

## Sumitomo Corporation Integrated Report 2024

# CONTENTS

## Introduction

- 02 Editorial policy
- 03 History
- 04 At a glance

## Management Vision and Sources of Value Creation

- 05 Message from the President and CEO
- 09 Message from the CSO
- 10 Value creation model
- 11 Material Issues
- 12 Management capital
- 13 Values of the Sumitomo Corporation Group

## Growth Strategy

- 15 Review of SHIFT 2023
- 16 Medium-Term Management Plan 2026
- 20 Message from the CFO
- 21 Capital policy
- 22 Management conscious of cost of capital and stock price
- 23 Message from the CAO
- 24 Human Capital
- 28 Transformation through digital
- 29 List of Group businesses
- 30 Steel Group
- 31 Automotive Group
- 32 Transportation & Construction Systems Group
- 33 Diverse Urban Development Group
- 34 Media & Digital Group
- 35 Lifestyle Business Group
- 36 Mineral Resources Group
- 37 Chemical Solutions Group
- 38 Energy Transformation Business Group

## Special Feature: Growth Story —Enhancing Our Competitive Advantages

- 40 Story 1 Established strengths
- 43 Story 2 Expansion into new domains

## Sustainability

- 45 Sustainability management
- 46 Addressing global environmental issues
- 48 Respect for human rights

## Governance

- 50 Tripartite discussion among Outside Directors
- 54 Message from former Chairperson of the Nomination and Remuneration Advisory Committee
- 55 Corporate governance
- 65 Directors, Audit & Supervisory Board Members
- 68 Risk management
- 70 Information security

## Data

- 71 Summary of key financial indicators
- 72 Summary of non-financial indicators
- 73 Company information
- 74 Global network
- 75 Dialogue with stakeholders
- 76 External recognition

### On the release of Integrated Report 2024

As global circumstances grow increasingly complex and uncertain, demand for sustainability in both our planet and society continues to intensify.

In response, companies are embracing long-term and increasingly challenging initiatives, requiring management to more clearly link and integrate the financial and non-financial aspects of their operations.

With this understanding, our Integrated Report is designed to provide a comprehensive and medium- to long-term perspective on the future of the Sumitomo Corporation Group.

Under the leadership of the new President, Shingo Ueno, we launched a new management structure and business organization in April 2024.

With the achievements of the previous three-year medium-term management plan, SHIFT 2023, in hand, the Sumitomo Corporation Group is now poised to enter a new stage of growth.

This is the stage where we truly demonstrate the true value we have communicated in our previous integrated reports.

We also updated our Material Issues from the perspective of creating value and achieving growth by addressing social challenges.

In this Integrated Report, we delve into the core concept of “competitive advantage,” which is central to our new Medium-Term Management Plan 2026, with the slogan “No.1 in Each Field.” By explaining the plan’s objectives and strategies, we aim to convey the strength and momentum of the Sumitomo Corporation Group as we move forward.

We encourage you to read through the report and share your thoughts and frank comments. We hope that this Integrated Report serves as a valuable tool for dialogue and the sharing of new values with all our stakeholders.

**Masayuki Hyodo**  
Chairman of the Board of Directors

## Editorial policy

At the 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.

As shown in the figure to the right, the integrated report is the primary disclosure tool for this information and serves as the core medium for communicating the medium- to long-term growth story of the Group.

### Scope of report

- Period covered: April 1, 2023, to March 31, 2024 (Some activities starting on or after April 1, 2024, are included.)
- Organizations covered: Sumitomo Corporation and the Sumitomo Corporation Group

