

# ***Section 3***

**Structures to Support Business Activities**

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## Corporate Governance

## Sumitomo's Business Philosophy/Sumitomo Corporation Group's Corporate Mission Statement

Sumitomo has always been sincere in conducting its business, contributing to achieving prosperity and realizing the dreams of our business partners, our society and all other stakeholders. As a result, we have built up trust, and this has helped us to develop new businesses and create a cycle of positive growth. The Management Principles and Activity Guidelines of the Sumitomo Corporation Group are founded on Sumitomo's business philosophy, which has been passed on for 400 years.

## 1600

The Founder's Precepts  
"Monjuin Shiigaki"

The Founder's Precepts "Monjuin Shiigaki" is a letter sent by Masatomo Sumitomo (1585–1652), the founder of Sumitomo and a religious man, to his family members in his old age. It succinctly describes the guiding principles of his business operations.

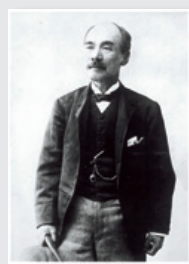
At the beginning, it urges the reader, "Not only in matters of business but in all situations, make efforts with deepest gratitude in every aspect."

The precepts also include such teachings as, "When goods are offered to you below the normal market price, under no circumstances should you ever purchase such goods, for their origins are unknown and they are probably stolen property," "Never give shelter to a stranger, no matter who it might be; also, never take a stranger's goods into your custody, no matter how innocent they might appear" (these acts were prohibited by the government), and "No matter what someone might say to you, never lose your temper or speak harsh words; politely explain your position until an understanding can be reached." These teachings have been handed down and form the basis of Sumitomo's business philosophy. They are still seen in today's principles, such as "no pursuing easy gains" (i.e., only making a profit on a fairly priced transaction that can be explained with confidence), "compliance" and "integrity and sound management."



Monjuin Shiigaki  
(Source: Sumitomo Historical Archives)

## 1800



Saihei Hirose, Sumitomo's  
first Director-General  
(Source: Sumitomo Historical Archives)

Rules Governing the House of  
Sumitomo

The Besshi Copper Mine (opened in 1691) encountered many adverse conditions during the Meiji Restoration (in the late 1860s). When the price of copper fell, operating costs increased sharply due to rising prices of rice and other items, and loans to the feudal lords were uncollectable. At one point, it was almost forced to sell out. Saihei Hirose (1828–1914), manager of the mine who later became Sumitomo's first Director-General, acted boldly and modernized the operation with Western style technologies. Hirose's operational reforms saved the mine and its community.

In 1882, when serving as Director-General, Hirose formulated the Rules Governing the House of Sumitomo, which consisted of 19 sections and 196 articles, to reflect the business philosophy the family had followed over its 250-year history. The Rules clearly illustrate Sumitomo's corporate philosophy in Article 3, Section I: "We shall practice sound management in order to cope effectively with the changing times. Under no circumstances, however, shall we pursue easy gains or act imprudently."

## 1900

## Business Principles

In 1891, the Rules Governing the House of Sumitomo were separated into two parts, the family code (corporate rules) and the family constitutions (the principles of the family head), to distinguish ownership from business operations. On that occasion, the principle of "integrity" was introduced and placed at the beginning of the Rules Governing the House of Sumitomo with the principle in Article 3, which then together became the Business Principles. In 1928, while Sumitomo's business expanded into a variety of areas, including the steel, machinery and chemical industries, Sumitomo's Business Rules were established. The two articles of the Business Principles have been passed on for generations and still serve as the corporate rules of all group companies.

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.



Business Principles

## 2000



Sumitomo Building Annex where Nippon Engineering's head office was located

### Sumitomo Corporation Management Charter

The Osaka North Harbour Company Limited, the predecessor of Sumitomo Corporation, was founded in 1919. Later, after World War II, the company changed its name to Nippon Engineering Co., Ltd., starting a new life as a general trading firm. In 1952, when the company was incorporated with the current name, the Business Principles were chosen as the management philosophy for all corporate operations and the foundation to sustained growth.

While Japan's economy was growing rapidly after the war, environmental pollution, inflation and other public issues started to arise. Business corporations and their codes of conduct were challenged to make clear the relationship between the national government and corporations, as well as between citizens and corporations. To respond to this, in 1973, Sumitomo Corporation laid down the Sumitomo Corporation Management Charter, an original charter that consists of the Basic Principles of Management and the Operational Guidelines.

### Sumitomo Corporation Group's Corporate Mission Statement

In the early 1990s, the bubble burst, drastic appreciation of the yen continued, and the Japanese economy entered a long period of low growth. Sumitomo Corporation had no choice but to re-examine the status quo of its business transactions and risk management methods. Against this background, there was growing management recognition that the company needed to revert to Sumitomo's business philosophy, which had served as the basis of Sumitomo's business operations and the driving force behind overcoming many crises throughout the last 400 years. This recognition further heightened in 1996, when the copper incident occurred, leading to the 1998 establishment of the Sumitomo Corporation Group's Corporate Mission Statement.

The Corporate Mission Statement, consisting of Management Principles and Activity Guidelines, was compiled based on Sumitomo's business philosophy, which has been nurtured throughout the 400 years of Sumitomo's history, and today's global perspective, in a simple and systematic way.

The preamble to the Management Principles shows the 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." The first item in the Management Principles, "To achieve prosperity and realize dreams through sound business activities" describes our corporate mission, while the second item, "To place prime importance on

integrity and sound management with utmost respect for the individual" shows our management style, and the third item, "To foster a corporate culture full of vitality and conducive to innovation" portrays our corporate culture.

The Activity Guidelines were generated based on these principles to guide employees in their daily business operations.

### 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

## 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.

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/detail/principle/>

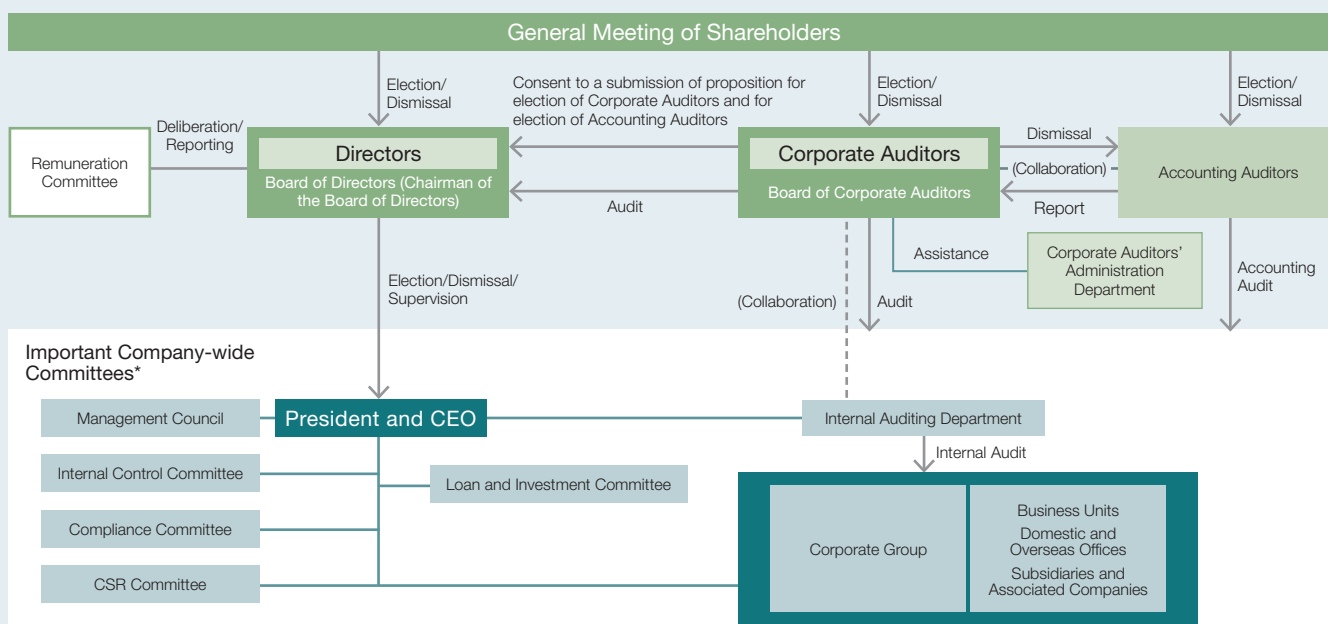
### Features of Our Corporate Governance System

We have adopted a corporate auditor system, believing that it is the most legitimate means of improving the effectiveness of our corporate governance to enhance and reinforce it through auditing from diversified external viewpoints. We have five Corporate Auditors, three of whom are Outside Corporate Auditors. Of these three, two are legal experts (a former President of the Tokyo High Court and a former Prosecutor-General) and one is an accounting expert – ensuring an auditing system that incorporates a diversity of perspectives. Furthermore, two Outside Directors were elected at the 145<sup>th</sup> Ordinary General Meeting of Shareholders held on June 21, 2013 so that through their diverse

perspectives, the Outside Directors help to ensure appropriate decision-making in board meetings and further enhancement of the supervisory function. We believe that we can achieve the ultimate goals of corporate governance by reinforcing management oversight by independent Outside Directors and Outside Corporate Auditors.

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.

### The Company’s Corporate Governance System



\* Management Council: Exchange of opinions and information on basic policy and important matters related to management  
 Internal Control Committee: Overall management and timely evaluation of internal controls, and the development, implementation and promotion of basic internal control policies, among other duties  
 Loan and Investment Committee: Deliberation of important matters, such as investment and financing  
 Compliance Committee: Enhancement of Group compliance focused on “maintaining sound management”

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 term of office for the Chairman of the Board of Directors and the President and CEO are each limited to six years in total.

### 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 2014, 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 Term of Office for Directors

In June 2005, the term of office for Directors was 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 Term of Office for 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 separate in order to ensure mutual supervision and both positions cannot be held simultaneously by one person. In principle, the term of office for the Chairman of the Board of Directors and the President and CEO are each limited to six years in total. 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.

