

On the Release of Integrated Report 2021

In 2020, the world faced the COVID-19 outbreak, and the pandemic has threatened people's lives and changed patterns of behavior ever since. We express our sincere condolences to all those who suffered from losses due to COVID-19. At the same time, we wish the early recovery of COVID-19 patients and all individuals who still have to confront difficult situations.

Since the spread of COVID-19, the global economy has experienced its worst economic downturn since the Second World War. Given the various divisions that have arisen globally, it is difficult to feel optimistic about the future. The past year was an extremely arduous one for many companies. Meanwhile, amid such great upheavals, the efforts to create a sustainable society did not come to a halt: in fact, they have spread even further. Governments are setting clear goals toward achieving a decarbonized world. And companies also need to promote initiatives toward building a new society.

At the Sumitomo Corporation Group, we are pursuing the ideal state of society. We grasp global trends even as we push toward promoting sustainability management. We completely embrace the spirit of “Benefit for self and others, private and public interests are one and the same,” as stated in Sumitomo's Business Philosophy. In that way, through our business activities, we will continue striving to improve corporate value by contributing toward addressing the various problems society faces, such as mitigating climate change.

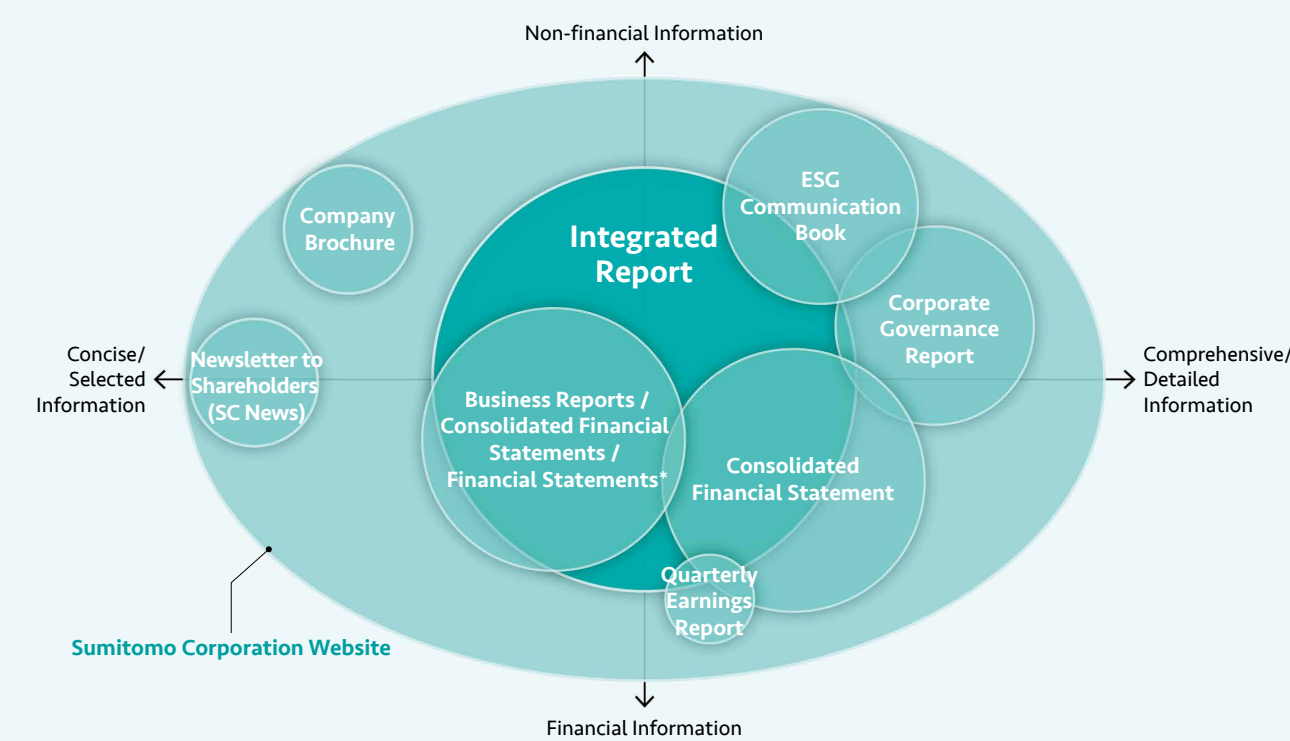
Amid robust global demand for economic and social sustainability, the importance of non-financial elements in value creation and company evaluation has further increased. Accordingly, the expected role of integrated reports has expanded when those elements are widely presented. We at the Sumitomo Corporation Group position our integrated report as a tool for constructive dialogue with our stakeholders: we aim to foster understanding about our value creation mechanisms from a medium- to long-term perspective. Integrated Report 2021 is centered on the new medium-term management plan “SHIFT 2023,” and was developed after many discussions on the opinions and questions received from stakeholders.

