

Message from the President and CEO



Entering a new growth stage with the theme “No.1 in Each Field.”

Shingo Ueno

**Representative Director,
President and Chief Executive Officer**

Profile

Joined the Company in 1982 and engaged in the tubular products and energy businesses. After serving as General Manager for the Americas, he oversaw the mineral resources, energy, chemicals & electronics, and metals businesses. At the same time, as a head of the Energy Innovation Initiative (EII), launched in 2021, he led company-wide efforts for next-generation energy solutions.

Message from the President and CEO

My objectives as CEO

My name is Shingo Ueno, and I was appointed CEO as of April 2024. I look forward to your support.

First, let me share my thoughts on the kind of CEO I aspire to be. Although I am the Chief Executive Officer, my image of CEO is not standing at the top of the pyramid and reigning, looking down from above. While the roles played by each member of the Sumitomo Corporation Group might differ, I believe there is no superiority or inferiority among these roles, including that of the CEO. I will fulfill my role as CEO, and I trust that all employees will also fulfill their expected roles. My ideal management style is to foster an open and flat organization where everyone, including the CEO, communicates on equal terms and from the same perspective. I will create as many opportunities as possible to communicate directly with employees around the world on the same level. I want the Company to be a place where all employees can discuss their dreams and aspirations and demonstrate their strengths as a unified team towards the same direction.

Since joining the Company in 1982, I have been involved in a variety of businesses both in Japan and overseas. In my first 30 years, I engaged in enhancing functions of the Company and expanding its business scale to create value for customers and manufacturers worldwide in the export and sales, processing, and supply chain management of energy-related tubular products. Thereafter, in the mineral resources, energy, and chemicals & electronics business, I, as a Division Head, led rebuilding the organization and business after posting significant losses. I also made and implemented decisions to acquire or withdraw from upstream interests based on a long-term perspective as a Head of Business Unit.

In parallel with these efforts, I launched the Energy Innovation Initiative (EII) in April 2021 to spearhead a company-wide effort to provide next-generation energy solutions. The aim of the EII is to develop and promote businesses that help realize a carbon-neutral society over the medium to long term, thereby building new earning pillars of the Company.

Looking back, I have shared many experiences with team members and business partners, developing, expanding, recovering, and withdrawing from businesses while facing changes in the external environment and overcoming them together. This has been my foundation. In addition to pursuing economic value, we must simultaneously increase social value through businesses that help address social challenges. It is the only way to achieve sustainable growth in the long

run, and it forms the basis of my values. These values are also a reflection from Sumitomo's Business Philosophy, which has been passed down for 400 years, as well as from the Sumitomo Corporation Group's Corporate Mission Statement, which embodies that philosophy.

Transition from previous plan (SHIFT 2023)

Thanks to structural reforms carried out over the three years of the previous medium-term management plan, SHIFT 2023 (FY2021–2023), we have strengthened the resilience of our business portfolio. I returned to Japan in April 2019 after completing my term as General Manager for the Americas. In the following FY2020, however, profit for the year fell into the red, partly due to the pandemic. After a thorough review, we worked diligently over the three-year period starting in FY2021 to return the Company to a growth trajectory. Specifically, we added ROIC and WACC to our indicators, which led to the Business Portfolio SHIFT. This included withdrawal from low-profitability businesses and recovery of management resources through divestment while promoting capital recycling by reallocating these resources to steady growth businesses. Over the three years through FY2023, we steadily improved our profitability, ROE, and financial soundness, establishing an earnings base capable of generating profit for the year at the ¥500 billion level.

 [p.15](#) | Review of SHIFT 2023

I believe that I was handed the baton of CEO at the time to finally go on the offensive.

The Company has been achieving growth by constantly staying a step ahead in dealing with change and evolving our business model. I now see great business opportunities amid the significant, fast-paced changes we are currently experiencing.

For example, in the areas of green transformation (GX), which is required for almost every business in the Group, and digital, which is essential for business transformation, we are making strong progress by leveraging the strength and speed of cross-organizational collaboration, a hallmark of the Company.

Amid these dynamic trends, we are entering a stage of dynamic growth.

