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Sumitomo Corporation Business Report
NEWS

153rd Newsletter to Shareholders
April 1, 2020 through March 31, 2021

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To Our Shareholders



Building a New Foundation for Returning to the Growth Trajectory

**Goals of the New Medium-Term Management Plan
“SHIFT 2023”**

Representative Director
President and Chief Executive Officer

Masayuki Hyodo

Fiscal 2020 was a year of major changes. Not only did the spread of COVID-19 change the lifestyles of people around the world significantly, but our business environment also changed drastically due to restrictions on movement and economic activities. While progress is being made in the development of vaccines and many countries have already started vaccinations, the end is still not in sight, as seen in the rampant spread of variants in places around the world. Under such circumstances, the Sumitomo Corporation Group recorded ¥351 billion in one-off losses, including impairment losses in our main businesses. The result was a consolidated net loss of ¥153.1 billion. As the President, I take this announcement seriously.

In the “Medium-Term Management Plan 2020” which started in fiscal 2018, we recorded a net income of ¥320.5 billion in the first fiscal year, setting a new profit record. However, since fiscal 2019, our performance took a turn and deteriorated due to the slowdown in the global economy arising from trade friction between the U.S. and China as well as the impact of COVID-19. We positioned fiscal 2020 as a year under emergency mode, and tightened companywide cash flow management by reviewing investment and loan prospects on a strictly selective basis and reducing selling, general and administrative expenses. In addition, we focused on rebuilding our business portfolio—such as restructuring or exiting unprofitable businesses and accelerating value creation in existing businesses—and promoted structural reforms. The new medium-term

management plan “SHIFT 2023” was formulated to achieve a V-shaped recovery in our performance with the Sumitomo Corporation Group uniting as one to steadily execute these initiatives.

The goal of SHIFT 2023 is our own shift. We will rebuild our business portfolio so that it is both highly profitable and resilient, and contribute to society by creating new value. Specifically, we will introduce new measures and systems that are highly effective, and work on shifting individual business strategies, business models, frameworks supporting these strategies and models, and even our own mindsets and actions.

At the same time, the Sumitomo Corporation Group considers the enhancement of sustainability management as our medium- to long-term growth strategy itself, and we will promote it strongly under SHIFT 2023. In addition to the six key social issues and long-term goals established in June 2020, we have also set new medium-term goals. A specific example is the goal of reducing the Group’s carbon dioxide emissions by 50% or more by 2035 (compared to 2019) in response to climate change, which is a key social issue.

We will work as one to achieve an early recovery of earnings and return to a growth trajectory, seeing social changes as opportunities for sustainable growth while controlling the risks that come with these changes.

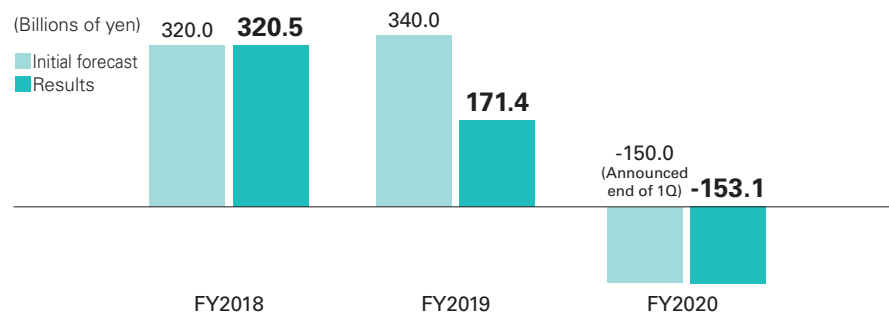
We ask for your support in our endeavors.



New Medium-Term Management Plan “SHIFT 2023”

Review of the Previous Medium-Term Management Plan

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



For consolidated net income or loss,* profit was at a record high in fiscal 2018, the first year of the plan, but since then, we have been greatly affected by the deterioration of the business environment caused by the trade friction between

Main projects for which one-off losses were recorded (FY2020)

(Billions of yen)

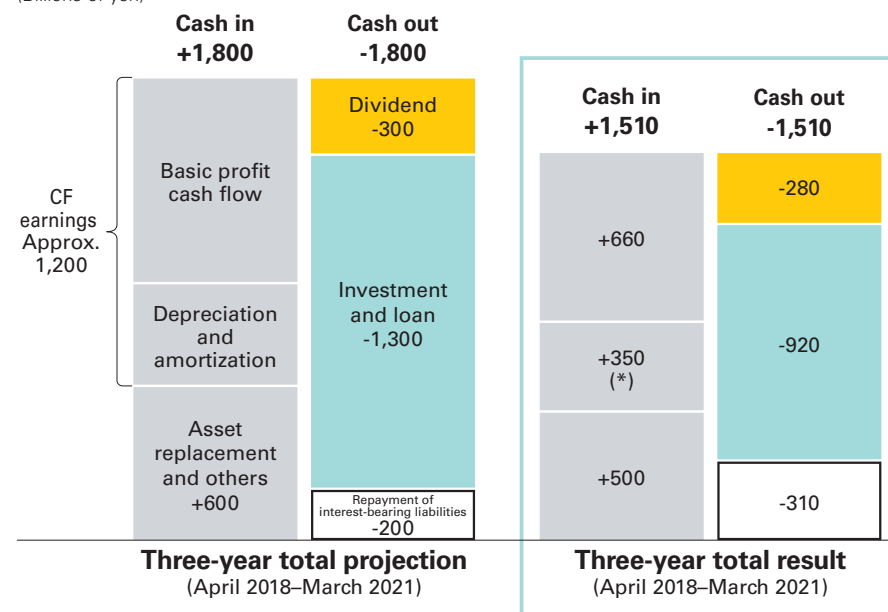
Business units	Projects	One-off profits/losses
Metal Products	Tubular products business	-34.0
	Specialty steel business in India	-8.0
Transportation & Construction Systems	Automotive financing business in Indonesia	-20.0
	Automotive sales and marketing business in Libya	-6.0
Infrastructure	Additional costs occurred in several EPC projects due to delay in construction	-54.0
	IPP business in Australia (Bluewaters)	-26.0
	IWPP business in UAE (Shuweihat1)	-10.0
Living Related & Real Estate	Fresh produce business in Europe and the Americas (Fyffes)	-38.0
Mineral Resources, Energy, Chemical & Electronics	Nickel mining and refining business in Madagascar	-85.0
Corporate and Eliminations	Reversal of deferred tax assets	-28.0
	Others	-42.0
Total		-351.0

*In this publication, “consolidated net income or loss” corresponds to “profit or loss for the year attributable to owners of the parent” under IFRS.

U.S. and China and the spread of COVID-19. Especially fiscal 2020, results fell into the red due to significant one-off loss of ¥351.0 billion caused by the outbreak of COVID-19 and reorganization of unprofitable businesses. These three years have highlighted the need to improve the profitability and resilience of our portfolio.

Three-year total cash flow

(Billions of yen)



*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.”

