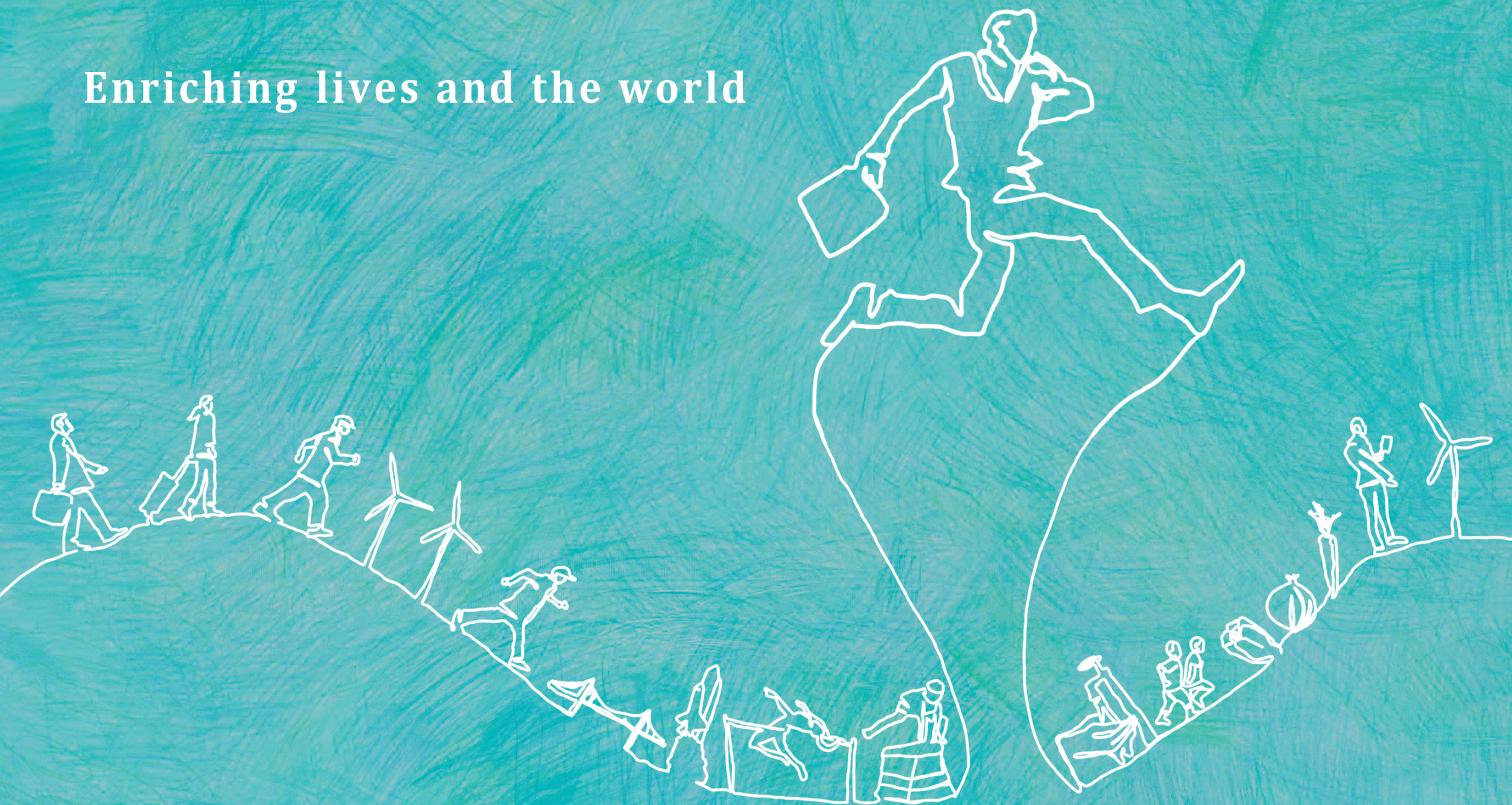


Enriching lives and the world



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# Building a New Foundation toward Returning to Growth Trajectory

**-By Accomplishing “Business Portfolio SHIFT”**

Representative Director  
President and Chief Executive Officer

**Masayuki Hyodo**



In FY2021, the business environment continued to change drastically as in FY2020. Although the economy remained on a recovery track despite the spread of COVID-19 variants, a geopolitical risk was realized at the end of the fiscal year.

