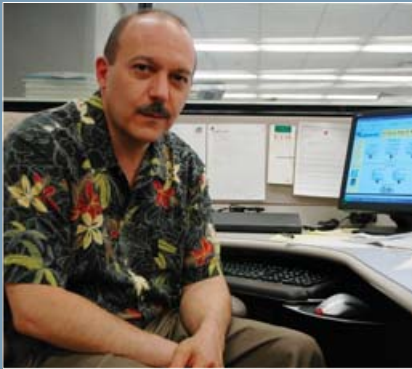


SUMITOMO CORPORATION'S CORPORATE GOVERNANCE



MANAGEMENT PRINCIPLES AND ACTIVITY GUIDELINES

Sumitomo Corporation's business activities have inherited the "Sumitomo Business Spirit," which has been passed down over 400 years and advocates values such as integrity, sound management, never pursue easy gains, and a spirit of challenge that anticipates change.

The Management Principles and Activity Guidelines, along with the SC VALUES, which are based on the Sumitomo Business Spirit, form the backbone of Sumitomo Corporation.

Management Principles and Activity Guidelines

The Sumitomo Business Spirit is embodied in Sumitomo's Business Principles which are "Sumitomo shall achieve strength and prosperity by placing prime importance on integrity and sound management in the conduct of its business," and "Sumitomo shall manage its activities with foresight and flexibility in order to cope effectively with the changing times. Under no circumstances, however, shall it pursue easy gains or act imprudently." The business activities of Sumitomo Corporation, since its establishment, have been heir to the Sumitomo Business Spirit, which has been passed down over 400 years.

With the Sumitomo Business Spirit as our backbone, we have established "Management Principles" and "Activity Guidelines," incorporating phrases more suitable for a company operating globally. The Management Principles describe our corporate mission, fundamental policies, and corporate culture. The Activity Guidelines guide everyday tasks based on the Management Principles.

We aim to be a global organization that constantly stays a step ahead in dealing with change, creates new value, and contributes broadly to society.

MANAGEMENT PRINCIPLES

- To achieve prosperity and realize dreams through sound business activities.
- To place prime importance on integrity and sound management with utmost respect for the individual.
- To foster a corporate culture full of vitality and conducive to innovation.

ACTIVITY GUIDELINES

- To act with honesty and sincerity on the basis of Sumitomo Business Spirit and in keeping with the Management Principles.
- To comply with laws and regulations while maintaining the highest ethical standards.
- To set high value on transparency and openness.
- To attach great importance to protecting the global environment.
- To contribute to society as a good corporate citizen.
- To achieve teamwork and integrated corporate strength through active communication.
- To set clear objectives and achieve them with enthusiasm.

SC VALUES

To ensure that all officers and employees share and practice the values advocated in the Management Principles and Activity Guidelines, we also drafted the SC VALUES.

The SC VALUES consist of 9 values including Integrity and Sound Management, Integrated Corporate Strength, Vision, Change and Innovation, Commitment, Enthusiasm, Speed, Human Development, and Professionalism, and are also respected in human resource development, work performance evaluations and our multidimensional assessment system (job performance assessment of supervisors by their subordinates).

We believe that the values inherent in the Management Principles, Activity Guidelines, and SC VALUES should be understood properly and passed down among every single officer and employee to enable sustained growth.

SC VALUES

1. Integrity and Sound Management

To comply with laws and regulations, while maintaining the highest ethical standards.

2. Integrated Corporate Strength

To create no boundaries within the organization; always to act with a company-wide perspective.

3. Vision

To create a clear vision of the future, and to communicate to share it within the organization.

4. Change and Innovation

To accept and integrate diversity in values and behavior, and to embrace change as an opportunity for action.

5. Commitment

To initiate, own, and achieve organizational objectives.

6. Enthusiasm

To act with enthusiasm and confidence, and to motivate others through such action.

7. Speed

To make quick decisions and act promptly.

8. Human Development

To fully support the development of others' potential.

9. Professionalism

To achieve and maintain high levels of expertise and skills.

DIRECTORS AND CORPORATE AUDITORS

(As of July 1, 2006)



Noriaki Shimazaki
Executive Vice President

Nobuhide Nakaido
Executive Vice President

Kenji Miyahara
Chairman of the Board
of Directors

Motoyuki Oka
President and CEO

Kenzo Okubo
Executive Vice President

Shuji Hirose
Executive Vice President

DIRECTORS AND CORPORATE AUDITORS

Chairman of the Board of Directors
Kenji Miyahara

President and CEO
Motoyuki Oka

Director
Shuji Hirose

Director
Kenzo Okubo

Director
Noriaki Shimazaki

Director
Nobuhide Nakaido

Director
Hisahiko Arai

Director
Michihisa Shinagawa

Director
Yoshi Morimoto

Director
Makoto Shibahara

Director
Shingo Yoshii

Director
Kazuo Ohmori

Director
Yoshiyuki Matsuoka

Standing Corporate Auditor (Full-Time)
Shigemitsu Hiranuma

Corporate Auditor (Full-Time)
Tetsuro Fukumoto

Corporate Auditor
Itsuo Sonobe*

Corporate Auditor
Koji Tajika*

Corporate Auditor
Akio Harada*

Notes: 1. All Directors represent the Company.
2. Outside Corporate Auditors are indicated by an asterisk (*).

