

Report on Responsibility & Sustainability **2013**



Editorial Policy

The Sumitomo Corporation Group aims to “Be the Best, Be the One” by implementing its Corporate Mission Statement. This means that as an organization we aim to be a corporate group that is recognized by society as meeting and exceeding the high expectations directed toward us, creating value that nobody else can match in ways befitting our distinctive identity. The universal and unchanging value and foundation for our endeavors is Sumitomo’s Business Philosophy, which teaches us to place prime importance on integrity and sound management, and not to pursue easy gains.

Until fiscal 2012, we published Report on Responsibility & Sustainability both in print and on website. From fiscal 2013, however, we publish the Report on our website only, and the print edition is integrated with our Annual Report. The website report describes more comprehensively our CSR initiatives conducted through business activities, thereby illustrating the way we are practicing our Corporate Mission Statement and striving to create new value. The report also includes description on our social and environmental initiatives and related management systems as well as detailed data on our CSR achievements and their progress.

The Sumitomo Corporation Group regards this report as an important communication tool to connect us with our stakeholders. We always appreciate feedback from our readers.

Scope of the Report

- **Period covered:** April 1, 2012 to March 31, 2013
(Some activities starting on or after April 1, 2013 are included.)
- **Organizations covered:** Sumitomo Corporation and the Sumitomo Corporation Group
In this report, “Sumitomo Corporation” and “the Company” refer to the non-consolidated organization of Sumitomo Corporation. “The Sumitomo Corporation Group” and “the Group” refer to the entire organization of the Sumitomo Corporation Group.
- **Publication schedule:** Reports on environmental issues have been published annually since 1999, when the first Environmental Report was published. The title of the report was changed in 2003 to Social and Environmental Report, which started to include social issues, in 2007 to Sustainability Report, and in 2010 to Report on Responsibility & Sustainability.
- The previous issue was published in October 2012.
- The next issue is scheduled for publication in the fall of 2014.

Referenced Guidelines

- ISO26000 (Guidance on Social Responsibility)
 - Charter of Corporate Behavior (September 14, 2010), Nippon Keidanren (Japan Business Federation)
 - GRI Sustainability Reporting Guidelines 2006, Global Reporting Initiative
-  *Please refer to the following website for the content index.
<http://www.sumitomocorp.co.jp/english/csr/report/gri/2013/>
- “Environmental Reporting Guidelines 2007 — Towards a Sustainable Society—” issued by Ministry of the Environment, Government of Japan
 - “Environmental Accounting Guidelines 2005” issued by Ministry of the Environment, Government of Japan

Disclaimer

This report describes activities of Sumitomo Corporation and its subsidiaries and associated companies (i.e., the Sumitomo Corporation Group) at the current time and in the past, as well as predictions, forecasts and plans for the future. These predictions, forecasts and plans are hypotheses or decisions made based on the information available when the report was written, and therefore may include some level of uncertainty. The results of business activities or occurrences in the future may differ from the predictions, forecasts and plans described in this report. Hence, readers should recognize that the Sumitomo Corporation Group is not responsible for such events.

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“Be the Best, Be the One” We aspire to become an organization that contributes broadly to society



I am delighted to present to you with the Sumitomo Corporation Report on Responsibility & Sustainability 2013.

Global challenges

The world today is facing various social challenges, which include: climate change and other global environmental problems; the tight supply of resources, energy, food, water, and other necessities spurred on by the rapid growth of emerging economies; the widening gap between the haves and have-nots; and human rights and labor practice issues.

These global issues should not and cannot be tackled by national governments or international organizations alone. Rather, all organizations including businesses must face them as humanity's common problems and play their part in finding solutions.

CSR at the Sumitomo Corporation Group

The Sumitomo Group has embraced and practiced Sumitomo's Business Philosophy for more than 400 years of its history. One of the credos of this philosophy says: “Benefit for self and others, private and public interests are one and the same.” This means that “Sumitomo's business activities must benefit not only Sumitomo's own business, but also society and the nation.”

The idea behind this credo—i.e., we must always view our business activities from the perspectives of society—represents the essence of corporate social responsibility (CSR). It also provides the foundation for the Sumitomo Corporation Group's Corporate Mission Statement, which includes “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,” and “To achieve prosperity and realize dreams through sound business activities.” Therefore, in the Sumitomo Corporation Group, CSR is embedded in our longstanding practice of following our Corporate Mission Statement. In other words, our social responsibilities as a corporation are fulfilled in the course of our sound business activities, and our CSR activities are planned and implemented as business strategies after engaging with various stakeholders and considering what we can and should do as a corporation to help solve social issues.

Given the extensive breadth and depth of its geographical and sectoral reach, the Sumitomo Corporation Group must use its full capabilities to create far-reaching value to make a difference in society. More specifically, we must obtain an accurate understanding of social issues to identify new social needs in the course of our operations, and deliver solutions to those issues identified by leveraging our strengths and functions. We aim to create a virtuous cycle where we make various contributions to the economic and social development of the countries and regions in which we operate, and build and strengthen our relationships of trust with them, and achieve mutual growth.

In March 2009, the Sumitomo Corporation Group signed the UN Global Compact and declared its support for the 10 principles on human rights, labour standards, the environment, and anti-corruption. In conducting our CSR activities as a global business group, we will respect these 10 principles, which share similar values with our Corporate Mission Statement. We also refer to ISO 26000, the international standard on social responsibility, in designing and implementing specific activities.

Toward our centennial year

Sumitomo Corporation will celebrate the centennial of its foundation in fiscal 2019. With this major milestone on the horizon, we aim to lay a solid foundation for steady, continuous growth for another 50 years, 100 years, and beyond under the slogan, “Be the Best, Be the One.”

By having every employee work with spirit and pride, we aim to be a corporate group that is recognized by society as meeting and exceeding the high expectations directed toward us, creating value that nobody else can match in ways befitting our distinctive identity. In other words, we will go to the greatest lengths to realize our vision, “Be the Best, Be the One.”

November 2013



Kuniharu Nakamura
President and CEO

CSR in the Sumitomo Corporation Group



Yasuyuki Abe
Director, Senior Managing
Executive Officer, General Manager,
Corporate Planning &
Coordination Group

CSR in the Sumitomo Corporation Group

In the preamble to the Corporate Mission Statement, the Group sets out its 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.” The statement continues to describe the corporate mission, which is, “To achieve prosperity and realize dreams through sound business activities,” and Sumitomo Corporation’s management style, which is, “To place prime importance on integrity and sound management with utmost respect for the individual.”

The Sumitomo Corporation Group regards CSR as working to achieve our corporate vision by staying true to the management style described in our Corporate Mission Statement, engaging in responsible corporate management, and working to fulfill our corporate mission. In other words, CSR centers on sound business activities. Specifically, every member of the organization is expected to perform their daily duties with spirit and a lofty sense of ethics, thereby putting into practice our Corporate Mission Statement.

This approach is founded on gaining an understanding of social issues by engaging in dialogue with a variety of stakeholders, and working strategically through business activities to resolve them. In doing so, we create new value and promote sustainable growth of society and the Group. We will celebrate the centennial anniversary of our founding in fiscal 2019. To ensure that we are among the first to respond to the dramatically changing business environment and continue to grow along with society for another 50 years, 100 years, and beyond, we believe it is critical that we consider what we can and should do as an organization, and then follow up by devising and implementing business strategies.

Progress and Achievements of Our CSR Efforts

One key step we took to put CSR into practice over the past year was working to deepen employees’ understanding of our Corporate Mission Statement—the foundation of the Group’s CSR activities. We took opportunities to further entrench this statement globally. Meanwhile, since signing the UN Global Compact in March 2009, the Sumitomo Corporation Group has also been an active participant in a local network—the Global Compact Japan Network. In fiscal 2012, we took part in workshops on supply chain CSR and human rights. We used these opportunities to exchange views with individuals from companies in diverse industries and learn from other firms’ examples and experts, working to improve upon our promotion of CSR. I serve as the Chair of Sumitomo Corporation’s CSR Committee, an advisory body to the President and CEO. At the end of fiscal 2012, the CSR Committee conducted a review of CSR-related measures, and established a policy for fiscal 2013. Based on this policy, we are working to further enhance the quality of our measures to promote CSR. We have started working on a mechanism for performing self-checks of current CSR initiatives making reference to the ISO 26000 international CSR guideline, identifying priority tasks, and implementing related improvement activities.

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While continuing to pursue an involvement with CSR that is appropriate for a corporate group with global operations, the Sumitomo Corporation Group will realize its corporate vision by striving to create value that nobody else can match in ways befitting our distinctive identity.

November 2013

Major CSR Promotion Activities

CSR Promotion Structure

Since establishing the Environment & CSR Department in April 2008, Sumitomo Corporation has aggressively pursued CSR in cooperation with relevant internal departments, domestic and overseas business bases, and Group companies. We have also established the CSR Committee as an advisory body to the President and CEO. The committee's activities include examining and discussing the Company's CSR frameworks and promotion measures. In addition, we set up the Global Environment Committee within the CSR Committee to promote environmental management activities based on the ISO 14001 standard, and to review and discuss relevant policies and concrete initiatives.

The CSR Committee is headed by the General Manager of the Corporate Planning & Coordination Group, and its members are General Managers from the Corporate Group. The committee meets biannually in principle. At the CSR Committee meeting in March 2013, a CSR policy for fiscal 2013 was established after reviewing the steps taken in fiscal 2012. In fiscal 2013, the policy is to use international codes of conduct pertaining to CSR, such

as ISO 26000 references for measures to further raise the quality of CSR promotion. In social contribution activities, the plan focuses on developing the next generation of human resources, setting out to bolster initiatives such as the Sumitomo Corporation Scholarship (please see pages 43–44) and the Sumitomo Corporation Youth Challenge Program for the Revitalization of East Japan (please see pages 45–46).



Promoting a Deeper Understanding of Our Corporate Mission Statement Throughout the Group Worldwide

We believe ongoing value creation and widespread contributions to society through business activities start with practicing our Corporate Mission Statement. Accordingly, we take every opportunity to deepen the understanding of this statement and expand its reach throughout the Group. We include employees of all ranks, locally hired employees at overseas offices, and employees of Group companies in our various training programs to enhance awareness and penetration of the Corporate Mission Statement. We also utilize tools like e-learning and training materials developed in-house to foster greater understanding of the story behind the establishment of the Corporate Mission Statement as well as Sumitomo's Business Philosophy that is its underlying foundation. Our organizations overseas are also leading initiatives to raise employee awareness in step with advancement

of our global operations. By ensuring that every Sumitomo Corporation Group employee fully grasps the Corporate Mission Statement and puts it into practice in their daily business activities, we will demonstrate our core competence—our integrated corporate strengths—on a global scale. We also believe that sharing these values with our business partners around the world will enable us to build a more solid, sustainable business foundation.



Training for locally hired employees

Initiatives for the United Nations Global Compact

The Sumitomo Corporation Group has declared its support for the 10 principles of the UN Global Compact, as this international CSR-related initiative and our Corporate Mission Statement share similar values. With our participation in the Global Compact, we committed ourselves to making further improvements by constantly considering enhancements to our business activities in light of the values advocated by the 10 principles. Additionally, we continued to participate in the activities of the Global Compact Japan Network. In the Human Rights Subcommittee, we discussed CSR practices related to human rights with corporate participants from diverse industries. Topics of

discussion included perceptions of human rights issues in international codes of conduct, methods of establishing human rights policies, and ways of promoting due diligence with respect to human rights. We learned from both the knowledge of experts and examples set by leading companies.



* We also support the Universal Declaration of Human Rights, which the 10 principles of the UN Global Compact are derived from.

Initiatives for Supply Chain CSR

To learn more about our supply chain CSR management, please refer to the following website.



<http://www.sumitomocorp.co.jp/english/csr/policy/>

Sumitomo Corporation Group's Corporate Mission Statement Founded on the Sumitomo's Business Philosophy

Sumitomo has always been sincere in conducting its business, contributing to achieving prosperity and realizing the dreams of our business partners, our society and all other stakeholders. As a result, we have built up trust, and this has helped us to develop new businesses and create a cycle of positive growth. The Management Principles and Activity Guidelines of the Sumitomo Corporation Group are founded on Sumitomo's business philosophy that has been passed on for 400 years.

1600



Monjuin Shiigaki
(Source: Sumitomo Historical Archives)

The Founder's Precepts "Monjuin Shiigaki"

The Founder's Precepts "Monjuin Shiigaki" is a letter sent by Masatomo Sumitomo (1585–1652), the founder of Sumitomo and a religious man, to his family members in his old age. It succinctly describes the guiding principles of his business operations.

At the beginning, it urges the reader "Not only in matters of business but in all situations, make efforts with deepest gratitude in every aspect."

The precepts also include such teachings as "When goods are offered to you below the normal market price, under no circumstances should you ever purchase such goods, for their origins are unknown and they are probably stolen property," "Never give shelter to a stranger, no matter who it might be; also, never take a stranger's goods into your custody, no matter how innocent they might appear" (these acts were prohibited by the government), and "No matter what someone might say to you, never lose your temper or speak harsh words; politely explain your position until an understanding can be reached." These teachings have been handed down and form the base of Sumitomo's business philosophy. They are still seen in today's principles, such as "no pursuing easy gains" (i.e., only making a profit on a fairly priced transaction that can be explained with confidence), "compliance" and "integrity and sound management."

1800



Saihei Hirose, Sumitomo's first Director-General
(Source: Sumitomo Historical Archives)

Rules Governing the House of Sumitomo

The Besshi Copper Mine (opened in 1691) encountered many adverse conditions during the Meiji Restoration (in the late 1860s), when the price of copper fell, operating costs increased sharply due to rising prices of rice and other items, and loans to the feudal lords were uncollectable. At one point, it was almost forced to sell out. Saihei Hirose (1828–1914), manager of the mine who later became Sumitomo's first Director-General, acted boldly and modernized the operation with Western style technologies. Hirose's operational reforms saved the mine and its community.

In 1882, when serving as Director-General, Hirose formulated the Rules Governing the House of Sumitomo, which consisted of 19 sections and 196 articles, to reflect the business philosophy the family had followed over its 250-year history. The Rules clearly illustrate Sumitomo's corporate philosophy in Article 3 in Section I: "We shall practice sound management in order to cope effectively with the changing times. Under no circumstances, however, shall we pursue easy gains or act imprudently."

1900



Business Principles

Business Principles

In 1891, the Rules Governing the House of Sumitomo were separated into two parts, the family code (corporate rules) and the family constitutions (the principles of the family head), to distinguish ownership from business operations. On that occasion, the principle of "integrity" was introduced and placed at the beginning of the Rules Governing the House of Sumitomo with the principle in Article 3, which then together became the Business Principles. In 1928, while Sumitomo's business expanded into a variety of areas, including the steel, machinery and chemical industries, Sumitomo's Business Rules were established. The two articles of the Business Principles have been passed on for generations and still serve as the corporate rules of all group companies.

Article 1. Sumitomo shall achieve strength and prosperity by placing prime importance on integrity and sound management in the conduct of its business.

Article 2. Sumitomo shall manage its activities with foresight and flexibility in order to cope effectively with the changing times. Under no circumstances, however, shall it pursue easy gains or act imprudently.



Sumitomo Building Annex, where Nippon Kensetsu Sangyo's head office was located

Sumitomo Corporation Management Charter

Osaka North Harbour Co, Ltd., the predecessor of Sumitomo Corporation, was founded in 1919. Later, after World War II, the company changed its name to Nippon Kensetsu Sangyo Co, Ltd., starting a new life as a general trading firm. In 1952, when the company was incorporated with the current name, the Business Principles were chosen as the management philosophy for all corporate operations and the foundation to sustained growth.

While Japan's economy was growing rapidly after the war, environmental pollution, inflation and other public issues started to arise. Business corporations and their codes of conduct were challenged to make clear the relationship between the national government and corporations, as well as between citizens and corporations. To respond to this, in 1973, Sumitomo Corporation laid down the Sumitomo Corporation Management Charter, an original charter that consists of the Basic Principles of Management and the Operational Guidelines.

2000

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

Sumitomo Corporation Group's Corporate Mission Statement

In the early 1990s, the bubble burst, drastic appreciation of the yen continued, and the Japanese economy entered a long period of low growth. Sumitomo Corporation had no choice but to re-examine the status quo of its business transactions and risk management methods. Against this background, there was growing management recognition that the company needed to revert to Sumitomo's business philosophy, which had served as the base of Sumitomo's business operations and the driving force in overcoming many crises through the last 400 years. This recognition further heightened in 1996, when the copper incident occurred, leading to the 1998 establishment of Sumitomo Corporation Group's Corporate Mission Statement.

The Corporate Mission Statement, consisting of Management Principles and Activity Guidelines, was compiled based on Sumitomo's business philosophy, which has been nurtured throughout the 400 years of Sumitomo's history, and today's global perspective, in a simple and systematic way.

The preamble to the Management Principles shows the 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."

The first item in the Management Principles, "To achieve prosperity and realize dreams through sound business activities" describes our corporate mission, while the second item, "To place prime importance on integrity and sound management with utmost respect for the individual" shows our management style, and the third item, "To foster a corporate culture full of vitality and conducive to innovation" portrays our corporate culture.

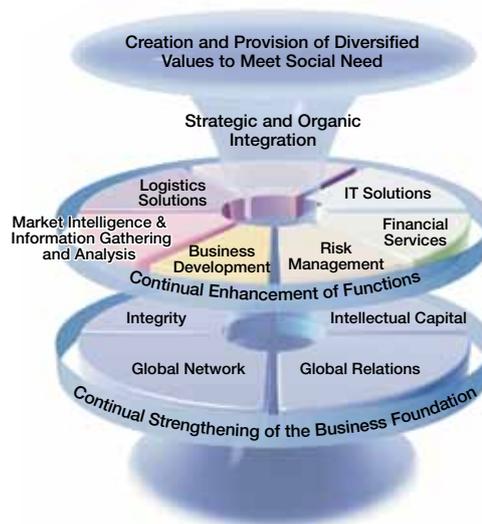
The Activity Guidelines were generated based on these principles to guide employees in their daily business operations.

Core Competence and the Medium-term Management Plan

“Integrated Corporate Strength,” the core competence of the Sumitomo Corporation Group

Our Integrated Corporate Strength is the source of the competitive advantage (core competence) of the Sumitomo Corporation Group as we pursue our businesses in a wide variety of fields. Our strategic and organic integration of the robust “business foundation” and diverse, high-level “functions” of Group companies, combined with the efforts of each and every Group employee, helps us respond to the various needs of our customers. At the same time, we create new value by always thinking one step ahead of global change. This capacity is what we call our “Integrated Corporate Strength”.

Bringing our Integrated Corporate Strength to bear and actively building businesses that truly contribute to the growth and progress of a wide range of industries in different regions, the Sumitomo Corporation Group will continue to make even greater contributions to the stable and continued growth of the world economy and global society.



Medium-Term Management Plan *Be the Best, Be the One 2014* (FY2013-2014 Medium-term management plan)

In formulating our medium-term management plan for FY2013 through FY2014, “Be the Best, Be the One 2014” (hereinafter referred to as “BBBO2014”), Sumitomo Corporation Group set forth “What We Aim to Be in fiscal 2019, Our Centennial Year”.

Under BBBO2014, the medium-term management plan for the first two years to achieve our vision of “what we aim to be”, which is oriented to “heading for an even higher level of profit growth by thorough enhancement of our earning power”, we will build a solid earnings base while maintaining financial soundness.

We will make the existing earnings pillars even more robust through such actions as steadily executing new investment and loans. At the same time, we will undertake efforts to foster and develop new pillars of earnings for the future that hold promise for growth over the medium to long term. Furthermore, we will also continue to carry out reductions and divestitures of businesses that show little potential for profit or growth, in order to stimulate the metabolism of our business portfolio.

Moreover, we will pursue strengths and capabilities of Sumitomo Corporation Group, and at the same time, combine them to leverage our integrated corporate strength from both inside and outside the company.

The quantitative targets and balance sheet plan for BBBO2014 are indicated below.

Quantitative targets:

Consolidated net income*	FY2013 ¥240.0 billion
	FY2014 ¥270.0 billion
Risk-adjusted return ratio:	approx. 12% (each fiscal year)
ROA	: 3% or more (each fiscal year)

* “Consolidated net income” is equivalent to the “profit attributable to owners of the parent” of the International Financial Reporting Standards (IFRS).

Balance sheet plan (Two-year totals):

New investment and loans	: ¥750.0 billion
Divestiture and reduction of assets:	-¥770.0 billion

What We Aim to Be in 2019, Our Centennial Year

—A Vision Based on Our Corporate Mission Statement—

BE THE BEST, BE THE ONE

We aim to be a corporate group that is recognized by society as meeting and exceeding the high expectations directed toward us, creating value that nobody else can match in ways befitting our distinctive identity.

We aim to build a solid earnings base and aim for an even higher level of profit growth while maintaining financial soundness.

Total assets: ¥9–10 trillion
Consolidated net income: ¥400 billion or more

 http://www.sumitomocorp.co.jp/english/company/policy/mid_term/

Project Report

CSR through Business Activities

Creating new value and contributing broadly to society—this is the aim and achievement of the Sumitomo Corporation Group's business activities.

For every one of our business activities, we analyze related social issues in depth and strive to create social value through an ongoing dialog with our stakeholders. This section illustrates—through reports on the specific projects of each business unit—the ideas and principles underlying our efforts, and the strengths and capabilities we possess.

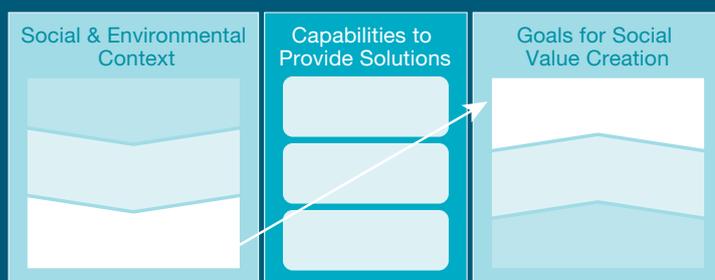
Social Value Creation Chart

In fiscal 2011, we examined our business activities from the viewpoint of CSR to identify the direction that the efforts of each of our business units should take in creating distinctive social value and what capabilities those business units can use to create the intended value. The results of these analyses are summarized visually in a Social Value Creation Chart for each business unit.*

The chart consists of three parts:

- (i) Social & Environmental Context, our in-depth analysis of social issues related to a business unit's operational areas from a CSR perspective
- (ii) Goals for Social Value Creation, medium- and long-term goals we aim to achieve through our business activities, taking into account the social and environmental context identified
- (iii) Capabilities to Provide Solutions, a business unit's distinctive strengths which can be drawn on in its collaborative efforts with business partners to achieve its mission in society and the medium- and long-term goals set out

In the report this year, each project report contains a similar Social Value Creation Chart to present in a visually understandable way how we strive to create social value through the featured project.



* Please refer to page 26 in our Report on Responsibility & Sustainability 2011.
<http://www.sumitomocorp.co.jp/english/society/doc/env2011e.pdf>

01

Metal Products Business Unit

**Tubular Business
 Contributes to Ensuring a
 Stable Energy Supply**

▶ p.11



02

Transportation & Construction Systems Business Unit

**Delivery of 1,220 Hybrid
 Vehicles to the Ukraine
 Police Force**

▶ p.15



03

Environment & Infrastructure Business Unit

**Osaka Hikari-no-Mori
 Project—Contributing to
 Environmental Conservation
 through Collaboration
 among Companies**

▶ p.19



04

Media, Network, Lifestyle Related Goods & Services Business Unit

**Innovative Resource-
 Circulation Recycling
 Pursued by a Food
 Supermarket Chain**

▶ p.23



05

Mineral Resources, Energy, Chemical & Electronics Business Unit

**The Ambatovy Project—
 Contributing to Sustainable
 Development in Madagascar**

▶ p.27



CSR Through Business Activities (1): Metal Products Business Unit

Tubular Business Contributes to Ensuring a Stable Energy Supply

Energy demand is increasing mainly due to global population growth and economic development in emerging countries. While shale gas/oil and other unconventional energy resources are attracting greater attention, there is growing demand for increased production of major energy sources such as oil and natural gas. In the U.S. market, Sumitomo Corporation is the largest supplier of oil country tubular goods (OCTG), which are indispensable for the exploration and drilling of those resources. In addition to a supply of high-quality products, we offer a wide range of solutions which help oil and gas development companies around the world solve their business issues, and ultimately contribute to a stable supply of energy worldwide.



