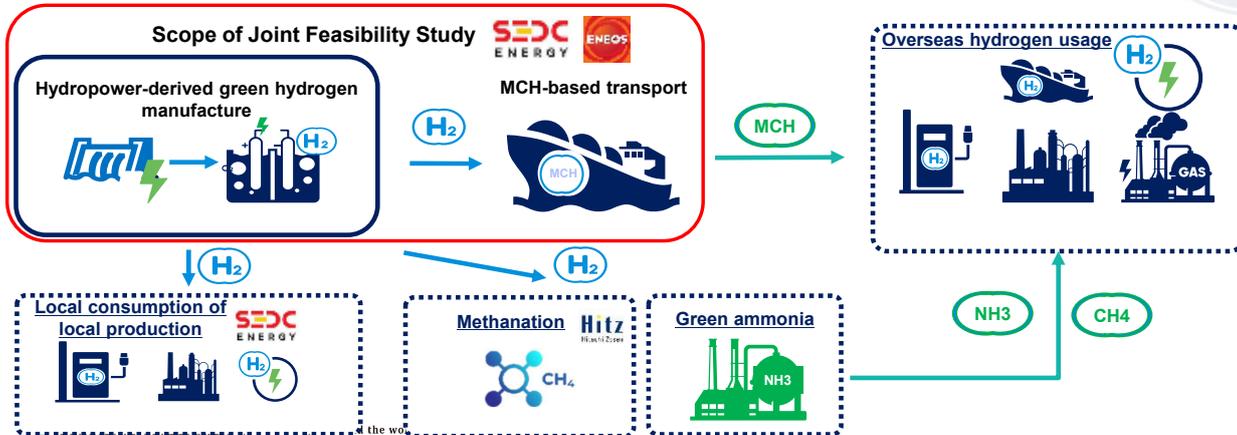
From the next page, we will introduce specific projects in each priority field one by one.

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.



The first is priority field 1, the development and deployment of carbon-free energy, a green hydrogen production project in Sarawak, Malaysia. We launched the Hydrogen Value Chain Subcommittee in 2015, ahead of other companies, and since then we have been building a global network and organizing projects with many partners until the establishment of the Hydrogen Business Division last year.

One of them is this project. Discussions between the Sarawak state government's investment agency and our company began in November 2019, and a Japanese partner will join us in October 2020, and the 3 companies are currently working on a joint F/S. The first step is to produce hydrogen for local consumption in the state, targeting 2023, and by 2030, the goal is to produce and export several tens of thousands of tons of hydrogen per year, mainly for the Japanese market.

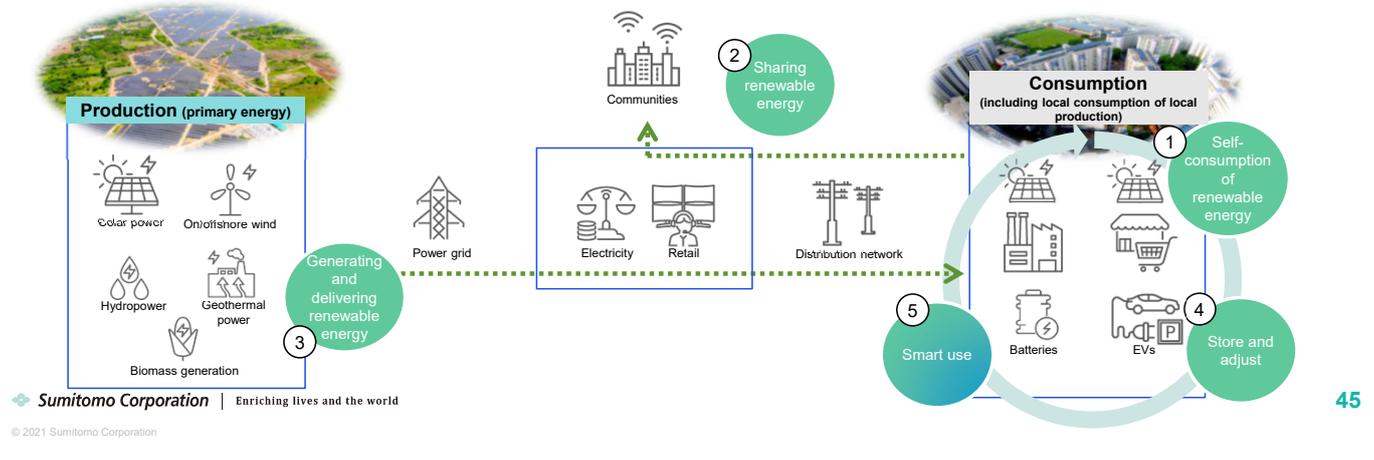
Other projects in this field include a demonstration project to build a hydrogen supply chain in Victoria, Australia, and a next-generation biotechnology project in Brazil.

