

CORPORATE GOVERNANCE AND BUSINESS OPERATING STRUCTURE

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BASICS OF SUMITOMO CORPORATION

Sumitomo Corporation Group's Corporate Mission Statement, consisting of the Management Principles and the Activity Guidelines, is the fundamental and ultimate value standard of the Company. The Management Principles are the redefinition of Sumitomo's business philosophy, which has been cultivated over its 400 years of business history, from a contemporary and global perspective set out in a simple and clear structure. The Activity Guidelines stipulate the required behavior of the Company and its officers and employees and provide the means to realize the Management Principles.

Management Principles and Activity Guidelines

The first sentence of the 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" constitutes the "Corporate Vision" of the Company.

The first article of the Management Principles "To achieve prosperity and realize dreams through sound business activity" represents the "Corporate Mission," the second article "To place prime importance on integrity and sound management with utmost respect for the individuals" represents the "Management Style" and the third article "To foster a corporate culture full of vitality and conducive to innovation" represents the "Corporate Culture" of the Company, respectively.

Sumitomo Corporation shall share this value standard throughout the Group, and shall practice it in each business activity to contribute to realization and improvement of the economic and social value of all stakeholders of the Company.

Sumitomo's Business Philosophy

The origin of the Management Principles lies in Sumitomo's business philosophy, which has been inherited and adhered to by the Sumitomo Group for the more than 400 years since its foundation.

In essence, it tells us that "We should place prime importance on integrity and sound business activities, and should never be moved from joy to sorrow by daily market fluctuations. But, when faced with a paradigm shift, we must take the lead in striving for structural innovation. In this way we can and should create meaningful values not only for ourselves but for society as well."

It implies a universal value valid enough even now, but more than 400 years have passed. There are some expressions too profound for the officers and employees of today, and other articles requiring some complementing for a company doing business on a global basis like us. So, Sumitomo Corporation has translated it into plain language and reorganized it in a clear structure in the Management Principles formulated in 1998.

Corporate Mission Statement

Corporate Vision

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

Corporate Mission

- To achieve prosperity and realize dreams through sound business activities

Management Style

- To place prime importance on integrity and sound management with utmost respect for the individual

Corporate Culture

- 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's business philosophy 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



Monjuin Shiigaki ("Founder's Precepts")
Showing Sumitomo's business philosophy
(around 1650, from Sumitomo Historical Archives)

CORPORATE GOVERNANCE SYSTEM

We believe that the ultimate goals of corporate governance are “improving management efficiency” and “maintaining sound management” as well as “ensuring management transparency” to achieve the first two goals. Based on this belief, we are working to establish a corporate governance system that serves the interests of shareholders and all other stakeholders.

Past Initiatives to Strengthen and Enhance Corporate Governance

To date, we have strengthened and improved our corporate governance system through initiatives covering many points, such as optimizing the size of the Board of Directors, setting term limits for the Chairman of the Board of Directors and the President and CEO, shortening the terms of Directors, establishing advisory bodies, strengthening the corporate auditors system, introducing the executive officer system, and appointing external advisors.

Our approach to corporate governance is embodied in the “Sumitomo Corporation Corporate Governance Principles,” which can be accessed from the following web page.

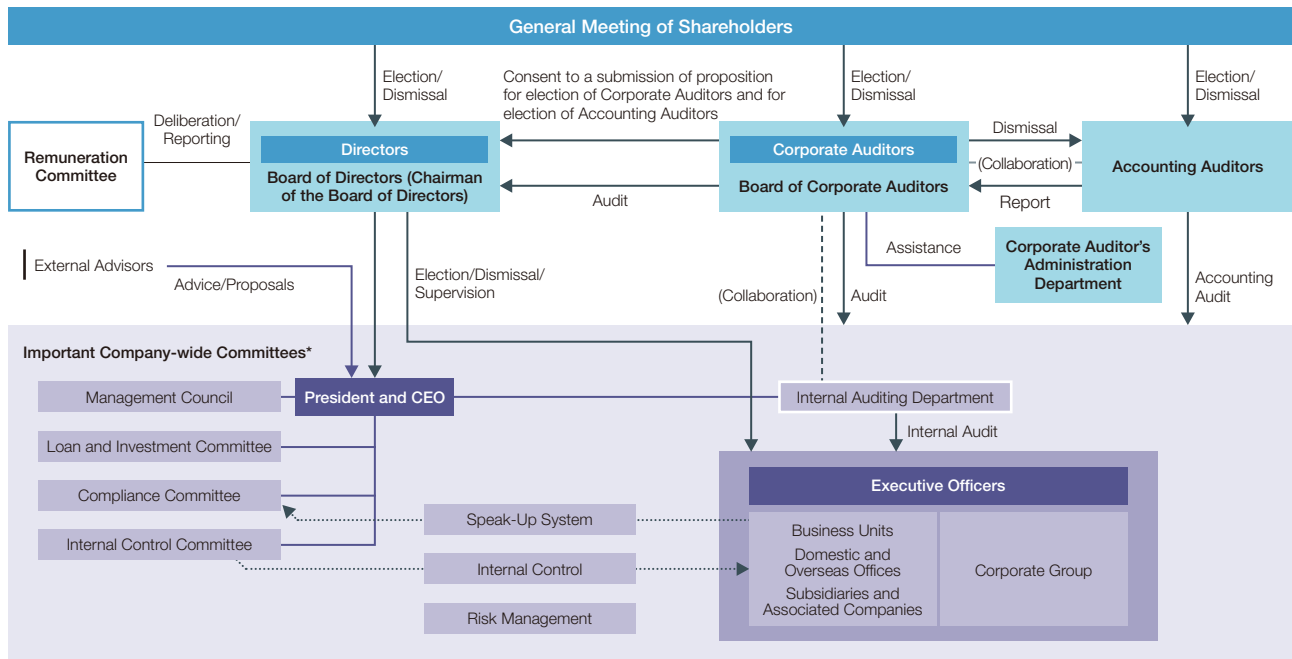
URL: <http://www.sumitomocorp.co.jp/english/company/governance/index.html>