### Particulars Regarding the Remuneration of the Company’s Directors

Particulars regarding the remuneration of the Company’s Directors and Corporate Auditors for fiscal 2013 are as follows:

Classification	Number of payees	Total amount of remuneration, etc., pertaining to fiscal 2013	Breakdown		
			Monthly remuneration	Bonuses	New Share Acquisition Rights
Directors (particulars relating to Outside Directors)	16 persons (2 persons)	1,048 million yen (21 million yen)	738 million yen (21 million yen)	203 million yen (—)	107 million yen (—)
Corporate Auditors (particulars relating to Outside Corporate Auditors)	7 persons (4 persons)	127 million yen (40 million yen)	127 million yen (40 million yen)	— (—)	— (—)

Notes: 1. As of the end of the fiscal 2013, we had 12 Directors and 5 Corporate Auditors (including 2 Outside Directors and 3 Outside Corporate Auditors).

2. No Director of the Company is concurrently an employee of the Company.

3. The above stock options are the total amounts recorded as expenses in fiscal 2013 for granting the Twelfth New Share Acquisition Rights (issued on July 31, 2013), the Seventh New Share Acquisition Rights (stock-linked compensation) (issued on July 31, 2012) and the Eighth New Share Acquisition Rights (stock-linked compensation) (issued on July 31, 2013).

4. The maximum amount of remuneration to Directors comprising monthly remuneration, new share acquisition rights in the form of stock options, and new share acquisition rights in the form of stock options for a stock-linked compensation plan is ¥1.2 billion per year (the maximum amount of remuneration to Outside Directors is ¥60 million per year), as resolved at the 145th Ordinary General Meeting of Shareholders held on June 21, 2013.

5. The maximum amount of monthly remuneration to Corporate Auditors is ¥180 million per year, as resolved at the 145th Ordinary General Meeting of Shareholders held on June 21, 2013.

### ■ Election of Outside Directors

For the purpose of Sumitomo Corporation ensuring appropriate decision-making in board meetings and further enhancement of supervisory functions through diverse perspectives, two Outside Directors were elected at the 145<sup>th</sup> Ordinary General Meeting of Shareholders of Sumitomo Corporation held on June 21, 2013. They fulfill the standards related to independence set by Tokyo Stock Exchange, Inc. and other financial instruments exchanges that Sumitomo Corporation is listed on, and Sumitomo Corporation has notified the exchanges, under their respective provisions, of their respective status as independent director.

Reason for selection and brief outline of career of the Outside Directors are as follows:

#### Akio Harada

##### Reason for selection

Akio Harada is deemed to be qualified for the role of Outside Director because he possesses highly specialized knowledge accumulated over many years as a prosecutor and lawyer, and a wealth of practical experience and on the grounds of his character and insight, and was therefore elected to the post.

##### Brief outline of career

December 1999	Superintending Prosecutor, Tokyo High Public Prosecutor's Office
July 2001	Prosecutor-General
October 2004	Attorney at Law (present position)
June 2005	Outside Corporate Auditor, Sumitomo Corporation
June 2013	Outside Director, Sumitomo Corporation (present position)

#### Kazuo Matsunaga

##### Reason for selection

Kazuo Matsunaga is deemed to be qualified for the role of Outside Director because he held a series of important posts over many years at the Ministry of Economy, Trade and Industry and possesses broad knowledge and experience in fields including resources, energy, and industrial policy and on the grounds of his character and insight, and was therefore elected to the post.

##### Brief outline of career

July 2008	Director-General, Economic and Industrial Policy Bureau
July 2010	Vice-Minister of Economy, Trade and Industry
June 2013	Outside Director, Sumitomo Corporation (present position)

### 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 President of the Tokyo High Court and a former Prosecutor-General) and one is an accounting expert—ensuring an auditing system that incorporates a diversity of perspectives. The three external Corporate Auditors fulfill the standards related to independence set by Tokyo Stock Exchange, Inc. and other financial instruments exchanges that Sumitomo Corporation is listed on, and Sumitomo Corporation has notified the exchanges, under their respective provisions, of their respective status as independent auditors.

### ■ 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 with 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.

Reason for selection and brief outline of career of the Outside Corporate Auditors are as follows:

#### Tsuguoki Fujinuma

##### Reason for selection

Tsuguoki Fujinuma has a broad range of expertise, including on matters of finance and accounting, and long years of experience as an accountant. He was selected and asked to perform audits from a broad perspective on the grounds that his character and insight are most suited for the position.

##### Brief outline of career

June 1993	Representative Associate, Ota Showa Audit Corporation (now Ernst & Young ShinNihon LLC)
May 2000	President, International Federation of Accountants (IFAC)
July 2004	Chairman and President, The Japanese Institute of Certified Public Accountants
July 2007	Advisor, The Japanese Institute of Certified Public Accountants (present position)
June 2008	Outside Corporate Auditor, Sumitomo Corporation (present position)

#### Mutsuo Nitta

##### Reason for selection

Mutsuo Nitta has a broad range of expertise and long years of experience as both a judge and lawyer. He was selected and asked to perform audits from a broad perspective on the grounds that his character and insight are most suited for the position.

##### Brief outline of career

December 2004	President of the Tokyo High Court
April 2007	Attorney at Law (present position)
June 2009	Outside Corporate Auditor, Sumitomo Corporation (present position)
October 2012	Chairman of Tokyo Metropolitan Public Safety Commission

#### Haruo Kasama

##### Reason for selection

Haruo Kasama has a broad range of expertise and long years of experience as both a prosecutor and lawyer. He was selected and asked to perform audits from a broad perspective on the grounds that his character and insight are most suited for the position.

##### Brief outline of career

June 2010	Superintending Prosecutor, Tokyo High Public Prosecutor's Office
December 2010	Prosecutor-General
October 2012	Attorney at Law (present position)
June 2013	Outside Corporate Auditor, Sumitomo Corporation (present position)

### ■ 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,



## Message from an Outside Director

### Balancing Risk Management and Maximizing Earning Power

One year has passed since my appointment as an Outside Director of Sumitomo Corporation. Having spent many years working at the Ministry of Economy, Trade and Industry (METI), I thought I knew well the business undertaken by integrated trading companies, but I have been given a new awareness of many aspects since I began taking part in decision making with the Board of Directors. To be specific, the evolution to investment-type business models has moved forward more than I thought, and the extent of business handled is vast.

While at the METI, we mainly drew up plans with the idea of how substantially our plans would benefit the national wealth and what policies were needed to fulfill the plans, after which we would entrust the private sector with implementing the plans. I went from being in this position to becoming a Director for Sumitomo Corporation, itself a private company, and in the position of discussing specific businesses.

Sumitomo Corporation employees act in a manner that is prideful for the country or world, feel they should raise their performance and

are particular, I believe, about taking the correct process and doing a wonderful job. Their conduct when it comes to methods of decision making conveys an impression of being solidly rounded. They firmly quantify items like investment risk, and involvement in thorough discussions leaves a favorable impression.

On the other hand, it is extremely difficult to achieve a balance between risk management and maximizing earning power. The Board of Directors must be adept at controlling that balance. Discussion about risk is of course necessary, but I think it is also my role as an Outside Director to push to take on the challenge of grasping business opportunities.

Sumitomo Corporation is engaged in many large-scale projects of the type that support the implementation of national-level plans. Based on my own experiences, the business model of the integrated trading company is one that people inside Japan and overseas should focus on. I would like Sumitomo Corporation employees to utilize people, products and services and capital, have pride, and feel at ease while working.



**KAZUO MATSUNAGA**

Outside Director

Appointed as Outside Director of Sumitomo Corporation in 2013 after previous positions including being the Director-General of The Economic and Industrial Policy Bureau and Vice-Minister of Economy, Trade and Industry.

## Message from an Outside Corporate Auditor

### Building Trusting Relationships with Customers is Important



**HARUO KASAMA**

Outside Corporate Auditor

Appointed as Outside Corporate Auditor of Sumitomo Corporation after previous positions including being the Superintending Prosecutor of the Tokyo High Public Prosecutor's Office and Prosecutor-General. Currently, he is also an Attorney at Law.

Corporate auditors have a responsibility to monitor whether directors are acting illegally and ensure that does not harm the company. One year has passed since becoming an Outside Corporate Auditor of Sumitomo Corporation, and in that time, I have not been aware of any incident that may have caused me to worry on these points.

Sumitomo Corporation's corporate governance is effective and it is a steady company. The Sumitomo Corporation Group has Sumitomo's Business Philosophy, which functions as an axis for corporate governance.

Sumitomo Corporation invests in a variety of companies and, in addition to operating income, the earnings of investees also carry significant weight. Regarding investments, there is lively and solid debate in meetings of the Board of Directors about their risks and return on investments over the medium to long term. It is at these times when I strongly feel the dissemination of compliance and Sumitomo's Business Philosophy of "integrity," "sound management" and "no pursuing easy gains."

I worked for a long time at the Public Prosecutor's Office, during which I associated with people

from a variety of backgrounds, but what I felt strongest was "the importance of trusting relationships." Trust built up once should not be allowed to simply shake. Relationships built on trust have proved beneficial to me in a variety of situations. Integrated trading companies also find it extremely important to build relationships of trust with customers. Business solely focused on profit will not build relationships of trust. Corporate auditors are a checking institution and do not have voting rights at meetings of the Board of Directors and I believe they should not infringe on the discretionary powers of directors making management decisions. However, while respecting discretionary powers to the maximum extent, we must check for unfair methods that run counter to having a trusting relationship with customers.

Sumitomo Corporation operates on an enormous scale and is a company with an extremely significant social mission. Going forward, I want it to be profitable for the state and society and develop business connecting to its value creation while maintaining relationships of trust with customers.



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 43 Executive Officers (as of July 31, 2014) selected by the Board of Directors. Of these, nine Executive Officers also serve concurrently as Directors, including five 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.

## 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 Communication Japan, Inc. (ICJ), 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.

#### ■ Disclosure of Various Information

Our corporate website endeavors to ensure the provision of proactive and timely disclosure of various documents and materials containing information that may be useful in making investment decisions. These documents and materials include financial results, *yukashoken houkokusho* (Japanese annual securities reports), and the Company's presentation materials. Moreover, the website provides Sumitomo Corporation's Annual Report. The website also presents features compiled to introduce Group-wide topics such as the projects the Company operates all over the world.

#### ■ 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 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 2013, we held five such meetings in four cities, attended by a total of 1,100 individual 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 auditing, risk management and compliance, to further improve the effectiveness of internal control.