Amid such an environment, we steadily implemented various measures of our medium-term management plan “SHIFT 2023” and enhanced our earning power. As a result, we posted net income of 463.7 billion yen for FY2021, a record high profit. Metal Products Business Unit, Transportation & Construction Systems Business Unit, and Mineral Resources, Energy, Chemical & Electronics Business Unit enjoyed favorable external environments, including a sharp rise in prices of resources and raw materials such as steel and the recovery of automotive production. Infrastructure Business Unit, Media & Digital Business Unit, and Living Related & Real Estate Business Unit also demonstrated solid financial performance.

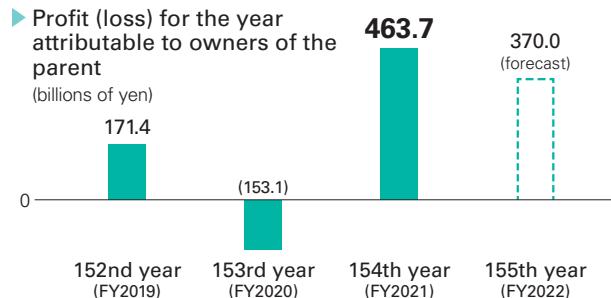
In addition, we made upward revisions to the initial forecasts for FY2022 and 2023, which we announced in May 2021. The revised profit forecast for FY2022 is 370 billion yen, that for FY2023 is 380 billion yen, and now we forecast profit of 450 billion yen for FY2024. FY2022 and 2023 will see reduced profit compared to FY2021, a year when we enjoyed favorable external environments, but we plan to steadily improve our earning power toward FY2024 by accomplishing the structural reforms stated in SHIFT 2023.

Under SHIFT 2023, we are undertaking drastic structural reforms to build a business portfolio that is both highly profitable and resilient. We made steady progress in exit, turnaround, and further value creation through assessment of existing businesses. In FY2022, the second year of SHIFT 2023, we will shift our overall business portfolio by accelerating structural reforms, improving profitability of businesses under the Steady Business Growth category and creating

and developing new core businesses by investing capital.

With society’s values and ways of life changing significantly, we will solve social issues and provide new value that contributes to the development and evolution of society by promoting the enhancement of sustainability management while bearing in mind the principles of an “Enterprising Spirit” and “Grand Design” stated in Sumitomo’s business philosophy.

We ask for your continued support in our endeavors.



## Shareholder Returns Policy

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

As indicated in our mid-term management plan “SHIFT 2023”, we decide the annual dividend 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 yen per share, the same amount as the annual dividend for FY2020.

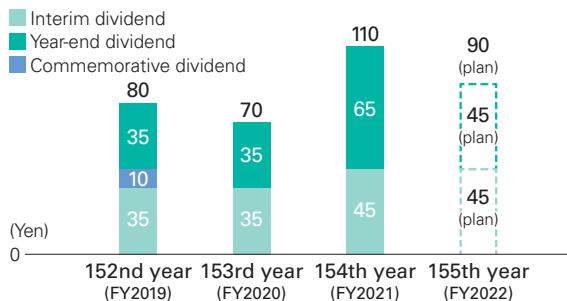
Profit for the year attributable to owners of the parent in FY2021 totaled 463.7 billion yen, so the annual dividend for FY2021 will be 110 yen per share (an interim dividend of 45 yen and a year-end dividend of 65 yen).