EXECUTIVE OFFICERS

President and CEO

Motoyuki Oka

Executive Vice President

Shuji Hirose
General Manager,
Machinery & Electric Business Unit

Kenzo Okubo
General Manager,
Metal Products Business Unit

Noriaki Shimazaki
Responsible for Human Resources
Development & Information Management
Group
Responsible for Financial Resources
Management Group

Nobuhide Nakaido
General Manager,
Corporate Planning & Coordination Office

Senior Managing Executive Officer

Susumu Kato
General Manager for the Americas
Director & President,
Sumitomo Corporation of America

Michio Ogimura
General Manager for
Southeast & Southwest Asia

Hisahiko Arai
General Manager,
Materials & Real Estate Business Unit

Michihisa Shinagawa
General Manager,
Mineral Resources & Energy Business Unit

Iwao Okamoto
Assistant General Manager,
Corporate Planning & Coordination Office

Managing Executive Officer

Yoshi Morimoto
General Manager,
Consumer Goods & Service Business Unit

Makoto Shibahara
General Manager,
Financial & Logistics Business Unit

Shingo Yoshii
General Manager,
Media, Electronics & Network Business Unit
General Manager, Media Division

Shuichi Mori
General Manager for Europe
CEO, Sumitomo Corporation Europe Group
Director & President,
Sumitomo Corporation Europe Holding Limited
Chairman, President & Director,
Sumitomo Corporation Europe Plc

Kazuo Ohmori
General Manager, Transportation &
Construction Systems Business Unit

Kentaro Ishimoto
Assistant General Manager,
Consumer Goods & Service Business Unit
General Manager, Food Business Division

Shunichi Arai
General Manager, Kansai Regional Business Unit

Nobuo Kitagawa
General Manager for China
CEO, Sumitomo Corporation China Group
President,
Sumitomo Corporation (China) Holding Ltd.

Yoshihiko Shimazu
General Manager for CIS
Assistant General Manager for Europe

Kenji Kajiwara
General Manager, Chubu Regional Business Unit

Makoto Sato
Assistant General Manager, Transportation &
Construction Systems Business Unit
General Manager, Automotive Division No.1

Toyosaku Hamada
General Manager,
Financial Resources Management Group

Executive Officer

Takahiro Moriyama
Assistant General Manager,
Machinery & Electric Business Unit
General Manager,
Power & Energy Project Division

Ichiro Miura
General Manager,
Human Resources Development &
Information Management Group

Takashi Kano
Assistant General Manager,
Materials & Real Estate Business Unit

Kuniharu Nakamura
General Manager,
Corporate Planning & Coordination
Department

Shinichi Sasaki
Deputy General Manager for China
President,
Sumitomo Corporation (Shanghai) Ltd.

Takuro Kawahara
Responsible for Internal Auditing Department
Assistant General Manager,
Corporate Planning & Coordination Office (in
charge of Legal Affairs)

Yoshio Osawa
General Manager, Network Division

Yoshiyuki Matsuoka
General Manager, Chemical Business Unit

Mitsuhiko Yamada
General Manager,
Mineral Resources Division No.1

Kazuhiisa Togashi
General Manager, Iron & Steel Division No.2

Kazuhiro Takeuchi
General Manager, Financial Service Division

Shinichi Ishida
General Manager,
Construction & Mining Systems Division

CORPORATE GOVERNANCE

Sumitomo Corporation's corporate governance is embodied in its "Corporate Governance Principles," which were established in April 2003 on the basis of the "Sumitomo Business Spirit" and "Management Principles."

We have stipulated in our Corporate Governance Principles that, ultimately, we view corporate governance as "improving management efficiency" and "maintaining sound management," as well as "securing the high level of management transparency" required to achieve the first two goals. To this end, we are continually reinforcing and upgrading our corporate governance system.

Taking an auditor system as a base, we are constantly reassessing the system to enhance the function of the Board of Directors and Corporate Auditors.

Features of Our Corporate Governance System

The General Meeting of Shareholders serves as Sumitomo Corporation's supreme decision-making body, under which the Board of Directors makes important management decisions, and the Board of Corporate Auditors and each Corporate Auditor monitor the performance of Directors.

