

Top message

President and CEO



Our corporate mission statement carries on Sumitomo's business philosophy, which has formed the foundation for Sumitomo's businesses over the course of approximately 430 years. One of the credos of this philosophy states: "Benefit for self and others, private and public interests are one and the same. This credo underscores the importance that Sumitomo's business activities not only benefit Sumitomo, but must also benefit society around us in order to achieve sustainable growth together.

We announced our new Medium-Term Management Plan "SHIFT 2023" in May 2021. Through the reinforcement and expansion of businesses that apply our strengths as well as the development of next-generation businesses from a medium- to long-term perspective, we aim to make a shift into a business portfolio that has even higher profitability and downturn resilience. We believe that continuing to create value needed by society will lead to the Group's sustainable growth. Under this belief, we will further advance our initiatives to enhance the functionality of sustainability management while keeping contribution to solving social issues at the forefront of our mind, working toward the realization of a sustainable society and enhancement of corporate value.

As the Group's corporate message—"Enriching lives and the world"—implies, we will aim to further enrich the world, society, and people's lives. We will continue to act on our principles to get it done and create new value. We will move forward, shaping the future, and staying ahead.

**Representative Director
President and Chief Executive Officer
Masayuki Hyodo**

Chairperson of the Corporate Sustainability Committee



Sustainability management involves both "sustainable corporate growth" and "contribution to the development of a sustainable society." I believe that future corporate activities should combine the two as a single initiative. Companies can demonstrate value creation story over the long term by anticipating future changes in the business environment and realizing those two pursuits together.

The Sumitomo Corporation Group has been practicing sustainability management, which pursues sustainable growth together with society, with an essential management theme, "the achievement of a sustainable society. Since FY2020, we have also been promoting the enhancement of sustainability management. Specifically, among the social issues the world is tackling, we identified six key social issues that are especially relevant to the Group's business activities. We have formulated long-term and mid-term goals to contribute to resolving each of those issues. For companies, social issues could be both opportunities and risks in the medium to long term. The sustainable growth of companies will depend on how well they are able to gain business opportunities ahead of time amid a changing business environment. It will also depend on how they can manage risks while recognizing and assessing them.

We believe that defining social issues that we will face, clarifying the paths to achieving our goals, and openly sharing our progress are all part of the social responsibility required of companies. We hope this ESG Communication Book will help our stakeholders better understand our sustainability management.

I appreciate your confidence in us.

**Representative Director
Senior Managing Executive Officer
Hideki Yamano**

Our approach to sustainability

Sumitomo Corporation Group will take a step forward in its sustainability management utilizing its strengths. We will create the value that society truly needs by further clarifying the roles we play in achieving a sustainable society and strategically allocating management resources as we anticipate the shifting business landscape impacted by these social issues.

Sumitomo Corporation Group's sustainability initiatives

Sumitomo Corporation Group has grown into an integrated trading company over the past 100 years since it was originally founded as the Osaka North Harbor Company Limited in 1919. The history of Sumitomo, which formed the basis of Sumitomo's Business Philosophy, can be traced back to some 430 years ago when its business focused on copper refining which later advanced to copper mining.

All employees of Sumitomo Corporation learn the history of the Besshi Copper Mines. Through its modern business management, the Besshi Copper Mines contributed in leading industrial development in Japan, however, there were negative impacts on local communities including deforestation of nearby forests and damage to agricultural crops from sulfur dioxide emitted by smelters. Management at that time took measures including reforestation of the Besshi Copper Mines and relocation of the smelting plant to an uninhabited island off the coast.

"Benefit for self and others, private and public interests are one and the same", which is one of the credos of Sumitomo's Business Philosophy, and the actions taken by our predecessors to prioritize the sustainability of natural environment and the local community over short-term profit, are deeply rooted in heart of every employee at Sumitomo Corporation. We are confident that our business serves the public interest.

[【⇒ Sumitomo's Business Philosophy Page 6】](#)

Today, after 100 years since the Osaka North Harbor Company Limited has established, we have 70,000 employees working at more than 900 group companies in 81 countries and regions and we do our business by engaging with multiple stakeholders including customers, local communities, business partners and employees. Our business as well as our relationship with the stakeholders have expanded to a global scale and we believe that our mission is to protect the planet and pursuing development for the world and better lives for our stakeholders. [【⇒ Corporate Mission Statement Page 6】](#)

What actions we need to take now

Today, we face many social challenges that threaten the sustainability of society including climate change, loss of biodiversity, and human rights issues.

Global goals and guidelines are adopted such as the Paris Agreement, the UN's Social Development Goals (SDGs), and the Business and Human Rights Guiding Principles, and various players including corporations are making efforts to achieve these goals.

In 2017, based on Sumitomo's Business Philosophy and Sumitomo Corporation Group's Corporate Mission Statement, the Group identified the six material issues for achieving sustainable growth with society. Of the six material issues, four were identified as how each of our business contributes to society and two were added as our important management topics. We have been placing the six material issues at the core of our management to constantly be aware that the business strategies and each business align with the material issues and making sure that Sumitomo Corporation Group is contributing to society.

[【⇒ Sumitomo Corporation Group's Material issues Page 7, 8】](#)

However, social issues such as the climate change have become increasingly serious and have become a major threat to the sustainability of society. We believe that we now need to make an even stronger commitment to further identifying the issues that we should address and the roles that we should take for the development of a sustainable society, and the Sumitomo Corporation Group has commenced initiatives to enhance its sustainability management.

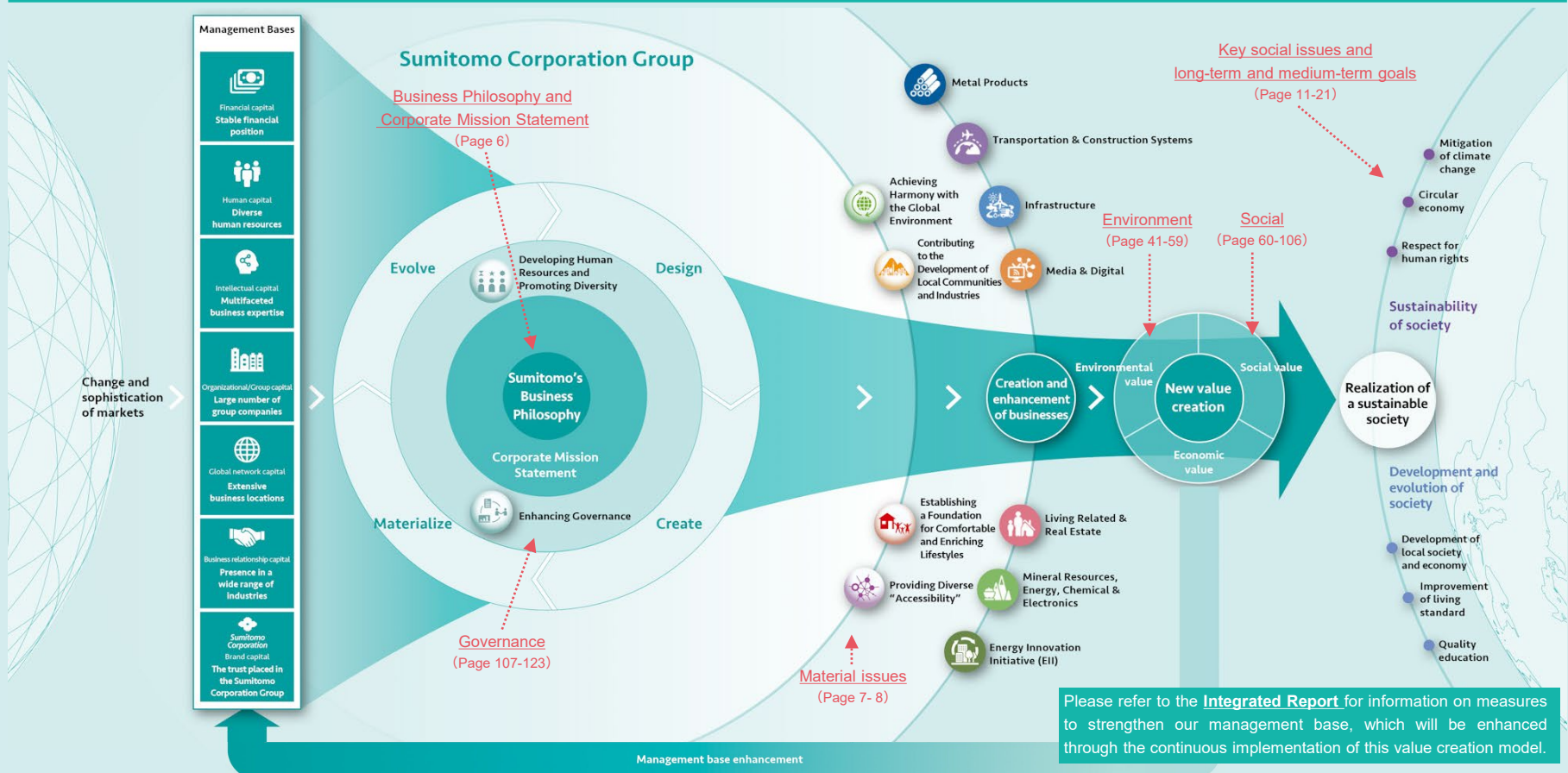
[【⇒ Enhancing sustainability management Page 11 to 21】](#)

