

Environmental Issues

Sumitomo Corporation Group has opportunities to face many environmental issues through our diversified global business operations. Accordingly, it is one of the Company's Activity Guidelines "to attach great importance to protecting the global environment." We have been expressing our profound understanding and serious concerns for environmental issues and responding to them properly.

More specifically, we will promote environmental preservation activities with the ISO14001 Environmental Management System to achieve "sustainable development" based on social and economic development and environmental preservation.

Environmental Management System

Expanding the coverage of ISO14001 certification

In 1999, we adopted the ISO14001 Environmental Management System at Tokyo and Osaka offices. After obtaining the certification, we expanded the coverage of the registration in June 2000 and June 2001, and as of September 2001 one domestic subsidiary in Hokkaido and 12 Group companies were jointly certified. In June 2002, an additional 18 Group companies participated in this System and a total of 31 companies were certified. We will continue our Group-wide efforts to enhance our environmental management.

Environmental Preservation Activities

We are promoting environmental preservation by utilizing our core competence, "integrated corporate strength" and diversified functions. We are searching for and promoting various approaches to power generation, including hydrogen, wind, and biomass fuels.

Green House Gas Mitigation Project

As a rational and efficient system to reduce green house gas (GHG), while complementing the efforts set forth in the Kyoto Protocol and utilizing market mechanisms, the Kyoto Mechanism has been introduced such as: "trading of emissions quotas" of carbon dioxide among advanced countries; "Joint Implementation (JI)" in which advanced

countries jointly implement global warming counter-measures; and "Clean Development Mechanism (CDM)" to secure emissions quotas with projects for GHG mitigation in developing countries.

Japan needs to effectively use the Kyoto Mechanism since its GHG reduction cost would be high.

We are seeking and developing the businesses related to this mechanism. Some examples of our projects for CDM include power generation utilizing rice husks in Thailand, various energy saving measures in Egypt, and solar power generation in the Philippines. Also, we have invested in Natsource Japan Co., Ltd., which intends to initiate the first emissions quota trading in Japan. Moreover, we are aligned with a consulting company, Trexler & Associates, Inc. in the U.S. to support counter-measures to combat global warming carried out by domestic and Asian companies.

Reforestation Project

Progressing forest destruction all over the world has caused large amount of carbon dioxide, which is accelerating global warming. In response, we started a reforestation project that utilizes carbon dioxide absorption and fixation by forests. This type of project is attracting a great deal of interest as effective measure against global warming. We have launched a eucalyptus planting project in Ecuador in 2001, based on our experience in reforestation projects in Chile and South Africa. We will plant eucalyptus on 10,500 ha of abandoned agricultural land and wild meadows over a period of 7 years. This reforestation project will enable us to secure, in sustainable form, wood chips and raw materials for paper manufacturing. This project will also vitalize the regional economy with new jobs.

The seawater desalination project in Saudi Arabia

We are promoting a desalination project in Saudi Arabia, where water supply has been a serious issue due to increased population and overuse of ground water. Further, creating a conventional, large-scale reservoir is not practical due to the area's annual rainfall of less than 100 mm. To resolve this problem, we are planning to desalinate sea water and transport it to Riyadh, the capital city.

In the plan, natural gas is to be used for desalination. Natural gas is a low-emission clean energy, expected to be a major energy source in the 21st century. The plan will include power generation from wasted heat.



Rice husk power plant in Thailand (Roy-Et Green Power Project)



Seedling field for Ecuador reforestation



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