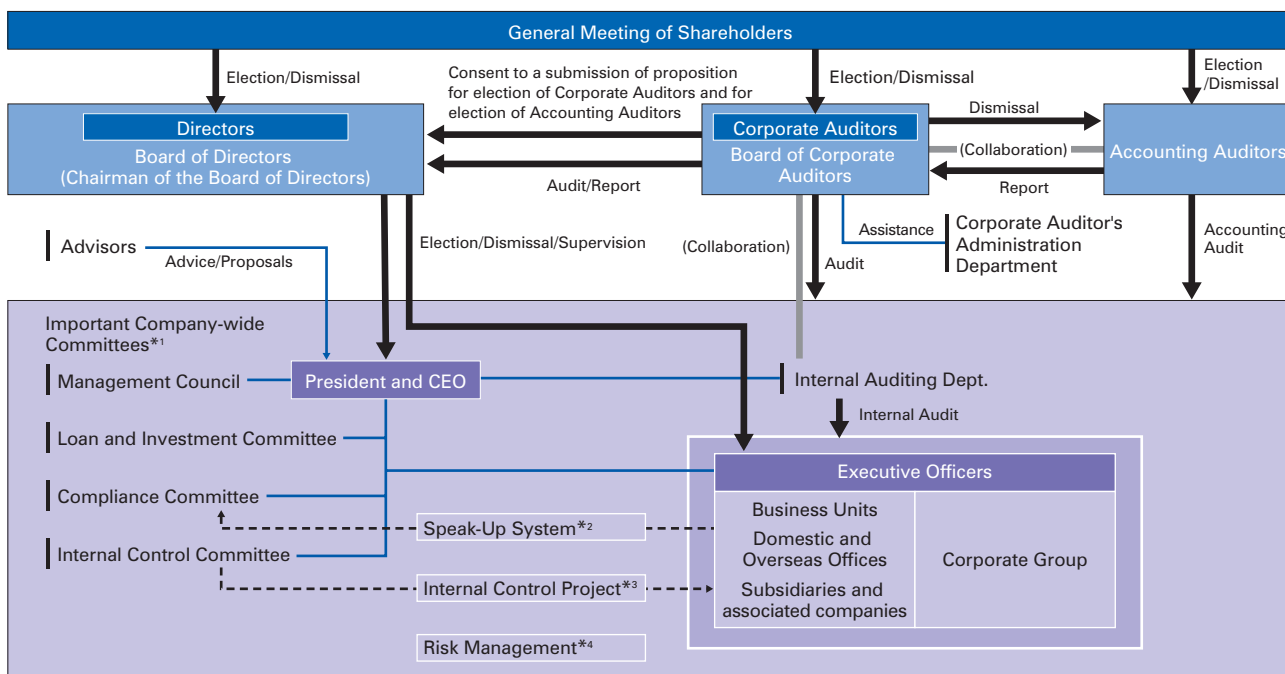
The size of the Board of Directors has been optimized to ensure its maximum effectiveness, and the term of each Director has been limited to one year to fortify the corporate governance function. We have also introduced an executive

officer system, with the objective of clarifying the responsibilities and authority for business execution and reinforcing the monitoring function of the Board of Directors.

We have five Corporate Auditors, of whom three are external. To enhance the auditing function, we are developing our internal control system and strengthening collaboration with the Corporate Auditors' audit.

In addition, by appointing external advisors, we are striving to incorporate a diversity of perspectives into our management.

CORPORATE GOVERNANCE SYSTEM



*1 As company-wide committees, in addition to the above, we have Corporate Social Responsibility Committee, IR Committee, Human Resources Committee, Global Environment Committee, Information Security Committee, Disclosure Committee, and others.

*2 Officers and employees are allowed to inform the information regarding compliance issues directly to Compliance Committee regardless of their respective chains of command.

*3 According to the framework of COSO Internal Control, the status of internal management at each organization is regularly and comprehensively self-assessed on a consolidated basis, followed by the administrative departments to review.

*4 (1) We divide various risks associated with business activities into two types, namely "quantifiable risks" for those including market risks, investment risks, and credit risks, and "non-quantifiable risks" for those including natural disasters, mistakes in the execution of work, and unauthorized conduct, and manage them accordingly. For "quantifiable risks," we make diligent efforts to manage the total quantity of risks and pursue returns for risks through the adoption of the concept of "risk asset management." For "non-quantifiable risks," we endeavor to restrain such risks through company-wide countermeasures.

(2) Each department within the Corporate Group is building a framework on company-wide level of risk management (internal rules, policies, methods and guidelines of risk management, etc.), and conducting monitoring and implementing necessary improvements regarding risk management pertaining to its respective areas of work responsibility, while departments of business operation, such as Business Units, implement risk management necessary to execute specific work under the framework of the whole company.

Seeking to build an optimal corporate governance framework, we have introduced an executive officer system, halved the size of the Board of Directors, and reduced the term of each Director.

Enhancement of Corporate Auditing Framework

The Board of Corporate Auditors and each Corporate Auditor audit the performance of Directors. The Board of Corporate Auditors has five members, including three external auditors—two legal experts (a former Public Prosecutor General and a former Supreme Court Justice) and one accounting expert—providing an auditing system incorporating a diversity of perspectives.

Corporate Auditors attend meetings of the Board of Directors and all other important internal meetings, in order to obtain information necessary for proper auditing. Corporate Auditors also meet the Chairman of the Board of Directors and the President and CEO every month to exchange opinions on material issues regarding management policy and auditing.

We have been placing dedicated staff to assist Corporate Auditors, so that auditing system functions effectively. Seeking to further enhance the auditing function, in May 2006 we organized the Corporate Auditor's Administration Department with a dedicated staff. The Internal Auditing Department also assists Corporate Auditors by providing information on a frequent basis.

Optimization of Size and Limiting of Terms of Board of Directors

In order to facilitate substantial and active discussion as well as to promote greater efficiency and effectiveness in decision making, in June 2003, we halved the number of Board members from 24. As of July 2006, the Board has 13 members.

Furthermore, at the General Meeting of Shareholders held in June 2005, the term of Directors was reduced from two years to one year. By asking shareholders for a vote of confidence to Directors every year, we are undertaking to strengthen the function of our corporate governance.

Appointment of External Advisors

To incorporate outside perspectives into our management, we have appointed four specialists, from outside the company as external advisors. At the meetings with

Board members, the external advisors provide us with advice from diverse perspectives on various themes regarding management issues. They also give speeches and lectures in their respective areas of expertise, such as leadership and career development.