Message from the President and CEO

Medium-Term Management Plan 2026 theme: “No.1 in Each Field”

As we forge strongly ahead toward a new stage of growth, we launched the Medium-Term Management Plan 2026 in April 2024, with the theme, “No.1 in Each Field.” Under the previous plan, we adopted a stronger defensive approach that included implementing structural reforms, maintaining financial soundness, and strengthening resilience. Going forward, however, we will switch to an offensive mindset with the aim of becoming “No.1 in Each Field.” The Company operates businesses in a variety of industries, sectors, and business categories. Accordingly, we intentionally do not set a uniform company-wide definition of “No.1” because each of our businesses operates in a different environment and follows a different trajectory. Each business recognizes its own strengths, enhances its competitive advantages, and defines what kind of “No.1” it aims to become. It can be market share, profitability, capital efficiency, customer satisfaction, or other objectives. By successfully implementing strategies that incorporate these objectives, we plan to make the Sumitomo Corporation Group into the “No.1” business group. I believe such dynamic growth can only be achieved through addressing social challenges, which aligns with the values I mentioned earlier.

This also means accelerating our business portfolio transformation. In addition to further expanding growth businesses, we will focus on enhancing the profitability of low-profitability businesses, with the aim of achieving profit for the year of ¥650 billion in FY2026.

Using business-specific ROIC and WACC as indicators, we will continue working on business portfolio transformation, thus raising company-wide ROA. Our businesses are classified into four strategic categories—steady business growth, value creation, restructuring, and nurture. Each business will steadily fulfill its expected role, leading to further improvement of profitability for the entire company. For struggling businesses, we will consider all options to make informed decisions.

By focusing on the two pillars of “growth leveraged by strength” and “strengthening the driving force for growth,” we can successfully grow our business while accelerating our business portfolio transformation.

Concentrate investments in businesses with “core-strength”

With respect to “growth leveraged by strength,” we will allocate around 80% of our growth investment to businesses with “core-strength” where we have familiarity, strength, and competitive advantage. This approach will expand our earnings base and build earning pillars that drive profit growth. The remaining 20% will be allocated to developing businesses that will become our future strengths in the medium to long term.

Businesses with “core-strength” include agriculture, construction systems, leasing, energy solutions, steel, digital, healthcare, and real estate. In each of these businesses, the Group has unique strengths and can demonstrate its competitive advantage.

In the aircraft leasing business, for example, we possess extensive knowledge and networks related to aircraft, which began with the trading of used aircraft and parts. In the real estate business, with a full lineup portfolio, we have the expertise to handle the entire project life cycle, from initial development to final operation. By maximizing synergy of our knowledge of each business field and our asset management capabilities, we have developed a unique strength.

In the healthcare business, we promote primary medical care that meets the needs of various overseas regions. Here, we leverage the customer relationship management and chain store operation capabilities we have developed over many years in our lifestyle-related businesses. We also utilize our management expertise from the drugstore and pharmacy business in Japan.

 **p.39** | Special Feature: Growth Story

First organizational changes in 60 years aimed at enhancing agility and maximizing the potential of our human capital

In addition to “growth leveraged by strength,” we are “strengthening the driving force for growth” with a focus on empowering our people and our organizations.

Message from the President and CEO

In April 2024, after two years of discussion, we implemented a major reorganization, abolishing the product-based organization that had existed for the past 60 years. The basic unit of the new organization is the strategic business unit (SBU), which centers on strategy. Unrestricted by organizational scale, our 44 SBUs range in size from around 10 to 400 employees. These SBUs are organized into nine business groups based on strategic affinity. The head of each business group, acting as Group CEO, will promote autonomous group management globally and work flexibly to expand profits. In addition, there will be new value chain creations by starting from existing strong businesses, linking SBUs across former business units, represented in groups such as the Energy Transformation Business Group and the Diverse Urban Development Group.

We also reorganized the Management Council, the highest executive-level decision-making body. To accelerate business portfolio transformation by making timely and accurate decisions, we reduced the number of members from 12 to 7 and changed the resolution method to majority voting. While the Management Council focuses on allocating management resources from the perspective of company-wide optimization, each business group aims for growth by pursuing individual optimization through autonomous group management. This dual approach allows us to enhance organizational strength and overall integrated strength through continuous dialogue and discussion, balancing the perspectives of company-wide and individual optimization.

