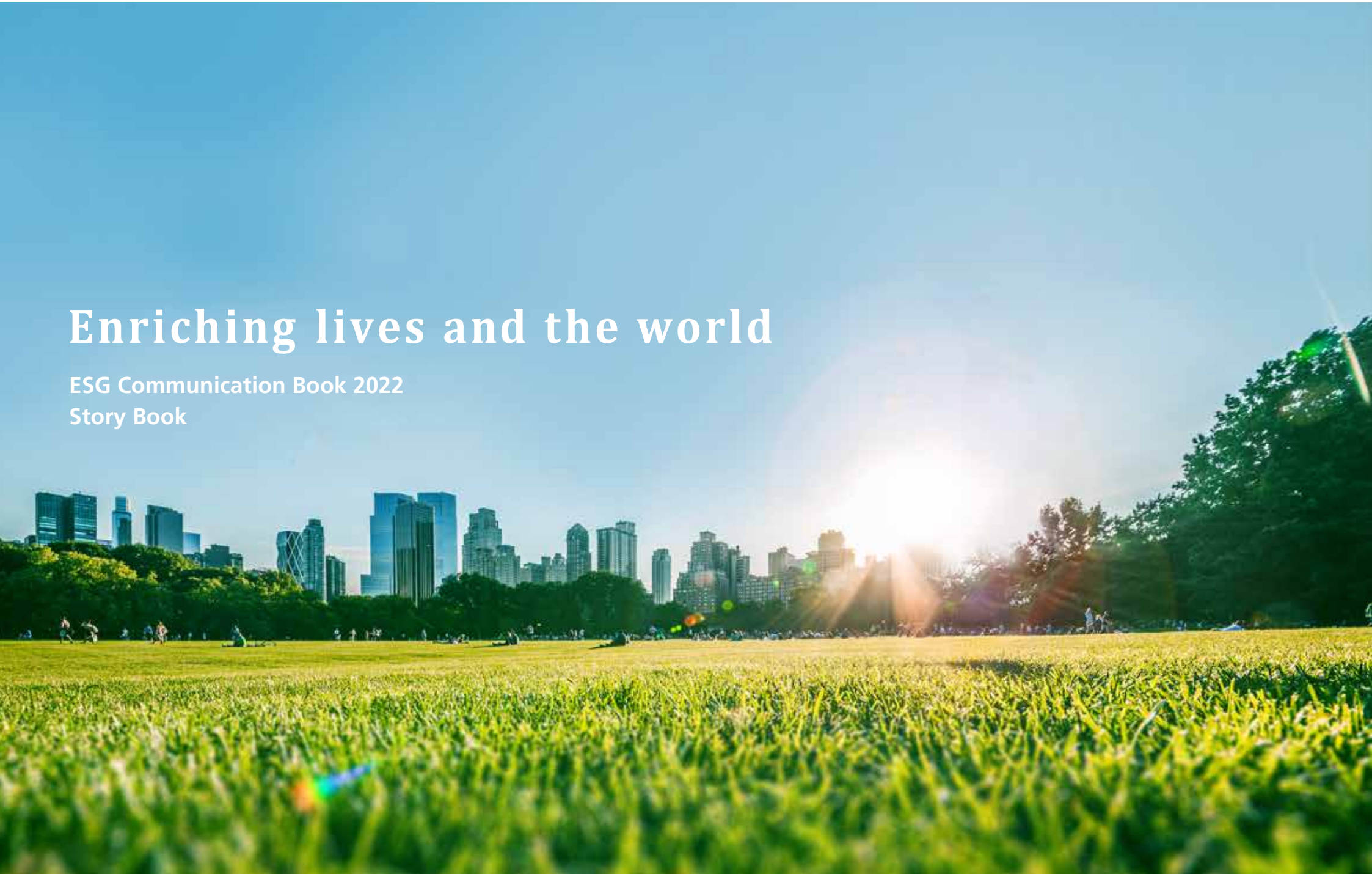



Enriching lives and the world

ESG Communication Book 2022
Story Book



A close-up photograph of a child's hand being held by an adult's hand. The child's hand is on the left, and the adult's hand is on the right, with the thumb pointing upwards. A bright light source, possibly the sun, is positioned behind the hands, creating a strong lens flare effect that illuminates the scene. The background is blurred, showing a person's face and a blue patterned surface.

**Enriching lives and the world
For the generation
that will lead the future
A new era of prosperity**



Enriching lives and the world

Toward the Realization of a Sustainable Society—The Sumitomo Corporation Group’s Challenge

**Resolving global social issues through the creation of new value.
Therein lies the mission and responsibility of the Sumitomo Corporation Group.**

Sumitomo’s Business Philosophy

The Sumitomo Corporation Group has a history spanning more than 100 years, and the cornerstone of our Group’s values has been Sumitomo’s Business Philosophy. We have inherited philosophies that still hold true today, such as “place prime importance on integrity and sound management without pursuing easy gains” and “benefit for self and others, private and public interests are one and the same.”

WEB [Please refer to our corporate website for more information on Sumitomo’s Business Philosophy.](#)

Sumitomo Corporation Group’s Corporate Mission Statement

Our Group’s Management Principles state our Corporate Mission as “to achieve prosperity and realize dreams through sound business activities.” Based on the values presented here, 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.

WEB [Please refer to our corporate website for more information on the Sumitomo Corporation Group’s Corporate Mission Statement.](#)

Sumitomo Corporation Group’s Material Issues

In April 2017, the Sumitomo Corporation Group identified “Six Material Issues to Achieve Sustainable Growth with Society” in the future. We have positioned these material issues as important elements in developing business strategies and in the decision-making process for individual businesses.

WEB [Please refer to our corporate website for more information on the Sumitomo Corporation Group’s Material Issues.](#)

Top Message

To Realize a Sustainable Society and Enhance Corporate Value through Contribution to Resolving Social Issues

As the Sumitomo Corporation Group's Corporate Message of "Enriching lives and the world" states, we aim to further enrich the world, society, and people's lives. We are practicing new value creation based on Sumitomo's Business Philosophy of "Benefit for self and others, private and public interests are one and the same*," which has been passed down over many years. The structure of our ESG Communication Book has changed from this fiscal year, and in ESG Communication Book (Story Book) we have shown as a single story the mechanism of our value creation through creation and enhancement of businesses. We hope this book will help to deepen your understanding our efforts.

This is the second year of the medium-term management plan "SHIFT 2023," announced in 2021. In SHIFT 2023, aiming for a portfolio shift from a medium- to long-term perspective, we will undertake efforts such as the reinforcement of businesses that apply our strengths and the development of businesses that contribute toward the realization of sustainable society. We believe that continuing to create value needed by society will lead to the Group's sustainable growth. Under this belief, we will further advance sustainability management that keeps contribution to resolving social issues at the forefront of our mind to realize a sustainable society and enhance corporate value.

* The idea that Sumitomo's business activities not only benefit Sumitomo, but must also benefit nation and society around us in order to achieve sustainable growth together.