In light of the improvement of our revenue base and financial soundness through the progress in structural reforms, etc., we have reviewed our shareholder return policy for FY2022 and beyond from the perspective of our sustainable growth and the long-term interests of our shareholders. We will decide the amount of annual dividends within a DOE (dividend on equity ratio) range of 3.5% to 4.5% by 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. If 30% of the profit for the year exceeds the aforementioned range, we will pay dividends or repurchase our shares for the excess portion in a flexible and agile manner.

The forecast for consolidated financial results for FY2022 is 370.0 billion yen, and in accordance with the new shareholder return policy, we plan to pay an annual dividend of 90 yen (an interim dividend of 45 yen and a year-end dividend of 45 yen) per share for FY2022.

### ▶ Dividends per share



For more information, please see Shareholders Information on the corporate website



# Progress on the Medium-Term Management Plan “SHIFT 2023”

In May 2021, we developed our medium-term management plan “SHIFT 2023”; a plan covering the three years through FY2023, and are currently working on “Business Portfolio SHIFT,” “Framework SHIFT,” and “Management Base SHIFT.” Here we report on the major points of progress made during FY2021.

### Quantitative Plan

#### Earnings forecasts

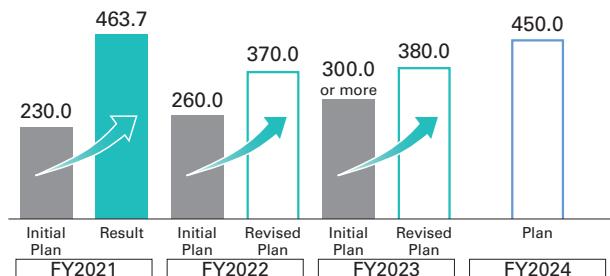
As we work to implement “Business Portfolio SHIFT” through optimal allocation of management resources, we are pursuing strategic discussions attuned to quantitative paradigms three years into the future. We have thus presented profit plans for the period up to FY2024. Initiatives pursued under “SHIFT 2023” are yielding results in excess of the initial plans for each fiscal year.

#### Cash flow plan

The “SHIFT 2023” policy of securing positive post-dividend free cash flow remains unchanged, and additional allocations to investments and shareholder returns will be funded by using increases in basic profit cash flow. The revised investment plan is for investments of 1,230 billion yen. By investing in areas with high market potential and capacity for full manifestation of our strengths, we are further enhancing the profitability and downturn resilience of our business portfolio.

#### ▶ Profit for the year attributable to owners of the parent

(Billions of yen)



