

TOWARD SUSTAINED GROWTH

Heading for a new stage of growth, we positioned the GG plan (FY2007-2008) as the time to solidify our footing by implementing the following:

- To establish a truly solid earnings base through the rigorous strengthening and expansion of our core business and
- To improve management quality in pursuit of sustained growth.

BASICS OF SUMITOMO CORPORATION

The “Sumitomo Business Spirit” underlies Sumitomo Corporation’s Management Principles and Activity Guidelines.

The Sumitomo Business Spirit is the basis of our business operations and advocates such universal values as “integrity and sound management,” “never pursue easy gains,” and “a spirit of challenge that anticipates change.”

Management Principles and Activity Guidelines

Based on the Sumitomo Business Spirit, Sumitomo Corporation formulated its Corporate Mission Statement in 1998. The Activity Guidelines apply to everyday operations and are based on the Management Principles.

We are working to further share the Management Principles and Activity Guidelines among all Group officers and employees. Through these endeavors, we aim to be a global organization that contributes broadly to society.

SC VALUES

To ensure that 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 are respected in human resource development, work performance evaluation, and our multidimensional assessment system (job performance assessment of supervisors by their subordinates).

Corporate Mission Statement

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.

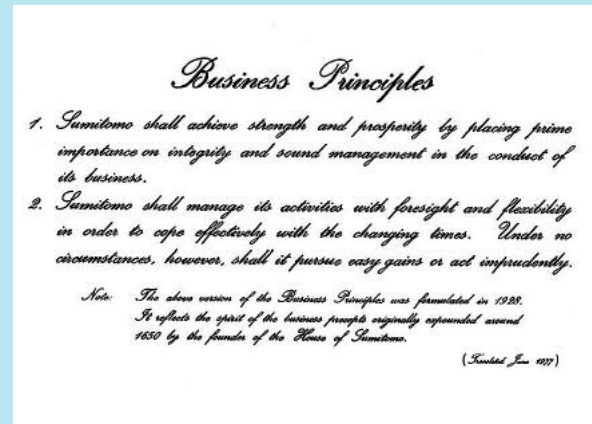
Management Principles

- 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 the 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

Sumitomo Business Spirit Embodied in “Business Principles”



Article 1: Sumitomo shall achieve strength and prosperity by placing prime importance on integrity and sound management in the conduct of its business.

Article 2: 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.

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

Risk-Adjusted Return Ratio Management

By means of the “Risk-adjusted Return Ratio” management indicator, we engage in the selection and concentration of businesses to reinforce our earnings base.

The Risk-adjusted Return Ratio is a company-wide yardstick to evaluate the profitability of the diverse businesses in an integrated trading company. It defines the ratio of return to quantified business risks.

We adopted the ratio in 1998 and have steadily improved our earnings power and profitability through the continuous selection and concentration of businesses and the replacement of assets since the implementation of the Reform Package started in 1999.

Under the GG Plan, which is scheduled for completion in fiscal 2008, The Risk-adjusted Return Ratio is forecast to grow to 17.3%, which surpasses shareholders’ capital cost, a ratio equivalent to 7.5%.

Risk-Adjusted Return Ratio (%) = Net income ÷ Risk-adjusted assets

Risk-Adjusted Assets: The value of maximum losses that could be incurred if all the potential risks were actually to occur during the accounting period