Masayuki Hyodo

Representative Director
President and Chief Executive Officer

CSO Message



Hirokazu Higashino

Representative Director
Managing Executive Officer,
Chief Strategy Officer and
Chief Information Officer
Chairperson of the Corporate
Sustainability Committee

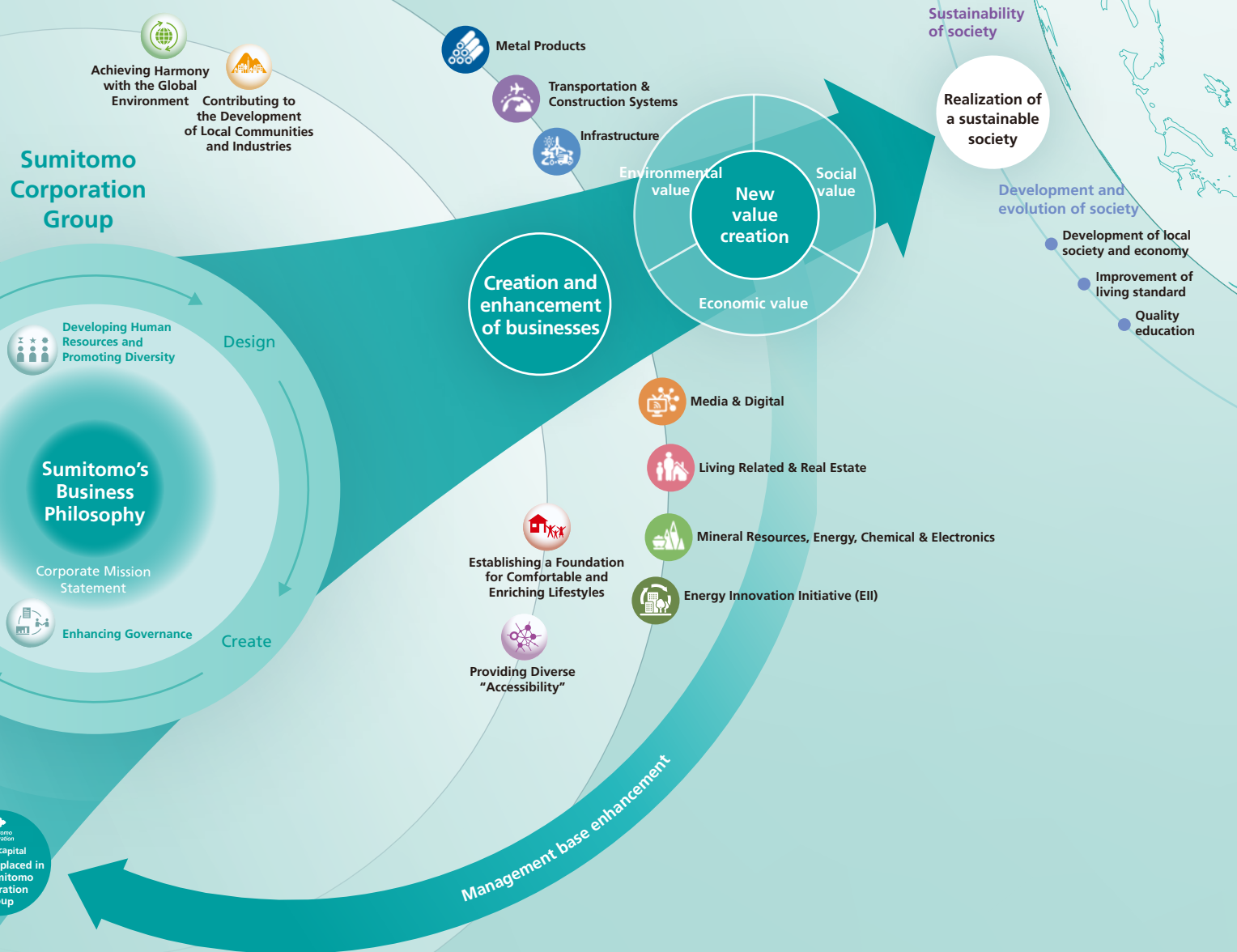
Promoting Enhancement of Sustainability Management to Create New Value for Today and Tomorrow

Since FY2020, Sumitomo Corporation has identified six key social issues that are especially relevant to the Group's business activities as well as formulated and disclosed long-term and medium-term goals to contribute toward resolving each of these issues to further promote sustainability management which we had been practicing since the past. These key social issues are broadly categorized into two major themes: "sustainability of society" and "development and evolution of society." We think that contributing toward achieving these two themes is what society truly expects of us today.

In the newly issued ESG Communication Book (Story Book), we have shown our long-term value creation story from the perspectives of each key social issue. Potential risks may be exposed by the deepening severity of issues we face, but at the same time, there are even more business seeds. We will steadily turn such opportunities into businesses, create new value, and will lead to the sustainable growth for Sumitomo Corporation. In the separate booklet ESG Communication Book (Disclosure Book), we have stated each organization's status and efforts toward achieving our medium-term goals. We hope you will take a look at both versions of our ESG Communication Book to deepen your understanding about our efforts for the enhancement of sustainability management. Please continue to hold expectations about our future efforts.

Creating New Value for Today and Tomorrow

The Sumitomo Corporation Group's value creation model is a diagram representation of the mechanism of value creation that the Group has developed over the course of its history. At its core are Sumitomo's Business Philosophy and Sumitomo Corporation Group's Corporate Mission Statement that has been passed down over the years. The model illustrates a cycle of creating value through our businesses and contributing to the realization of a sustainable society, while leveraging and strengthening the management bases, which is the product of our collective strengths, to the fullest potential.



Change and sophistication of markets

Enriching lives and the world

Sumitomo Corporation Group's Value Creation Story

Growing Environmental and Social Issues and Our Social Responsibility as a Company

The Sumitomo Corporation Group aims to be a global corporate group that contributes to the realization of a sustainable society by creating new value through the creation of businesses, while constantly staying a step ahead in dealing with changes to respond timely to environmental and social issues.

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Backcasting

<p>What we have passed down for 400 years</p> <p>Values of the Group</p>	<p>With Sumitomo's Business Philosophy and the Sumitomo Corporation Group's Corporate Mission Statement as the core,</p>
<p>Strengths of the Sumitomo Corporation Group</p> <p>Utilizing Capital</p>	<p>By maximizing the management bases (seven capitals) that we have developed over our 100+ year history, and integrating and combining our diverse business functions,</p>
<p>Key Social Issues and Business Creation</p> <p>Creating Businesses</p>	<p>Leading to resolving the six key social issues identified in 2020, and pursuing the creation of new businesses and the enhancement of existing businesses,</p>
<p>Simultaneous creation of social, environmental, and economic value</p> <p>Creating Value</p>	<p>We will create values for society, the environment, and the economy.</p>
<p>Realization of a sustainable society</p> <p>Looking Ahead to the Future</p>	<p>We will pass on the Group's management bases to the next generation, and continue to create values and contribute to the realization of a sustainable society over the next 100 years.</p>









- Mitigation of climate change
- Circular economy
- Respect for human rights
- Sustainability of society
- Realization of a sustainable society



Sumitomo Corporation Group's Management Bases

Increasing financial and non-financial management capital, the sources of our value creation.

