
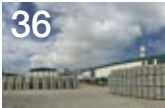






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Getting to Know Sumitomo Corporation

Scope of the Report

- Period covered:
April 1, 2014, to March 31, 2015
(Some activities starting on or after April 1, 2015, are included.)
- Organizations covered:
Sumitomo Corporation and the
Sumitomo Corporation Group
- Previous publication: August 2014
- Next publication: Fall 2016

Referenced Guidelines

- ISO 26000 (Guidance on Social Responsibility)
- Charter of Corporate Behavior
(September 14, 2010),
Nippon Keidanren (Japan Business Federation)
- GRI Sustainability Reporting Guidelines 2006,
Global Reporting Initiative
- "Environmental Reporting Guidelines 2012,"
issued by Ministry of the Environment,
Government of Japan

Cautionary Statement Concerning

Forward-looking Statements

This report includes forward-looking statements relating to our future plans, targets, objectives, expectations, and intentions. The forward-looking statements reflect management's current assumptions and expectations of future events and, accordingly, they are inherently susceptible to uncertainties and changes in circumstances and are not guarantees of future performance. Actual results may differ materially, for a wide range of possible reasons, including general industry and market conditions and general international economic conditions. In light of the many risks and uncertainties, you are advised not to put undue reliance on these statements. The management targets included in this report are not projections, and do not represent management's current estimates of future performance. Rather, they represent targets that management strives to achieve through the successful implementation of the Company's business strategies. The Company may be unsuccessful in implementing its business strategies, and management may fail to achieve its targets. The Company is under no obligation—and expressly disclaims any such obligation—to update or alter its forward-looking statements.

Our History 10

Our Business 12

Our History

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

Rules Governing the House of Sumitomo

The Besshi Copper Mines (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 mines who later became Sumitomo's first Director-General, acted boldly and modernized the operation with Western style technologies.

Hirose's operational reforms saved the mines 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."



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

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

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 Building Annex where Nippon Engineering's head office was located

2000

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 the 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

Roots of Sumitomo Corporation and advance into trading business

1919: Foundation

Sumitomo Corporation was originally founded as the Osaka North Harbour Company Limited, in December 1919. The company engaged in real estate management, conducting land reclamation in the Hokko (North Port of Osaka) and the development of the surrounding areas, along with other activities.

1945: Advance into trading business

In 1945, the company was renamed Nippon Engineering Co., Ltd., and advanced into the trading business, handling products from Japan's major manufacturers as well as products manufactured by its own group companies. From then on, the company focused on trading, aiming to expand both the range of products it traded and the industrial segments in which the company operated.



1980s

Pursuit of vision of Integrated Business Enterprise

- 1985
 - Plaza Accord
 - Rapid yen appreciation
 - Monetary easing policies instituted by the Bank of Japan

1979

- Second oil crisis

1986

- Sharp rise in real estate prices due to creation of asset price bubble

1980

- Iran-Iraq War

1971

- Nixon Shock

1973

- First oil crisis
- Transition to floating exchange rate system

1970

- Expo '70 in Osaka

1960s

Reorganization for expansion

1950

- Special demand for supplying the United States in the wake of the Korean War
- Japanese economy makes strides toward recovery

1964

- Summer Olympics in Tokyo

1955

- Japanese post-war economic miracle
- Exports stimulated and trade deregulated

1945

- End of World War II
- General Headquarters of the Allied Powers in Japan issues an order calling for the dissolution of *zaibatsu*

1950s

Early period—Solidification of management foundation

1950: Expand its presence abroad

The company began steadily expanding its presence overseas, posting an employee to Bombay (now Mumbai), India for the first time in 1950, and subsequently establishing a U.S. subsidiary in New York in 1952.

1952: Name changed to Sumitomo Shoji Kaisha, Ltd.

The General Headquarters of the Allied Powers in Japan issued an order calling for the dissolution of *zaibatsu* financial conglomerates in 1945. As a result, the usage restriction of the "Sumitomo" trade name and trademark were abolished in 1952 in conjunction with the signing of the Treaty of Mutual Cooperation and Security between the United States and Japan. Accordingly, the company's name was changed to Sumitomo Shoji Kaisha, Ltd., at this time.

1970s

Establishment of management foundation as an integrated trading company

1962: Adoption of the product division structure

In conjunction with the expansion of its business area and transaction volumes, for enabling all of the Company's business to be advanced through unified policies, the product division structure was adopted in 1962. This move involved consolidating the Osaka and Tokyo sales offices and creating nine product divisions: Iron & Steel, Nonferrous Metals, Electric, Machinery, Agriculture & Fishery, Chemicals, Textiles, General Products & Fuel, and Real Estate. These product divisions were assigned the responsibility for transactions and profitability as well as the human resources-related authority for their respective business.

