

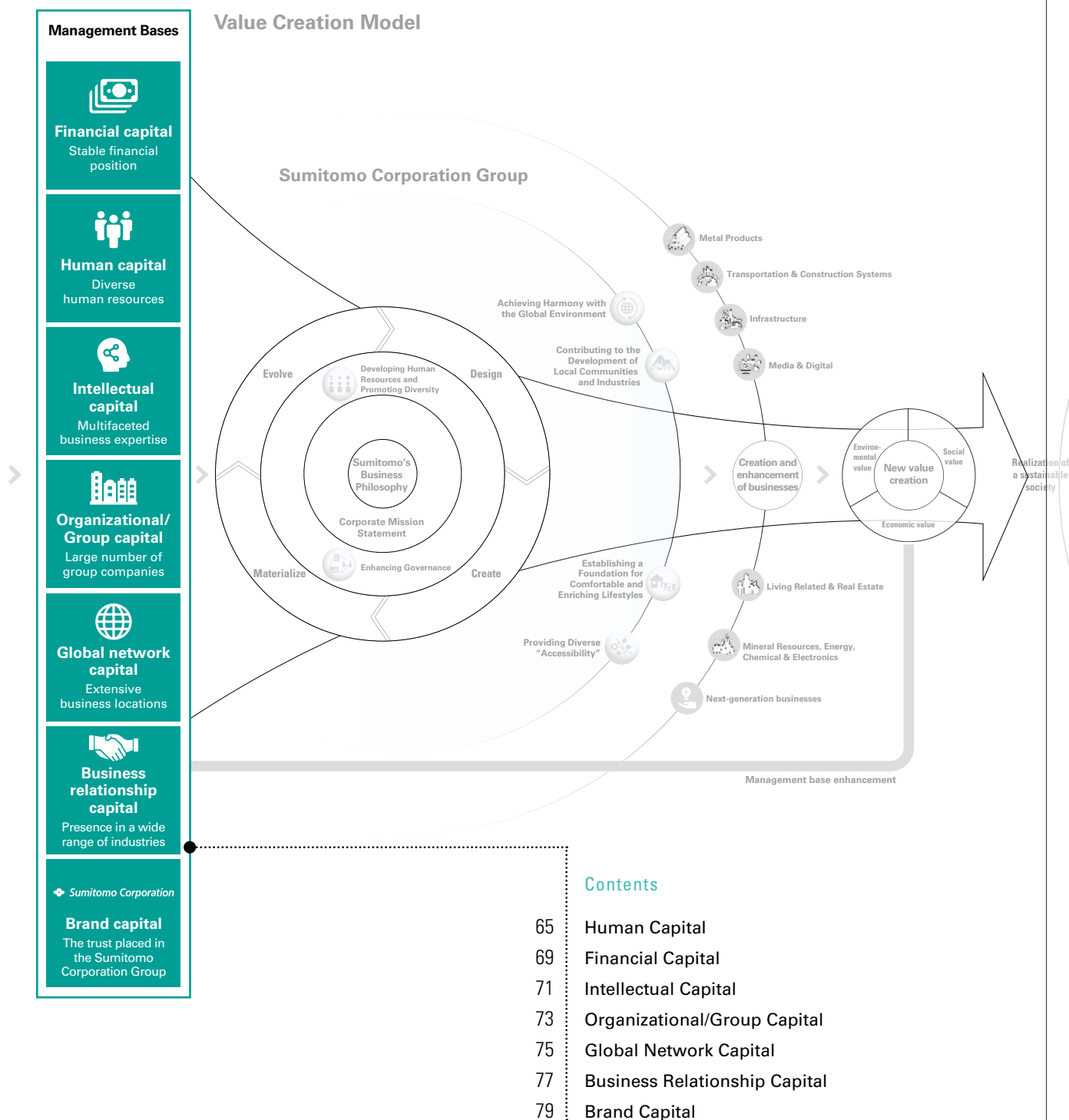
Part 3 Management Capital

Seven types of capital that support value creation

Capital is a vital management base that the Sumitomo Corporation Group has built to date. It is also the key source of generating new value. The financial and non-financial capital that support our sustainable growth are the driving forces behind our sustainability management. These kinds of capital are the strength for the Sumitomo Corporation Group, and we plan to enhance them even further to accelerate our future growth.

Change and
sophistication
of markets

Management





Human Capital

Building the foundations of a new era for the Sumitomo Corporation Group
Practicing true Diversity & Inclusion

Message from the Chief Administration Officer

Practicing true Diversity & Inclusion to build the foundations of a new era for the Sumitomo Corporation Group

The diversification of the regions and fields of our business activities and business models has brought change from the business environment of the past. This has happened discontinuously and at a rapid pace. To survive in this changing world, I believe that our human resources (HR) strategy must include diverse values and ideas, and deploy them for new value creation. Medium-Term Management Plan 2020 identifies reinforcement of the HR strategy as one of the key measures to enhance our management base. Accordingly, we are pursuing diversity as a priority task of our strategy, with the basic concept of our HR strategy being “Diversity & Inclusion: Make diversity a source of competitiveness.”

Our diversity does not only refer to “visible” diversity such as gender, nationality, or age. We also focus on more personal aspects, such as individual perspectives, ways of thinking, ideas, values, abilities, skills, and experiences — the “invisible” side of diversity. From this basis, we aim to utilize the rich mix of “wisdom” of diverse human resources as a source of competitiveness. To that end, I believe that inclusion—“respecting and accepting individual differences,” “capitalizing on the strengths of individuals”—is an essential approach.

As our Group has various business models, the approach to diversity which is required for the implementation of our growth strategy and the required

actions will also vary depending on the specific character of the region and the business as well as the development stage of the business. For the Group to move forward with value creation, it needs to overcome various challenges: allocating the right person in the right place at the right time on a global basis, strategically deploying and developing talents, promoting organizational development, and ensuring the necessary corporate culture to support these initiatives. We need to focus persistently on tackling each of these tasks to further strengthen our HR base.

In response to the change in Japanese employment practices and environment, major change in our approach to HR management is vital. The key lies precisely in our human resources, which are the core of our competitiveness. Going forward, our policy will focus closer attention on how to develop talents into global assets and deploy them on the frontlines of business to generate value, how to attract and utilize diverse talents from outside the Group, and how to build an appealing organization as a platform for these activities.

For our Group, the growth of each individual is an engine for the growth of the organization. Reacting with agility to change, evolving through self-initiative to stay ahead in a changing world—that is the kind of self-motivating and independent approach that I believe will be increasingly required in the upcoming era from both individuals and organizations.

Basic concept of human resources strategy



Takayuki Seishima

Representative Director,
Managing Executive Officer,
Chief Administration Officer
and Chief Compliance Officer



Measures of Medium-Term Management Plan 2020

We present with concrete examples the human resources management measures that we are implementing under Medium-Term Management Plan 2020 to promote the basic concept of our human resources strategy, “Diversity & Inclusion: Make diversity a source of competitiveness.”