### Referenced guidelines

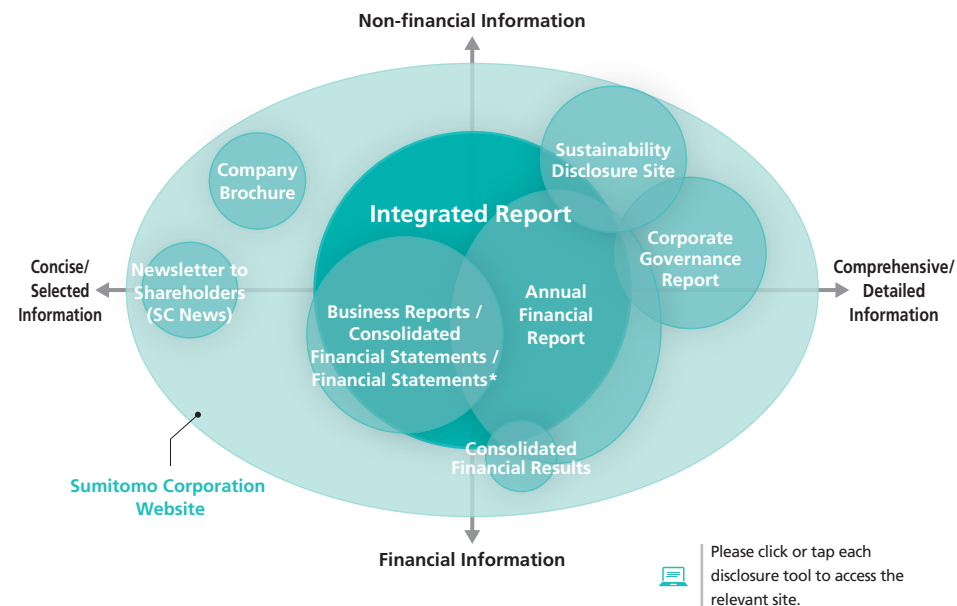
- The International Integrated Reporting Framework (IFRS Foundation)
- ISO 26000 (Guidance on Social Responsibility)
- Charter of Corporate Behavior, KEIDANREN (Japan Business Federation)
- Environmental Reporting Guidelines 2018, issued by the Ministry of the Environment
- Guidance for Collaborative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



### Cautionary statement concerning 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.

### Sumitomo Corporation Group's information disclosure system



### Main tools for information disclosure

<b>Integrated Report</b>	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 medium- to long-term as well as corporate strategy and the overall progress of our business.
<b>Sustainability Disclosure Site</b>	Among non-financial information, we disclose detailed information on our activities related to sustainability from the perspective of ESG. We also provide the latest relevant information by disclosing it on our corporate website and updating it as necessary.
<b>Business Reports / Consolidated Financial Statements / Financial Statements*</b>	The Business Report conveys important matters related to business results and the 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 of these documents are in accordance with the Japanese Companies Act.)

\* Included in Notice of Convocation



# History

1600s

1910s

1945—

End of World War II, General Headquarters of the Allied Powers in Japan issues an order calling for the dissolution of zaibatsu (1945)

## Around 1600 Starts copper mining

Copper beating pictorial record in the Kodo Zuroku (Source: Sumitomo Historical Archives)



1919

## The Osaka North Harbour Company Limited founded (the predecessor to today's Sumitomo Corporation)

Head Office of The Osaka North Harbour (Sumitomo Sohonten Annex, former Teikokuza Theater) (Source: Sumitomo Historical Archives)



1945

## Renamed to Nippon Engineering Co., Ltd. Enters the trading business

Sumitomo Building Annex, where Nippon Engineering's Head Office was located



1950

## Steadily expands its presence overseas

Posted an employee to Bombay (now Mumbai), India, for the first time in 1950, and subsequently established a U.S. subsidiary in New York in 1952.

1950—

Special demand caused by the Korean War (1950)  
Japanese post-war economic miracle (1955)  
Summer Olympics and Paralympics in Tokyo (1964) and Expo '70 in Osaka (1970)

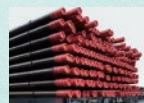
1952

## Renamed to Sumitomo Shoji Kaisha, Ltd.

1953

## Begins export of Japanese tubular products

In the 1990s, long-term contracts with oil majors were evolved into supply chain management systems.



1962

## Adopts a product division structure

1963

## Opens the first Summit store

Committed to community-based service, Summit has grown into one of the top supermarkets in the Tokyo metropolitan area.



1970s and later

## Expands the scale of overseas steel service centers

Developed a system to process and supply steel products on a just-in-time basis, mainly in Asia, in response to overseas expansion by our customers.



1980s

## Starts commercial aircraft-related business

[p.40](#) | Special Feature: Growth Story Story 1

## Expands the construction and mining equipment business

The Company expanded from export and financing of construction and mining equipment to the sales & marketing business, and subsequently progressed into the rental business.



1990—

Collapse of asset price bubble in Japan (1991)  
Asian financial crisis (1997)  
Lehman Brothers bankruptcy (2008)

1990

## Launches its first industrial park business in Indonesia



1993

## Establishes Sumisho Retail Stores (now Tomod's)

Enters drugstore business

[p.43](#) | Special Feature: Growth Story Story 2

1996

## The copper incident

It came to light that the general manager of a sales department was conducting unlawful copper trading unbeknown to the Company. This incident led to the recording of losses to the extent of ¥285 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

## Establishes the Sumitomo Corporation Group's Corporate Mission Statement Introduces the risk-adjusted return ratio as a new management indicator

1999

## Promotes selection and concentration of businesses under medium-term management plan Reform Package

2001

## Consolidates head offices into the Tokyo Head Office

The Head Office was relocated to Harumi Triton Square in May 2001



2003

## Establishes the Sumitomo Corporation Corporate Governance Principles to enhance its corporate governance

2010—

COVID-19 pandemic (2020)  
Summer Olympics and Paralympics in Tokyo (2021)