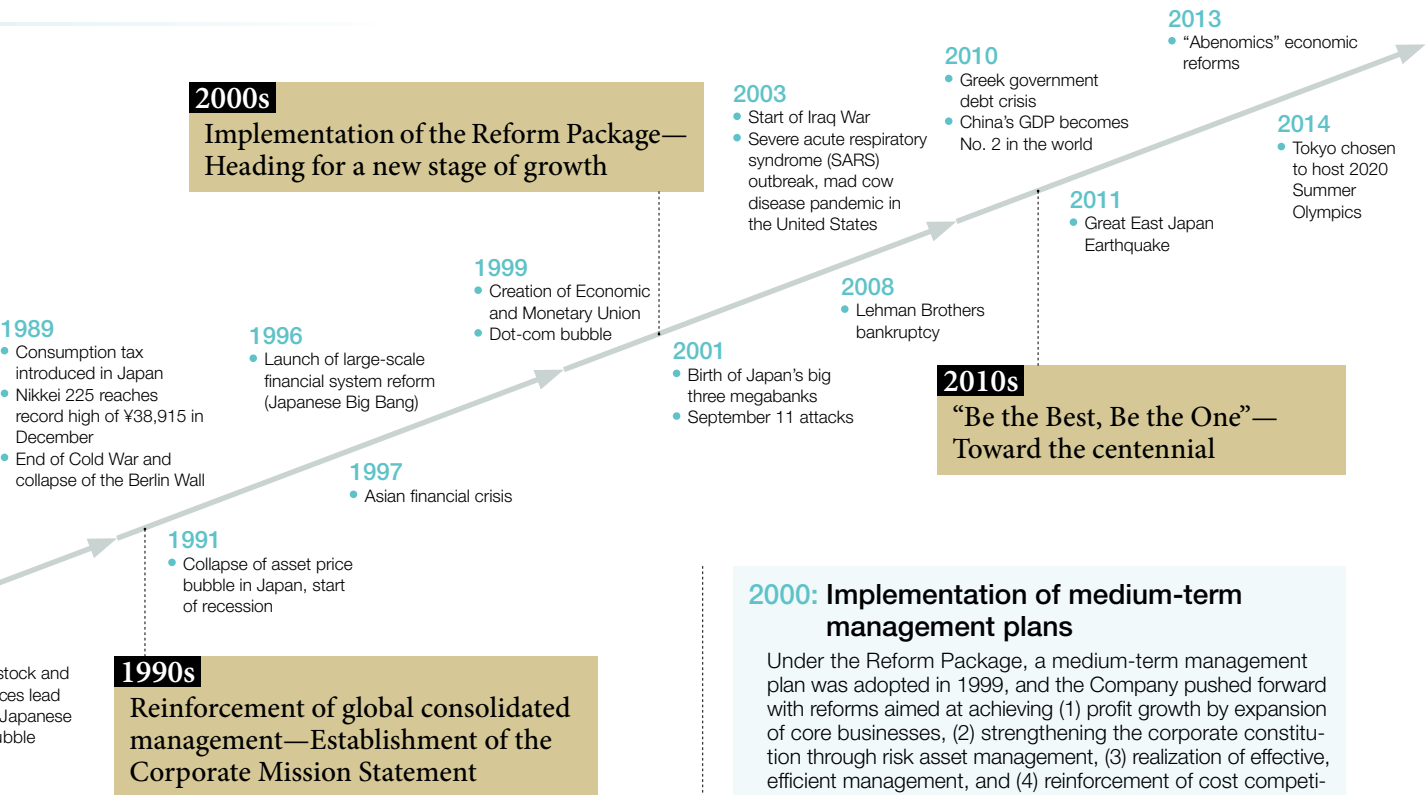
1977: "Big Three & The Best"

In 1977, the Company launched its slogan of "Big Three & The Best," and passionately pursued the goal which signified it as being one of the top three companies in terms of total trading transactions and the overall best company in the industry from an all-encompassing standpoint by improving profitability and efficiency.

1979: Introduction of sales division system

In 1979, a sales division system was introduced in connection with the expansion of the Company's business scope. By promoting empowerment to the four newly established sales divisions—Iron & Steel; Machinery & Electric; Nonferrous Metals, Chemical & Fuel; and Consumer Products—flexibility in sales division was greatly improved.

We aim to be a global organization that constantly stays a creates new value, and contributes broadly to society.



stock and
ces lead
Japanese
bubble

1988: Vision of Integrated Business Enterprise

In 1988, the Company set out its vision of becoming an Integrated Business Enterprise and promoted (1) acceleration of business activities, (2) expansion into downstream fields, and (3) reinforcement of Integrated Corporate Strength, based on existing trading activities. Through these promotions, the Company aimed to form two major revenue sources: trading activities and business activities.

1996: The copper incident

In 1996, it came to light that the general manager of a sales department was conducting unlawful copper trading unbeknownst to the Company. This incident led to the recording of losses to the extent of ¥285.0 billion, and roughly a decade was required to resolve the issue. Learning from this experience, the Company implemented a strict internal control system to prevent the recurrence of similar acts.