### Website



Homepage  
<http://www.sumitomocorp.co.jp/english/>



Investor Relations  
<http://www.sumitomocorp.co.jp/english/ir/>

### Publications



Annual Report

## Internal Control and Internal Audits

The Sumitomo Corporation Group has strengthened its internal controls in order to retain the trust of all its stakeholders.

### Internal Control

The Sumitomo Corporation Group is formed of five 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 have continually improved our general operation to further strengthen the Group's internal control since 2005. This improvement effort is based on the result of evaluations that we have performed using a comprehensive checklist. The checklist covers various points pertaining to general operations that should be common across the Group, including risk management, accounting and financial controls and compliance.

Furthermore, we have defined specific internal controls, which have been extracted through analysis of past loss scenarios, etc., as important points that must be strengthened thoroughly on a Company-wide level.

In August 2010, we launched the Internal Control Committee, which is responsible for the planning, implementation, evaluation and improvement of overall internal control across the entire Sumitomo Corporation Group. The objectives of the Internal Control Committee are to secure the soundness of management and to improve the efficiency of management. The committee promotes Group-wide activities to strengthen our internal control, such as updating the aforementioned checklist to address recent changes in laws and other rules within and outside the company, introducing past cases of loss situations arising from deficiencies in internal controls, and upgrading related instructional materials. Our Business Units and regional organizations in Japan and overseas continue to implement internal control enhancement activities as in previous years. Each organizational unit carries on these activities continuously on a daily basis with timely and optimal support from its Planning & Administration Department, contributing to the sustainable growth and development of the Group.

### ■ Initiatives for Enhancing the Quality of Operations

The Sumitomo Corporation Group has actively implemented the improvement and monitoring of internal control systems required by law under the Japanese Company Law and the Financial Instruments and Exchange Law on a Company-wide level. We considered these legal obligations as a prime opportunity to promote such improvement in the quality of our operation, as we have implemented ahead of legislative measures around the world.

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." Sumitomo Corporation fulfills the requirements of this law and the Internal Control Committee monitors the operation of such internal control systems.

To comply with the internal control reporting rules stipulated in the Financial Instruments and Exchange Law, effective from April 1, 2008, we evaluate our internal controls as required by law, and we improve business process as well.

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 and CEO, was established as an independent organization to monitor the operations of the Company and Group companies. All the internal audit results are reported directly to the President and CEO and also to the Board of Directors.

The Internal Auditing Department checks comprehensively the assets and risk-management, status of compliance and business operations to find their problems and risks inherent. The Internal Auditing Department helps to raise the quality of organizational management by encouraging voluntary improvements and evaluating the effectiveness and the validity of each process.

## Compliance

Positioning 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 Compliance Guiding Principles to ensure the Company's bottom line: "If there is even a trace of doubt, do not 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.

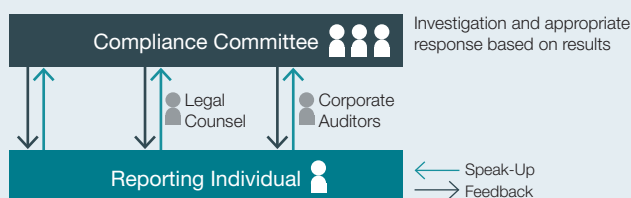
### Compliance Training and Education

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 continuously hold e-learning compliance seminars open to all officers and employees from all levels.

### 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

- 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

#### 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

\* Based on the Universal Declaration of Human Rights.

#### Personal Interests

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

## 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

We define “risk” as the “possibility of losses due to the occurrence of anticipated or unanticipated situations” and as the “possibility of not achieving the expected return on business activities.” 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,” which we proactively take to generate a 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 from materializing.

### Risk Management Framework

#### Managing Quantifiable Risk

##### ■ Managing Investment Risk

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 based on the cost of capital. In case of new large-scale investments or projects, cases are submitted to the Loan and Investment Committee for thorough examination. The Committee is also responsible for monitoring the preparation and implementation of necessary measures to improve the performance of the existing important investments. When the performance of investments falls short of required standards after a certain period from its inception, we have an Exit Rule that designates such investment as “Investment to withdraw from.”

##### ■ Managing Credit Risks

Our business is exposed to credit risks, as we extend credit to our customers in the form of accounts receivable, advances, loans, guarantees and other instruments. We have incorporated our original credit rating model, the Sumisho Credit Rating (SCR), to assess our customers' credit risk. The authority level to provide credit exposure to customers depends on the assigned credit rating. In addition, we regularly review customers' credit limits and appropriately manage the credit exposure under those limits. At the same time, we continuously perform credit evaluations on the financial condition of customers, and based on such evaluations, take collateral to secure the receivables if necessary.

##### ■ Managing Market Risks

We set limits on contract balances as well as the loss limits for six months 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 loss limits. 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 refine our business portfolio, we thoroughly discuss the amount of Risk-adjusted Assets distributed to each unit and business line in meetings such as the “strategy conference,” which is held among the President and CEO and general managers of each unit and the “Loan and Investment Committee,” which deliberates on important investment and financing.

### 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. Accordingly, we periodically assess non-quantifiable risks on a global and consolidated basis. We do this through a range of initiatives to strengthen our internal control across the Group under the leadership of the Internal Control Committee as well as through independent activities by our Business Units and regional organizations in Japan and overseas. 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 incurrence 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.

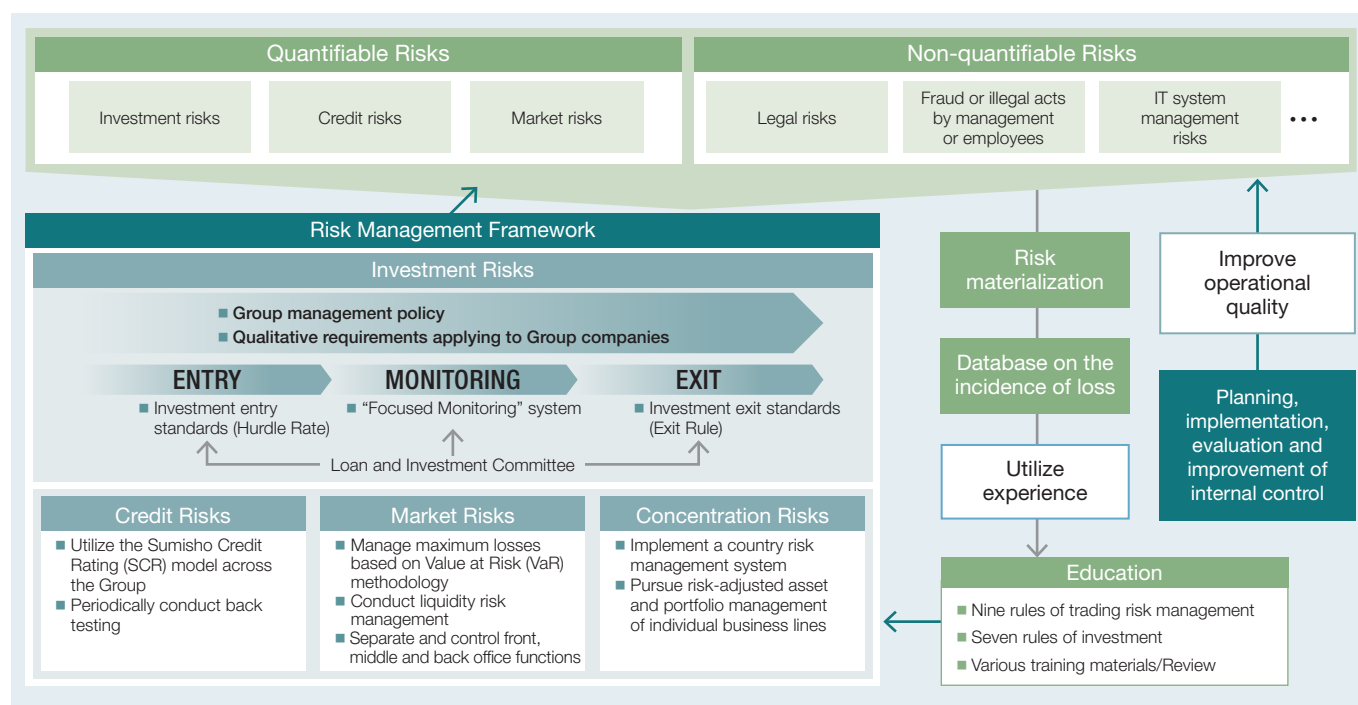
These analyses are used as training materials for employees as part of various educational programs. Through this knowledge feedback process, individual employees can upgrade their risk management capabilities, supporting the prevention of the same kind of loss events.

### Eyeing the Future of Risk Management

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.

### Information Security Control Structure

Sumitomo Corporation works to enhance its information management system to maintain and improve information security. Our approach to this end includes the development of internal rules and manuals as well as the provision of employee training and awareness-raising activities, with a focus on taking preventive measures against risks relating to leakages of confidential information and compliance with the Personal Information Protection Act, which came into full effect in April 2005.



## Risk-adjusted Return Management

We are now facing a harsher business environment compared to the past few years, during which we saw steady growth. However, we have been implementing management reforms on the basis of the Risk-adjusted Return Approach for many years, building a business foundation able to sustain stable earnings and a firm financial condition even during severe economic environments. In this special feature, we will introduce Risk-adjusted Return as the backbone of our management approach.

### Background to the Introduction of the Risk-adjusted Return Ratio

Until the early 1980s, the main business of Sumitomo Corporation and other integrated trading companies was acting as intermediaries for goods and services. From the late 1980s onward, integrated trading companies sharply stepped up their involvement in new businesses as well as overseas investment as they responded to a decline in demand for trading company financing and the growing transfer of production overseas due to the yen's appreciation.

In the early 1990s, in addition to this business diversification, a series of changes came about in the operating environment. The collapse of the bubble economy in the early 1990s triggered a plunge in stock and real estate prices, and in 1997, the Asian Currency Crisis caused problems for many overseas projects. In addition to the effects of these factors, we recorded substantial impairment of shareholders' equity due to an incident involving unauthorized copper trading in 1996. Thereafter, improving profitability and our financial condition became our topmost priority.

As our Business Units have a variety of business styles in diverse fields, it was difficult to evaluate each business's performance based only on profit for the year. We needed a Company-wide, universal yardstick for measuring the return on

management resources invested in each business and for optimally allocating limited management resources.

The basic aim of any business is to generate returns relative to the risks involved and in autumn 1998, ahead of its peers, Sumitomo Corporation introduced the Risk-adjusted Return Ratio as an indicator of profitability, i.e., the degree of return from a certain level of risk.