Our approach to sustainability

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.

In our corporate activities, we will implement sustainability management that aims to achieve sustainable growth under sound governance. We will do so through a continual awareness of material Issues that illustrates how our businesses should be connected to society and key social issues that we should contribute to solving.

Value Creation Model of the Sumitomo Corporation Group



Business Philosophy and Corporate Mission Statement

Our business was founded on Sumitomo's Business Philosophy and Sumitomo Corporation Groups Management Principles. The year 2019 will mark the 100th anniversary of our company. Since our foundation, we have always placed importance on trust and certainty based on the spirit of "Benefit for self and others, private and public interests are one and the same" and in accordance with Sumitomo's Business Philosophy and Sumitomo Corporation Group's Management Principles. To deal with the change of the times, we have accordingly changed our business through our constant effort to stay a step ahead and create new value so that we can contribute broadly to society. Sumitomo's Business Philosophy and Sumitomo Corporation Group's Management Principles have supported our growth over the last 100 years and will ensure sustainable growth and help create long-term corporate value over the next 50 and 100 years.

Sumitomo's Business Philosophy

Sumitomo's Business Philosophy has been refined through many generations based on the Founder's Precepts "Monjuin Shiigaki," which Masatomo Sumitomo (1585-1652), the founder of the Sumitomo family, wrote and handed on to describe how a merchant should conduct business. The basic points of Sumitomo's Business Philosophy have been passed on in the form of the two articles of the Business Principles.

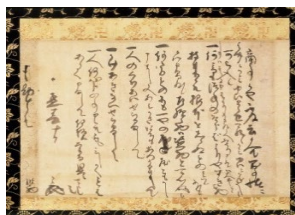
Article 1 emphasizes the utmost importance of integrity, while Article 2 advocates the importance of having an enterprising spirit to generate profits quickly and faithfully while adapting to a changing society, and renovating business operations while avoiding the pursuit of easy gains or acting carelessly. 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. There are also several other credos that are contained in Sumitomo's Business Philosophy.

One example is: "Benefit for self and others, private and public interests are one and the same." To put it another way, Sumitomo's business, while benefiting Sumitomo, must also benefit the nation and benefit society. This represents the corporate vision that the Sumitomo Corporation Group as a whole must pursue at all times.

The second credo is "Grand Design." This derives from copper mine management, Sumitomo's core business in its early days, which required long-term vision and continuous effort. This attitude of viewing business from a broad and long-term perspective and working for the benefit of the entire nation and society based on foresight of the future has been inherited from preceding Company operators.

The third credo is "People are our most important asset." The cultivation and development of human resources has always been our most important concern regardless of the times.

Sumitomo's Business Philosophy thus stresses the need for an enterprising spirit to stay a step ahead in dealing with change, while ascribing importance to maintaining integrity and sound management, avoiding easy gains, and working for the public interest, without being misled by short-term immediate changes. This philosophy has continuously formed the basis of Sumitomo Corporation Group's business for more than 400 years.



Founder's Precepts of Sumitomo
(Source: Sumitomo Historical Archives)

Corporate Mission Statement

Sumitomo Corporation Group's Management Principles are a contemporary translation of Sumitomo's Business Philosophy, which was devised 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 their 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

Sumitomo Corporation Groups Material Issues

In April 2017, Sumitomo Corporation Group identified its material issues that illustrate the relationships between its business activities and society. We have defined the Six Material Issues to achieve Sustainable Growth with Society as an important factor in developing business strategies and in the decision-making process for individual businesses. Going forward, we will pursue sustainable growth by resolving these issues through our business activities.



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.



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.



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.



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.



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.

Material issues

Implementing Material Issues in the company's business

Sumitomo Corporation Groups material issues illustrate, in an easy-to-understand way, how the group addresses social issues through its business activities in accordance with its Management Principles so as to contribute to achieving sustainable societies. These material issues show stakeholders and our company's executives and employees how the group applies the Management Principles. The entire group is involved in addressing these issues.

Material issues initiatives include: implementation of the Management Principles in individual business activities and the provision of the value necessary in our society from a long-term perspective; careful management of impacts of the entire group's business activities on society and the environment; and a grasp of business opportunities in the long-term trends of social issues to strategically develop business projects that contribute to addressing social issues.

We believe these initiatives help enhance the long-term business growth and stability of our company, constantly improve our group's value, receive high evaluations and trust from various stakeholders, and raise employees' motivation.

Important factor on decision-making process
= making decisions on strategies and individual investments base on the trend of long-term social issues and attitude towards provision of value required by society

Practice on Management Principles through Each Business

Provision of value, governance, and risk control respond to long-term social trend

Control of Impacts to Social / Environmental Issues on Business

Social/environmental risk management on our group and supply chain

Strategic Development of Business for Solving Social Issues

Allocation of resources to emerging fields / Creation of next-generation business


















































































Increase in stability and growth potential on management and corporate value in the long-term

Better recognition from shareholders and stakeholders

Increase in employees' motivation
















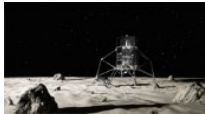





Relationship between various social issues and the company's business

At present, international organizations, national governments, local governments, private enterprises, and other groups and individuals throughout the world are cooperating to achieve common goals for sustainable development: The Sustainable Development Goals (SDGs). The SDGs are becoming the common language for people who are addressing many social issues to achieve sustainable societies. Our Group has risks and opportunities for various social issues in our business activities covering different countries and industries, and aims to contribute to the achievement of the SDGs through addressing material issues and to realize a sustainable society. In response to opinions and expectations received from many stakeholders, including representative ESG rating organizations, we have divided our initiatives into 12 major categories to provide an easy-to-understand explanation. On the following page, specific cases for solving social issues are shown for each business unit.