The Sumitomo Corporation Group will continue to strive toward enhancing the content of our integrated report. We will create true value required by society together with our determination for “Enriching lives and the world,” as conveyed in our Corporate Message.

September 2021
Kuniharu Nakamura
Director, Chairman
Chairman of the Board of Directors

Sumitomo Corporation Group’s Information Disclosure Tools

At Sumitomo Corporation Group, to respond to the interests of our stakeholders, we are working to provide both financial and non-financial corporate information by utilizing various information disclosure tools. The below diagram is an overview that shows the information listed in each information disclosure tool and its position. Please also refer to the tools other than this document, such as the ESG Communication Book.



Integrated Report		As a communication tool for all stakeholders, this is an annual report that integrates our financial and non-financial information. This integrated report helps stakeholders understand the overview of our value creation and the enhancement of corporate value in the short, medium, and long term as well as corporate strategy and the overall progress of our business.	
ESG Communication Book		Of non-financial information, the ESG Communication Book summarizes detailed information about our activities related to sustainability from the perspective of ESG (Environment, Society, and Governance). It is published on our corporate website, and information is updated occasionally during the year.	 Click here for details.
Business Reports / Consolidated Financial Statements / Financial Statements*		The Business Report conveys important matters related to business results and status of each fiscal year. The Consolidated Financial Statements disclose our corporate group's consolidated financial position and profit/loss. The Financial Statements disclose our non-consolidated financial position and profit/loss. (All three are in accordance with the Japanese Companies Act.)	 Click here for details.

* Included in Notice of Convocation

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Medium-Term Management Plan 2020
FY2018–FY2020

New Medium-Term Management Plan "SHIFT 2023"
FY2021–FY2023

Sustainability Management

Governance

Sustainable corporate growth

Enriching lives and the world

Sustainable planet and society

Scope of the Report

- Period covered: April 1, 2020, to March 31, 2021 (Some activities starting on or after April 1, 2021, are included.)
- Organizations covered: Sumitomo Corporation and the Sumitomo Corporation Group
- Previous publication: October 2020
- Next publication: Autumn 2022

Referenced Guidelines

- The International Integrated Reporting Council (IIRC)
- ISO 26000 (Guidance on Social Responsibility)
- Charter of Corporate Behavior, KEIDANREN (Japan Business Federation)
- Environmental Reporting Guidelines 2018, issued by the Ministry of the Environment
- Guidance for Collaborative Value Creation by the Ministry of Economy, Trade and Industry