Toshikazu Nambu
Executive Officer
General Manager
Tubular Products Division



* SCM: Supply Chain Management

Building an OCTG value chain ranging from manufacturing to sales in the U.S., which represents about 50% of the world's OCTG trading

Oil and natural gas are major energy sources that support today's society. To extract and use these resources, which exist deep underground, OCTG and other tubular products are indispensable.

Sumitomo Corporation started to sell high-quality Japanese OCTG to U.S.-based oil majors and other clients in the early 1950s, and that export business grew steadily. However, export of OCTG to the U.S. was regulated from the late 1970s to the early 1980s due to trade friction between the two countries. To address the changed business landscape, we started to build a new business model that did not solely depend on export operations. In the late 1980s, we became Japan's first ever trading firm to establish an OCTG distributor in the U.S. and Canada, which sources products in the U.S. and sell them in the U.S., which enabled us to enter the downstream market.

In 2002, acquiring U.S. seamless pipe manufacturer North Star Steel expanded our OCTG business into the upstream area of manufacturing. In addition, we acquired Howco Group, which supplies products and materials to the global gas and oil industry mainly in Europe and North America, in



OCTG in stock

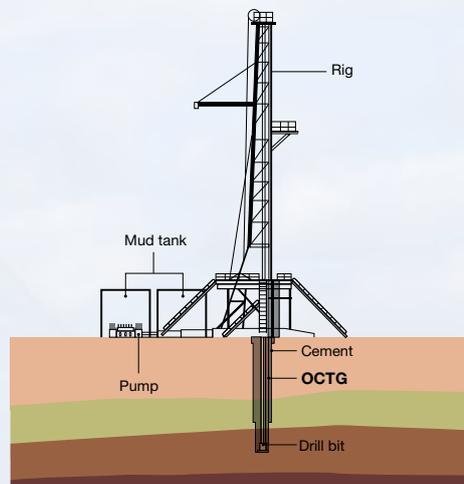
2007 to beef up our service business peripheral to oil well drilling, including OCTG customization and parts supply.

As a result, we have built a powerful value chain of tubular products in the U.S., ranging from manufacturing to processing and sales. With a market share of around 20%, Sumitomo Corporation is the industry leader in this country, the world's largest market, which consumes about 50% of the OCTG distributed worldwide. As the largest OCTG-related company in the U.S., we make a continuous contribution to ensuring a stable supply of energy.

Column

How oil and gas drilling operates

Reservoirs of oil and natural gas are usually located several kilometers underground. Some reservoirs are reached by drilling deeper through the more than 1,000 m-deep seabed, while some are reached by drilling several kilometers vertically into the ground and then horizontally underground. To drill an oil well, the earth is excavated by using a drill bit attached to a tubular pipe called a drill pipe. Then numerous OCTG pipes, each about 12 meters long, are inserted into the drilled hole, jointed in a string to give a total length of several kilometers. Given high temperatures of up to 200°C and high pressures of up to 10 atmospheres underground and the combined weight of the connected tubular pipes reaching 500 to 1,000 tons, OCTG pipes and their accessories need to be highly durable and reliable.





Pipe cutting process at a U.S. seamless steel pipe manufacturing subsidiary

OCTG supply chain management services to reduce the total operating costs

The greatest strength of our OCTG business is our SCM service. Making the most of the value chain we have built, we provide a comprehensive service for the procurement and inventory management of OCTG, which represents more than 10% of the total drilling costs.

In oil well drilling operations, tubular pipes are not used alone. Many accessories, such as the joints that connect two pipes, are also required. Oil and gas development companies need to monitor and forecast the levels of their OCTG and accessories in use and in stock, and continue to purchase additional materials as necessary. Generally, these companies tend to hold higher inventories to cope with potential procurement delays; a delay in or suspension of drilling operations can incur losses of tens of millions to hundreds of

millions of yen per day. It is not unusual to see, as a result of redundant inventories, a large number of pipes left exposed to the weather near a drilling site, unused and deteriorating. Those situations are to be avoided, not only because they have a negative impact on profitability, but also because they are a great hindrance to oil and gas development companies fulfilling their responsibility to ensure a stable energy supply.

To support oil and gas development companies in solving these challenges, Sumitomo Corporation has established an OCTG SCM system, drawing on its value chains in Japan and the U.S., its extensive sales networks covering Europe, Asia, and the Middle East, as well as its original information management know-how. From 1993 onwards, we have been involved in many SCM projects for U.S. oil majors and other customers, offering comprehensive services which include appropriate inventory management, just-in-time product supply, and maintenance and repair, details of which are tailored to suit customers' drilling and operational plans.

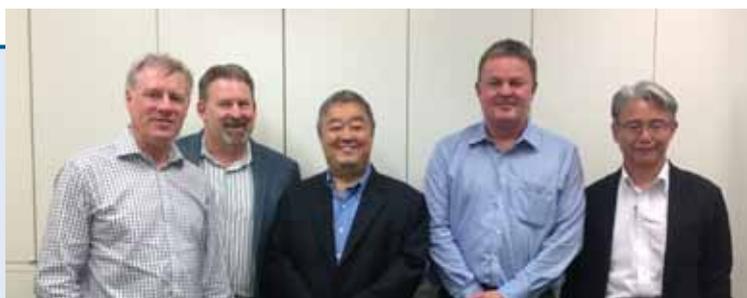
Using our proprietary online system to centrally manage the distribution of OCTG around the world

Building upon its successful operations in North America, Sumitomo Corporation introduced its proprietary online system in the late 1990s to offer an even more sophisticated SCM service on a global basis. OCTG pipes often travel along complicated routes. For instance, pipes may be first delivered to the customer's warehouse, then loaded onto a truck to be sent to another factory to be processed to suit the specifications of the oil well, and finally sent back to the

Sumitomo Spirits

Building a global HSE management system to achieve "Zero Harm"

Michael J. O. Pomfret (first on left in the photo)
Global HSE Advisor, Tubular Products Division



Global HSE Managers

In response to the transition from trading OCTG & Line Pipe to providing value added services to the customers in the Supply Chain Management arena, the Management of HSE in SCTPD* was formalized in 2007. At the same time the ZERO HARM slogan was introduced, which was widely communicated with employees carrying a branded wallet card.

The Global HSE Management System which comprises 12 Elements including LEADERSHIP COMMITMENT, RISK IDENTIFICATION, and SAFE WORK RULES & PROCEDURES, was introduced to all the offices and locations where SCTPD had SCM projects from 2008 to 2010.

As the extent of value added services offered by SCTPD increased to include management of Pipeline Coating & Transportation projects and

simultaneously SCTPD increased their oversight of the Subsidiaries' HSE performance so the requirement for additional HSE resources surfaced.

In mid 2011 the concept of a Global HSE Network was introduced with the Regional HSE Managers meeting and communicating regularly to continually improve our HSE performance by supporting our organizations, sharing information, introducing best practices and leveraging our experience and expertise.

Our vision for HSE is for it to be so integrated into our SCTPD culture that it is automatically just part of the way we do things, not something special nor extra.

*SCTPD: Sumitomo Corporation Tubular Products Division



warehouse. Due to this complexity, it was difficult to fully track and manage the status of OCTG with existing information systems. Sumitomo Corporation developed its optimal online OCTG supply chain management system, iTIMS, inspired by supermarket product management systems. Using iTIMS, we can centrally manage all the OCTG and their accessories that our Group handles around the world, enabling precise inventory control and demand forecasting on a global scale.

Setting up an SCM consulting firm to use our abundant expertise in promoting new projects and training local staff

In 2002, Sumitomo Corporation established SC Global Tubular Solutions (SCGTS) in Houston in the U.S., aiming to provide advanced SCM services to its customers around the globe using our proprietary system. Using our experience and expertise in OCTG supply chain management, the new company helps customers launch new SCM projects, upgrade their operations for existing oil well drilling projects, and implement other initiatives.

In addition to the use of iTIMS for the remote management of customers' OCTG demand and inventory statuses worldwide, SCGTS focuses on developing local workers who are engaged in processing, transporting, maintenance services for OCTG, and other field activities at drilling sites. SCGTS's instructors are sent to many oil well drilling sites around the world, providing local staff with technical training as well as instruction on operational safety, environmental conservation, and other issues.

As a result of these efforts, Sumitomo Corporation has successfully expanded its SCM service provision from the U.S. market to West Africa, Russia, India and many other markets worldwide. Currently, the company is engaged in 23 projects in 14 countries. Its SCM service contracts designed to meet inventory optimization and other customer needs are expected to grow in the future, especially given that in recent years,

state-owned oil and gas development companies in the Middle East, Asia, Africa, and other regions as well as private-sector companies are raising their awareness of operational costs, occupational safety, and environmental management.

A total solutions provider who supports oil and gas development

In addition to the optimal management of assets (oil well resources) under SCM contracts, Sumitomo Corporation is currently focusing its efforts on technical consulting for the optimal drilling of oil wells and use of OCTG.

The conditions surrounding oil and gas development projects, such as the reserve amount, depth, temperature, and pressure, differ significantly depending on the location of the drilling site. Therefore, the materials for and methods of processing OCTG need to be selected on a project-by-project basis, and the well needs to be designed individually to suit the drilling environment. To support such technical elements of drilling projects, Sumitomo Corporation added to its group a technical specialty firm that specializes in material selection for OCTG and joints and other technical areas. By selecting optimal tubular materials and oil well design and offering other key services, engineers, who have abundant experience at oil companies or other related firms and who are familiar with the drilling environment in the regions which they are in charge of, provide strong support for the safe and smooth development of our customers' oil wells and production operations.

Sumitomo Corporation will continue to upgrade and expand its SCM services and technical consulting functions and offer one-stop solutions to the various needs of its customers around the world. As a total solutions provider, we will continue to supply high-quality OCTG and help oil and gas development companies solve their business issues, thus contributing to a stable energy supply around the globe.



Project Report **02**

CSR through Business Activities (2): Transportation & Construction Systems Business Unit

Delivery of 1,220 Hybrid Vehicles to the Ukraine Police Force

With the need for more aggressive action to combat global warming, the international carbon emissions trading system is attracting a lot of attention as a tool to reduce emissions of greenhouse gases. Using this scheme, Sumitomo Corporation has completed a project to deliver a large number of Japan's renowned hybrid vehicles to Ukraine. The project is contributing to reducing Japan's greenhouse gas emissions as well as Ukraine's emissions.



* NEDO: New Energy and Industrial Technology Development Organization (Japan)
 * SEIA: State Environmental Investment Agency (Ukraine)

Using a Green Investment Scheme project between Japan and Ukraine as the starting point

Global warming is not an issue which can be solved by developed countries alone; it is a global issue which must be addressed by collective efforts around the world. That being said, there is little room for greenhouse gas (GHG) reductions in many



Members of Head Office and former expatriates in Kiev

developed countries, where a continuing series of efforts have been introduced, and many other countries do not have sufficient funds or technologies to take effective measures.

Against this backdrop, the Green Investment Scheme (GIS) has been drawing growing attention in recent years. This is one of the emissions trading mechanisms under the Kyoto Protocol, where two countries trade their GHG emissions credits and the funds from that transaction are used for national emissions reduction measures and environmental protection programs. Using this scheme, countries whose

emissions are lower than their credits can sell their redundant carbon credits and use the proceeds to implement environmental projects efficiently. Meanwhile, countries which are unlikely to meet their reduction targets can purchase emissions permits



General Manager (left) and staff in charge (right) of the Kiev Branch, Sumitomo Corporation (Central Eurasia)

from other countries to help achieve their targets.

Recognizing the benefits of GIS, the Japanese government commissioned the New Energy and Industrial Technology Development Organization (NEDO) to explore opportunities for GIS projects with other countries, in which a partner country uses the funds to finance environmental activities. As a result, the first GIS agreement was entered into with Ukraine in March 2009, involving the purchase of emissions credits for 30 million tons.

In the project, Ukraine planned to use Japanese technologies in some of its environmental activities. In response, several Japanese companies, most of which have local operations in the country, proposed environmental projects. Sumitomo Corporation (Central Eurasia) LLC's office in the Kiev Branch in the capital of Ukraine was quick to make a proposal for an environmental project and take action to win the contract.

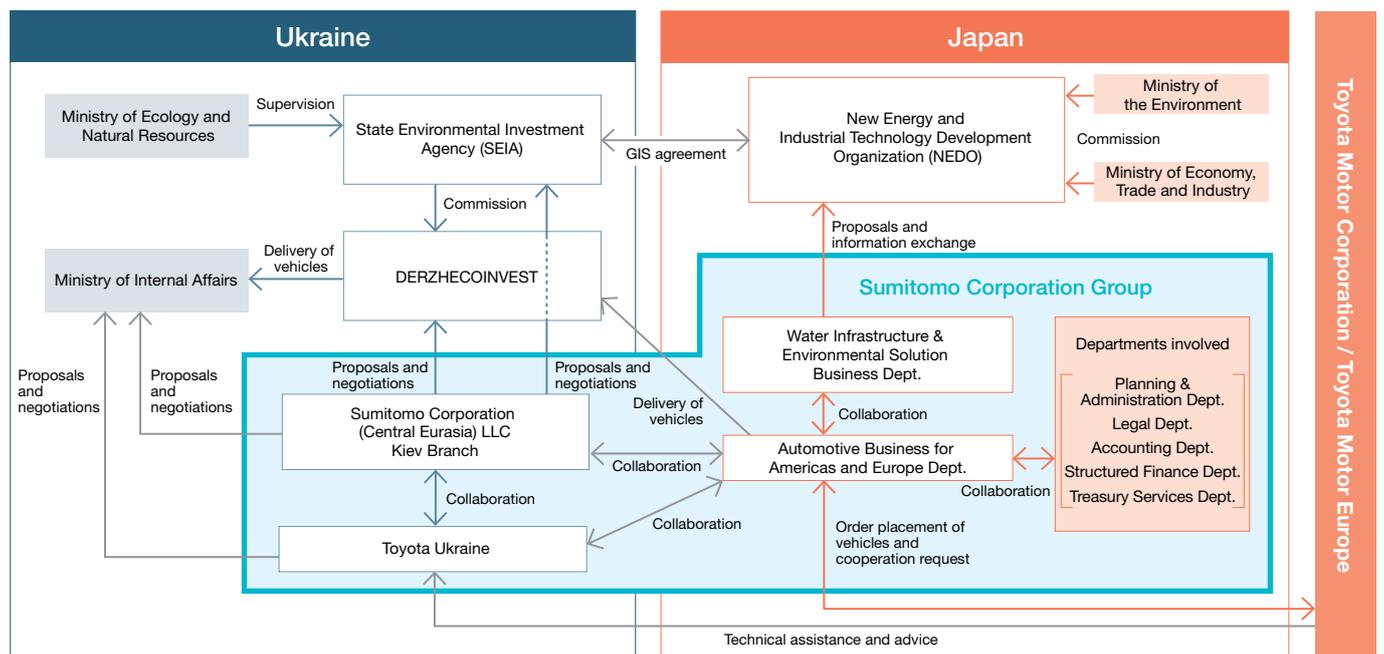


Toyota Ukraine executives and Ministry of Internal Affairs officials

Proposal to include hybrid vehicles in the police force's fleet to support environmental activities in Ukraine

The population of Ukraine is 45 million, the second largest in Eastern Europe and the CIS region after Russia. The country sits in a geopolitically important area in the region and is expected to achieve long-term economic development in the future. Although environmental measures in this country have made progress in recent years, the number of hybrid and

Project scheme



electric vehicles in Ukraine is still limited, partly due to the fact that there are no governmental subsidies for eco-friendly vehicles and people usually drive the same car for many years. Despite their popularity in Western countries, only 100 to 150 hybrid vehicles sell annually.

The Kiev Branch consulted Toyota Ukraine, authorized distributor for Toyota Lexus, and Sumitomo Corporation's Automotive Business for Americas and Europe Dept. that involves in business of Toyota Ukraine, and they jointly developed a detailed project plan. Anticipating the need to replace a large number of aging police cars in the country, they proposed the delivery of hybrid vehicles to the Ukrainian police. The project aims to help the country reduce its environmental impact and raise its environmental awareness, as well as contribute to mitigating global warming.

To win the contract, the Kiev Branch and Toyota Ukraine made a proposal to the Ministry of Internal Affairs of Ukraine, which oversees the police force, and the State Environmental Investment Agency (SEIA), which oversees Ukraine's environmental initiatives. At the same time, Sumitomo Corporation in Japan started to make collective and collaborative efforts across the company under the leadership of the Automotive Business for Americas and Europe Dept. Major departments involved in the efforts include: Water Infrastructure & Environmental Solution Business Dept., which has a business relationship with NEDO, the Planning & Administration Dept., which has extensive risk management

expertise, the Accounting Dept., the Structured Finance Dept., and the Treasury Services Dept.

Our abundant international business experience will ensure that the project succeeds

The Ukrainian government expressed a positive response to our proposal to deliver the Prius, a high-performance hybrid car that Toyota is internationally proud of, to the Ukraine police. However, we had to overcome many obstacles before finally securing the contract, mainly because the decision to use the proceeds of the GIS contract required multiple reviews and approval from various stakeholders within and outside Ukraine.

Our project team put together the required know-how from its members in Ukraine and in Japan so that they could prepare the huge amounts of documents necessary for the business plan, feasibility study, environmental assessment, and so on. However, the review of the documents submitted did not proceed smoothly, given the large sum of money required to introduce as many as 1,220 hybrid cars into the police fleet. When we discussed the details of the project, we received many request to change the specifications of the vehicles, prices, and the contract terms and conditions. Every time requests were made, we had to seek solutions after discussing with the many internal and external parties involved and take the necessary action in close collaboration with Toyota Motor Corporation / Toyota Motor Europe, the



manufacture of the Prius.

After overcoming these challenges, we were able to obtain consent on all the contract terms and conditions. As a result, in August 2012, Sumitomo Corporation signed the final agreement with DERZHECOINVEST, which operates under the SEIA, on a 34 million US dollar deal.

What kept us moving forward during the long, difficult journey were three unique capabilities that the Sumitomo Corporation Group have developed through its wealth of experience. The first is our negotiation capability, enabling us to take each stakeholder's position into consideration when coordinating between them, and negotiate with them patiently and persistently. The second is our integrated corporate strength, enabling us to manage the various risks associated with currency exposure, customs duty, trade insurance, and other elements of international business. The third is our capability in building effective partnerships among multiple organizations, including NEDO, Toyota Motor Corporation / Toyota Motor Europe and other external entities, as well as the internal teamwork involving many departments within Sumitomo Corporation. A lack of any one of these three capabilities would have prevented the project from succeeding.

For the future health of the global environment and the sound development of Ukraine society

As a country experiencing economic development, Ukraine is expected to play a greater and more responsible role in international society. Accordingly, the implementation of more effective environmental measures is a pressing task for the country. In addressing this task, the introduction of many hybrid cars featuring the latest technologies will be of



Vehicle delivery ceremony: Ukraine's Minister of Ecology and Natural Resources (left) and Minister of Internal Affairs (right)

immense importance.

Specific environmental benefits of replacing the existing police car fleet with new hybrid vehicles include substantial improvements in fuel efficiency and a reduction in CO₂ emissions by up to 70%. More importantly, making hybrid cars visible in the everyday life of Ukrainian people will raise their environmental awareness.

Indeed, at the project's vehicle delivery ceremony on June 12, 2013, a high government official from the Ukrainian government delivered a speech in which he said that he was convinced that replacing the police car fleet with hybrid vehicles would promote environmental awareness in his country and turn people's interest more and more toward environmental protection. Our project members who faced and overcame many challenges in both Ukraine and Japan could not have received a better reward than this remark.

Stakeholder's Voice

Valuing this project as a "bridge" between Ukraine and Japan

Mr. Lebedev Olexander Stanislavovich
DERZHECOINVEST
President



The enterprise "DERZHECOINVEST" is a company formed under the State Environmental Agency of Ukraine to implement a project aimed at the reduction of greenhouse gases. On August 29, 2012, we signed a contract with SUMITOMO Corporation on joint execution of the project to replace a fleet of patrol cars with the Toyota Prius, which is equipped with a hybrid engine. I not only expect this project to reduce CO₂ emissions, but also seeing 1220 patrol cars with hybrid engines on the streets will increase awareness of environmental issues amongst the general public. In addition, it is a significant pleasure to work together with a Japanese company and the government through this GIS scheme, which will surely contribute to further friendship and economic cooperation between Ukraine and Japan. I expect Sumitomo Corporation to continue to play an important role in the growth of Ukraine through business activities.

Stakeholder's Voice

Sumitomo Corporation affirms its continuing contribution to fighting global warming

Mr. Fumio Ueda
New Energy and Industrial Technology
Development Organization
Executive Director



Commissioned by the Japanese government, we signed a GIS contract with the Ukrainian government to help Japan fulfill its international commitment to GHG reductions under the Kyoto Protocol, and support environmental protection measures in Ukraine. The project to introduce hybrid vehicles into the police car fleet was founded on the Ukrainian government's wish to introduce Japan's renowned environmental technology into the country. The project has made good and steady progress and delivery of the vehicles was celebrated with a lavish ceremony in Kiev in June 2013. I am deeply honored to have been involved in this valuable project. I hope Sumitomo Corporation will continue to promote the widespread use of Japan's excellent environmental technologies and thereby help reduce emissions of greenhouse gases.

CSR through Business Activities (3): Environment & Infrastructure Business Unit

Osaka Hikari-no-Mori Project — Contributing to Environmental Conservation through Collaboration among Companies

The Osaka Hikari-no-Mori Project (Osaka Forest of Light Project) is a mega-solar power generation project operated in a landfill site in Yumeshima, Osaka designed to contribute to a sustainable society. Sumitomo Corporation has led the project since the planning stage, and has been working for the realization of this public and private collaboration project aimed at making environmental value creation by developing a mechanism that enabled many companies to participate in the project and contribute actively to bringing environmental education to the local communities.



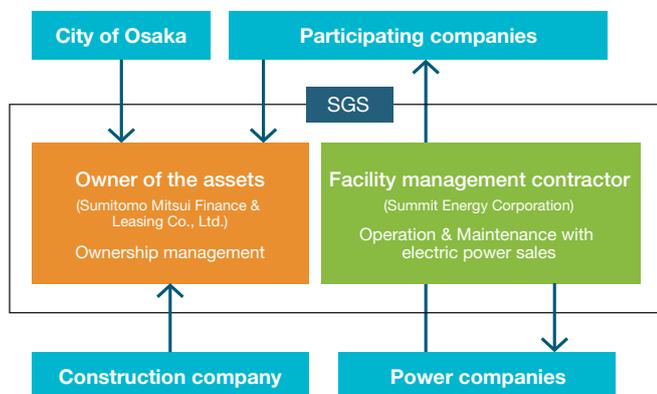
Promoting a mega-solar project that effectively utilizes a landfill site in Yumeshima, Osaka, and that symbolizes Osaka as an environmentally advanced city

Yumeshima is a vast reclaimed island of approximately 391 hectares located in the waterfront area of Osaka City. A landfill site on the island operated by the City of Osaka, where waste combustion ash had been dumped, has limitations such as land subsidence, and methane gas, hydrogen sulfide, and other gases emanating from the ground after the landfill was completed. Waste Management and Public Cleansing Act prohibited the construction of buildings on landfills or the usage for general purposes, and this resulted in the site being left unused for many years.

The City of Osaka, which aspires to become an environmentally advanced city, planned to develop an environment and energy industry center in the waterfront area, including the landfill site, and in May 2010 publicly invited companies to propose ideas for a mega-solar project that would utilize the site effectively.

Sumitomo Corporation, which has since its establishment maintained strong ties with Osaka City, collaborated with Sumitomo Mitsui Finance & Leasing Co., Ltd. to propose “Osaka Hikari-no-Mori Project” which would support environmental protection and contribute to improving local communities in Osaka City. This idea was successfully selected by the city.

Project scheme



Going beyond just a clean energy project—Contributing to environmental education and improvement

The main objective of the joint Osaka Hikari-no-Mori Project is for several companies to cooperate in building 10-megawatt mega-solar power generation facilities on the landfill site in the Yumeshima first district to contribute to building a sustainable society.

Electric power generated will be sold to an electric power company for 20 years under the feed-in tariff system for renewable energy, making it possible to earn a certain amount of profit from this project. On the other side, because of the

high construction costs required to prevent land subsidence and gas emissions in Yumeshima, the site was not the ideal place for a profitable power generation business. The significance of this mega-solar project in Yumeshima is therefore not just as direct support for environmental conservation through the supply of clean energy, but also as a contribution to local communities in Osaka City in various ways including environmental education and improvement, and industrial vitalization.