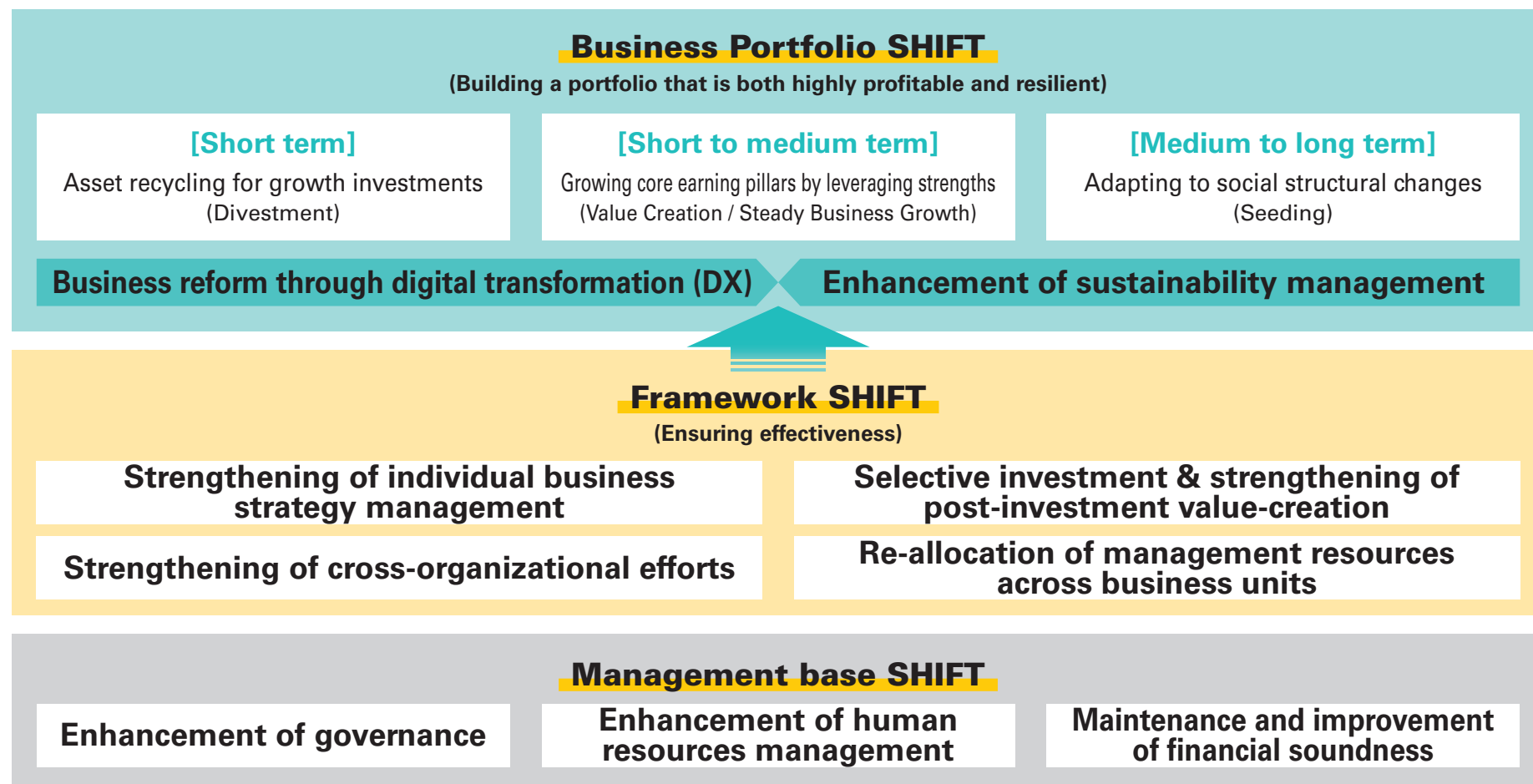
Cash inflow has decreased overall compared to the plan at the beginning of the Medium-Term Management Plan 2020 due to the sluggish business results. However, we managed cash flow by replacing assets through structural reform, improving working capital, and carefully screening investment under “emergency mode” in fiscal 2020. As a result, we recorded a positive three-year post-dividend free cash flow of ¥310 billion, compared to the initial plan of ¥200 billion.

New Medium-Term Management Plan “SHIFT 2023”

We formulated a new medium-term management plan, “SHIFT 2023,” which covers the three years from fiscal 2021 to fiscal 2023. We will introduce a new framework to clearly define the challenges facing us and shift to a portfolio that is both highly profitable and resilient to changes in the business environment.

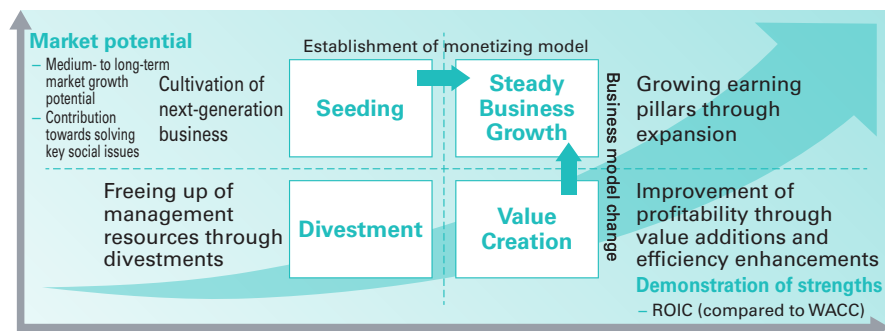
While considering the two major trends of digitization and sustainability, we will aim to get back on the growth trajectory as soon as possible.

SHIFT 2023 Overview



Business Portfolio SHIFT

Clarifying individual business strategies' position through categorization



We divided all our businesses into the four categories of Divestment, Value Creation, Steady Business Growth, and Seeding based on the two axes of “market potential” and “demonstration of strengths,” and set targets according to their respective positions.

By each business steadily achieving the targets, we will shift our entire portfolio to business fields where it is more attractive in the market and where we can fully demonstrate our strengths. We will thus build a portfolio that is both highly profitable and resilient.

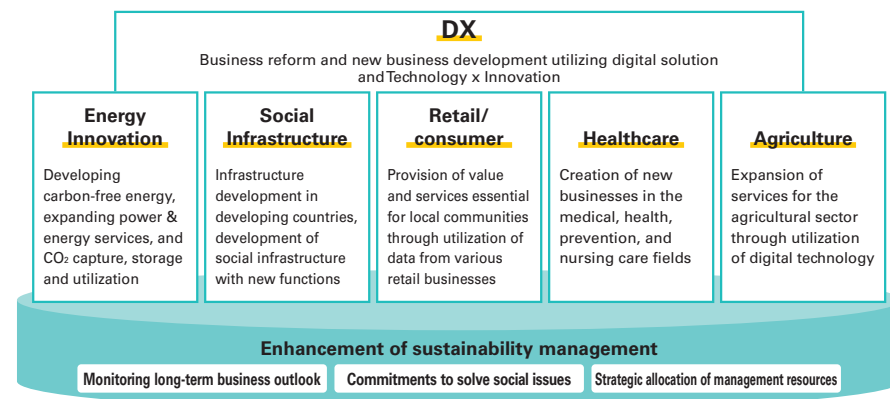
We plan to invest around ¥1,100 billion over the three years, focusing on Steady Business Growth, while ensuring recovery of funds through asset recycling in each category.