As of March 31, 2022

		Overview	Characteristics of capital (typical indicators)	Main measures for maintaining and increasing capital
	Financial capital Stable financial position	We have a solid financial position owing to our balancing of the Core Risk Buffer (RB) and Risk-weighted Assets (RA) and our stable financing. While expanding profitability with cash flow discipline, we are working on further enhancing our financial position and improving the stability of management.	Total assets ¥9.6 trillion Shareholders' equity ¥3.2 trillion Core RB-RA +¥660 billion Free cash flow ¥174.7 billion*1 Net DER 0.7 ROE 16% ROA 5%	<ul style="list-style-type: none"> Diversified range of financing sources in Japan and overseas Maintaining balance between Core RB-RA Enhancing cash management Improving resilience and profitability through the Business Portfolio SHIFT <ul style="list-style-type: none"> - Exiting/turnaround of low-profitability businesses - Creating new core businesses - Improving probability of investment success by thorough investment discipline
	Human capital Diverse human resources	We recruit human resources with diverse backgrounds, develop them as professionals with extensive knowledge and expertise, and deploy human resources, an important management resource, globally.	Number of employees (Consolidated basis) 74,253	 Human capital
	Intellectual capital Multifaceted business expertise	We leverage our business expertise to develop, invest in, and manage businesses. This expertise, in areas including risk management, logistics solutions, and financial services, has been built up over many years.	Diverse business domains 6 business units + 1 initiative Diverse SBUs Business development Business investment/management	<ul style="list-style-type: none"> Expertise in each business field (Project management skills, deep knowledge related to products and industry, collective strength as an integrated trading company, etc.) Mechanisms for creating new business opportunities (Introduction of initiative program, GIPC*2, DX Center, 01 Challenge) Sharing of business management expertise (implementation of Group Management Policy) Companywide risk management (Investment risk, credit risk, market risk, country risk, social/environmental risk, natural disaster risk, etc.) Implementation of many internal training programs (Sumisho Business College)
	Organizational/Group capital Large number of group companies	Owning world-class group companies in a wide range of industries, we use our accumulated management knowledge to improve profitability and further strengthen our business foundations.	Consolidated subsidiaries and associated companies (As of April 1, 2022) 893	<ul style="list-style-type: none"> Utilization of pool of human resources at group companies Sharing of best practices in group company management (such as for compensation system) Sharing of corporate functions (shared services) Dialogue with group companies using the Basic Elements, in which past business management expertise has been gathered
	Global network capital Extensive business locations	Operating from offices located worldwide, we leverage our network of ties with industry and government in each country to ensure that our businesses are swift to identify and respond to local needs.	Number of offices (As of April 1, 2022) 131 locations 66 countries and regions	<ul style="list-style-type: none"> Enhancement of profitability through combination of product and regional strategies Timely capture of latent demand in each region and business development based on regional needs Development of regional and management human resources Building of intelligence functions in main offices
	Business relationship capital Presence in a wide range of industries	By deepening our relationships with business partners that we have cultivated in a variety of industries, we establish our presence in each industry, and implement multifaceted development of the business.	Number of clients Approx. 100,000	<ul style="list-style-type: none"> Enhancement of public relations activities, including participation in industry groups and public-private collaboration Utilization of customer base and enhancement of communication in sales activities Improvement of stakeholder engagement Creation of business opportunities through corporate venture capital (CVC) activities and MIRAI LAB PALETTE operations
	Brand capital The trust placed in the Sumitomo Corporation Group	We have lived by Sumitomo's Business Philosophy, which has been passed down for approximately 400 years, and the Sumitomo Corporation Group's Management Principles, which "place prime importance on integrity and sound management." This is an ideal that we have consistently embodied and will continue to honor.	Sumitomo's Business Philosophy Sumitomo Corporation Group's Corporate Mission Statement History of Sumitomo Corporation 103 years	<ul style="list-style-type: none"> Wide communication of top management messages Enhancement of branding activities through embodiment of our Corporate Message of "Enriching lives and the world" Various training (level-specific training, Besshi Copper Mine visits, etc.) Thorough compliance

*1 Adjusted Free Cash Flow (After netting repayments of lease liabilities) *2 Global Innovation Promotion Committee

Human Capital

We will pursue our vision for “SC People” and “SC Organization” based on our Global HR Management Policy.

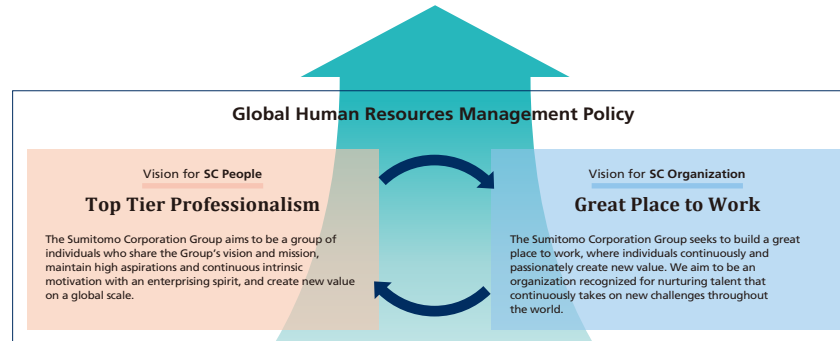
The systems and environment surrounding employment are changing rapidly. In Japan, a major shift is taking place in the individual's view about work from career advancement within a particular company based on lifetime employment to realizing a career and personal growth matching their own preferences.

In response to these changes, we have set forth a vision for employees (SC People) and companies (SC Organization) in a new era within our Global HR Management Policy. Based on the concepts of expanding Top-Tier Professionals, implementing thorough “Pay for Job, Pay for Performance,” and enhancing people management skills, we are striving to establish a work environment and workplace culture to serve as a foundation for growth and to improve the HR management cycle of recruitment, development, right talent to the right assignments, performance management, and fair treatment.

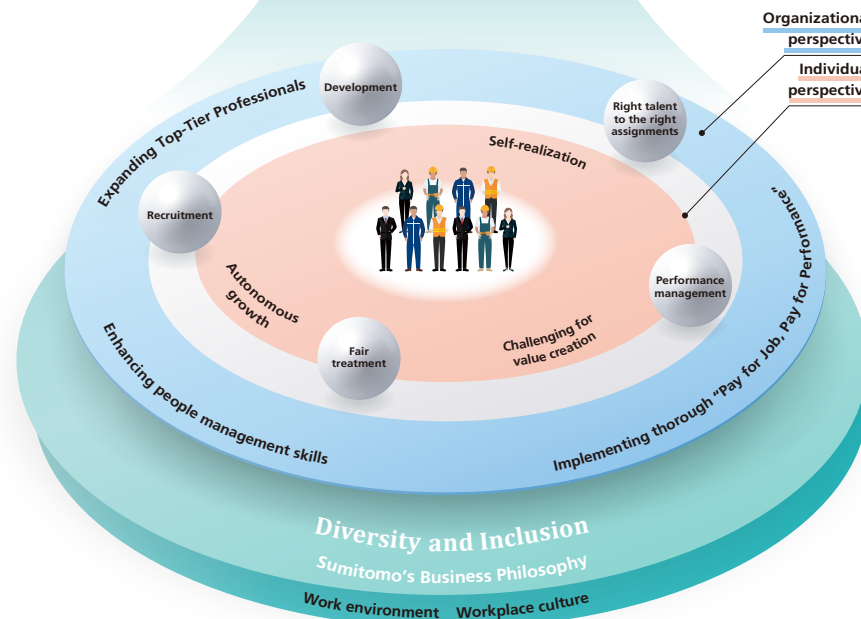
Our vision for individuals and organizations is to provide a place where highly motivated talent can realize autonomous growth and self-realization and for their passion in taking on challenges to become the driving force for organizational growth and value creation, with that cycle, in turn, attracting further Top-Tier Professionals to enrich our reservoir of human capital.