As a matter of fact, part of the revenues from the project is already being utilized for environmental education in Konohana Ward where Yumeshima is located and to support the environmental activities of local residents. The success of the project is expected to significantly encourage environmental education and other activities, development of the waterfront area, and vitalization of the local economy.

Working together to create a “forest of light” just as people come together to create a forest by planting trees one by one

Companies are now expected to be more proactive, rather than reactive, in environmental protection and in contributing to local communities. Collaborating with other companies achieves a greater effect than undertaking all activities alone.

The Osaka Hikari-no-Mori Project is a new project model designed to allow multiple participating companies to share costs and solve technical problems together under the slogan of “Work together to create a ‘forest of light’ just as people come together to create a forest by planting trees one by one.”

This “Solar-power Group Share (SGS)” mechanism proposed by Sumitomo Corporation and Sumitomo Mitsui Finance & Leasing enables the mega-solar project to be implemented by a consortium of companies.

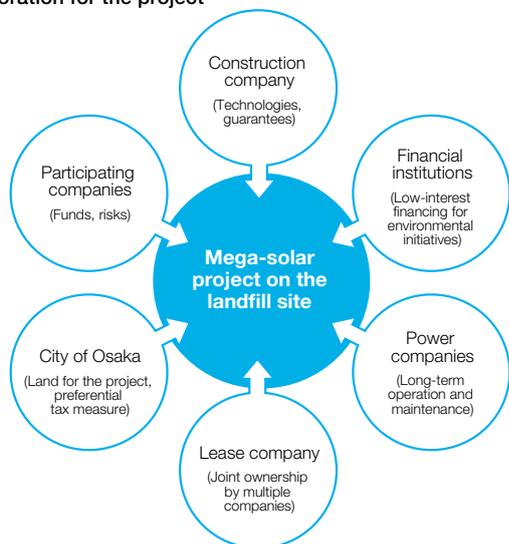
SGS is operated not by a single entity formed for the project, such as a special purpose company, but by Sumitomo Mitsui Finance & Leasing and our subsidiary Summit Energy Corporation, each playing a different role in the project. Sumitomo Mitsui Finance & Leasing, the owner of the power generation facilities, divides up and leases out the facilities—each equivalent to a 500-kilowatt share, a twentieth of the total power generating capacity of 10 megawatts—to each participating company to reduce their financial burden and risks. Summit Energy, a power producer and supplier (PPS), is responsible for selling the electricity generated and maintaining the mega-solar facilities. The company sells electricity and distributes the revenue among the participating companies, while carefully monitoring the electric power regime in Japan, which is expected to continue changing.

Sumitomo Corporation has been promoting the project together with the following companies that have agreed to the project’s aims and sign leases. They are Sumitomo

Electric Industries, Ltd., Rengo Co., Ltd., Hitachi Zosen Corporation, DAIHEN Corporation, NTT FACILITIES, INC., Jupiter Telecommunications Co., Ltd., The Sumitomo Warehouse Co., Ltd., and Osaka Shinkin Bank.

In addition to the companies that are taking part in the project through leasing, the project also allows other companies and the local government to make the best use of their own technologies and expertise in working with us. For example, the construction company has offered their latest technologies and performance guarantees; financial institutions have supported the project through lending at low-interest for environmental initiatives; and the City of Osaka has provided the land for the project free of charge and a preferential tax measure.

Collaboration for the project



Overcoming land subsidence and other technical problems at the landfill site

Prior to completion of the mega-solar power generation plant in October 2013, various technical problems at the landfill site were solved by the efforts of NTT FACILITIES, a company with an extensive track record in constructing photovoltaic systems and other equipment manufacturers and installation companies.

In the design and development stages, effective countermeasures against land subsidence and gas buildup were introduced to ensure a safe and stable power generation performance of the project. These countermeasures include lightweight, highly durable aluminum support structures for the solar panels, which are equipped with a sliding mechanism for height adjustment to correct changes in the alignment of the solar panels due to land subsidence over the years. H-type concrete foundations designed to minimize gas buildup have also been adopted.



Mega-solar power generation plant

Column

Osaka City Sakuyakonohana Junior High School students visit the site and present their study results

On June 10, 2013, nine Osaka City Sakuyakonohana Junior High School students visited the construction site of the Osaka Hikari-no-Mori Project. The students, who are in the first to the third grades at junior high school and members of the Social Studies Club, listened to an explanation of how the solar panels are installed and what measures are taken to deal with land subsidence, gas buildup, and other technical difficulties while observing the construction work of the solar panels. The students learned about solar power generation and the scheme that allows many companies to cooperate for environmental protection under the project.

The students seemed to have been impressed by visiting the facilities. One student showed amazement at the “spectacular sight of rows of panels” and another showed interest in “the various innovations introduced at the facilities.” Others also

expressed their enthusiasm by saying, “It was fun,” and “I want to visit again.” They summarized what they learned in a report and gave a presentation on the report.

The Osaka Hikari-no-Mori Project is planning to actively provide local children and residents with opportunities to visit the site to promote environmental education and raise environmental awareness.



Sakuyakonohana Junior High School students at the construction site

Promoting environmental education and communication through the “Sundial Hill” observation zone

In commemoration of this project, an observation zone was built to the south of the mega-solar plant. The zone, named Sundial Hill, offers Osaka residents and the public at large opportunities to find out more about the Osaka Hikari-no-Mori Project. From the hilltop visitors can enjoy a view of Osaka City, a look out over both the mega-solar plant and the solid waste disposal site, Osaka Port’s dredged soil disposal site, and various other facilities indispensable for the development of local communities. A visitor standing on top of the hill acts as the gnomon of the sundial by casting a shadow, helping visitors to be aware of the variety of roles played by sunlight.

More opportunities to visit the mega-solar facilities will be actively offered to local residents and students and educators through the City of Osaka.

The Osaka Hikari-no-Mori Project, launched as a collaboration between many companies and the local government, will act as a symbol for local communities that are seeking to develop a sustainable, low-carbon, and recycling-oriented society, through activities, including generating clean energy, promoting environmental education and revitalizing the waterfront area.

Sumitomo Spirits

Working closely together with many other companies to help build a sustainable society

Tatsuo Izuka

Manager, Energy & Environmental Solution Business Team
Assistant General Manager, Renewable Energy Business Dept. No. 1



The aim of the Osaka Hikari-no-Mori Project is to contribute to environmental protection and to benefit local communities, and for this reason participating companies have agreed not to pursue profit as a primary goal from this project. Because a single private company can only offer limited funds, technologies, and human resources, it became necessary to implement this large-scale project in the form of a collaboration between multiple companies. The Osaka Hikari-no-Mori Project is a new form of environmental contribution based on this idea and its concept: work together to create a “forest of light” by leveraging the strengths of each company, just as people come together to create a forest by planting trees one by one. In today’s world, where global environmental issues are becoming increasingly serious, companies need to focus their efforts on sustainability in pursuing their business activities. Sumitomo Corporation will continue to play a leading role in building a sustainable society in cooperation with many other companies, making the best use of its function as an integrated trading company and its experience and knowhow it has accumulated through the Osaka Hikari-no-Mori Project.

Stakeholder’s Voice

Joint development of a new project scheme that leases out mega-solar facilities to multiple companies

Tomonori Hamada (left), Assistant General Manager, Tokyo Corporate Business Dept. No. 4
Ichiro Konuma (center), Assistant Manager, Tokyo Corporate Business Dept. No. 4
Toru Yamazaki (right), Deputy General Manager, Environmental Business Dept. Sumitomo Mitsui Finance & Leasing Co., Ltd.



Almost no one had heard of the feed-in tariff system for renewable energy when Sumitomo Corporation told us about their idea for this project. We were responsible for developing a scheme that would make it easier for multiple companies to participate in the project. An ordinary leasing plan normally leases out one property to one company, but in the Osaka Hikari-no-Mori Project, one mega-solar plant has been leased out to multiple companies. It was difficult to sort out the rights and obligations of the participating companies, but after many discussions with Sumitomo

Corporation, we were finally able to develop a scheme that satisfied all the participating companies. Although it was a challenging project, Sumitomo Corporation’s personal network and its personnel’s creativity and dynamism helped us greatly in successfully starting power generation. We will continue cooperating with Sumitomo Corporation and the many other companies to expand our activities and make a lasting contribution to the environment and communities in and outside of Japan.



Project Report 04

CSR through Business Activities (4): Media, Network, Lifestyle Related Goods & Services Business Unit

Innovative Resource-Circulation Recycling Pursued by a Food Supermarket Chain

As the need to reduce waste becomes an urgent concern, waste-generating companies are more strongly expected to promote recycling of their waste as well as decreasing waste. Summit, Inc., a Sumitomo Corporation group company operating a food supermarket chain, has been working on recycling waste for many years as part of environmental activities, and has achieved a high recycling rate. Recently, the chain has been attracting significant attention for its innovative resource-circulation recycling system developed in collaboration with Wagoen, a farming union cooperative.



Taking the initiative in recycling diverse waste materials

As final disposal sites approach the limit of their disposal capacity, reducing waste has become a major social issue. Central and local governments are introducing regulations for each industry, tightening their control over waste-discharging companies to ensure that companies manage their waste more strictly and promote recycling.

Summit, Inc., which celebrates the 50th anniversary of its founding this year, has been introducing various environmental measures for many years. As part of the activities, the chain has been striving to tackle the waste issue by establishing ways to collect, sort, and recycle diverse waste materials generated by each store, and has achieved and maintained a 100% recycling rate for containers including bottles, cans,

cardboard, and styrene foam.

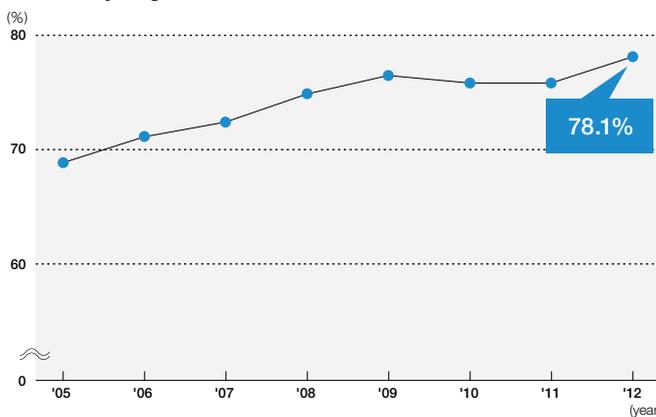
The chain started such activities by recycling fish guts and bones around 1980. Around 1990, as a way to deal with the increased used oil, which had been caused by the expansion of the in-store preparation of delicatessen aimed at meeting the increasing needs for ready-made meals, the chain launched a program in which business partners collect and recycle the waste oil generated by each store. Vegetable oil is recycled into livestock feed, while animal oil is recycled into lard.

In 2002, the chain also started recycling fruit and vegetable waste, which accounts for about 50% of all the scraps generated across the chain, into livestock feed and lightweight soil materials. As a result of these efforts, the chain is currently recycling about 80% of its total waste.

History of Summit Store's recycling initiative

1991	Started recycling waste oil.
	Started recycling styrene foam boxes.
1992	Started in-store collection service for styrene foam trays, milk cartons, and aluminum cans.
1995	Started recycling office garbage generated by the headquarters of Summit, Inc.
1995	Started in-store collection service for PET bottles.
2002	Started recycling food scraps.
2004	Started recycling waste paper and used fluorescent lamps.
2005	Obtained ISO 14001 certification.
	Started installing reverse vending machines for PET bottles.
2009	Started resource-circulation recycling of food scraps.

Waste recycling rate



Waste recycling rate



Launching a resource-circulation recycling scheme in partnership with Wagoen

In 2005, the year in which Summit, Inc. obtained ISO 14001 certification, an international standard for environmental management systems, the chain kicked off a new environmental project. The objective of the project is not just to entrust Wagoen, a farming union cooperative, to handle vegetable scraps, but to even go one step further by growing vegetables using recycled fertilizer made from such vegetable scraps and selling those vegetables in the chain, thereby establishing an innovative recycling scheme that represents a practical example of a resource-circulating society.

The chain, by working together with Wagoen, started the project aimed at building up resource-circulation agricultural scheme, but they had to face many difficulties. They spent more than three years to overcome various challenges, such as obtaining approval to construct a recycling center in Katori City, Chiba Prefecture from the local government, reducing transportation costs from central

Tokyo, and many other matters.

In 2009, some stores of the chain began to implement the recycling scheme after they overcame these difficulties, however, they still had to solve many other problems, such as the irregular shape of vegetables delivered from Wagoen and inadequate separation of vegetable scraps in the stores. However, the situation has gradually improved to such an extent that all the Summit stores now carry Japanese basil leaf, *sangchu* Korean lettuce, and other vegetables produced through the recycling scheme.

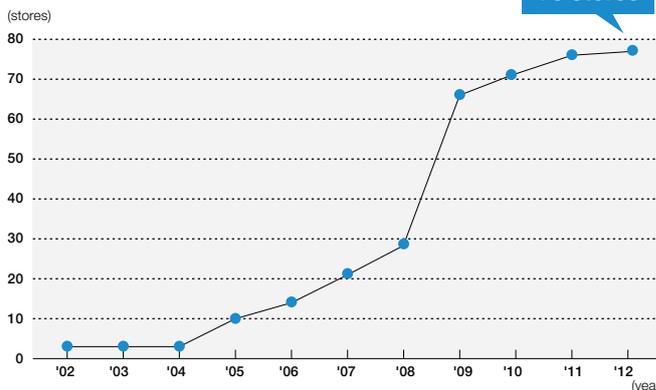
As the system and knowhow have become increasingly established in both the stores and farms, the number of stores that are recycling vegetable and fruit scraps has been increasing rapidly. As of June 2013, 78 out of 107 stores are implementing recycling, and 42 out of those 78 stores are working with Wagoen. As a result of these efforts, the chain's recycling rate for food waste has risen significantly compared to before the recycling scheme was introduced, now exceeding 50%.



A further challenge is how to reduce food waste.

The implementation of resource-circulation recycling provides a solution to the waste issue but also leads to raising awareness of the importance of utilizing valuable food resources without waste throughout the entire society. As much as 20 million tons of food waste, incurring a cost of two trillion yen in waste treatment, is said to be generated in Japan each year. In this situation, it is a food company's social mission to lead society by showing an example of treating food as a valuable resource. Summit, Inc. will continue its efforts to maintain and expand its resource-circulation recycling scheme.

The number of stores implementing the recycling of vegetable and fruit scraps



Sumitomo Spirits

Offering an opportunity for every store staff member and consumer to think about environmental problems

Mr. Naoki Sugimura
Administrative Dept.
Administrative Section
Summit, Inc.



I have never imagined that such a tremendous amount of waste is generated by our stores until I took charge of waste management. While carrying out my duties, I have realized the seriousness of the waste issue. The waste issue cannot be solved by the staff in charge alone, and the involvement of all other employees as well as the whole of society including consumers is essential. One way to give consumers an opportunity to think about waste management is to provide more information on the resource-circulation recycling that we are promoting. We will actively propose various plans that will allow many more consumers to know about our efforts, including tours of our recycling center.

Stakeholder's Voice

As a partner in the resource-circulation recycling scheme, we are looking forward to the further expansion of the initiative

Mr. Masao Takumi
Senior Managing Director
Wago Co., Ltd., Wagoen Group



Wagoen is a farming union cooperative made up of about 100 young farmers, and our company is responsible for the distribution, sales, processing, and recycling of vegetables produced by those farmers. We have had a strong interest in environmental problems, and have been practicing "resource-circulation" farming by using fertilizer made from vegetable scraps generated during processing in our recycling center to grow vegetables. This farming style has led to the resource-circulation recycling scheme developed in collaboration with Summit, Inc.. When the scheme started, vegetable scraps collected from the stores often contained foreign materials, making processing at the recycling center difficult. However, thanks to the steady and patient efforts of the staff of both companies, the situation has improved and the scheme is now operated without any problems. It is our fervent hope that Summit, Inc.'s initiative will be further expanded.



CSR Through Business Activities (5): Mineral Resources, Energy, Chemical & Electronics Business Unit

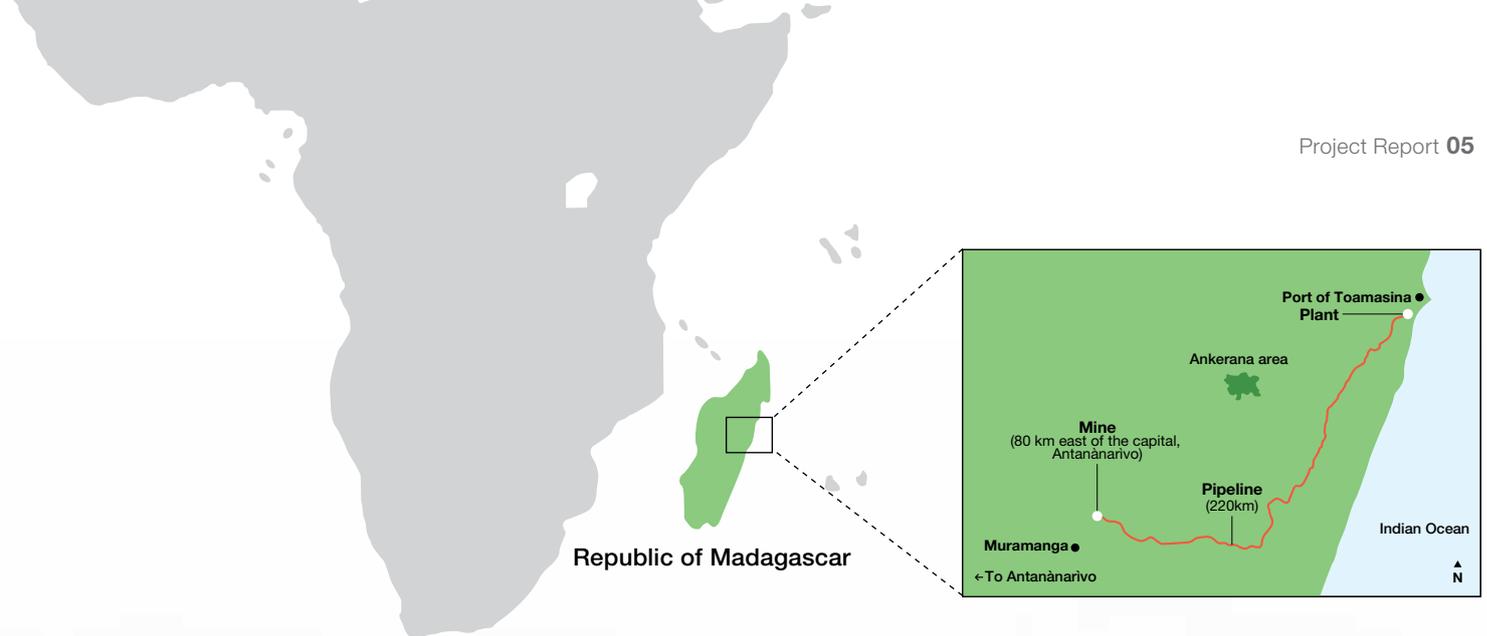
The Ambatovy Project — Contributing to Sustainable Development in Madagascar

The Ambatovy Project in the Republic of Madagascar is one of the world’s largest mine development projects aimed at increasing the supply of nickel, cobalt, and others. Construction work on the project has been continuing since 2007. However, this colossal project is not just intended to contribute to a stable supply of rare metals. It is also attracting attention as a project that will play a crucial role in the sustainable development of the local community through active support for human resources development and the local economy as well as through the protection of biodiversity and other systematic efforts for environmental conservation.



Nobuyuki Ariyama
Assistant to General Manager,
Nickel & New Metals
Business Dept.





One of the world's largest mine development projects aimed at securing a stable supply of rare metals

The Republic of Madagascar, situated to the southeast of the African continent and in the western part of the Indian Ocean, is 1.6 times larger than Japan in land area and has a population of more than 22 million. The main economic activities, employing about 80% of the population, are agriculture, producing rice, coffee, and others. Although the deregulation policy adopted in the mid-1990s has brought some economic growth, the gross national income (GNI) per capita in 2012 was still as low as 430 US dollars, less than one hundredth that of Japan. There is a study report that states that 76% of the nation are living in poverty.

One industry that is currently attracting attention as a new driver of Madagascar's economy is the development of the country's large reserves of mineral resources. Large quantities of rare metals, such as nickel and cobalt buried in the central part of the country are particularly attractive because the demand for these rare metals has been increasing recently for use in batteries, semiconductors, and other high technology products. With this as a backdrop, the world's largest class mine development project was launched and construction work commenced in August 2007. This is the Ambatovy Project, and Sumitomo Corporation is one of the participants.

Contributing to the growth of Madagascar's economy through increasing exports and creating employment

The Ambatovy Project is a huge project that involves the construction of a mine at a location approximately 80 kilometers to the east of the capital, Antananarivo, a processing and refinery plant located to the northeast of the mine site and close to the Port of Toamasina, a pipeline with a total length of 220 kilometers connecting the mine site and the plant site, and even social infrastructure including roads, railway tracks, and port facilities. The operation of the mine site and the plant site is scheduled for about 30 years and expected to produce 60,000 tons of nickel and 5,600 tons of cobalt annually—which is equivalent to 4% and 8% respectively of the current global demand for these metals.

Sumitomo Corporation has been taking part in this project together with Canadian and Korean companies. We have financed and invested in local mining and refining companies, and are undertaking in cooperation with Korea Resources Corporation (Kores) project finance arrangements and sales support. Of the total funds procured, the amount of project debt financing from the Japan Bank for International Cooperation (JBIC) and other international financial institutions reaches 2.1 billion US dollars—one of the largest financing arrangements for a mining project.





Job training in LRDI



Technical training in ALBI

Construction work commenced in 2007 and the mine site and the plant site have already been completed. Operating permission was given by the Madagascar government in March 2012, with the first shipment of nickel delivered in November of the same year. Efforts are currently being made to improve the operation through maintenance and repair of the facilities so as to achieve full-scale operation at the earliest possible time.

The Ambatovy Project is not just intended to ensure a stable supply of rare metals to global markets, but is also seen as a project that will contribute significantly to the future development of the country in various ways, including promoting industry, creating employment, and developing the social infrastructure. When fully-fledged commercial production of the rare metals is started, Madagascar is expected to become far more influential in the global market as a rare metals exporting country.

The construction of various facilities and infrastructure has created employment for approximately 20,000 people. Even after the start of the operation stage, about 9,000 workers in direct and indirect employment—of which 90% are local Madagascar people—are still employed. The Ambatovy Project is thus playing an important role in reducing poverty, one of the country's most serious social issues, by promoting economic growth.

Job training, reemployment support, and the development of human resources who will build the future of Madagascar's industries

The impact of the Ambatovy Project goes beyond economic benefits brought about by increasing exports and creating employment. The project is also contributing significantly to the growth of Madagascar through the development of human resources and improvements in working conditions.

The Local Resource Development Initiative (LRDI) was established at the same time as the launch of the project,

providing job training for local people who had had no experience of working in occupations other than agriculture to help them acquire the skills necessary for working in the the mine site and the plant site. In addition to this, an unemployment allowance was paid for a certain period to support demobilized workers when the project moved from the construction stage to the operation stage.

The Ambatovy Local Business Initiative (ALBI), successor to the LRDI, has opened a technical training center to support reemployment of demobilized workers. ALBI has also introduced various measures to create new employment opportunities, such as the establishment of an organization responsible for purchasing agricultural produce for consumption in canteens in the mine site and the plant site, support for the founding of a company that manufactures workers' uniforms for the plant and for other corporations related to the project, and support for small to medium-sized local enterprises.

The project has also initiated the Technical Excellence Program in cooperation with the Madagascar government and local leaders aimed at training internationally competitive plant operators. A total of 215 workers will be trained over a period of four years from 2011, and many training programs have already been implemented. Through this program, capable human resources who can assume managerial positions in the mine site and the plant site will be developed to promote the "localization" of the operation. It is also expected that in the long term future leaders of Madagascar's industries may emerge from among these trainees.

The protection of biodiversity and other systematic efforts for environmental conservation to save the precious natural habitat in Madagascar

Since the Ambatovy Project involves the construction and operation of many facilities, such as the mine, the processing and refinery plant, and pipeline, its impact on the surrounding

environment could be huge. With its unique and as yet undisturbed natural environment, Madagascar is of international importance as a home to a thousand species of rare wild animals. For this reason, development and operation of the Ambatovy Project is being carried out giving full consideration to the natural environment.