1. Strategic human resources management on a global basis

Key allocation of human resources to drive the growth strategy

Amid the Fourth Industrial Revolution, as innovation and Digital Transformation (DX) lead to constantly emerging new business models, the promotion of our growth strategy requires cross-organizational collaboration transcending the boundaries of industry and geographical location that are reflected in the divisional and regional structure of existing businesses.

To accelerate this movement, we are making key allocation of talents to organizations promoting businesses that transcend existing divisions and frameworks. Such organizations include our Corporate Planning & Coordination Department's Connect & Innovation Center (CIC), the DX Center responsible for promoting DX companywide, and departments responsible for business development both in Japan and overseas.

Allocation of talents with varied ranges of experience in promoting new value creation will drive powerfully both the Expansion of Business Support Functions and Management Base Enhancement to support the growth strategy of our Medium-Term Management Plan 2020.

Active use of interdivisional job rotation

In the current business environment, where increasing diversification and complexity leads to discontinuous change into a new dimension, we believe that talents equipped with diverse sets of experience is essential. As

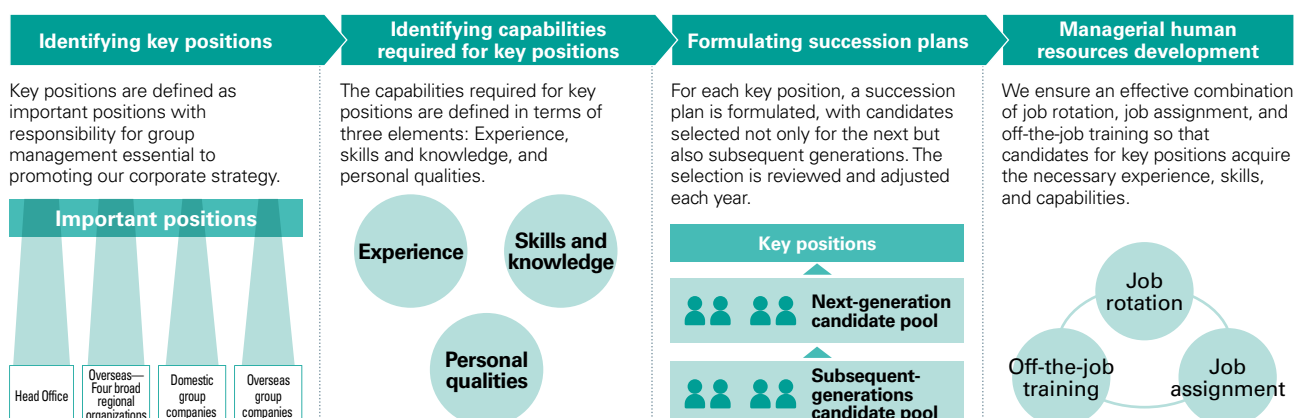
one of the HR strategies in the Medium-Term Management Plan 2020, we are promoting interdivisional job rotation with the aim of developing talents as future executive candidates.

Going forward, we will continue to implement interdivisional job rotation to develop talents with a wider range of experience and perspectives, and thereby expand the talent pool of management candidates for coming generations.

Succession plans/Enhancement of human resources database

To continuously realize strategic HR allocation on a global basis, HR development and appointment of managerial talents according to our business strategies, we undertake succession planning covering the next and subsequent generations for key positions (approximately 380 positions equivalent to the level of general manager in HQ and above) including overseas regional offices and group companies. To ensure that candidates for key positions are equipped with the necessary experience, skills, and other requirements, we develop their capabilities accordingly, so that we can enhance the talent pool both quantitatively and qualitatively. In addition, we are working to create a job grading system on a global basis and a HR database including overseas regional offices and group companies. We have also formulated the Global Mobility Policy as our groupwide rule stipulating allowances and benefits packages for international assignment. This will serve as a platform to promote deployment of talents across countries and regions.

Flowchart of managerial human resources development



Human Capital

2. Creating an environment in which diverse individuals can demonstrate their capabilities to the fullest

Creating a work environment to realize autonomous and flexible workstyles

At the Sumitomo Corporation Group, we seek to realize output-oriented workstyles to generate high added value by creating an environment that enables an autonomous and flexible workstyle. By promoting the mental and physical well-being of employees and allocating time for personal development, we aim to enable them to perform at their best.

In November 2018, Sumitomo Corporation adopted a teleworking system for 4,000 domestic employees that offers three options: working from home, working from a satellite office, and mobile working.

As a rule, employees can use the teleworking system for up to 14.5 hours (equivalent to two business days) a week. They are allowed to work from home or from satellite offices at more than 100 locations, which leads to expanded work location flexibility. There are no particular restrictions on use. This means that employees companywide, including those with particular personal situations such as child care or long-term care, are provided with the opportunity to work in a more autonomous and flexible manner.

We had previously introduced a flexible worktime system, but in November 2018 this was replaced by a super-flexible system that abolishes core time, originally set as from 11:00 a.m. to 3:00 p.m. Now, employees are free to start and end their work at any time within the flexible work hours of 5:00 a.m. to 10:00 p.m. Through flexible options that empower employees to design their own individual



Our teleworking system gives staff the option of working at a satellite office

workstyles and create an autonomous environment, we aim for further improvement of performance for both organizations and individuals.

Promotion of health and productivity management

Mental and physical well-being is the most important factor in enabling employees to perform at their best. Because we believe this is the foundation to achieve new value creation, in September 2018, we formulated a Declaration on Health and Productivity Management for the Sumitomo Corporation Group. This takes a proactive approach based on three main pillars: “improvement of health literacy” to allow employees to stay energized at work; “reassurance in emergencies” so that employees are confident of being

looked after if they do fall ill; and “global medical support” that reflects the business activities of a global company.

Overview of system for promoting health and productivity management

Concept

The Sumitomo Corporation Group: A company group where all employees work with energy, excitement, and good health, and take on challenges to create new value

1. Improvement of health literacy	<ul style="list-style-type: none"> Measures against obesity among younger people Wider selection of healthy options at employee canteens Evolution of workstyles (self-fulfillment, and allocation of time for maintenance and improvement of health) Holding of health seminars Smoking ban introduced on office floors of Head Office
2. Reassurance in emergencies	<ul style="list-style-type: none"> Preventing worsening of lifestyle-related diseases Measures to protect mental health Support for employees balancing medical treatment with work
3. Global medical support	<ul style="list-style-type: none"> Assistance with emergency medical treatment Expansion of consultation services including for family members System of self-checks for stress

Enhancement of human resources development measures

The Sumisho Business College (SBC) offers a total of 340 off-the-job training programs every year in a wide range of subjects open to all group employees including overseas staff.

In FY2018, we enhanced training related to Diversity & Inclusion and increased the frequency of the training program for overseas human resources as part of a strategy to drive forward human resources development on a global basis.

In addition, through a program in next-generation managerial human resources development, we conducted a field study in areas affected by the Great East Japan Earthquake. Through dialogue with people in affected areas, we are reaffirming our corporate mission of addressing social issues.



The training program for overseas human resources, where participants come together across regional and organizational divisions to participate in lively discussions

In Focus

Practicing Diversity & Inclusion as a driving force for strategic business on a global basis

We present two examples of how Diversity & Inclusion is being integrated into our HR strategy to harness the knowledge mix of diverse talents as a driver for our growth strategy.