Next-generation growth fields

We will establish six next-generation growth fields and will bolster efforts to cultivate new core businesses from a medium to long-term perspective. Shifting our business portfolio to a form consistent with a sustainable society is also important, and we will work on these fields to enhance our sustainability management.

We will further develop our efforts in “Technology x Innovation (DX),” “Social Infrastructure,” and “Healthcare” areas, which were the focus areas in the

previous medium-term management plan. In addition to these, we will also focus on the new themes of “Energy Innovation,” “Retail/Consumer,” and “Agriculture” and strategically allocate management resources to cultivate businesses that will sustain our future, while solving social issues.



Framework SHIFT

Strengthening of individual business strategy management

We adopted the Strategic Business Unit (SBU) concept to group all our businesses by strategy, rather than by organization, for strategic discussions. We believe that deepening discussions among businesses with the same strategy will lead to speedy decisions on asset recycling and facilitate investment success due to sound strategy. After defining each SBU’s strategy and its positioning, we will set KPIs and KAI and strive to achieve the strategy. We will also thoroughly implement PDCA management to ensure our efforts are effective.

Selective investment & strengthening of post-investment value-creation

To carefully select investments and create post-investment value we will revise our strategy and build an investment management system that draws on past lessons. By establishing investment guidelines accordingly, we will be more disciplined when selecting projects.

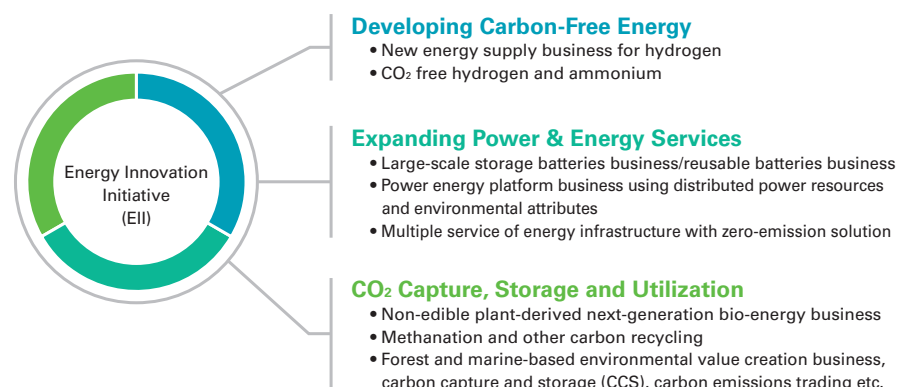
After investing, we will create the optimal governance structure, and implement the planned measures by fully allocating the necessary resources to improve business value. We will further strengthen our monitoring, and for investments where value creation is slow, we will set a clear time frame and make improvements or replace assets.

To increase our commitment to value creation, we will also consider a new individual evaluation system linked to investment performance.

Strengthening of cross-organizational efforts

We have promoted initiatives beyond business units in the past, including strengthening cross-organizational collaboration and cross-functional capabilities, but with limited results in realizing business. Our new measures go a step further.

Aiming for future profits equivalent to a business unit on specific themes, we set up a new organization of “initiative” whereby all business units commit to activities and drive the development of new businesses with the entire company’s support. The Energy Innovation Initiative announced in March is the first example. Changes in social structure caused by climate change are set to further accelerate; we will create new value in the energy field by pooling the Group’s knowledge beyond the boundaries of conventional organizations.



Reallocation of management resources across business units

To promote a shift in the business portfolio, we will optimally reallocate human resources and funds across business units. By prioritizing business areas where we already demonstrate strength and where market growth is expected, we will nurture and expand our new core businesses.

Management Base SHIFT

Enhancement of governance

We will strengthen the functions of the Board of Directors to further enhance corporate governance, and we will also improve group governance by introducing the group management policy.

Enhancement of human resources management

We will promote HR management reforms embodying the Global HR Management Policy formulated last year. This April, we revised our HR management system with the keywords “Pay for job, Pay for performance,” and “Developing world’s top-tier professionals.”

We will use this to further promote Diversity & Inclusion and allocate right talents to the right places on a global basis. We will also promote health and productivity management and work style innovation, aiming to maximize the performance of both the organization and the individual in the new normal.

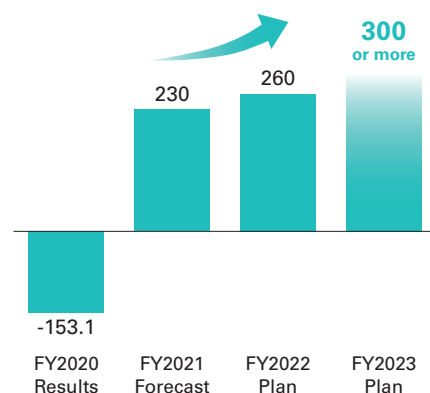
Maintenance and improvement of financial soundness

We will maintain Risk-weighted Assets within Core Risk Buffer while continuing discipline in cash flow.

Quantitative Plan

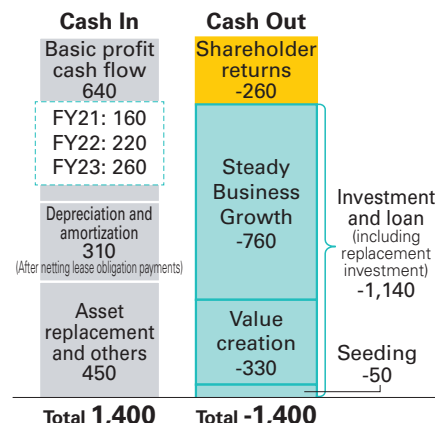
Profit (loss) for the year (attributable to owners of the parent)

(Billions of yen)



Allocation plan of three-year total cash flow

Note: Assuming profit for the year of ¥300 billion in FY2023 (Billions of yen)

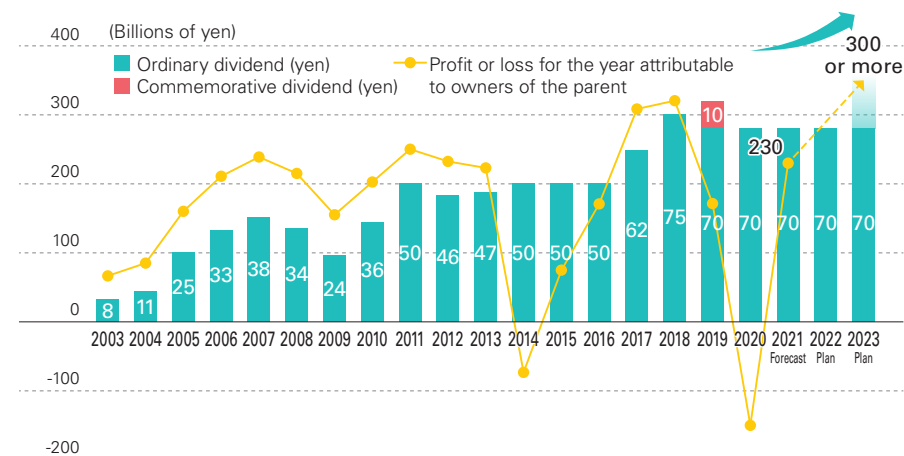


We plan to achieve consolidated net income of ¥230 billion in fiscal 2021 and ¥260 billion in fiscal 2022. In fiscal 2023, although the business environment is changing rapidly and it is difficult to foresee the future, we are determined to rebuild our portfolio to be able to generate more than ¥300 billion in profit, no matter what the environment by enhancing the profitability of our portfolio and our resiliency to changes in the environment and we will aim to achieve a record high profit.