Specifically, we calculate Risk-adjusted Assets as the value of maximum possible losses by multiplying the value of assets by a risk weight that assumes the maximum possible loss ratio in asset values.

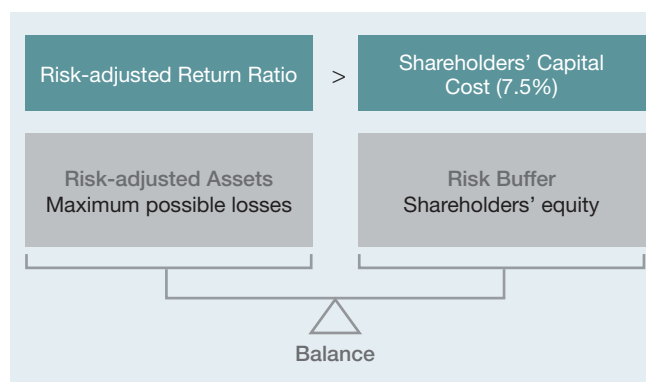
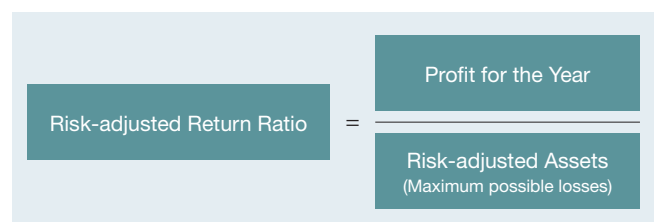
With Risk-adjusted Assets as the denominator, we use returns, i.e., profit for the year, as the numerator to calculate profitability, both in each business and for the Company as a whole.

### Basics of Risk-adjusted Return Management

Since its introduction as a management indicator, the Risk-adjusted Return Ratio has played a major role as a tool for achieving universal Company-wide objectives.

From the perspective of ensuring business stability, a core management principle is to avoid excessive risks by keeping Risk-adjusted Assets (maximum possible losses) within shareholders' equity (the risk buffer). This principle means that even if all potential risks were to actually occur at once, shareholders' equity would be able to absorb the losses.

Moreover, to ensure earnings power, return on risks must be greater than our shareholders' capital cost. In other words, we set the Risk-adjusted Return Ratio at 7.5% as the minimum requirement for the whole company. In every business, the basis we use for choosing to move forward is this Risk-adjusted Return Ratio of 7.5%.





## Human Resource Management

**Sumitomo Corporation is working strategically to recruit, develop and utilize people—our most valuable business resource.**

The Sumitomo Corporation Group is actively pursuing human resource policies for strategic and well-planned recruitment, development, and utilization of human resources who can understand and practice the Group's Management Principles and Activity Guidelines in order to contribute broadly to society and continue creating new value over the medium and long term.

### Human Resource Management Policy

#### ■ Aiming to “Be the Best, Be the One”

Effective recruitment, development and utilization of globally competitive human resources are the most important issues for the Sumitomo Corporation Group to survive the current ever-changing business environment and achieve sustainable growth. Our concern is how we can ensure that each of our employees—our most important assets—will exercise their full potential in line with the business strategy of their respective business units and based on the Group's Management Principles and Activity Guidelines.

For this reason, we are making continuous efforts towards training and fostering new employees on a company-wide basis, dissemination of Sumitomo's Business Philosophy—the basis of the Management Principles—and developing human resources. We use a combination of on-the-job training and off-the-job training to promote effective development of human resources, with the former based on job rotations and the latter reflecting the characteristics of each business.

Under the medium-term management plan “Be the Best, Be the One 2014,” we are reinforcing human resource development with an emphasis on wide-ranging frontline experience, while promoting human resource development and utilization on a global basis. These efforts are guided by our basic policy of “What We Aim to Be in 2019, Our Centennial Year.”

### Vision of the Human Resources We Seek

Human resource development will play an essential role in realizing our vision for the Company in its centennial year in 2019.

In developing a vision of the human resources we seek to build our foundation for the next 100 years, we are promoting the following three factors, starting with the necessary qualities, action, and abilities:

- 1. People with spirit and a lofty sense of ethics**
- 2. People who accept diverse values but think for themselves and act on their own initiative**
- 3. People who can create new businesses themselves without being constrained by existing frameworks**

This vision of human resources has been determined on the basis of the value standards defined by the Management Principles and Activity Guidelines of the Sumitomo Corporation Group as well as in light of the nine core behaviors of the SC VALUES, which all employees are expected to share and practice.

Sumitomo Corporation is seeking human resources who have a clear vision and strong commitment, as well as demonstrate leadership at their respective levels of the organization, through the practice of the SC VALUES. We also seek professionals who can take responsibility for what they do, display a broad spectrum of knowledge and high-level expertise in a particular area and achieve superior performance.

## SC VALUES

- |  |   |
|--|---|
| <b>1. Integrity and Sound Management</b> | To comply with laws and regulations, while maintaining the highest ethical standards.                         |
| <b>2. Integrated Corporate Strength</b>  | To create no boundaries within the organization; always to act with a company-wide perspective.               |
| <b>3. Vision</b>                         | To create a clear vision of the future, and to communicate to share it within the organization.               |
| <b>4. Change and Innovation</b>          | To accept and integrate diversity in values and behavior, and to embrace change as an opportunity for action. |
| <b>5. Commitment</b>                     | To initiate, own, and achieve organizational objectives.  |
| <b>6. Enthusiasm</b>                     | To act with enthusiasm and confidence, and to motivate others through such action.                            |
| <b>7. Speed</b>                          | To make quick decisions and act promptly.   |
| <b>8. Human Development</b>              | To fully support the development of others' potential.  |
| <b>9. Professionalism</b>                | To achieve and maintain high levels of expertise and skills.  |

## Human Resource Management Initiatives

### ■ Recruitment: Recruitment Policy With Respect for Basic Human Rights

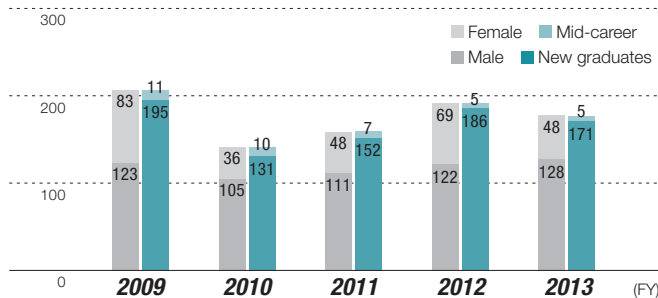
#### Recruiting Diverse Human Resources Who Are Able and Eager to Work in the Global Business Arena

As a global business operator, we look for talented people who are able and eager to work in the global business arena. To this end, we conduct fair recruitment activities with respect for basic human rights and with no discrimination. Specifically, we apply the same screening process to all employee candidates, irrespective of their gender, academic background, or nationality, and our selection criteria consist only of applicants' aptitudes and abilities.

In addition to new graduates, we recruit mid-career employees on an ongoing basis, since attracting talented people who can deliver results from day one forms part of our human resource strategy. We also welcome many employees with disabilities: as of April 1, 2014, employees with disabilities represented 2.08% of our workforce, a higher percentage than the statutorily required level of 2.00%.

#### Number of New Employees and Breakdown

(Units: People)



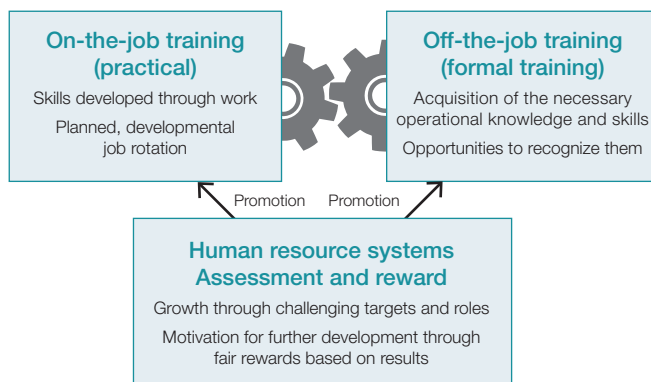
\* Total number of new graduates and mid-career workers employees for key career track positions and clerical positions

### ■ Human Resource Development: Strengthening Human Resource Development With an Emphasis on Diverse Frontline Experience

#### Strategic and Well-planned Human Resource Development

At Sumitomo Corporation, human resources are developed using

#### Concept Diagram of Development of “The Human Resources We Seek”



a combination of on- and off- the job-training to achieve the characteristics of the “Human Resources We Seek.” These two approaches are promoted by human resource systems. The first 10 years are positioned as a period for fostering resources into Sumitomo Corporation professionals, with employees acquiring basic skills and general knowledge of trading company business through well-planned job rotations.

#### Introduction of Company-wide Guidelines on Job Rotations

At Sumitomo Corporation, company-wide guidelines on job rotations have been introduced, calling for employees to participate in three different job assignments in their first 10 years of employment, including one overseas assignment.

This allows employees to experience working in a diverse range of environments, including cross cultural environments, at an early stage through job rotations, and to meet, work with, and receive input and opinions from many people in diverse locations in Japan and overseas. Through these experiences, employees are expected to become “people who accept diverse values but think for themselves and act on their own initiative” as well as “people who can create new businesses themselves without being constrained by existing frameworks.”

#### Extension of the Human Resource Development Fund and Introduction of a Global Internship Program

At Sumitomo Corporation, the Human Resource Development Fund, established in fiscal 2010, helps promote strategic and well-planned human resource development at each business unit and division by financially supporting a system for the overseas training of trainees (including those who engage in language or overseas studies) and employees participating in the overseas executive training program.

We have also introduced a Global Internship Program in fiscal 2013. The main purpose of the program is to have employees develop a global mindset through business experience abroad, particularly in emerging markets that have not received many trainees until now, and acquire grounding in the local languages of emerging countries.