Global power infrastructure business

Establishment of CoEs as a knowledge platform accumulating specialist expertise

In the global power infrastructure business which we operate in regions around the world, business development requires a high level of specialized expertise in such areas as project creation, partnering, contracts arrangement, financing, and project management.

To strengthen our business development and asset management functions, we have established Centers of Excellence (CoEs) at our business locations, where we have experienced and talented specialists working together as one team. For instance, one of our CoEs in the Middle East, SUMMIT GLOBAL POWER LTD. Abu Dhabi Branch, has pursued competitiveness in the bidding process, such as structuring project

including partnering and negotiating effectively with authorities. The company has been enhancing specialists to strengthen those functions through our human networks. It is our business strategy to establish and enhance our capabilities at optimal locations with specialists assembled from relevant fields. This will put in place a system that is able to



Az-Zour North 1 Independent Water Power Producer (IWPP) project, Kuwait

participate over the long-term on multiple projects, thus strengthening our presence in each regional market.

Joint operation of a telecommunications business with Myanmar state-owned enterprise

Establishment of SC-NEX as a platform for driving new business development

In 2014, we launched the joint operation of a telecommunications business in Myanmar with KDDI Corporation and the Myanmar state-owned operator Myanma Posts and Telecommunications (MPT). Previously, the telecommunications business in Myanmar was monopolized by MPT. However, MPT had to transform itself in several fields including technology, marketing, HR, legal affairs, and financial operations, because two new foreign-owned enterprises entered the Myanmar market and MPT had to adapt to this new competitive environment. We gathered 21 professionals from 15 countries with extensive experience across a variety of fields, and have been contributing to this project through their

input. In light of this success, we have established the new company SC-NEX Pte. Ltd. in Singapore. SC-NEX will assemble a larger pool of professional human resources capable of showing similar expertise going forward. In this way, SC-NEX will serve as a platform to support the development, start-up, and operation of new businesses not only in Myanmar but also in



A group of professionals with diverse experience and capabilities in Myanmar

other Asian countries through deployment of its professionals.

An important point of the above cases is the focus on “what is to be achieved” and “what value needs to be produced to achieve it.” In executing business, that means analyzing the value (role and functions) to be produced by each organization, considering the talents required, whether internal or external, for each function, carrying out organizational design, and allocating the relevant talents to each position. Diversity follows on as a result eventually. Organizational value is generated as a synergy with individual value, and to utilize diverse strengths requires the building of sustainable structures. This demands knowledge, experience, and human networks that are not limited to the individual level but are shared at the organizational level. In the above cases, Diversity & Inclusion is embraced, and the HR strategy is implemented with focus on diversity to drive the growth strategy, and this enables the project to create new value.



Financial Capital

Improving financial soundness to support the Sumitomo Corporation Group's sustainable growth

Changes in our business results and measures as viewed over a 20-year span

In the latter half of the 1990s, the Group's financial base was shaken to its core by a number of occurrences, including the Sumitomo illegal copper trading incident and the Asian financial crisis.

To correct this situation, in the autumn of 1998 the Group became the first in the industry to introduce the Risk-adjusted Return Ratio 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. In this manner, we built a management base that generates stable results and maintains financial soundness even during challenging times, based on an approach of eliminating excessive risk taking by ensuring that Risk-weighted Assets, which represent the greatest possible amount of losses, remain less than shareholders' equity, a risk buffer.

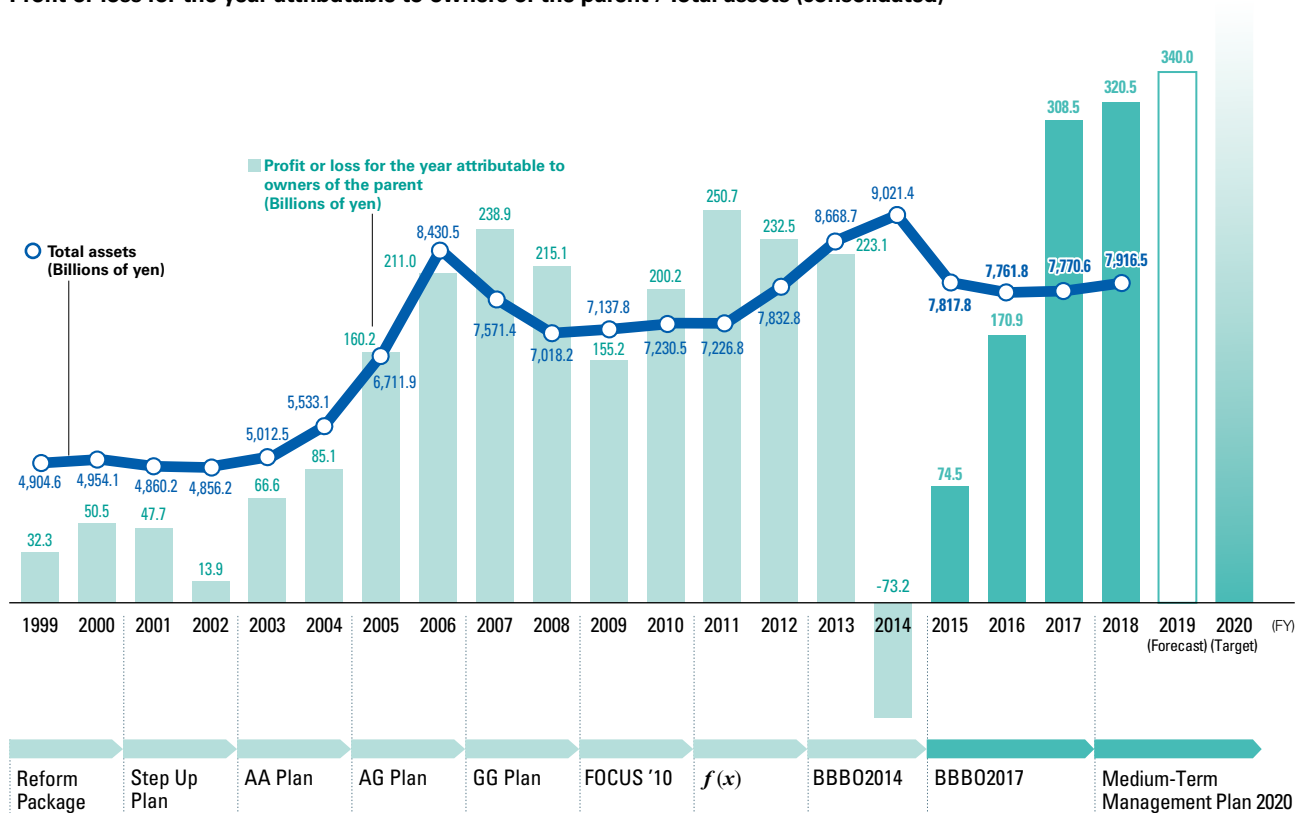
Following the Reform Package of 1999, Sumitomo Corporation formulated and implemented a series of two-year medium-term management plans—among them the Step Up Plan, AA Plan, AG Plan, GG Plan, FOCUS '10, and *f(x)*. The Group managed to recover to the upper ¥200 billion mark in consolidated net income and establish a

platform for stable growth, by strengthening its financial standing through the prioritization of businesses and the improvement of profitability, as well as by adding and enhancing the quality of prime assets.