The human resources that make up our organization are among our most important management capital. We refer to them as our “human capital.” By aligning our business portfolio transformation and SBU strategy, we will fully utilize our human capital, who are the driving force for our growth, to reinforce our strategy execution capabilities.

Together with stakeholders


In 10 or 20 years, the Company will have evolved with the times, resulting in a completely transformed business portfolio. Otherwise, we will not have made any meaningful progress. As in the past, it is essential for our businesses and business models to evolve by adapting to changing times. Our Medium-Term Management Plan 2026 is a critical step in this direction.



At the same time, one principle that remains unchanged, even as times change, is our commitment to creating social, environmental, and economic value by addressing social challenges through business activities that showcase our capabilities. Here, we will fully leverage our management capital, with Sumitomo's Business Philosophy at the core. By further expanding the value we create, we will achieve sustainable growth.

Sustainable growth cannot be achieved solely by the Company. Together with our shareholders, business partners, and all other stakeholders, we will enhance our corporate value and share that value with them.

For our shareholders, we will share value by aligning more closely with our shareholder interests, managing our business with a greater commitment to improving our corporate value. In our new medium-term management plan, we are targeting a total payout ratio of 40% or higher by implementing progressive dividend payments and conducting share repurchases in a flexible and agile manner. Simultaneously, we will allocate profits in a balanced way to investments in businesses earmarked for medium- to long-term growth. This approach aims to enhance our corporate value across the short, medium, and long terms.

 **p.19** | Summary of quantitative plans

As CEO, my pledge is to share our dreams, aspirations, and the value we create with all stakeholders, filling the future with abundance and truly “Enriching lives and the world.”

Message from the CSO


Value Creation Stories Embodied in the Medium-Term Management Plan 2026

Takayuki Sumita

Managing Executive Officer
Chief Strategy Officer

Sources of management capital

Our Medium-Term Management Plan 2026, announced in May 2024, sets forth our commitment to becoming “No.1 in Each Field” through business portfolio transformation. At the same time, we updated our Material Issues from the perspective of value creation and clarified our intention to address social challenges to create value and thus achieve growth. At the heart of this is Sumitomo’s Business Philosophy, which includes “benefit for self and others, private and public interests are one and the same” and “no pursuit of easy gains.” As illustrated in the Value creation model section, Sumitomo Corporation’s value creation stories, outlined in its medium-term management plan under the updated Material Issues, are detailed as follows.

 **p.10** | Value creation model

Here, the key input is our high-quality “capital”—encompassing our people, organizations, financial resources, and relationships—that we have developed through our sincere activities based on Sumitomo’s Business Philosophy. Examples of our capital include our strong relationships with countries and regions such as Indonesia and Vietnam, our pioneering efforts in the digital area and energy innovation, and our large-scale, high-market-share businesses, such as tubular products in North America and construction systems. We also have powerful Group companies such as SMFL and SCSK. In addition, our competitive edge is bolstered by trusted partnerships and a diverse portfolio, ranging from mineral resources and urban development to B2C businesses like pharmacies and

supermarkets, that only a conglomerate can offer. Moving forward, we will harness and integrate our core strengths—gained from the combination and synergy of such capital—to develop, expand, and reinforce our No.1 businesses. Then, we will accelerate the process by incorporating digital and green transformation (GX).

Value delivered by our No.1 businesses

With these No.1 businesses in mind, we will reorganize our financial and human capital portfolios and restructure our organizations accordingly. On the funding side, we will generate ¥2 trillion through business activities over the three-year period, plus ¥0.8 trillion in cash through asset replacement. Of these, we will invest more than ¥1.8 trillion in current areas of strength while making significant investments in nurture fields earmarked to become our future strengths. This forms the foundation of the business bases outlined in our medium-term management plan. We aim to become “No.1 in Each Field” by offering products and services that are both competitively superior and highly satisfactory to our customers. In FY2026, we are targeting profit of ¥650 billion and ROE of 12% or higher while increasing our contributions to greenhouse gas reduction and ecological impact minimization. These will be our outputs. Such outputs will result in various positive outcomes, including a total payout ratio of 40% or higher for shareholders, increased satisfaction and trust among business partners, competitive compensation for executives and employees, enhanced quality of life, and the development of exceptional talent. As our actions are based on our updated Material Issues, we will deliver social value and environmental value alongside economic value. These outcomes will further enhance the quality of our capital, which will become a key input for future growth.