### Major Initiatives

#### 1 Business portfolio SHIFT

##### Identify low-profitability businesses and accelerate measures to create value

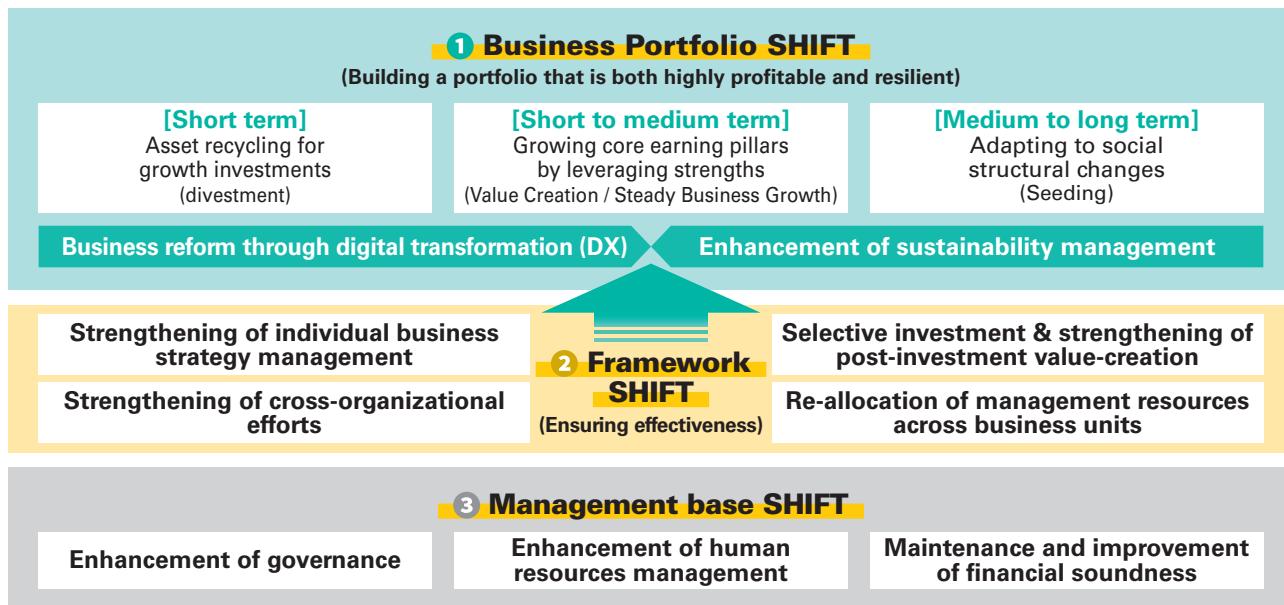
We have analyzed around 400 companies and identified 101 of them as candidates for exit or divestment. We exited from 32 companies in FY2021, after we exited from another 32 companies in FY2020. Moreover, value creation measures in relation to major projects such as the nickel business in Madagascar have yielded improvements (turnarounds) in profitability and efficiency, leading to an improvement in profit of around 100 billion yen (around 70 billion yen excluding external environmental impacts) in comparison with FY2020.

##### Steady business growth

To build a business portfolio with high profitability and strong downturn resilience, we have identified business fields with high market potential where our strengths can be demonstrated to the full. In FY2021 we invested a total of 230 billion yen in these areas, which include a telecommunications business in Ethiopia and a forestry business in New Zealand.

##### Next-generation growth fields

We are currently working to strengthen and nurture business in the three new growth fields of Energy Innovation, Retail/consumer, and Agriculture, which are additions to the three fields identified in the previous Medium-Term Business Plan: Technology x Innovation (DX), Social Infrastructure, and Healthcare.



## 2 Framework SHIFT

### Thorough PDCA and strengthen commitment for ensuring effectiveness of measures

We will enhance our PDCA management cycles, which involve the setting of indicators (KPIs/KAIs) to measure achievement of targets objectively, twice-yearly strategy meetings to monitor progress in each Strategic Business Unit (SBU) and continually pursue improvements.

### Initiatives for improving the probability of investment success

We have developed mechanisms to enable higher probability of success in business investments and maximization of value, through measures such as stricter investment discipline and adoption of a system of compensation linked to investment performance.

### Cross-organizational efforts

In the next-generation growth field of Energy Innovation, we have launched the Energy Innovation Initiative (EII)\*, a cross-organizational project that transcends existing organizational boundaries.

\*Energy Innovation Initiative (EII): An organization established in April 2021 with the aim of generating next-generation businesses to help realize a carbon neutral society.

## 3 Management base SHIFT

### Enhancement of governance

The Board of Directors is monitoring progress on various initiatives under “SHIFT 2023” on an ongoing basis. We have also begun operating a group management policy designed to maximize our group’s overall corporate value.

### Enhancement of human resources management

We have developed the foundations for human resources management reforms through initiatives including adoption of a job grading system, renewal of evaluation systems, and unified career groups (“Professional” and “Clerical”) which had been categorized separately. We are now implementing various measures such as acceleration of Diversity & Inclusion globally and personnel shifts in line with reconfiguration of business portfolios and working to allocate the right talents to the right places on a global basis.