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



The second priority field is the expansion of new electric power and energy services.

In this section, we will introduce one of these projects, the Green Power Platform Project. In April this year, we took a stake in the SUNSEAP Group, headquartered in Singapore. The SUNSEAP Group is developing a distributed solar power generation business with a total equity power generation capacity of approximately 220 megawatts, and boasts the largest market share in Southeast Asia. We will promote the green power platform business by utilizing the know-how of the SUNSEAP Group, the new electric power companies in our group, and the customer base of Summit Energy, which was introduced by Mr. Akimoto earlier.

Other projects in this field include the establishment of a hydrogen ecosystem in Gladstone, Australia, and a geothermal heat utilization project in Otaru City in Hokkaido, Japan.

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%

I would like to explain about the forest business as priority field 3.

We are developing our timber and forest business with Russia and New Zealand as our pillars. We currently hold a 49% stake in Terneyles, which owns a forest in the Russian Far East that is about 1.5 times the size of Shikoku. In addition, we own 37,000 hectares of forest in NZ, which is about half the size of Tokyo's 23 wards.

Although it is only at the stage of estimating, the combined annual CO2 absorption of the two is 4.5 million tons. The scale of the forest assets that we manage and operate is outstanding among Japanese companies. Through environmentally friendly and appropriate forest management, we will contribute to the absorption and fixation of CO2, and further expand this business as a sustainable business in terms of both economy and environment.

In this field, we will make the most of our forest business portfolio and work to create new value in the form of emission credits.

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**

Finally, I would like to explain the goals that EII aims to achieve.

Many of the projects that EII is working on are at the stage of demonstration cases or social implementation, and some of them still need time to be commercialized. Therefore, although we cannot provide specific figures for our current goals at this time, we will aim to establish a revenue base with a reasonable sense of scale by the year 2030. And as I mentioned at the beginning, we will contribute to the realization of a carbon-neutral society by building a decarbonized and recycling-oriented energy system that we envision as a new value creation.

Questions and Answers

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

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.