The roughly 74,000 people that make up the Group's diverse human resources will drive the creation of new value, maximizing the performance of SC People and SC Organization to achieve that vision.

Creating new value for today and tomorrow



Individuals and organizations coming together for mutual growth



Recruitment

Diversification of recruiting methods	Enhancing mid-career hiring at each level in addition to recruiting new graduates for the purpose of addressing changes in the business environment and improving diversity
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Development

Sumisho Business College (off-the-job training program)	Off-the-job training programs provide opportunities to acquire broad-based business knowledge and skills along with insight
Development of managerial talent	Developing talent who understand and embody Sumitomo's Business Philosophy, can take charge of business management, and can work with the management of group companies through diverse practical experience (on-the-job training) and long-term training programs for selected employees (off-the-job training)
Overseas training program	Dispatching MBA, overseas, and language trainees

Right talent to the right assignments

Introduction of a job grading system (April 2021)	Grades are determined according to the significance of duties. Seniority-based promotion has been eliminated. The job grading system creates a foundation for promoting flexible and optimal assignment of the right talent to the right assignments. In FY2022, the scope will be expanded to those re-employed after retirement.
Shift of human resources	Swiftly and flexibly reassigning human resources according to the Business Portfolio SHIFT, taking into account individual aptitude and preferences

Performance management Fair treatment

Reform of evaluation system (April 2021)	Absolute evaluation/360-degree evaluation Evaluation based on the progress of strategy execution Investment performance-linked compensation
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Work environment Workplace culture

Inheritance of Sumitomo's Business Philosophy	Conducting training annually at Besshi Copper Mine (predecessor to Sumitomo Corporation) All employees learn the history of Besshi Copper Mine upon joining the Company
Acceleration of Diversity & Inclusion (D&I)	Rolling out measures positioning D&I as a source of competitiveness globally. In Japan, women's empowerment is regarded as a priority issue and measures are implemented with numerical targets.
Health and productivity management	Rolling out various measures based on the belief that physical and mental health are of utmost importance for individuals to achieve their full potential
Workstyle reform	Remote work/Super flextime system introduced in 2018
0→1 Challenge	In-house entrepreneurship program aimed at creating new businesses, developing human resources, and fostering a culture of taking on challenges

WEB Please refer to the ESG Communication Book (Disclosure Book) for more information on each initiative.

6 Key Social

6 Key Social Issues

Humanity now faces a variety of challenges that stand in the way of social sustainability.

Amid such circumstances, the Sumitomo Corporation Group has identified the six key social issues in FY2020 in order to further enhance its sustainability management.

We will achieve sustainable corporate growth and contribution to the development of a sustainable society by resolving social issues.

Issues



Sustainability of the society

1. Mitigation of climate change

→ P.11



2. Circular economy

→ P.14



3. Respect for human rights

→ P.17



Development and evolution of the society

4. Development of local society and economy

→ P.20



5. Improvement of living standard

→ P.23



6. Quality education

→ P.26



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

1. Mitigation of climate change


Responsibility of the Sumitomo Corporation Group to achieve carbon neutrality by 2050

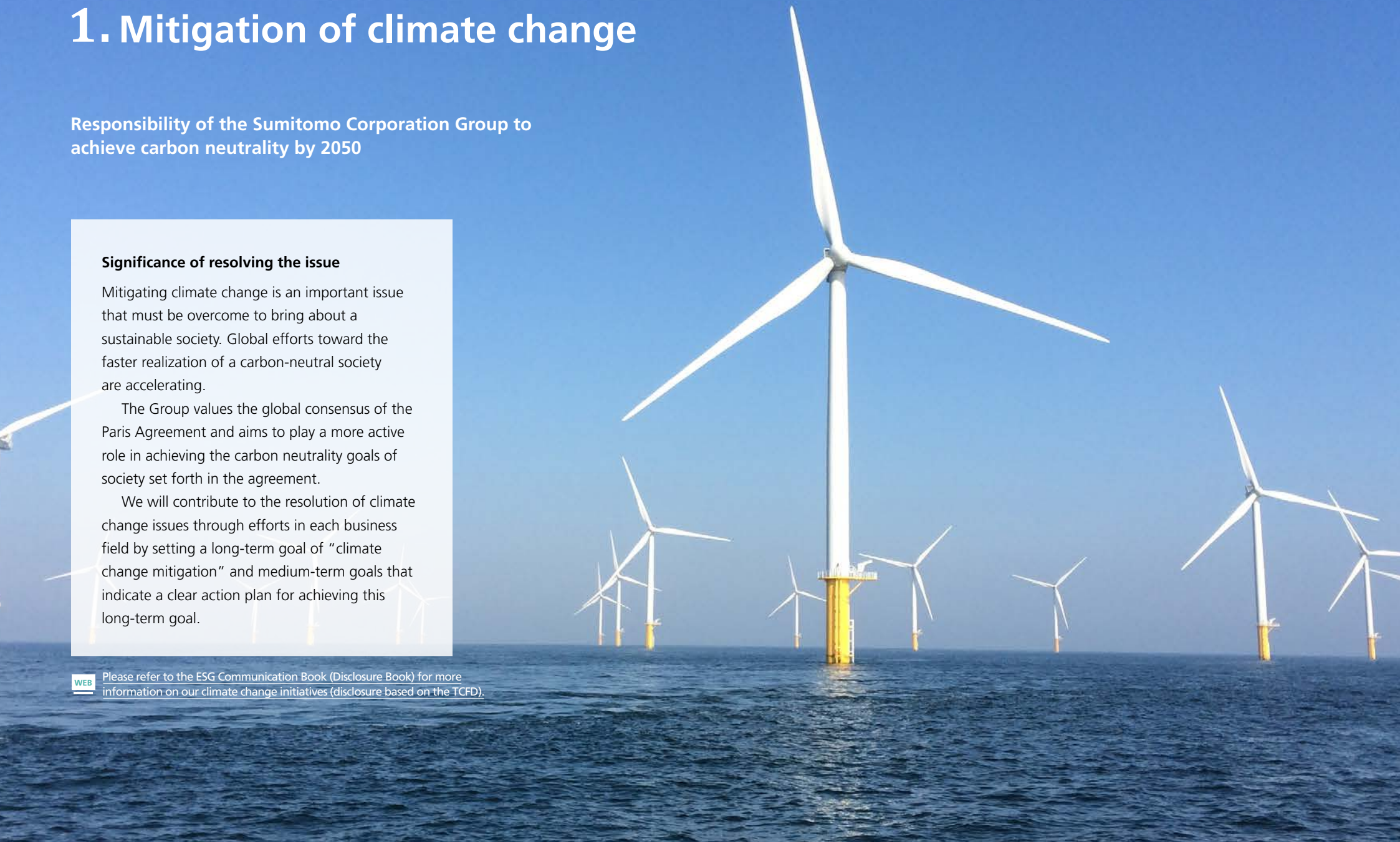
Significance of resolving the issue

Mitigating climate change is an important issue that must be overcome to bring about a sustainable society. Global efforts toward the faster realization of a carbon-neutral society are accelerating.

The Group values the global consensus of the Paris Agreement and aims to play a more active role in achieving the carbon neutrality goals of society set forth in the agreement.