1998: Establishment of the Corporate Mission Statement and introduction of the Risk-adjusted Return Ratio

In 1998, the Sumitomo Corporation Management Charter was revised, and the new Corporate Mission Statement was formed. The Risk-adjusted Return Ratio was introduced as a new management indicator to serve as a common benchmark for judging the profitability of projects based on the amount of returns generated compared with inherent risks.

2000: Implementation of medium-term management plans

Under the Reform Package, a medium-term management plan was adopted in 1999, and the Company pushed forward with reforms aimed at achieving (1) profit growth by expansion of core businesses, (2) strengthening the corporate constitution through risk asset management, (3) realization of effective, efficient management, and (4) reinforcement of cost competitiveness. After the conclusion of this plan, the Company worked to strengthen its earnings base by formulating and implementing a series of two-year medium-term management plans, including Step Up Plan, AA Plan, AG Plan, and GG Plan.

2001: Relocation of Head Office

In 2001, the names of the “Osaka Head Office” and “Tokyo Head Office” were abolished, and the Head Office functions were consolidated within a new location at Harumi Trinton Square, in Chuo-ku, Tokyo. At the same time, the Company introduced the business unit system, giving rise to the Kansai Regional Business Unit, Chubu Regional Business Unit, and Kyushu Okinawa Regional Business Unit.



Harumi Trinton Square was created through a development project that was spearheaded by the Company. With a scale of ¥300.0 billion, this project garnered a considerable amount of attention as the largest commercial facility development project in Japan at that time.

2015: Overall loss recorded due to substantial impairment losses

The Company has continued to strengthen its earnings base since the financial crisis that followed the bankruptcy of Lehman Brothers in 2008. However, in fiscal 2014 the Company recognized substantial impairment losses on several large-scale projects, forcing it to record an overall loss for the first time in 16 years.

2015: New medium-term management plan: Be the Best, Be the One 2017

In 2015, we launched our new medium-term management plan—“Be the Best, Be the One 2017.” To make Groupwide efforts in overcoming issues and to outline a path toward the realization of “What We Aim to Be” is theme for the management plan.

step ahead in dealing with change,

Our Business

We are developing a multifaceted business on a global scale to respond to the diverse needs of customers.

Number of Sumitomo Corporation Group Employees

75,448

Number of Bases

138 bases in
67 countries worldwide

Total Assets

¥ **9,021.4** billion

Metal Products

The Metal Products Business Unit handles a wide range of metal products, including steel products, tubular products and steel sheets, and non-ferrous metal products, such as aluminum and titanium.

Number of steel service centers that process steel strips into various forms to be supplied to customers

32 centers in
13 countries worldwide

Number of countries in which the Company conducts tubular product supply chain management to provide a one-stop service ranging from ordering to inventory management, processing, inspection, and repairs

15 countries worldwide

Aluminum production volume of Press Metal Berhad, in Malaysia (after completion of 3rd phase construction)

760,000
tons/year

Transportation & Construction Systems

The Transportation & Construction Systems Business Unit is advancing manufacturing, sales, leasing, financing, and various other operations in the areas of ships, aircraft, railway, automobiles, and other transportation systems as well as construction equipment.

Number of aircraft owned and managed in the aircraft operating lease business of SMBC Aviation Capital Japan Co., Ltd. (No. 3 in the world)

379

Number of vehicles for lease owned and managed around the world by Japan's largest motor vehicle leaser Sumitomo Mitsui Auto Service Company, Limited

Approx.
680,000

Number of service bases that conduct sales, rental, and product support services related to construction and mining equipment

355 bases in
15 countries worldwide

Environment & Infrastructure

The Environment & Infrastructure Business Unit is contributing to the development of society by conducting businesses around the world in the fields of electricity, renewable energy, logistics & insurance, and other infrastructure.

Annual transaction volume of electrical energy in Japan

Approx. **2** billion kwh

Net ownership capacity of power plants operated (including renewable energy)

6,800 MW

Number of companies that have set up operations in overseas industrial parks developed by Sumitomo Corporation

Approx. **360**

Media, Network, Lifestyle Related Goods & Services

The Media, Network, Lifestyle Related Goods & Services Business Unit provides consumer-oriented products and services in fields such as media, networks, retail, food, materials & supplies and real estate, and is developing businesses in these fields that are distinctive among general trading companies.

Number of subscribers to J:COM's Video, High-speed data, and Voice services

Approx. **5** million households

Share of domestic banana transactions by weight (Jan. 2014–Dec. 2014)

Approx. **32%**

Number of housing units provided through domestic condominium business that has continued since 1964

Approx. **56,000**

Mineral Resources, Energy, Chemical & Electronics

The Mineral Resources, Energy, Chemical & Electronics Business Unit holds interests and conducts trading in the mineral resources and energy field and is also developing business operations in the basic chemical, crop protection chemical, and electronics fields.

Scale of zinc production at the San Cristobal mine in Bolivia

No. **7** worldwide

Nickel production volume of Ambatovy nickel project in Madagascar (world's largest production volumes from integrated production systems when operating at full capacity)

60,000 tons/year

Number of countries in which the Company conducts crop protection chemical development and sales operations

30 countries worldwide