	Major Risks (enhancement of competitiveness)	Major Opportunities (expansion of earning opportunities)	SDGs	Material Issues
Climate Change	Decreased demand for coal fuel due to GHG emissions regulations, etc.	Promotion of renewable energy business and environmentally conscious business, etc.	  	   
Water Resources	Continuity risks for business involving production processes in water shortage areas, etc.	Promotion of water supply and sewerage/freshwater generation business to contribute to addressing water issues around the world, etc.	  	   
Biodiversity	Impact of shortage of raw materials due to destruction of natural ecosystems, reputation loss due to manifestation of adverse impacts, etc.	Creation and development of business opportunities by maintaining and protecting ecosystems, improvement of employee motivation, etc.	 	   
Prevention of Pollution	Reputation loss and decreased trust due to the occurrence of environmental problems, etc.	Development and stability of business through harmonious coexistence with the global environment, etc.	  	   
Resource Use	Business continuity risk due to the loss of the public value of forests, etc.	Expansion of forest management business by securing and using sustainable forest resources, etc.	  	   
Human Rights	Hollowing out of human resources, reputation loss and decreased trust as a result of human rights violation, etc.	Development and stability of local communities and business through harmonious coexistence with local residents, etc.	   	   
Work Health and Safety/Health and Productivity Management	Decreased labor productivity, hollowing out of human resources, and business continuity risk due to inappropriate risk management, etc.	Improvement of labor productivity and employee motivation by giving due consideration to health, etc.	 	   
Human Resources Management	Hollowing out of talented human resources, decreased labor productivity, decreased motivation of employees, and business continuity risk due to lack of appropriate measures and inappropriate working environment, etc.	Human resources retention, enhanced labor productivity, increase in employee motivation, and opportunities to enter new business areas through providing appropriate human resource development programs and realizing a fulfilling working environment, etc.	    	   
Supply Chains	Business continuity risk and reputation loss as a result of the occurrence of problems related to the environment, human resources and labor practices in supply chains, etc.	Development and stability of business by resilient value chains, etc.	 	   
Industrial/Technological Innovation	Deterioration of existing business and hollowing out of human resources as a result of the shift to ICT, the disappearance of borders for all industries, and complexity, etc.	Enhancement of existing business and creation of new business models through the shift to ICT, etc.		   
Healthcare	Medical malpractice-related risks, etc.	Improvement of access to better medical care, enhancement of efforts to respond to increased demand for drugs, etc.	 	   
Local infrastructure/Community Planning	Business continuity risks as a result of the occurrence of problems related to the environment, human resources and labor practices at sites of urban development and infrastructure construction, etc.	Promotion of urban development and infrastructure projects mainly in emerging countries, etc.	  	   

Relationship between various social issues and the company's business

Business description of each Business Unit in solving social issues

Business Unit	Metal Products	Transportation & Construction Systems	Infrastructure	Media & Digital	Living Related & Real Estate	Mineral Resources, Energy, Chemical & Electronics	EII
Business Examples	 Remarkable improvement in the safety of workers through the introduction of non-contact tags	 EV car-sharing in Sweden	 Sewage treatment plant in Rio Grande do Sul Province	 Cable TV operator JCOM Head office entrance	 Interior of Summit supermarket, Summit Store Hon-Amanuma	 Cerro Verde Copper Mine in the Republic of Peru	 Utilization of Forest Resources in New Zealand
	 Steel Service Center	 Motor grader used for ground leveling	 Reverse Vending Machine	 Mobile phone shops managed by T-Gaia Corporation	 SC Foods "Yongenton Silky Pork"	 Diademed sifaka (Propithecus diadema), critically endangered species (Ambatovy Project)	 Renewable Energy Green Hydrogen
	 Long rail transport vessel	 Lunar module manufactured by ispace (illustration)	 Dorper Wind Farm Pty Ltd. in South Africa	 Companywide DX promotion	 KANDA SQUARE	 Agrochemical project in Brazil (Agro Amazonia Produtos Agropecuarios Ltda.)	 Distributed Solar Power Business
Climate Change		Page 47	Page 16, 45	Page 16, 46	Page 16, 48	Page 46, 48, 49	Page 16, 27, 46, 49
Water Resources			Page 50, 51				
Biodiversity			Page 54		Page 54	Page 53	
Prevention of Pollution			Page 56			Page 55, 56	
Resource Use			Page 17		Page 17	Page 17	Page 17, 57
Human Rights	Page 18		Page 64		Page 18, 63, 64	Page 64	
Work Health and Safety/Health and Productivity Management	Page 74	Page 75				Page 73	Page 73
Human Resources Management		Page 19, 82					
Supply Chains					Page 93	Page 93	Page 93
Industrial/technological innovation	Page 40	Page 40, 94		Page 40, 94			
Healthcare					Page 95	Page 96	
Local Infrastructure/Community Planning		Page 20, 99	Page 19, 20	Page 20, 97, 98			

Enhancing sustainability management

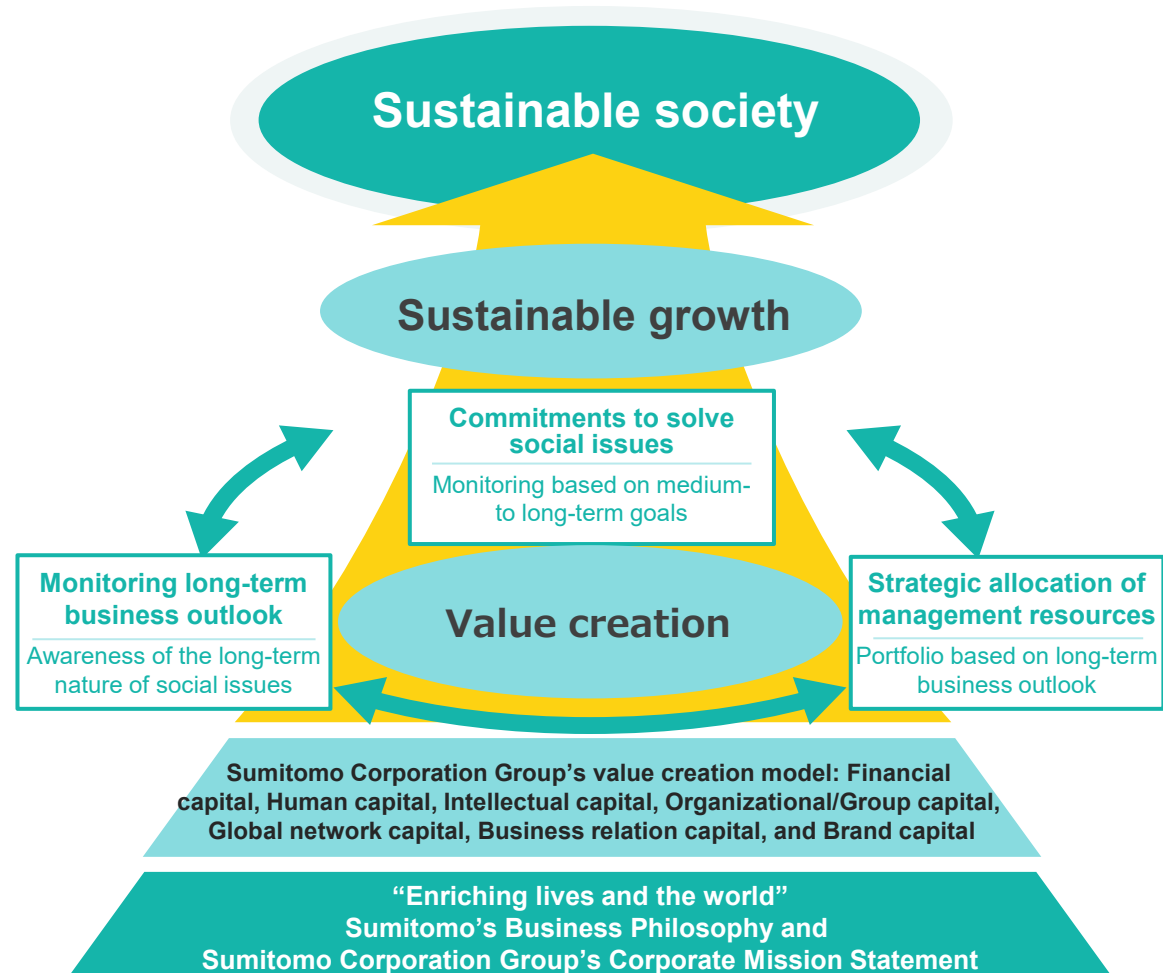
The Enhancement of Sustainability Management that we seek

Enhancing sustainability management at Sumitomo Corporation goes beyond identifying issues and setting goals.