The project is being planned and implemented, not only in line with Madagascar’s laws and regulations, but also under an environmental management system that satisfies international guidelines, including the World Bank Safeguard Policies, International Finance Corporation (IFC) Performance Standards, World Health Organization (WHO) standards, and Equator Principles.

In addition to complying with these standards, the protection of biodiversity and other systematic efforts are being made for environmental conservation. One example of these efforts is a buffer zone of about 4,900 hectares established around the mine site of about 1,800 hectares to protect the habitats of animals. Trees that have to be cut down during the process of mine development are intentionally left to lie on the ground for a while so that organisms living in the trees can move into the buffer zone. Endangered species found in the development area and identified as requiring protection after biological research conducted jointly with international environment NGOs and other organizations are protected under various programs, including transplanting animals to a reserve and raising fish using a fish farming system, to minimize the impact of the project on the ecosystem.

After construction work started, the planned route of the pipeline was changed at a total of 24 places to avoid the habitats of rare animals.

The Ambatovy Project is also promoting a large-scale biodiversity offset program under the “no net loss, or preferably a net gain” concept. The objective of this program is to offset the negative impact of the project on one ecosystem with the positive effects provided by the



The forest in the Ankerana area

restoration or creation of another ecosystem. Specific activities underway or planned under this program include conservation of a forest of 6,800 hectares in the Ankerana area, which has an ecosystem similar to that of the development site of the project, protecting the areas around the mine site, and replanting trees after the pipeline is buried and after the mine site is closed. The program will thus protect or provide protection for more than 25,000 hectares of the natural environment, equivalent to 15 times the area of the mine site, offsetting the net loss caused by the project. These protection activities continue to be conducted in cooperation with the Business and Biodiversity Offsets Program (BBOP), an international organization made up of governments, companies, and biodiversity experts.

Environmental conservation efforts made as part of the Ambatovy Project have been praised highly by the Madagascar government, environmental NGOs, and the BBOP Secretariat. As a company taking part in the Ambatovy Project, Sumitomo Corporation will continue to fulfill its social responsibility by working for environmental conservation and the welfare of the local community in support of the sustainable development of Madagascar.



Diademed Sifaka, a rare species



Golden Mantella, a rare species



Coquerel's Sifaka, a rare species

Environmental Initiatives

Environmental Management

Throughout its 400-year history, the Sumitomo Group has pursued industrial development that co-exists with local communities and the natural environment. Using the experience it has built up over this long period, the Sumitomo Corporation Group is committed to contributing to the sustainable development through sound business activities that take into account global environmental issues.

Environmental Policy

All Group companies carry out environmentally sound management under a common environmental policy, including those participating in the Group's environmental management

system, in order to reduce our environmental impact and improve environmental conditions through our business activities.

Sumitomo Corporation Group Environmental Policy

The Sumitomo Corporation Group recognizes that environmental issues are global in scale and are long-term matters affecting future generations. As a global organization, the Sumitomo Corporation Group, through sound business activities, will strive to achieve sustainable development aimed at symbiosis between social and economic progress and environmental preservation. With this as its basic policy, the Sumitomo Corporation Group strives to achieve environmental management in its commercial trading, business development, and investment, etc., based on the guidelines stated below.

I. Basic Policy

The Sumitomo Corporation Group recognizes that environmental issues are global in scale and that they are long-range concerns affecting future generations. As a global organization, the Sumitomo Corporation Group, through sound business activities, will strive to achieve sustainable development aimed at symbiosis between social and economic progress and environmental preservation.

II. Basic Guidelines

In pursuing its diversified business activities both within Japan and overseas, the Sumitomo Corporation Group shall comply with the following guidelines, and, through cooperation between its Group companies, work to achieve the aims of its basic environmental policy.

1. Basic stance with regard to the environment:

To attach great importance to protecting the global environment as a good corporate citizen in keeping with its Activity Guidelines.

2. Compliance with environmental legislation:

To strictly observe legislation related to environmental matters not only in Japan but also overseas and abide by any agreements undertaken by the Group companies.

3. Caring for the natural environment:

To protect the natural environment and preserve biodiversity.

4. Efficient use of resources and energy:

To be mindful of the finite availability of resources and energy and strive to use them both efficiently and effectively.

5. Contributing to the building of a recycling-oriented society:

To endeavor to help build a recycling-oriented society by reducing waste and reusing and recycling resources.

6. Promotion of businesses that contribute to environmental preservation:

To utilize our integrated corporate strength to promote businesses and projects, which contribute to environmental preservation and reduction of the impact of society on the natural environment.

7. Establishment of environmental management:

To use an environmental management system to prevent environmental pollution and set environmental objectives and targets which are regularly reviewed and continuously upgraded.

8. Disclosure of the Environmental Policy:

To communicate this Environmental Policy to all people who are working for or on behalf of the Sumitomo Corporation Group, as well as disclosing it externally.

June 22, 2012
President and CEO, Sumitomo Corporation
Kuniharu Nakamura

Environmental Management System

The Group has obtained certification for the ISO 14001 standard and has been working to implement environment management activities.

Led by Sumitomo Corporation's President and CEO, the Group's multi-site system enables unified environmental management of many different offices and organizations in line with the Sumitomo Corporation Group Environmental Policy. As of June 2013, approximately 19,000 employees in total from all domestic locations of Sumitomo Corporation and its 30 Group

companies are participating in these environmental management activities.

For information about Group companies that have obtained ISO 14001 certification independently, please refer to our corporate website.



http://www.sumitomocorp.co.jp/english/csr/environment/manage/iso_management/



ISO 14001
JQA-EM0451

Environmental Objectives and Targets

Environmental Objectives, Targets and Results for Fiscal 2012 (Sumitomo Corporation)

Management Area	Objective	Fiscal 2012 Target	Achievement Level (15 months from January 2012 to March 2013)
Environmental business	Improve the environment through business operations and expand environmental business	Promote projects to save energy and reduce greenhouse gas emissions	<ul style="list-style-type: none"> Promoted a CO₂ emissions reduction project aimed at preventing peat fires in Indonesia
		Expand business utilizing renewable energy	<ul style="list-style-type: none"> Promoted geothermal and hydroelectric power projects in Asia and Oceania as well as new wind power projects in the U.S. and South Africa Pushed forward new solar power generation projects in Southern Europe, the U.S. and Japan Purchased surplus electric power from solid energy-from-waste plants and purchased Renewable Energy Certificates in Japan
		Promote business operations that help create a recycling-oriented society	<ul style="list-style-type: none"> Promoted a waste home appliance recycling business in China Promoted PET bottle recycling business in Japan
Management of environmental impact	Reduce environmental impact of business operations	Monitor and reduce electricity, gas consumption, and waste emissions in all offices in Japan	<ul style="list-style-type: none"> Implemented measures aimed at reducing total electricity consumption by 1% each year Fiscal 2010 result: 10,744 million kWh Fiscal 2011 result: 8,638 million kWh (reduced by 19.6% year-on-year) Fiscal 2012 result: 8,093 million kWh (reduced by 6.3 % year-on-year) Received third-party assurance for energy consumption and CO₂ emissions
		Assess environmental impact caused by business operations	<ul style="list-style-type: none"> Carried out appropriate environmental impact assessment and soil pollution surveys in a timely manner
		Assess and promote the reduction of environmental impact of the supply chain involved	<ul style="list-style-type: none"> Started disclosing Scope 3 emissions
Hazardous substance management	Comply with chemical substance regulations	Increase the level of chemical substance control. More actively encourage suppliers and consignees to participate	<ul style="list-style-type: none"> Conducted monitoring in accordance with applicable laws, including the revised Chemical Substances Control Law, the revised PRTR Law, and the Poisonous and Deleterious Substances Control Law Confirmed issuance and receipt of SDSs
		Ensure safe transportation and storage of hazardous substances in corporation with consigned companies	<ul style="list-style-type: none"> Ensured proper management of ledgers on the transportation and storage of poisonous and hazardous materials and high-pressure gas
Logistics management	Promote energy conservation in logistics	Establish and implement a specific energy conservation plan for transportation as a cargo owner	<ul style="list-style-type: none"> Worked to improve energy consumption efficiency as a "specified consigner," defined in the Act on the Rational Use of Energy. As a result, energy consumption efficiency improved by 4% (based on annual energy consumption per ton of cargo shipped) over the past 5 years Our total domestic cargo transportation of 1,704 thousand tons of products amounted to 160 million ton-kilometers Our energy consumption during fiscal 2012 was 2.04 kl/thousand tons (crude oil equivalent)
		Strengthen links with domestic carriers to achieve efficient transportation and analyze their efficiency	<ul style="list-style-type: none"> Improved energy consumption efficiency by encouraging carriers in Japan to use larger trucks and ships and increase load efficiency
Legal compliance	Proper disposal of waste in accordance with the Waste Disposal and Public Cleaning Act	Improve employee training on the Waste Disposal and Public Cleaning Act	<ul style="list-style-type: none"> Held a Waste Management Procedure Seminar led by an internal logistics department in order to provide training on basic knowledge of proper treatment of industrial waste generated in the logistics process Held in February 2012 in Tokyo (Televised in 10 locations in Japan): 280 participants Held in January–February 2013 in Tokyo and Osaka (Televised in seven locations in Japan): 173 participants Held an industrial waste treatment procedure seminar and an on-site treatment facility inspection seminar after providing training on trends in amendments to laws and regulations, actual examples of administrative sanctions based on ordinances and other topics (see page 34)
		Implement on-site inspection and improve management systems within Group companies often disposing of waste materials. Promote information sharing with other Group companies	<ul style="list-style-type: none"> Improved waste management system by conducting ISO activities to raise awareness in all departments. Shared documents and records Conducted on-site inspections of waste disposal companies
Environmental education	Raise employees' environmental awareness	Hold seminars on environmental conservation and other programs	<ul style="list-style-type: none"> Held an in-house seminar, inviting Toyoki Kozai, Professor Emeritus of Chiba University, to lecture on "Plants: the Unshakable Leading Player"
		Disseminate related information by the ISO Office (Environment & CSR Department)	<ul style="list-style-type: none"> Proactively collected environment-related information from the media, organizations, corporations, and others for dissemination to employees

Environmental Objectives and Targets for Fiscal 2013 (Sumitomo Corporation)

Management Category	Objective	Fiscal 2013 Target
Environmental business	Improve the environment through business operations and expand environmental business	Promote projects to save energy and reduce greenhouse gas emissions
		Expand business utilizing renewable energy sources
		Promote business operations that help create a recycling-oriented society
Management of environmental impact	Reduce environmental impact of business operations	Monitor and reduce electricity, gas consumption, and waste emissions in all offices in Japan
		Assess environmental impact caused by business operations
		Assess and promote the reduction of environmental impact of the supply chain involved
Hazardous substance management	Comply with chemical substance regulations	Increase the level of chemical substance control. More actively encourage suppliers and consignees to participate
Logistics management	Promote energy conservation in logistics	Establish and implement a specific energy conservation plan for transportation as a cargo owner
		Strengthen links with domestic carriers to achieve efficient transportation and analyze their efficiency
Legal compliance	Proper disposal of waste in accordance with the Waste Disposal and Public Cleaning Act	Improve employee training on the Waste Disposal and Public Cleaning Act
		Implement on-site inspections and promote information sharing with other Group companies
Environmental education	Raise employees' environmental awareness	Hold seminars on environmental conservation and other programs
		Disseminate related information by the ISO Office (Environment & CSR Department)

CSR Through Business Activities

The Sumitomo Corporation Group recognizes that environmental issues are global in scale, and are long-term matters that will affect future generations. As a global organization, the Group has established an environmental policy of striving to achieve sustainable development, by way of sound business activities, aimed at symbiosis between social and economic progress and environmental preservation.

Environment-friendly Buildings

The Group owns and manages approximately 1,100,000 m² of owned and managed buildings (including jointly owned and sub-leased properties) mainly in central Tokyo and Osaka, but also in Sapporo, Nagoya, and Fukuoka as well as overseas. In building development, the Group's buildings come standard with air conditioning systems that achieve both energy efficiency and comfort, and also have greenery features that harmonize with the natural environment. In these and other ways, the Group strives to help preserve the environment while creating refreshing spaces for office workers.

■ Comfort and Energy Efficiency Through the DESICA Air-conditioning System

In the field of new building development, the Group, along with Nikken Sekkei Ltd., Daikin Industries, Ltd. and various experts, successfully commercialized the DESICA commercial air-conditioning system after conducting joint performance verification trials. Equipped with a dehumidifying system that can be controlled independently of air conditioning operation, the DESICA system provides far superior dehumidification capacity than conventional air-conditioning units. As a result, even if the thermostat for air conditioning is set at a high room temperature, the temperature people actually feel in the room can be effectively lowered by reducing the humidity. Conversely, in winter, humidity can be increased to achieve a warming effect even at low room temperature settings. In this way, DESICA is a next-generation technology that achieves both energy savings and comfort at the same time. While continuously upgrading the system further by confirming actual operational status and performance, we plan to install this system as a standard feature in all of the buildings to be developed by the Company in the future.

DESICA system: A new approach to air-conditioning combining energy efficiency and comfort through individual control of humidity and temperature

Delivers an optimum level of humidity without feeling overly cold, and without having to worry about temperature

Humidity control



Water pipe-free humidity controller
DESICA

Energy efficient and just the right temperature, without being affected by humidity

Temperature control



Heat-pump air-conditioner
Multi-unit air-conditioner for buildings with high levels of sensible heat

+

- Adjust the humidity to control wind-chill temperature. Creates a comfortable office environment while minimizing the need for excessive cooling.
- Energy efficient by limiting the temperature of rooms. Reduces annual running costs.

■ Developing Greenery in Harmony With the Natural Environment

In Harumi Triton Square, Chuo-ku, Tokyo, which opened in April 2001, we planted over 600 varieties of trees and flowering plants to create a relaxing and comfortable outdoor space where seasonal flowers blooming at different times would provide year-round color

and attract birds. The public square of this complex soothes the soul while at the same time reducing the heat island effect.

We are also applying the environmental expertise and technology learned from Harumi Triton Square to building development projects in Kanda, Chiyoda-ku, Tokyo, where we are focusing on urban development. Here, we are creating urban green zones with an emphasis on biodiversity. For example, we are conducting field monitoring of the flight patterns of wild birds, and using this study to change how we approach developing greenery for each building based on the surrounding ecosystem network. A "Green Network" has been planned for the surrounding natural environment, including the Imperial Palace, Ueno and Yushima in central Tokyo, to contribute to environmental conservation in those areas.

Linking Greenery

Greenification of each building for maximizing biodiversity
Designed to attract wild birds from the surrounding environment, wall greenification with a plant-based theme can be used in a multitude of different ways such as smoking areas surrounded by greenery, edible gardens, and others.



Review of greenification of every building with ecosystem networks
Simply planting trees will not attract birds
→ Monitoring tests and analysis of flight patterns of wild birds



The Sumitomo Corporation Yaesu Building (rooftop garden)



The Sumitomo Corporation Takebashi Building

Sumitomo Building Received the 22nd BELCA Award in the Long-life Category

The Sumitomo Building in Osaka, which is managed and operated by the Group, received the 22nd BELCA Award in the Long-life category. Now in its 22nd year, this award was established in 1991 by the Building and Equipment Long-life Cycle Association (BELCA) to promote longer building lifecycles. Completed in 1962, the Sumitomo Building celebrated its 50th anniversary last year. It received an award in the Long-life category based on high marks for proper building maintenance and management carried out over many years. In 2011, the Sumitomo Corporation Takebashi Building earned accolades for a greenery development project, winning the BELCA Award in the Best Renovation category. The most recent BELCA award is the Group's second such award.



The Sumitomo Building

Initiatives to Enhance Employee Awareness

The Sumitomo Corporation Group actively conducts awareness-raising seminars related to environmental preservation for the purpose of enhancing the environmental awareness of employees.

Seminars on Environmental Laws and Regulations

From April to May 2013, Sumitomo Corporation jointly held five seminars (Tokyo: four seminars; Osaka: one seminar) on environmental laws and regulations with another company, which were attended by around 300 people in total.

Companies must identify and comply with the specific legal requirements of the laws and regulations that apply to each of them. Trends in laws and regulations must be closely monitored at all times, because the regulatory content is constantly revised according to the times. These seminars were held in order to promote an understanding of the latest major environmental laws along with key environmental issues and trends, while reaffirming the importance of ensuring compliance at companies.



A seminar on environmental laws and regulations

Industrial Waste Treatment Procedure Seminar and On-site Treatment Facility Inspection Seminar

In November 2012, Sumitomo Corporation held a seminar aimed at providing the necessary knowledge and skills required to fulfill the Company's obligations to ensure proper waste disposal as a waste emitter. Led by an external guest lecturer, the seminar was intended for employees including those of Group companies. The classroom instruction held in the morning hours was attended by 260 people, including those taking part through televised broadcasts. The on-site inspection seminar held in the afternoon was attended by 65 people. The lecturer spoke clearly about such topics as basic knowledge of waste disposal operations, the relationships between various recycling laws and the Waste Disposal and Public Cleaning Act, the main points of on-site inspections of industrial waste intermediate treatment sites and specific methodologies, and industrial waste disposal issues that arise in the course of daily operations.



The waste treatment facility where on-site inspection training took place

Environmental Seminar on the Topic of "Plants: The Unshakeable Leading Player"

An environmental seminar for employees of Sumitomo Corporation and Group companies was held in June 2012, with guest lecturer Toyoki Kozai, Professor Emeritus of Chiba University, speaking on the topic of "Plants: the Unshakeable Leading Player." The lecture provided an easily understood overview of the idea of recycling plants as a renewable resource, and trends in the development of artificial light horticulture as a new flora production system. The seminar took the viewpoint that global issues concerning the environment, as well as food and resources, had to be resolved simultaneously and in parallel by adopting common perspectives and methodologies. This seminar was attended by approximately 100 group employees at Sumitomo Corporation's Head Office in Tokyo, and televised to approximately 30 Group officers and employees participating from seven other locations in Japan, who were mainly in charge of environmental issues.

Seminar participants said that the seminar offered them a rare glimpse into the technology and the economic and environmental advantages of flora production systems as a one-stop solution to the mutually related issues of conserving the environment, resources and food.



An environmental seminar

Environmental Performance Data

To increase the reliability of its environmental performance data, Sumitomo Corporation engaged KPMG AZSA Sustainability Co., Ltd. to provide assurance. The procedures and results of this assurance engagement are included in this report.

» Please refer to page 61 “Independent Assurance Report” for further details about assurance engagement.

* Data for electricity consumption, CO₂ emissions (offices), waste emissions, and water consumption at head office, regional business units, offices and branch offices in fiscal 2010 and 2011 includes data from some Group companies.
 * Previous years' data for electricity consumption, CO₂ emissions (offices), waste emissions, water consumption, and office paper consumption have been revised to reflect a revision of the scope for data collection in line with actual management status.
 * Numbers of offices and companies are as of March 31, 2013.

Electricity Consumption

Consumption (1,000 kWh)		Number of offices/ companies	Fiscal 2010	Fiscal 2011	Fiscal 2012
Japan	Head office, regional business units, offices and branch offices	9	10,744	8,638	8,093
	Group companies	70	494,243	457,917	459,526
Overseas	Branches	12	151	163	165
	Group companies	77	109,602	153,764	160,748

* Sumitomo Corporation has set a target of reducing electricity consumption by 1% annually for its head office, regional business units, offices and branch offices.

CO₂ Emissions (Offices)

Emissions (t-CO ₂)		Number of offices/ companies	Fiscal 2010	Fiscal 2011	Fiscal 2012
Japan	Head office, regional business units, offices and branch offices	9	4,554	4,692	4,646
	CO ₂ emission per floor space (t-CO ₂ /thousand m ²)		56.75	58.50	60.44
	(Change from previous year)		(-12.6%)	(3.1%)	(3.3%)
	Group companies	70	162,807	201,454	208,132
Overseas	Branches	12	48	70	71
	Group companies	77	34,642	65,965	70,890

* For the breakdown of CO₂ emissions for the head office, regional business units, offices and branch offices, Scope 1 is 225 tons and Scope 2 is 4,421 tons.
 * The above figures indicate total amounts of CO₂ emissions stemming from use of electricity, utility gas and district heat (cooling/heating water), which are calculated using the following factors:

CO ₂ emission factors	Fiscal 2010	Fiscal 2011	Fiscal 2012
Electricity (kg-CO ₂ /kWh)	0.316	0.429	0.441
Utility gas adjusted based on standard heat value (t-CO ₂ /thousand m ³)	2.234	2.234	2.234
Heat (head office) (t-CO ₂ /GJ)	0.033	0.034	0.041
Heat (other than head office) (t-CO ₂ /GJ)	0.057	0.057	0.057

CO₂ Emissions (Logistics, commuting and overseas business trips)

Emissions (t-CO ₂)			Fiscal 2010	Fiscal 2011	Fiscal 2012
Japan	Head office, regional business units, offices and branch offices	Logistics	13,400	10,519	9,379
	Head office	Commuting	753	740	821
	Head office	Overseas business trips	8,692	10,060	12,044

* CO₂ emissions from logistics are for cargoes in Japan where Sumitomo Corporation is the cargo owner according to the Act Concerning Rational Use of Energy.
 * The emissions coefficients for CO₂ emissions from commuting and overseas business trips were taken from the CO₂ emissions per person-kilometer for each mode of transport when transporting travelers, as recorded in the Ministry of Land, Infrastructure, Transport and Tourism publication “CO₂ Emissions in the Transport Sector.”
 * Calculations for the CO₂ emissions due to overseas business trips include only flights departing and arriving in Japan. Business trip destinations are classified into six areas and a representative airport for each area is used to estimate the flight distance.
 * Following a revision of the method for data collection, previous years' figures for CO₂ emissions due to overseas business trips have been revised.

Waste Emissions (General and industrial waste stemming from operation)

Emissions (tons)		Number of offices/ companies	Fiscal 2010	Fiscal 2011	Fiscal 2012
Japan	Head office, regional business units, offices and branch offices	8	1,090	1,917	1,302
	Of the above, general waste emissions stemming from operation (tons)	8	586	559	542
	Group companies	67	59,656	59,193	56,742
Overseas	Group companies	37	10,810	14,541	14,527

* Fiscal 2013 targets of Sumitomo Corporation head office, regional business units, offices and branch offices are set at 537 tons for general waste emissions from operations. Assuming a 92% recycling rate, 43 tons of waste would be sent to landfill.

Water Consumption

Consumption (m ³)		Number of offices/ companies	Fiscal 2010	Fiscal 2011	Fiscal 2012
Japan	Head office, regional business units, offices and branch offices	3	51,387	49,145	45,579
	Group companies	31	2,228,701	2,231,708	2,386,123
Overseas	Branches	9	5,976	5,405	5,507
	Group companies	56	468,285	552,405	548,174

* Head office data is for the main building.

Office Paper Consumption

Sheets purchased (1,000 sheets)		Number of offices/ companies	Fiscal 2010	Fiscal 2011	Fiscal 2012
Japan	Head office, regional business units, offices and branch offices	9	41,425	34,579	34,350
	Group companies	54	155,016	144,955	142,494

* Calculated from purchase amounts and unit prices of A4 paper.
 * This item is not subject to assurance engagement.

Environmental Accounting

Environmental Accounting for Fiscal 2012

(Thousands of yen)

Environmental conservation costs		Costs	Main benefits
(1) Business area cost	Pollution prevention cost	3,335	Environmental conservation
	Global environment conservation cost	531,615	
	Resource circulation cost	67,030	
	Subtotal	601,979	
(2) Upstream and downstream cost	Extra costs of green purchasing	203	Energy saving, resource saving, and waste reduction
	Additional cost for reducing the environmental impact of containers and packaging	217,021	
	Costs for the collection, recycling, resale, and proper disposal of used products	0	
	Subtotal	217,224	
(3) Administration cost	Cost for the implementation and maintenance of an environmental management system	399,020	ISO 14001 Environmental communication Environmental training
	Cost for disclosure of environmental information and environmental advertising	33,096	
	Cost for environmental training of employees	20,886	
	Cost for environmental improvement measures	2,320	
	Subtotal	455,323	
(4) R&D cost	R&D costs to develop products that contribute to environmental conservation	622,987	Environmental business
	R&D costs to develop methods and technologies that can reduce environmental impact caused during the manufacturing process	4,550	
	Subtotal	627,537	
(5) Social activity cost	Cost for environmental improvement activities in areas other than Group premises and their surroundings	6,704	Cooperation with NGOs and NPOs
	Cost related to donation or financial support of environmental groups	22,936	
	Cost related to donation or financial support of local organizations	2,700	
	Subtotal	32,340	
(6) Environmental remediation cost	Cost to restore the natural environment back to its original state	470	Restoring the natural environment back to its original state
	Subtotal	470	
Total		1,934,873	

Data scope: The nine offices of Sumitomo Corporation and 28 Group companies

(Thousands of yen)

Total Amount 1,934,873	
Sumitomo Corporation's nine offices in Japan 1,222,158	28 Group companies 712,715

Data compilation: April 2012 to March 2013

Environmental Conservation and Economic Benefits

The environmental conservation and economic benefits of the consumption of electricity, paper and water in fiscal 2012 were as follows.