Introduction of the Executive Officer System

We have introduced the executive officer system with the aim of clarifying the responsibilities and authority for execution and strengthening the monitoring function of the Board of Directors. We currently have about 30 Executive Officers, including general managers of Business Units, who also serve concurrently as Directors. In this way, we aim to prevent gaps between decisions made at Board of Directors meetings and the execution of those decisions.

Limits on Terms of the Chairman of the Board of Directors and the President and CEO

In principle, the terms of the Chairman of the Board of Directors and the President and CEO are each limited to six years. We have thus eliminated the possibility of governance problems by limiting the tenure of top management.

Future Policy

Under the former Commercial Code, since April 2003 publicly listed companies have been able to adopt a "company with a committee-based" system of corporate governance. However, we believe that raising the effectiveness of our corporate governance by continuing with our existing corporate auditor system, while enhancing and reinforcing it, is the most reasonable way for us. We will preserve our corporate culture as a Japanese company, while watching global trends and legislation concerning companies. At the same time, we will observe the benefits of corporate governance frameworks in other countries.

Thus, Sumitomo Corporation will continually study the most appropriate corporate governance system.

COMPLIANCE

“Officers and employees should never risk noncompliance in pursuit of profit for the Company.” Taking every available opportunity, our top management repeatedly advocates that compliance is our top priority and that any suspicion of compliance-related problems must be reported promptly. Moreover, we are building a framework including education and training that makes all individual officers and employees aware of compliance and fosters the practice of compliance in their activities.

Spearheaded by the Compliance Committee, which was established in November 2000 under the direct supervision of the President and CEO, we are building a compliance promotion scheme.

Compliance Guidelines

The Compliance Committee has compiled the Company’s Compliance Manual containing 19 principles and has distributed it to all officers and employees, thoroughly making everyone aware that any action that may raise doubts about a compliance breach must be avoided completely.

Compliance Education and Training

Employees can access the latest version of the Compliance Manual and other manuals detailing applicable laws and regulations on the Company’s intranet. Meanwhile, the Compliance Committee is conducting ongoing education and training programs to foster compliance awareness. Here, the overriding themes are that compliance should receive top priority and that compliance-related problems should be reported promptly to supervisors or to the relevant department.

We provide compliance awareness training including lectures and seminars, not only to corporate officers and employees, but also to employees of our subsidiaries and associated companies. In fiscal year 2005, 45 such lectures and seminars were held and were attended by around 1,610 participants. Furthermore, in fiscal year 2006, we plan to introduce e-learning into our compliance awareness education and training.

The Speak-Up System

If a possible compliance problem is detected, our employees are normally expected to pass the information along through the chain of command. In addition to this system, Sumitomo Corporation adopted the “Speak-Up Systems,” which allows

an individual wishing to report an actual or potential problem to report directly to the Compliance Committee or through the Company’s corporate auditors or outside legal counsel.

Although in principle, the informant is asked to identify him or herself, our system ensures that the identity of the informant and the nature of the information provided will both be kept confidential and that there will be no negative consequences for the informant arising from the disclosure. The Compliance Committee is responsible for handling in an appropriate manner all information it receives through the “Speak-Up System.” As of March 2006, the Speak-Up System has been introduced at approximately 140 of the Company’s domestic subsidiaries and associated companies.

GUIDING PRINCIPLES

Business Activities

- Observing Antimonopoly Laws
- Security Control
- Customs/Controlled Items
- Compliance with Applicable Laws
- Respecting and Protecting Intellectual Property Rights
- Prohibition of Unfair Competition
- Information Management
- Preservation of the Environment
- Overseas Business Activities

Corporate Citizen As a Member of Society

- Prohibition on Giving Bribes
- Prevention of Unlawful Payments to Foreign Governmental Officials
- Political Contributions
- Confrontation with Antisocial Forces

Maintenance of a Good Working Environment

- Respect for Human Rights*
- Prohibition of Sexual Harassment
- Prohibition on Abuse of Authority

Personal Interests

- Insider Trading
- Conflict of Interest
- Proper Use of Information System

* Complied with the Universal Declaration of Human Rights

Not simply developing a compliance system, we are working to create a compliance-conscious environment.

The most important aspect of compliance management is ensuring that individual employees become aware of the importance of compliance and act accordingly in their day-to-day business activities. It is not enough simply to develop a compliance system. To this end, the Compliance Committee provides lectures and seminars to increase awareness of compliance for individual employees, who are the main practitioners of compliance. In addition, we are instructing subsidiaries and associated companies within the Sumitomo Corporation Group to introduce their own programs to increase awareness of compliance issues, establish Compliance Committees, formulate internal regulations, and introduce their own Speak-Up Systems.

Nobuhide Nakaido, Chair of the Compliance Committee (Director, Executive Vice President)



INTERNAL CONTROL

To maintain the trust of all stakeholders in the future of our business, Sumitomo Corporation Group initiated the fully-fledged formal introduction of the Internal Control Program from July 2005 in order to “improve operational quality” on a global and consolidated basis.

We will strive to continuously improve our level of internal control by reviewing the state of these controls over the range of operational processes undertaken by all our operations and business lines.