A program making use of the Human Resource Development Fund

### 300 Programs Offered Annually to Support Off-the-job Training for Strategic and Well-planned HR Development

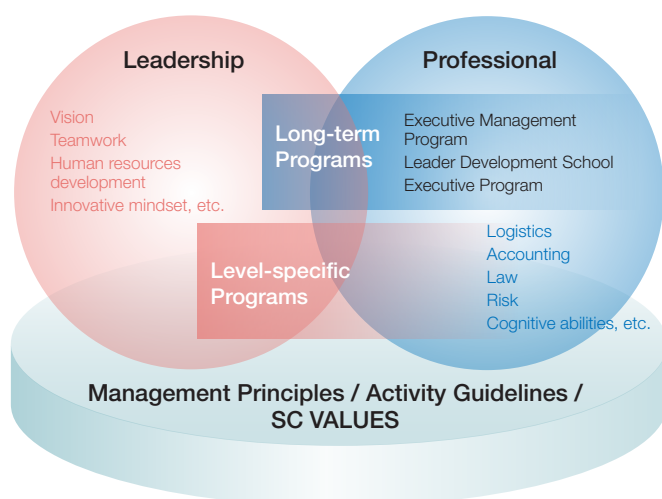
Sumisho Business College (SBC) offers about 300 programs per year that are designed to nurture the human resources we seek to achieve our vision, with a focus on three areas: 1) Management Principles, Activity Guidelines and SC VALUES, 2) Leadership, and 3) Professional. In fiscal 2013, 10,978 trainees attended the programs (from Sumitomo Corporation alone).

Through a variety of training programs provided by SBC, we offer systematic leadership development, as well as instruction in common basic business knowledge and skills required to work in the trading industry. Various other programs include advanced specific knowledge and skills necessary for investment, business management, and business creation/innovation.

One of the programs is the visit to the Besshi Copper Mine, the starting point of the Sumitomo Corporation Group. The main objective of this training is to give leaders of organizations of the Group an opportunity to experience and assimilate Sumitomo's Business Philosophy, the basis of the Group's Management Principles, and to ensure that the business philosophy is passed on to younger employees.

We promote an active stance on growth opportunities as "something to be taken by oneself" rather than "something to be given." Based on this concept, we continue our best efforts to improve SBC as a system that supports our prime talent who are able to think and act on their own to deliver results, and eventually contribute broadly to society through business.

### Overview of Sumisho Business College (SBC)



### Human Resource Development: Promoting Human Resource Development Measures Globally

#### Stratified Program for Locally Hired Employees Overseas

The Sumitomo Corporation Group is also working hard to deploy and develop locally hired employees in its overseas offices and Group companies in order to recruit and develop personnel who can play a leading role in global business operations.

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 programs, nearly 300 participants each year from all over the world come to the Head Office in Tokyo to share the corporate DNA that the Sumitomo Corporation Group is made up of and strengthen their sense of unity as a member of the Group through reaffirming their understanding of Sumitomo's Business Philosophy and Management Principles of the Group. In addition, they share information on the Group's management policies and strategies, and improve their skills by attending various lectures. The training programs also offer joint workshops in which Head Office

employees also participate.



Training for locally hired employees overseas

### Enhancing Global Human Resource Strategies

From fiscal 2013, we reorganized our overseas offices into four broad regions. Under this new system, we are promoting development and utilization of local human resources by organizations in each region. Specific measures include rotation of locally recruited staff within each region, and assigning staff from overseas offices and Group companies to important positions. In tandem, we are promoting global human resource development and utilization by providing support from Tokyo Head Office to regional organizations with recruitment, establishing training systems, and other aspects.

#### Overseas Employees by Region (as of March 31, 2014)

(Units: People)

	Locally hired employees	Hired by Head Office	Total
East Asia	618	95	713
Asia & Oceania	841	161	1,002
Europe, Middle East, Africa & CIS	659	171	830
Americas	505	177	682
Total	2,623	604	3,227

\* Employees temporarily assigned to Group companies are not included in the above figures.

## Strengthening Globally Oriented Human Resource

### Development: the Sumitomo Corporation Global HRD Center

We opened the Sumitomo Corporation Global HRD Center in Ginza, Chuo-ku, Tokyo in April 2012 to serve as a training center to develop global talent and as a strategic multi-purpose facility. The training center is fully utilized to promote our global human resource development and diverse human resource activities, as well as to provide a multi-purpose, versatile space used to assist Head Office functions. In this facility, global colleagues from around the world, irrespective of organization or country, meet for intensive discussions on the future visions and strategies of the Sumitomo Corporation Group. In fiscal 2013, the facility was used by a total of 9,236 people from throughout the Group.



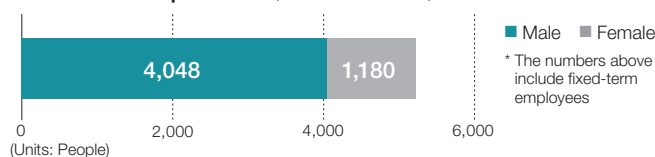
Sumitomo Corporation  
Global HRD Center

## ■ Utilization of Human Resources: Promoting Diverse Human Resource Activity

### Cultivating a Workplace Culture With Respect for Diversity

As the needs of workers have become increasingly diversified across society, Sumitomo Corporation has been quick to respond to various social needs, introducing the concept of work-life balance, promoting lively work styles based on high quality of life and resulting in efficient work practices, and encouraging more active involvement of female employees in business, pushing back the retirement age, and deploying non-Japanese national employees. We are implementing a variety of initiatives to cultivate a culture at the workplace that respects the diversity of human resources so that this diverse talent can capitalize on their different backgrounds to create new value and achievements in their respective fields, thus contributing to the sustainable growth of the Group.

### Ratios of Male and Female Employees in Sumitomo Corporation (As of March 31, 2014)



### Average Employee Turnover Rate in Fiscal 2013

<b>3.39%</b>	Number of employees who left the company in fiscal 2013:	182
	Total number of employees as of April 1, 2013:	5,362

## Promoting Work-Life Balance Programs and Measures

In April 2005, Sumitomo Corporation established the SCG Counseling Center, to promote mental health care for Group employees. At the same time, we organized a Company-wide Work-Life Balance (WLB) Promotion Project Team. Later, the Triton Sukesuku Square in-house daycare center was established to provide child-care services for Sumitomo Corporation Group employees. These are just some of the measures that we have introduced, along with various related systems such as spouse maternity leave. The best way to achieve a good work-life balance differs for each person, depending on their values and lifestyle. Sumitomo Corporation believes that workers who are fulfilled in both their professional and private lives find more energy and motivation, leading them to create new value. Moreover, in order to promote vibrant, positive working environments, we communicate actively with the employees' union, to which the majority of employees belong (55.0% as of March 31, 2014), to enable us to reflect employees' opinions as we formulate and implement measures.

### Usage of Various Systems (Fiscal 2013)

System	Number of users
Spouse's maternity leave	80
Leave to look after a sick child	128
Child-care leave*	24

\* 100% of female employees who gave birth during the fiscal year used this system

## Providing Opportunities for Young Employees to Develop Their Careers as Well as for Senior Employees to Make the Most of Their Experience

Sumitomo Corporation has a Career Advisor Program in place to provide opportunities for young employees to develop their careers and for senior employees to make the most of their experience. In this program, senior employees with abundant experience in their respective careers are chosen and designated as career advisors (CAs) for each division to support employee career development.

These CAs have three major roles to play: they provide support and advice to individuals (staff) and management in their organization (their managers), and act as a communication bridge between individuals and the organization. The CAs thus support the career development of each employee and creation of a good work environment in which employees can exercise their capabilities and personalities to the maximum extent.

### Career Advisor System Overview



Please refer to the following website for further details about our initiatives.  
<http://www.sumitomocorp.co.jp/english/company/talent/>



## Towards a Better, Sustainable Society (CSR)

## Message from the Chair of the CSR Committee

## CSR in the Sumitomo Corporation Group



Yasuyuki Abe

Director, Senior Managing Executive Officer,  
General Manager,  
Corporate Planning & Coordination Group

## CSR in the Sumitomo Corporation Group

In the preamble to the Corporate Mission Statement, the Group sets out its 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.” The statement continues to describe the corporate mission, which is, “To achieve prosperity and realize dreams through sound business activities,” and the management style, which is, “To place prime importance on integrity and sound management with utmost respect for the individual.”

The Sumitomo Corporation Group regards CSR as working to achieve our corporate vision by staying true to the management style described in our Corporate Mission Statement, engaging in responsible corporate management, and working to fulfill our corporate mission. In other words, CSR is nothing other than putting our Corporate Mission Statement into practice, engaging in sound business activities and having every member of the organization perform his or her daily duties with spirit and a strong sense of ethics.

Taken from a CSR viewpoint, in order for the Sumitomo Corporation Group to contribute to the development of a sustainable society and grow along with society, we must create and provide new social values through our business activities, which would in turn result in enhanced corporate value. We feel the Sumitomo Corporation Group’s CSR should revolve around the plan-do-check-act (PDCA) cycle. We develop an accurate understanding of social issues and identify new needs through dialogue with stakeholders. We then offer proposals to provide the solutions by bringing together the Group’s unique strengths and capabilities, to boost earnings and expand business activities by improving the standard of living and contributing to the development of economies, industries and societies in the communities and

countries where we conduct business.

We will celebrate the centennial anniversary of our founding in 2019. To ensure that we are among the first to respond to the dramatically changing business environment and continue to grow along with society for another 50 years, 100 years, and beyond, we believe it is critical that we consider what we should do and how we should do it as a corporation, and then follow up by planning and implementing business strategies.

## Progress and Achievements of Our CSR Efforts

One key step we took to put CSR into practice over the past year was working to deepen employees’ understanding of our Corporate Mission Statement—the foundation of the Group’s CSR activities. We took opportunities to further entrench this statement globally.

Meanwhile, the Sumitomo Corporation Group has also been an active participant in a local network of the UN Global Compact, the Global Compact Japan Network. In fiscal 2013, we took part in workshops on ISO 26000, environmental management and human rights, obtaining the latest information on global trends and advanced case studies and acquiring specialist knowledge from experts, which we have used to evolve our promotion of CSR. In November 2013, we partially revised the Sumitomo Corporation Group CSR Action Guidelines for Supply Chain Management in regard to the importance of respecting human rights throughout the supply chain.

Furthermore, in the belief that we should raise the level of CSR promotion, all sales departments conducted a self-diagnosis based on ISO 26000, the CSR global standard. Going forward, we will designate priority issues and move toward improving them based on PDCA.

