

OUR HISTORY

Supported by Sumitomo's business philosophy, the Sumitomo Corporation Group has continued to grow while tackling various operating environment changes.

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.

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.

Sumitomo's Business Philosophy

Honoring the principles of "integrity and sound management," we pursue sincere and sound business activities, acting with an enterprising spirit to contribute to society. Forming the base for Sumitomo Corporation's activities, this sentiment is encapsulated in Sumitomo's business philosophy, which has been passed down for more than 400 years since the inception of Sumitomo in the 17th century.



Monjuin Shiigaki, the origin of Sumitomo's business philosophy (Source: Sumitomo Historical Archives)



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

1950's 1960's 1970's

1950

Expansion of 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 San Francisco. Accordingly, the company's name was changed to Sumitomo Shoji Kaisha, Ltd., at this time.

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.

1945

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

1950

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

1955

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

1964

- Summer Olympics in Tokyo

1970

- Expo '70 in Osaka

1971

- Nixon Shock

1973

- First oil crisis
- Transition to floating exchange rate system

1979

- Second oil crisis

1980

- Iran-Iraq War

1985

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

▶ Please refer to the "BUSINESS HISTORY" section on page 26 for the history of business.

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.

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.

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.

1980's 1990's 2000's 2010's

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.

2001

Consolidated Head Office in Tokyo

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 Triton 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 Triton 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

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.

1986

- Sharp rise in stock and real estate prices lead to creation of Japanese asset price bubble

1989

- Consumption tax introduced in Japan
- Nikkei 225 reaches record high of ¥38,915.87 in December
- End of Cold War and collapse of the Berlin Wall

1991

- Collapse of asset price bubble in Japan, start of recession

1996

- Launch of large-scale financial system reform (Japanese Big Bang)

1997

- Asian financial crisis

1999

- Creation of Economic and Monetary Union
- Dot-com bubble

2001

- Birth of Japan's big three megabanks
- September 11 attacks

2003

- Start of Iraq War
- Severe acute respiratory syndrome (SARS) outbreak, mad cow disease pandemic in the United States

2008

- Lehman Brothers bankruptcy

2010

- Greek government debt crisis
- China's GDP becomes No. 2 in the world

2011

- Great East Japan Earthquake

2013

- "Abenomics" economic reforms
- Tokyo chosen to host 2020 Summer Olympics

OUR BUSINESS HIGHLIGHT

Financial Highlights

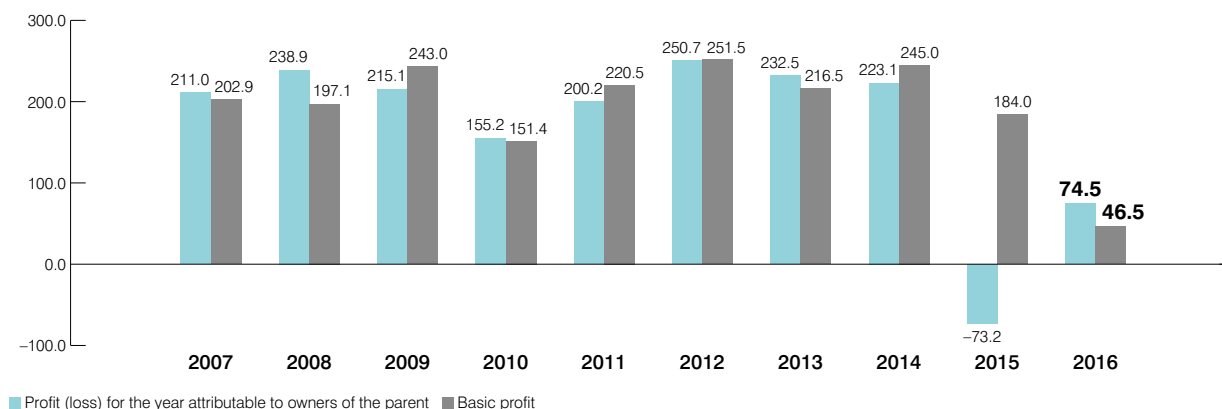
For the years ended March 31

We have prepared consolidated financial statements in accordance with U.S. GAAP for 2010 or earlier and International Financial Reporting Standards ("IFRSs") for 2011 or later.

▶ Please refer to the "Financial Section" starting on page 77 for more details.