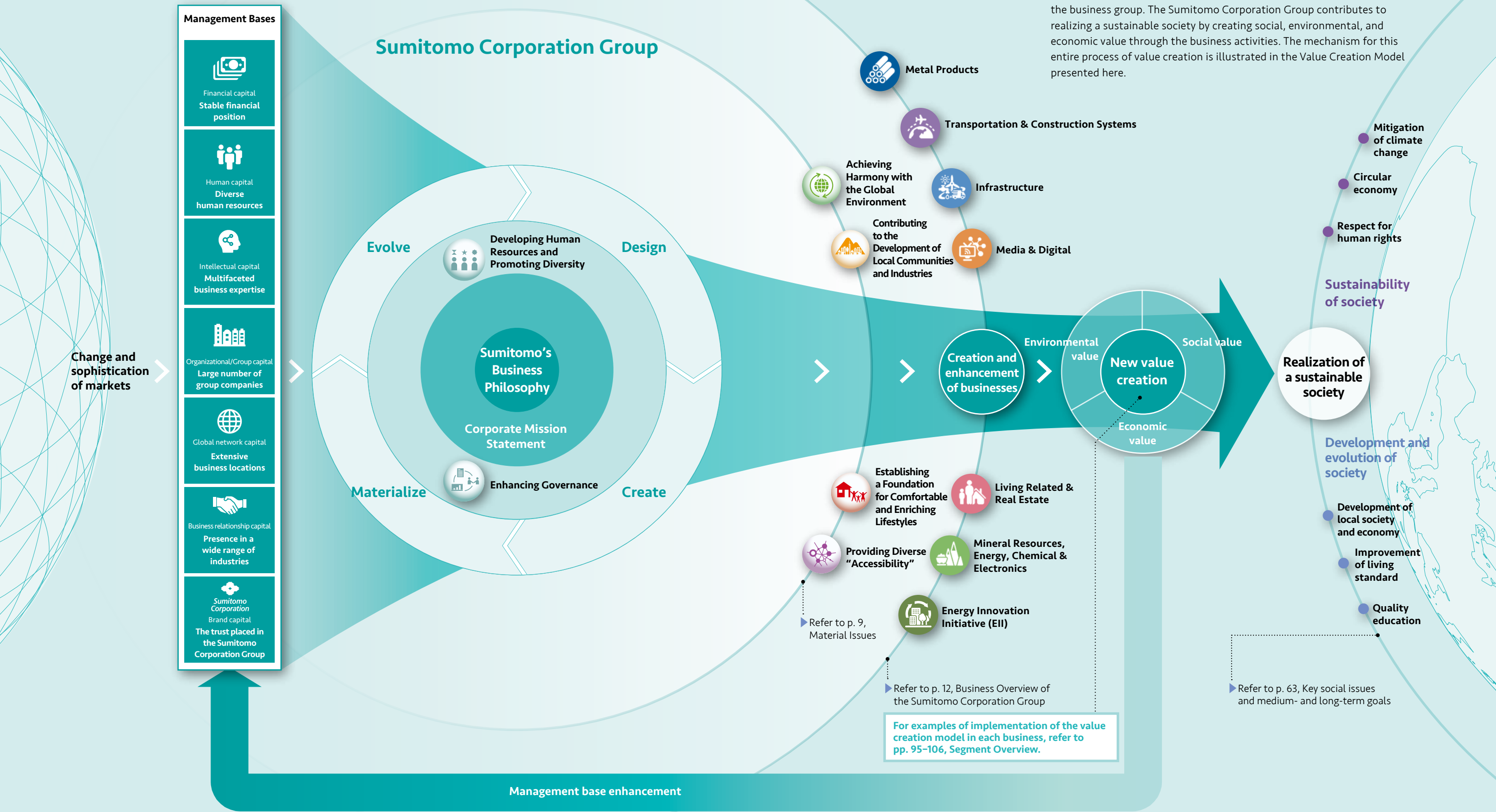


Cautionary Note Regarding Forward-looking Statements

This integrated report contains management targets relating to medium-term management plans as well as a wide range of other forward-looking statements. They are subject to the influence of a range of factors in the Company's circumstances going forward and do not constitute a guarantee of future business performance or a guarantee that the targets and forecasts will be met. Readers are therefore advised to avoid placing undue reliance on the forward-looking statements contained herein and to be aware that the Company recognizes no obligation to update or revise such statements.

Creating new value for today and tomorrow

The Sumitomo Corporation Group pursues the creation of new businesses and the enhancement of existing businesses based on Sumitomo's Business Philosophy and the Sumitomo Corporation Group's Corporate Mission Statement that has been passed down over the years. We accomplish it by anticipating changes in the times and quickly assessing the challenges of the global environment and society while combining the management base comprised of seven types of capital with the diverse business functions of the business group. The Sumitomo Corporation Group contributes to realizing a sustainable society by creating social, environmental, and economic value through the business activities. The mechanism for this entire process of value creation is illustrated in the Value Creation Model presented here.