# Energy Innovation Business

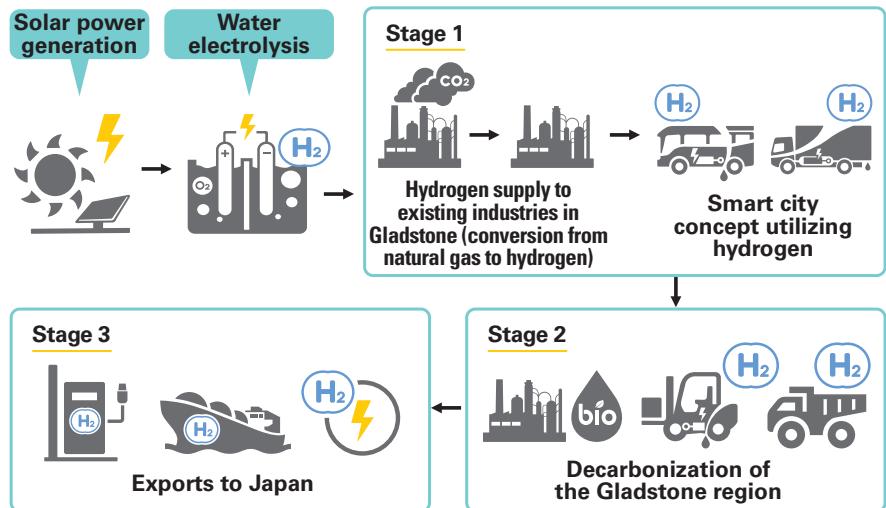
The medium-term management plan “SHIFT 2023” identified six next-generation growth fields based on our strengths, as shown in the figure to right. We are taking an organization-wide approach to strengthening and fostering our business in these areas over the medium to long term. This article focuses on “Energy Innovation,” with a profile of the hydrogen business in Australia and support for decarbonization initiatives by localities in Japan.

## Developing a “zero emissions region” in Australia

We consider hydrogen an important future energy source and are currently working on hydrogen business development in multifaceted approaches. In Australia, we are pursuing a project in partnership with local partners including the City of Gladstone and aiming to create a hydrogen ecosystem where we will produce green hydrogen from solar energy without emitting CO<sub>2</sub> and will increase its use through demand creation. This project will contribute to decarbonization of the Gladstone region by building a community that utilizes locally-produced clean hydrogen.

Gladstone is well positioned and presents ideal environmental settings for the production and use of green hydrogen. These advantages include excellent industrial infrastructure, strong support from localities, plentiful land and water and high solar irradiance for green hydrogen production as well as potential hydrogen end users in the existing local industry including port operations.

The project’s first stage involves the establishment of a hydrogen production plant, the supply of hydrogen to an existing alumina refinery in Gladstone, and the supply of hydrogen to the local mobility sector. In the second stage we aim to build a broader hydrogen community through the scale up of local production/local consumption hydrogen businesses centered on the advantageous solar energy in the region. This staged approach will enable optimization and reduction of hydrogen production costs, leading into a third stage involving large-scale hydrogen production with the aim eventually of exporting hydrogen to countries including Japan.



## DX

Business reform and new business development utilizing digital solution and Technology x Innovation

### Energy Innovation

Developing carbon-free energy, expanding power & energy services, and CO<sub>2</sub> capture, storage and utilization

### Social Infrastructure

Infrastructure development in developing countries, development of social infrastructure with new functions

### Retail/consumer

Provision of value and services essential for local communities through utilization of data from various retail businesses

### Healthcare

Creation of new businesses in the medical, health, prevention, and nursing care fields

### Agriculture

Expansion of services for the agricultural sector through utilization of digital technology

## Partnership toward a carbon neutral society

This agreement is designed to combine the functions and knowledge of Nissan Motor, Sumitomo Corporation, and Sumitomo Mitsui Auto Service in order to support localities in realizing a carbon-free society driven by local production/local consumption from the perspectives of mobility and energy. It will support decarbonization and optimization of mobility through the adoption of electric vehicles and car-sharing systems, and promote carbon-free energy through the adoption of sustainable energy based power generation. These initiatives will enable efficient energy management and establish local energy cycles. The partners will also develop solutions tailored to local conditions and work with localities to promote local carbon zero initiatives.