We plan to gradually recover our cash-generating capacity to near the pre-COVID-19 level in the third year by steadily working on the effects of profit improvement through structural reforms and new profit growth. We plan to generate cash inflows of ¥1.4 trillion in total over the next three years, including the exit from unprofitable businesses and the recovery of capital through the realization of the value.

We will use this cash to increase the profitability and downward resiliency of our portfolio by making investments and loans of around ¥1.1 trillion, mainly in areas where the market is highly attractive and where we can fully demonstrate our strengths. We also plan to allocate ¥260 billion for dividends to return profits to shareholders.

Dividend Policy



We aim to increase dividends by achieving medium and long-term earnings growth while adhering to the fundamental policy of paying shareholders a stable dividend over the long term.

Although we posted consolidated net loss of 153.1 billion yen in fiscal 2020, the annual dividend for fiscal 2020 is 70 yen per share. The decision is based on the fact that our financial soundness is maintained as planned by tightening cost management, reducing interest bearing liabilities through cash flow management and maintaining risk weighted assets within core risk buffer under crisis management mode. It is also based on the projection that the profitability is expected to recover and the financial soundness is expected to maintain and improve. The year-end dividend for fiscal 2020 is 35 yen per share since the interim dividend was 35 yen per share. Under "SHIFT 2023" we decide the annual dividend based on our fundamental policy of paying long-term stable dividend and taking into consideration the status of fundamental earnings capacity, cash flows, and other factors, with a consolidated payout ratio of about 30% as a guideline, maintaining at least ¥70 per share, the same amount as the annual dividend for fiscal 2020.

The forecast for consolidated net income for FY2021 is 230.0 billion yen, and in accordance with the above dividend policy, we plan to pay an annual dividend of 70 yen per share (interim: ¥35, year-end: ¥35) for fiscal 2021.

Enhancement of Sustainability Management

To achieve long-term growth, we need to strengthen and nurture earning pillars by leveraging our strengths, and incorporate the theme of social sustainability into our management.

We are strongly committed to resolving social issues and promoting strategic allocation of management resources in response to long-term changes in the business environment, taking our vision of a sustainable future society as the starting point.

Sumitomo Corporation Group's key social issues & long- and medium-term goals

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) Establish businesses that will form the foundation for a sustainable energy cycle in society
	Circular economy	<ul style="list-style-type: none"> Shift to recyclable, efficient technologies and products 	<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"> Sustainable use of natural resources 	<ul style="list-style-type: none"> Reinforce the sustainable procurement system for major natural resources used by the Group
Development and evolution of society	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 Ensure a safe workplace environment Achieve a diverse organization grounded in mutual respect
	Development of local society and economy	<ul style="list-style-type: none"> Contribute to development of local industries and human resources 	<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"> Develop industrial and social infrastructure 	<ul style="list-style-type: none"> Establish industrial and social infrastructure that contributes to the sustainable development of society
	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
	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

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

Setting medium-term goals

We set new medium-term goals, adding to the six key social issues and long-term goals we set last June, to express our role in achieving a sustainable society. Each organization will establish specific action plans and promote initiatives via a PDCA cycle, and we will monitor progress toward each goal and disclose the results.

• Responses to climate change issues

Aiming to become carbon neutral by 2050, we are reducing CO₂ emissions from our thermal power generation business including equity method affiliates and fossil fuel upstream business. We set a new medium-term goal of reducing CO₂ emissions by 50% or more by 2035. We will not be involved in any new coal-fired power generation business neither IPP (Independent Power Producers) nor EPC (Engineering, Procurement, Construction)* and will end all such business in the late 2040s. We will not make any further investment in the thermal coal mining interest and aim to achieve zero production from the thermal coal mines by 2030. To create a sustainable energy cycle for society, we will develop businesses related to the energy supply side and demand side, as well as the CO₂ capture and utilization cycle, and shift our allocation of management resources in light of global decarbonization.

*As the only exception, we acknowledge the project of Unit 3 and 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 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).

Please see the news release below for details about setting the medium-term goals.

<https://www.sumitomocorp.com/en/jp/news/release/2021/group/14710>



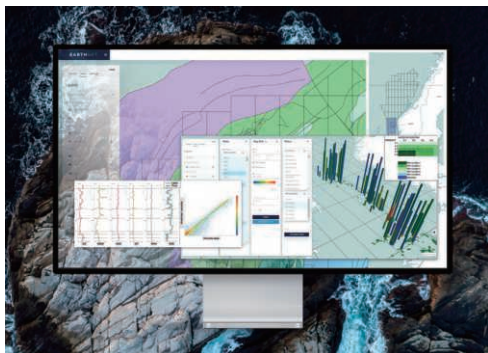
Sumitomo Corporation Group deploys its global business operations in a wide range of industries, placing the “Six Material Issues to Achieve Sustainable Growth with Society” as the core of corporate management.

Metal Products Business Unit



Providing Cutting-Edge AI Technologies and Services Investing in Norwegian oil & gas related software companies

Sumitomo Corporation acquired a stake in Earth Science Analytics AS (“ESA”) of Norway, which provides artificial intelligence (AI) based software for subsurface big-data analytics in the geoscience domain to oil and gas exploration and production companies (“E&P’s”). ESA manages a vast volume of subsurface data in the cloud, providing various analytical software using cutting-edge AI to oil and gas E&P’s in SaaS*¹ form. This service helps reduce drilling time and the number of wells drilled, curbing costs and greenhouse gas emissions. In addition, ESA and we have started a joint investigation of safe and economical carbon capture storage (CCS) and underground energy storage systems. In July 2019, we invested in Sekal AS, which automates and optimizes oil and gas drilling, and in May 2020, also acquired a stake in Exeбенus AS, which digitalizes and optimizes oil and gas development procedures. Sekal’s technologies could cut the costs associated with oil & gas development by up to 20%*² and greenhouse gas



Geoscientific analytics using ESA software

emissions by up to 30%*³. Through our investment in these three companies, we seek to improve the efficiency of the subsurface energy development process and propose operations that reduce greenhouse gases to our customers, aiming to help develop new energy systems for decarbonized societies that coexist with the global environment.

*1 Software as a Service: A service that charges only for the use of software

*2 Rystad Energy’s estimate of the maximum reduction in the case of offshore drilling in Brazil

*3 Rystad Energy’s estimate of the maximum reduction in the case of drilling in the U.S. Gulf of Mexico



The Singapore headquarters building and yard lined with well-maintained construction equipment.

Transportation & Construction Systems Business Unit



Acquisition of a Major Construction Equipment Rental Company in Southeast Asia Aiming to expand the business further by pursuing integrated operations spanning Japan, the U.S., and Southeast Asia

In December 2020, Sumitomo Corporation acquired all shares of Aver Asia, a Singapore-based construction equipment rental company operating across seven countries in Southeast Asia. In Singapore and Malaysia, it ranks first and second, respectively, for market share, and has expanded rapidly in Indonesia and Thailand.