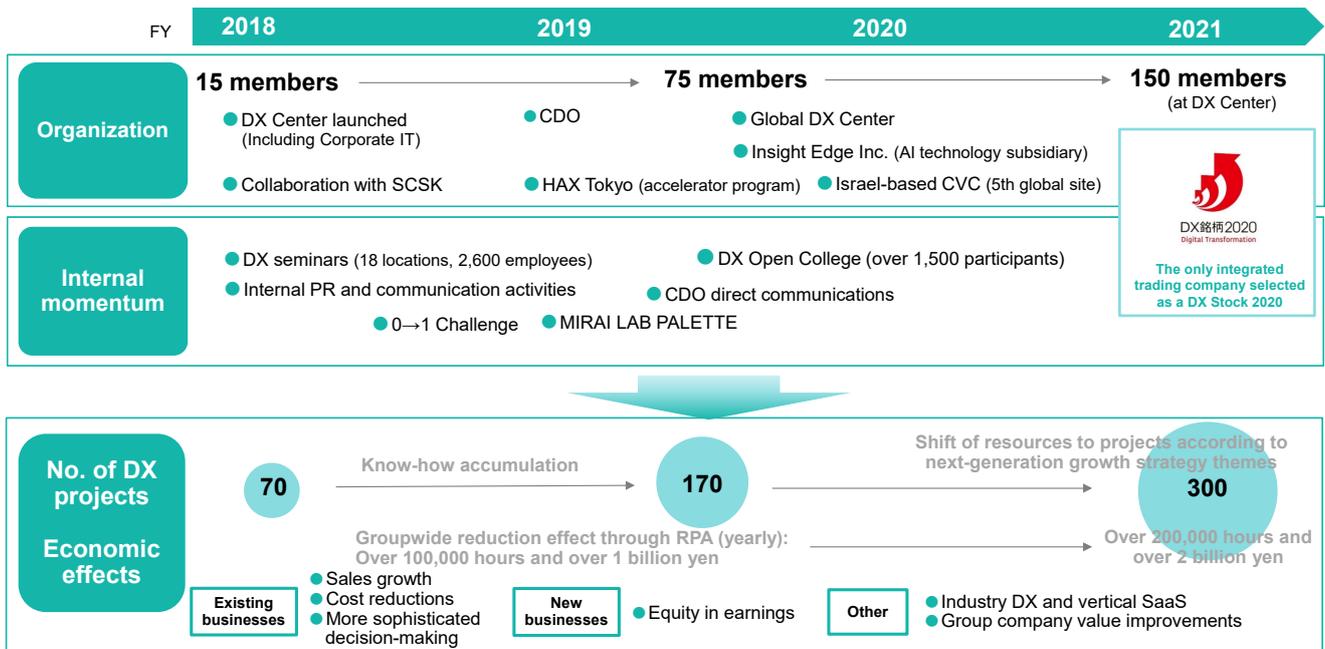


Facilitator : Bin Haga

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



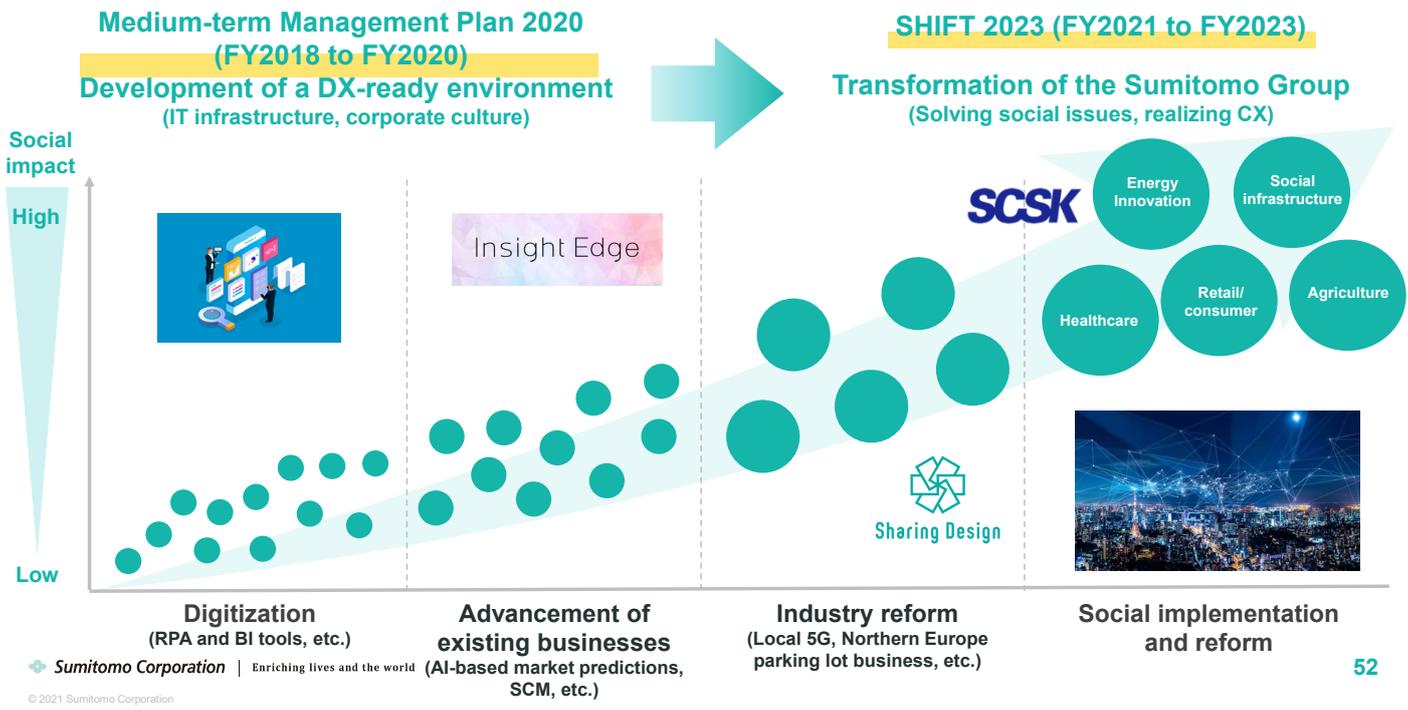
This is a summary of the timeline of our DX activities under the previous medium-term management plan. Originally, when working on DX, we argued a lot about what this means for Sumitomo Corporation, a general trading company. A general trading company is a collection of issues that are being addressed on the frontlines. So, rather than providing something to society through science and technology or R&D, we would like to innovate our business by applying the world's digital technology to solve these issues. This is how we defined and started the project.