Striving for further excellence

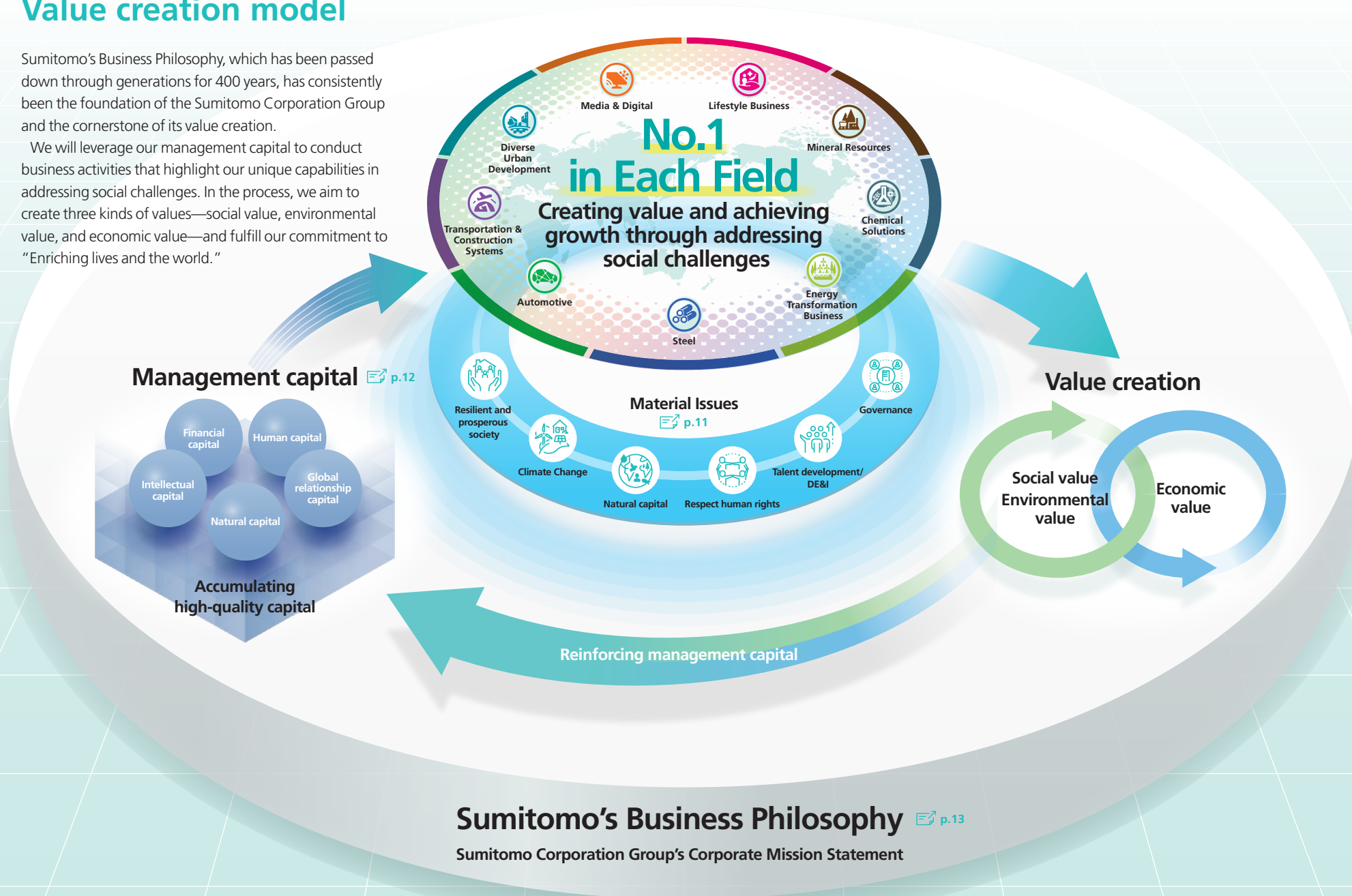
Certain areas require further refinement to fully achieve our goals. This involves pinpointing our core strengths and competitive advantages and using them as catalysts to develop a range of businesses that meet global needs, thereby enhancing our growth potential. It also requires us to enhance the driving force for growth—our organizations and human capital—so they can fully leverage their capabilities and attributes. Through these efforts, we will transform one aspect of Sumitomo’s Business Philosophy—“Planning imbued with a farsighted perspective”—into a robust business engineering power. Under strong leadership, each of our organizations will operate autonomously and adapt swiftly and effectively to the rapidly evolving and dynamic business environment. As a result, we will elevate the quality of the aforementioned inputs and business model, leading to improved outputs and outcomes.