Sumitomo Corporation joined the Japanese construction equipment rental market in 1990, entering the U.S. market in 2009. This move into emerging economies is intended to further expand our operations. The Southeast Asian rental business is expected to grow in the medium to long term; construction investment is set to double in the next five years, while the shift from ownership to rental of equipment accelerates. Providing our accumulated know-how to Aver Asia, we will harness the growth in Asia and use it to build a new earnings base.

Making reliable construction equipment more widely available enables us to contribute to improving safety and productivity in the region’s construction industry and further boost profitability by pursuing integrated operations spanning Japan, the U.S., and Southeast Asia.

Infrastructure Business Unit

Rooftop Solar Power Generation Business Commences in Vietnam

Contributing to a sustainable society by supplying green electricity to our industrial parks in Asia

Sumitomo Corporation started supplying green electricity generated by a rooftop solar power generation system in Thang Long Industrial Park II ("TLIP II") in Vietnam's Hung Yen Province. We installed rooftop solar panels with an output of around one megawatt on the roofs of the rental factories and started supplying green electricity* to our tenant companies from February 2021.

Worldwide demand for green electricity has risen recently to contribute towards prevention of global warming and reduce greenhouse gas emissions, especially in the manufacturing sector known to require certain volume of electricity. However, the insufficiency of renewable energy generation capacity in Asia's emerging countries poses a major challenge for manufacturers intending to expand its business to such countries.

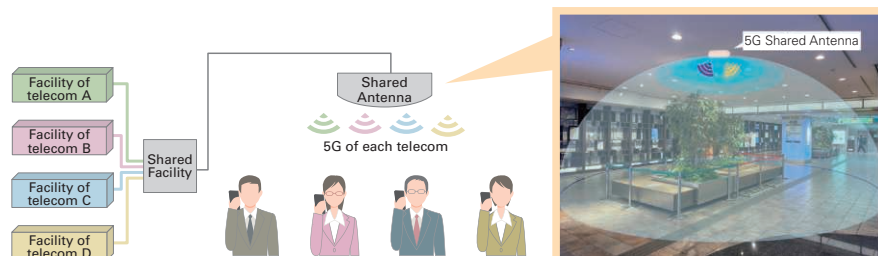
This rooftop solar business in TLIP II is our first step in addressing such corporate demand; within three years we plan to increase our green electricity generation capacity to 50-megawatt level at our industrial parks in Vietnam (In addition to TLIP II, Thang Long Industrial Park in Hanoi, and Thang Long Industrial Park III in Vinh Phuc Province).

We will also work towards supplying green electricity at our special economic zones, our industrial parks, and other sites in Asia, aiming to generate a capacity of several hundred megawatts in future. Alongside scaling up electricity generation capacity, we will also enhance our services and endeavor to contribute towards the reduction of global environmental impact.

*Green electricity: Electricity generated by using renewable energy such as solar, wind, hydraulic and geothermal power and biomass.



Rooftop solar panels installed at TLIP II



Conceptual image of base station sharing service

Conceptual image of 5G shared antenna coverage

Media & Digital Business Unit

Sharing Businesses for Creation of a 5G Society

Operating company established to provide base station sharing services

In February 2021, Sumitomo Corporation established Sharing Design Inc. ("SDI") with Tokyu Corporation, which provides 5G-centered base station sharing services to mobile communications carriers.

5G telecommunications technology offers ultra-high speeds and extremely low latency to multiple users at once, and is expected to be essential in expanding IoT and developing new services that solve social issues such as automated driving and telemedicine. However, 5G requires many base stations as its coverage per base station is less than that for 4G. Therefore, "base station sharing," which is already common in Western countries, is expected to spread in Japan so that carriers can expand the 5G service areas efficiently and quickly.

SDI will launch base station sharing services this fall in order to develop 5G infrastructure rapidly. Base stations are planned for around 100 locations during fiscal 2021, particularly in Tokyu Railways stations and Tokyu Corporation commercial facilities. SDI is also working with local governments, railway operators, and commercial facility operators, aiming to expand nationwide.

Through SDI, Sumitomo Corporation will utilize base station sharing to reduce environmental impact and contribute to an early creation of a 5G society.

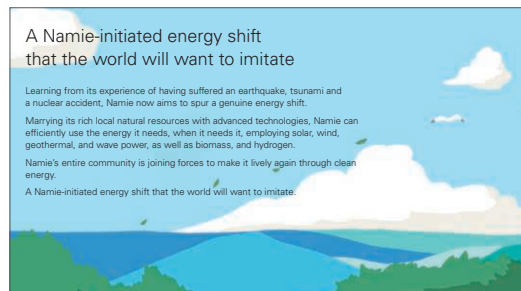


Selected as Scheduled Executor for Nakano Station New North Exit Area Redevelopment Project

Targeting a culture-driven city of Nakano for the next 100 years

In January 2021, Tokyo's Nakano Ward put its Nakano Station North Exit redevelopment plan out to tender, selecting a consortium comprising Sumitomo Corporation; Nomura Real Estate Development; TOKYU LAND; Hulic; and East Japan Railway. The design concepts for this type 1 urban redevelopment project, targeting around 2.3 hectares, called for: a new symbolic site inheriting the DNA of Nakano Sunplaza; a bustling, interactive district offering easier movement around Nakano Station; and a Nakano-specific vitality, culture, and way of life for the future. The project includes a multipurpose hall, residences, retail facilities, offices, and a hotel, and will continue the legacy of Nakano Sunplaza. Sumitomo Corporation's original business was real estate and for many years we have been both an integrated trading company and a real-estate developer engaged in large redevelopment projects. We will draw on our accumulated knowledge to contribute to urban development in Nakano that is driven by the local culture and rooted in the community.

The redevelopment project targets the zone to the north of JR Nakano Station around Nakano Sunplaza and Nakano Ward Office.



How will people's daily lives change with an energy shift? Sumitomo Corporation sees new energy as an integral part of the new lifestyle it is seeking to create in partnership with other relevant parties.



Partnership Agreement on Hydrogen Use and Community Development Concluded with Namie Town

Disseminating the "Fukushima Model" of community development aimed at a decarbonized society

Sumitomo Corporation entered into a partnership on community development using hydrogen, a carbon-free energy source, with Namie in Fukushima Prefecture, a town recovering from the Great East Japan Earthquake and Fukushima nuclear accident.

Namie's Zero Carbon City Declaration of 2020 cited local production and consumption of hydrogen and other renewable energies as key to its recovery. Pioneering industrial facilities are now clustering there, including a world-class hydrogen production unit, the Fukushima Hydrogen Energy Research Field (FH2R) of New Energy and Industrial Technology Development Organization (NEDO). We set up a new Hydrogen Business Dept. in October 2020, starting work on hydrogen-related operations. Our proposal for Namie comprised overall support for community development, emphasizing both "hardware" (e.g., multifunctional hydrogen station) and "software" (e.g., fostering eco-awareness and urging industry-government-academia interaction).