As a first step, we decided to create a Center of Excellence, as you can see in the chart at the top. We received support from business experts of each business unit. And by including technical experts, we started with 15 members, and now we have 150 members around the world working with each business.

In this situation, we created a company called Insight Edge, with experts in AI and data, that we could not nurture within ourselves, and we invited them to join us. In order to broaden our view of tech around the world, we have created corporate venture capitals around the world, including one in Israel, and we have also created an accelerator system to access tech. In this context, the most important thing was to create internal momentum. This was done through repeated visits and explanations, and by using various internal tools, the mood of the entire company was created over the past 3 years. In recognition of these activities in general, as a trading company, the company was only selected as a "DX stock 2020".

The table at the bottom shows the results over the past 3 years. The number of projects was 70 in the first year, but now it is over 300. In this situation, we started working on RPA as an entry point for mapping business processes and, in the 3 years since then, we have saved 200,000 hours in 433 cases in the parent company alone. In addition to this, we are also working to increase the value of each of our businesses.

Phases of Business Creation Through DX



So, what are we going to do in the future? We have been working on DX activities and have found some issues.

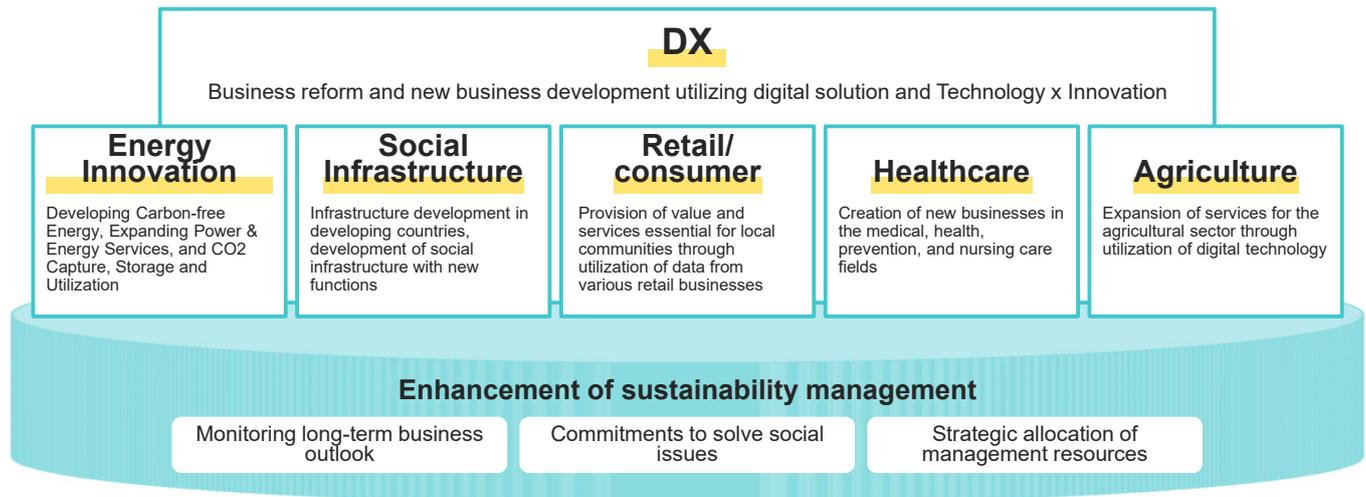
For one thing, there are many efforts to bring technology into the field and improve it, but they have not yet reached the point of scale, impact, or commercialization. In my words, it's borrowed, we were able to “digitize”, but we haven't been able to “digitalize”. The green bubble chart shows the size and the number of projects.

In the future, we would like to commercialize products that require scale, that is, products that can look at the entire industry, or products that can be a platform beyond the industry, and expand them together with SCSK, our group company, to create value.