We will contribute to the resolution of climate change issues through efforts in each business field by setting a long-term goal of “climate change mitigation” and medium-term goals that indicate a clear action plan for achieving this long-term goal.

 Please refer to the ESG Communication Book (Disclosure Book) for more information on our climate change initiatives (disclosure based on the TCFD).



Long-term goal

Aim for carbon neutrality by 2050 and challenge to realize sustainable energy cycle


Medium-term goals

Reduce the Group's CO₂ emissions 50% or more by 2035 (compared to 2019)

- Reduce CO₂ emissions of the power generation business by 40% or more by 2035 (of which reduce 60% or more for coal-fired power generation business); power generation portfolio in 2035 to comprise 20% coal-fired, 50% gas-fired and 30% renewables*¹ in terms of net ownership generation capacity.
- Reduce indirect CO₂ emissions*² associated with the fossil fuel upstream business by 90% or more by 2035.
- Reduce CO₂ emissions in all other businesses*³.

Progress

- At the next-generation distribution center in West Texas, United States, completed shift to renewable energy (solar power) for own power consumption
- Reduced CO₂ emissions and power consumption at plants manufacturing automobile parts following factory refurbishment and installation of storage battery systems
- Installed energy-efficient refrigeration and freezing equipment and switched to LED lighting in the supermarkets
- Obtained Science Based Targets (SBT) certification at group companies (SCSK, Fyffes)
- In principle, obtained CASBEE for newly developed logistics facilities
- Obtained GRESB certification for the fund managed by our Group

 Please refer to the ESG Communication Book (Disclosure Book) for more information on CO₂ emissions, etc.

Establish businesses that will form the foundation for a sustainable energy cycle in society

- Develop hydrogen and other forms of carbon-free energy, increase supply of renewable energy (3GW or more by 2030)*⁴, and expand new power and energy services.
- Expand businesses encouraging electrification, fuel conversion, improved energy and coal efficiency, and energy conservation.
- Capture, store and utilize CO₂ via carbon recycling, forestry business, CCS, and emissions credit trading, etc.

Progress

- Expanded the supply of renewable energy in Japan and overseas (2021: 1.5GW)
- Expanded the provision of services contributing to the reduction of direct CO₂ emissions in oil and gas drilling operations
- Launched trials of an EV car sharing service for corporate clients and an EV taxi operation
- Contributed to addressing climate change issues through expanding business in various renewable energy sectors with a focus on solar power generation
- Established joint venture to promote marine batteries that help reduce CO₂ emissions
- In the aircraft leasing and engine leasing portfolio, increased the portion of more fuel-efficient and more environment-friendly aircraft and engines, 15–20% better in performance than the current-generation aircraft/engines
- Supported the expanded use of EVs through the deployment of EV chargers at parking lots in Northern Europe
- Efforts for hydrogen-fueled aircraft businesses, realizing carbon neutrality
- Contributed to the reduction of CO₂ emissions by achieving lightweight aircraft using metal 3D printing technologies
- Established the Energy Innovation Initiative (EII)
- Implemented experimental demonstration of a hydrogen supply chain in partnership with the private sector and government ministries of Australia and Japan
- Establishment of a joint venture for the development and operation of a solar power purchase agreement (PPA) business
- Acquired additional forest assets in New Zealand

*¹ As of 2020: Coal 50%, gas 30%, renewables 20% *² Indirect CO₂ emissions generated by others with the use of fossil fuel

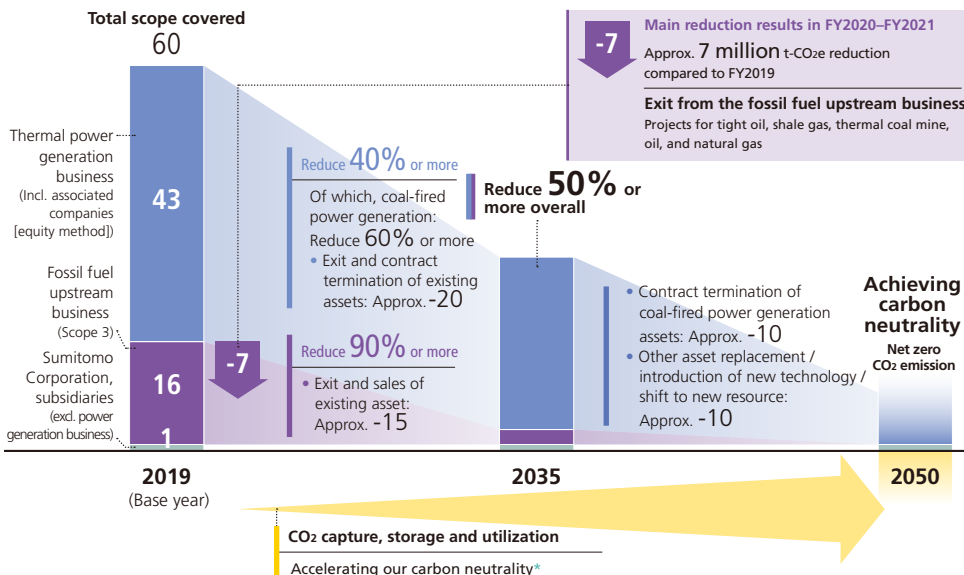
*³ Contribute to CO₂ reduction by setting targets for individual businesses *⁴ As of 2020: 1.5GW (1GW = 1 billion W)

Aim for carbon neutrality by 2050 and challenge to realize sustainable energy cycle

Reduce the Group's CO₂ emissions 50% or more by 2035 (compared to 2019)

In the coal-fired power generation business, we aim to reduce CO₂ emissions by approximately 20 million tons by 2035 (compared to FY2019) by withdrawing existing assets and ending contracts. Without exception, we do not engage in new coal-fired power generation projects or construction contracts. In addition, we are continuing to examine ways to promote decarbonization and low-carbonization for our existing facilities, as well as provide proposals and support for shifting power to renewable energy sources. We are also steadily implementing our exit from the fossil fuel upstream business, aiming to reduce indirect CO₂ emissions from fossil energy concession by approximately 15 million tons by 2035. We have also begun using internal carbon pricing as a way to pursue new business opportunities, address risks, and encourage carbon neutrality.

Milestones for reducing emissions to achieve carbon neutrality (millions of tons of CO₂e)



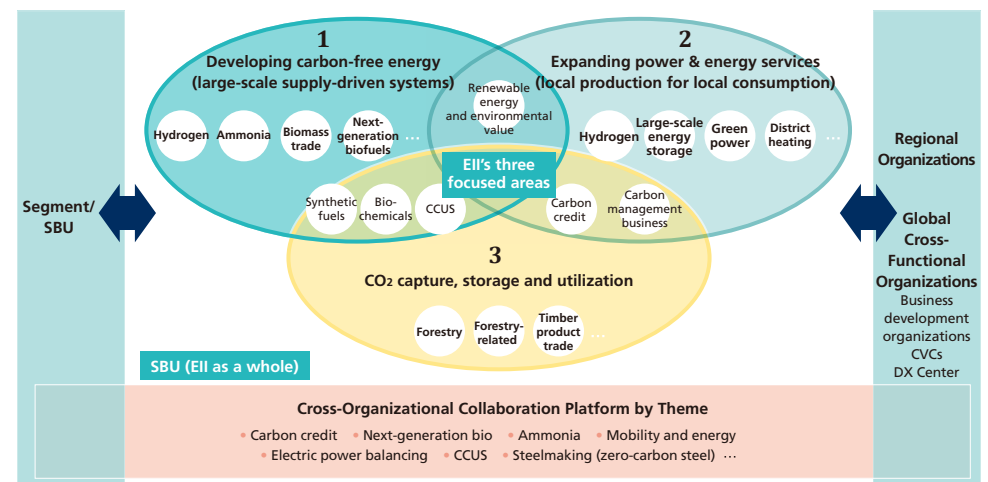
* By means recognized by international standards such as capture and storage by forests and other technical methods

Establish businesses that will form the foundation for a sustainable energy cycle in society

The Energy Innovation Initiative (EII), established in April 2021, aims to realize a sustainable energy cycle and achieve decarbonization, and is engaged in cross-organizational efforts in the three key areas of “Developing carbon-free energy” (such as hydrogen and next-generation bio-energy), “Expanding new power & energy services” (such as large-scale storage batteries and distributed power resources), and “CO₂ capture, storage and utilization.”