Features of Our Corporate Governance System

Under the former Commercial Code, since April 2003, Japanese companies have been able to adopt a company with a committee

based system of corporate governance. However we believe that the best way for us to improve the effectiveness of our corporate governance is to maintain our existing corporate auditor system while enhancing and reinforcing it through auditing from diversified external viewpoints and with opinions and advice from additional external advisors. Based on “Sumitomo’s business philosophy,” we have established the Sumitomo Corporation Group’s Management Principles and Activity Guidelines, and work to enforce these principles and guidelines among all officers and employees, in order to share the basic values that must be respected by the Sumitomo Corporation Group, including compliance with laws and regulations. From the perspective of maintaining sound management, we have developed a system for ensuring compliance with laws and regulations by establishing a Compliance Committee and introducing a “Speak-Up System” for internal reporting, among other measures. Guided by the belief that management itself must conduct its duties with high ethical standards, we have clearly stated in the “Sumitomo Corporation Corporate Governance Principles” that in principle, the

The Company’s Corporate Governance System



* Management Council: Exchange of opinions and information on basic policy and important matters related to management
 Loan and Investment Committee: Deliberation of important matters, such as investment and financing
 Compliance Committee: Enhancement of Group compliance focused on “maintaining sound management”
 Internal Control Committee: Promotion of efficient and effective Internal Control

Chairman of the Board of Directors and the President are each limited to terms of up to six years.

In 2009, we established the Sumitomo Corporation Corporate Governance Principles Reform Review Committee, including members from outside the company, and discussed a range of topics such as the appointment of external directors. Nonetheless, we determined that at this time, our current management structure is the most reasonable system from the standpoints of further strengthening and enhancing corporate governance. However, we will continue to study the most appropriate corporate governance system for Sumitomo Corporation.

Framework for “Improving Management Efficiency” and “Maintaining Sound Management”

Directors and the Board of Directors

■ Optimization of Size of Board of Directors

We halved the number of Board members from 24 in 2003. As of July 2010, the Board has 12 members. Through this optimized Board of Directors, which oversees the operations of the business and serves as the Company’s decision-making body concerning key management matters, we aim to facilitate substantial and active discussion as well as to promote greater efficiency and effectiveness in the decision-making process.

■ Limiting Terms of Directors

In June 2005, the terms of Directors were reduced from two years to one year. We aim to clarify the responsibility of management among members of management each fiscal year. This, in turn, helps ensure fast reaction times to changes in business conditions.

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

In principle, the positions of Chairman of the Board of Directors and the President and CEO are clearly defined and separated in order to ensure mutual supervision and both positions cannot be held simultaneously by one person. In principle, the Chairman of the Board of Directors and the President and CEO are each limited to terms of six years. These limitations on the tenure of top management help minimize the possibility of governance problems.

■ Establishment of the Advisory Body to the Board of Directors

With the aim of enhancing the transparency and objectivity of decision-making processes with regard to the remuneration of Directors and Executive Officers, we established the Remuneration Committee. Functioning as an advisory body to the Board of Directors, no fewer than half of the Committee members are from outside the Company. The Remuneration Committee is in charge of studying remuneration and bonuses of directors and executive officers, and reports the results of its studies to the Board of Directors.

Corporate Auditors and the Board of Corporate Auditors

■ Enhancement of Corporate Auditing Framework

To further strengthen external views within the corporate auditing framework, we added one external auditor in June 2003, bringing the number of external auditors to three out of the five members on the Board of Corporate Auditors. Of these three, two are legal experts (a former Public Prosecutor General and a former President of the Tokyo High Court) and one is an accounting expert—ensuring an auditing system that incorporates a diversity of perspectives. The three external auditors possess a high degree of independence, such as by satisfying the conditions for independent officers stipulated by the listing rules of Japanese stock exchanges.

■ Ensuring Audit Effectiveness

Corporate Auditors attend meetings of the Board of Directors and all other important internal meetings, to obtain the 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. Moreover, the Corporate Auditor’s Administration Department is assigned to assist Corporate Auditors, so that the auditing system functions effectively and without hindrance.

■ Collaboration between Internal Auditing Department and Accounting Auditors

To ensure audit efficiency, Corporate Auditors interact closely with the Internal Auditing Department, receiving reports on internal audit plans and their results in a timely manner. In addition, Corporate Auditors exchange information with and monitor the auditing activities of the Accounting Auditors through regular meetings. By attending audit review meetings with the Accounting Auditors and observing inventory audits, the Corporate Auditors constantly work to improve audit efficiency and quality. Furthermore, Corporate Auditors attend meetings of the Internal Control Committee, and request reports on the status of internal control systems from other departments responsible for internal control, along with their cooperation on audits.

Introduction of an Executive Officer System

We have introduced an 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 39 Executive Officers selected by the Board of Directors. Of these, 11 Executive Officers also serve concurrently as Directors, including seven who are also General Managers of Business Units. In this way, we aim to prevent gaps between decisions made at Board of Directors meetings and the execution of those decisions.

Appointment of External Advisors

Management Council members meet with outside specialists employed as external advisors to incorporate outside perspectives into our management. In this way, external advisors provide us with

advice from diverse perspectives on various themes related to management issues. External advisors also give speeches and lectures in their respective areas of expertise, such as leadership and career development, to employees at various levels within our organization.

System for Ensuring Management Transparency Basic Policy on Information Disclosure

To bring an accurate understanding of the Company's management policies and business activities to all our stakeholders, we shall strive to make full disclosure, not limiting ourselves to the disclosure of information required by law but also actively pursuing the voluntary disclosure of information.