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.



The table here shows which fields are those.

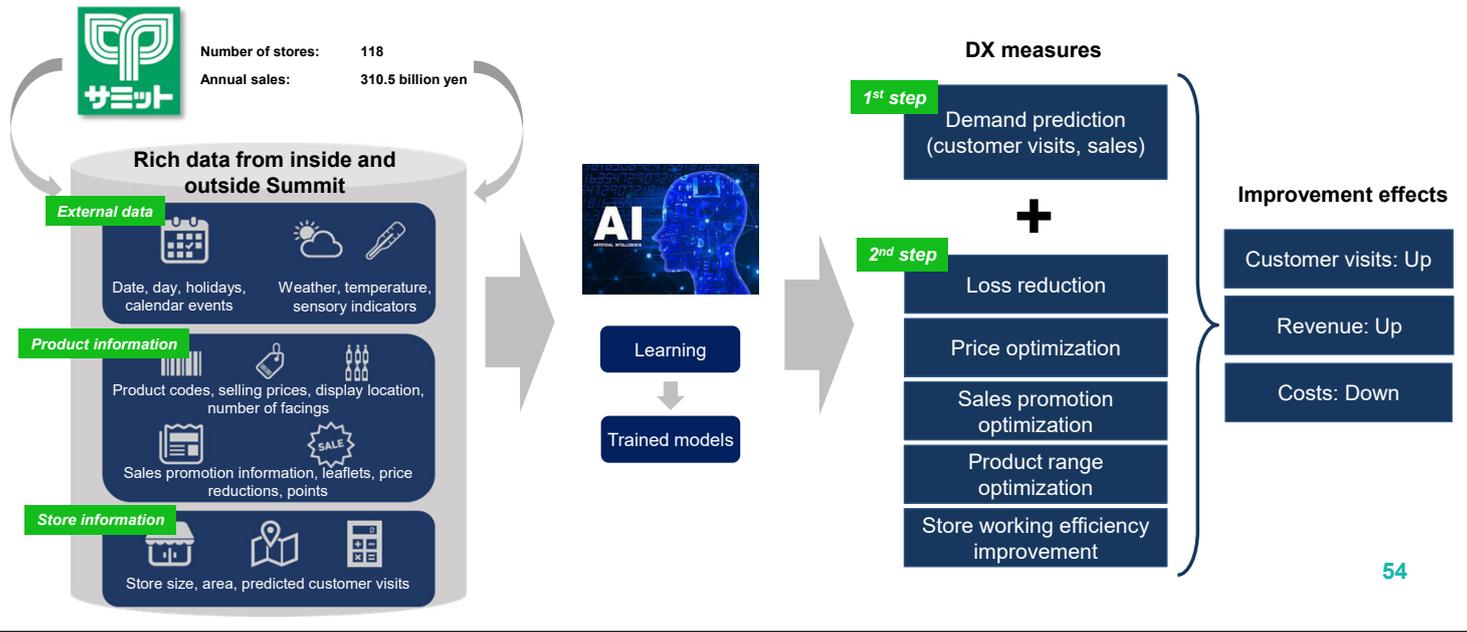
This is in the medium-term management plan, SHIFT 2023. We identify these 5 fields as growth fields, and the sixth, the DX unit, will be involved in all of these fields to add value and increase the added value. This is how we want to increase the value of our overall business.