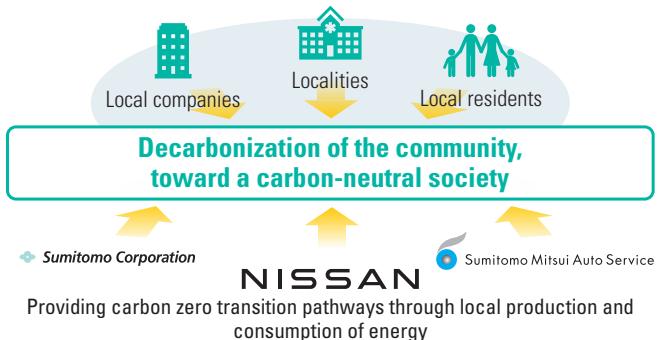
Moreover, Sumitomo Corporation has launched EII as a new organization that aims for global deployment of decarbonization models driven by local production and consumption attuned to community needs. EII will be collaborating with the other project partners to help localities become carbon neutral.



The agreement unveiled at a joint briefing with Nissan Motor, Sumitomo Corporation, and Sumitomo Mitsui Auto Service on December 22, 2021

### Partnership on decarbonization support for localities

Working with like-minded high-performing partners to deliver solutions to help communities achieve carbon zero



# Consumer-related Business

Sumitomo Corporation pursues a wide range of consumer-related business activities embedded in everyday life. In real estate, which is our original line of business, we handle retail facilities and condominiums, as well as office buildings, logistics facilities, and other properties. Our cable TV service J:COM, TV shopping platform Shop Channel, and mobile phone sales business T-GAIA are among the best in the industries, and we have even operated a film business for more than 30 years.

## Collaborative development in distinctive Sumitomo Corporation style (Classy House, Summit, Tomod's)

We are creating new value by combining multiple lines of business that mobilize our distinctive strengths. Examples of this include Terrace Mall Shonan, a retail facility with tenants including the Tokyo-centered Summit supermarket and Tomod's drugstore chains, the adjacent Classy House Tsujido condominiums (Fujisawa City, Kanagawa), and Classy Tower Higashinakano, a condominium complex incorporating a Summit supermarket (Nakano-ku, Tokyo).

A recent addition is a collaboration between Classy House, Summit, and Tomod's in Kameari, Katsushika-ku in Tokyo. The three brands worked together from the planning stage to formulate the concept and develop Classy House Kameari, a condominium building with



Classy House Kameari, Summit Kameari-Ekikita Store, Tomod's Kameari-Ekikita Store (Katsushika-ku, Tokyo)



Classy House branded shopping basket

**Film Business**

**Cable TV Business**  
(J:COM)

**Mobile Phone Sales Business**  
(T-GAIA)

**Retail Facilities Business**

**TV Shopping Business**  
(Shop Channel)

**Drugstore Business**  
(Tomod's)

**Residential Real Estate Business**  
(Classy House)

**Supermarket Business**  
(Summit)



Summit offering a wide variety of fresh products



Tomod's, a pioneering family drugstore



Kenkomi corner at Summit Kameari-Ekikita Store

an attached retail facility. In addition it has a rarity - living in a residential area within five minutes' walk of the nearest station. It gives even more attractiveness for the condominium.

Residents enjoy conveniences thanks to a collaborative development, such as the gift of a Classy House branded shopping basket, and they bring their shopping carts into the residential area, so that they can smoothly bring goods home. There is also a leisure space in the development area open not only to condominium residents but also others living in the local area, helping to give prosperity to the community.