However, in FY2014, the second year of the "Be the Best, Be the One 2014 (BBBO2014)" medium-term management plan, we posted an impairment loss of approximately ¥310 billion, mainly due to major projects in the upstream mineral resources and energy business, including our tight oil development project in the United States and iron ore project in Brazil. As a result, we reported our first loss since FY1998, the year after the Asian financial crisis.

Following this impairment loss, we established a special committee on management reforms in September 2014. This committee was comprised of seven internal executive officers as members while engaging outside consultants. As a body independent from the president, it carried out detailed investigation and analysis of each investment at the root of this impairment loss. Based on the results, the committee discussed various reform proposals with a broad perspective, ultimately recommending to the Board of Directors issues to be addressed for increasing corporate value.

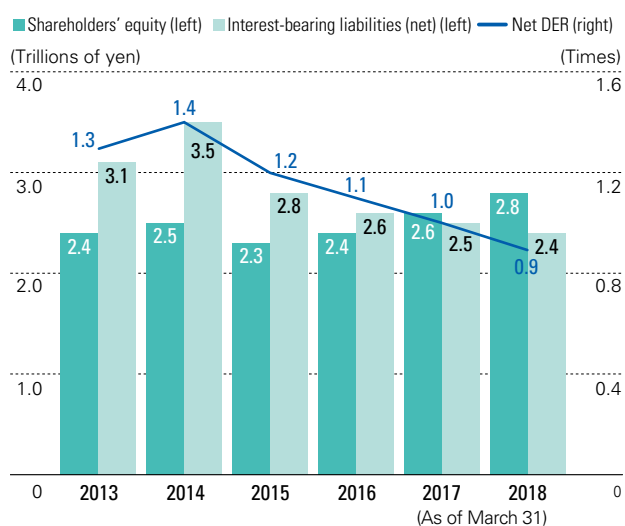
Profit or loss for the year attributable to owners of the parent / Total assets (consolidated)



- Strengthening risk management for upstream mineral resources & energy businesses
- Improving profitability of our existing businesses
- Achieving steady profitability after implementing business investments
- Exercising integrated corporate strength across our organization through cooperation between organizations
- Regaining the balance between Core Risk Buffer and Risk-weighted Assets and enhancing cash generation

To overcome these challenges, the Group initiated the medium-term management plan “Be the Best, Be the One 2017 (BBBO2017)” in FY2015. In FY2015, the first year of the plan, there was growing uncertainty in the external environment, including prolonged stagnation of mineral resource and energy prices, a growing sense of a slowdown in China’s economy, and emerging geopolitical risks. In addition, we booked an impairment loss in multiple businesses mainly on upstream mineral resource projects. Nevertheless, in non-mineral resource businesses, the Group saw steady growth in the businesses where it excels. In FY2016, consolidated net income rebounded to ¥170.9 billion. In FY2017, we posted record-high consolidated net income of ¥308.5 billion, marking a V-shaped recovery. In FY2018, the first year of Medium-Term Management Plan 2020, which started in April 2018, consolidated net income moved even higher, to ¥320.5 billion, marking the second consecutive year of a record high. In FY2019, we aim to reach ¥340 billion, which would result in three consecutive years of record-breaking profit.

Financial position

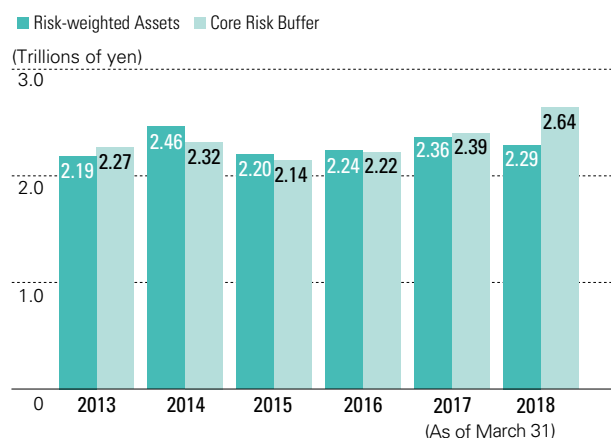


Securing and enhancing financial soundness

As of the end of FY2014, our net debt-equity ratio (DER) stood at 1.4 times, with approx. ¥3.5 trillion in interest-bearing liabilities. Also, Risk-weighted Assets surpassed our Core Risk Buffer by ¥140 billion. Given this situation, we realized that securing financial soundness had to be a top priority of management. As a result, we established and implemented a plan to not only gain earnings power but also speed up changes to our asset portfolio to generate cash and pay interest-bearing liabilities. Our goal was to establish a robust financial position that protects against external impacts when business conditions are severe, but that also enables management to seize opportunities for business base expansion when business conditions are favorable. Under BBBO2017, we reduced net interest-bearing liabilities by approx. ¥1 trillion and increased shareholders' equity by accumulating profits. As a result, our net DER declined to 1.0 times (see graph entitled “Financial position”). In addition, we reduced Risk-weighted Assets by making changes to our asset portfolio and restored the balance between the Core Risk Buffer and Risk-weighted Assets (see graph entitled “Balance between Core Risk Buffer and Risk-weighted Assets”).

In Medium-Term Management Plan 2020, we will further improve the soundness of our financial base, which will enable investments for sustainable growth and stable shareholder returns. This will be achieved by enhanced cash flow management, further reducing interest-bearing liabilities by ¥200 billion, and maintaining the balance between the Core Risk Buffer and Risk-weighted Assets.

Balance between the Core Risk Buffer and Risk-weighted Assets



Core RB – RA (Billions of yen)

FY2013	FY2014	FY2015	FY2016	FY2017	FY2018
80	(140)	(60)	(20)	30	350



Intellectual Capital

Promoting Enhancement of Group Governance by standardizing the Group's long-standing risk management know-how

Promoting Enhancement of Group Governance, a pillar of Medium-Term Management Plan 2020

The Sumitomo Corporation Group has accumulated a wealth of knowledge and expertise through the management of our various existing businesses over the years. Leveraging this knowledge, the Group has striven to enhance its corporate value.

Japan has experienced a string of corporate scandals in recent years likely caused by short-sighted management, including accounting fraud and quality misrepresentation. In addition, the world today faces a growing number of challenges in regard to social and global development as evidenced by the adoption of the Sustainable Development Goals (SDGs). Given this context, there has never been a more important time to promote businesses aimed at resolving social issues while maintaining compliance and sustainability.

As a corporate group consisting of 931 companies in a wide range of industries (626 consolidated subsidiaries and 305 associated companies under the equity method), addressing the needs of society is key to further increase in corporate value. With this vision in mind, we launched a project to enhance group governance as part of our Medium-Term Management Plan 2020. The goal is to implement more effectively our Corporate Mission Statement, Six Material Issues, Environmental Policy, and Group Compliance Policy at all of our group companies.