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

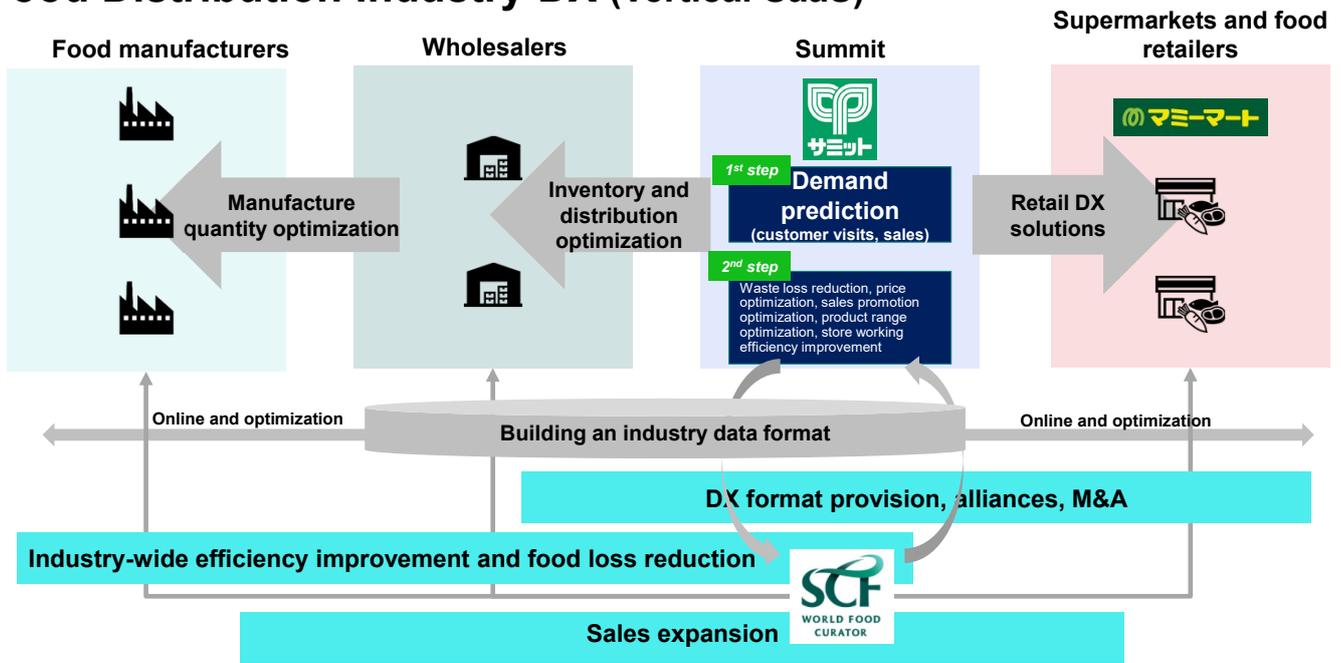


Here is an example of the initiatives that we will work on in the future. The Sumitomo Corporation Group has many B-to-C businesses, such as Summit, Tomod's, T-GAIA, J:COM, and the real estate business, and we would like to create a data platform for these businesses.

As a starting point, we are focusing on Summit. The Summit business has been very successful in this COVID-19 pandemic, delivering mainly fresh food to customers, but it is very wasteful, which is a characteristic of a supermarket. What I mean by waste is overstocking, overpricing, and overproduction. In other words, demand forecasting will be the key to success.

Until now, store managers have been making decisions based on their own judgment, but by converting this excellence into data, we will be able to control the number, amount, and timing of purchases. For reference, nearly 20% of the annual bottom line revenues is wasted. Waste is food loss and price reduction loss. We make decisions by looking at the climate and the remaining products, but we would like to make data and models of these things.

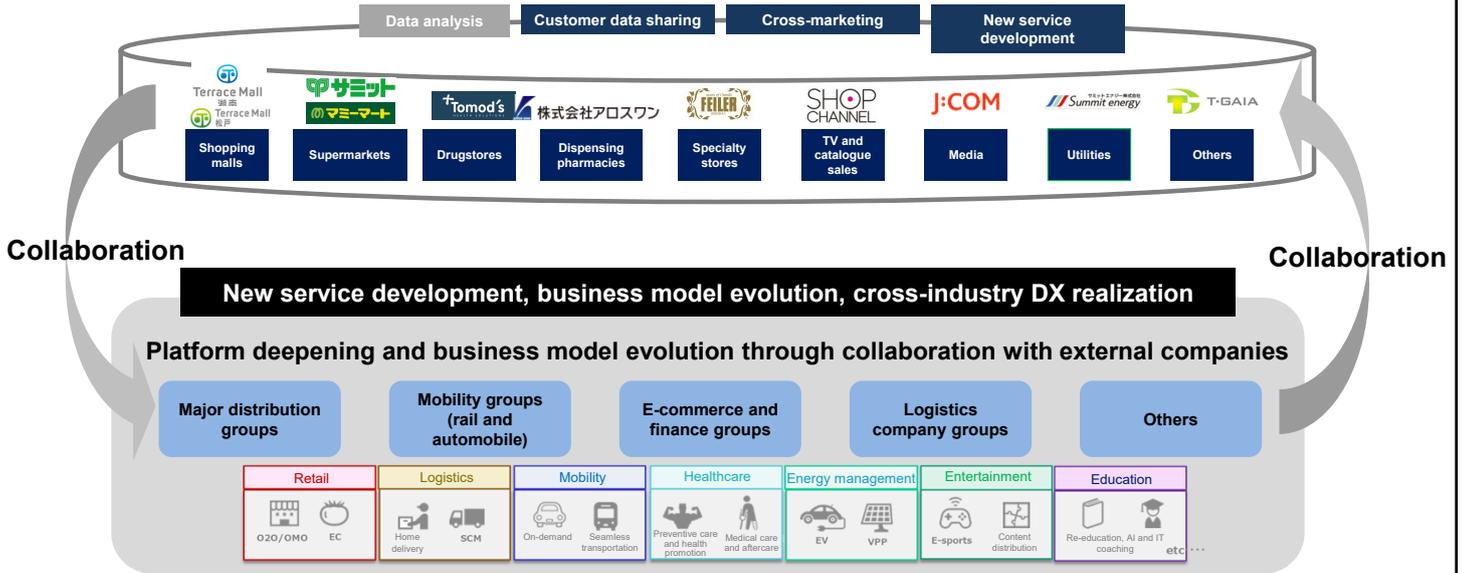
Food Distribution Industry DX (Vertical SaaS)