Summit that forms part of Classy House Kameari is the third Summit store to incorporate "Kenkomi," a space to engage local customers on food and health issues.

Eight different health measurement devices are installed in a corner of the store to measure blood pressure and body composition. Nutritionists are also on hand to offer dietary guidance, health advice, and nutritious recipes. Kenkomi is fostering a new instore community of customers around the themes of food and health in a way that changes the notions of what a supermarket and drugstore can do and advances our contribution to the local community.

Please refer to the corporate website for more details.

Our  
Business



News



## Sumitomo Corporation Group's Sustainability Management

### Sumitomo Corporation Group's six key social issues



The Sumitomo Corporation Group is working on “achieving a sustainable society” as the major theme in sustainability management. In 2017, we have identified its material issues which are the Group’s priority issues in order to sustainably grow in harmony with society. As we worked to enhance sustainability management, in 2020, we have identified six key social issues related to our business that we address through our business and corporate activities. The six key social issues are: “Mitigation of climate change;” “Circular economy;” “Respect for human rights;” “Development of local society and economy;” “Improvement of living standard” and “Quality education”. The followings are introductions to how we address the key social issues.

### Toward the Mitigation of Climate Change

Six Key Social Issues of the Sumitomo Corporation Group



Related Material Issues of the Sumitomo Corporation Group



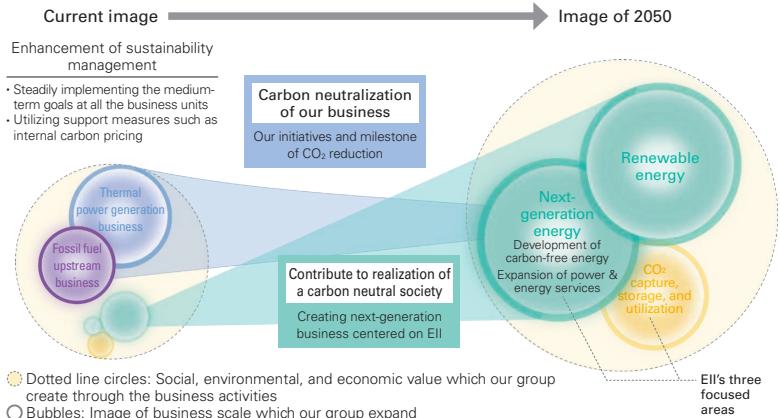
Related SDGs



Climate change is a critical issue that must be overcome if we are to achieve a sustainable society, and society’s expectations for corporate action on this issue are higher than ever. The Sumitomo Corporation Group has established Policies on Climate Change Issues and is working on medium- and long-term goals toward carbon neutrality. In pursuit of these goals, we are moving to make our businesses carbon neutral by 2050 through initiatives such as withdrawal from and sale of existing assets, use of new technologies and new fuels to reduce emissions, and CO<sub>2</sub> capture, storage, and utilization.

At the same time as making our own businesses carbon neutral, we are committed to generating new value by contributing to realize a carbon neutral society, through the creation of next-generation energy business centered on the Energy Innovation Initiative (EII).

#### Initiatives for the mitigation of climate change toward 2050





## TOMODACHI Sumitomo Corporation Scholarship Program: Fostering the Next Generation of Leaders

Six Key Social Issues of the Sumitomo Corporation Group

Quality education

Related Material Issues of the Sumitomo Corporation Group



Related SDGs



Since 2014 Sumitomo Corporation has been operating the TOMODACHI Sumitomo Corporation Scholarship Program as part of its involvement in the TOMODACHI Initiative, a partnership for Japan-US exchange led by the U.S. Embassy in Tokyo and the U.S.-Japan Council.

Designed to encourage students to take up the challenge of studying abroad regardless of their financial circumstances, this program provides financial support to cover the travel and living expenses of undergraduate students who will participate in a year-long exchange scheme based on the agreements between universities in Japan and the United States. Students are also provided with training on the East Coast of the U.S. in cooperation with Sumitomo Corporation of Americas (headquartered in New York), and other opportunities to expand their global perspectives and learn about leadership. Furthermore, Sumitomo Corporation Group employees with a variety of international experiences serve as mentors to the students in order to help them achieve their goals while studying abroad.