In addition to these initiatives, we will continue to build businesses that serve as the basis for the sustainable energy cycle of society. This will be achieved through expanding the supply of renewable energy and the switching of fuels, electrification, and improvements to energy and carbon efficiency across various industries, along with the expansion of businesses that promote energy conservation.

Development of business foundation in the three focused areas



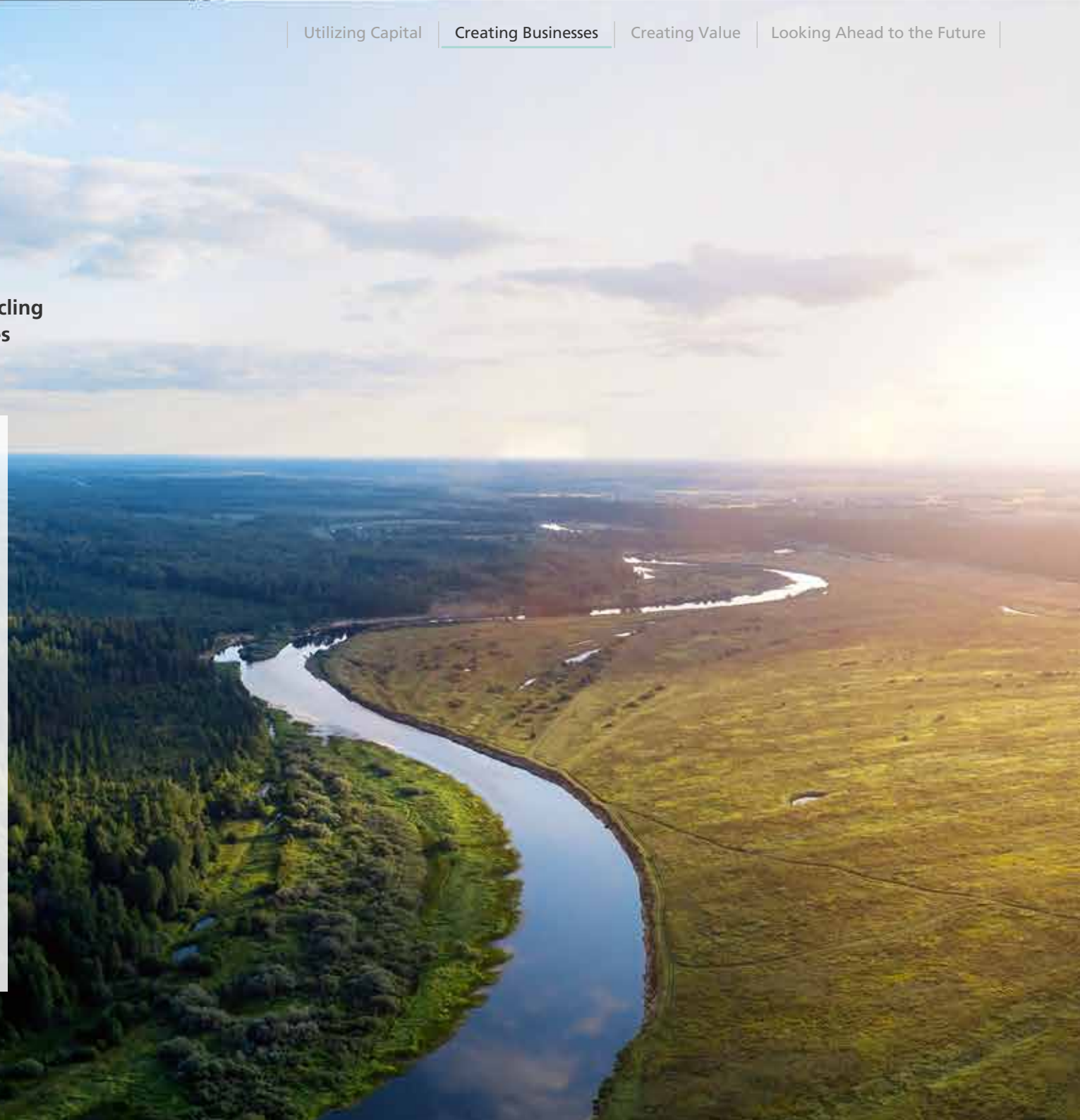
2. Circular economy

Helping to realize sustainable resource recycling that makes effective use of limited resources

Significance of resolving the issue

A variety of issues that threaten the sustainability of society have been brought to the fore, such as the growing world population and the associated increases in demand for resources and energy and in the volume of waste. Rather than continuing the conventional practices of mass production, mass consumption, and mass disposal, building circular economy systems through recycling, reuse, reproduction, resource-saving product development, and sharing, and reducing dependence on natural resources are important for maintaining social sustainability.

The Group will make effective use of limited resources and contribute to the realization of sustainable resource recycling by switching to resource-saving technologies and products, and working on sustainable procurement of natural resources.



Long-term goal

Shift to recyclable, efficient technologies and products

Medium-term goals

Use renewable and recyclable raw materials, collect waste, and promote improved efficiency of product usage

- Expand use of raw materials derived from recycled or renewable resources.
- Improve efficiency of product usage and expand businesses that promote longer product life (sharing, sales of used items, leasing, rentals, etc.).

Progress

- Promoted waste recovery/recycling businesses such as the PET bottle recycling business
- Used less resources by means of reuse and recycling, such as through recycling waste within plants and increasing sales of high-performance resins
- Increased the usage of recyclable raw materials, etc. through manufacturing plastic substitute materials (plant-derived materials)
- Achieved both a reduction in environmental impact and sustainable agriculture through sales and the widespread use of biopesticides and other environmentally friendly products
- Promoted efforts for extending product life through used car sales and after-sales services
- Promoted sharing and subscription businesses, such as EV car sharing services
- Expanded collection and redistribution channels

Sustainable use of natural resources

Reinforce the sustainable procurement system for major natural resources used by the Group

- Identify major natural resource-related commodities requiring sustainable procurement, establish procurement policy, promote certification, and strengthen voluntary auditing system.