As CSO, I feel a heavy responsibility in leading the strategies and portfolio management essential for implementing our value creation stories. I will do my utmost to ensure that the entire Sumitomo Corporation Group is transformed by our medium-term management plan and makes even greater strides going forward.

Value creation model

Sumitomo's Business Philosophy, which has been passed down through generations for 400 years, has consistently been the foundation of the Sumitomo Corporation Group and the cornerstone of its value creation.

We will leverage our management capital to conduct business activities that highlight our unique capabilities in addressing social challenges. In the process, we aim to create three kinds of values—social value, environmental value, and economic value—and fulfill our commitment to “Enriching lives and the world.”









Material Issues

Material Issues and medium- and long-term goals

We are committed to delivering sustainable growth by resolving social issues into the future. To this end, in 2017, we have identified our Material Issues that we should address by leveraging our strength in line with Sumitomo's Business Philosophy and Sumitomo Corporation Group's Corporate Mission Statement. Seeking to be more proactive in overcoming social issues, in 2020 we established the Key Social Issues and associated medium- and long-term goals and have conducted our business activities with an awareness of the social issues that we should prioritize.

In 2024, discussions with stakeholders—both within and outside the Group—were conducted over the course of approximately one year from the perspective of value creation, with consideration also given to the further aggravation of social issues such as climate change and the loss of biodiversity, the Group's strengths, and expectations from stakeholders. The Material Issues and the Key Social Issues were merged and updated after approval by the Management Council and Board of Directors.

Material Issues are a medium- to long- term commitment that goes one step further toward addressing key social challenges that the Group must undertake. The Group will achieve sustainable growth through addressing the social challenges.

	Our thoughts on Material Issues	Long-term goals	Medium-term goals
 Build resilient and prosperous society	We create a virtuous circle in which all people can enjoy physically and mentally enriched lives, and we can grow and develop together with local communities by stepping ahead in dealing with the needs of people in various countries and regions.	<ul style="list-style-type: none"> Contribute to the development of local communities and economies Develop human resources who will drive the future by providing quality education 	<ul style="list-style-type: none"> Develop safe, comfortable, and resilient industrial and social infrastructure Provide advanced services and functions that further enrich the lives of people Develop human resources who will drive the future through business and social contribution activities
 Overcome climate change	We work together with stakeholders to decarbonize society and promote the realization of a carbon-neutral and resilient society, while taking into consideration the characteristics of the respective industry and region.	<ul style="list-style-type: none"> Aim for carbon neutrality of the Sumitomo Corporation Group's businesses by 2050 Contribute to carbon neutrality of society 	<ul style="list-style-type: none"> Reduce the Group's CO₂ emissions 50% or more by 2035 (compared with 2019) Build a sustainable energy system and carbon cycle with an overview of supply chains
 Preserve and regenerate natural capital	To achieve a world living in harmony with nature, we avoid or minimize the impact on natural capital caused by our business activities and go beyond preservation to also pursue regeneration and effective use of natural capital through the building of a circular economy and other measures.	<ul style="list-style-type: none"> Achieve a world living in harmony with nature through initiatives including the building of a circular economy and supply chain management 	<ul style="list-style-type: none"> Accelerate initiatives toward a nature-positive world by 2030
 Respect human rights	Striving to respect the human rights of every stakeholder involved in our supply chain is the foundation of all corporate activities. We work to identify and to prevent or mitigate any adverse impact on human rights, as well as to ensure the safety and security of our stakeholders.	<ul style="list-style-type: none"> Respect the human rights of all stakeholders in all businesses and supply chains 	<ul style="list-style-type: none"> Promote and ensure respect for human rights in accordance with the United Nations Guiding Principles on Business and Human Rights and Sumitomo Corporation Group's Human Rights Policy Ensure a safe workplace environment
 Develop talent and promote DE&I	We recognize Diversity, Equity & Inclusion (DE&I) as the core enabler for value creation, innovation, and competitiveness. 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 our people, which represent our most important management capital.	<ul style="list-style-type: none"> Create workplaces that allow diverse employees to apply their capabilities with passion in their own ways 	<ul style="list-style-type: none"> Increase diversity in decision-making positions Cultivate inclusive leadership
 Maintain and strengthen governance	We will develop an autonomous Group management system that responds to changes in the business environment with agility, and maintain and strengthen our efficient, sound, and transparent governance system.	<ul style="list-style-type: none"> Develop a robust governance system to enhance the corporate value 	<ul style="list-style-type: none"> Further improve the effectiveness of oversight functions for ensuring the efficiency, soundness, and transparency of management Establish Group management system that responds to changes in the business environment with agility