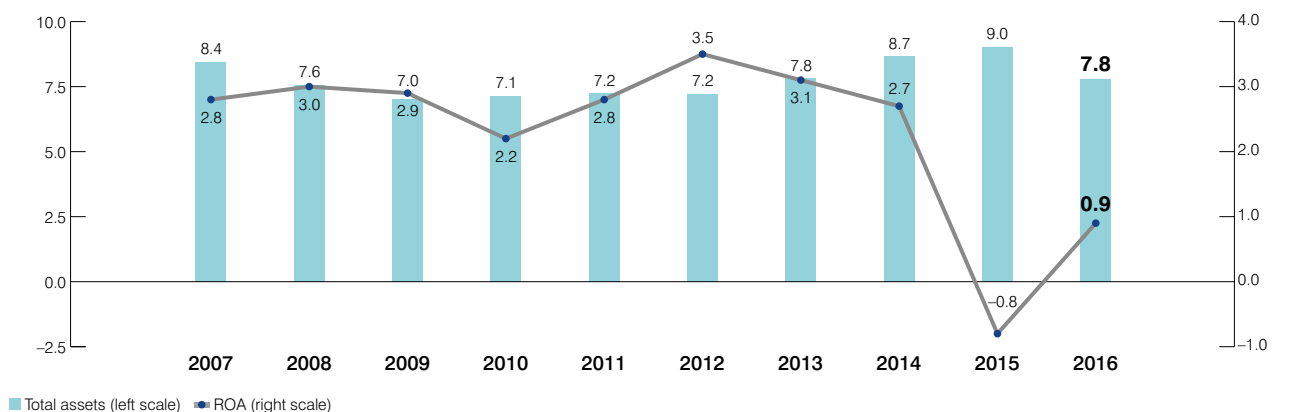
Profit (Loss) for the Year Attributable to Owners of the Parent and Basic Profit