Regarding the optimal operations that came out of this process, please look at the left and right sides of this table. We would like to share this information with supermarkets that we can form alliances with, increase the value, and create a platform. We would like to share this information with wholesalers and manufacturers in order to optimize the supply chain.

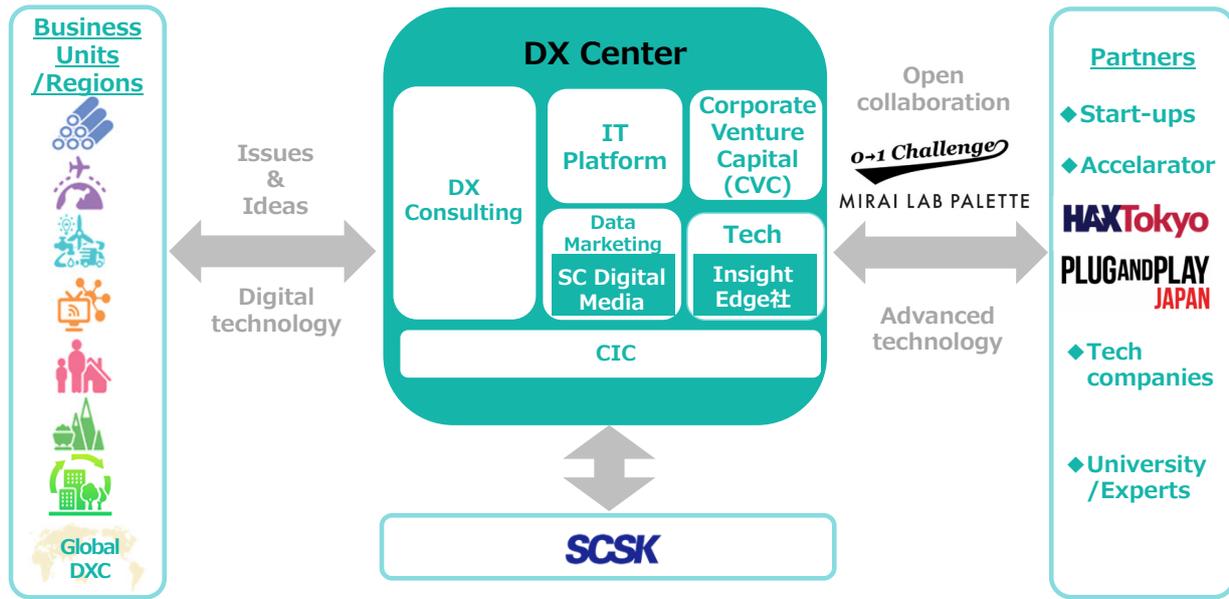
Retail/Consumer Business: Cross-industry DX

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



In this context, we would like to expand our services and products to appeal to customers by utilizing customer's purchasing information and expanding to Tomod's and other businesses.

<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