Progress

- Promoted sustainable forest management through establishment of our Forest Management Policy and the Sourcing Policy for Forest Products
- Obtained Roundtable on Sustainable Palm Oil (RSPO) Mass Balance certification
- Procured and promoted the widespread use of Bird Friendly®-certified coffee
- Promoted sustainable procurement of biomass fuel such as through monitoring reforestation using remote sensing technologies (satellite image analysis)

Shift to recyclable, efficient technologies and products

Use renewable and recyclable raw materials, collect waste, and promote improved efficiency of product usage

Achieving sustainable resource recycling requires a mixture of efforts for the conservation of resources through reuse and recycling without presuming the use of virgin materials, such as using materials repeatedly or recovering resources without throwing the materials away. The Group, which is engaged in a wide range of business areas, is also promoting a variety of efforts that contribute to the transition to a circular economy.

Aiming to expand the use of recyclable raw materials derived from recycled or renewable resources, the Group is engaged in waste collection and recycling, conserving resources through reuse and recycling, manufacturing plastic substitute materials, and selling biopesticides. Furthermore, with an aim of expanding businesses that promote improved product usage efficiency and longer product life, we are also engaged in a wide range of undertakings such as the sale of used items and the promotion of sharing, leasing, and rental businesses.



PET bottle recycling business
(Tomra Japan)



EV car sharing service in Sweden (Aimo Solution AB)

Sustainable use of natural resources

Reinforce the sustainable procurement system for major natural resources used by the Group

Forests are an important resource for the realization of a sustainable society. Apart from providing food and wood products, they also contribute to the conservation of biodiversity and to the mitigation of climate change through the absorption and storage of CO₂. As a group that operates businesses using these precious forest resources, we believe in the importance of managing forests and procuring timber in a way that will not lead to deforestation or human rights violations, and based on this, we have established the Forest Management Policy and the Sourcing Policy for Forest Products. To further strengthen our procurement systems in line with these policies, we are promoting the acquisition of international forest management certification.

We are also strengthening the sustainable procurement of natural resources apart from timber. We are an ordinary member of the RSPO, and our group companies SC Foods Co., Ltd. and Summit Oil Mill Co., Ltd. have obtained RSPO supply chain certification. We also import and supply Bird Friendly®-certified coffee as part of our biodiversity-friendly activities that ensure a stable income for farmers.

WEB [Please refer to our corporate website for more information on our Forest Management Policy and the Sourcing Policy for Forest Products.](#)



Ecosystem-friendly, sustainable forest management



Member of the RSPO

3. Respect for human rights

Respecting the human rights of everyone involved in our business activities and supply chain as part of our corporate social responsibility

Significance of resolving the issue

Realizing a society in which the human rights of all people are respected requires human rights to be respected by all countries, regions, organizations, and people. The Sumitomo Corporation Group carries out business activities based on the principle of never committing, allowing, or tolerating human rights violations. As a corporate group that operates business while engaging with multiple stakeholders including customers, local communities, and employees, we will strive to respect human rights throughout our businesses and supply chains.



Long-term goal

Respect human rights through all of our businesses and supply chains

Medium-term goals

Promote and ensure respect for human rights in accordance with the United Nations Guiding Principles on Business and Human Rights and Sumitomo Corporation Group's Human Rights Policy

- By 2023, achieve 100% participation rate in human rights education based on the Guiding Principles, and 100% implementation rate in regional organizations and subsidiaries.
- Strengthen risk analysis in human rights due diligence to accurately assess risks in all businesses, including the supply chain, and implement risk mitigation measures by 2025. Establish a more effective grievance mechanism based on assessment results.

Progress

- Completed development of content for human rights education tool (e-learning) (commenced rollout from FY2022)
- Commenced human rights due diligence on a business-unit basis with the aim of covering all businesses by 2025. (In FY2021, covered the Media & Digital Business Unit and the Living Related & Real Estate Business Unit.)
- Established a consultation desk on our corporate website as part of our grievance mechanism

Ensure a safe workplace environment

- Strengthen efforts to achieve zero accidents at major business workplaces, focusing on manufacturing, processing, and projects involving large-scale construction.

Progress

- Implemented e-learning on emergency responses in the event of an accident or a natural disaster, conducted lifesaving courses, and introduced a system for sharing damage situations
- In the steel products business, conducted self-audits based on a safety self-checklist (150 items) and promoted efforts for improvement
- In the construction equipment sales and rental business, the lost time incident rate (LTIR) was aggregated, and follow-up was provided to further reduce accidents

Achieve a diverse organization grounded in mutual respect

- Provide a safe working environment that is free from discrimination and harassment.
- Promote human resources management that enables individuals to demonstrate their abilities regardless of nationality, age, gender, sexual orientation, gender identity, or any other attributes or values.

Progress

- As part of activities raising awareness for human rights and Dowa issues (discriminated community issue), conducted training for Group executives and employees led by an outside expert
- Organized awareness-raising activities, such as training for the prevention of sexual harassment and power harassment, in order to eliminate all forms of harassment
- Launched a company-wide working group to enhance employee engagement
- Planned and hosted Diversity Week—an intensive period of diversity and inclusion (D&I) programs—as part of our ongoing internal awareness-raising efforts to instill D&I in the organization
- In Japan, numerical targets were set, mainly for promoting women's participation and advancement in the workplace, and efforts are being made to permeate and instill D&I through measures and actions aimed at achieving those targets. Coordination has also been strengthened at overseas regional organizations, such as by supporting the promotion of D&I measures tailored to the actual circumstances of the sites in each country (holding Global D&I Meetings on a regular basis)

Respect human rights through all of our businesses and supply chains

Promote and ensure respect for human rights in accordance with the United Nations Guiding Principles on Business and Human Rights and Sumitomo Corporation Group's Human Rights Policy

The Group has established the Sumitomo Corporation Group's Human Rights Policy and respects human rights through human rights due diligence, stakeholder engagement, and internal education as we aim to grow sustainably with society. To assess the Group's overall impact and risks to human rights, we identify human rights issues that need to be prioritized, and then examine and implement action plans to prevent and mitigate specific risks starting with areas of high priority.

We have also initiated human rights due diligence on a business-unit basis with the aim of assessing risks and implementing risk mitigation measures across all businesses, including supply chains, by 2025. In FY2021, we conducted human rights due diligence for two of our six business units: the Media & Digital Business Unit and the Living Related & Real Estate Business Unit. We identified and assessed human rights risks based on the business characteristics of the two business units, and we have confirmed that supplier investigations, improvement activities and other steps are being taken to address any risks of concern. Through human rights due diligence, we will continue to strengthen risk assessment, formulate action plans for risk prevention and mitigation, and make preparations for future monitoring.

WEB [Please refer to the ESG Communication Book \(Disclosure Book\) for more information on the human rights due diligence process and results.](#)



Launched a human rights e-learning program for all executives and employees

Ensure a safe workplace environment

We aim to strengthen efforts to achieve zero accidents at work sites, focusing on business operations with high risk in terms of danger and serious injury, such as manufacturing, processing, and projects involving large-scale construction. We are striving to prevent recurrence and reduce the number of work-related accidents, such as by implementing self-audits based on checklists, increasing efforts for improvement, using educational tools, and taking appropriate and quick reactions (grasping accurate information and putting tentative countermeasures into action based on cause investigations) in the event of an accident.

The Group is promoting the establishment of a global health, safety, security, and environment (HSSE) network, and in addition to undertaking educational activities related to general safety measures, including public safety measures and prevention of infectious diseases, it is preparing manuals, developing impact based BCPs that can be used to respond to multiple hazards including natural disasters and conducting various types of training and drills.