In addition to clear commitment to the role we play in achieving a sustainable society, it is necessary that we focus on the optimal status of companies and their business that will be needed in a sustainable society, such as carbon neutrality, circular economy and zero violation of human rights. We need to recognize the paths to achieve them and the challenges to be overcome, and consider the strategies and allocation of management resources that we should implement from a long-term perspective.

We believe that capturing and pursuing the ideal state of society will bring more business opportunities. The Sumitomo Corporation Group's sustainability management is about perfectly aligning the vision of a sustainable society with the Group's value creation and sustainable growth, and we continue to work on establishing a management framework to achieve the vision.

Pursue sustainable growth with society



Enhancing sustainability management

What the Group will bring about for the development of a sustainable society

As Sumitomo Corporation works to enhance its sustainability management, we have identified six key social issues related to our business that we address through our business and corporate activities.

The six key social issues are: "Mitigation of climate change", "Circular economy", "Respect for human rights", "Development of local society and economy", "Improvement of living standard" and "Quality education".

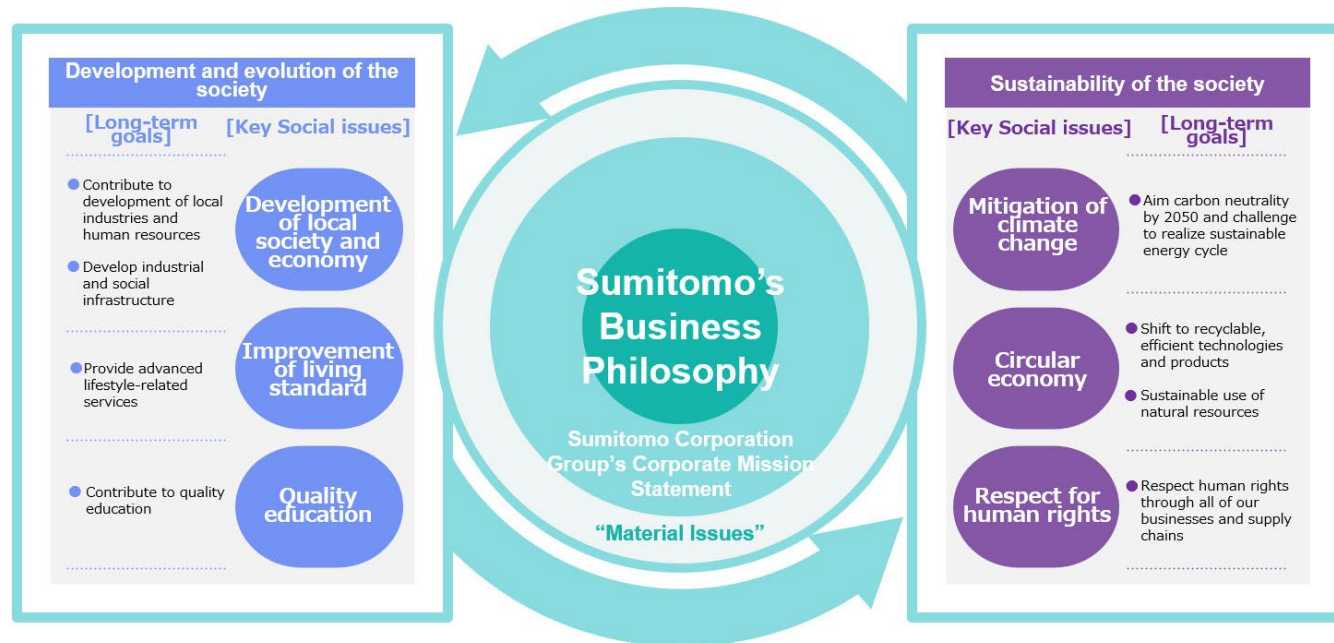
As we pursue these lofty goals, it will be necessary for us to demonstrate our strengths as an integrated trading company. The Group will make use of its human resources, business expertise as well as networks and business relationships. The six social issues will demonstrate our role in the society and become our guideline to the Group's entire business operations.

The six social issues have two themes: the sustainability of society and development and advancement of society.

The sustainability of society is a globally shared goal as well as a major premise of the Group's business. On the other hand, the solutions for pursuing the sustainability of society will be generated from further social and economic development and therefore, we believe that these two themes are mutually complementary.

Also, we will pursue to achieve these goals through business activities, however, we will contribute to providing quality education through our philanthropy as well as human resources development initiatives.

Key social issues and long-term goals for Sumitomo Corporation Group



● Our diverse human resources ● Multifaceted business expertise ● Global networks ● Business relations with partners and customers

Enhancing sustainability management

Key social issues and long-term goals for Sumitomo Corporation Group

For development and advancement of society, we identified development of local society and economy, improvement of living standard, and quality education as the key social issues.

Development
of Local
Society and
Economy

The Group's business is expanding to countries and regions around the world. Helping to develop the communities where we do business is a common challenge to all our business operations. The Group will contribute to industrial development as well as human resource development in the local communities and will endeavor to provide industrial and social infrastructure.

Improving
Living
Standard

The world's population continues to grow, and many areas are facing problems such as aging and urbanization. The Group will make effort to provide advanced life-related services that contribute to a better life for all people.

Quality
Education

Quality education plays an important role in the development of local communities and economies, which enriches people's lives and leads to creation of a sustainable society. The Group will promote various activities, including philanthropy, to contribute to quality education.

We identified mitigation of climate change, circular economy, and respect for human rights as social issues that must be addressed to pursue a sustainable society.

Mitigation
of Climate
Change

Preventing global warming and mitigating climate change are urgent issues that are indispensable for realizing a sustainable society. The Sumitomo Corporation Group seeks to become carbon neutral in its business by 2050 and develop sustainable energy cycles and create new business.

Circular
economy

The circular economy through recycling, reuse, reproduction, resource-saving product development, and sharing is an important element for maintaining social sustainability. The Group will contribute to achieve circular economy by recycling, switching to resource-saving technologies and products, and working on sustainable procurement of natural resources.

Respect
for Human
Rights

Respect for human rights is a universal issue that must be achieved in any place and at any time. The Group operates business while engaging with multiple stakeholders including customers, local communities and employees, and we will strive to respect human rights throughout the Group's business and supply chains.

Identification Process of key social issues

In FY2019, we launched an internal project team to enhance the sustainability management.