Billions of Yen



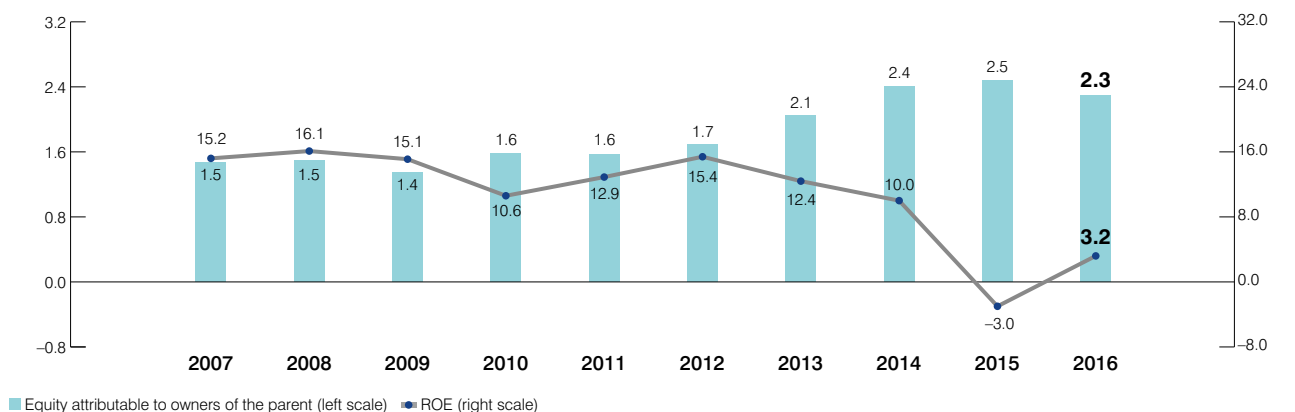
Total Assets and ROA

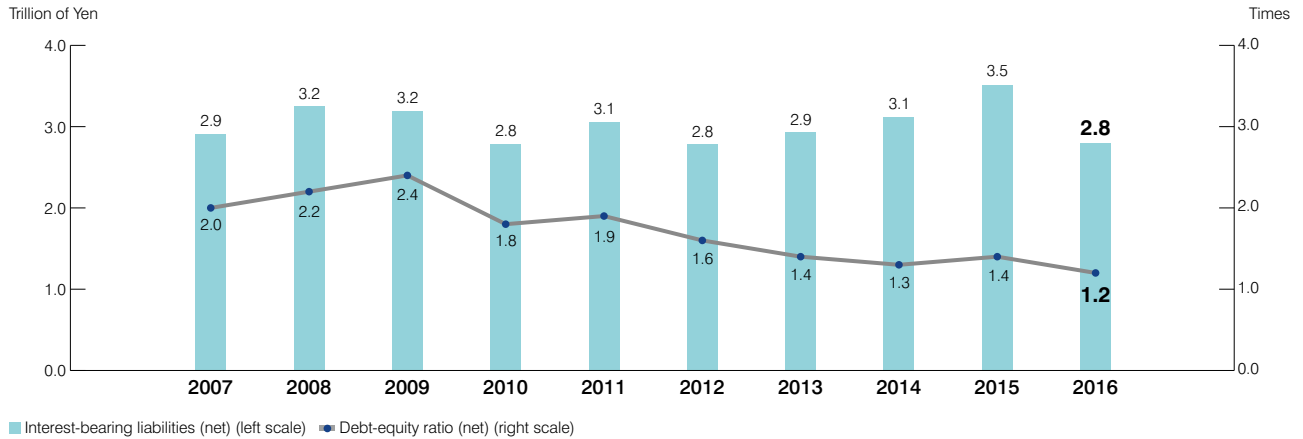
Trillions of Yen



Equity Attributable to Owners of the Parent and ROE

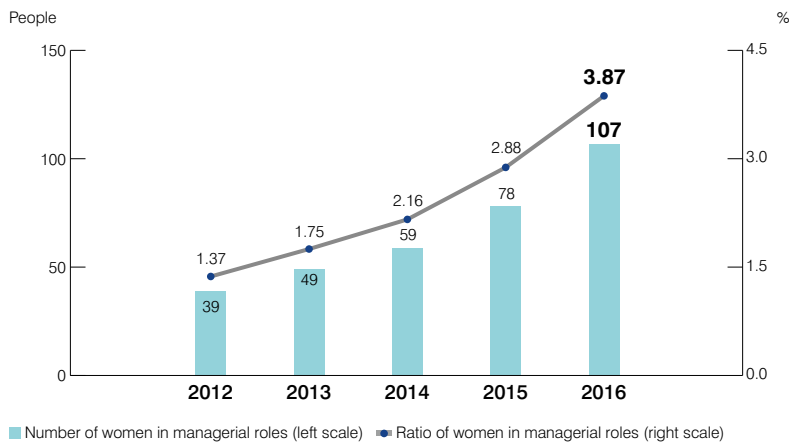
Trillions of Yen



Interest-Bearing Liabilities (net) and DER (net)

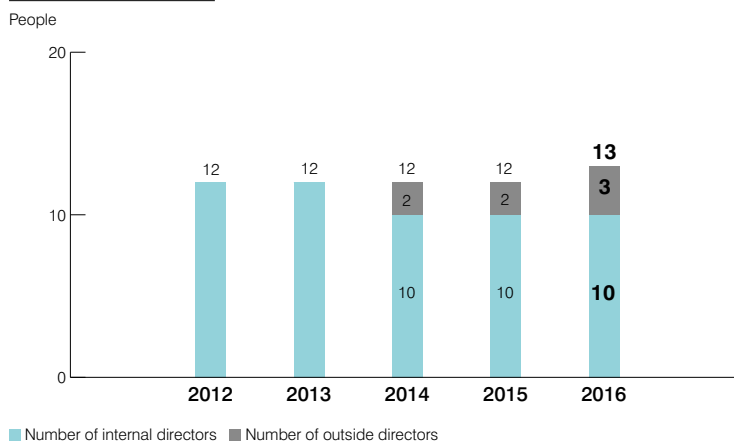
Non-Financial Highlights

For the years ended March 31

Number and Ratio of Women in Managerial Roles

Promoting the active involvement of female employees in business is one of the important management strategies of the Sumitomo Corporation Group. We aim to increase the ratio of women in managerial roles to between 6% and 7% by the year ending March 31, 2021.

► For details about personnel management initiatives, please see page 64.

Number of Directors

The Sumitomo Corporation Group appoints outside directors with various viewpoints to reflect the opinions of shareholders and other stakeholders appropriately in meetings of the Board of Directors. Further, after the general meeting of shareholders convened in June 2016 there were 14 directors, comprising 10 internal directors and four outside directors.

► For details about governance initiatives, please see page 56.