Background to the Introduction of Internal Control Program

It is essential that the Sumitomo Corporation Group maintains a uniform standard of operational quality in its business activities, irrespective of the business sector or geographical region where they take place. Moreover, such standards must meet the expectations of our stakeholders. With this in mind, in July 2004, we established the Internal Control Committee to spearhead the task of improving operational quality across the entire Group. The Committee examines methods for implementing the Internal Control Program and considers matters that should be subject to standard assessments across all Group entities.

Progress in Fiscal Year 2005

As a result of the Committee’s work, in July 2005, we compiled a checklist based on the COSO Framework*, which serves as an international standard for internal control. Using this checklist, we set about a thorough assessment of the current status and effectiveness of our internal controls. The checklist covers points pertaining to general operation that should be common to operations across the Group, including risk management, accounting and financial controls and compliance. In the fiscal year 2005, the first year of implementation of the program, we undertook assessments at approximately 500 domestic and overseas operations, aimed at conducting assessments of all Group operations, irrespective of industry field, region, or size. The Planning and Administration Department in each Business Unit and other relevant departments are reviewing the results, and

supporting the formulation, establishment and implementation of necessary improvement measures.

Action Plan for Improving Operational Quality

By making steady improvements to matters identified through the Internal Control Program in each organization, it is expected that this will lead to enhanced operational quality across the entire Group.

Each department of Sumitomo Corporation and each Group company has identified areas requiring improvement and has begun taking active steps to address those issues. Such measures include reassessing organization and operational flows and establishing or renewing rules where necessary.

The new Japanese Company Law, which came into effect in May 2006, calls for companies to establish “systems ensuring that the execution of duties by directors conforms with legal regulations and their Articles of Incorporation, as well as systems ensuring that business processes are handled appropriately.” Having previously established various systems and frameworks, the Sumitomo Corporation Group already fulfills the requirements of the new Company Law. The Internal Control Program has the task of monitoring these systems, periodically and comprehensively, to ensure that they are functioning adequately and making any necessary improvements.

* COSO Framework:

The COSO Framework defines internal control as a process required for the achievement of three objectives which are reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations. It was announced by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in 1992.

The entire Sumitomo Corporation Group is working together on the Internal Control Program, aiming to improve operational quality.

The Internal Control Program brings together and formalizes various measures related to internal control that the Group has undertaken in the past. In order to be a Group trusted by all stakeholders going forward, and accomplish our growth strategies, the continued assessment of Group-wide internal control systems and the undertaking of their continuous improvement is required. We are striving together on this important issue as an entire Group.

Noriaki Shimazaki, Chair of the Internal Control Committee (Director, Executive Vice President)



TOGETHER WITH OUR STAKEHOLDERS

TOGETHER WITH SHAREHOLDERS AND OTHER INVESTORS

Sumitomo Corporation states in the Corporate Governance Principles that: "In an effort to bring an accurate understanding of the company's management policies and business activities to all stakeholders, the company shall strive to make full disclosure, not limiting itself to the disclosure of information required by law, but also actively pursuing the voluntary disclosure of information." By improving corporate value and pursuing disclosure of information through proactive investor relations (IR) activities, we are striving to enhance our relationship of mutual trust with our shareholders and other investors.

In addition to raising management transparency, we are emphasizing commitment to achieving the targets that we have set.

Return to Shareholders

Until fiscal year 2003, the annual dividend per share was set at ¥8, in accordance with our basic policy of ensuring long and stable dividends. In the latter half of fiscal year 2004, we complemented this policy with the introduction of a dividend reflecting our consolidated financial results to return the results of our improved earning power to shareholders. We believe that accelerating growth, while securing earning power that covers shareholders' capital cost, will lead to greater profits for shareholders. With this in mind, in consideration of securing funds for future growth, we have set a consolidated dividend payout ratio of around 20% for fiscal years 2005 and 2006—the two years covered by the AG Plan.

In fiscal year 2005, consolidated net income amounted to ¥160.2 billion, and the annual dividend per share was ¥25, up ¥14 from the previous year. In the future, we will consider appropriate dividend levels while evaluating progress in expanding our earnings base, as well as external circumstances.

Change in the Number of Shares in One Voting Unit

In order to expand our investor base including individual investors and to further improve the liquidity of our shares, we resolved to change the number of shares in one voting unit from 1,000 shares to 100 shares. This change will be effective from September 1, 2006.

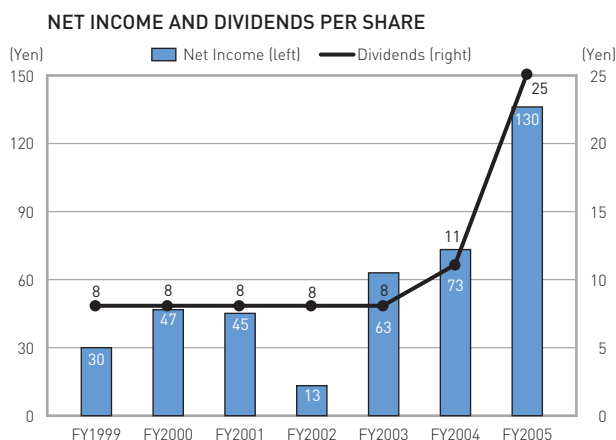
Communicating with Shareholders and Other Investors

Our Corporate Governance Principles state: "In an effort to bring an accurate understanding of the company's management policies and business activities to all stakeholders, the company shall strive to make full disclosure, not limiting itself to the disclosure of information required by law, but also actively pursuing the voluntary disclosure of information."