Based on the characteristics of our business activities as an integrated trading company, the project team came up with hypotheses related to important issues deeply involving the Group and picked out several issues from the long list. At the same time, they conducted surveys and interviews with the general managers of each business unit and division concerning opportunities and risks related to social issues within the strategies and business activities of each organization based on the long list. They then analyzed the relationship of our businesses to each issue. Finally, after comparing their hypotheses with the survey results and organizing them into categories, the team identified six key social issues. The key social issues and long-term goals were decided in June 2020 after resolutions by the Management Council and the Board of Directors. We also decided on medium-term goals in May 2021. In this series of processes, opinions were exchanged with experts on the environment and human rights, institutional investors, international organizations, and others to verify that the expectations of our various stakeholders have been properly reflected.

Long-term and medium-term goals are introduced on the next and following pages.

Setting long-term and medium-term goals to address key social issues

Key social issues		Long-term goals	Medium-term goals (newly set)
Sustainability of society	Mitigation of climate change	<ul style="list-style-type: none"> Aim for carbon neutrality by 2050 and challenge to realize sustainable energy cycle 	<ul style="list-style-type: none"> Reduce the Group's CO₂ emissions 50% or more by 2035 (compared to 2019) <ul style="list-style-type: none"> Reduce CO₂ emissions of the power generation business by 40% or more by 2035 (of which reduce 60% or more for coal-fired power generation business); power generation portfolio in 2035 to comprise 20% coal-fired, 50% gas-fired and 30% renewables (*1) in terms of net ownership generation capacity. Reduce indirect CO₂ emissions (*2) associated with the fossil fuel upstream business by 90% or more by 2035. Reduce CO₂ emissions in all other businesses (*3). Establish businesses that will form the foundation for a sustainable energy cycle in society <ul style="list-style-type: none"> Develop hydrogen and other forms of carbon-free energy, increase supply of renewable energy (3GW or more by 2030)(*4), and expand new power and energy services. Expand businesses encouraging electrification, fuel conversion, improved energy and coal efficiency, and energy conservation. Capture, store and utilize CO₂ via carbon recycling, forestry business, CCS, and emissions credit trading, etc.
	Circular economy	<ul style="list-style-type: none"> Shift to recyclable, efficient technologies and products 	<ul style="list-style-type: none"> Use renewable and recyclable raw materials, collect waste, and promote improved efficiency of product usage <ul style="list-style-type: none"> Expand use of raw materials derived from recycled or renewable resources. Improve efficiency of product usage and expand businesses that promote longer product life (sharing, sales of used items, leasing, rentals, etc.) .
	Respect for human rights	<ul style="list-style-type: none"> Respect human rights through all of our 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 <ul style="list-style-type: none"> By 2023, achieve 100% participation rate in human rights education based on the Guiding Principles, and 100% implementation rate in regional organizations and subsidiaries. Strengthen risk analysis in human rights due diligence to accurately assess risks in all businesses, including the supply chain, and implement risk mitigation measures by 2025. Establish a more effective grievance mechanism(*5) based on assessment results. Ensure a safe workplace environment <ul style="list-style-type: none"> Strengthen efforts to achieve zero accidents at major business workplaces, focusing on manufacturing, processing, and projects involving large-scale construction. Achieve a diverse organization grounded in mutual respect <ul style="list-style-type: none"> Provide a safe working environment that is free from discrimination and harassment. Promote human resource management that enables individuals to demonstrate their abilities regardless of nationality, age, gender, sexual orientation, gender identity, or any other attributes or values.

(*1) As of 2020 : coal 50%, gas 30%, renewables 20% (*2) Indirect CO₂ emissions generated by others with the use of fossil fuel (*3) Contribute to CO₂ reduction by setting targets for individual businesses (*4) As of 2020 : 1.5GW (1GW = 1 billion W) (*5) A process that employees, local residents or other stakeholders can use to lodge complaints regarding human rights violations and other issues related to enterprise's business activities including its supply chain, for resolving such issues

Setting long-term and medium-term goals to address key social issues

Key social issues		Long-term goals	Medium-term goals (newly set)
Development and evolution of society	Development of local society and economy	<ul style="list-style-type: none"> Contribute to development of local industries and human resources Develop industrial and social infrastructure 	<ul style="list-style-type: none"> Develop local industries, create jobs, and develop human resources through the Group's global business operations <ul style="list-style-type: none"> Promote sustainable, highly productive and value-added industries, and coexist with local communities through business. Create employment and develop management and highly skilled human resources at the Group's business sites. Establish industrial and social infrastructure that contributes to the sustainable development of society <ul style="list-style-type: none"> Promote infrastructure that enables access to high-quality energy, water, transportation, logistics, communications, and financial services, as well as businesses that enhance urban functions.
	Improvement of living standard	<ul style="list-style-type: none"> Provide advanced lifestyle-related services 	<ul style="list-style-type: none"> Deliver advanced lifestyle services that help to solve social issues such as urbanization and aging populations <ul style="list-style-type: none"> Provide more advanced services and new functions that improve the standard of living, such as mobility, media and telecommunications, healthcare services, and smart city development, based on new technologies and concepts.
	Quality education	<ul style="list-style-type: none"> Contribute to quality education 	<ul style="list-style-type: none"> Provide quality and equal learning opportunities through 100SEED(*) activities <ul style="list-style-type: none"> Quantitatively expand the scope of learning opportunities. 100% satisfaction of beneficiaries. Continue to have at least 5% of all employees participate annually (scope is Sumitomo Corporation, regional organizations and Group companies).

(*) Social contribution activity program with employee participation at Sumitomo Corporation Group

Monitoring of progress and disclosure of information

Going forward, the Company will disclose the initiatives and progress with achieving each goal in its communication materials, including the ESG Communication Book and the Integrated Report which are published annually.

Key social issues : Mitigation of climate change

Long-term goal : Aim for carbon neutrality by 2050 and challenge to realize sustainable energy cycle

■ Medium-term goal : Reduce the Group's CO₂ emissions 50% or more by 2035 (compared to 2019)

Business description

Reducing Electricity Consumption at Data Centers, etc

SCSK, a member of the Group, is making efforts to reduce the power consumption of IT equipment and server cooling air conditioning equipment at its data centers. It is aiming for the target of 1.5 degrees Celsius established by the SBT (*) certification standards, and will promote power saving and the use of natural energy to reduce greenhouse gas emissions.



netXDC Chiba Center No. 3

(*) SBT=Science Based Targets. They are greenhouse gas emissions reduction targets set by companies for the next 5 to 15 years that are consistent with the levels required by the Paris Agreement.

Business description

Conserving Energy and Reducing CO₂ Emissions at Supermarkets

At our Group Summit, we established the "GO GREEN" Challenge Declaration based on our SDGs, and we are promoting solutions to social and environmental issues, including the achievement of virtually zero CO₂ emissions by 2050.

In terms of specific initiatives, we are promoting energy conservation and furthering reductions in CO₂ emissions by striving to improve our refrigeration and freezing facilities, which account for 50-60% of our electricity consumption, as well as changing our lighting, which accounts for 10-20% of our electricity consumption, to LED lighting, among other efforts. In addition, we've introduced solar power at some stores.



Solar panels installed on building walls

 ["GO GREEN" Challenge Declaration](#)

■ Medium-term goal : Establish businesses that will form the foundation for a sustainable energy cycle in society

Business description

Developing Our Renewable Energy Business

The Group is engaged in a variety of renewable energy businesses around the world, from wind power (onshore and offshore) to solar power, geothermal power, hydroelectric power, and biomass power. In addition to supporting society by supplying electricity (creating social value), we also aim to reduce greenhouse gas emissions through the creation of new renewable energy businesses (creating environmental value), and we will continue to expand our business model globally to secure stable, long-term profits (economic value) through a sustainable electricity sales business.