	Environmental conservation benefits	Economic benefits
Electricity consumption*	545 MWh	10,355 thousand yen
Paper consumption*	229 thousand sheets	181 thousand yen
Water consumption**	3,566 m ³	1,643 thousand yen

Environmental conservation and economic benefits are represented by a reduction from the previous year.

Data scope: Items marked with * are for the nine offices of Sumitomo Corporation in Japan; the item marked with ** is for the three offices in Tokyo, Osaka and Nagoya.

Environmental Liabilities Identified

At the Sumitomo Corporation Group, environmental risks associated with land, buildings and other tangible fixed assets of Sumitomo Corporation and Group companies are identified and monitored using the ISO 14001 multi-site management methods, focusing on asbestos, PCB and soil contamination. The Company endeavors to apply the data obtained as information useful for management in making decisions. Also, the obtained and relevant information is included in related in-house seminars and training programs, in order to facilitate the sharing of relevant information within the Group.



Please refer to the following website for further details about our initiatives.

<http://www.sumitomocorp.co.jp/english/csr/environment/>

Social Initiatives

Together With Employees

Sumitomo Corporation is working strategically to recruit, develop and utilize people—our most valuable business resource.

The Sumitomo Corporation Group is actively pursuing human resource policies for strategic and well-planned recruitment, development, and utilization of human resources who can understand and practice the Group's Management Principles and Activity Guidelines in order to contribute broadly to society and continue creating new value over the medium and long term.

Human Resource Management Policy

■ Aiming to “Be the Best, Be the One”

Effective recruitment, development and utilization of globally competitive human resources are the most important issues for the Sumitomo Corporation Group to survive the current ever-changing business environment and achieve sustainable growth. Our concern is how we can ensure that each of our employees—our most important assets—will exercise their full potential in line with the business strategy of their respective business units and based on the Group's Management Principles and Activity Guidelines.

For this reason, we are making continuous efforts towards training and fostering new employees on a company-wide basis,

dissemination of Sumitomo's Business Philosophy—the basis of the Management Principles—and developing human resources. We use a combination of on-the-job training and off-the-job training to promote effective development of human resources, with the former based on job rotations and the latter reflecting the characteristics of each business.

Under the medium-term management plan “Be the Best, Be the One 2014,” we are reinforcing human resource development with an emphasis on wide-ranging frontline experience, while promoting human resource development and utilization on a global basis. These efforts are guided by our basic policy of “What We Aim to Be in Fiscal 2019, Our Centennial Year.”

Vision of the Human Resources We Seek

Human resource development will play an essential role in realizing our vision for the Company in its centennial year in 2019.

In developing a vision of the human resources we seek to build our foundation for the next 100 years, we are promoting the following three factors, starting with the necessary qualities, action, and abilities:

- 1. People with spirit and a lofty sense of ethics**
- 2. People who accept diverse values but think for themselves and act on their own initiative**
- 3. People who can create new businesses themselves without being constrained by existing frameworks**

This vision of human resources has been determined on the basis of the value standards defined by the Management Principles and Activity Guidelines of the Sumitomo Corporation Group as well as in light of the nine core behaviors of the SC VALUES, which all employees are expected to share and practice.

Sumitomo Corporation is seeking human resources who have clear vision and strong commitment, as well as demonstrate leadership at their respective levels of the organization, through the practice of the SC VALUES. We also seek professionals who can take responsibility for what they do, display a broad spectrum of knowledge and high-level expertise in a particular area and achieve superior performance.

SC VALUES

- 1. Integrity and Sound Management**
To comply with laws and regulations, while maintaining the highest ethical standards.
- 2. Integrated Corporate Strength**
To create no boundaries within the organization; always to act with a company-wide perspective.
- 3. Vision**
To create a clear vision of the future, and to communicate to share it within the organization.
- 4. Change and Innovation**
To accept and integrate diversity in values and behavior, and to embrace change as an opportunity for action.
- 5. Commitment**
To initiate, own, and achieve organizational objectives.
- 6. Enthusiasm**
To act with enthusiasm and confidence, and to motivate others through such action.
- 7. Speed**
To make quick decisions and act promptly.
- 8. Human Development**
To fully support the development of others' potential.
- 9. Professionalism**
To achieve and maintain high levels of expertise and skills.

Recruitment: Recruitment Policy With Respect for Basic Human Rights

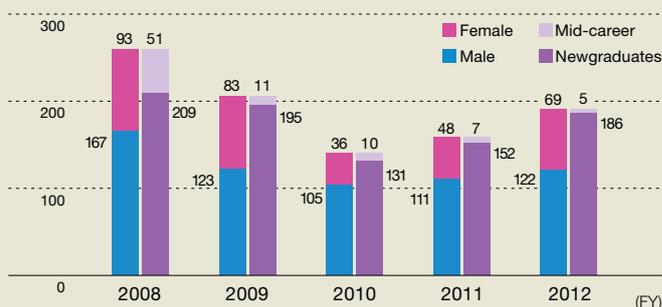
Recruiting Diverse Human Resources Who Are Able and Eager to Work in the Global Business Arena

As a global business operator, we look for talented people who are able and eager to work in the global business arena. To this end, we conduct fair recruitment activities with respect for basic human rights and with no discrimination. Specifically, we apply the same screening process to all employee candidates, irrespective of their gender, academic background, or nationality, and our selection criteria consist only of applicants' aptitudes and abilities.

In addition to new graduates, we recruit mid-career employees on an ongoing basis, since attracting talented people who can deliver results from day one forms part of our human resource strategy. We also welcome many employees with disabilities: as of April 1, 2013, employees with disabilities represented 2.03% of our workforce, a higher percentage than the statutorily required level of 2.00%.

Number of New Employees and Breakdown

(Units: People)



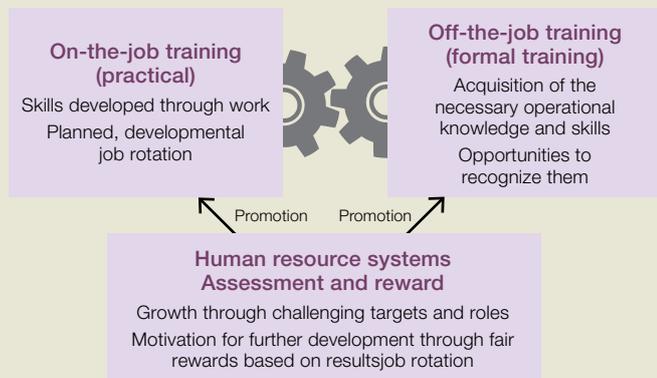
* Total number of new graduates and mid-career workers employees for key career track positions and clerical positions

Human Resource Development: Strengthening Human Resource Development With an Emphasis on Diverse Frontline Experience

Strategic and Well-planned Human Resource Development

At Sumitomo Corporation, human resources are developed using a combination of on- and off- the job-training to achieve the characteristics of the "Human Resources We Seek." These two approaches are promoted by human resource systems. The first 10 years are positioned as a period for fostering resources into Sumitomo Corporation professionals, with employees acquiring basic skills and general knowledge of trading company business through well-planned job rotations.

Concept Diagram of Development of "The Human Resources We Seek"



Introduction of Company-wide Guidelines on Job Rotations

At Sumitomo Corporation, company-wide guidelines on job rotations have been introduced, calling for employees to participate in three different job assignments in their first 10 years of employment, including one overseas assignment.

This allows employees to experience working in a diverse range of environments, including cross cultural environments, at

an early stage through job rotations; and to meet, work with, and receive input and opinions from many people in diverse locations in Japan and overseas. Through these experiences, employees are expected to become "people who accept diverse values but think for themselves and act on their own initiative" as well as "people who can create new businesses themselves without being constrained by existing frameworks."

Extension of the Human Resource Development Fund and Introduction of a Global Internship Program

At Sumitomo Corporation, the Human Resource Development Fund, established in fiscal 2010, helps promote strategic and well-planned human resource development at each business unit and division by financially supporting a system for the overseas training of trainees (including those who engage in language or overseas studies) and employees participating in the overseas executive training program.

We have also introduced a Global Internship Program in fiscal 2013. The main purpose of the program is to have employees develop a global mindset through business experience abroad, particularly in emerging markets that have not received many trainees until now, and acquire grounding in the local languages of emerging countries.



A program making use of the Human Resource Development Fund

300 Programs Offered Annually to Support Off-the-job Training for Strategic and Well-planned HR Development

Sumisho Business College (SBC) offers about 300 programs per year that are designed to nurture the human resources we seek to achieve our vision, with a focus on three areas: 1) Management Principles, Activity Guidelines and SC VALUES, 2) Leadership, and 3) Professional. In fiscal 2012, 10,619 trainees attended the programs (from Sumitomo Corporation alone).

Through a variety of training programs provided by SBC, we offer systematic leadership development, as well as instruction in common basic business knowledge and skills required to work in the trading industry. Various other programs include advanced specific knowledge and skills necessary for investment, business management, and business creation/innovation.

One of the programs, which has been conducted since fiscal 2006, is the visit to the Besshi Copper Mine, the starting point of the Sumitomo Corporation Group. The main objective of this training is to give leaders of organizations of the Group an opportunity to experience and assimilate Sumitomo's Business Philosophy, the basis of the Group's Management Principles, and to ensure that the business philosophy is passed on to younger employees.

We promote an active stance on growth opportunities as "something to be taken by oneself" rather than "something to be given." Based on this concept, we continue our best efforts to improve SBC as a system that supports our prime talent who are able to think and act on their own to deliver results, and eventually contribute broadly to society through business.

Overview of Sumisho Business College (SBC)



Human Resource Development: Promoting Human Resource Development Measures Globally

Stratified Program for Locally Hired Employees Overseas

The Sumitomo Corporation Group is also working hard to deploy and develop locally hired employees in its overseas offices and Group companies in order to recruit and develop personnel who can play a leading role in global business operations.

As part of these efforts, we conduct training programs for locally hired employees at different career levels (staff in charge, managers and senior executives). At the training programs, nearly 300 participants each year from all over the world come to the Head Office in Tokyo to share the corporate DNA that the Sumitomo Corporation Group is made up of and strengthen their sense of unity as a member of the Group through reaffirming their understanding of Sumitomo's Business Philosophy and Management Principles of the Group. In addition, they share information on the Group's management policies and strategies,



Training for locally hired employees overseas

Enhancing Global Human Resource Strategies

From fiscal 2013, we reorganized our overseas offices into four broad regions. Under this new system, we are promoting development and utilization of local human resources by organizations in each region. Specific measures include rotation of locally recruited staff within each region, and assigning staff from overseas offices and Group companies to important positions. In tandem, we are promoting global human resource development and utilization by providing support from Tokyo Head Office to regional organizations with recruitment, establishing training systems, and other aspects.

Overseas Employees by Region (as of March 31, 2013) (Units: People)

	Locally hired employees	Hired by Head Office	Total
China	478	71	549
Asia	933	162	1,095
Middle East	232	41	273
Europe	347	107	454
Africa	67	12	79
North America	286	125	411
South and Central America	215	31	246
Oceania	61	20	81
Total	2,619	569	3,188

* Employees temporarily assigned to Group companies are not included in the above figures.

Strengthening Globally Oriented Human Resource

Development: the Sumitomo Corporation Global HRD Center

We opened the Sumitomo Corporation Global HRD Center in Ginza, Chuo-ku, Tokyo, in April 2012 to serve as a training center to develop global talent and as a strategic multi-purpose facility. The training center is fully utilized to promote our global human resource development and diverse human resource activities, as well as to provide a multi-purpose, versatile space used to assist Head Office functions. In this facility, global colleagues from

around the world, irrespective of organization or country, meet for intensive discussions on the future visions and strategies of the Sumitomo Corporation Group. In fiscal 2012, the facility was used by a total of 9,364 people from throughout the Group.



Sumitomo Corporation Global HRD Center

Utilization of Human Resources: Promoting Diverse Human Resource Activity

Cultivating a Workplace Culture With Respect for Diversity

As the needs of workers have become increasingly diversified across society, Sumitomo Corporation has been quick to respond, addressing the issue of long overtime hours by promoting work-life balance, and striving to respond to various social needs, such as encouraging more active involvement of female employees in business, extending the employment period, and deploying non-Japanese national employees. We are implementing a variety of initiatives to cultivate a culture at the workplace that respects the diversity of human resources so that this diverse talent can capitalize on their different backgrounds to create new value and achievements in their respective fields, thus contributing to the sustainable growth of the Group.

both their professional and private lives find more energy and motivation, leading them to create new value. Moreover, in order to promote vibrant, positive working environments, we communicate actively with the employees' union, to which the majority of employees belong (53.2% as of March 31, 2013), to enable us to reflect employees' opinions as we formulate and implement measures.

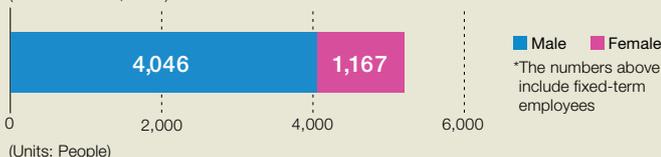
Usage of Various Systems (Fiscal 2012)

System	Number of users
Spouse's maternity leave	76
Leave to look after a sick child	107
Child-care leave*	25

*100% of female employees who gave birth during the fiscal year used this system

Ratios of Male and Female Employees in Sumitomo Corporation

(as of March 31, 2013)



Average Employee Turnover Rate in Fiscal 2012

3.29%

Number of employees who left the company in fiscal 2012: 176
Total number of employees as of April 1, 2012: 5,347

Promoting Work-Life Balance Programs and Measures

In April 2005, Sumitomo Corporation established the SCG Counseling Center, to promote mental health care for Group employees. At the same time, we organized a Company-wide Work-Life Balance (WLB) Promotion Project Team. Later, the Triton Sukesuku Square in-house daycare center was established to provide childcare services for Sumitomo Corporation Group employees. These are just some of the measures that we have introduced, along with various related systems such as spouse maternity leave. The best way to achieve a good work-life balance differs for each person, depending on their values and lifestyle. Sumitomo Corporation believes that workers who are fulfilled in

Providing Opportunities for Young Employees to Develop Their Careers as Well as for Senior Employees to Make the Most of Their Experience

Sumitomo Corporation has a Career Advisor Program in place to provide opportunities for young employees to develop their careers and for senior employees to make the most of their experience. In this program, senior employees with abundant experience in their respective careers are chosen and designated as career advisors (CAs) for each division to support employee career development.

These CAs have three major roles to play: they provide support and advice to individuals (staff) and management in their organization (their managers), and act as a communication bridge between individuals and the organization. The CAs thus support the career development of each employee and creation of a good work environment in which employees can exercise their capabilities and personalities to the maximum extent.

Career Advisor System Overview



Please refer to the following website for further details about our initiatives.
<http://www.sumitomocorp.co.jp/english/company/talent/>

Social Contribution Activities

The Sumitomo Corporation Group, as a global organization, conducts various social contribution activities in many countries and regions around the world while working to further strengthen its relationships with local stakeholders in consideration of the unique social conditions of each community.



In Europe · CIS · Middle East and Africa

- Support for the activities of Shakespeare's Globe Theatre in contributing to the development of dramatic art and culture in local communities (UK) **1**
- Donation to Centrepoin, a group supporting young homeless people (UK)
- Donation of operating funds and uniforms to local soccer teams (France)
- Co-sponsor of Japan Foundation's Nihon no Aki (Japanese Autumn) program for introducing Japanese culture (Russia)
- Co-sponsor of Japanese speech contests (Russia, Ukraine, Kazakhstan)
- Support for AURORA CENTER, a local NGO developing operations supporting school attendance by children with disabilities (Romania) **1**
- Company visits by local university students (Czech Republic) **2**
- Support for the construction of an education and training facility at Qatar University (Qatar)
- Support for demining activities (Angola)
- Support for the operation of organizations providing IT education to unemployed individuals with disabilities (South Africa) **3**
- Support for the introduction of mobile libraries (South Africa) **4**
- Support for infrastructure and health care improvements of local communities as part of the Ambatovy Nickel project (Madagascar)

In Japan

- Implementation of the Sumitomo Corporation Youth Challenge Program for the Revitalization of East Japan in support of young people working to help affected areas recover from the Great East Japan Earthquake **5** (see pages 45–46)
- Support for the Junior Philharmonic Orchestra **6**
- Promotion of "barrier-free" movies **7** (see page 47)
- Hosting a company training and providing a homestay for university students from China
- Acceptance of corporate internship by the Japan Ground Self-Defense Force's College Staff
- Cooperation with projects providing support for the employment of individuals with disabilities
- Participation in the Pink-ribbon Movement for the eradication of breast cancer
- Organizing events for local residents hosted by commercial complexes of the Sumitomo Corporation Group **8**
- Support for TABLE FOR TWO activities
- Cooperation with Japanese Red Cross Society blood donation campaigns
- Support for environmental NPOs and NGOs through donations to the Keidanren Nature Conservation Fund and World Wide Fund for Nature (WWF)

The Sumitomo Corporation Group's Basic Principles on Social Contribution Activities

OBJECTIVE

We, as a global organization, will work on social issues through our business activities and social contribution activities with the aim of building a sustainable society by implementing the Sumitomo Corporation Group's Management Principles and Activity Guidelines.

ACTIVITIES

We will engage in social contribution activities aimed at developing the next generation of human resources who will drive the sustainable development of society, and contributing to local communities in areas we do business all over the world. We will also take part in various activities as a good corporate citizen.

APPROACH

We will perform and seek to continuously improve our activities with modesty and high aspirations and endeavor to maintain a high level of transparency while strengthening our relationships with all our stakeholders.



In Asia · Oceania

- Sumitomo Corporation Scholarship to help university students in Asia (various Asian countries) (see pages 43–44)
- Internship programs, work experience programs, and office tours for students (various Asian countries)
- Courses bearing the Sumitomo Corporation name at Tsinghua University (Beijing) and Nankai University (Tianjin) in China, and National Economics University and Foreign Trade University in Hanoi, Vietnam (see page 47)
- Educational assistance for students in poverty-stricken areas in Anhui, Guangdong and Yunnan provinces (China) **9**
- Donation of uniforms and school supplies to elementary school children (Myanmar) **10**
- Support for educational and health care improvements in local communities as part of the Tanjung Jati B coal fired power plant project and the Batu Hijau Mine (copper, gold) business (Indonesia)
- Japanese language education and culture learning for junior high school students (Vietnam) (see page 47)
- Support for educational and infrastructure improvements in local communities as part of overseas industrial park development projects (Vietnam, the Philippines, Indonesia) **11**
- Donation of pharmaceuticals and medical equipment to local medical institutions (the Philippines) **12**
- Donation of wheelchairs, learning materials and playground equipment to orphanages for children with disabilities (Thailand) **13**
- Provision of food for underprivileged children in orphanages (India)

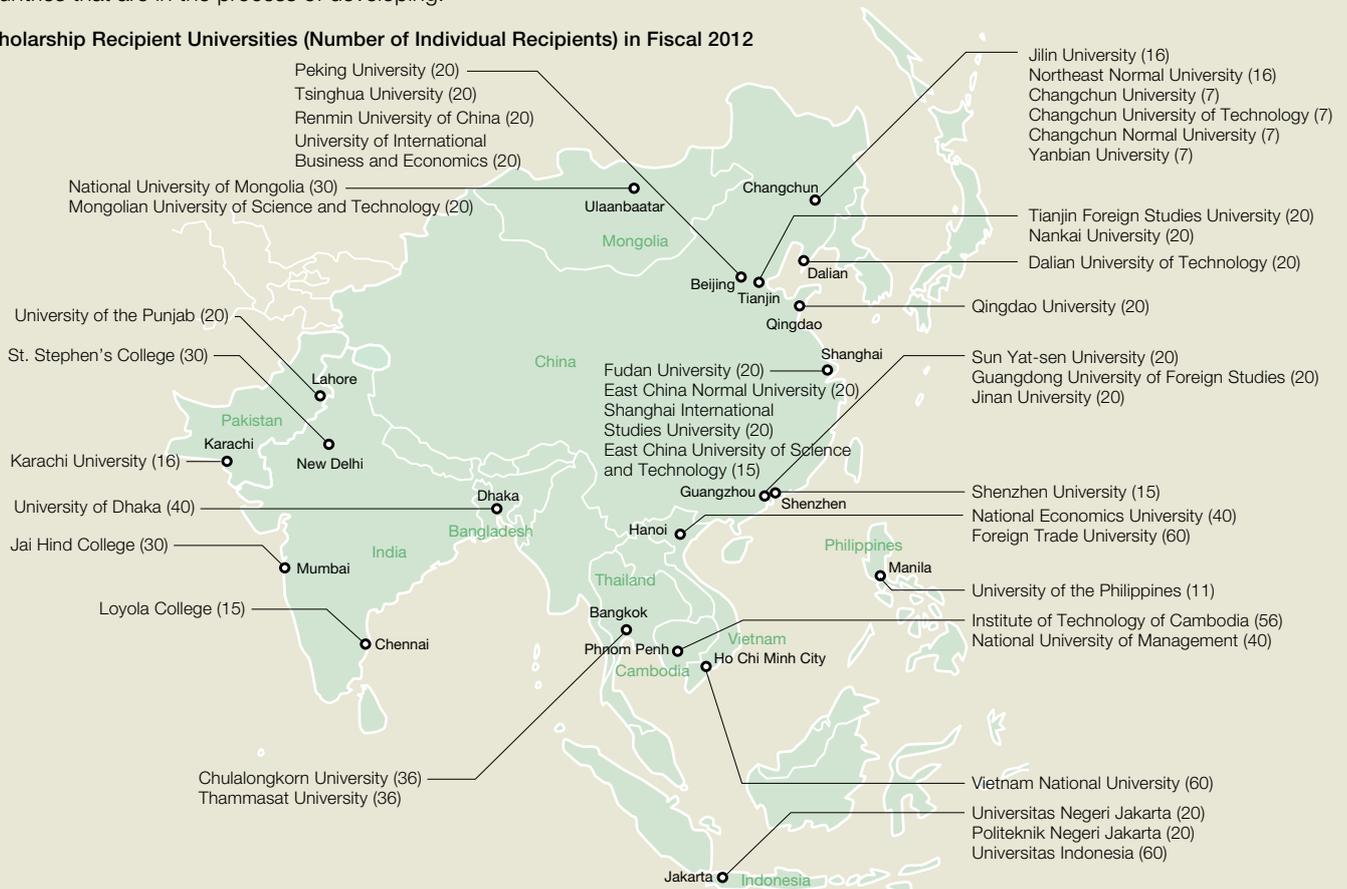
In Americas

- Support for the Center on Japanese Economy and Business, Columbia Business School (US)
- Support for organizing Japan Day, an event to showcase Japanese culture (US) **14**
- Support for art museums such as the Metropolitan Museum of Art and the Museum of Modern Art (MoMA) (US)
- Support for efforts to develop a cure for leukemia, Alzheimer's, and other diseases (US)
- Donation of funds to support areas affected by catastrophic hurricane Sandy (US)
- Support for The First Tee of Columbia Basin, a youth development program for children and teens ages 5 to 18, providing educational programs and life-enhancing values through the game of golf (US)
- Support for the Great Mid-Columbia Duck Race held in Pasco, Washington (Model ducks are floated down a river towards a goal) (US)
- Donation to the University of Alaska Fairbanks's Mining Engineering Research Endowment Fund in connection with the Pogo Gold Mine project (US)
- Collection within a Group company for donating funds to the Children's Miracle Network, an organization supporting children's hospitals in various regions (Canada) **15**
- Support for redeveloping greenery surrounding local general hospitals (Mexico) **16**
- Support for educational and infrastructure improvements in local communities as part of the San Cristobal Mine (silver, zinc, lead) business (Bolivia)
- Donation of Christmas cakes, school supplies and playground equipment to villages and elementary schools in close vicinity to company-owned forests, and co-sponsorship of local youth soccer teams (Chile)
- Support for local cultural activities and sports events (Brazil) **17**

Developing the Next Generation of Human Resources: Sumitomo Corporation Scholarship

Sumitomo Corporation by offering scholarships provides support in nurturing the next generation of human resources in various Asian countries that are in the process of developing.