Communicating with Shareholders and Other Investors

■ Encouraging the Execution of Voting Rights at the General Meeting of Shareholders

We send out a Notice of Convocation to shareholders three weeks prior to each regularly scheduled General Meeting of Shareholders. For the convenience of overseas shareholders, we also provide an English-language translation of the notice on our website. We have allowed our shareholders to exercise their voting rights via the Internet using personal computers since 2004 and via the Internet using mobile phones since 2005. In 2007, we introduced the Electronic Voting Platform operated by Investor Communications Japan, Inc. (ICJ), a joint venture instituted by Tokyo Stock Exchange, Inc. and others. The new platform allows institutional investors sufficient time to thoroughly examine the propositions to be resolved at the meeting.

■ Disclosing Various Information

Our corporate website provides various materials that may be useful in making investment decisions in a timely manner. These materials

include financial results, *yukashoken houkokusho* (Japanese annual securities reports), Tokyo Stock Exchange filings and related documents of various meetings. We also disclose information on a broad range of Group-wide topics through such means as feature articles on projects that we operate around the world. Moreover, we issue an *Annual Report*, *Sustainability Report* and *SC News*, our public relations news magazine, and endeavor to ensure proactive disclosure.

■ Investor Relations

In addition to working to enhance the disclosure of information on our website, in order to ensure direct communication with shareholders and other investors, we hold quarterly meetings attended by management to provide information on our financial results for analysts and institutional investors. For overseas investors, we periodically visit the United States, the United Kingdom, and other countries in Europe and Asia to hold one-on-one meetings with investors in each region. In addition, in fiscal 2004 we began regularly holding meetings with individual investors in Japan. In fiscal 2009, we held such meetings in five cities, with a total of 1,350 individual investors attending.

While increasing management transparency, we aim to strengthen our relationships of trust with shareholders and investors.

While working to strengthen and enhance our corporate governance structure and systems, from the perspectives of "improving management efficiency" and "maintaining sound management," we will continue to further strengthen internal control programs, internal auditing, risk management and compliance, to further improve the effectiveness of internal control.

Message From an Outside Corporate Auditor



Akio Harada

Lawyer
Appointed as outside
corporate auditor in 2005

I have observed corporations from many different angles through my 30 years of experience in judicial circles. At the same time, I have increased my understanding of not only the economic roles of corporations, but also the extent of their social roles. Sumitomo Corporation conducts a diverse array of businesses globally, and has provided me with an opportunity to make practical use of my experience in this regard.

Sumitomo's business philosophy, which has been handed down the generations within the Sumitomo Group for more than 400 years, states the following: "Always practice sound management; never pursue easy gains." I believe that this principle has become Sumitomo Corporation's greatest support when conducting business. I participate in meetings of the

Board of Directors, where I ask questions and raise various points from an external perspective. For example, I might ask about the status of compliance or whether necessary information is being provided to stakeholders. Sumitomo Corporation welcomes the fresh perspectives that are introduced by being questioned about matters that, in its view, may be obvious, and always replies sincerely. In addition, the willingness to point out issues and hold active discussions has been enhanced, even among directors. As an outside corporate auditor, I would like to influence management from a broad perspective that encompasses the social role of corporations, in order to support the sustained growth of Sumitomo Corporation going forward.

INTERNAL CONTROL PROGRAM AND INTERNAL AUDITS

The Sumitomo Corporation Group has strengthened its internal controls in order to retain the trust of all its stakeholders. Our Internal Control Program and Internal Audits are key components of our internal control system for monitoring operations.

Internal Control Program

The Sumitomo Corporation Group is formed of seven Business Units as well as regional organizations in Japan and overseas. The Business Units, organizations and group companies collectively work together in broad business fields. It is essential that we provide a uniform standard in operational quality at these businesses, irrespective of their business sector or region. This standard must also meet the expectations of our stakeholders.

From this perspective, we launched our Internal Control Program in 2005 to perform a comprehensive evaluation of the status of internal controls using a standards-based checklist. This Internal Control Program checklist covers approximately 350 points pertaining to general operations that should be common across the Group, including risk management, accounting and financial controls and compliance.

To ensure that this checklist assessment is conducted effectively, we make concerted efforts to educate all our officers and employees, including those at Group companies, on the essential fine points of internal controls that must be verified.

We are undertaking checklist assessments of the Internal Control Program at more than 500 operations around the world, including all major business locations, regardless of industry field, business model, region or scale. The Planning and Administration Department and other relevant departments in each Business Unit and region review the assessment results and improvement activities needed at each organization are conducted regularly based on the results. In this manner, we are working to contribute to the sustained growth and development of the Sumitomo Corporation Group.

■ Fulfillment of Legal Requirements

In recent years, due to social demands, legislation requiring companies to constantly improve and monitor their internal control systems has been passed under the Japanese Company Law and the Financial Instruments and Exchange Law. We have treated meeting these legal obligations as an opportunity to further reinforce our internal control program, which we had implemented ahead of the enactment of this legislation. Our efforts in this area are ongoing and not transitional.

The 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 to 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 fulfills the requirements of this law.

Our Internal Control Program monitors these systems to ensure that they are functioning adequately and makes any necessary improvements.

To comply with the internal control reporting rules stipulated in the Financial Instruments and Exchange Law, which took effect on April 1, 2008, we are tracking and evaluating our internal controls with regard to the reliability of financial reporting, as required by the law, through the effective application of Internal Control Program results and its promotion structure.

For the fiscal year ended March 31, 2010, the second fiscal year that the law applies to, as a result of evaluations and subsequent improvements, as in the first fiscal year, we found our internal controls related to financial reporting to be effective and received an unqualified opinion from the accounting auditor upholding the results of our assessment.

Through the aforementioned efforts and measures, the Sumitomo Corporation Group aims to continuously improve the quality of its operations.