Offshore wind turbines,
also known as "egrets"

Business description

Establishing An International CO₂-free Hydrogen Supply Chain

By utilizing the abundant water resources and hydroelectric power in Sarawak, Malaysia, we are studying the production of CO₂-free hydrogen and the export of MCH (methylcyclohexane) to Japan in collaboration with SEDC (Sarawak Economic Development Corporation), a company run by the state government, and ENEOS Corporation.

Key social issues : Circular economy

Long-term goal : Shift to recyclable, efficient technologies and products

■ Medium-term goal : Use renewable and recyclable raw materials, collect waste, and promote improved efficiency of product usage

Business description

Achieving a Recycling-oriented Society through our Maxicon Rental Business

For about 30 years, Sumisho Global Logistics Co., Ltd., as one of our group companies, has been developing "Maxicon foldable container rental business" mainly for food and cosmetic products in liquid bulk to be transported and stored safely. This business has contributed to solving social issues such as resource conservation and improvement of transportation efficiency to reduce CO2 emission, but the main material of the inner bag installed inside Maxicon is polyethylene, which we believe may result in our next challenge to deal with the waste disposal problem. Currently, we are trying to develop a new inner bag made of plant-derived resin containing more than 10% of biomass materials to be certified by the third party organization for realizing the recycle-based society throughout the whole supply chain



Installing inner bag inside Maxicon container



Environmentally friendly reusable container "Maxicon (1000L)"

Long-term goal : Sustainable use of natural resources

■ Medium-term goal : Reinforce the sustainable procurement system for major natural resources used by the Group

Business description

Acquisition of FSC® certification, an international standard for forest management

Forests are a vitally important resource for the sustainable development of the world. We have acquired FSC® certification, an international standard, for all 2.66 million hectares of our forested land in the Russian Far East and most of our 37,000 hectares of forested land in New Zealand. This is so that we can have our forest management objectively evaluated and certified as being conducted in an appropriate manner that takes the environment and local communities into consideration. ⇒ See Page 57 for details.



Forest we own in the Russian Far East

Business description

Joining the RSPO (Roundtable on Sustainable Palm Oil)

We became an ordinary member of the RSPO in 2019. Further, our consolidated subsidiaries SC Foods Co., Ltd. and Summit Oil Mill Co., Ltd. obtained RSPO supply chain certification in 2021.

⇒ See Page 93 for details.



2-1036-19-100-00

Key social issues : Respect for human rights

Long-term goal : Respect human rights through all of our businesses and supply chains

- **Medium-term goal : 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**

Business description

Supplier Management in the foods business

As a trading company that specializes in food and food products, SC Foods is engaged in a comprehensive range of activities, from product development, selection of production sites around the world, procurement of raw materials, and production/processing management to logistics and domestic distribution. Its goal is to promote respect for human rights throughout the value chains in which the Group's businesses are involved. SC Foods is engaged in supply chain management with the aim of providing safe, trustworthy, and high-quality products that respect human rights and other sustainability issues.



⇒ See Page 63 for details.

Business description

Human rights initiatives at Fyffes

Fyffes, one of our group companies and, one of the world's leading companies in the production and wholesaling of fresh produce, completed its first ever corporate-wide Human Rights Impact Assessment in January 2020, through its partner BSR. The human rights impact assessment was conducted through reviews of existing Fyffes policies and procedures and interviews with internal and external relevant stakeholders, including NGOs, employees and customers. In addition, Fyffes chose five countries to do an in-depth analysis - Belize, Colombia, Costa Rica, the Dominican Republic, and Honduras. The countries were chosen due to their importance to Fyffes as well as their potential risk profile. ⇒ See Page 63 for details.

- **Medium-term goal : Ensure a safe workplace environment**

Business description

Continuing and developing the health and safety management system we have cultivated over the years

The Metal Products Business Unit has continued to engage in health and safety management initiatives to protect the lives and safety of its employees. Typical examples of such initiatives include, the global initiatives for zero accidents in Steel Service Center Business Groups (steel products related business) and the global HSSE management system for eliminating occupational and environmental accidents in the tubular products business. We will continue to pursue zero accidents in both the steel and tubular products businesses and fulfill our social mission by creating ever better work environments. ⇒ See Page 74 for details.



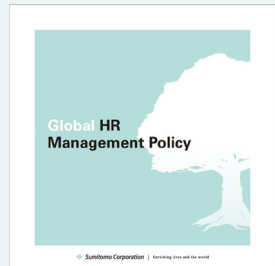
- **Medium-term goal : Achieve a diverse organization grounded in mutual respect**

Business description

Establishing Sumitomo Corporation Group's Global HR Management Policy

In December 2020, we established the Sumitomo Corporation Group's Global HR Management Policy. The policy sets forth our vision and establishes important concepts with regard to human resources management around the world, and will be used as the basis for all human resources policies so that we can implement human resources management aimed at creating new value.

⇒ See Page 77 for details.



Key social issues : Development of local society and economy

Long-term goal : Contribute to development of local industries and human resources

■ Medium-term goal : Develop local industries, create jobs, and develop human resources through the Group's global business operations

Business description

Develop and operate industrial parks internationally to create jobs and promote sound regional development

The overseas industrial park business was launched to meet the needs of customers looking to expand its overseas production, based on the idea of providing comprehensive support functions for such companies as one package. We are now operating industrial parks in Southeast Asia such as the Philippines, Vietnam, and Myanmar, and also in South Asia such as in the suburbs of Chennai in south India. Our industrial park business is truly one stop: from land acquisition to full scale development, attracting companies, day to day operations, and tenant company support. We aim to continuously exceed customer expectations and improve our support, utilizing the Sumitomo Corporation group's strengths and services, such as logistical support and procurement of production materials to provide a more comprehensive support.



Thang Long Industrial Park II (Vietnam)

Business description

Offering job training programs

Through our consolidated subsidiary Toyota Iraq, we are implementing a job training program for young internally displaced persons in Iraq to help them acquire skills, with the goal of offering stable employment opportunities and a foundation for building an independent life for the future.

⇒ See Page 82 for details.



Trainees receiving training on vehicle maintenance, parts warehouse management and customer services

Long-term goal : Develop industrial and social infrastructure

■ Medium-term goal : Establish industrial and social infrastructure that contributes to the sustainable development of society

Business description

Helping to promote the development of railroad infrastructure

We have been implementing projects to supply rolling stock and railway systems to countries throughout Asia, including the Philippines, Indonesia, Taiwan, Thailand, Myanmar, and Vietnam, as well as to North America. Of these, the Philippines is one of our most important markets. We have been involved in the construction of all of the urban railways that currently run through the Manila metropolitan area, which includes Lines 1, 2, and 3.

The Philippines marks one of the highest rates of economic growth among the ASEAN countries. With a population of over 100 million, the population of the Manila metropolitan area is experiencing rapid growth, and traffic congestion resulting from the large concentration of people poses a serious issue. We will contribute to the Philippines' economic development by utilizing our extensive experience in developing railroad infrastructure, providing access that is inexpensive and convenient, and both improving the environment and eliminating economic losses by reducing traffic congestion.