## On Annual Report 2014

Sumitomo Corporation published a print edition of the Report on Responsibility & Sustainability through fiscal 2012. From Annual Report 2013 onwards, we have integrated the print edition with our annual report and offered greater information on CSR initiatives. In addition to providing more detailed reporting of the Group’s CSR promotion as well as its environmental and social initiatives, we introduce the CSR initiatives that each business unit is implementing through its business activities in the segment overviews of the report, in messages from the General Managers of each unit.

While continuing to pursue an involvement with CSR that is appropriate for a corporate group with global operations, the Sumitomo Corporation Group will realize its corporate vision by striving to create value that nobody else can match in ways befitting our distinctive identity.

## Major CSR Promotion Activities

### CSR Promotion Framework

Since establishing the Environment & CSR Department in April 2008, Sumitomo Corporation has aggressively pursued CSR in cooperation with relevant internal departments, domestic and overseas organizations, and Group companies. We have also established the CSR Committee as an advisory body to the President and CEO. The committee's activities include examining and discussing the Company's CSR frameworks and promotion measures. In addition, we set up the Global Environment Committee within the CSR Committee to promote environmental management activities based on the ISO 14001 standard and to hold environmental seminars and more.

The CSR Committee is headed by the General Manager of the Corporate Planning & Coordination Group, and its members are General Managers from the Corporate Group and General Managers of Planning & Administration Depts. of each business unit. The committee meets annually in principle. At the CSR Committee meeting in March 2014, a basic CSR policy and future direction was established after reviewing the steps taken in fiscal 2013. Specifically, the committee discussed the following: 1) using ISO 26000 as a reference for measures to further raise the quality of CSR promotion, 2) actively

transmitting information about matters like CSR through our business activities, 3) moving ahead with improving the efficiency of environmental management activities to a new level, and 4) focusing on social contribution activities befitting our distinctive identity.



### Promoting Practical Application of Our Corporate Mission Statement throughout the Group Worldwide

We believe ongoing value creation and widespread contributions to society through business activities start with practicing our Corporate Mission Statement. Accordingly, we take every opportunity to deepen the understanding of this statement and expand its reach throughout the Group. We include employees of all ranks, locally hired employees at overseas offices, and employees of Group companies in our various training programs to enhance awareness and penetration of the Corporate Mission Statement. We also utilize tools like e-learning and training materials developed in-house to foster greater understanding of the story behind the establishment of the Corporate Mission Statement as well as Sumitomo's Business Philosophy that is its underlying foundation. Our organizations overseas are also leading initiatives to

raise employee awareness in step with advancement of our global operations. By ensuring that every Sumitomo Corporation Group employee fully grasps the Corporate Mission Statement and puts it into practice in their daily business activities, we will demonstrate our core competence—our integrated corporate strengths—on a global scale. We also believe that sharing these values with our business partners around the world will enable us to build a more solid, sustainable business foundation.



Training for locally hired employees

### Initiatives for the United Nations Global Compact

The Sumitomo Corporation Group has declared its support for the 10 principles of the UN Global Compact, as this international CSR-related initiative shares the same values as our Corporate Mission Statement. With our participation in the Global Compact, we committed ourselves to making further improvements by constantly considering enhancements to our business activities in light of the values advocated by the 10 principles.

In fiscal 2013, we took part in the Leader's Summit held in New York in addition to continuing to actively participate in the activities of

the Global Compact Japan Network. Amid these activities, at a small group session on human rights education, we endeavored to gather a variety of information from the participating companies from diverse industries about human rights, exchanged information about effective teaching methods and produced useful teaching materials for in-house training and seminars related to raising awareness about human rights.



\* We also support the Universal Declaration of Human Rights, which the 10 principles of the UN Global Compact are derived from.

### CSR Initiatives for Supply Chain Management

To learn more about our CSR initiatives for supply chain management, please refer to the following website.

<http://www.sumitomocorp.co.jp/english/csr/policy/activities/>



## Environmental Initiatives

### Environmental Management

Throughout its 400-year history, the Sumitomo Group has pursued industrial development that co-exists with local communities and the natural environment. Using the experience it has built up over this long period, the Sumitomo Corporation Group is committed to contributing to the sustainable development through sound business activities that take into account global environmental issues.

### Environmental Policy

All Group companies carry out environmentally sound management under a common environmental policy, including those participating in the Group's environmental management system,

in order to reduce our environmental impact and improve environmental conditions through our business activities.

#### Sumitomo Corporation Group Environmental Policy

The Sumitomo Corporation Group recognizes that environmental issues are global in scale and are long-term matters affecting future generations. As a global organization, 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. With this as its basic policy, the Sumitomo Corporation Group strives to achieve environmental management in its commercial trading, business development, and investment, etc., based on the guidelines stated below.

##### I. Basic Policy

The Sumitomo Corporation Group recognizes that environmental issues are global in scale and that they are long-range concerns affecting future generations. As a global organization, 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.

##### II. Basic Guidelines

In pursuing its diversified business activities both within Japan and overseas, the Sumitomo Corporation Group shall comply with the following guidelines, and, through cooperation between its Group companies, work to achieve the aims of its basic environmental policy.

###### 1. Basic stance with regard to the environment:

To attach great importance to protecting the global environment as a good corporate citizen in keeping with its Activity Guidelines.

###### 2. Compliance with environmental legislation:

To strictly observe legislation related to environmental matters not only in Japan but also overseas and abide by any agreements undertaken by the Group companies.

###### 3. Caring for the natural environment:

To protect the natural environment and preserve biodiversity.

###### 4. Efficient use of resources and energy:

To be mindful of the finite availability of resources and energy and strive to use them both efficiently and effectively.

###### 5. Contributing to the building of a recycling-oriented society:

To endeavor to help build a recycling-oriented society by reducing waste and reusing and recycling resources.

###### 6. Promotion of businesses that contribute to environmental preservation:

To utilize our integrated corporate strength to promote businesses and projects, which contribute to environmental preservation and reduction of the impact of society on the natural environment.

###### 7. Establishment of environmental management:

To use an environmental management system to prevent environmental pollution and set environmental objectives and targets which are regularly reviewed and continuously upgraded.

###### 8. Disclosure of the Environmental Policy:

To communicate this Environmental Policy to all people who are working for or on behalf of the Sumitomo Corporation Group, as well as disclosing it externally.

June 22, 2012  
President and CEO, Sumitomo Corporation  
Kuniharu Nakamura

### Environmental Management System

The Group has obtained certification for the ISO 14001 standard and has been working to implement environment management activities.

The Group's integrated authentication enables unified environmental management of many different offices and organizations in line with the Sumitomo Corporation Group Environmental Policy. As of June 2014, approximately 19,000 employees in total from all domestic locations of Sumitomo Corporation and its 29

Group companies are participating in these environmental management activities under the Group's integrated authentication.

For information about Group companies that have obtained ISO 14001 certification, please refer to our corporate website.

[http://www.sumitomocorp.co.jp/english/csr/environment/manage/iso\\_management/](http://www.sumitomocorp.co.jp/english/csr/environment/manage/iso_management/)



ISO14001  
JQA-EM0451

## Environmental Objectives and Targets

### Targets for Fiscal 2013 and 2014

Management Area	Objectives	Fiscal 2013 Targets	Fiscal 2014 Targets
Environmental business	Improve the environment by way of business and expand environmental businesses	Expand renewable energy businesses Promote businesses to help create a recycling-oriented society Promote projects to save energy and reduce greenhouse gas emissions	Expand renewable energy businesses Promote businesses to help create a recycling-oriented society Promote other businesses to reduce environment impact
Management of environmental impact	Reduce environmental impact of business	Monitor and reduce electricity, gas consumption, and waste emissions at all offices in Japan Assess environmental impact caused by business operations Assess and promote the reduction of environmental impact of the supply chain involved	Monitor and reduce electricity, gas consumption, and waste emissions at all offices in Japan Assess environmental impact caused by business operations Assess and promote the reduction of environmental impact of the supply chain involved
Hazardous substance management	Comply with chemical substance regulations	Strengthen the control of chemical substances and encourage suppliers and consignees to participate	Strengthen the management system for chemical substances and supply chain management
Logistics management	Promote energy conservation in logistics	Formulate and implement specific energy conservation plans for transporting cargo Strengthen ties with domestic carriers to achieve efficient transportation and analyze their efficiency	Formulate and implement specific energy conservation plans for transporting cargo Conserve energy by analyzing and achieving for efficient transportation through strengthening ties with domestic carriers
Legal compliance	Proper disposal of waste in accordance with the Waste Disposal and Public Cleaning Act	Educate employees through training seminars on the Waste Disposal and Public Cleaning Act Implement on-site inspections and promote information sharing with other Group companies	Educate employees through continuous training seminars on the Waste Disposal and Public Cleaning Act Implement on-site inspections and promote information sharing with other Group companies
Environmental education	Raise employees' environmental awareness	Hold events like awareness-raising seminars related to environmental conservation Share information related to environmental management through the ISO Office (Environment & CSR Department)	Hold events like awareness-raising seminars related to environmental conservation Share information related to environmental management through the ISO Office (Environment & CSR Department)

Please refer to the following website for information about our results on fiscal 2013 targets.

[http://www.sumitomocorp.co.jp/english/csr/environment/manage/target\\_results/](http://www.sumitomocorp.co.jp/english/csr/environment/manage/target_results/)

## Environmental Accounting

### Environmental Accounting for Fiscal 2013

(Thousands of yen)				(Thousands of yen)		
Environmental conservation costs	Investment	Costs	Main benefits	Data scope:	Investment	Costs
(1) Business area cost	87,076	1,057,775	Environmental conservation	Head office, regional offices and branches in Japan (nine in all)	78,241	1,160,273
(2) Upstream and downstream cost	0	2,011	Energy conservation, resource conservation, and waste reduction	Group companies with ISO 14001 certification (29 in all)	11,190	610,947
(3) Administration cost	2,355	494,895	ISO 14001, environmental communication and environmental training	Total	89,431	1,771,221
(4) R&D cost	0	191,311	Environmental businesses and footprint	Data collection period: April 2013 to March 2014		
(5) Social activity cost	0	24,695	Cooperation with NGOs and NPOs			
(6) Environmental remediation cost	0	533	Restoring the environment naturally back to its original state			
Total	89,431	1,771,221				

### The Environmental Conservation and Economic Benefits in Fiscal 2013

	Consumption in fiscal 2013	Environmental conservation benefits (YoY)	Economic benefits
Electricity*	7,859 MWh	246 MWh	5,494 thousand yen
Paper*	30,645 thousand sheets	3,708 thousand sheets	3,018 thousand yen
Water**	44,390 m <sup>3</sup>	1,302 m <sup>3</sup>	1,036 thousand yen

Data scope: Head office, regional offices and branches in Japan  
(\*nine in all, \*\*three major offices)

### Environmental Liabilities Identified

At the Sumitomo Corporation Group, environmental risks associated with land, buildings and other tangible fixed assets of Sumitomo Corporation and Group companies are identified and monitored using the ISO 14001 management methods, especially focusing on asbestos, PCB and soil contamination. The Company endeavors to apply the data obtained as information useful for management in making decisions. Also, the obtained and relevant information is included in related in-house seminars and training programs, in order to facilitate the sharing of relevant information within the Group.