Internal Audits

The Internal Auditing Department, which reports directly to the President, was established as an independent organization to monitor company-wide operations. Internal audits are performed at all organizations within the Company and Group companies. The internal audit results are reported directly to the President every month, and reported regularly to the Board of Directors. The Internal Auditing Department helps to raise the quality of organizational management by evaluating the effectiveness of risk management, controls and organizational governance processes.

COMPLIANCE

Positioning legal and regulatory compliance as a basic premise for all corporate activity, Sumitomo Corporation is building a compliance structure in accordance with clearly defined policies. In maintaining strict adherence to this compliance structure, we are ensuring our existence as a going concern and securing our credibility and status.

Policies and the Reporting Structure of Corporate Compliance

It is our policy that both officers and employees should never risk transgression in pursuit of profit for the Company. In order to promote compliance, Sumitomo Corporation established the Compliance Committee under the direct supervision of the President and CEO. The Compliance Committee is responsible for preparing the Company's *Compliance Manual* and distributing it to all officers and employees. The *Compliance Manual* covers the following 19 Guiding Principles to ensure the Company's bottom line: "If there is even a trace of doubt, don't do it." If a potential compliance problem is detected, we continuously encourage our employees to report it to their supervisors or the relevant departments immediately, so that the best countermeasures can be implemented swiftly.

Compliance Training and Education

Employees have access to the latest version of the *Compliance Manual* and other manuals detailing applicable laws and regulations on the Company's intranet. We also offer various training programs and educational activities on compliance, including: programs for specific groups, such as employees, managers and corporate officers new to the Company; seminars provided by each Business Unit; seminars targeted at all officers and employees; and seminars for overseas offices and Group companies. We also make use of various domestic and overseas conferences for compliance education. In addition, we hold e-learning compliance seminars open to employees from all

levels and plan to continue these seminars for new and other employees. Such e-learning is also held at Group companies.

Speak-Up System

If an employee becomes aware of a possible compliance problem, he or she can pass the information along the chain of command. In addition, the "Speak-Up System" was introduced to allow individuals to report a potential problem directly to the Compliance Committee. Outside legal counsel and our Corporate Auditors have been included as additional points of contact to further augment the system. Although, in principle, reporting individuals are asked to identify themselves so that they can be updated on the outcome of their cases, Company rules state that both the identity of such individuals and the nature of the information provided are kept confidential, and that no negative repercussions will redound on the reporting employees due to such reporting. The Compliance Committee is responsible for handling all the information it receives in an appropriate manner.

Speak-Up System Diagram



Guiding Principles

Business Activities	Corporate Citizen as a Member of Society	Maintenance of a Good Working Environment	Personal Interest
<ul style="list-style-type: none"> • Observing Antimonopoly Laws • Security Trade 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 	<ul style="list-style-type: none"> • Prohibition on Giving Bribes • Prevention of Unlawful Payments to Foreign Governmental Officials • Political Contributions • Confrontation with Antisocial Forces 	<ul style="list-style-type: none"> • Respect for Human Rights* • Prohibition of Sexual Harassment • Prohibition on Abuse of Authority 	<ul style="list-style-type: none"> • Insider Trading • Conflict of Interest • Proper Use of Information Systems
		<p>* Based on the Universal Declaration of Human Rights.</p>	

RISK MANAGEMENT

In order to cope effectively with the diversifying risk environment, we have built a risk management framework by developing our risk management approach from a micro to a macro perspective, and shifting our focus from “minimizing losses from individual transactions” to “maximizing corporate value.” This framework is strongly linked to the management plan, playing a critical role in supporting the efficient management of our corporate resources.

The Purpose of Risk Management

In response to the shift of our risk management focus from “probability of losses” to “probability of discrepancy between the plan and the actual results,” we have set the following three items as the purpose for our risk management activities.

1. Stabilize Performance:

Minimize discrepancies between the plan and the actual results

2. Strengthen Financial Base:

Maintain Risk-adjusted Assets within the buffer (shareholders' equity)

3. Maintain Corporate Reputation:

Fulfill CSR requirements and preserve corporate reputation

Risk Management Basic Policy

We classify our risks into two categories: Quantifiable risk and Non-quantifiable risk. Quantifiable risk is defined as “Value creating risk,” where we proactively take to gain the return. Our policy is to maximize the risk-adjusted return while maintaining Risk-adjusted Assets within our buffer. Non-quantifiable risk is defined as “Value breaking risk,” which only generates losses when it surfaces. We are building a framework that prevents or minimizes the probability of this risk to materialize.

Risk Management Framework

Managing Quantifiable Risks

■ Managing Investment Risks

Once an investment is made, it is often difficult to make a withdrawal decision and the loss impact is usually significant in scale. To manage the investment risk, we have in place an integrated framework covering the entry process to the exit process. For the entry process, we carefully select investments that exceed the hurdle rate, a threshold for the rates of return on new investments relative to the cost of capital. In case of new investments for large-scale, important projects, cases are put forward to the Loan and Investment Committee for thorough examination, and if such investments significantly underperform the original business plans, Value-Up plans shall be formulated and executed with the support of the Committee. When the performance of investments fall short of required

standards after a certain period from their inception, we have an Exit Rule that shall designate those investments as “Investments to withdraw from.”

■ Managing Credit Risks

We have incorporated our original credit rating model, the Sumisho Credit Rating (SCR), to assess our customer's credit risk. The authority level to provide credit exposure to customers depends on the assigned credit rating, and the risk weight ranging from 1.5% to 50% is set for each rating criteria. A higher ranked officer's approval is required to provide credit to low-rated customers, with larger Risk-adjusted Assets being calculated. This consideration provides each Business Unit with an incentive to reduce the amount of credit extended to customers with low credit ratings. We are expanding the scope of the SCR system to subsidiaries and associated companies to enhance Group wide credit risk management.