Implementing the Basic Elements to standardize our management expertise

Through our well-diversified portfolio, we have identified and standardized a wide range of knowledge and expertise regarding business operations and risk management. In an effort to better utilize this knowledge and expertise, we introduced the "Basic Elements," which serves as a guideline for all group companies to access.

Implementation of the Basic Elements

The Basic Elements represent a collection of our knowledge and expertise in business management acquired through past successes and failures, along with group policies. It comprises 76 minimum requirements related to business operation. We have compiled a number of materials, including a guidebook with detailed commentary on these 76 minimum requirements and an assessment report to help group companies identify risks and take appropriate measures if necessary.

Each group company utilizes the Basic Elements as a guide to visualize the status of internal control and operational processes, and interacts with the parent company. The series of processes outlined above was set up as a standard framework aimed at the Enhancement of Group Governance.

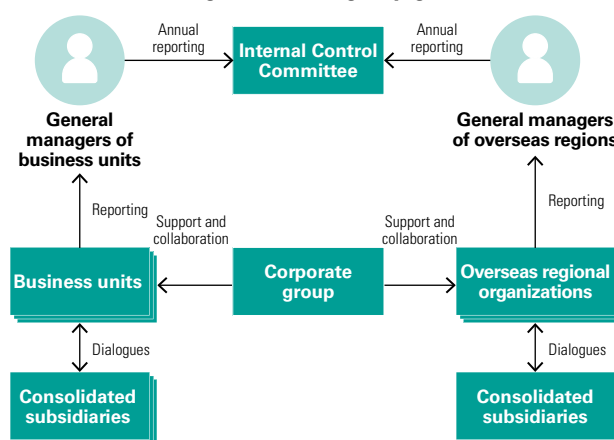
As a result, Sumitomo Corporation as the parent company is able to view the status of internal controls for the entire group and identify best practices for each sector and industry. Further improvements in operational quality are now possible by rolling out these best practices to group companies and having officials from each group company resolve challenges with a common awareness regarding risks, controls, and deficiencies.

Additionally, in situations where the parent company alone is unable to determine operational quality due to each country having specific laws, regulations, and circumstances, the local professionals of the overseas subsidiaries provide the needed support.

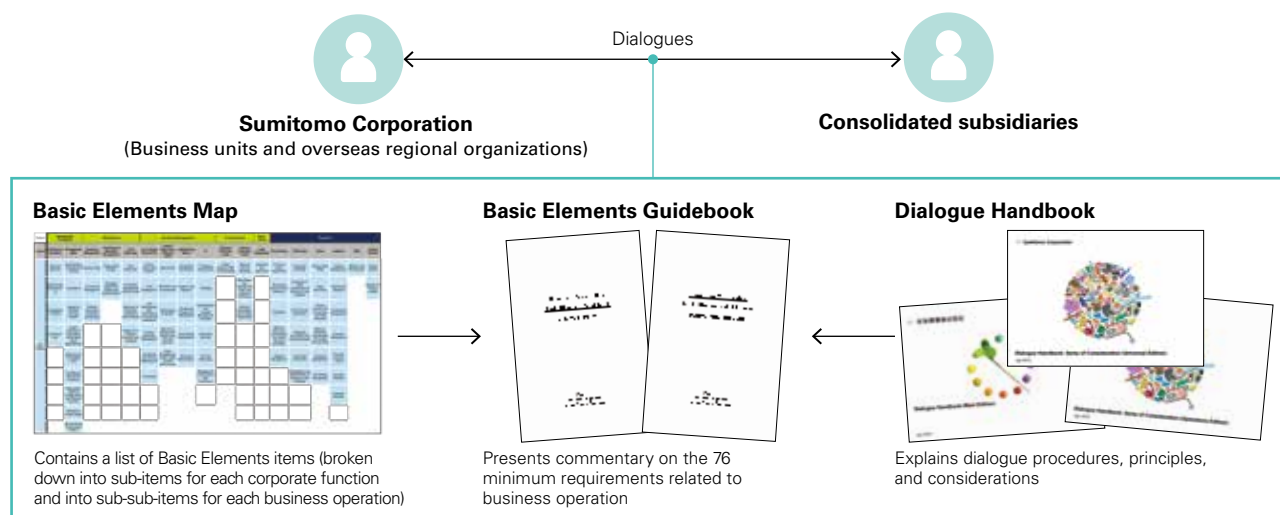
The Basic Elements also adheres to the Group's Supply Chain CSR Activity Guidelines as it encompasses "respect for human rights," "labor management, health, safety, and the environment" and "supplier management."

This ensures that group companies are not only aware of the importance of respecting rules on human rights and labor practices but also are able to formulate response policies based on their unique operations and geographic region. Sumitomo Corporation strives to fulfill its social responsibilities together with suppliers and business partners by regularly monitoring this response.

The role of each organization in group governance



Dialogue using various materials



In Focus

Implementing the Full Potential Plan to increase value of existing business

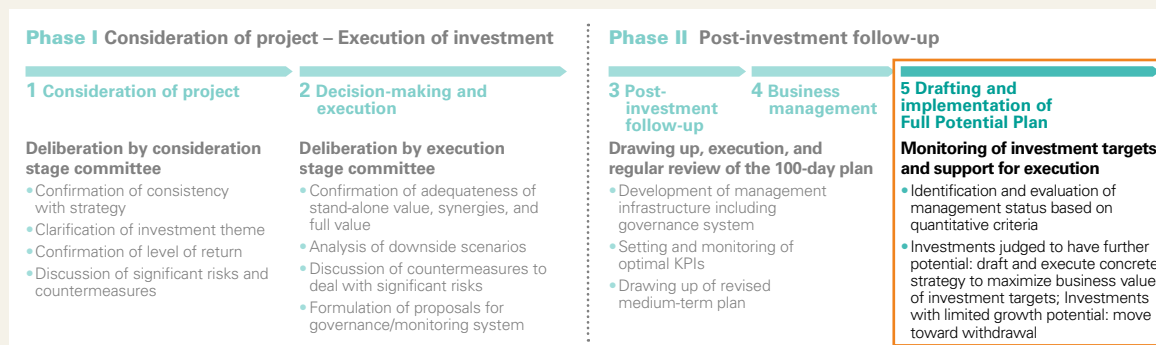
Investment risk management represents a key piece of expertise for an integrated trading company's business. The Group has built an Investment Risk Management Framework (→ [Risk management system for investments, p. 104](#)), under which it strives to carry out appropriate risk management.

In FY2018, we introduced a new monitoring system, Full Potential Plan, intended to improve the quality of the investment portfolio.

Under this system, portfolio companies are first evaluated using quantitative information, and then categorized as one of the following: sound

investments, investments with potential, and candidates for exit. After categorization and clarification of the positioning within the portfolio, portfolio companies are further reviewed to assess the business potential. Based on this, we provide a business plan that includes allocation of financial and non-financial resources aimed at maximizing the business value (full potential) of companies with growth potential. In contrast, we consider exiting from companies with limited growth. In this manner, we strive to enhance the quality of our investment portfolio.