## Environmental Performance Data

The Sumitomo Corporation Group considers the environment through its business activities, while making efforts to reduce the energy consumption and waste emissions in its offices.

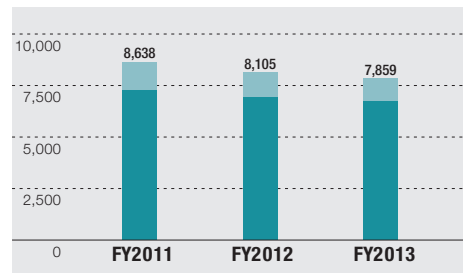
\* Data for electricity consumption, CO<sub>2</sub> emissions (in offices), waste emissions, and water consumption includes data from some Group companies.

\* Previous years' data for electricity consumption, CO<sub>2</sub> emissions (in offices), waste emissions, water consumption, and paper consumption have been revised to reflect a revision of the scope for data collection in line with actual management status.

\* Data scope: Head office, regional offices and branches in Japan (\*The three major offices for water consumption, nine in all for other data)

### Electricity Consumption

(1,000 kWh)

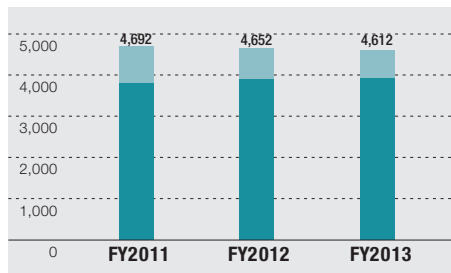


■ Head office ■ Regional offices and branches in Japan

\* Sumitomo Corporation has set a target of reducing electricity consumption by 1% annually.

### CO<sub>2</sub> Emissions (in offices)

(t-CO<sub>2</sub>)



■ Head office ■ Regional offices and branches in Japan

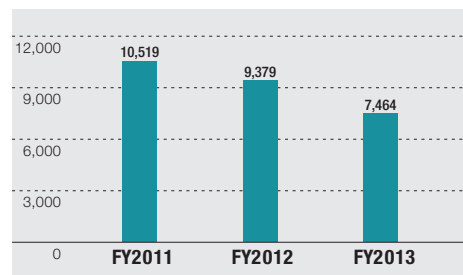
\* For the breakdown of CO<sub>2</sub> emissions, Scope 1 is 206 tons and Scope 2 is 4,406 tons.

\* The above figures indicate total amounts of CO<sub>2</sub> emissions stemming from use of electricity, utility gas and district heat (cooling/heating water), which are calculated using the following factors:

CO <sub>2</sub> emission factors	FY2011	FY2012	FY2013
Electricity (kg-CO <sub>2</sub> /kWh)	0.429	0.441	0.441
Utility gas adjusted based on standard heat value (t-CO <sub>2</sub> /thousand m <sup>3</sup> )	2.234	2.234	2.234
Heat (in head office) (t-CO <sub>2</sub> /GJ)	0.034	0.041	0.046
Heat (in other than head office) (t-CO <sub>2</sub> /GJ)	0.057	0.057	0.057

### CO<sub>2</sub> Emissions (in logistics)

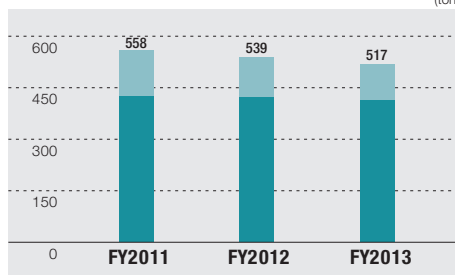
(t-CO<sub>2</sub>)



\* CO<sub>2</sub> emissions in logistics are for cargoes within Japan where Sumitomo Corporation is the cargo owner according to the Act Concerning Rational Use of Energy.

### Waste Emissions

(tons)

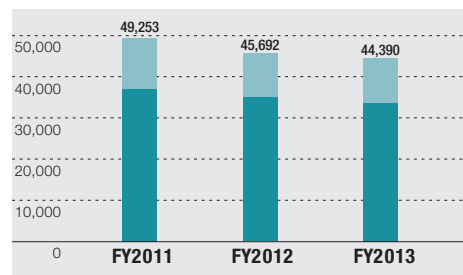


■ Head office ■ Regional offices and branches in Japan

\* Fiscal 2014 targets of Sumitomo Corporation are set at 513 tons for waste emissions. Assuming a 92% recycling rate, 41 tons of waste would be sent to landfill.

### Water Consumption

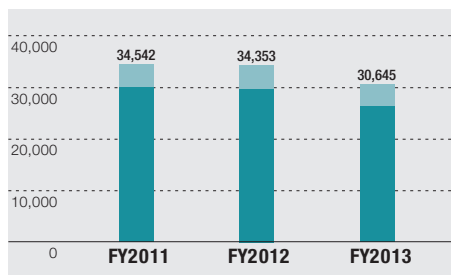
(m<sup>3</sup>)



■ Head office ■ Regional offices and branches in Japan

### Paper Consumption

(1,000 sheets)



■ Head office ■ Regional offices and branches in Japan

\* Calculated from the purchase amount of office paper and the unit price of A4 paper.

Please refer to the following website for detailed information on environmental performance data and third-party assurance.

[http://www.sumitomocorp.co.jp/english/csr/environment/manage/load\\_data/](http://www.sumitomocorp.co.jp/english/csr/environment/manage/load_data/)

## CSR Through Business Activities

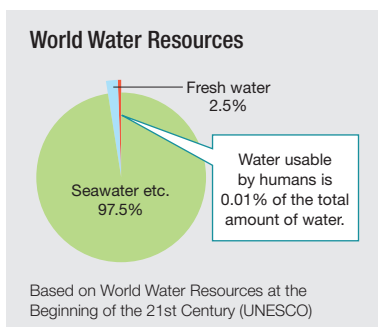
The Sumitomo Corporation Group has established an environmental policy of striving to achieve sustainable development, through sound business activities, aimed at symbiosis between social and economic progress and environmental preservation, under which it is promoting numerous environmental businesses.

### Working Around the World to Close the Loop in the Water Cycle and Enable the Efficient Use of Precious Water Resources

#### ■ Water, a Precious Resource We Can't Live Without

Water is a precious resource that is indispensable for life. Almost all of the water resources on Earth, called the "Water Planet," are seawater, with fresh water representing only 2.5% and, when it comes to water that is usable by humans, the figure plummets to 0.01%.

There are no alternatives to existing water resources and resources are unevenly distributed around the world, which means countries in regions such as the Middle East, North Africa, and Asia are always worried about water. Furthermore, as a result of rapidly increasing populations and accelerating urbanization and industrialization, water demands have been growing continuously while the capacity of the environment to supply safe and sanitary water has been deteriorating. Given this, water security is expected to become an even more serious issue in the coming years.



#### ■ Aspiring to Become an Integrated Water Business Company

The Sumitomo Corporation Group is involved in developing recycling systems through activities such as water supply and sewage treatment operations and the seawater desalination business in areas around the world to create solutions for water problems.

For example, in Mexico, where sewage systems have lagged behind water supply systems, we have been cooperating since 2004 on a joint project in sewage treatment business with Degrémont S.A., a French water service company. This business recycling sewage for agricultural and industrial use is contributing to improving the environment in Mexico. And in China, which is developing the sewage infrastructure at speed as it tries to cope with more stringent environmental regulations accompanying its rapid economic development, we are involved in a joint sewage treatment business with a local water company. In Oman, where demand for water is increasing, we are taking part in a water production business that uses reverse osmosis to desalinate seawater.

Furthermore, in 2013, we acquired Sutton & East Surrey Water (SESW) plc. in the U.K. with the aim of fully participating in a project to privatize water supply services right through from collection from

rivers and underground springs to filtering and then supply. At present, we operate SESW as a joint venture with Osaka Gas Co., Ltd. Going forward, we will not only engage in other water-related business activities outside of the U.K., but also provide a variety of functions that help to improve the world's water environment.



An SESW reservoir amid rich natural surrounds

#### ■ Developing Recycling Systems by Way of Public and Private Partnerships

In Japan, water supply and sewage is usually undertaken by local governments, which boast world-class skills and technologies for operating, managing, and maintaining water and sewage treatment plants and water and sewer pipes, achieving low water leakage rates, and reusing treated sewage, among others. Sumitomo Corporation seeks to contribute to the realization of a safe, sanitary water environment by exporting an integrated solution that combines the know-how of Japanese local government outfits with the technologies of the private sector and our own integrated capabilities as an integrated trading company together into a single package. To this end, we have already taken the first step by launching a project in Malaysia in cooperation with the Tokyo Metropolitan Government.



Design support for sewage treatment facilities by the Tokyo Metropolitan Sewerage Service Corporation

The Group is contributing to solutions for water problems through developing multifaceted water businesses on a global level.

Please refer to the following website for further details about our initiatives.

<http://www.sumitomocorp.co.jp/english/csr/environment/>



## Social Initiatives

### Social Contribution Activities

The Sumitomo Corporation Group, as a global organization, conducts various social contribution activities in many countries and regions around the world while working to further strengthen its relationships with local stakeholders in consideration of the unique social conditions of each community.