Scholarship Recipient Universities (Number of Individual Recipients) in Fiscal 2012



Voices of Scholarship Students



Thitiporn Tongthipcharoen
Chulalongkorn University (Thailand)

"I want to help people in need in Thailand."

I believe that great people make a country great and that the key to making great people is education. Thanks to the Sumitomo Corporation Scholarship, I had the opportunity to further my education and expand my view of society. However, when I participated in the volunteer camps of Chulalongkorn University in several remote areas of Thailand, I realized that many children were not receiving a proper education for economic reasons.

I want to do my best devoting myself to helping other people in need, in the hope that they too will also have a chance to fulfill their dreams, in the same way that Sumitomo Corporation helped to grant my wish.



Zhong Yongjie
Northeast Normal University (China)

"I want to devote myself to friendship between China and Japan."

I believe I made a great life choice by enrolling in Japanese language studies. I gained my first exposure to a different culture by learning Japanese. This enabled me to obtain a clearer view of commonalities and differences between Japanese and Chinese culture, as well as my own existence.

The scholarship that I received serves as a recognition of my efforts so far, and has been a great encouragement to me. I will work even harder in the days to come to be indispensable to society and to do what I can to foster good relations between China and Japan, so as to live up to expectations.

In 1996, we established the Sumitomo Corporation Scholarship as part of our 50th anniversary in the trading business. The program was born from our desire to offer support in nurturing the next generation of future leaders for advancement of countries in Asia. We have expanded the program in stages to cover more regions and universities in keeping with the needs of various countries, regions, and universities. In fiscal 2013, scholarships were granted to about 1,000 students at 41 universities in 10 countries. Since 1996, we have awarded scholarships to approximately 13,000

students. These individuals who completed their studies with the assistance of our scholarships are now actively engaged in a variety of fields in each country. The Sumitomo Corporation Scholarship program is operated in close cooperation with our business bases (overseas subsidiaries and offices) in the covered countries, capitalizing on our extensive global operating network. We will continue these activities, striving to make program advances attuned to national and regional characteristics.

Activity Report

Scholarship Awards Ceremonies Encourage Students Around the World

In Mongolia, we awarded scholarships to a total of 50 students from the National University of Mongolia and the Mongolian University of Science and Technology in April 2013. At an award ceremony, a university president expressed his gratitude, saying that Japan offers an array of assistance to Mongolia and that this type of human resource development support is also extremely helpful. A student representative also delivered a powerful message in her speech, expressing appreciation for the assistance provided to students along with the support tied to national development.

While scholarship award ceremonies take many forms with sponsorship by universities and Sumitomo Corporation, they are held every year in various regions providing opportunities for exchange with students. By introducing our global business operations, we are working to encourage a worldwide perspective and deepen understanding of Japan. Seeing how eager the students are to have the opportunity to advance their studies also boosts the motivation of locally hired employees around the world.



A scholarship award ceremony at the National University of Mongolia

Work Experience Programs Provide Exchange With Students

In China, scholarship operations led to the implementation of a short-term work experience program inspired by a CSR person in charge at Sumitomo Corporation (China) Holding Ltd. In fiscal 2012, 32 university juniors and seniors participated in the work experience program at Sumitomo Corporation (Guangzhou) Ltd. Employees served as instructors, offering lectures on the company's IT, logistics, tax, and human resource operations. The program also involved risk management drills and case studies of actual trading activities leveraging these skills, as well as on-site visits to Group companies. Students who attended the extensive three-day program gave it rave reviews. Students from differing fields of study inspired each other, expanding their horizons. There were also students who said their experience will be of help in contemplating their future course. We are also considering expanding the program to include sophomores in the future.



A work experience program at Sumitomo Corporation (Guangzhou) Ltd.

Voices of Locally Hired Employees



Zhao Jun
General Affairs, Corporate
Communications & CSR Dept.
Sumitomo Corporation China
Group

"The scholarships are making a difference."

When a Group officer met with a government official, this individual apparently expressed his great fondness and appreciation for Sumitomo Corporation, having received a Sumitomo Corporation Scholarship when he was in school. Knowing that this scholarship recipient is playing an active role in society really impressed upon us that our scholarships are making a difference.



Tran Thi Tuyet Trinh
Administration Department
Sumitomo Corporation
Vietnam LLC

"I will do my best to make the Sumitomo Corporation Scholarship more meaningful."

The Sumitomo Corporation Scholarship can help students reduce the financial burden on their families and also make them proud and motivated because their efforts are recognized by society. I was very pleased to hear that the scholarship students are interested in the culture and mindset of the Japanese, and desire to contribute to friendship between Vietnam and Japan. I will therefore do my best to make the Sumitomo Corporation Scholarship more meaningful to the students who will shape the future of Vietnam.

Voice of a University Official



Mr. Jiban K Mishra
Director of Planning and
Development
University of Dhaka
(Bangladesh)

"We are proud to be a part of the Sumitomo Corporation's social contribution program."

The University of Dhaka, Bangladesh, is grateful to Sumitomo Corporation for granting scholarships to 160 of our meritorious students since 1997. The Sumitomo Corporation Scholarship is considered most prestigious among our students, and the recipients all feel privileged and honored. The scholarship helps students to be more attentive to their studies and encourages them towards achieving higher credentials. As an old and leading university of Bangladesh, we are proud to be a part of the Sumitomo Corporation's social contribution program. We sincerely hope that the program will help the scholarship students further their understanding of Sumitomo Corporation and Japan, and lead to strengthening of the bond between our two countries. One day these brilliant students will become leaders of our country in their respective fields and contribute greatly to the development of Asia. We hope that our relationship with Sumitomo Corporation will continue forever.

Developing the Next Generation of Human Resources: Sumitomo Corporation Youth Challenge Program for the Revitalization of East Japan

The Sumitomo Corporation Youth Challenge Program for the Revitalization of East Japan supports the revitalization of regions and the rebuilding of the daily lives of those affected by the Great East Japan Earthquake. The five-year program that began in fiscal 2012 is part of our policy of providing long-term assistance for recovery.

Program Overview

Over two years have passed since the Great East Japan Earthquake. While there are concerns that people's memories of the disaster will erode with time, a large number of people are still working to help get the affected regions back on their feet.

Since right after the earthquake struck, the fundamental policy of Sumitomo Corporation has been to provide long-term assistance for recovery. We began by providing donations and emergency aid supplies, and dispatching employees to offer assistance in affected regions through our volunteer program for earthquake disaster reconstruction. We have followed up with support matching the affected regions' changing needs over time. In fiscal 2012, we kicked off the Sumitomo Corporation Youth Challenge Program for the Revitalization of East Japan. Through this five-year independent program of ours, we are backing up regional revitalization initiatives by the young generation* so as to support recovery in the affected areas and develop the next generation of human resources.

* The young generation in our program refers to youth in their late teens to twenties who are mainly university and graduate students.

The program has two parts. The activity and research subsidy supports youth-led activities and research targeting the revitalization of regions and the rebuilding of daily lives for those affected by the disaster. The internship program supports long-term internships for youth at NPOs and other organizations active in the affected regions.

Through the activity and research subsidy, we have supported the activities of 34 organizations in fiscal 2012 and are assisting 48 organizations in fiscal 2013. We not only simply offer financial aid, but also hold the Sumitomo Corporation Youth Challenge Forum in the middle of the fiscal year. At the forum, all of the organizations present interim reports on their activities. This provides the organizations with an opportunity to spread the word about their work, gain new insights through information sharing that they can utilize in future activities, and forge networks amongst themselves. The forum also includes a symposium bringing experts in relevant fields into the mix.

Turning to the internship program, seven students gained nine months of experience serving at six groups in Miyagi Prefecture in fiscal 2012. While the interns were active in different ways and places, they all successfully served out their terms, exchanging information through blogs participants set up and networking events, and learning through trial and error along the way. We received feedback from individuals completing the program such as "I learned the importance of putting ideas into action" and "Being personally affected by the earthquake, taking part in activities has enabled me to move forward." Seeing how much these young men and women have grown through the program really brought home to us its significance.

In fiscal 2013, we are supporting the internship activities of 19 students at 12 groups in Miyagi and Fukushima prefectures. The needs of affected regions will continue to change as time passes, but we will keep believing in the power of youth to take on challenges and provide long-term assistance for their growth and recovery of the affected areas.

Activity and Research Subsidy

Category	Fiscal 2012		Fiscal 2013	
	Subsidized groups	Subsidy (Thousands of yen)	Subsidized groups	Subsidy (Thousands of yen)
Course A	22	10,570	23	10,730
Course B (new)	12	29,490	16	41,320
Course B (continued)	-	-	9	26,120
Total	34	40,060	48	78,170

* Course A: Activity and research conducted discretionarily by youth teams, circles and groups
Course B: Activity and research organized primarily by NPOs and universities and initiated mainly by the youth

Internship Program

Prefecture	Fiscal 2012		Fiscal 2013	
	Sponsor groups	Interns	Sponsor groups	Interns
Miyagi	6	7	8	13
Fukushima	-	-	4	6
Total	6	7	12	19
Subsidy	Approx. ¥5 million		¥10-15 million (planned)	

Message From the Selection Committee Chairman



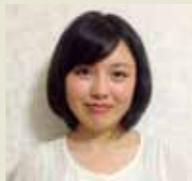
Mr. Takeshi Jitsuyoshi
Director and Executive Secretary
Kobe Empowerment Center
Senior Managing Director
Hyogo Community Foundation

Why Support Youth

Simply put, the program is unlike others in that it stems from the fusion of two goals: to help out in disaster-stricken areas and to encourage youth development in the process. While the former is key, the program aims much higher by also focusing on fostering youth playing a role in recovery as an integral component of long-term human resource development. Through this, the program's ambition is to revitalize affected regions, and by extension Japanese society. There are lots of corporate programs offering aid to affected areas of eastern Japan, but I feel that this program excels because it offers a rare focus on cultivating people. While funding comes from Sumitomo Corporation, naturally it is the Company's officers and employees who generate these funds coupled with the understanding and support of shareholders and business partners that make the program a reality. I would like to express my gratitude to these stakeholders. Look forward to more from this program through which many youth play an active role and grow.

Activity and Research Subsidy

Voices of Groups Subsidized in Fiscal 2012



Miyu Maekawa

A junior at the Nara Women's University Department of Language and Culture Institute for Human Diversity Japan

As I Imagine Kamaishi and Kansai 20 Years from Now

People from four universities in the Kansai region came together to form our group, which works to help enliven the temporary shopping district in Kamaishi, Iwate Prefecture. In fiscal 2012, we conducted a tour of support for Iwate in which female Kansai area university students participated and planned regional revitalization events in the shopping district, and joined up with people from the shopping district to hold a workshop showcasing Kamaishi's attractions. With these and our other activities, we constantly asked ourselves, "As university students from the Kansai region, what can we do to help?" Every time I visit Kamaishi, I am captivated by the strength of the people there, and how they forge ahead with a smile on their face despite grim conditions. I want to keep working to get the word out in Kansai about all the city of Kamaishi has to offer, working with the locals to light up the once defunct shopping district with smiles.



A workshop involving local shop owners and students from Kansai and Iwate Prefecture



An event for invigorating the temporary quarters of the Kamaishi Aoba-Koen Shopping District



Tomoya Hirano

A sophomore at the Tohoku University School of Engineering Mimamori-Tai A student-organized group providing local assistance

Keeping Watch Over Higashi Matsushima After the Disaster

In fiscal 2012, we helped farmers in the city of Higashi Matsushima clear debris from farmland and relocate vinyl greenhouses, and assisted with memorial services in the city's Omagari district. For the memorial services, we made lanterns together with local residents and decorated them with inscriptions of the character meaning "pray," lotus flowers, and the like. We heard that attendees were touched by the lanterns. Through our activities, we have come to feel that we must keep working to bring to light needs in the affected regions that have not yet been fully uncovered.



Removing stones scattered all over a field to revive it as farmland



Handmade lanterns light up the memorial service with calligraphy and patterns

Internship Program

Voices of Sponsor Group and a Student Intern in Fiscal 2012



Ms. Yuka Takahashi

Sponsor Group Chairperson of the Board Switch

The Lessons We've Learned

We learned a lot by having Aya Abe as a student intern.

Watching her learn the value of firmly grasping what the other person's heart is saying, despite finding it challenging to really listen, was heartwarming.

The straightforward outlook that she brought as a student intern rather than a supporter taught us the importance of thinking simply. I remain encouraged by Ms. Abe's words: "I intend to treasure what I learned here."



Aya Abe

Student Intern A senior at the Ishinomaki Senshu University School of Business Administration

The Importance of Relating to Others

At the NPO Switch, I assisted with transitioning people with mental disorders into the workforce. I got involved because I received support when I was affected by the Great East Japan Earthquake and I wanted strongly to give back by providing assistance this time. I began by learning about mental illness from square one and supporting the operation of the organization's mental health program. While I also gained knowledge from reading, I learned a tremendous amount by interacting with patients and staff in the program, and listening to what various people had to say. I will continue to cherish human relationships and want to contribute to society.

Contributing to Local Communities All Over the World

■ Operating Courses Bearing the Sumitomo Corporation Name at Two Chinese Universities

To support development of the next generation of human resources, we have been active since 2006 in operating courses bearing the Sumitomo Corporation name at two of China's leading universities—Nankai University (Tianjin) and Tsinghua University (Beijing). In April 2013, Motoyuki Oka, Senior Advisor of Sumitomo Corporation, presented a lecture on the theme "What Makes a Good Organization" at Tsinghua University. About 150 university students and graduate students attended the lecture, which was followed by an in-depth discussion. Through these courses, we hope many students in China will gain a better understanding of Japan's business world, and serve as a bridge for economic exchange with Japan in the future.



Senior Advisor Oka of Sumitomo Corporation lecturing at Tsinghua University

■ Operating Japanese Language Classes in Vietnam

Since 2006, Sumitomo Corporation has been operating Japanese language classes for junior high school students in Da Nang, a city located in the central region of Vietnam. The program is designed to provide opportunities for children in Vietnam to learn about and develop an interest in Japan and its culture while learning the language.

The lessons are taught to about one hundred junior high school students in eight classes by an employee of Sumitomo Corporation who has a national license to teach Japanese. Many program graduates have passed the Japanese-Language Proficiency Test with flying colors. But the program is not just about learning the language. It also introduces many aspects of Japanese culture, including the different seasonal celebratory rituals, and traditional Japanese pastimes such as doing origami and cat's cradles. Among other varied activities promoting a greater understanding of Japan are field trips to factories on the outskirts of Da Nang run by Japanese companies.



A graduation ceremony for the Japanese language classes

Activities as a Good Corporate Citizen

■ Cooperating in the Promotion of Barrier-Free Environments at Expo 2012 Yeosu Korea

Sumitomo Corporation and Sumitomo Corporation Korea Ltd. worked together to create an audio description as part of a barrier-free initiative to help make the Japan Pavilion at the International Exposition in 2012, held in South Korea's southern city of Yeosu, fully accessible to all in the spirit of hospitality. Sumitomo Corporation has been promoting barrier-free movies since 2004. Our cooperation in providing an audio description to the pavilion enabled visitors with impaired vision to also enjoy the exhibit.

In addition, about 250 people, including 25 Yeosu locals with disabilities who attended the Universal Design Symposium sponsored by Saga Prefecture during the Expo, watched a barrier-free version of the popular Japanese cartoon "Doraemon." Sumitomo Corporation Korea employees helped to run the event, serving as volunteers performing tasks including interpretation and guiding guests with disabilities. This was the first screening of "Doraemon" accompanied by subtitles and audio descriptions in South Korea to enable the visual and hearing impaired to also enjoy the show. Saga Prefecture Governor Yasushi Furukawa emphasized the need to promote barrier-free films. "As we get more and more movies like this, life becomes easier," he noted. "We must therefore promote the expansion of the Sumitomo Corporation Group's efforts."

Through ongoing promotion of barrier-free movies, we aim to make society more livable for everyone.



The Universal Design Symposium

Providing Long-term Assistance for Recovery From the Great East Japan Earthquake

When the Great East Japan Earthquake struck on March 11, 2011, the Sumitomo Corporation Group wasted no time in coming together to collect and deliver emergency aid supplies, as well as make donations. This was only the beginning. We also made a commitment to long-term assistance for both the reconstruction of industries and humanitarian relief, asking ourselves how we can keep putting our diverse business bases in various fields and regions as an integrated trading company to work in post-disaster recovery.

Assistance for Industrial Reconstruction

Supporting Recovery of the Fish Processing Industry in Kesennuma

The city of Kesennuma in Miyagi Prefecture sustained grave damage to its core fish processing industry from the tsunami and major fires. Getting the industry back on its feet is an urgent task, as efforts to rebuild factories have been delayed by damage to buildings and land subsidence along the coast where factories are concentrated, and this has been compounded by problems such as the loss of sales channels and employment.

Sumitomo Corporation and Sumitomo Corporation Tohoku Co., Ltd. teamed up with Mitsui & Co., Ltd. to contribute to rapid, creative reconstruction of the industry in cooperation with Miyagi Prefecture, Kesennuma City, and the local chambers of commerce. This trading company coalition is helping to develop a recovery business model for the sector by assisting with the activities of the Kesennuma Shishiori Fisheries Processing Cooperative Association, which business operators united to form following the earthquake.



A general assembly commemorating the Kesennuma Shishiori Fisheries Processing Cooperative Association first anniversary

Humanitarian Assistance

Sumitomo Corporation offers various humanitarian assistance programs, such as the Sumitomo Corporation Youth Challenge Program for the Revitalization of East Japan, using its extensive partnerships and know-how developed through its ongoing social contribution activities.



Junior Philharmonic Orchestra (JPO)

The Junior Philharmonic Orchestra, which Sumitomo Corporation supports, held a charity concert for Great East Japan Earthquake relief in Natori City, Miyagi Prefecture where it performed with the local Sendai Junior Orchestra. Sumitomo Corporation matched sales from the concert, with all proceeds going to the Ashinaga Tohoku Rainbow House Construction Fund. (November 2012)



Barrier-free Movie Screenings

We were spurred into action in 2011 by people noting that "There is a variety of support for disaster-struck regions, but little assistance for people with disabilities." In 2012, we held a barrier-free movie screening in Sendai City, Miyagi Prefecture with assistance from the Miyagi Welfare Division for Persons with Disabilities. Miyagi Prefecture Governor Yoshihiro Murai expressed thanks for the initiatives for ensuring that people with disabilities can also participate. (December 2012)



Event to Sell Local Products From Disaster-Stricken Areas

In the grand lobby of Harumi Triton Square where Sumitomo Corporation's Head Office is located, we held a sales event offering products from a facility in Miyagi Prefecture supporting independence for people with disabilities. We received feedback from customers such as, "This was a good event providing shoppers easy access to good merchandise and contributing to the Tohoku region's recovery at the same time." (February 2013)



Grief Care Program

We offered a grief care program in a temporary housing complex in Natori City, Miyagi Prefecture to help long-term evacuees heal emotionally. (August–November 2012, February 2013)

Sumitomo Corporation provides a running update of the Group's social contribution activities around the world in the form of activity reports published on our corporate website to provide a broader overview including activities not mentioned in this publication.



<http://www.sumitomocorp.co.jp/csr/contribution/report/> (Japanese only)



Social Contribution Activity Report

Corporate Governance

Corporate Governance System

We believe that the ultimate goals of corporate governance are “improving management efficiency” and “maintaining sound management” as well as “ensuring management transparency” to achieve the first two goals. Based on this belief, we are working to establish a corporate governance system that serves the interests of shareholders and all other stakeholders.

Our approach to corporate governance is embodied in the “Sumitomo Corporation Corporate Governance Principles,” which can be accessed from the following web page.



<http://www.sumitomocorp.co.jp/english/company/governance/detail/principle/>

Features of Our Corporate Governance System

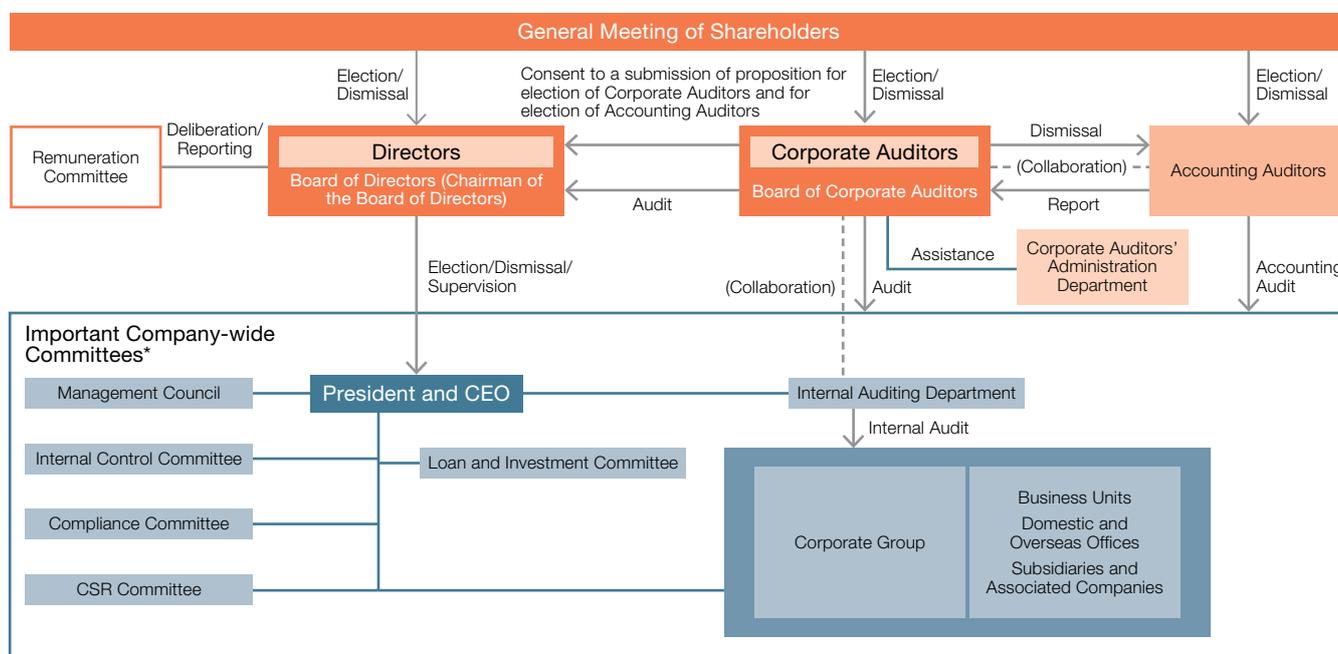
We have adopted a corporate auditor system, believing that it is the most legitimate means of improving the effectiveness of our corporate governance to enhance and reinforce it through auditing from diversified external viewpoints. We have five Corporate Auditors, three of whom are Outside Corporate Auditors. Of these three, two are legal experts (a former President of the Tokyo High Court and a former Prosecutor-General) and one is an accounting expert – ensuring an auditing system that incorporates a diversity of perspectives. Furthermore, two Outside Directors were elected at the 145th Ordinary General Meeting of Shareholders held on June 21, 2013 so that through their diverse perspectives, the

Outside Directors help to ensure appropriate decision-making in board meetings and further enhancement of the supervisory function. We believe that we can achieve the ultimate goals of corporate governance by reinforcing management oversight by independent Outside Directors and Outside Corporate Auditors.

Based on “Sumitomo’s Business Philosophy,” we have established the Sumitomo Corporation Group’s Management Principles and Activity Guidelines, and work to enforce these principles and guidelines among all officers and employees, in order to share the basic values that must be respected by the Sumitomo Corporation Group, including compliance with laws and regulations.

From the perspective of maintaining sound management, we have developed a system for ensuring compliance with laws and

The Company’s Corporate Governance System



* Management Council: Exchange of opinions and information on basic policy and important matters related to management
 The Internal Control Committee: Overall management and timely evaluation of internal controls, and the development, implementation and promotion of basic internal control policies, among other duties
 Loan and Investment Committee: Deliberation of important matters, such as investment and financing
 Compliance Committee: Enhancement of Group compliance focused on “maintaining sound management”

regulations by establishing a Compliance Committee and introducing a "Speak-Up System" for internal reporting, among other measures. Guided by the belief that management itself must conduct its duties with high ethical standards, we have clearly stated in the "Sumitomo Corporation Corporate Governance Principles" that in principle, the term of office for the Chairman of the Board of Directors and the President and CEO are each limited to six years in total.