Under the concept of "a Namie-initiated energy shift* that the world will want to imitate," we will contribute to Namie's recovery and amass know-how regarding hydrogen-based community development to disseminate at home and abroad as the "Fukushima Model."

*A gradual switch from existing fossil energy to solar and wind power and other renewable energies as well as to hydrogen use in order to decarbonize the town's power and heat sources

From April 2021, we are taking a company-wide approach to our hydrogen-related business under a new unit, the Energy Innovation Initiative, which aims to create next-generation businesses that contribute to the creation of carbon-neutral societies.

Please visit the website below to view the details of Material Issues of the Sumitomo Corporation Group.

<https://www.sumitomocorp.com/en/jp/sustainability/material-issues>

Sumitomo Corporation Material Issues

Search

100SEED: A Social Contribution Program Implemented Globally

100SEED is a social contribution program launched to mark Sumitomo Corporation Group's 100th anniversary. Group employees worldwide address regional social issues by engaging proactively in activities under the grand theme of "Quality Education," one of the goals of the SDGs.

In Japan during 2020, we launched: (i) Mirai School (School for the Future) Career Education Support, (ii) Educational Support for a Multi-cultural Symbiotic Society, to create an environment for carefree learning by children with foreign roots, and (iii) Pro Bono Support for Educational NPOs, supporting enhancement of NPOs' management foundations.

Mirai School activities aim to develop future human resources. We provide visiting classes at which employees draw on their diverse values and experiences to prompt high school students to consider their future careers. During fiscal 2020 we delivered 19 such classes at 13 schools, taught by 49 group employees, for whom it was a chance to reflect on their jobs and gain new insights. In fiscal 2021, employees are due to visit over 20 high schools across Japan.

Overseas, despite changed plans due to COVID-19, activities rooted in regional educational issues are starting up steadily, with 21 projects launched in 13 countries.

These employee-based groupwide efforts won acclaim in February 2021 when we received the Special Award at the Tokyo Council of Social Welfare's Sixth Corporate Volunteer Awards. Group employees worldwide will continue to tackle educational issues by communicating with local communities.



The first Mirai School visiting class was held at Tokyo Metropolitan Nishi High School.



In Thailand, we visit two rural elementary schools every year to improve educational provision. Last year we also donated mask holders.



Employees support the management of NPOs tackling educational issues through Pro Bono Support for Educational NPOs.

100SEED
website

<https://www.sumitomocorp.com/en/jp/100seed/index.html>





General Manager Interview

Future of Lifestyle & Retail Business Division



Executive Officer
General Manager, Lifestyle
& Retail Business Division

Hiroki Takeno

Joined Sumitomo Corporation in 1989. After working in the Business Investment Planning Dept., Tomod's, a posting in New York, and Mammy Mart, became General Manager of the Brand Business Dept. in April 2010, and President & CEO of Summit in June 2016. Assumed current position in April 2020.

Helping to Establish a Foundation for Comfortable and Enriching Lifestyles

The Lifestyle & Retail Business Division comprises two business lines: retail and health care, and we are pursuing digital transformation (DX) to engage in a range of businesses aimed at making customers' lives more prosperous and pleasant.

Retail business derives advantages from its store network in Tokyo metropolitan area

The retail business line is focused on Summit, a supermarket operating in the Tokyo metropolitan area.

Founded in 1963, Summit is now a key part of the social infrastructure, facilitating daily life as one of the leading supermarkets in the Tokyo area by addressing the needs of individual customers, guided by its new business vision, "Summit will make Japanese supermarkets fun."

To address the needs of society, Summit is also engaging actively with the SDGs; in addition to conserving energy and reducing waste, in January



Summit Store Gotanno sells fresh vegetables grown in its in-store farming units.

2021 some stores started selling low-environmental-impact vegetables grown in-store. Looking ahead, Summit will pursue DX using purchase information and various other accumulated data to create new services that facilitate more pleasant lives for customers.

Meanwhile, the German lifestyle brand FEILER, which is also part of retail operations, is linking stores and digital media as it works to develop next-generation consumer services that reach a wide range of customer age groups.

A platform underpinning an aging society

Health care operations center on Tomod's, a pioneer within Japan of the concept of drugstores with their own prescription department. Founded in 1993, Tomod's aimed to be a "family drugstore" that contributes to the health and prosperity of its customers. Thereafter, it expanded as a chain of retail stores providing local health care services, mainly in the Tokyo metropolitan area, and its ratio of stores with prescription departments is now among the highest in Japan. Given Japan's need to reduce national medical expenditure as its society ages, it is pursuing a community-based integrated care system, whereby patients are cared for at home or in the community, instead of in hospital. Tomod's, which derives its advantages from drug dispensing, is expected to play an increasingly key role as a platform underpinning society. Alongside automating its drug dispensing through DX and offering online dispensing and other service enhancements, Tomod's is set to

expand further. Meanwhile, in our overseas health care operations we are aiming to contribute to optimal health care in Malaysia, having invested in Malaysian managed care service companies in March 2019.

The Lifestyle & Retail Business Division will link these businesses organically as it pursues DX to help establish a foundation for comfortable and enriching lifestyles both in Japan and overseas.



Automated drug dispensing machines are installed in some Tomod's stores.



The headquarters of PMCare, one of the managed care service companies in which Sumitomo Corporation invested

PICK UP

Summit opens small city-center store in Kanda Square

Last year, Summit opened Summit Store Kanda Square, its first outlet in Tokyo's Chiyoda Ward, on the 1st floor of Kanda Square, a large-scale complex building developed by Sumitomo Corporation in Tokyo's Kanda area. Although Summit stores usually average around 1,650 m² of sales space, the new store is around one-fifth that size, at 331 m², making it Summit's smallest outlet. Summit regards it as a strategic store, anticipating future openings in central Tokyo. The store employs ingenuity to meet local needs; in addition to carrying plenty of fresh produce to assist local residents in preparing daily meals, it also offers a wide range of just-prepared meals such as bento lunches and sushi, to meet the needs of customers working in nearby offices. It is also implementing new DX-based initiatives, such as self-service cash registers and electronic price tags, as a means of making the most of its limited sales space and dealing with future labor shortages.

Despite the store's small size, it is appreciated by many customers as a complete supermarket that draws on accumulated know-how to carry all the products necessary for daily life.

Central Tokyo has few supermarkets offering a full range of such products, including fresh produce. Summit will therefore continue opening stores in such central areas in order to serve as part of the social infrastructure that facilitates daily life for even more customers.



Automotive Manufacturing Equipment in China Continues to Improve

Drawing on many years of know-how to contribute to the development of the automotive industry

In 2002, when Toyota Motor entered the Chinese completed vehicles manufacturing market, Sumitomo Corporation started an automotive manufacturing equipment business targeting its Chinese operations. As China's automotive market grew rapidly thereafter, we developed full turnkey engineering solutions for Toyota, building a foundation for our business.