Positioning of the Full Potential Plan in the Investment Risk Management Framework





Organizational/Group Capital

Building a profitable business portfolio by enhancing the value of our 931 group companies

The Sumitomo Corporation Group has 931 group companies in 79 countries and regions around the world. The business domains of these group companies span a broad range of industries and fields, with many at the top of their business segment.

The Group's group company management goes beyond a simple investment. In most cases, Sumitomo Corporation's human capital becomes deeply involved in the management of these individual group companies. For group companies with a profitable business foundation, we seek to further increase their value. For group companies with profitability issues, we identify these issues and take steps to rectify them, including strengthening governance.

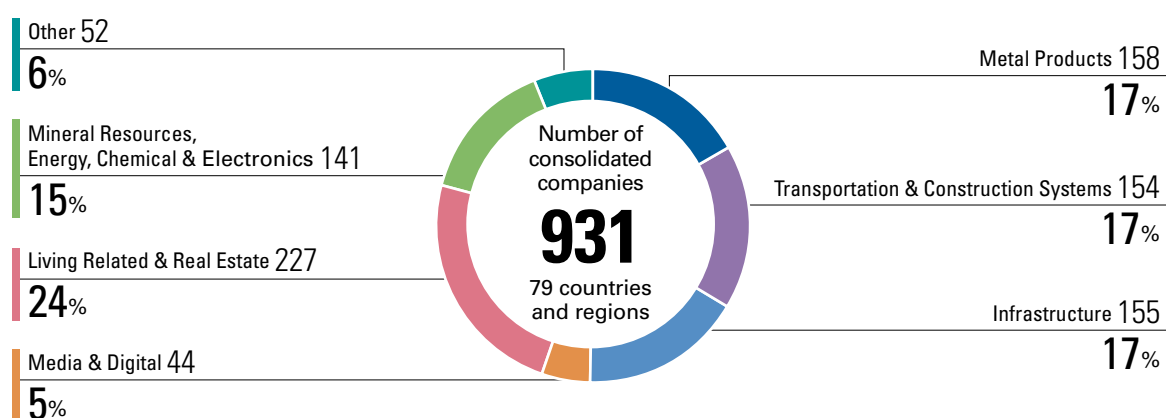
In Medium-Term Management Plan 2020, we are

expanding the four business support functions for the growth of group companies. In particular, we are supporting the Digital Transformation (DX) of group companies by having the DX Center established in 2018 spearhead efforts to identify the issues and needs of group companies and present hybrid solutions that incorporate digital technology. In addition, by horizontally expanding digitalization and sharing best practices in corporate management with our group companies, we are able to benefit from having a variety of companies in our Group.

Looking forward, we will further strengthen and evolve our business portfolio by reinforcing the management of group companies to grow them into the future pillars of our earnings.

Ratio of consolidated companies by segment

(As of March 31, 2019)



Main group companies and equity in earnings for FY2018 by segment

(Billions of yen)

Metal Products	Transportation & Construction Systems	Infrastructure
<ul style="list-style-type: none"> Sumitomo Corporation Global Metals Group 7.7 Aluminum smelting business in Malaysia 3.1 Edgen Group 1.8 	<ul style="list-style-type: none"> Sumitomo Mitsui Finance and Leasing* 31.8 Automotive financing business in Indonesia 4.6 Sumitomo Mitsui Auto Service 4.5 	<ul style="list-style-type: none"> Sumisho Global Logistics 2.6 Summit Southern Cross Power Holdings 0.9
Media & Digital	Living Related & Real Estate	Mineral Resources, Energy, Chemical & Electronics
<ul style="list-style-type: none"> Jupiter Telecommunications 33.8 SCSK Corporation 13.6 Jupiter Shop Channel* 8.0 	<ul style="list-style-type: none"> Summit 4.8 SC Foods 2.6 Tomod's 1.6 	<ul style="list-style-type: none"> Companies related to coal business in Australia 20.5 Silver, zinc, and lead business companies in Bolivia 19.5 Oresteel Investments 16.2

* Indicates amount for all companies including share of other segments.

In Focus

Message from group companies with a strong presence in their respective markets

Alcedo S.R.L.

Romania's largest distributor for agricultural materials



Alcedo is one of the biggest distributors for agricultural inputs in Romania, established in 1990. We have provided farmers with agricultural materials such as plant protection products, seeds and fertilizers, as well as a wide range of services including technical service regarding cultivation technique and purchasing crops service. Our strength is our strong business relationship with customers



Alcedo's grain silos in Romania

consisting of more than 30% of farmers in Romania and a countrywide distribution network with highly trained specialists.

We joined Sumitomo Corporation Group in 2011, when fiscal restraint had prevented Romanian agriculture from increasing its productivity. The financial resources and business network of the Group gave us an opportunity to strengthen our function in financing service for agricultural input and machinery sales and build more silos to expand capacity to store crops purchased from farmers. Our sales have tripled since our participation in the Group. We will continue to meet need of customers with new products and services and steadily work to enrich Romanian agriculture and make it more competitive in the global market.

Vicentiu Cremeneanu
President, Alcedo S.R.L.

Sunstate Equipment Co., LLC

Sunstate's goal —to be the No. 1 service provider in the equipment rental industry



Since 1977, Arizona-based Sunstate Equipment has been a premier rental equipment provider throughout the southwest, with recent growth into the southeast and northwest of the U.S. Sunstate offers a fleet of over 800 types of construction equipment and tools, and our commitment to people has enabled us to develop strong relationships with over 20,000 companies throughout the U.S.

Sunstate's fundamental values of treating people with respect, along with their successful team-based approach, attracted the attention of Sumitomo and led to a successful capital bond in 2009.

With the valued partnership of Sumitomo, Sunstate experienced unprecedented growth and expansion, especially during recent years of favorable market trends. Sunstate realized rapid growth in rental asset size and national footprint, achieving a coast-to-coast branch network in 2018. Additionally, Sunstate's revenue, as of FY2018, has grown four times larger than that of the beginning of the partnership.

The construction industry is now experiencing a technological evolution that presents new challenges and diversification of customer demands. Together, Sunstate and Sumitomo are embracing these challenges while striving to achieve our shared goal of being the best service provider in the rental industry.

Chris Watts
President and CEO, Sunstate Equipment Co., LLC



Construction machinery of Sunstate Equipment in the United States



Global Network Capital

With a network extending to 133 locations worldwide, the Sumitomo Corporation Group builds relationships of trust with local communities through locally rooted business activities.

The Sumitomo Corporation Group operates a network of bases in Japan as well as globally, with overseas markets organized into four broad regions. Within each of these regions, we have strengthened the functions and foundations by improving our ability to initiate new businesses and to secure and develop human resources. By shifting management resources to growth markets, we are reinforcing global consolidated management. At the same time, by accelerating coordination with business units to present unified product and regional strategies, we create businesses that leverage our strengths and functions to increase our earning power at a global level.

66 countries and regions **133 locations**

East Asia

Responding swiftly and accurately to changes in a market full of potential and meeting social needs

The East Asia region represents a market rich in potential due to the business opportunities emerging in numerous fields on the back of economic growth and changes in society. Specifically, Chinese government policies such as opening up to overseas business, promoting innovation, protecting the environment, and creating a massive domestic market have brought rapid change to the business environment in East Asia.