Framework for "Improving Management Efficiency" and "Maintaining Sound Management"

■ Directors and the Board of Directors

Optimization of Size of Board of Directors

We halved the number of Board members from 24 in 2003. As of November 2013, the Board has 12 members. Through this optimized Board of Directors, which oversees the operations of the business and serves as the Company's decision-making body concerning key management matters, we aim to facilitate substantial and active discussion as well as to promote greater efficiency and effectiveness in the decision-making process.

Limiting Term of Office for Directors

In June 2005, the term of office for Directors was reduced from two years to one year. We aim to clarify the responsibility of management among members of management each fiscal year.

This, in turn, helps ensure fast reaction times to changes in business conditions.

Limits on Term of Office for the Chairman of the Board of Directors and the President and CEO

In principle, the positions of Chairman of the Board of Directors and the President and CEO are clearly defined and separate in order to ensure mutual supervision and both positions cannot be held simultaneously by one person. In principle, the term of office for the Chairman of the Board of Directors and the President and CEO are each limited to six years in total. These limitations on the tenure of top management help minimize the possibility of governance problems.

Establishment of the Advisory Body to the Board of Directors

With the aim of enhancing the transparency and objectivity of decision-making processes with regard to the remuneration of Directors and Executive Officers, we established the Remuneration Committee. Functioning as an advisory body to the Board of Directors, no fewer than half of the Committee members are from outside the Company. The Remuneration Committee is in charge of studying remuneration and bonuses of Directors and Executive Officers, and reports the results of its studies to the Board of Directors.

Election of Outside Directors

For the purpose of Sumitomo Corporation ensuring appropriate decision-making in board meetings and further enhancement of supervisory functions through diverse perspectives, two Outside Directors were elected at the 145th Ordinary General Meeting of Shareholders of Sumitomo Corporation held on June 21, 2013. They fulfill the standards related to independence set by the Tokyo Stock Exchange and other exchanges.

Particulars Regarding the Remuneration of the Company's Directors

Particulars regarding the remuneration of the Company's Directors and Corporate Auditors for fiscal 2012 are as follows:

Classification	Number of payees	Total amount of remuneration, etc.	Additional information
Directors	16 persons	1,155 million yen	The breakdown of the total remuneration in the column to the left is as follows: (1) Monthly remuneration 788 million yen (2) Bonuses resolved at the 145th Ordinary General Meeting of Shareholders 244 million yen (3) Amount recorded as expenses for granting the Eleventh New Share Acquisition Rights (issued on July 31, 2012) 15 million yen (4) Amount recorded as expenses for granting the Seventh New Share Acquisition Rights (for a stock-linked compensation plan) (issued on July 31, 2012) 91 million yen (5) Amount recorded as expenses for granting the Sixth New Share Acquisition Rights (for a stock-linked compensation plan) (issued on July 31, 2011) 17 million yen
Corporate Auditors (particulars relating to Outside Corporate Auditors)	5 persons (3 persons)	126 million yen (40 million yen)	The remuneration in the column to the left is the aggregate total of the Corporate Auditors' monthly remuneration.

1. As of the end of the fiscal 2012, we had 11 Directors and 5 Corporate Auditors.

2. No Director of the Company is concurrently an employee of the Company.

3. The maximum amount of monthly remuneration to Directors is 75 million yen per month, resolved at the 118th Ordinary General Meeting of Shareholders held on June 27, 1986.

4. The maximum amount of monthly remuneration to Corporate Auditors is 11 million yen per month, resolved at the 125th Ordinary General Meeting of Shareholders held on June 29, 1993.

Reason for selection and brief outline of career of the Outside Directors are as follows:

Akio Harada

Reason for selection

Akio Harada is deemed to be qualified for the role of Outside Director because he possesses highly specialized knowledge accumulated over many years as a prosecutor and lawyer, and a wealth of practical experience and on the grounds of his character and insight, and was therefore elected to the post.

Brief outline of career

December	1999	Superintending Public Prosecutor of the Tokyo High Public Prosecutors Office
July	2001	Prosecutor-General
October	2004	Attorney at Law (present position)
June	2005	Outside Corporate Auditor of Sumitomo Corporation
June	2013	Outside Director of Sumitomo Corporation (present position)

Kazuo Matsunaga

Reason for selection

Kazuo Matsunaga is deemed to be qualified for the role of Outside Director because he held a series of important posts over many years at the Ministry of Economy, Trade and Industry and possesses broad knowledge and experience in fields including resources, energy, and industrial policy and on the grounds of his character and insight, and was therefore elected to the post.

Brief outline of career

July	2008	Director-General, Economic and Industrial Policy Bureau
July	2010	Vice-Minister of Economy, Trade and Industry
June	2013	Outside Director of Sumitomo Corporation (present position)

Corporate Auditors and the Board of Corporate Auditors

Enhancement of Corporate Auditing Framework

To further strengthen external views within the corporate auditing framework, we added one external auditor in June 2003, bringing the number of external auditors to three out of the five members on the Board of Corporate Auditors. Of these three, two are legal experts (a former President of the Tokyo High Court and a former Prosecutor-General) and one is an accounting expert—ensuring an auditing system that incorporates a diversity of perspectives. The three external Corporate Auditors fulfill the standards related to independence set by the Tokyo Stock Exchange and other exchanges.

Ensuring Audit Effectiveness

Corporate Auditors attend meetings of the Board of Directors and all other important internal meetings, to obtain the information necessary for proper auditing. Corporate Auditors also meet the Chairman of the Board of Directors and the President and CEO every month to exchange opinions on material issues regarding management policy and auditing. Moreover, the Corporate

Auditor's Administration Department is assigned to assist Corporate Auditors, so that the auditing system functions effectively and without hindrance.

Reason for selection and brief outline of career of the Outside Corporate Auditors are as follows:

Tsuguoki Fujinuma

Reason for selection

Tsuguoki Fujinuma has a broad range of expertise, including on matters of finance and accounting, and long years of experience as an accountant. He was selected and asked to perform audits from a broad perspective on the grounds that his character and insight are most suited for the position.

Brief outline of career

June	1993	Representative Associate, Ota Showa Audit Corporation (now Ernst & Young ShinNihon LLC)
May	2000	President, International Federation of Accountants (IFAC)
July	2004	Chairman and President, The Japanese Institute of Certified Public Accountants
July	2007	Advisor, The Japanese Institute of Certified Public Accountants (present position)
June	2008	Outside Corporate Auditor of Sumitomo Corporation (present position)

Mutsuo Nitta

Reason for selection

Mutsuo Nitta has a broad range of expertise and long years of experience as both a judge and lawyer. He was selected and asked to perform audits from a broad perspective on the grounds that his character and insight are most suited for the position.

Brief outline of career

December	2004	President of the Tokyo High Court
April	2007	Attorney at Law (present position)
June	2009	Outside Corporate Auditor of Sumitomo Corporation (present position)
October	2012	Chairman of Tokyo Metropolitan Public Safety Commission

Haruo Kasama

Reason for selection

Haruo Kasama has a broad range of expertise and long years of experience as both a prosecutor and lawyer. He was selected and asked to perform audits from a broad perspective on the grounds that his character and insight are most suited for the position.

Brief outline of career

June	2010	Superintendent Public Prosecutor of Tokyo High Public Prosecutors Office
December	2010	Prosecutor-General
October	2012	Attorney at Law (present position)
June	2013	Outside Corporate Auditor of Sumitomo Corporation (present position)

Message From an Outside Director

I Will Do My Best Applying My Knowledge and Experience as an Outside Corporate Auditor

I have gained eight years of experience since my appointment as an outside corporate auditor for Sumitomo Corporation in 2005. I believe Sumitomo Corporation constantly strives to realize a high standard of corporate governance through active investments of its corporate resources, such as organizations, human resources and funds. To date, Sumitomo Corporation has made its corporate governance more efficient by strengthening and enhancing its corporate auditors system.

I consider that the presence of outside corporate auditors ensures that Sumitomo Corporation's corporate governance is sufficiently effective. There are plenty of systems in place to allow the outside corporate auditors to perform their roles to maximum effect; for example, they can look through the minutes of all important meetings that take place in the Company. I myself actively provided advice at Board of Directors meetings as an outside corporate auditor to ensure no problems would arise with regard to leadership by management and risk taking by individual business units. However, the position had limitations too: I was not responsible for participating in the formation of opinions at the Board of Directors meetings.

In 2013, Sumitomo Corporation decided to establish the position of outside director. The purpose is to realize appropriate decision-making at Board of

Directors' meetings based on diverse perspectives, and to further strengthen the function for supervising management. I became one of the two outside directors that have been appointed. It is not an easy task for an external person to get an accurate grasp of the situation surrounding important matters for a company and deliberate on them. Looking ahead, as an outside director of Sumitomo Corporation, I will make use of the knowledge I have acquired through my many years of experience in the legal profession, not to mention the knowledge I gained as an outside corporate auditor of the Company. Based on this knowledge, I intend to take a wide perspective as I participate in the opinion-forming process of the Board of Directors.

Sumitomo Corporation is a global company with a long history as an integrated trading company. In responding to the needs of the times, Sumitomo Corporation finds increasing opportunities to create value for society as a project facilitator, in addition to its conventional trading activities. This requires the Sumitomo Corporation to bring together a variety of knowledge and experience, and use them to harness all of its integrated strengths. My objective as an outside director is to ensure that these integrated strengths generate stakeholder benefits through the Group's business activities.



Akio Harada

Outside Director
Lawyer

Appointed as
outside corporate auditor in 2005
Appointed as
outside director in 2013

Message From an Outside Corporate Auditor

The Heart of Our Corporate Governance is Sumitomo's Business Philosophy



Tsuguoki Fujinuma

Outside Corporate Auditor
Certified Public Accountant

Appointed as
outside corporate auditor in 2008

I was appointed as an outside corporate auditor of Sumitomo Corporation in 2008. In this role, I have applied my knowledge and experience in corporate accounting from a global perspective, gained from my appointments as Chairman of the International Federation of Accountants and Chairman of The Japanese Institute of Certified Public Accountants, in performing my duties.

I attend the meetings of the Board of Directors of Sumitomo Corporation and I feel that the environment of these meetings is conducive to the exchange of extremely frank and lively opinions. Even in my role as an outside corporate auditor, opportunities are provided to receive briefings in advance on matters that will be discussed at the meetings, enabling us to actively participate in discussions at the Board of Directors meetings. In order to proactively elicit opinions from outside the Company, the Company has a unique system in which outside directors and corporate auditors meet with the Chairman of the Board of Directors and the President and CEO each month to discuss various topics ranging from current affairs to business matters.

One of the characteristics of Sumitomo Corporation is that all officers and employees have a strong awareness of the pertinent issues. This point illustrates just how deeply Sumitomo Corporation Group's Corporate Mission Statement and its

underlying 400 year-old Sumitomo's Business Philosophy permeate the organization. Moreover, I believe that this is the heart of Sumitomo Corporation's corporate governance. In this context, from 2013 the Company is appointing two outside directors. This move will further strengthen the corporate governance system, and I expect it to raise the effectiveness of corporate governance.

In 2013, the Company disclosed a vision, "What We Aim to Be," in time for the 100th anniversary of the establishment of Sumitomo Corporation in 2019. To realize this vision, Company has positioned the two-year period in the BBBO2014 medium-term management plan as the stage to thoroughly enhance Group earning power and head for an even higher level of profit growth by maintaining financial soundness and building a robust earnings foundation. I believe this plan confirms that Sumitomo Corporation's identity is not only the achievement of earnings growth but also the maintenance of financial soundness. The Company's business operations are both global and diverse. Consequently, the Company faces not only a variety of business opportunities, but also a variety of risks, including in the areas of business risk and country risk. As an accounting specialist, I hope to proffer extensive advice while applying my knowledge and experience to minimize these risks to the fullest extent.

Collaboration Between Internal Auditing Department and Accounting Auditors

To ensure audit efficiency, Corporate Auditors interact closely with the Internal Auditing Department, receiving reports on internal audit plans and their results in a timely manner. In addition, Corporate Auditors exchange information with and monitor the auditing activities of the Accounting Auditors through regular meetings. By attending audit review meetings with the Accounting Auditors and observing inventory audits, the Corporate Auditors constantly work to improve audit efficiency and quality.

Furthermore, Corporate Auditors attend meetings of the Internal Control Committee and request reports on the status of internal control systems from other departments responsible for internal control, along with their cooperation on audits.

Introduction of an Executive Officer System

We have introduced an executive officer system with the aim of clarifying the responsibilities and authority for execution and strengthening the monitoring function of the Board of Directors. We currently have 42 Executive Officers (as of November 30, 2013) selected by the Board of Directors. Of these, nine Executive Officers also serve concurrently as Directors, including five who are also General Managers of Business Units. In this way, we aim to prevent gaps between decisions made at Board of Directors meetings and the execution of those decisions.

System for Ensuring Management Transparency

Basic Policy on Information Disclosure

To bring an accurate understanding of the Company's management policies and business activities to all our stakeholders, we shall strive to make full disclosure, not limiting ourselves to the disclosure of information required by law but also actively pursuing the voluntary disclosure of information.

Communicating With Shareholders and Other Investors

Encouraging the Execution of Voting Rights at the General Meeting of Shareholders

We send out a Notice of Convocation to shareholders three weeks prior to each regularly scheduled General Meeting of Shareholders. For the convenience of overseas shareholders, we also provide an

English-language translation of the notice on our website. We have allowed our shareholders to exercise their voting rights via the Internet using personal computers since 2004 and via the Internet using mobile phones since 2005. In 2007, we introduced the Electronic Voting Platform operated by Investor Communication Japan, Inc. (ICJ), instituted by Tokyo Stock Exchange, Inc. and others. The new platform allows institutional investors sufficient time to thoroughly examine the propositions to be resolved at the meeting.

Disclosure of Various Information

Our corporate website endeavors to ensure the provision of proactive and timely disclosure of various documents and materials containing information that may be useful in making investment decisions. These documents and materials include financial results, yukashoken houkokusho (Japanese annual securities reports), and the Company's presentation materials. Moreover, the website provides Sumitomo Corporation's Annual Report. The website also presents features compiled to introduce Group-wide topics such as the projects the Company operates all over the world.

Investor Relations

In addition to working to enhance the disclosure of information on our website, in order to ensure direct communication with shareholders and other investors, we hold quarterly meetings attended by management to provide information on our financial results for analysts and institutional investors. For overseas investors, we periodically visit the United States, the United Kingdom, and other countries in Europe and Asia to hold one-on-one meetings with investors in each region. In addition, in fiscal 2004 we began regularly holding meetings with individual investors in Japan. In fiscal 2012, we held five such meetings in four cities, attended by a total of 1,200 individual investors.

While working to strengthen and enhance our corporate governance structure and systems, from the perspectives of "improving management efficiency" and "maintaining sound management," we will continue to further strengthen internal auditing, risk management and compliance, to further improve the effectiveness of internal control.

Website



Homepage
<http://www.sumitomocorp.co.jp/english/>



Investor Relations
<http://www.sumitomocorp.co.jp/english/ir/>

Publications



Annual Report

Internal Control and Internal Audits

The Sumitomo Corporation Group has strengthened its internal controls in order to retain the trust of all its stakeholders.

Internal Control

The Sumitomo Corporation Group is formed of five Business Units as well as regional organizations in Japan and overseas. The Business Units, organizations and Group companies collectively work together in broad business fields. It is essential that we provide a uniform standard in operational quality at these businesses, irrespective of their business sector or region. This standard must also meet the expectations of our stakeholders.

From this perspective, we have continually improved our general operation to further strengthen the Group's internal control since 2005. This improvement effort is based on the result of evaluations that we have performed using a comprehensive checklist. The checklist covers various points pertaining to general operations that should be common across the Group, including risk management, accounting and financial controls and compliance.

Furthermore, we have defined specific internal controls, which have been extracted through analysis of past loss scenarios, etc., as important points that must be strengthened thoroughly on a Company-wide level.

In August 2010, we launched the Internal Control Committee, which is responsible for the planning, implementation, evaluation and improvement of overall internal control across the entire Sumitomo Corporation Group. The objectives of the Internal Control Committee are to secure the soundness of management and to improve the efficiency of management. The committee promotes Group-wide activities to strengthen our internal control, such as updating the aforementioned checklist to address recent changes in laws and other rules within and outside the company, introducing past cases of loss situations arising from deficiencies in internal controls, and upgrading related instructional materials. Our Business Units and regional organizations in Japan and overseas continue to implement internal control enhancement activities as in previous years. Each organizational unit carries on these activities continuously on a daily basis with timely and optimal support from its Planning & Administration Department, contributing to the sustainable growth and development of the Group.

Initiatives for Enhancing the Quality of Operations

The Sumitomo Corporation Group has actively implemented the improvement and monitoring of internal control systems required by law under the Japanese Company Law and the Financial Instruments and Exchange Law on a Company-wide level. We considered these legal obligations as a prime opportunity to promote such improvement in the quality of our operation, as we have implemented ahead of legislative measures around the world.

The Japanese Company Law, which came into effect in May 2006, calls for companies to establish "systems ensuring that the execution of duties by directors conforms to legal regulations and their Articles of Incorporation as well as systems ensuring that business processes are handled appropriately." Sumitomo Corporation fulfills the requirements of this law and the Internal Control Committee monitors the operation of such internal control systems.

To comply with the internal control reporting rules stipulated in the Financial Instruments and Exchange Law, which took effect on April 1, 2008, we evaluate the effectiveness of our internal controls as of the fiscal year-end with regard to the Group's financial reporting, through documentation and testing throughout the year, as required by law.

Through the aforementioned efforts and measures, the Sumitomo Corporation Group aims to continuously improve the quality of its operations.

Internal Audits

The Internal Auditing Department, which reports directly to the President and CEO, was established as an independent organization to monitor Company-wide operations. Internal audits are performed at all organizations within the Company and Group companies. All the internal audit results are reported directly to the President and CEO and also to the Board of Directors.

The Internal Auditing Department checks comprehensively organizations' assets, the way of risk-management, status of compliance and business processes to find their problems and risks inherent. The Internal Auditing Department helps to raise the quality of organizational management by encouraging voluntary improvements and evaluating the effectiveness and the validity of each process.

Compliance

Positioning compliance as a basic premise for all corporate activity, Sumitomo Corporation is building a compliance structure in accordance with clearly defined policies. In maintaining strict adherence to this compliance structure, we are ensuring our existence as a going concern and securing our credibility and status.

Policies and the Reporting Structure of Corporate Compliance

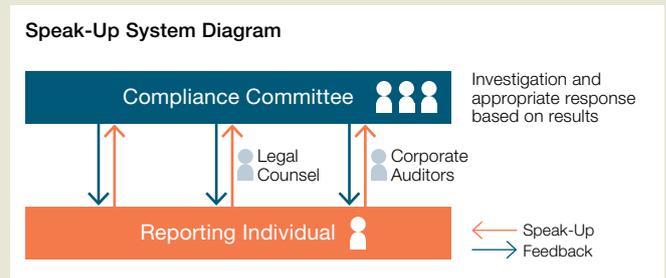
It is our policy that both officers and employees should never risk transgression in pursuit of profit for the Company. In order to promote compliance, Sumitomo Corporation established the Compliance Committee under the direct supervision of the President and CEO. The Compliance Committee is responsible for preparing the Company's Compliance Manual and distributing it to all officers and employees. The Compliance Manual covers the following 19 Compliance Guiding Principles to ensure the Company's bottom line: "If there is even a trace of doubt, do not do it." If a potential compliance problem is detected, we continuously encourage our employees to report it to their supervisors or the relevant departments immediately, so that the best countermeasures can be implemented swiftly.

Compliance Training and Education

Employees have access to the latest version of the Compliance Manual and other manuals detailing applicable laws and regulations on the Company's intranet. We also offer various training programs and educational activities on compliance, including: programs for specific groups, such as employees, managers and corporate officers new to the Company; seminars provided by each Business Unit; seminars targeted at all officers and employees; and seminars for overseas offices and Group companies. We also make use of various domestic and overseas conferences for compliance education. In addition, we continuously hold e-learning compliance seminars open to all officers and employees from all levels.

Speak-Up System

If an employee becomes aware of a possible compliance problem, he or she can pass the information along the chain of command. In addition, the "Speak-Up System" was introduced to allow individuals to report a potential problem directly to the Compliance Committee. Outside legal counsel and our Corporate Auditors have been included as additional points of contact to further augment the system. Although, in principle, reporting individuals are asked to identify themselves so that they can be updated on the outcome of their cases, Company rules state that both the identity of such individuals and the nature of the information provided are kept confidential, and that no negative repercussions will redound on the reporting employees due to such reporting. The Compliance Committee is responsible for handling all the information it receives in an appropriate manner.



Guiding Principles

Business Activities

- Observing Antimonopoly Laws
- Security Trade Control
- Customs/Controlled Items
- Compliance With Applicable Laws
- Respecting and Protecting Intellectual Property Rights
- Prohibition of Unfair Competition
- Information Management
- Preservation of the Environment
- Overseas Business Activities

Corporate Citizen as a Member of Society

- Prohibition on Giving Bribes
- Prevention of Unlawful Payments to Foreign Governmental Officials
- Political Contributions
- Confrontation With Antisocial Forces

Maintenance of a Good Working Environment

- Respect for Human Rights*
- Prohibition of Sexual Harassment
- Prohibition on Abuse of Authority

* Based on the Universal Declaration of Human Rights.

Personal Interests

- Insider Trading
- Conflict of Interest
- Proper Use of Information System

Risk Management

In order to cope effectively with the diversifying risk environment, we have built a risk management framework by developing our risk management approach from a micro to a macro perspective, and shifting our focus from “minimizing losses from individual transactions” to “maximizing corporate value.” This framework is strongly linked to the management plan, playing a critical role in supporting the efficient management of our corporate resources.

The Purpose of Risk Management

We define “risk” as the “possibility of losses due to the occurrence of anticipated or unanticipated situations” and as the “possibility of not achieving the expected return on business activities.” We have set the following three items as the purpose for our risk management activities.

1. **Stabilize Performance: Minimize discrepancies between the plan and the actual results**
2. **Strengthen Financial Base: Maintain Risk-adjusted Assets within the buffer (shareholders’ equity)**
3. **Maintain Corporate Reputation: Fulfill CSR requirements and preserve corporate reputation**

Risk Management Basic Policy

We classify our risks into two categories: Quantifiable risk and Non-quantifiable risk. Quantifiable risk is defined as “value creating risk,” which we proactively take to generate a return. Our policy is to maximize the risk-adjusted return while maintaining Risk-adjusted Assets within our buffer.

Non-quantifiable risk is defined as “value breaking risk,” which only generates losses when it surfaces. We are building a framework that prevents or minimizes the probability of this risk from materializing.

Risk Management Framework

■ Managing Quantifiable Risk

Managing Investment Risk

Once an investment is made, it is often difficult to make a withdrawal decision and the loss impact is usually significant in scale. To manage the investment risk, we have in place an integrated framework covering the entry process to the exit process. For the entry process, we carefully select investments that exceed the hurdle rate, a threshold for the rates of return on new investments relative to the cost of capital. In case of new investments for large-scale, important projects, cases are put forward to the Loan and Investment Committee for thorough examination. According to business performance, financial conditions and/or business environment, the Committee discusses how to enhance the value of the business including expansion, downsizing or disposal when necessary. When the performance of

investments falls short of required standards after a certain period from their inception, we have an Exit Rule that shall designate those investments as “Investments to withdraw from.”

Managing Credit Risks

Our business is exposed to credit risks, as we extend credit to our customers in the form of accounts receivable, advances, loans, guarantees and other instruments. We have incorporated our original credit rating model, the Sumisho Credit Rating (SCR), to assess our customers’ credit risk. The authority level to provide credit exposure to customers depends on the assigned credit rating. In addition, we regularly review customers’ credit limits and appropriately manage the credit exposure under those limits. At the same time, we continuously perform credit evaluations on the financial condition of customers, and based on such evaluations, take collateral to secure the receivables if necessary.

Managing Market Risks

We set limits on contract balances as well as the loss limits for six months or a full year for commodity and financial instrument transactions. At the same time, we constantly monitor the potential amount of loss, (Value at Risk (VaR)—an estimate of potential risk or in case the total figures of realized and unrealized gain/loss are negative at the time of monitoring, the total of VaR and the relevant negative figures), to ensure that the potential amount of loss falls within the loss limits. In addition, we conduct liquidity risk management for each product on an individual futures market basis in order to be prepared in the event that it becomes difficult to close positions due to shrinking liquidity. The Financial Resources Management Group undertakes both the back and middle office functions in order to completely separate those functions from the Business Units, thereby enabling us to maintain the soundness of internal checks.