Conceptual rendering of completed Manila Metro railcar

Key social issues : Improvement of living standard, Quality education

Long-term goal : Provide advanced lifestyle-related services

■ Medium-term goal : Deliver advanced lifestyle services that help to solve social issues such as urbanization and aging populations

Business description

Solving Social Issues through Developing 5G Infrastructure and Solutions

5G is a key technology for promoting DX and an important platform that will have an impact on society in general. We are working on the "base station sharing business" and the "local 5G business for regional communities." Through the expansion of "base station sharing," we aim to realize a 5G society as soon as possible and lessen the environmental impact by reducing the installation of base stations. At the same time, we will use "local 5G" to solve social issues and achieve industrial DX in various fields such as factories, universities, railroads, and disaster prevention, and realize more convenient and developed regional communities.

⇒ Page 98 for details

Business description

Contributing to solving local social issues through smart city development in North Hanoi

We will integrate the real estate business and infrastructure business, both of which the Group has extensive experience in, and undertake efficient management of urban development utilizing digital infrastructure*. At the same time, we will utilize various smart services and the data obtained from these initiatives to promote urban development for achieving sustainable growth.

* Integrated IoT platform for integrating, accumulating, and analyzing urban data



Pleasant living environment surrounded by waterfronts and other natural scenery

Long-term goal : Contribute to quality education

■ Medium-term goal : Provide quality and equal learning opportunities through 100SEED(*) activities

(*) Social contribution activity program with employee participation at Sumitomo Corporation Group

Activity description

100SEED Launched with Global Employees to Mark Centennial

On the occasion of the Sumitomo Corporation Group's 100th anniversary in 2019, Group employees around the world launched the "100SEED" social contribution activity program to discuss together and carry out globally. By participating in a three-step process—POST (post social issues of interest), DISCUSS (discuss the actions to be taken), and ACT (carry out those actions)—each employee takes ownership of the solutions to social issues, puts the Sumitomo Business Philosophy and Sumitomo Corporation Group Management Principles into practice, and achieves sustainable growth with society. We will provide our diverse human resources, our most important management resources, and their time on all organizational levels to address quality education with the aim of creating a sustainable society. ⇒ Page 104 for details



Information on activities and their progress will be released from time to time on [corporate websites](#) and other media.

Enhancing sustainability management

A step forward in our Sustainability Management : Material issues and Key social issues

Sumitomo Corporation has identified its material issues in 2017 which are the Group's priority issues in order to sustainably grow in harmony with society. Based on Sumitomo's Business Philosophy and Sumitomo Corporation Group's Corporate Mission Statement, we organized how each business in our portfolio contributes to society and classified them into four material issues. In addition, two issues were added, which are our important management topics. We have been placing the six material issues at the core of our management to constantly check that the business strategies and each business align with the material issues and making sure that they are contributing to solve the social issues.

On the other hand, with the newly identified key social issues and their long-term goals, Sumitomo Corporation Group will take a step forward in its sustainability management by defining the role it plays in achieving a sustainable society.

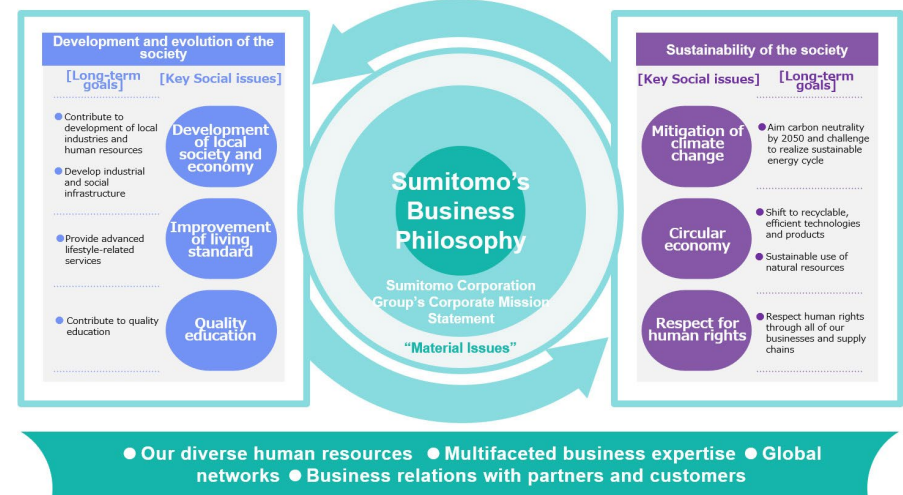
We believe that both of these initiatives are essential in order to understand how our business relates to social issues and also to make clear commitments to society.

Six material issues to achieve sustainable growth with society



- Important issues that should be prioritized by making the most of our strengths through business activities
- Illustrate how our business contributes to society
- The basis of mid to long-term management strategies and individual business activities
- Confirm that all strategies and businesses are compatible with the material issues

Key social issues and long-term goals for Sumitomo Corporation Group



- Social issues closely related to our business activities
- Commitment to the role of the Group in achieving a sustainable society
- Set medium-term targets and KPIs and monitor progress

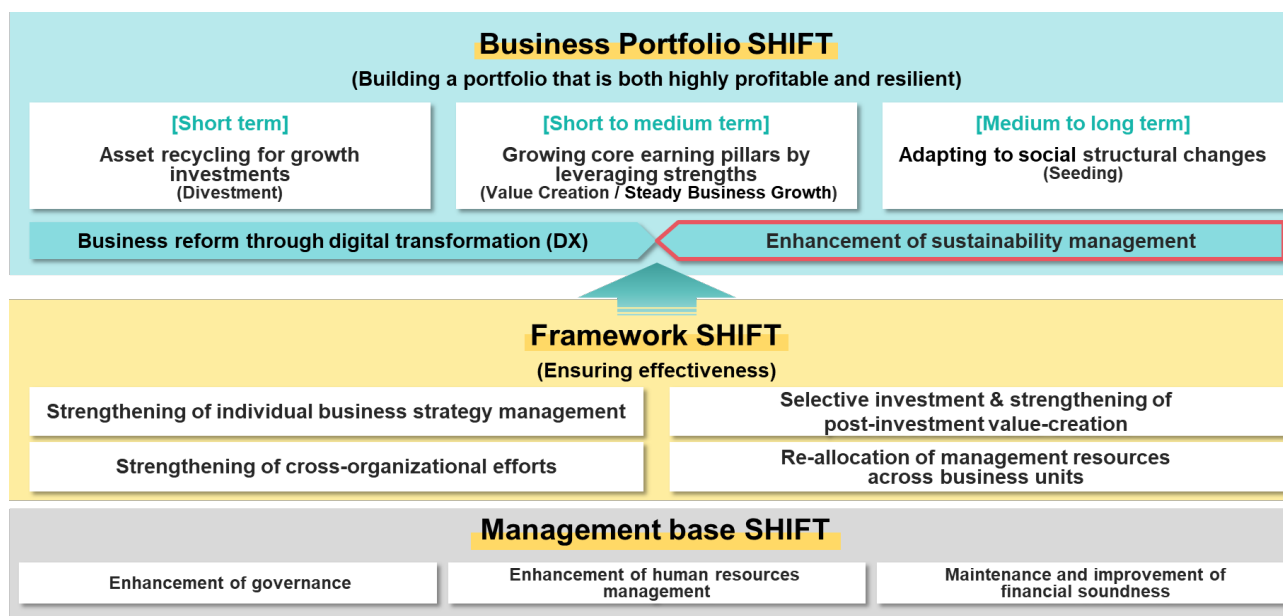
Medium-term Management Plan SHIFT 2023

In May 2021, we formulated the Medium-Term Management Plan SHIFT 2023 to cover the three-year period from FY2021 to FY 2023. We will focus on the following three measures : a shift in our business portfolio to one that is both highly profitable and resilient to changes in the business environment while firmly grasping the two major social trends of digitization and the demand for sustainability ; a shift in our framework which will lead to steady implementation of the PDCA cycle after brushing up individual business strategy discussions in depth and cross-organizational efforts and decisions on the allocation of management resources ; a shift in the management base which will be achieved by enhancing governance and human resources management, maintaining and improving our financial soundness . We will complete thorough structural reforms and achieve a return to a new long-term growth trajectory by focusing on these three shifts .