Specifically, we analyzed customer needs, as well as Chinese and Japanese equipment manufacturers, to offer a one-stop service from procurement and distribution of Japan-made manufacturing equipment to installation management, and manufacturing. In 2020, new cars sold in China, the world's largest market, numbered around 25.31 million, around 5.5 times Japan's figure. Although COVID-19 forced many plants to shut down in February 2020, demand recovered after operations resumed. Meanwhile, the CASE era is transforming China's automotive industry. Following a raft of new energy vehicle (NEV) policies announced in 2020, the ratio of NEVs among new cars sold is expected to increase. Accordingly, we aim to use our experience to serve as a solution provider addressing diverse issues in completed vehicle and parts manufacturing, fields promising significant medium- to long-term growth.



Vehicle inspection equipment is installed.



A Sumitomo Corporation manager checks progress during a morning assembly meeting.



Members of the engineering management team

Conducting internships for local university students

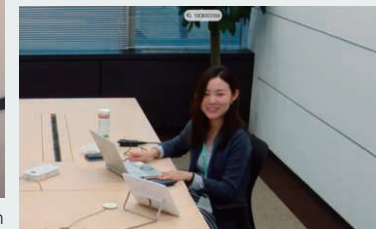
Due to COVID-19, Sumitomo Corporation China Group's internships in January and February 2021 were conducted online. Offices in Shanghai, Guangzhou, Tianjin, Qingdao, and Changchun liaised to enable 53 students from 10 universities to take part. Aiming to develop future human resources, our employees gave lectures that allowed students to experience work and consider their future careers. To aid understanding of the internship's purpose and of the HR system at multinational firms, the lectures described Japan's integrated trading companies, our CSR activities, and the model employee, and gave advice for the students. In the speech contest on the theme of preparing for future career planning, students shared their opinions and analyzed their own characters and specialties, and the needs of the job market. They identified improvements for their future career planning and how they should proceed. Participants commented that they could envisage their future more clearly, having learned what type of people companies seek to hire, and that the internship was a good chance to discuss career planning with students from other universities. The students' novel ideas regarding career planning and their expectations of future workplaces also inspired our employees, prompting them to reconsider the roles that companies should fulfill. Through the employee-based social contribution project, 100SEED, Sumitomo Corporation Group provides quality education to create sustainable societies for the young people who will lead the next generation.



Internships were conducted online.



A student who participated in the speech contest



A lecture by a Sumitomo Corporation employee



Team Leader, Automobile Dept. No. 3, China Transportation & Construction Systems Unit

Cui Lei

In addition to setting up the Chinese production base for Toyota's manufacturing operations, we operate an integrated business spanning procurement, distribution, and after-sales service. We deliver services that fulfill our customers' expectations.

My Favorite

Tianjin is a large port city in northeastern China, located centrally in the Bohai Economic Rim leading to the capital, Beijing. It is the world's fifth most populous city, at around 15.6 million (as of 2020). Boasting many historic sites, it continues to flourish as a tourist destination, and its most famous foods are Goubuli buns and Erduoyan fried rice cakes. A large 110-meter Ferris wheel called the Tianjin Eye stands on a bridge over the river, and is said to be the only one of its kind in the world. At night, this Ferris wheel and the riverside buildings are lit up, offering an enchanting night view.



The Tianjin Eye, lit up beautifully



Based on Sumitomo's business philosophy, the Group has adapted to the changes, overcome the challenges and successfully developed. We will introduce the achievements of the forefathers of Sumitomo.

Third Director-General of the Sumitomo Family

Masaya Suzuki (1861 - 1922)

Forming Sumitomo's Business Foundation Through Plans Beneficial to the Nation from a Long-term Perspective

In 1904, when Teigo Iba retired, Masaya Suzuki was appointed third director-general of Sumitomo at only 44 years old. He identified with Sumitomo's business philosophy and left the world of officialdom to join Sumitomo, taking over Teigo Iba's reforestation scheme. He expanded the scheme from the Besshi Copper Mines of Shikoku across Japan, believing that, since mining is work that damages the land, which is the nation's heritage, Sumitomo must engage in work that protects the land. Suzuki also sought a fundamental solution to the smoke pollution at the Shisakajima smelter, declaring his determination to solve the problem by constructing facilities to remove emissions.

Upon assuming office as director-general, he expressed his resolve: "I intend to tread the path of justice and equity, undertaking projects beneficial to the nation from a long-term perspective." His management policy envisioned Sumitomo not just as a commercial enterprise but also as an organization whose activities contributing to a flourishing state and nation inspired respect and affection. Accordingly, he founded numerous businesses that served the Japanese nation and people, pursuing diversification.

In 1911 he established Sumitomo Electric Wire & Cable Works (now Sumitomo Electric Industries), Japan's first manufacturer of telephone cables and high-voltage electrical cables. In 1913, he established Sumitomo Fertilizer Manufacturing (now Sumitomo Chemical), and in 1919 he established Osaka Hokko (Sumitomo Corporation's predecessor) to develop a coastal industrial zone in Osaka. Purchasing managed land from a local landowners' association, he helped develop the tract from the Shinyodo River to the mouth of the Aji River. He also promoted joint ventures with foreign partners to fuel technological development, establishing America Japan Sheet Glass (now Nippon Sheet Glass) in 1918 and investing in Nippon Electric (now NEC) in 1920. Anticipating the role of electricity in 20th century economic development, Suzuki aspired to transform Japan into a major trading nation. The businesses he launched formed the Sumitomo Corporation Group's business foundation, and continue to flourish today.

Suzuki was also committed to recruitment; he often joined other executives to interview prospective recruits, carefully appraising each candidate, sometimes for a couple of hours. Aspiring to foster



Masaya Suzuki toward the end of his life



Sumitomo Fertilizer Manufacturing in Niihama (early Showa era)
PhotoCredit: Sumitomo Historical Archives

talented personnel who would serve the nation, he emphasized employee training. The Head Office handled recruitment of all new Sumitomo employees, providing uniform remuneration and benefits, regardless of where recruits were assigned. To talk directly with Sumitomo's future leaders, he often stayed in their dormitory and held heart-to-heart discussions with them. Believing that "people make the enterprise," he sought outstanding individuals throughout government, business, and academia, and fostered their talents. Suzuki's commitment to his responsibilities even included cultivating business successors to ensure the future he envisaged.

Corporate Profile/Stock Information

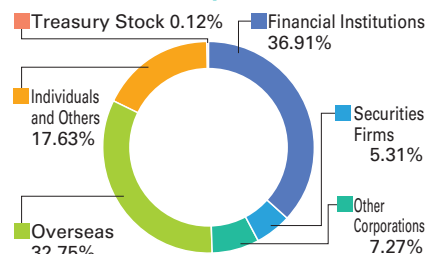
Corporate Profile (As of March 31, 2021)

Establishment:	December 1919
Paid-In Capital:	¥219,781,067,183
Status of Employees:	Number of Employees 5,390 ^(Note) Number of Employees (Consolidated basis) 74,920 (Note) It includes 150 persons whom overseas branches and offices of the Company employ.
Status of Subsidiaries and Associated Companies:	Number of Consolidated Subsidiaries 662 Number of Associated Companies 273
Status of Operating Locations, etc.:	Domestic 22 Overseas 113
Accounting Auditor:	KPMG AZSA LLC

Stock Information (As of March 31, 2021)

Number of Shares Authorized for Issuance: 2,000,000,000 shares
 Number of Issued Shares: 1,251,253,867 shares
 Number of Shareholders: 205,689

Shareholders Composition:



(Note) The total is not 100% as the ratio is rounded to the nearest hundredth of a percent.