The Sumitomo Corporation Group is working to increase the value of existing businesses to further expand business in the region. As well, we are seeking to create new businesses through concentrated investment of management resources in business fields responsive to changing social structures and social issues—mobility, urban transportation and development, healthcare and elderly care, and environmental protection—where our approach includes co-creation with Chinese venture businesses and deployment of next-generation technologies and services. In the key region of Shandong Province, China, we are building relationships with government bodies and strategic partners to create large-scale businesses.



Daisuke Mikogami
General Manager for
East Asia

Asia & Oceania

Building an organization filled with creativity to develop locally rooted businesses based on partnership

With countries at varying stages of growth and a young population, the Asia & Oceania region offers wide-ranging and expanding business opportunities. On the other hand, countries of this region differ greatly not only in economic situation, but also in culture, language, and ethnic makeup, which makes it important for us to adopt a local perspective in addition to the global perspective when seeking to create sustainable value. Given this fact, the Sumitomo Corporation Group targets locally rooted business development through collaboration with leading local enterprises and promotes the creation of new businesses that transcend the boundaries of existing business units.

To further promote Diversity & Inclusion, we are working to build an organization filled with creativity that will give more opportunities for advancement to locally recruited overseas employees. Initiatives such as these will enable us to contribute to meeting the disparate social needs of the different countries in the region and also to achieve further growth for the Sumitomo Corporation Group.



Keigo Shiomi
General Manager for
Asia & Oceania

Europe, Middle East, Africa & CIS

Tailoring business to local market characteristics and social needs through partnerships with leading regional enterprises

In Europe, Middle East, Africa & CIS, our regional strategy incorporates the differing market characteristics and growth stages of the region. This enable us to create and add value through a distinctive locally-oriented approach.

For instance, we are building a business platform in the energy-related field, which will help provide a stable energy supply and enable a low-carbon society. While in the mobility field, in conjunction with start-ups in certain cases, we are focusing on the creation of new businesses that anticipate changes in the industry's environment. Also, by constructing a platform to support digitalization in the agricultural field, we are increasing the value of existing businesses, as well as creating new ones.

We will expedite these initiatives using the synergy of cross-organizational collaboration, which will involve partnerships with start-ups, mainly in Europe and Israel, as well as leading regional private-sector enterprises, and network-building with governments and state-owned companies.



Masato Ishida

General Manager for
Europe, Middle East,
Africa & CIS

The Americas

Addressing social issues through new value creation, leveraging our strengths as we lead the Sumitomo Corporation Group in innovation

In the Americas, we are promoting business development across industries with a strong emphasis on cross-organizational collaboration, and undertaking joint projects with leading companies in North, Central, and South America. Through these initiatives, we are aiming to achieve sustainable growth by creating solutions to address social issues that support "Achieving Harmony with the Global Environment" and "Contributing to the Development of Local Communities and Industries."

Our projects include a water concession business in Brazil, renewable energy businesses in the United States, a project to export liquid natural gas from the United States, and the stable supply of wood pellets from Canada to Japan. Creating new value in this way, using the Group's unique abilities, makes ongoing contributions to society. Moreover, we actively adopt the wide-ranging innovations emerging from Silicon Valley to create new businesses. By adapting them for worldwide rollout, we will act as the leading driver of business innovation in the Sumitomo Corporation Group.



Masaki Nakajima

General Manager for
the Americas

Japan

Contributing to resolving local community issues and the further growth of the Japanese economy through a fusion of Japan's traditional strengths, its advantages in intangibles, and new technologies

Changes in the structure of industry accompanying the Fourth Industrial Revolution, coupled with a decline in the working-age population due to a falling birth rate and an aging population, are contributing to a major reshaping of Japan's social landscape. However, there would be innovations that can be achieved thanks to Japan's mature but resourceful market. There are developments working to boost growth in Japan, for instance major upcoming events—the Tokyo 2020 Olympic and Paralympic Games and the World Expo 2025 (Expo 2025 Osaka, Kansai)—growth of inbound tourism, and regional revitalization initiatives.

Supported by these movements, by fusing Japan's traditional strengths, its advantages in intangibles and new technologies, the Sumitomo Corporation Group will take on the challenge of new business development in fields including Smart City initiatives, healthcare, environment and energy, manufacturing, and food and agriculture, working together with stakeholders in each region to develop rooted businesses which would contribute to local society.



Keiji Tanaka

General Manager for
Japan Region



Business Relationship Capital

Establishing an ecosystem for creating new value based on our trust-based relationships with more than 100,000 business partners

The Sumitomo Corporation Group was established 100 years ago as The Osaka North Harbour Company. Since then, we have expanded our business domains outward from real estate. Over the past century, the Group has evolved its business model and its products and services in order to respond to the changing needs of customers.

The Group has established a strong presence in many industries and sectors. During our history, we have built up strong relationships with various companies and organizations around the world. By harnessing our organizing capabilities as an integrated trading company, we have established an ecosystem for providing new value. The more than 100,000 business partners we have worked with, over

this time, represent very important capital for the Group.

For initiatives that cannot be realized by the Group alone, we integrate the strengths of each business partner, including technology, business know-how, and industry presence, with the Group's various forms of capital to create new businesses through various synergies. In today's digitalized and globalized world, swift collaboration and actions with business partners will become even more crucial for business growth.

The Group will continue to aim for its goal of sustainable growth by cultivating relationships with trustworthy business partners.

Players building the Sumitomo Corporation Group's ecosystem

Governmental institutions

Through partnerships with governmental institutions that are realized by capitalizing on our network all over the world, we strive to identify local needs in each region, and to reflect these needs in our business activities.

Universities and research institutes

We endeavor to be the first to deploy cutting-edge technology and business models in industry by working closely with universities and research institutions around the world.

Financial institutions

Through our long-standing and strong relationships with financial institutions, we explore the right financing methods for each business and region, and strive to address social issues through our business.

Business partners

We work to resolve the diverse business challenges of today by correctly understanding the changing needs of clients and integrating the technical strengths and know-how of the Group and each business partner.

NPOs

Harnessing our network with various non-profit organizations (NPOs), we discuss and collaborate on solutions to social issues.

Start-ups

We seek out mutual growth and strive to provide value to society by partnering with innovative start-ups and keeping close watch on evolving technology and business models.





Aiming to be a reliable partner providing new value together in the changing automotive industry

Yves Chapot
Partner of the Michelin Group

Our relationship with Sumitomo Corporation started when we examined potential synergies between our respective distribution operations in North America. We were both present in this region for decades and after extensive discussions, we decided to merge our two companies early 2018.

Beyond the business stake, we are sharing with Sumitomo Corporation the same values and a long-term vision of the business. Michelin's purpose is to offer everyone a better way forward. We are striving to find the right balance between financial interests, environmental and social stakes and the human dimension of our activities.

Dealing with several Sumitomo Corporation executives and managers, I have found an equal attachment to the human relationships and to people development, while not compromising on the results we are expecting from our common subsidiary. Together we have been able to translate these common values and vision in the governance of our

joint venture, TBC Corporation (TBC) through the Board of Directors and its sub-committees.