Managing Concentration Risks

As we are operating globally and engaging in a variety of business fields, we need to ensure that the risks are not excessively concentrated in particular areas. In order to avoid overly concentrated exposure in certain countries and regions, we have in place a country risk management system. In addition, in order to avoid the excessive concentration of resources in any specific field and refine our business portfolio, we thoroughly discuss the amount of Risk-adjusted Assets distributed to each unit and business line in meetings such as the “strategy conference,” which is held among the President and CEO and general managers of each unit and the “Loan and Investment Committee,” which deliberates on important investment and financing.

Managing Non-quantifiable Risks

Non-quantifiable risks are those that must be borne, but for which we cannot expect returns. These include litigation and other legal risks, operational risks such as clerical mistakes or fraud acts, and natural disaster risk. Some of these risks involve events that rarely occur but could have a critical impact on our operations once they arise. Our basic policy is to prevent or minimize the probability of these risks to materialize. Accordingly, we periodically assess non-quantifiable risks on a global and consolidated basis. We do this through a range of initiatives to strengthen our internal control across the Group under the leadership of the Internal Control Committee as well as through independent activities by our Business Units and regional organizations in Japan and overseas. Based on the assessment result, we continuously search for a more efficient and effective organizational structure and procedures to improve the quality of our business operations.

Embedding the Sense of Risk Management

Although we have been constructing the best possible risk management framework to cope with diversified risks, we cannot completely prevent the incurrence of loss in the course of business activities only by the framework itself. We are putting our efforts into implementing the initiatives that enable us to quickly identify the occurrence of losses in order to suppress loss accumulation and prevent the contagion effects that lead to secondary losses. These initiatives include devising ways to quickly identify the cause of losses and share such information among top management and related departments. We have compiled a database of such loss information that allows for the systematic analysis of the causes of

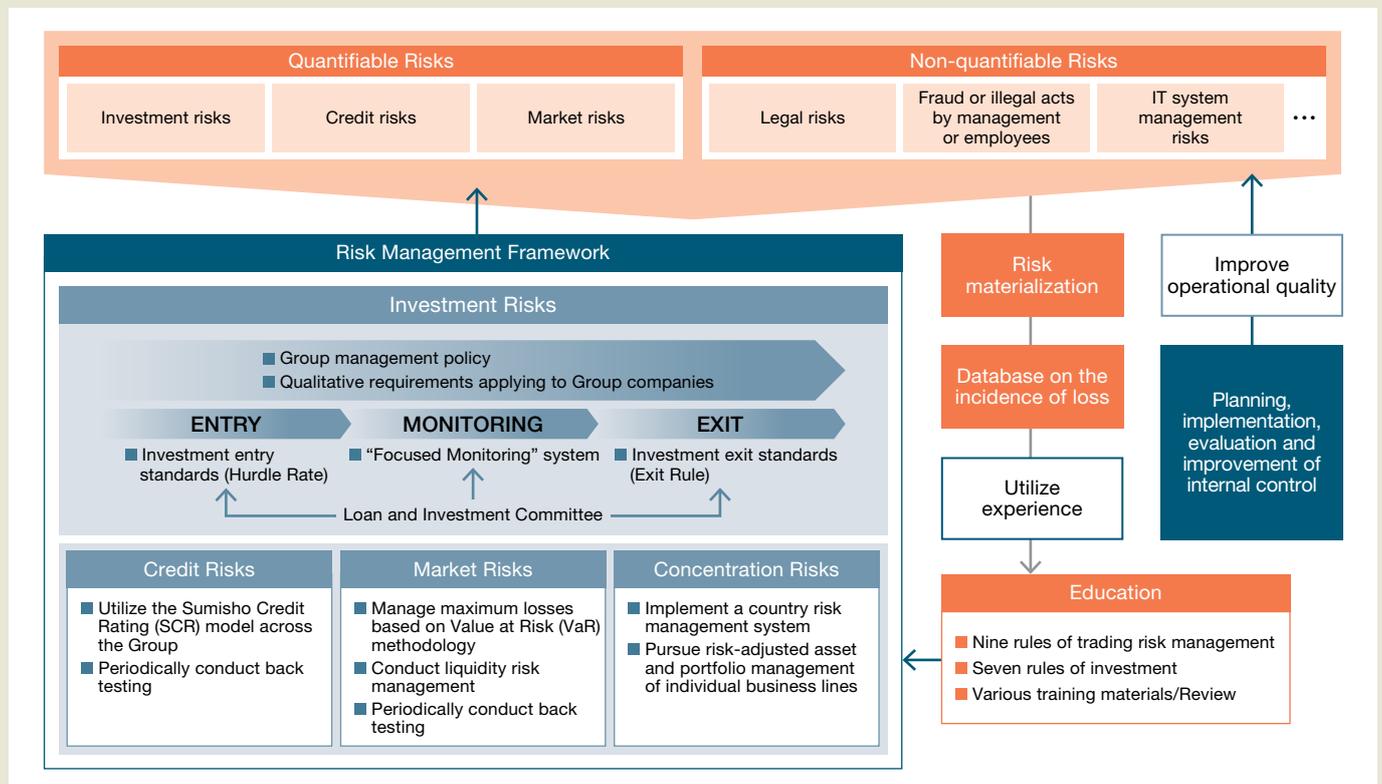
loss-incurring events. These analyses are used as training materials for employees as part of various educational programs. Through this knowledge feedback process, individual employees can upgrade their risk management capabilities, supporting the prevention of the same kind of loss events.

Eyeing the Future of Risk Management

Over the past decade, Sumitomo Corporation has created a formidable risk management framework by studying advanced methods and processes. Our goal is to implement the best practices in risk management while maintaining the flexibility to adapt to changes in the business environment. The surrounding environment is continually changing, however, and new business models that we could never have imagined are emerging on a daily basis. Responding to changing circumstances in a timely and effective manner, we continually upgrade our risk management under the direction of top management.

Information Security Control Structure

Sumitomo Corporation works to enhance its information management system to maintain and improve information security. Our approach to this end includes the development of internal rules and manuals as well as the provision of employee training and awareness-raising activities, with a focus on taking preventive measures against risks relating to leakages of confidential information and compliance with the Personal Information Protection Act, which came into full effect in April 2005.



Risk-adjusted Return Management

We are now facing a harsher business environment compared to the past few years, during which we saw steady growth. However, we have been implementing management reforms on the basis of the Risk-adjusted Return Approach for many years, building a business foundation able to sustain stable earnings and a firm financial condition even during severe economic environments. In this special feature, we will introduce Risk-adjusted Return as the backbone of our management approach.

Background to the Introduction of the Risk-adjusted Return Ratio

Until the early 1980s, the main business of Sumitomo Corporation and other integrated trading companies was acting as intermediaries for goods and services. From the late 1980s onward, integrated trading companies sharply stepped up their involvement in new businesses as well as overseas investment as they responded to a decline in demand for trading company financing and the growing transfer of production overseas due to the yen's appreciation.

In the early 1990s, in addition to this business diversification, a series of changes came about in the operating environment. The collapse of the bubble economy in the early 1990s triggered a plunge in stock and real estate prices, and in 1997 the Asian Currency Crisis caused problems for many overseas projects. In addition to the effects of these factors, we recorded substantial impairment of shareholders' equity due to an incident involving unauthorized copper trading in 1996. Thereafter, improving profitability and our financial condition became our topmost priority.

As our Business Units have a variety of business styles in diverse fields, it was difficult to evaluate each business's performance based only on net income. We needed a Company-wide, universal yardstick for measuring the return on management

resources invested in each business and for optimally allocating limited management resources.

The basic aim of any business is to generate returns relative to the risks involved and in autumn 1998, ahead of its peers, Sumitomo Corporation introduced the Risk-adjusted Return Ratio as an indicator of profitability, i.e., the degree of return from a certain level of risk.

Specifically, we calculate Risk-adjusted Assets as the value of maximum possible losses by multiplying the value of assets by a risk weight that assumes the maximum possible loss ratio in asset values.

With Risk-adjusted Assets as the denominator, we use returns, i.e., net income, as the numerator to calculate profitability, both in each business and for the Company as a whole.

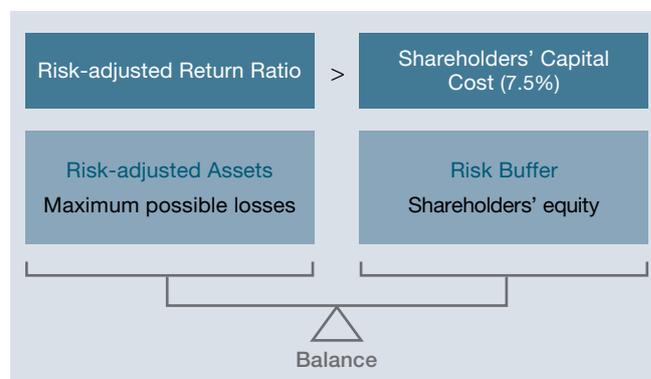
Basics of Risk-adjusted Return Management

Since its introduction as a management indicator, the Risk-adjusted Return Ratio has played a major role as a tool for achieving universal Company-wide objectives.

From the perspective of ensuring business stability, a core management principle is to avoid excessive risks by keeping Risk-adjusted Assets (maximum possible losses) within shareholders' equity (the risk buffer). This principle means that even if all potential risks were to actually occur at once, shareholders' equity would be able to absorb the losses.

Moreover, to ensure earnings power, return on risks must be greater than our shareholders' capital cost. In other words, we set the Risk-adjusted Return Ratio at 7.5% as the minimum requirement for the whole company. In every business, the basis we use for choosing to move forward is this Risk-adjusted Return Ratio of 7.5%.

$$\text{Risk-adjusted Return Ratio} = \frac{\text{Net Income}}{\text{Risk-adjusted Assets (Maximum possible losses)}}$$





Ms. Yoko Takahashi

President of Japan Philanthropic Association

Profile

After serving as a high school teacher, Ms. Takahashi completed a professional counselor training course at the Counseling Institute of Sophia University and earned certification as a professional counselor. From 1985 to 1991, she provided guidance to students, teachers, and parents as a psychological counselor at Kanto Gakuin Junior & Senior High School. In 1991, she joined the Japan Philanthropic Association. In 2001, she became the organization's president after serving as a director and the secretary-general.

Ms. Takahashi is devoted to promoting CSR, with a focus on corporate social contribution. She aims to encourage the private sector to be of service to the public by making proposals for collaborative work with NPOs, government organization, and the like, as well as serving as a bridge between various sectors. Ms. Takahashi is also a writer and editor. Key works include "Philanthropy Nyumon" (Introduction to Philanthropy) and "Shakai Kouken e Youkoso" (Welcome to Social Contribution).

1. CSR: Embodying the company's Corporate Mission Statement

Sumitomo Corporation will celebrate the 100th anniversary of its founding in fiscal 2019. The company has survived for a century, the result of its successful endeavors to withstand changes in the times such as globalization, as well as various hardships, including the instability of the company's environment, under the shared Corporate Mission Statement. Its survival is also attributable to right decisions made by the company on different occasions, as well as to the untiring efforts of executives, employees, and other stakeholders. In his message in the Report, President Nakamura stresses that the Corporate Mission Statement—"Aim to be a global organization that constantly stays a step ahead in dealing with change, creates new value, and contributes broadly to society" and "Achieve prosperity and realize dreams through sound business activities"—which was founded on the basis of Sumitomo's Business Philosophy, represents the essence of corporate social responsibility (CSR). I believe that this basic stance of the company lies behind the spirit and pride of every employee and represents the very core of the company's corporate value.

2. CSR story of each business unit

The activities of the five business units reported from a CSR perspective demonstrate that CSR is an integral part of their business and that the single most important goal of these activities is to create new social value. The company developed its Social Value Creation Chart in fiscal 2011 as part of its efforts to clearly identify the basic direction of the activities of each business unit, and the charts in this year's Report reveal that the company's CSR activities are being upgraded every year.

The Metal Products Business Unit Report describes how the health, safety and environment (HSE)

management system and the network in the supply chain were developed, illustrated with a photograph of smiling faces, effectively conveying the joy of the employees involved in the project.

The Transportation & Construction Systems Business Unit Report tells the story of how they completed a project to deliver 1,220 hybrid vehicles to the Ukraine police force. The story reveals that full utilization of the group's core capabilities—its negotiating skills, integrated corporate strength, and teamwork—brought success, and I was able to feel the determination and pride of those involved who were dedicated to contributing to environmental protection through their business activities.

The Environment & Infrastructure Business Unit's Osaka Hikari-no-Mori Project is, as the various people concerned describe in the report, an enterprise aimed at contributing to the development of a sustainable society which also involves the raising of citizens' environmental awareness and the provision of environmental education, as well as the fruits of public and private collaboration.

The Media, Network, Lifestyle Related Goods & Services Business Unit Report explains vividly and in an easy-to-understand manner for general consumers how a resource-circulation recycling system was created for a food supermarket chain through close collaboration with a business partner.

The Mineral Resources, Energy, Chemical & Electronics Business Unit's Ambatovy Project, which is expected to contribute to the sustainable development of Madagascar, is an outstanding model project that provides comprehensive support. The project is not only intended to promote the economic growth of Madagascar as a rare metals exporting country while systematic efforts are made for environmental conservation, but also to stimulate employment creation and human resources development.

Each of these reports is presented as a CSR story that

demonstrates the spirit of each business unit and enabled me to appreciate one of the best parts of the Sumitomo Corporation Group.

3. Environmental and social initiatives

Under its Environmental Policy, Sumitomo Corporation makes clear the objectives and targets of its environmental initiatives, their results, environmental management structure, and measures to enhance employees' environmental awareness. All these testify to the maturity level of the company's environmental management system and strengthened my trust in the group.

Social initiatives, which are conducted under the maxim "human resources are our most valuable business resource," are reported from various aspects, which I thought was praiseworthy. However, although there are separate accounts of how the company deals with international staff, female employees, and disabled employees, the company's overall policy on diversity is not clear. In the future, I hope that the company will look at

diversity from a slightly broader viewpoint to enable more diverse human resources development.

A wide variety of social contribution activities conducted by each office are reported; this diversification of activities is only possible for a global company like Sumitomo Corporation and takes our attention. Actual statements and photos of participants and beneficiaries give a picture of what each activity was like and add interest. In the future, however, the social contributions the company conducts as a corporate citizen may need to be redefined centered on human resources development and environmental conservation. They would be better sorted into different categories of activities, including the support for reconstruction after the Great East Japan Earthquake, in order to make the social contributions more consistent with other CSR activities.

I hope that the company will continue to refine its CSR management on the basis of Sumitomo's Business Philosophy.

Response to the Third-Party Review

We would like to thank Ms. Yoko Takahashi for her important review of the Sumitomo Corporation Report on Responsibility & Sustainability 2013.

At the beginning of her review, Ms. Takahashi refers to our belief that the company's Corporate Mission Statement represents the essence of CSR, and points out that "this basic stance of the company lies behind the spirit and pride of every employee and represents the very core of the company's corporate value." This remark is greatly encouraging for us.

With regard to the CSR activities of each business unit included in the Report, Ms. Takahashi rates our Group—which is involved in many countries and regions around the world as well as in various industries—highly for our efforts to create greater value for society by deploying all of our strengths and functions. This recognition has renewed our determination to continue our endeavors to create our unique value.

We recognize that the diversity of our human resources, the main players in the business activities of our Group, is a very significant issue. In order to drive the creation of our unique value, we need to develop through various measures an environment in which diversity is respected so that all of our employees in the Group can

work with spirit and pride.

Our social contribution activities are centered on developing the next generation of human resources and contributing to local communities all over the world, and we intend to focus even more on the former. We are currently in the process of enhancing the Sumitomo Corporation Scholarship and Sumitomo Corporation Youth Challenge Program for the Revitalization of East Japan, and the Report gives an account of how we are working on improving these programs. Our Group is engaged in an array of social contribution activities worldwide, and we will ensure that these activities will be classified and reported in a more easy-to-understand manner based on Ms. Takahashi's advice in order to clarify the way in which those activities reflect the characteristics of each of our businesses and local communities.

Yasuyuki Abe

Chair of the CSR Committee
Director, Senior Managing Executive Officer,
General Manager, Corporate Planning & Coordination Group

Third-Party Assurance (Environmental Performance Data)



Independent Assurance Report

To the President and CEO of Sumitomo Corporation

Purpose and Scope

We were engaged by Sumitomo Corporation (the "Company") to provide assurance on its Report on Responsibility & Sustainability 2013 (the "Report") for the fiscal year ended March 31, 2013. The purpose of our assurance engagement was to express our conclusion, based on our assurance procedures, on whether the environmental performance indicators listed in the table below for the period from April 1, 2012 to March 31, 2013 disclosed on page 35 in the Report (the "Indicators") are prepared, in all material respects, in accordance with the Company's reporting criteria.

Indicators	Boundary	Level of Assurance
Electricity Consumption	Head office, regional business units, offices and branch offices in Japan	Reasonable
CO ₂ Emissions (Offices)	Head office, regional business units, offices and branch offices in Japan	Reasonable
CO ₂ Emissions (Logistics)	Head office, regional business units, offices and branch offices in Japan	Limited
CO ₂ Emissions (Commuting and overseas business trips)	Head office	Limited
Waste Emissions (General and industrial waste stemming from operation)	Head office, regional business units, offices and branch offices in Japan	Reasonable
Water Consumption	Head office and regional business units in Japan	Reasonable

The content of the Report is the responsibility of the Company's management. Our responsibility is to carry out an assurance engagement and to express our conclusion based on the work performed.

Criteria

The Company applies its own reporting criteria as described in the Report. These are derived, among others, from the Act on the Rational Use of Energy, the Act on Promotion of Global Warming Countermeasures, and the General Guidelines on Supply Chain GHG Emission Accounting (2012) by Japan's Ministry of the Environment and Ministry of Economy, Trade and Industry. We used these criteria to evaluate the Indicators.

Procedures Performed

We conducted our engagement in accordance with 'International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information' issued by the International Auditing and Assurance Standards Board, and the 'Practical Guidelines for the Assurance of Sustainability Information' of the Japanese Association of Assurance Organizations for Sustainability Information ("J-SUS").

Reasonable assurance engagement

Our reasonable assurance engagement involved an assessment of assurance risks based on the internal control relevant to the Company's preparation of the Indicators, an evaluation of the application of the Company's criteria and the evidence obtained, an examination of how data are generated and how the Indicators are presented in the Report.

Limited assurance engagement

The limited assurance engagement on the Report consisted of making inquiries, primarily of persons responsible for the preparation of information presented in the Report, and applying analytical and other procedures. The level of assurance provided is thus not as high as that provided by a reasonable assurance engagement. Our limited assurance procedures included:

- Interviews with the Company's responsible personnel to obtain an understanding of its policy for the preparation of the Report.
- Reviews of the Company's reporting criteria.
- Inquiries about the design of the systems and methods used to collect and process the Indicators.
- Analytical reviews of the Indicators.
- Examining, on a test basis, evidence supporting the generation, aggregation and reporting of the Indicators in conformity with the Company's reporting criteria, and also a recalculation of the Indicators.
- Evaluating the overall statement in which the Indicators are expressed.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Conclusion

Reasonable assurance engagement

In our opinion, the Indicators in the Report are, in all material respects, prepared in accordance with the Company's reporting criteria as described in the Report.

Limited assurance engagement

Based on the procedures performed, as described above, nothing has come to our attention that causes us to believe that the Indicators in the Report are not prepared, in all material respects, in accordance with the Company's reporting criteria as described in the Report.

Independence

We have no conflict of interest relationships with the Company that are specified in the Code of Ethics of J-SUS.

KPMG AzSA Sustainability Co., Ltd.

KPMG AZSA Sustainability Co., Ltd.
Tokyo, Japan
December 16, 2013

Company Information

Company Profile (As of March 31, 2013)

Company Name:
Sumitomo Corporation

Establishment:
December 24, 1919

Number of Employees:
5,213 (73,953 including consolidated subsidiaries)

Headquarters:
1-8-11 Harumi, Chuo-ku, Tokyo 104-8610, Japan

URL:
<http://www.sumitomocorp.co.jp/english/>

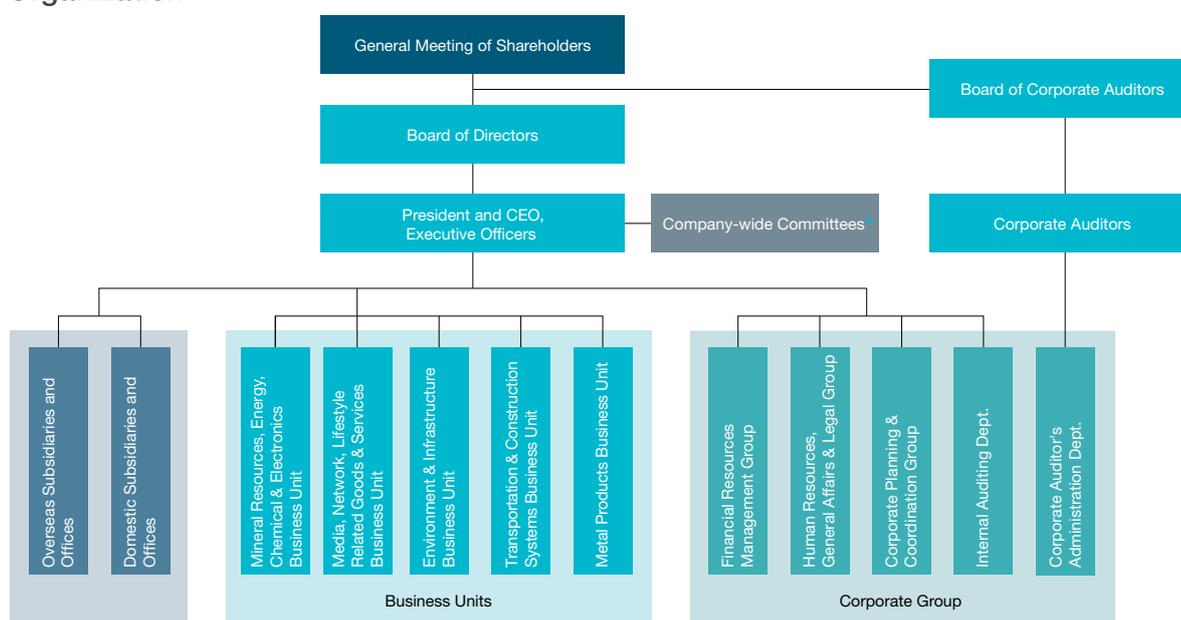
Consolidated Shareholders' Equity:
2,052.8 billion yen

Fiscal Year End:
March 31

Number of Consolidated Subsidiaries:
562 (overseas: 436, domestic: 126)

Associated Companies (Equity Method):
237 (overseas: 187, domestic: 50)
Total: 799 companies

Organization



* Company-wide Committees: CSR Committee, Internal Control Committee, Compliance Committee, IR Committee, Human Resources Committee, Work-Life Balance Promotion Project Team, Loan and Investment Committee, Medium-term Management Plan Promotion Support Committee, ICT Committee, and others.

Consolidated Financial Highlights

(Billions of yen)

		Fiscal 2008 U.S. GAAP	Fiscal 2009 U.S. GAAP	Fiscal 2010 IFRS	Fiscal 2011 IFRS	Fiscal 2012 IFRS
Results of Operations	Gross Profit	935.2	779.5	864.0	918.8	827.0
	Net Financial Income	(21.5)	(12.8)	(8.1)	(3.9)	(2.3)
	Equity in Earnings of Associated Companies, net	90.0	76.1	95.6	110.6	107.4
	Net Income	215.1	155.2	200.2	250.7	232.5
Financial Position at Year End	Total Assets	7,018.2	7,137.8	7,230.5	7,226.8	7,832.8
	Shareholders' Equity	1,353.1	1,583.7	1,570.5	1,689.1	2,052.8
	Interest-Bearing Liabilities (net)	3,186.8	2,781.8	3,056.3	2,786.7	2,930.3
Ratios	Shareholders' Equity Ratio (%)	19.3	22.2	21.7	23.4	26.2
	ROE (%)	15.1	10.6	12.9	15.4	12.4
	ROA (%)	2.9	2.2	2.8	3.5	3.1
	Debt-Equity Ratio (net) (times)	2.4	1.8	1.9	1.6	1.4

Note: For more detailed information on financial issues, please refer to our Annual Report.



<http://www.sumitomocorp.co.jp/english/ir/index.html>

For any inquiries or comments regarding this report,
please contact:

**Environment & CSR Department
Sumitomo Corporation**

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