■ Managing Market Risks

We set limits on contract balances as well as the maximum amounts of allowable losses for six months or a full year for commodity and financial instrument transactions. At the same time, we constantly monitor the potential amount of loss, (Value at Risk (VaR)—an estimate of potential risk or in case the total figures of realized and unrealized gain/loss are negative at the time of monitoring, the total of VaR and the relevant negative figures), to ensure that the potential amount of loss falls within the maximum amounts of allowable losses. In addition, we conduct liquidity risk management for each product on an individual futures market basis in order to be prepared in the event that it becomes difficult to close positions due to shrinking liquidity. The Financial Resources Management Group undertakes both the back and middle office functions in order to completely separate those functions from the Business Units, thereby enabling us to maintain the soundness of internal checks.

■ Managing Concentration Risks

As we are operating globally and engaging in a variety of business fields, we need to ensure that the risks are not excessively concentrated in particular areas. In order to avoid overly concentrated exposure in certain countries and regions, we have in place a

country risk management system. In addition, in order to avoid the excessive concentration of resources in any specific field and maximize our corporate value, we refine our business portfolio at a meeting held in December each year.

Managing Non-Quantifiable Risks

Non-quantifiable risks are those that must be borne, but for which we cannot expect returns. These include litigation and other legal risks, operational risks such as clerical mistakes or fraud acts, and natural disaster risk. Some of these risks involve events that rarely occur but could have a critical impact on our operations once they arise. Our basic policy is to prevent or minimize the probability of these risks to materialize. We have built a framework to periodically and comprehensively assess the effectiveness of our internal control system over these risks through our Internal Control Program, which enables us to monitor the situation on a global and consolidated basis. Based on the assessment result, we continuously search for a more efficient and effective organizational structure and procedures to improve the quality of our business operations.

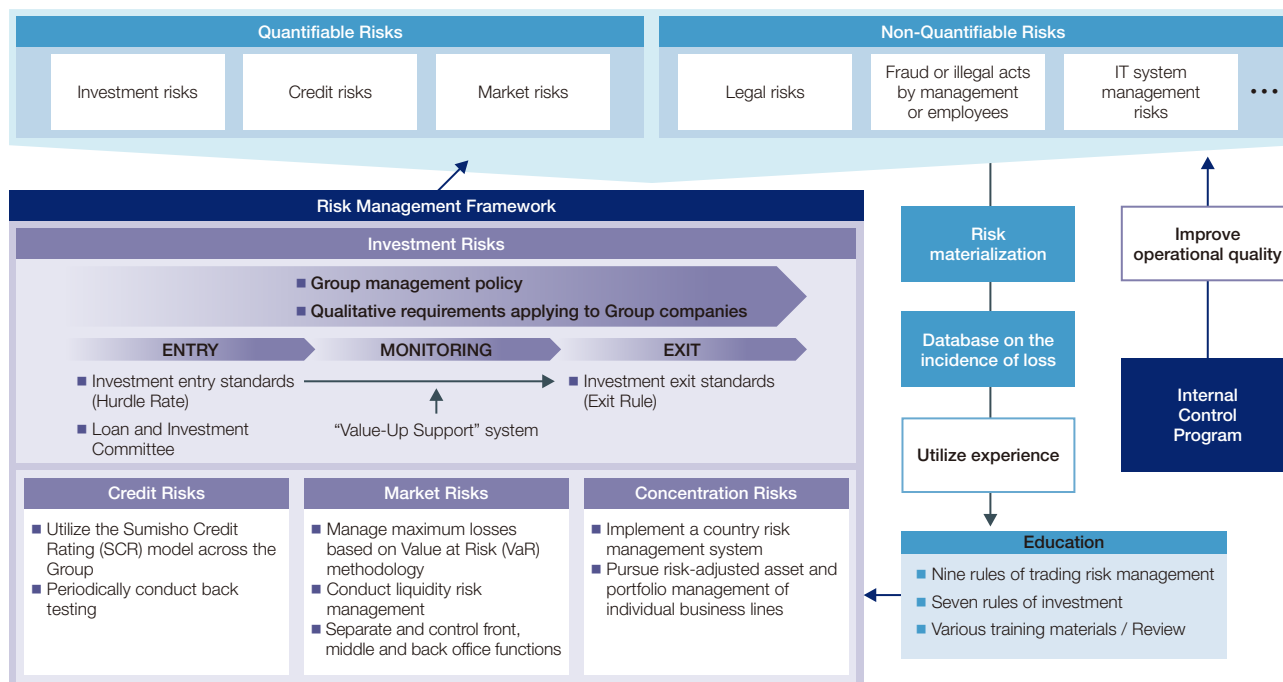
Embedding the Sense of Risk Management

Although we have been constructing the best possible risk management framework to cope with diversified risks, we cannot completely prevent the incurrance of loss in the course of business activities only by the framework itself. We are

putting our efforts into implementing the initiatives that enable us to quickly identify the occurrence of losses in order to suppress loss accumulation and prevent the contagion effects that lead to secondary losses. These initiatives include devising ways to quickly identify the cause of losses and share such information among top management and related departments. We have compiled a database of such loss information that allows for the systematic analysis of the causes of loss-incurring events. These analyses are used as training materials for employees as part of various educational programs. Through this knowledge feedback process, individual employees can upgrade their risk management capabilities, supporting the prevention of the same kind of loss events.

Eyeing the Future of Risk Management

Over the past decade, Sumitomo Corporation has created a formidable risk management framework by studying advanced methods and processes. Our goal is to implement the best practices in risk management while maintaining the flexibility to adapt to changes in the business environment. The surrounding environment is continually changing, however, and new business models that we could never have imagined are emerging on a daily basis. Responding to changing circumstances in a timely and effective manner, we continually upgrade our risk management under the direction of top management.