Beyond our common business venture in North America, Sumitomo Corporation has a long lasting and large international presence in multiple industries. In a digitalized world, boundaries between business sectors are blurred and we found in Sumitomo Corporation a long-term partner with whom we can consider other ventures in the future. We are sharing a common view that the mobility industries have entered into a period of huge transformations: digitization, new energy technologies and new consumer behaviors are changing the way people are considering their mobility. Vehicles ownership and usages are changing particularly in the great metropolitan areas, consumers are looking for safer, cleaner and more efficient transportation tools. We believe that partnering with Sumitomo Corporation will be key to face the challenges we are going to encounter on our way.

Joint venture company with Michelin: TBC

Operating the wholesale, retail, and franchise operations of automotive tire replacement and vehicle maintenance business in North America



TBC operates automotive replacing tire business to wholesale, retail and franchise particularly in the United States.

In 2005, Sumitomo Corporation acquired 100% of the TBC shares. In 2018 Sumitomo Corporation of Americas and Michelin North America Inc. combined their respective North American replacement tire distribution and related service operations in a 50–50 joint venture.

TBC became the second-largest player in the wholesale tire market in the United States. With this partnership, this JV came to be able to offer greater scale in wholesale delivery for deliveries of smaller quantities. Additionally, in the retail business,

Michelin's successful experiences in mobility services added value to TBC in the distribution arena. The JV also enabled the two companies to enhance service quality, capacity and speed for customers.



Franchise store of Midas, which is owned by TBC



Brand Capital

Brand trust developed over 100 years of history based on Sumitomo's Business Philosophy

Founder's precepts, *Monjuin Shiigaki*, —The essence of Sumitomo's Business Philosophy

Throughout over 100 years of history, the Sumitomo Corporation Group has cultivated its brand trust in society. Sumitomo's Business Philosophy forms the core of the Group's brand capital. The origin of Sumitomo's Business Philosophy can be traced back some 350 years to the founders precepts, *Monjuin Shiigaki*, established by Masatomo Sumitomo (1585–1652), the founder of the house of Sumitomo.

In his later years, Masatomo lived a half-reclusive life like a monk in a hut and taught his family members and followers about the conduct of merchants and approaches to life using letters and other means. Composed of five articles, the founder's precepts explicitly sets out rules that merchants should adopt while conducting business, having been passed down as the Sumitomo family precepts.

It begins with the recommendation "Do your best prudently and meticulously, not only in business, but in every aspect of your life," a statement of the right approach in all situations. His management philosophy of "Place prime importance on integrity and sound management without pursuing easy gains" continues to be passed down to the Sumitomo Group today as the very essence of Sumitomo's Business Philosophy.

The precepts demand hard work and honesty over a family code intended for the everlasting prosperity of a family or family business. They also encourage the fostering of human character. Masatomo's teachings, through these precepts, continue to be passed down today as the origin of Sumitomo's Business Philosophy.

As an integrated trading company of the Sumitomo Group—The intangible asset known as "trust"

The Rules Governing the House of Sumitomo compiled in 1891 represent the early beginnings of Sumitomo's

Business Philosophy passed down by Masatomo Sumitomo, the founder of the house of Sumitomo. The Business Principles form the very heart of these precepts. Article 1 emphasizes the utmost importance of integrity, while Article 2 advocates the importance of having an enterprising spirit to generate profits while quickly and faithfully adapting to a changing society, and renovating business operations while avoiding the pursuit of easy gains or acting carelessly. Sumitomo's Business Philosophy, which has been passed on since the Founder's Precepts was written, still serves as the timeless principles Sumitomo Group companies follow in their activities.

Sumitomo Corporation Group's Management Principles are a contemporary translation of Sumitomo's Business Philosophy, using simplified language and a clear structure, and rewritten from a more modern and global perspective given the nature of our business as an integrated trading company. Additionally, the Activity Guidelines were established to provide guidance on how each company as well as their executives and employees should behave as they conduct daily business activities to realize the Management Principles. By sharing the values presented in the Management Principles and the Activity Guidelines across the Group to materialize them in global business activities, we have constantly stayed a step ahead of change, created new value, and contributed broadly to society. The trust placed in the Sumitomo Corporation Group today can be found in our high brand visibility and strong presence, resulting from our well-regarded track record in the international community built up over the years. The brand as an integrated trading company of the Sumitomo Group represents the intangible asset known as trust and the Group's foundation as a globally diversified group of companies.



Masatomo Sumitomo (1585–1652), the founder of the house of Sumitomo



Saihei Hirose, Sumitomo's first Director-General



Business Principles

In Focus

Besshi Copper Mines—Origin of the Sumitomo Group's business

Birthplace for passing down Sumitomo's traditional business philosophy to the current and future generations

Pursuing the eternity of business with an eye on 100 years in the future

The origins of today's Sumitomo Group companies' businesses can be traced back to the Besshi Copper Mines.

The Besshi Copper Mines in Niihama City, Ehime Prefecture, were operated exclusively by Sumitomo for some 280 years from its opening in 1691 to its closure in 1973. There can be few other mines in the world that have been operated by the same company for roughly 280 years.

Copper mine management requires a long-term perspective and careful planning. The Besshi Copper Mines are located in the mountains at an elevation of 1,200 meters, and its development was marked by challenging battles with nature. Nevertheless, Sumitomo persevered in development under the belief that a copper mine will blossom not in one generation, but over two and three, pursuing the eternity of business with an eye on 100 years in the future.

This massive project truly embodied Sumitomo's Business Philosophy, which focuses on an eternal philosophy instead of short-term gains.

Besshi represented the roots of the Sumitomo Group's businesses

The copper from Besshi had a major impact on the world economy during the Edo period through East Asian trade, but it nearly went bankrupt due to poor management efficiencies during the Meiji Restoration, started in 1868. Saihei Hirose, the general manager of

the Besshi mines at the time, defended them against confiscation by the Meiji government and asserted Sumitomo's right to operate them, saying that "Besshi represents the very roots of our business." Later, Sumitomo modernized the copper mine by introducing the latest technologies from the West, lowering production costs all the way to international standards. Moreover, by engaging in new businesses with an enterprising spirit unbound by conventional practices, the Company contributed greatly to the modernization and prosperity of Japan's industry, and also strove to select and foster the human resources who would drive the country's industry.

Amid concerns of vein depletion in the early Showa period, with an eye toward the future, Sumitomo attracted chemical and machinery plants to the area and invested in social capital such as power infrastructure to foster co-prosperity and give back to the local community of Besshi. As a result, Niihama transformed into an industry city and focal point of the Setouchi industrial belt.

The remains of the vast mine from Niihama City to the village of Besshi-yama are now gradually returning to nature. In recent years, these remains have received attention as a symbol of heritage marking Japan's industrial modernization. Furthermore, the Besshi Copper Mines Memorial Museum, opened in 1975, conveys this history through educational exhibits. Sumitomo Corporation Group companies today conduct training at the mine as the birthplace for passing down Sumitomo's Business Philosophy to the current and future generations.

Besshi
Copper Mines



Besshi Copper Mines (part of a woodblock print commemorating the mine's 200th anniversary)

Source: Sumitomo Historical Archives