#### IN EUROPE • CIS • MIDDLE EAST • AFRICA

- Support for the activities of Shakespeare's Globe Theatre in contributing to the development of dramatic art and culture in local communities – U.K. **1**
- Donation of operating funds and uniforms to local soccer teams – France
- Co-sponsor of Japan Foundation's *Nihon no Aki* (Japanese Autumn) program for introducing Japanese culture – Russia
- Co-sponsor and awards donor of Japanese speech contests – Russia, Czech, Kazakhstan
- Support for AURORA CENTER, a local NGO developing operations supporting school attendance by children with disabilities – Romania
- Participation in a tree-planting event to create a Japanese garden where people can relax – Ukraine **2**
- Support for the construction of a training centre for early childhood teachers at Qatar University – Qatar **3**
- Donation of a vehicle for people with disabilities to a rehabilitation center – Libya **4**
- Support for the mobile library project run by local NGO SAPESI – South Africa
- Support for the Sankyu Thank You Project protecting the lives of pregnant mothers giving birth and their babies – Kenya, Uganda **5**
- Support for infrastructure and health care improvements of local communities as part of the Ambatovy nickel project – Madagascar

#### IN JAPAN

- Implementation of the Sumitomo Corporation Youth Challenge Program for the Revitalization of East Japan in support of young people working to help affected areas recover from the Great East Japan Earthquake
- Support for the TOMODACHI Initiative, a public-private partnership for nurturing the next generation of leaders in the U.S. and Japan
- Support for the activities of the Junior Philharmonic Orchestra
- Support for production and proliferation of "barrier-free" movies watched with audio descriptions and Japanese-language subtitles **6**
- Hosting company training and providing homestays for university students from China **7**
- Hosting "Have Fun with Mom," a tour to a food manufacturer for children and their mothers **8**
- Participation in the Pink-ribbon Movement for the eradication of breast cancer
- Organizing events for local residents hosted by commercial complexes of the Sumitomo Corporation Group, such as Terrace Mall Shonan **9**
- Support for TABLE FOR TWO and CUP FOR TWO activities
- Cooperation with Japanese Red Cross Society blood donation campaigns
- Cooperation with the Japan-Korea Strait College, providing internships for students from Kyushu University and Pusan National University **10**
- Participation in bottle-cap campaign aimed at providing polio vaccines to children throughout the world

## The Sumitomo Corporation Group's Basic Principles on Social Contribution Activities

### OBJECTIVE

We, as a global organization, will work on social issues through our business activities and social contribution activities with the aim of building a sustainable society by implementing the Sumitomo Corporation Group's Management Principles and Activity Guidelines.

### ACTIVITIES

We will engage 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 will also take part in various activities as a good corporate citizen.

### APPROACH

We will perform and seek to continuously improve our activities with modesty and high aspirations and endeavor to maintain a high level of transparency while strengthening our relationships with all our stakeholders.



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## IN ASIA • OCEANIA

- Sumitomo Corporation Scholarship to help university students in Asia – various Asian countries **11**
- Internship programs, work experience programs, and office tours for students – various Asian countries **12**
- Courses bearing the Sumitomo Corporation name at Tsinghua University – Beijing and Nankai University – Tianjin in China, and National Economics University and Foreign Trade University in Hanoi, Vietnam
- Donation of monetary relief for areas affected by typhoons, floods and other natural disasters – China, the Philippines
- Educational assistance for students from impoverished areas in Anhui, Guangdong and Yunnan provinces – China
- Donation and delivery of coal to elderly citizens living alone to enable them to warm their homes – South Korea **13**
- Support for educational and infrastructure improvements in local communities as part of overseas industrial park development projects – Vietnam, the Philippines, Indonesia
- Japanese language education and culture learning for junior high school students in Da Nang City – Vietnam
- Support for educational and health care improvements in local communities as part of the Tanjung Jati B coal fired power plant project and the Batu Hijau copper and gold mine business – Indonesia
- Donation of cash, books, food and other items to facilities for children in slum areas – Thailand **14**
- Donation of uniforms and school supplies to elementary school children in impoverished parts of Yangon's suburbs – Myanmar **15**
- Conducting a technical training program for local students – India

## IN AMERICAS

- Support for the Center on Japanese Economy and Business, Columbia Business School – U.S.
- Support for organizing Japan Day, an event to showcase Japanese culture – U.S. **16**
- Support for art museums such as the Metropolitan Museum of Art and the Museum of Modern Art (MoMA) – U.S.
- Support for efforts to develop a cure for leukemia, Alzheimer's, and other diseases – U.S.
- Collection within a Group company for donating funds to the Children's Miracle Network, an organization supporting children's hospitals in various regions – Canada **17**
- Environmental protection such as by transplanting rare plants growing on a factory construction site and tree planting and contribution to local communities by developing public roads – Mexico
- Support for local cultural activities and sports events – Brazil
- Support for educational and infrastructure improvements in local communities as part of the San Cristobal silver, zinc and lead mine business – Bolivia
- Donation of Christmas cakes, school supplies and playground equipment to villages and elementary schools in close vicinity to company-owned forests – Chile **18**
- Support for indigenous people's villages project promoting fruit cultivation and folk handicrafts – Chile
- Donation of eucalyptus tree saplings to villages neighboring company-owned forests – Chile **19**



## Developing the Next Generation of Human Resources

### ■ Sumitomo Corporation Scholarship Starts in Myanmar

In 1996, we established the Sumitomo Corporation Scholarship as part of our 50th anniversary in the trading business. Through this program, we are supporting development of the next generation of leaders in Asia.

We started the scholarship program in Myanmar in 2013, and in January 2014 held a Scholarship Awarding Ceremony at the Yangon Institute of Economics, which received support through the program. Over 80 people attended the ceremony, including the 24 scholarship recipients, representatives from the Republic of the Union of Myanmar Ministry of Education, the local Japanese Embassy, and the Yangon Regional Government.

"It is an honor to have started this scholarship program in the same year that Japan and Myanmar marked the 60th year of diplomatic relations and 60th year since Sumitomo Corporation established a base in Myanmar," said Hideshi Mega, General Manager of the Yangon Office, Sumitomo Corporation Asia & Oceania Pte. Ltd. Mr. Mega presented each of the scholarship recipients with a certificate, and a representative of the recipients

gave a short speech. "We would like to use this scholarship as inspiration to study even harder and equip ourselves to contribute to society after graduation."

Sumitomo Corporation will continue to support the growth of students who will lead Myanmar's development moving ahead through this scholarship program.



The Scholarship Awarding Ceremony at the Yangon Institute of Economics

### ■ Sumitomo Corporation Youth Challenge Program for the Revitalization of East Japan Holding the Fiscal 2014 Activity and Research Subsidy Startup Orientation

The Sumitomo Corporation Youth Challenge Program for the Revitalization of East Japan supports the revitalization of regions and the rebuilding of the daily lives of those affected by the Great East Japan Earthquake. The program has entered its third year of activities. In March 2014, we held a Startup Orientation at our Head Office as part of the fiscal 2014 activity and research subsidy. 49 organizations eligible for the subsidy in fiscal 2014 were invited for an orientation on the subsidy and a presentation of subsidiary certificates. There were also reports from organizations that received the subsidy in fiscal 2013.

Selection Committee Chairman Takeshi Jitsuyoshi, Director and Executive Secretary of the Kobe Empowerment Center, revealed some of the selection criteria during his post selection speech, saying that some activities had been questioned for "supporting disaster-stricken areas but not necessarily fulfilling the essential requirements of the Youth Challenge Program," while others were questioned for "fulfilling the Youth Challenge but having little to do with recovery from the disaster." He also pointed out that "As needs for support are changing after three years from the earthquake, some organizations are beginning to struggle with the direction of their programs; support activities are entering a challenging phase."

In fiscal 2014, high school students also became part of the program, kicking off by deepening youth exchanges among 90 people with similar ambitions. We have expectations of spreading our circle of support through the sensitivity and vitality that are distinctive qualities of young people.



Young people with their presented items, preparing to deepen their understanding through subsidized activities

## Contributing to Local Communities All Over the World

### ■ Educational Support for Impoverished Areas in China

China's economy has grown remarkably in recent years, but even now there are students who have to give up on studying because of poverty. The Chinese government has made it a national project to prioritize supporting these impoverished areas and the Ministry of Foreign Affairs of China has been engaged in assistance efforts in Jinping and Malipo counties of Yunnan Province since 1992. Amid this climate, Sumitomo Corporation joined with the Ministry of Foreign Affairs of China to provide educational support for the impoverished areas in China's Yunnan Province from 2008, and has now decided to continue that support through to 2018. Over the next five years, 50 million yen in total will be donated to the Sumitomo Corporation Chinese Student Assistance Fund to maintain support for high school students from poor households so they may continue their studies.

In February 2014, we signed a second memorandum on such assistance with Chinese Ambassador to Japan Cheng Yonghua. "These are very meaningful activities and, on behalf of Jinping and Malipo counties and the Ministry of Foreign Affairs, I would like to express our heartfelt thanks for their continuation,"

Ambassador Cheng said.

Over the past five years the fund has helped 1,800 students go on to high school, 300 of whom have subsequently advanced to university. We hope that our activities supporting impoverished students with the ability and desire to learn and attend school, will lead to developing young human resources who will contribute to the development of local societies.



Chinese Ambassador to Japan Cheng Yonghua (center) at the signing ceremony

## Activities as a Good Corporate Citizen

### ■ Supporting the Activities of the Junior Philharmonic Orchestra (JPO)

The 55th Sumitomo Corporation Young Symphony Concert was held in November 2013 at the Main Hall in the Alios Iwaki Performing Arts Center in Iwaki by the Fukushima TV (FTV) Junior Orchestra and the Junior Philharmonic Orchestra (JPO), which we have been supporting since 1992. This was the second charity concert to have been held in disaster-stricken areas following a performance in Natori City, Miyagi Prefecture in November 2012. The concert attracted 923 people, who enjoyed the show.

Sumitomo Corporation matched the proceeds from the sales of tickets to the concerts with a donation of the same amount to the Great East Japan Earthquake Fukushima Children's Fund, operated by Fukushima Prefecture.

On the day of the concert the orchestra played "Symphony No. 9 in E minor, From the New World" and the musical story "Totto Chan: The Little Girl at the Window," with an encore featuring everybody in attendance forming a choir to sing "Furusato."

One of the comments from the audience was: "This live performance reverberated through to the depths of my heart and was so wonderful it almost made me forget about continuing the life of an evacuee."



Members of the two junior orchestras perform

Sumitomo Corporation provides a running update of the Group's social contribution activities around the world in the form of activity reports published on our corporate website to provide a broader overview including activities not mentioned in this publication.

<http://www.sumitomocorp.co.jp/csr/contribution/report/> (Japanese only)



Social Contribution Activity Report