In SHIFT 2023, we have identified "enhancement of sustainability management" as an important element, along with DX, in our growth strategy of promoting a shift in our business portfolio. We will transform our business activities suitable for a sustainable society and pursue sustainable growth together with society.

We are strongly committed to addressing social issues and will promote strategic allocation of management resources by backcasting from a sustainable society to determine business opportunities and risks with regard to the long-term changes in the business environment.

SHIFT 2023 Overview



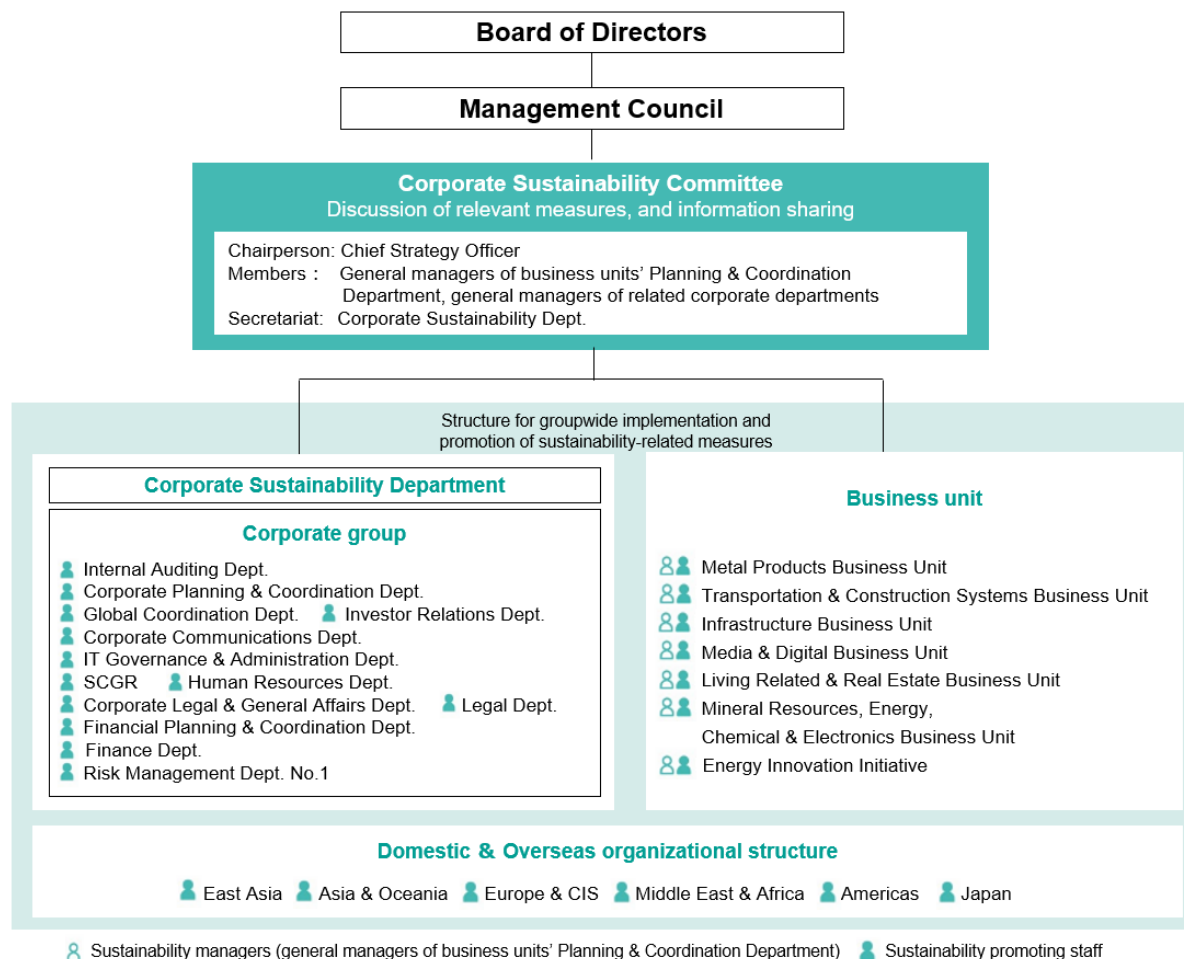
Sustainability promotion system

Organization for Promoting Sustainability

Sumitomo Corporation has established the Corporate Sustainability Department, which is responsible for the planning of measures to promote sustainability and ensuring their implementation throughout the organization.

Meanwhile, the department coordinates with general managers, who are responsible for promoting sustainability within each business unit, and with the sustainability promoting staff of each business unit's Planning & Coordination Department. The department also works with the sustainability promoting staff of relevant corporate departments and overseas regional organizations to ensure that sustainability promotion measures are fully implemented groupwide and also that the different business units and regional organizations pursue measures tailored to the specifics of their business or region.

The Corporate Sustainability Committee acts as an advisory body to the Management Council and discusses important policies, measures, and initiatives relating to the promotion of sustainability. Important initiatives relating to sustainability promotion are referred by the committee to the Management Council and the Board of Directors for further discussion. Some important initiatives are subject to the decisions of the Management Council and the supervision of the Board of Directors.



Commitment to international codes of conduct

UN Global Compact

WE SUPPORT



The Global Compact (GC) was proposed by the former UN Secretary General Kofi Annan at the World Economic Forum (in Davos) in 1999 and officially launched in 2000 at the UN Headquarters in New York.

The GC is an initiative aimed at realizing the sustainable growth of the global economy through the voluntary participation of businesses in a worldwide network. The UN invites companies and organizations from around the world to join in the GC and currently has over 13,000 companies and organizations from approximately 160 countries participating.

The GC has compiled 10 universal principles recognized by the international community based on international agreements in the areas of human rights, labour standards, environment and anti-corruption. Participating companies adopt the 10 principles into their business operations and strategies and are expected to assume responsible and creative leadership as a good corporate citizen for the purpose of achieving sustainable growth.

In March 2009, Sumitomo Corporation Group signed the UN Global Compact and declared its support for the 10 principles, shares the same values as our Corporate Mission Statement. We are raising the awareness of our officers and employees around the world regarding their purpose and making efforts to further increasing our corporate value by constantly seeking out areas of our business activities that can be improved in light of the values advocated by the 10 principles.

We are also actively participating in the activities of Japan's local network, Global Compact Network Japan, as one of the board member companies. In FY2020, we took part in working groups on: environmental management related to climate change, biodiversity and other environmental issues; human rights due diligence; reporting; supply chain; SDGs; and ESG. Through this involvement, we acquire information on recent global trends in these areas, learn of examples of superior initiatives, and are provided insight from specialists. This knowledge is utilized to help the Company promote Sustainability.

The Global Compact's 10 Principles

Human Rights

1. Businesses should support and respect the protection of internationally proclaimed human rights; and
2. make sure that they are not complicit in human rights abuses.

Labour Standards

3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
4. the elimination of all forms of forced and compulsory labour;
5. the effective abolition of child labour; and
6. the elimination of discrimination in respect of employment and occupation.

Environment

7. Businesses should support a precautionary approach to environmental challenges;
8. undertake initiatives to promote greater environmental responsibility; and
9. encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption

10. Businesses should work against corruption in all its forms, including extortion and bribery.