CORPORATE SOCIAL RESPONSIBILITY (CSR)

“Sumitomo’s business philosophy” is expressed in the following credo: “Benefit for self and others, private and public interests are one and the same.” This means that “Sumitomo’s business activities must benefit not only Sumitomo’s own businesses, but also society and the nation.” This approach of seeing corporate activities within the scope of relationships with society is identical to what is referred to as CSR today. Sumitomo’s business philosophy, as described above, is illustrated in clauses in the Management Principles of the Sumitomo Corporation Group such as “To create new value, and contribute broadly to society,” and “To achieve prosperity and realize dreams through sound business activities,” and it has become deeply rooted as the universal and unchanging basis of our business activities.

How we see CSR at the Sumitomo Corporation Group

At the preamble to the Sumitomo Corporation Group Management Principles, the corporate vision of the group is described by the following: “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.” For us then, promoting CSR means conducting responsible business activities based on our corporate vision, which is also the same as implementing the Group’s Management Principles. We work on social issues from the standpoint of a corporation while building better relationships with stakeholders through sound business activities and social contribution activities, with the aim of building a sustainable society. For us, this means achieving prosperity and realizing the dreams of all our stakeholders, and we recognize this as the fundamental basis of CSR.

Initiatives for the United Nations Global Compact

The Sumitomo Corporation Group supports the 10 principles of the UN Global Compact (GC), an international CSR-related initiative that proposes values held in common with the Group’s Management Principles. We are committed to enhancing our corporate value by clearly identifying areas of improvement in our business activities in light of the values advocated by the 10 principles.

The Global Compact's 10 Principles



Human Rights

1. Businesses should support and respect the protection of internationally proclaimed human rights; and
2. make sure that they are not complicit in human rights abuses.

Labour Standards

3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
4. the elimination of all forms of forced and compulsory labour;
5. the effective abolition of child labour; and
6. the elimination of discrimination in respect of employment and occupation.

Environment

7. Businesses should support a precautionary approach to environmental challenges;
8. undertake initiatives to promote greater environmental responsibility; and
9. encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption

10. Businesses should work against corruption in all its forms, including extortion and bribery.

* We also support the Global Human Rights Declaration, which the 10 principles of the UN Global Compact comply with.

► Sustainability Report

For details on our CSR activities, please refer to our Sustainability Report. The report is available on our website: <http://www.sumitomocorp.co.jp/english/society/report.html>

Initiatives for Supply Chain CSR

The issues that international society confronts in such areas as the global environment, poverty, and human rights are social issues that are shared as concerns by the Sumitomo Corporation Group, which has constructed diverse value chains on a global scale. By putting supply chain CSR into practice, we will work to alleviate and solve these concerns.

CSR Action Guidelines for Supply Chains Established

In November 2009, we established the Sumitomo Corporation Group CSR Action Guidelines for Supply Chains based on the Group's Management Principles. Through these guidelines, we are aiming to achieve a sustainable and better society by working together with our suppliers and other business partners, to fulfill our social responsibilities in such areas as compliance with laws and regulations, respect for human rights, and protection of the environment.

Generally, supply chain CSR means conducting not only a company's own responsible business activities, but also doing so together with suppliers and other business partners, in all the value chains a company is involved in. With a view to further strengthening "global relations," one of the elements of the business foundation that supports our integrated corporate strength, which is our core competence, we will request our suppliers and business partners to kindly accept, understand, and practice these guidelines so that together we can fulfill our social responsibilities in the value chain in which we are jointly involved.

The Sumitomo Corporation Group CSR Action Guidelines for Supply Chains

Our suppliers and business partners are expected:

1. To respect the human rights of employees and never treat employees in an inhumane manner
2. To prevent forced labor, child labor and unreasonably cheap labor
3. Not to practice discrimination with respect to employment
4. To respect the rights of employees to associate freely in order to ensure smooth negotiation between labor and management
5. To strive to provide employees with a safe and healthy work environment
6. To strive to protect the global environment
7. To ensure the quality and safety of products and services
8. To ensure fair transactions, abiding by all applicable laws, rules and regulations, and to prevent all types of corruption, including extortion and bribery
9. To disclose information regarding the above in a timely and appropriate manner

Global Safety Management

The Sumitomo Corporation Group puts "safety first" in its business activities. Endeavoring to better prepare for and prevent incidents, accidents and disasters in Japan and overseas, we regularly conduct educational activities and upgrade our safety planning infrastructure. Through these means, we work diligently to ensure that all executives and employees maintain a deep awareness of crisis situations, understand all appropriate safety guidelines and measures and put them into practice.

As a part of the aforementioned endeavors, we are striving to realize "zero" workplace accidents at subsidiaries and associated companies engaged in manufacturing, processing and warehouse activities. A Safety Management Committee has been established at each Business Unit. These committees take action to ensure safety management and prevent workplace accidents together with Group subsidiaries and associated companies in Japan and overseas.

Measures to Improve Safety Awareness and Prevent Accidents

In the Metal Products Business Unit, all subsidiaries and associated companies document their safety activities in accordance with the Group's *Safety Manual*, *Safety and Hygiene Management Guidelines*, and *Work* handbooks, and every employee is appropriately trained on safety in the workplace. This vigilance helps prevent accidents before they happen.

In the Tubular Products Group's worldwide Supply Chain Management operations, the employees of Group companies, customers and subcontractors work together to conduct safety management in order to create safe working environments and procedures designed to minimize the risk of accidents for all involved. We also strive on a daily basis to continuously raise safety awareness among Sumitomo employees and our contractors. In fiscal 2009, we performed risk assessments in such new locations as Prudhoe Bay/Alaska, Perth and Dubai. We also established a safety management system that

can be monitored at all times by deploying various systems for gathering safety-related information and various safety data over the Internet.



Work instructions are given to workers by an HSE* expert during a safety meeting in Balmer, India.