Sumitomo's Business Philosophy

The origins of Sumitomo's Business Philosophy can be found in the founder's precepts, *Monjuin Shiigaki*, a guide to the right way to conduct a merchant business written by the founder of the house of Sumitomo, Masatomo Sumitomo (1585–1652). It begins with the recommendation "Do your best prudently and meticulously, not only in business but in every aspect of life," a statement of the right approach in all situations. Sumitomo's Business Philosophy originated with this approach and has been nurtured and refined by our predecessors over the course of Sumitomo's 400 years of history to be inherited by us today.



Monjuin Shiigaki Source: Sumitomo Historical Archives

Sumitomo's Business Philosophy encapsulated in four phrases

Place prime importance on integrity and sound management without pursuing easy gains

This phrase expresses a business approach based on building a reliable foundation of trust rather than simply seeking short-term gain. A business enterprise is there to pursue profit, but this management stance, which instead prioritizes relationships of trust and sound operations over immediate gain, is what has formed the corporate ethos of today's Sumitomo Group businesses.

Benefit for self and others, private and public interests are one and the same

This phrase expresses the idea that Sumitomo's business must go beyond benefiting Sumitomo itself to also benefit the nation and society. In other words, it encapsulates the belief that "it is not enough for Sumitomo's business to aim to enrich itself only, it must have the grander goal of serving the interests of the nation and society."

Grand design

This phrase expresses a planning approach which, rather than pursuing immediate profit, looks far ahead to devise a careful plan that will benefit both Sumitomo and society. This attitude—which is in sync with today's values of prioritizing management based on medium- to long-term rather than short-term perspectives—is thus a Sumitomo tradition handed down since our earliest days.

An enterprising spirit

This phrase expresses the approach of actively embracing new things and ideas, and maintaining a strong focus on goals that is not affected by difficulties. This thinking has formed the Sumitomo Group's corporate culture of "facing contemporary change positively and staying one step ahead of it, letting go of out-of-date businesses and starting new ones to meet contemporary needs instead, and then nurturing them with dedication and determination."

Sumitomo Corporation Group's Corporate Mission Statement

The Sumitomo Corporation Group's Management Principles are a contemporary translation of Sumitomo's Business Philosophy, which was devised approximately 400 years ago, using simplified language and a clear structure, and rewritten from a more global perspective. The Activity Guidelines provide guidance on how each company as well as its executives and employees should behave as they conduct daily business activities to realize the Management Principles. As declared in the Management Principles, our corporate mission is to support our shareholders, clients, local communities, employees, and everyone else around the world in their endeavors to achieve economic and spiritual prosperity and realize their dreams through our sound business activities. We also maintain—throughout our

business practices—a unique management style that respects the personality of each individual and places prime importance on integrity and sound management, which represent the essence of Sumitomo's Business Philosophy, while cherishing a corporate culture that allows each employee to take the initiative and demonstrate creativity that is conducive to continuous reform and innovation.

By sharing the values presented in the Management Principles and the Activity Guidelines across the Group to materialize them in specific business activities, 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.

Sumitomo Corporation Group's 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

Material Issues

Over the years, we have conducted our business activities guided by Sumitomo's Business Philosophy and the Sumitomo Corporation Group's Management Principles. Nowadays, how companies are working to help resolve social issues is growing in importance. In April 2017, we identified "Six Material Issues to Achieve Sustainable Growth with Society" based on Sumitomo's Business Philosophy and Sumitomo Corporation Group's

Management Principles. These are priority issues to be addressed by leveraging our strengths through our business activities. These Six Material Issues consist of four social issues that we are working to address and two foundational Group issues that support our efforts to help resolve social issues. We have positioned them as important elements within the establishment of business strategies and in the decision-making process for individual businesses.

Leveraging our trust-based relationships with customers and partners across the globe and utilizing our business expertise, we will secure our growth and address social issues simultaneously by fulfilling our Corporate Mission, "To achieve prosperity and realize dreams through sound business activities."



Achieving Harmony with the Global Environment

To realize recycling-oriented society and mitigate climate change, we are working to establish frameworks for the efficient use of resources and stable supply of renewable energy. In doing so, we will achieve growth in harmony with the global environment.



Contributing to the Development of Local Communities and Industries

We steadily procure and provide goods and services to meet the needs of people in various countries and regions and contribute to developing industrial platforms. Through these means, we will create a virtuous cycle in which we can grow and develop together with local communities.