2011

## Establishes SCSK Corporation Focuses on joint promotion of DX within the Group

2017

## Identifies six Material Issues

2018

## Relocates Head Office to Otemachi, Tokyo

The Head Office was relocated to OTEMACHI PLACE EAST TOWER in September 2018



2019

## 100th anniversary Establishes Corporate Message of Enriching lives and the world

2020

## Identifies six key social issues and long-term goals

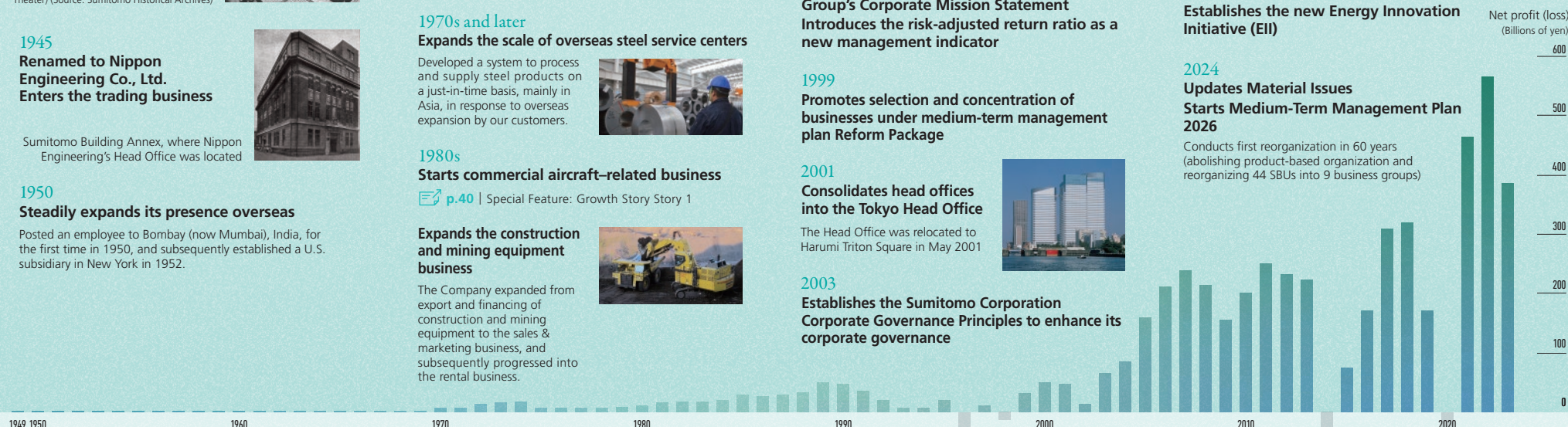
2021

## Establishes the new Energy Innovation Initiative (EII)

2024

## Updates Material Issues Starts Medium-Term Management Plan 2026

Conducts first reorganization in 60 years (abolishing product-based organization and reorganizing 44 SBUs into 9 business groups)



1949 1950

1960

1970

1980

1990

2000

2010

2020



## At a glance

(FY2023; year ended March 31, 2024)

Global network		Consolidated subsidiaries and associated companies	Number of employees (Consolidated basis)		
127 offices in 65 countries and regions worldwide (As of April 2024)		884 companies	79,692		
Number of aircraft leasing fleet	Cable television in Japan	Number of food supermarkets in Tokyo	Global comprehensive urban development projects (total land area)		
No. 2 in the world	No.1	No.1	5,000 <sub>ha</sub>		
Number of housing units supplied globally (cumulative)	Agribusiness expansion (number of countries)	Number of managed care members in Malaysia	Renewable energy (net ownership generation capacity)		
Approx. 100,000	38	3.7 million (No.1) (As of July 2024)	2.1 <sub>GW</sub>		
Profit for the year	Profit for the year excluding one-off profits/losses	Of which, the percentage of non-mineral resources	Free cash flow	ROE	Total payout ratio
¥386.4 billion	¥501.0 billion	75%	+¥314.9 billion (Repayments of lease liabilities categorized in financing activities have been adjusted.)	9.4%	40% or higher (Medium-Term Management Plan 2026)

External  
evaluations

Moody's Investors Service

**Baa1**  
(stable)

S&P Global Ratings

**A-**  
(stable)

Rating and  
Investment Information, Inc.

**AA-**  
(stable)

### Long-term credit ratings



FTSE4Good



FTSE Blossom  
Japan Index



FTSE Blossom  
Japan Sector  
Relative Index



2024  
Somo Sustainability Index



CDP  
DISCLOSURE INSIGHT ACTION