* HSE: Health, Safety and Environment

Initiatives for Biodiversity

In its Environmental Policy established in 1999, the Sumitomo Corporation Group adopted the following basic policy: “The Sumitomo Corporation Group, through sound business activities, will strive to achieve sustainable development aimed at symbiosis between social and economic progress and environmental preservation,” and included the following principle of caring for the natural environment in the basic guidelines of the policy: “To protect the natural environment and preserve biodiversity.” Accordingly, we are working to maintain and preserve biodiversity in the course of our business activities.

Batu Hijau Copper and Gold Mine Project

Sumitomo Corporation and its business partners have been carrying out the Batu Hijau mine project (Indonesia), one of the world’s largest copper and gold mines. We have positioned the following four priorities as social responsibilities that must be fulfilled by business operators in the course of core business activities: (1) minimize impact on the natural environment and ecosystems, (2) eliminate the negative impacts at an early stage, (3) make dedicated efforts towards ecological improvement and conservation, and (4) provide dedicated support for community development. While communicating and cooperating closely with the local government, communities and NGOs, we are working to preserve the natural environment and ecosystem, alongside our mine development and mining operations.

Examples of activities

- We minimized the development area, and achieved “zero” wastewater emissions to rivers through the installation of facilities for recycling wastewater from the mine.
- In an effort to achieve the early natural restoration of existing indigenous species in the mine area, we developed our own land preparation and reforestation technology optimal for local conditions through a large-scale, eight-year study, and are conducting immediate restoration and reforestation work even before the closure of the mine.
- In order to protect a rare species of parrot that lives around the mine area, we took steps to prevent poaching (through public relations and educational activities, as well as blocking access roads, etc.) and to plant nesting trees, based on a mutual understanding with the local government and community that was established through dialogue and cooperation.
- In order to protect the environment of neighboring regions, we conducted programs including the protection of the spawning of endangered marine turtles and restoration of coral reefs, based on



The yellow-crested cockatoo, a rare species of parrot, is being protected.

a mutual understanding with the local community and NGOs that was established through dialogue and cooperation.

Terneyles Timber Project

Sumitomo Corporation has built strong bonds of trust with OAO Terneyles, an integrated forestry company in Russia. Based on the shared belief that sustained business development is not possible without considering the natural environment, the two companies are working together to develop a sustainable timber business.

Forest Protection Activities

The forest areas owned by Terneyles in the far eastern Russian Maritime Province are among the rarest in the world. This is because both softwoods and hardwoods grow in the same area, and many of the trees are more than 100 years old. In order to sustain business far into the future without depleting these precious resources, we have adopted a logging method called “ribbon cutting” or “strip felling,” in which parent trees left intact on both sides of the logged area can drop seeds to promote the natural regrowth of forests. In addition, because it takes approximately 100 years to restore logged land to its natural state, we limit the annual amount of harvested timber to approximately 1:150 of total forest reserves in order to ensure that the amount of forest growth exceeds that of the harvested timber.

Boosting the Population of Amur Tigers

In recent years, Russia has seen a dramatic decline in the number of endangered Amur tigers due to large-scale forest development and illegal logging. However, the WWF (World Wide Fund for Nature) has reported that the number of Amur tigers is increasing in forest areas owned by Terneyles thanks to its strict self-regulation on the logging of Korean Pine, which is considered to be at the bottom of the food chain of the Amur tigers.



Protecting the forest habitats of endangered Amur tigers

Initiatives for Social Contribution

The Sumitomo Corporation Group is engaged in social contribution activities aimed at developing the next generation of human resources who will drive the sustainable development of society, and contributing to local communities in areas we do business all over the world. We also take part in various activities as a corporate citizen.

Supporting Asian College Students through the Sumitomo Corporation Scholarship

In 1996, as part of its 50th anniversary project in the trading business, Sumitomo Corporation started the Sumitomo Corporation Scholarship. This program was established to support the nurturing of human resources who will shape the future of Asian developing countries through the provision of scholarships to college students in various Asian countries, including China, Vietnam, Indonesia, and Thailand. In fiscal 2009, scholarships were granted to about 970 students in 41 colleges in 11 countries. The total number of students receiving scholarships since 1996 amounts to around 10,000. The students who completed their education through the scholarships are now successful in a wide range of fields in each country.

This scholarship program is managed in collaboration with our local organizations (overseas subsidiaries and offices). Each organization builds stronger relationships with local communities where they are active by managing the scholarship program in line with the unique characteristics of each country or region. This scholarship

program is unique to Sumitomo Corporation, which has business operations in every corner of the world. This social contribution activity has been implemented continuously over the past fifteen years and has been highly acclaimed in each region.



15th anniversary scholarship presentation ceremony at the National University of Mongolia
(A social gathering for current scholarship recipients and graduates was held after the ceremony.)

FOCUS'10 Human resources strategy of Sumitomo Corporation

Under FOCUS'10, the Sumitomo Corporation Group is further strengthening its personnel training programs and promoting diversity in human resources as its human resources strategy. In this context, we are actively pursuing various initiatives based on the following four main policy objectives: to further develop individual capabilities, enhance organizational human resource management, reinforce human resources on a globally consolidated basis and expand efforts to develop and activate personnel with global capabilities.

From the standpoint of further developing individual capabilities, we are promoting work training rotations between Business Units and the Corporate Group, with the aim of nurturing personnel who both possess on-site experience and adopt a company-wide perspective as well as management's point of view. In addition, we provide employees with the opportunity to develop business skills, knowledge and leadership through 269 courses offered by Sumisho Business College (SBC), an in-house university, with the view to nurturing global business leaders.