Establishing a Foundation for Comfortable and Enriching Lifestyles

We strive to realize more convenient and comfortable lifestyles by providing goods and services for daily use while also responding to needs for high-quality lifestyles in order to support the physical and mental health of people around the world.



Providing Diverse "Accessibility"

We provide diverse accessibility to open up the possibility of creating new value. To this end, we will improve mobility for safe and efficient flow of people and goods, and expand the network connecting information and finance.

As a prerequisite for resolving the issues listed above, we strive to maintain and enhance our Management Style that places prime importance on integrity and sound management with utmost respect for the individual and our Corporate Culture full of vitality and conducive to innovation.



Developing Human Resources and Promoting Diversity

In order to create new value and innovation by allowing our diverse personnel to fully exercise their abilities in a variety of fields, we will promote the development and empowerment of human resources, which represent our most important management resources.



Enhancing Governance

We will enhance our ability to draft and implement strategies for achieving sustainable growth and to provide appropriate supervision of these strategies, all while maintaining transparency. In this manner, we will improve management efficiency and maintain sound management.

Identification Process

We set up an internal, cross-organizational task force and identified Six Material Issues to Achieve Sustainable Growth with Society based on Sumitomo's Business Philosophy and the Sumitomo Corporation Group's Corporate Mission Statement.

Investigation

Referencing international guidelines such as the Sustainable Development Goals (SDGs)*¹, which were adopted by the United Nations (UN) in 2015, and the International Integrated Reporting Council (IIRC) International Integrated Reporting Framework*², we also exchanged opinions with institutional investors and experts to review methods for identifying material issues to achieve sustainable growth with society.



Sorting of Our Business and Social Issues and Extraction of Material Issues

Based on the SDGs, which are considered to be a comprehensive list of social issues, we sorted out the social issues that each business unit is currently help resolving through its business and the social issues that we hope to solve through our business going forward. Referring to this sorting of issues, we considered our current strengths and the role we should play in the future based on Sumitomo's Business Philosophy and the Sumitomo Corporation Group's Management Principles. We then extracted the social issues that we consider to be particularly important and will prioritize for solutions along with our own issues that will be necessary for implementing those solutions.



Exchange of Opinions with Internal and External Stakeholders

We exchanged opinions with external experts such as international organizations and institutional investors and gathered opinions from all officers and employees via an internal questionnaire. By doing this, we sought to ascertain the interests and expectations of internal and external stakeholders with respect to our corporate activities in order to discuss how we should organize the issues that were extracted and put them into words.



Identification

The selected issues and their importance were reviewed by the CSR Committee. With deliberation and approval by the Management Council and the Board of Directors, the Six Material Issues to Achieve Sustainable Growth with Society were finalized.

^{*1} A set of 17 goals to be met by 2030 covering a range of global-scale issues. The goals were adopted in 2015 by all 193 member nations at the UN Summit.
^{*2} A framework announced by the IIRC for improving corporate reporting expressing the information (both financial and non-financial) necessary to explain the ability to create value over time in a clear and concise format that makes comparison possible.

Management Capital of the Sumitomo Corporation Group

We strive to maintain and increase our management capital (financial and non-financial capital), which is the source of sustainable value creation.