Note: The goals for the Key social issues presented last year have been carried over and updated as the medium and long-term goals of the Material Issues shown above. For further details, please visit our Sustainability Disclosure Site. ▶ <https://sumitomocorp.disclosure.site/en>

Management capital

Building quality capital is the foundation of value creation.

Key elements of management capital

		Relevant indicators (FY2023; as of March 31, 2024)	
Financial capital	Stable financial position We have a solid financial position owing to our stable financing. While expanding profitability with cash flow discipline, we are working on further enhancing our financial position and improving the stability of management.	Total assets ¥11.0 trillion	ROE 9.4%
		Shareholders' equity ¥4.4 trillion	ROA 3.7%
		Net DER 0.6 times	
Human capital	Diverse talent The Group's human capital are our people with diverse knowledge and experience, who have engaged in global business development dealing with a broad range of products and services. Such talent will create unprecedented added value by incorporating new perspectives and leveraging networks, becoming the driving force behind our corporate value enhancement.	Number of employees (Consolidated basis) 79,692	Percentage of women 26.4% <small>(Number of women as a percentage of total number of non-consolidated employees)</small>
		Percentage of mid-career hires 46.8% <small>(Number of mid-career hires as a percentage of all hires in FY2023)</small>	
Intellectual capital	Multifaceted business expertise We leverage our business expertise and skills 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.	9 business groups/44 SBU <small>(As of April 2024)</small>	Number of employees seconded to Group companies 1,527
Global relationship capital	Extensive business locations and presence in a wide range of industries Operating from offices located worldwide, we have formed a network of ties with industries and governments in each country. By deepening our relationships with business partners cultivated in a variety of industries, we have established a solid presence in each industry while expanding our business on multiple fronts alongside our business partners.	Consolidated subsidiaries and associated companies 884	Number of offices 127 locations <small>(As of April 2024)</small> 65 countries and regions
Natural capital	Shared capital with society that should be preserved and restored Recognizing the value of nature as crucial for both affluent lifestyles and business activities, we will work to minimize the environmental impact of our operations. Simultaneously, we will restore and sustainably manage natural capital by establishing a circular economy.	Water withdrawal (1,000,000 m³) 1,525	Renewable energy net ownership generation capacity 2.1 GW
		Exposure of upstream interests in mineral resources/energy ¥570 billion	

Values of the Sumitomo Corporation Group

Sumitomo's Business Philosophy encapsulated in five phrases

Place prime importance on integrity and sound management; don't pursue immoral business

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."

Planning imbued with a farsighted perspective

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."

Recognize human resources as the most important asset

While managing mines in various regions, Sumitomo came across the Besshi Copper Mine, which birthed its business, in 1690. For more than 300 years since that time, Sumitomo has developed this concept throughout its many challenges with nature. Since its founding, Sumitomo has valued free and vigorous discussions, and successive Director-Generals in the modern era have worked hard to ensure that those abilities were put to good use while securing human resources.

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