Major Shareholders

Name	Number of Shares (In Thousands of Shares)	Shareholding Ratio (%)
The Master Trust Bank of Japan, Ltd. (trust account)	123,170	9.86
BNYM AS AGT/CLTS NON TREATY JASDEC	67,010	5.36
Custody Bank of Japan, Ltd. (trust account)	61,222	4.90
Sumitomo Life Insurance Company	30,855	2.47
Custody Bank of Japan, Ltd. (trust account 5)	19,053	1.52
STATE STREET BANK WEST CLIENT - TREATY 505234	18,067	1.45
Mitsui Sumitomo Insurance Company, Limited	18,000	1.44
NORTHERN TRUST CO. (AVFC) RE SILCHESTER INTERNATIONAL INVESTORS INTERNATIONAL VALUE EQUITY TRUST	17,539	1.40
Custody Bank of Japan, Ltd. (trust account 7)	17,046	1.36
Custody Bank of Japan, Ltd. (trust account 6)	16,895	1.35

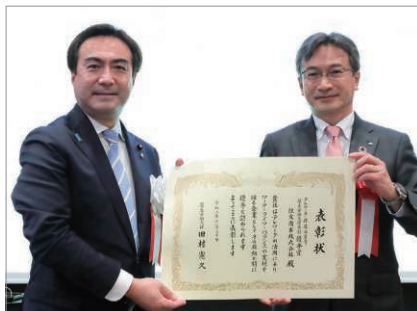
(Note) The shareholding ratio is calculated by dividing the number of shares held by the number of shares outstanding – which is derived by deducting treasury stock (1,544,207 shares) from the total number of issued shares – and rounding to the nearest hundredth of a percent.

Sumitomo Corporation Receives Excellence Award for Teleworking

Sumitomo Corporation received the Award for Excellence as the most outstanding company in fiscal 2020 in the Minister of Health, Labour and Welfare's awards for enterprises that promote telework.

We were highly commended for making information on the use of teleworking widely available and successfully implementing it throughout our organization. Many employees experienced teleworking in a trial before the scheme was introduced, and officers' accounts of their experiences were shared via the internal newsletter and videos.

At the awards ceremony, Kazuhide Okuma, Parliamentary Vice-Minister of Health, Labour and Welfare, presented a certificate to Shinji Nakano, Assistant CAO, Secretary & Human Resources.



Kazuhide Okuma, Parliamentary Vice-Minister of Health, Labour and Welfare (left) and Shinji Nakano, Assistant CAO, Secretary & Human Resources

Information for Shareholders

Fiscal Year:	From April 1 of each year through March 31 of the following year
Ordinary General Meeting of Shareholders:	June
Record Date:	Ordinary General Meeting of Shareholders March 31 Year-end Dividends March 31 Interim Dividends September 30
Stock Transfer Agent and Account Management Institution for Special Accounts:	Sumitomo Mitsui Trust Bank, Limited 4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo
Stock Transfer Agent, Handling Office:	Sumitomo Mitsui Trust Bank, Limited Stock Transfer Agency Business Planning Department 4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo
(Mailing Address)	Sumitomo Mitsui Trust Bank, Limited Stock Transfer Agency Business Planning Department 8-4, Izumi 2-chome, Suginami-ku, Tokyo, 168-0063
(Telephone Inquiries)	0120-782-031
(URL)	https://www.smtb.jp/tools/english/
Shares per Unit:	100 shares
Stock Listings:	Tokyo, Nagoya, Fukuoka
Stock Exchange Code:	8053
Public Notices:	Public notices shall be made electronically. If electronic notice is impossible due to accident or other unavoidable reason, the notice shall appear in the <i>Nihon Keizai Shimbun</i> .
(Public Notice URL)	https://www.sumitomocorp.com

● Contact for Notifications and Inquiries Concerning Shares

For shareholders having an account with a securities company, please contact your securities company for notifications of change of address, etc. and inquiries. For shareholders not having an account with a securities company, please contact the telephone inquiries number on the left.

● About Special Accounts

For shareholders who have not used the custody and book-entry transfer system for securities prior to the introduction of electronic share certificate system, a special account has been established with Sumitomo Mitsui Trust Bank, Limited. For inquiries concerning special accounts, please contact the telephone inquiries number on the left.

Everyday Life

FEILER

Find Greater Freedom and Happiness

FEILER CLEAR LABEL

FEILER is a German towel brand that features colorful chenille woven fabric made with traditional craftsmanship, best known for classic handkerchief-sized towels featuring floral motifs on a black background. In recent years, however, FEILER has expanded into new product designs appealing to a diverse range of tastes, extending its customer demographic from parents to their children and grandchildren, and developing into a brand that is loved across three generations.

In spring 2021, Feiler Japan launched a new product line, FEILER CLEAR LABEL. Retaining its established high quality, Feiler Japan bolstered its offering of new items attuned to the lifestyles of people in their 30s to 50s, a new customer demographic for the FEILER brand. The company offers a full range of items including bags and interior goods, as well as handkerchiefs and pouches, employing the slogan "Find Greater Freedom and Happiness."

Feiler Japan has used its official online store and digital media to communicate actively with customers; its followers on Instagram number more than 90,000 as of May 2021. The company plans to use publicity for FEILER CLEAR LABEL to build even closer links among digital media, brick-and-mortar stores, and the online store to further increase its points of contact with a broad range of customers.

■ FEILER brand website
(Japanese only):
<https://feiler-jp.com/clearlabel/>

■ Feiler Japan official online
store (Japanese only):
<https://feiler.jp/shop>



■ Feiler Japan official
Instagram and
Twitter accounts
(Japanese only):
Instagram/
Twitter@
feiler_jp



The highly popular FEILER brand is sold in over 100 outlets across Japan including department stores and fashion stores, the Ginza flagship store, and online. Enjoy the FEILER aesthetic and the color it can add to life, even during the COVID-19 pandemic.

Retail Business Dept. No. 2
Tetsu Nishida



FEILER CLEAR LABEL spring & summer 2021 collection



Products created in collaboration with CLOUDY, a fashion brand that helps to address poverty- and education-related issues in Africa.

Sumitomo Corporation

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(Publication: Corporate Communication Dept. seisaku-t@sumitomocorp.com)

Editor's Note

On April 1, 2021, 106 new recruits joined Sumitomo Corporation. It had been two years since we last held the welcoming ceremony in person, and we took measures to prevent coronavirus infection such as holding the ceremony for half the recruits at a time. After the new employees were assigned to their departments, their department heads presented them with white gerberas, which are said to represent hope. Images of the welcoming ceremony are available on the Sumitomo Corporation official Facebook page, along with other content such as descriptions of new businesses and initiatives under way all over the world. Please subscribe.



● Caution Concerning Forward-looking Statement

Statements included in this publication regarding future performance and other matters have been determined on the basis of information currently available. Such statements may differ in future depending on changes in the business environment, etc., and Sumitomo Corporation does not guarantee their reliability.