Based on this principle, we have established an IR section on our corporate website and strive to upgrade the content of information including financial results and Tokyo Stock Exchange filings, and to provide these in a timely manner. In addition to business reports, which are required by law, we send our Annual Report and SC NEWS, a public relations newsletter, to all shareholders including individual shareholders, enhancing disclosure.

In addition, we hold meetings to provide information on our financial results and business operations. We also have one-on-one meetings with institutional investors and analysts, where we explain our medium-term management plan and our financial results, and also receive questions and exchange opinions about our overall management. Top management also visits institutional investors in Japan and overseas. As for overseas, since fiscal year 2000, top management has been continually visiting the U.S. and U.K. as well as other countries in Europe and Asia. Since fiscal year 2004, moreover, we began holding meetings for individual investors in major cities throughout Japan.

Going forward, we will strive to enhance our relationship of mutual trust with our shareholders and other investors through commitment to achieving our targets, while continually raising management transparency.



The meeting for individual investors held in February 2006 in Tokyo. Mr. Oka, our President and CEO explained the management reforms and their results, latest financial performance, current efforts, major businesses, and return to shareholders.

TOGETHER WITH CUSTOMERS AND BUSINESS PARTNERS

Sumitomo Corporation Group exerts its “integrated corporate strength”—its core competence—to meet the diverse needs of customers, anticipates change in society and create new value. By pursuing sound business activities, we aim to realize “prosperity and dreams” for our customers and business partners.

Enhancing our integrated corporate strength to meet the diversified higher level needs of customers and business partners

We have close and multifaceted ties with more than 100,000 companies worldwide in diversified fields. Called “global relations,” these favorable relationships with our customers and business partners constitute a cornerstone of our business foundation.

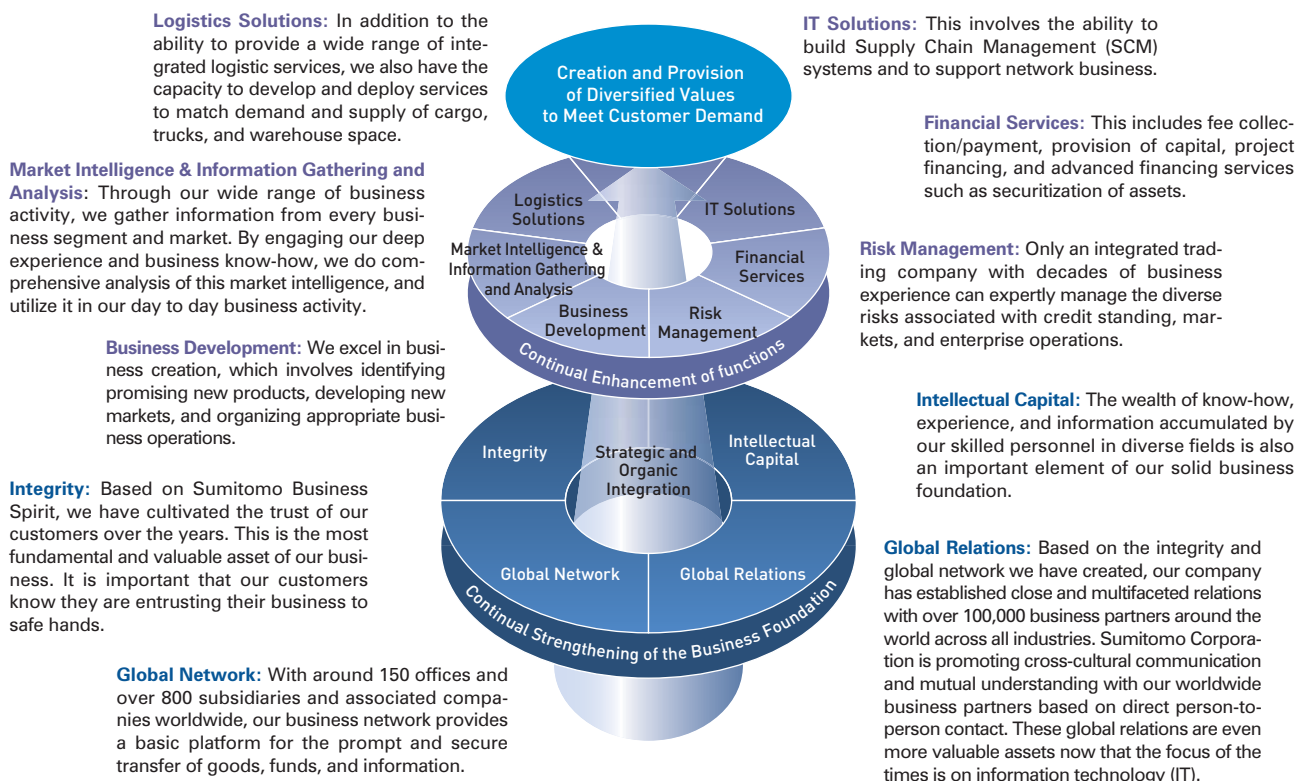
Our business foundation also consists of our “global network” of operations, around 150 offices and over 800 consolidated subsidiaries and associated companies worldwide; “integrity,” built on the Sumitomo Business Spirit; and “intellectual capital,” the wealth of expertise, experience, and information accumulated by our numerous personnel in various fields. We have cultivated and strengthened this integrity and intellectual capital over many years of business with our customers and business partners.