From the standpoints of reinforcing human resources on a globally consolidated basis and expanding efforts to develop and activate personnel with global capabilities, we are promoting the "localization of human resources" to further strengthen our global businesses. As part of these efforts, we conduct training programs for locally hired employees at different career levels (staff in charge, managers and senior executives). At the training, participants from all over the world come to Head Office in Tokyo, Japan to share the DNA that runs through all members of the Sumitomo Corporation Group and strengthen their sense of unity in the Group throughout reaffirming Sumitomo's business philosophy, and the Management Principles of the Group. In addition, they share information on the Group's management directions and strategies. The participants attend "skill-up" seminars on a variety of themes, such as financing, risk management, and compliance, as well as joint programs with Head Office employees. In the previous fiscal year, a total of 11 training programs were held, attended by 183 employees from overseas offices and Group companies.



A joint training program attended by locally hired employees from overseas locations and Head Office employees. By exchanging views with employees from around the world with different backgrounds, participants are given the opportunity to develop a new self-awareness.

DIRECTORS AND CORPORATE AUDITORS

(As of July 1, 2010)



Michio Ogimura
Executive Vice President

Motoyuki Oka
Chairman of the Board of Directors

Susumu Kato
President and CEO

Kazuo Ohmori
Executive Vice President

DIRECTORS AND CORPORATE AUDITORS

Chairman of the Board of Directors

Motoyuki Oka

President and CEO

Susumu Kato

Director

Kazuo Ohmori

Director

Shunichi Arai

Director

Nobuo Kitagawa

Director

Toyosaku Hamada

Director

Takahiro Moriyama

Director

Takashi Kano

Director

Kuniharu Nakamura

Director

Takuro Kawahara

Director

Yoshio Osawa

Director

Yasuyuki Abe

Standing Corporate Auditor (Full-Time)

Kenzo Okubo

Corporate Auditor (Full-Time)

Ichiro Miura

Corporate Auditor (Lawyer)

Akio Harada*

Corporate Auditor (Certified Public Accountant)

Tsuguoki Fujinuma*

Corporate Auditor (Lawyer)

Mutsuo Nitta*

Notes: 1. All Directors are Representative Directors.

2. Outside Corporate Auditors are indicated by an asterisk (*).

EXECUTIVE OFFICERS

■ President and CEO

Susumu Kato

■ Executive Vice Presidents

Michio Ogimura

General Manager for Asia
Director & President,
Sumitomo Corporation Asia Pte. Ltd.

Kazuo Ohmori

General Manager,
Transportation & Construction
Systems Business Unit

■ Senior Managing Executive Officers

Michihisa Shinagawa

General Manager for the Americas
President and CEO,
Sumitomo Corporation North America
Group
Director & President,
Sumitomo Corporation of America

Shuichi Mori

General Manager,
Kansai Regional Business Unit

Shunichi Arai

General Manager,
Metal Products Business Unit

Nobuo Kitagawa

General Manager,
General Products & Real Estate
Business Unit

Kenji Kajiwara

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

Toyosaku Hamada

CFO,
General Manager,
Financial Resources Management
Group

Takahiro Moriyama

General Manager,
Infrastructure Business Unit

Takashi Kano

General Manager,
Corporate Planning &
Coordination Group

Kuniharu Nakamura

General Manager,
Mineral Resources,
Energy, Chemical & Electronics
Business Unit

■ Managing Executive Officers

Shinichi Sasaki

Assistant General Manager,
General Products & Real Estate
Business Unit
General Manager,
Materials & Supplies Division

Takuro Kawahara

General Manager,
Human Resources,
General Affairs & Legal Group

Yoshio Osawa

General Manager,
Media, Network & Lifestyle Retail
Business Unit

Yasuyuki Abe

General Manager,
New Industry Development &
Cross-function Business Unit

Kazuhisa Togashi

Assistant General Manager,
Metal Products Business Unit
General Manager,
Iron & Steel Division, No. 3

Kazuhiro Takeuchi

Deputy General Manager for Asia
Director & Vice President,
Sumitomo Corporation Asia Pte. Ltd.

Shinichi Ishida

Assistant General Manager,
Transportation & Construction
Systems Business Unit
General Manager,
Construction & Mining Systems
Division

Takafumi Sone

General Manager for CIS
Assistant General Manager for Europe

Naoki Hidaka

General Manager,
Chubu Regional Business Unit

Shigeru Ohashi

Assistant General Manager,
Media, Network & Lifestyle Retail
Business Unit
General Manager,
Lifestyle & Retail Business Division

Masayuki Doi

General Manager,
Corporate Planning &
Coordination Dept.

Toru Furihata

Assistant General Manager,
Mineral Resources, Energy,
Chemical & Electronics Business Unit
General Manager,
Mineral Resources Division No. 2

Hiroyuki Inohara

Assistant General Manager,
Financial Resources Management
Group
General Manager, Finance Dept.

Masaru Nakamura

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

■ Executive Officers

Makoto Nakamura

General Manager,
Internal Auditing Dept.

Kohei Hirao

General Manager,
Telecommunication, Environment &
Industrial Infrastructure Business
Division

Michihiko Kanegae

General Manager,
Power & Social Infrastructure
Business Division

Kiyomi Machida

General Manager,
Automotive Division, No. 2

Hideki Iwasawa

Assistant General Manager,
Financial Resources Management
Group
General Manager,
Corporate Risk Management Dept.

Akira Takeuchi

General Manager,
Mineral Resources Division No. 1

Koichi Takahata

General Manager,
Accounting Controlling Dept.

Nobuhiko Yuki

General Manager,
Life Science Division

Kiyoshi Ogawa

General Manager, Legal Dept.

Hiroaki Mizobuchi

General Manager,
New Business Development &
Promotion Division

Masao Sekiuchi

General Manager,
Non-Ferrous Products &
Metals Division

Masato Sugimori

Executive Vice President and CFO,
Sumitomo Corporation North America
Group
General Manager,
Corporate Coordination Group in
Sumitomo Corporation North America
Group
Executive Vice President and CFO,
Sumitomo Corporation of America
Assistant General Manager for the
Americas

Yutaka Sekine

General Manager,
Planning & Administration Dept.,
Transportation & Construction
Systems Business Unit