As of March 31, 2021















<div>Financial capital</div> <div>Stable financial position</div> 	<div>Total assets</div> <div>Shareholders' equity</div> <div>¥8.1 trillion</div> <div>¥2.5 trillion</div>	<div>While maintaining cash flow discipline, we balance the Core Risk Buffer (RB) with Risk-weighted Assets (RA) to ensure the stability of management.</div>
<div>Human capital</div> <div>Diverse human resources</div> 	<div>Number of employees (Consolidated basis)</div> <div>74,920</div>	<div>We recruit human resources with diverse backgrounds, develop them as professionals with extensive knowledge and expertise, and deploying human resources, an important management resource, globally.</div>
<div>Intellectual capital</div> <div>Multifaceted business expertise</div> 	<div>Business development</div> <div>Business investment/management</div>	<div>We leverage our business expertise to develop, invest in, and manage businesses. This expertise, in areas including risk management, logistics solutions, and financial services, has been built up over many years.</div>
<div>Organizational/Group capital</div> <div>Large number of group companies</div> 	<div>Number of consolidated companies</div> <div>935</div>	<div>Owning world-class Group companies in a wide range of industries, we use our accumulated management knowledge to improve profitability and further strengthen our business foundations.</div>
<div>Global network capital</div> <div>Extensive business locations</div> 	<div>Number of offices</div> <div>135 locations</div> <div>66 countries and regions*</div>	<div>Operating from offices located worldwide, we leverage our network of ties with industry and government in each country to ensure that our businesses are swift to identify and respond to local needs.</div>
<div>Business relationship capital</div> <div>Presence in a wide range of industries</div> 	<div>Number of clients</div> <div>Approx. 100,000</div>	<div>By deepening our relationships with business partners that we have cultivated in a variety of industries, we establish our presence in each industry, and implement multifaceted development of the business.</div>
<div>Brand capital</div> <div>The trust placed in the Sumitomo Corporation Group</div> 	<div>History of Sumitomo Corporation</div> <div>102 years</div> <div>(founded on December 24, 1919)</div>	<div>We have lived by Sumitomo's Business Philosophy, which has been passed down for approximately 400 years, and the Sumitomo Corporation Group's Management Principles, which "place prime importance on integrity and sound management." This is an ideal that we have consistently embodied and will continue to honor.</div>

* For further details, please visit "Japan and Overseas Regional Organizations" on our corporate website. <https://www.sumitomocorp.com/en/jp/about/point/area-organization>



Business Overview of the Sumitomo Corporation Group

We are engaged in business in various industries and domains worldwide as an integrated trading company.

<div>Metal Products</div>  	<ul style="list-style-type: none"> Steel Products Division Tubular Products Division 	<div>The Metal Products Business Unit is involved in the trade of metal products, including steel sheets, tubular products, and railway products. The business unit offers unique service features in response to customer needs both domestically and internationally, while building a strong value chain along each product line.</div>
<div>Transportation & Construction Systems</div>  	<ul style="list-style-type: none"> Beyond Mobility Business Department Lease, Ship & Aerospace Business Division Mobility Business Division 1 Mobility Business Division 2 Construction & Mining Systems Division 	<div>The Transportation & Construction Systems Business Unit is engaged in businesses in transportation system (such as ships, aircraft, and automobiles) and construction equipment fields (including mining equipment, agricultural equipment, and industrial vehicles). The business unit conducts business while evolving in response to the changes of the times.</div>
<div>Infrastructure</div>  	<ul style="list-style-type: none"> Social Infrastructure Business Division Global Power Infrastructure Business Division Logistics Infrastructure Business Division 	<div>The Infrastructure Business Unit contributes to achieving harmony with the global environment and development of local communities and industries through a global infrastructure business that meets national, regional, and local needs.</div>
<div>Media & Digital</div>  	<ul style="list-style-type: none"> Media Division Digital Business Division Smart Communications Platform Business Division 	<div>The Media & Digital Business Unit is engaged in business in the areas of media, digital, and smart communications platform.</div>
<div>Living Related & Real Estate</div>  	<ul style="list-style-type: none"> Lifestyle & Retail Business Division Food & Agriculture Business Division Materials, Supplies & Real Estate Division 	<div>The Living Related & Real Estate Business Unit is engaged in businesses in the fields of lifestyle & retail, food, materials & supplies, and real estate.</div>
<div>Mineral Resources, Energy, Chemical & Electronics</div>  	<ul style="list-style-type: none"> Mineral Resources Division No. 1 Mineral Resources Division No. 2 Energy Division Basic Chemicals & Electronics Division Life Science Division 	<div>The Mineral Resources, Energy, Chemical & Electronics Business Unit is engaged in business in the mineral resources, energy, basic chemicals & electronics, and life sciences fields, thereby contributing to conservation of the global environment and sustainable regional and industrial development.</div>
<div>Energy Innovation Initiative (EII)</div>  	<div>EII develops next-generation businesses in the field of decarbonization and next-generation energy.</div> <div>▶ Refer to p. 47</div>	