In addition to its solid business foundation, Sumitomo

Corporation’s functions lie in financial services, logistics solutions, risk management, IT solutions, market intelligence & information gathering and analysis, and business development. Our “integrated corporate strength” is our ability to create new value by strategically and organically integrating our business foundation and functions. Businesses that create high added value by exerting our integrated corporate strength represent our pillars of profit today.

We will continue to reinforce our integrated corporate strength by strengthening our business foundation and upgrading our functions. By further strengthening and exerting our integrated corporate strength, we will be able to meet the diverse business needs of customers and business partners on a higher level, and thus expand our businesses.

Integrated Corporate Strength: Sumitomo Corporation’s Core Competence



TOGETHER WITH OUR STAKEHOLDERS

PHILANTHROPY

As stated in our Activity Guidelines, we endeavor to “contribute to society as a good corporate citizen.” While we make our fundamental contribution to society through our business activities, as a corporate citizen, we initiate activities to create a more environment-friendly and enriched society, to foster future leaders. In addition, we are active in supporting children, the elderly, and the disabled. We thus aim to realize “prosperity and dreams” for all stakeholders.

Our social contribution activities include providing support for continued education, developing social environments, and cooperating with local communities.

Principles and Policies

In today’s global society, companies and their employees are obliged to pursue social contribution activities in their roles as corporate citizens. As contributing to society is one of our important management principles, we will carry out initiatives to society both as a company and as individual employees.

In our social contribution activities principles, it is stated that activity fields are: (1) Supporting continued education; (2) Supporting the development of a mentally and physically sound social environment; and (3) Cooperating with local communities. Moreover, the activity standards state that social contribution activities (1) must be independent from our business activities, (2) must not support specific individuals, and (3) must be harmonious with local communities.

Major Activities

The Sumitomo Corporation Group is active in a wide range of social contribution activities. As a contribution to fostering future leaders, we are awarding various scholarships in Asia and Central and South America, and also making donations to domestic and overseas educational institutions. In particular, since 1996 we have awarded the Sumitomo Corporation Scholarships to around 700 students annually at 31 colleges and universities in 11 Asian countries. In addition, we interact with special nursing homes for the elderly and orphan homes, and also support music, sports, and other cultural activities. In fiscal year 2005, we launched new initiatives aimed at helping disabled people become independent,

supporting vocational training activities and selling products made at welfare workshops in our offices.

We also have a volunteer leave system, which is designed to facilitate social contribution activities among officers and employees. Both independently and in cooperation with other companies, we host volunteer activities and volunteer experience workshops.

MAJOR SOCIAL CONTRIBUTION ACTIVITIES

Realizing “prosperity and dreams” globally	<ul style="list-style-type: none"> • Various scholarship funds representing the “Sumitomo Corporation Scholarships” (Establishment of scholarship foundation with Sumitomo Metal Mining Co., Ltd., at Eastern Arizona College in the U.S.*) • Supporting the activities of the Junior Philharmonic Orchestra • Supporting orphans through the Ashinaga (“Daddy Long Legs”) Association • Sending of picture books to children in Laos • Support for the “Tamariva” Rugby Club*
Raising environmental awareness among employees	<ul style="list-style-type: none"> • Clean-up activities around company facilities • Environment preservation activities in the Hamarikyū palace gardens • Recycling of unused goods (e.g., donations of clothing) to support social welfare
Caring for children, seniors and the disabled	<ul style="list-style-type: none"> • Inviting residents of special nursing homes for the elderly to view the Tokyo Bay Fireworks Festival from our headquarters • Donating of daily-use items and toys, etc., to orphan homes • Barrier-free movie screenings • Cooperating with vocational training for the disabled* • In-house sale of goods produced by welfare workshops*
Exerting integrated corporate strength as a Group	<ul style="list-style-type: none"> • Sending of financial and material aid by the Sumitomo Corporation Group as a whole to disaster-affected areas domestically and overseas

* Newly launched in Fiscal Year 2005



Since 1992, we have supported the activities of the Junior Philharmonic Orchestra from the view of sound upbringing of youth. This amateur orchestra has established a solid reputation for its fine performances and history of over 30 years, and many members have become stellar musicians and professionals, forging successful careers.



We aspire to a barrier-free society, accessible to everybody, regardless of ability. To allow everyone to enjoy movies, since 2004 we have added subtitles to some of the Japanese movies in which we have invested. In fiscal year 2005, we held barrier-free screenings of the Japanese film, “The Gift for Numbers,” by providing subtitles and a sound guide, in collaboration with another company.

ENVIRONMENTAL INITIATIVES

Sumitomo Corporation is contributing to the solution of environmental issues through business activities by utilizing the diverse resources it holds as an integrated trading company, and exerting its integrated corporate strength. Our engagement in greenhouse gas reduction projects overseas, as well as renewable energy supply projects such as wind power and biomass power generation in Japan and overseas is helping prevent global warming. We are also helping to reduce the burden on the environment through many business activities including used paper collecting and aluminum recycling, and the supply of "Bird Friendly® Coffee" and other products that have minimal environmental impact.

By promoting expanded use of renewable energy in various regions, we are doing our part to prevent global warming.