The fiscal 2020 program was inevitably canceled due to the spread of COVID-19, but a resumption in fiscal 2021 enabled 10 students to travel to the U.S. as the eighth cohort of scholars. Training on the East Coast of the U.S. was held face-to-face in March 2022. The participating students appeared to gain considerable inspiration and many tips to guide their selection of future pathways, through activities such as dialogue with executives at Sumitomo Corporation of Americas, discussions with people working as global leaders in a wide range of areas, and visits to social, historical, and cultural facilities.

As of 2021, a total of 57 students have studied abroad through this program. Those who have already established their careers continuously contribute to the program as alumni, providing guidance to subsequent exchange students. Sumitomo Corporation will continue to collaborate with the U.S.-Japan Council to support university students through the program in order to help foster the next generation of global leaders connecting the United States and Japan.



President Hyodo presents students with their scholarship certificates (fiscal 2018)



Dialogue with Professor Hugh Patrick, founder of the Center on Japanese Economy and Business, Columbia Business School (fiscal 2019)



Training on the East Coast of the U.S. was held face-to-face with rigorous COVID-19 countermeasures in place (fiscal 2021)

Please refer to the corporate website for more details.

Sustainability



## Information for Shareholders

### Sumitomo Group Confirmed as Exhibitor at Expo 2025 Osaka, Kansai, Japan

The Sumitomo Group has been confirmed as a pavilion exhibitor at World Expo 2025 to be held from April 13 to October 13, 2025 at Yumeshima, Osaka. Our pavilion will bring together the human resources, knowledge, and technology we have nurtured over the last four centuries, mobilizing the Group's collective strengths to tackle societal issues. It will also enable even more people to participate in our work toward creating a prosperous future. Kansai, Osaka, is the birthplace of the Sumitomo Group, and we have grown together with the local community since olden times. We see the Expo pavilion as an opportunity to contribute further to the advancement of the Kansai region.



Photo: Japan Association for the 2025 World Exposition

## Corporate Profile (As of March 31, 2022)

Company Name: Sumitomo Corporation  
Establishment: December 1919  
Paid-in Capital: ¥219.9 billion  
Head Office: Otemachi Place East Tower, 3-2 Otemachi 2-Chome, Chiyoda-ku, Tokyo 100-8601, Japan  
Phone: +81-3-6285-5000

### Website:

<https://www.sumitomocorp.com/en/jp>

For stock information, visit the Investor Relations page.



### Facebook:

<https://www.facebook.com/sumitomocorporation.global/>



## 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 and 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  
Shares per Unit: 100 shares  
Stock Listing: Tokyo  
Stock Exchange Code: 8053  
Method for Public Notice: Electronic public notice  
<https://www.sumitomocorp.com>  
(If we cannot issue an electronic public notice due to accident or other unavoidable reason, we will post the notice in the *Nihon Keizai Shimbun*.)

### Stock-related Procedures

- For shareholders having an account with a securities company: Please contact the securities company where you hold the account.
- For shareholders not having an account with a securities company (shareholders having a special account): Please contact the following account management institution for special accounts.

Sumitomo Mitsui Trust Bank, Limited  
Stock Transfer Agency Business Planning Department  
Phone Inquiries: 0120-782-031  
Website: <https://www.smtb.jp/tools/english/>

\*Special accounts have been opened at our account management institution for special accounts, Sumitomo Mitsui Trust Bank, Limited, for shareholders who did not use the custody and book-entry transfer system for securities prior to the introduction of electronic share certificate system.

### Cautionary Statement Concerning Forward-looking Statements

This publication includes forward-looking statements relating to future performance and other matters. They 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.