Seeking the Expansion of Renewable Energy Supply

Sumitomo Corporation is aiming to expand the supply of renewable energy having minimal environmental impact such as solar power, wind power, hydraulic power, wave power, and geothermal heat. Thus, we are promoting power generation projects using wind power and biomass.

In Germany, where solar power generation is rapidly growing under introduction measures by the government, we are promoting the spread of solar power generation by selling power generation modules to system integrators of solar power generation equipment, as well as leveraging our business coordination capabilities including financial services. We are contributing at the early developmental stage of solar power generation and also meeting large demand.

The European Union has set an ambitious target of using renewable energy sources for 22% of power consumed in the region and introducing 3,000 megawatts of solar power generation by 2010. We will further promote the spread of solar power generation as we develop new projects in European countries as well as the U.S. and other markets where rising oil prices have heightened interest in renewable energy.



A solar power generation system installed at a Michelin factory by our system integration partner. Its power generation capacity of 2,600kW and annual power generation of 3,300 MWh are the largest in the world for the rooftop installation type. It contributes to the reduction of oil consumption for around 850kl per year.

Actively Pursuing Greenhouse Gas Reduction Projects

We are actively engaged in greenhouse gas reduction projects in developing countries, utilizing technologies developed by Japanese industries to enhance energy efficiency and use of renewable energy.

To achieve the emission reduction targets for greenhouse gases set out in the Kyoto Protocol, Japan must cooperate at an international level in three areas: (1) Clean Development Mechanism (CDM): Here, Japan must participate in greenhouse gas reduction projects in developing countries, acquiring credits for its own emission reduction targets; (2) Joint implementation (JI): This involves implementing projects jointly with industrialized countries; and (3) Emissions trading among industrialized nations. Greenhouse gas reduction projects in overseas countries not only help remedy environmental problems, but also help Japan meet its targets under the Kyoto Protocol, because emission rights can be obtained through CDM and JI schemes.

We are involved in numerous greenhouse gas reduction projects in Asia, Africa, and South America, including our hydrofluorocarbon emission reduction project in India, the first CDM project involving a Japanese corporation that has been registered at the United Nations.



In a joint project with Ishikawajima-Harima Heavy Industries Co., Ltd., we received an order from the Shanghai Municipal Electric Power Company for a Flue Gas Desulphurization Systems for the Waigaoqiao coal-fired thermal power plant. The completed facility was handed over in May 2006. As the first Flue Gas Desulphurization plant in the Shanghai district, it is expected to reduce air pollution.

TOGETHER WITH OUR STAKEHOLDERS

HUMAN RESOURCES MANAGEMENT

In order for Sumitomo Corporation Group to attain sustained and dynamic growth, it is essential to empower our human resources—the people who promote such growth. We have designated “implementation of human resource strategies matching our growth strategies” as one of the basic policies of the AG Plan. To this end, we are taking various proactive steps to recruit, develop, and utilize human resources. At the same time, we are striving to develop a work environment full of vitality, where all employees can work more comfortably.

We are upgrading our human resources management through a multifaceted approach including renovating our human resources management system, upgrading education and training and improving working environments.

Promoting Recruitment Emphasizing Diversity

We are recruiting graduates and career applicants based on their skill and motivation, without bias toward gender or education background. This policy is showing a rise in female applicants in recent years, and the ratio of women to the total number of recruits has been increasing accordingly.

We have also established and are managing a “re-employment system,” offering the opportunity to work as temporary staff to employees who wish to continue working and utilizing their wide array of experience and skills when they reach the retirement age of sixty.

Towards a Fair and Transparent Human Resources Management System

In April 2006, we renovated our Human Resources Management System. The new system is based on the notion that the development of human resources, a company’s most important management resource, strengthens the power of an organization, which in turn leads to further growth and development of the company. Therefore, we are emphasizing the enhancement of the strength of our human resources and the activation of all employees.

As a part of creating a work environment where all employees can fully display their talents and capabilities regardless of age, we have introduced the concept of “expected role” to our grading system, and have swept away the concepts of age and promotion from our management level positions. “Expected role” defines the roles which employees must perform aiming for the company’s sustained growth and the achievement of the respective targets of their organizations. In addition, we regard the first

ten years after entering the company as an important period for training and development, and have also reviewed our systems and policies in order to increase opportunities for senior employees to develop their ability.

Upgrading Training and Educational Programs

We are also working on the upgrade of our employee training and educational programs to complement measures aimed at enhancing the strengths of our human resources and activating all employees.

Our various efforts include bolstering the education scheme for new recruits at each business front derived from the discussions of the Human Resource Development Committee, chaired by the President and CEO, as well as upgrading the programs, at the Sumisho Business College, a company-wide educational system, which effectively provides the knowledge and skills necessary for an employee of an integrated trading company.

Creating Worker-Friendly Environments

In April 2005, we established a company-wide “Work-Life Balance Promotion Project Team.”

Based on the idea that realizing a good balance between work and private life will help to maximize individual capabilities at work, actions to create worker-friendly environments and promote employee awareness have been made under the project. In fiscal year 2005, we worked to promote such measures as enriching Child Care and Family Care Leave systems, and reducing the amount of overtime work.



We are upgrading and strengthening training and educational programs for locally hired staff of overseas subsidiaries, offices and Group companies. In fiscal year 2006, a total of 170 executives, managers, and staff will gather in Tokyo by levels to share management policies and strategies.

What We Look for in Human Resources and Their Development Programs