Achieve a diverse organization grounded in mutual respect

Aiming to provide a safe working environment that is free from discrimination and harassment, we promote human resources management that enables individuals to demonstrate their abilities regardless of nationality, age, gender, sexual orientation, gender identity, or other attributes or values. Our Global HR Management Policy advocates for D&I, and in addition to planning and hosting Diversity Week—an intensive period of related programs as part of our internal awareness-raising activities—we are working on various measures to further promote D&I at Japan and overseas regional organizations.

4. Development of local society and economy

Contribute to development of local industries, human resources, and industrial and social infrastructure

Significance of resolving the issue

The Sumitomo Corporation Group's business is expanding to countries and regions around the world. Our goal is to contribute to the development of communities through all our business operations. We will continue to contribute to industrial development as well as human resources development in local communities and endeavor to provide industrial and social infrastructure.



Long-term goal

Contribute to development of local industries and human resources

Medium-term goals

Develop local industries, create jobs, and develop human resources through the Group's global business operations

- Promote sustainable, highly productive and value-added industries, and coexist with local communities through business.
- Create employment and develop management and highly skilled human resources at the Group's business sites.

Progress

- Promoted the overseas industrial park business
- Promoted efforts by a wide range of companies for SDGs through the provision of sustainable leases and financing, such as SDGs Lease
- In the supermarket business, expanded the introduction of new service menus, with stores functioning as local community hubs
- In the upstream metal resources business, continued to trade with local suppliers
- Developed human resources at sites in each business by providing training opportunities

Develop industrial and social infrastructure

Establish industrial and social infrastructure that contributes to the sustainable development of society

- Promote infrastructure that enables access to high-quality energy, water, transportation, logistics, communications, and financial services, as well as businesses that enhance urban functions.

Progress

- In the power generation business, maintained stable operations at existing power plants currently in operation
- Increased treatment capacity by 56% (compared to FY2020) by expanding the water business
- Received orders for new rolling stock and railway systems, steadily fulfilled contracts
- Worked to resolve the social issue of traffic congestion by expanding the railroad business
- Began developing telecommunications infrastructure in Ethiopia

Contribute to development of local industries and human resources

Develop local industries, create jobs, and develop human resources through the Group's global business operations

We aim to promote sustainable, highly productive, and value-added industries, and coexist with local communities through business. Specifically, we promote efforts to build local social infrastructure that supports people's lives, such as job creation and regional development through the promotion of overseas industrial park projects and the attracting of business, job creation, and contribution to the growth of local industries through development around mines. In the supermarket business, we contribute to local communities through supportive participation in community-based events, handling locally grown vegetables, and also accept technical trainees from overseas.

To create employment and develop management and highly skilled human resources at our business sites, we are also working to expand transactions with local suppliers, create local opportunities for stable employment, and provide job training programs that support job seekers in enhancing their skills.



Overseas industrial park business (Vietnam)



Trainees on vehicle maintenance, parts warehouse management, and customer services (Iraq)

Develop industrial and social infrastructure

Establish industrial and social infrastructure that contributes to the sustainable development of society

Aiming to promote the building of infrastructure that enables access to high-quality energy, water, transportation, logistics, communications, and financial services, and projects to enhance urban functions, we are working to provide high-quality social infrastructure, including water projects in China and Brazil and railroad projects in Southeast Asia, stabilize operations at existing power plants, and develop telecommunications infrastructure in emerging countries such as Ethiopia. We will continue to build and maintain good relations with local communities and deepen our cooperation with business partners, while complying with the environmental standards and other regulations of the countries in which we operate.



Employees involved in the telecommunications business in the field (Ethiopia)



Contributing to more widespread use of water supply and sewerage systems and to better operational quality (Brazil)

5. Improvement of living standard

Aiming to provide advanced services and new functions through diverse businesses and new technologies and concepts

Significance of resolving the issue

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



Long-term goal

Provide advanced lifestyle-related services

Medium-term goals

Deliver advanced lifestyle services that help to solve social issues such as urbanization and aging populations

- Provide more advanced services and new functions that improve the standard of living, such as mobility, media and telecommunications, healthcare services, and Smart City development, based on new technologies and concepts.

Progress

- Began demonstration of the mobile shop services business that capitalizes on mobility
- The North Hanoi Smart City: Progress being made in land expropriation; drafted a town management business plan and concept
- Established additional local 5G base stations; conducted a proof of concept with cable TV operators and railroad operators for the development of use cases
- Through JCOM, provided entertainment and lifestyle services, such as Cable TV, internet, fixed phone, electric power, and mobile phone (5.58 million households)
- Launched telemedicine service through cable TV (J:COM)
- Providing carefully curated products and services such as fashion items and beauty-related products via Shop Channel, and launching a live commerce business
- Provided sales of pharmaceuticals and daily necessities with the functions of a dispensing pharmacy through the Tomod's model of drugstore with dispensing function (237 stores as of the end of FY2021), and enhanced the functions of dispensing pharmacies by offering home dispensing and online dispensing services
- Entered the managed care business in Vietnam
- Developing precision farming technologies and services that contribute to improved crop production and reduced workload through collaboration with new business partners and associated companies



Provide advanced lifestyle-related services

Deliver advanced lifestyle services that help to solve social issues such as urbanization and aging populations

We have a variety of initiatives to help improve living standards. We aim to provide more advanced services and new functions that improve people's standard of living, such as mobility, media and telecommunications, healthcare, and Smart City development, based on new technologies and concepts.

Mobility

We are working on the development of new automobile parts, the development of cutting-edge technologies such as autonomous driving and connectivity, and mobility and peripheral services such as EV car sharing and EV charging.

Media and Telecommunications

Utilizing the platform developed through our cable TV business in Japan, which we have operated for over 30 years, we began providing online medical services such as medical appointments and interviews at medical institutions as well as medical examinations via webcam. In the future, we will consider providing services such as online medication guidance. We aim to expand community-based lifestyle-related services in collaboration with other businesses, such as in the mobility field and Smart City development. To help resolve social issues through 5G infrastructure construction and solutions development, we are also working on our base station sharing business and local 5G business for regional communities.

Telemedicine service through cable television (J:COM)



Image of 5G base station sharing coverage area

Healthcare

We are strengthening efforts to develop new business models that lead to more efficient control of medical expenses, such as the managed care business in emerging countries, and expand digital health businesses using technological innovations such as IoT and AI. In order to do so, we are utilizing our existing business foundations and functions, such as the dispensing pharmacy platform that we established, which is one of the leaders of integrated community care systems, and our support of drug discovery.

Smart City Development

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

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



Pleasant living environment surrounded by waterfronts and other natural scenery (Smart City development)

6. Quality education

Aiming to “contribute to quality education”
as the basis for resolving all social issues

Significance of resolving the issue

Quality education plays an important role in realizing a better future. This is because education leads to the development of human resources capable of resolving the many social challenges facing the world. The Sumitomo Corporation Group is engaged in various activities aimed at contributing to quality education.

One such activity is 100SEED, a global social contribution activity program that was launched in 2019 to mark the Group's 100th anniversary. Under the program, Group employees around the world conduct activities together in consideration of the society over the 100 years. Adopting SDG 4: Quality Education as a global theme, employees tackle education issues around the world by participating in activities themselves.



Long-term goal

Contribute to
quality education

Medium-term goals

Provide quality and equal learning opportunities through 100SEED* activities

- Quantitatively expand the scope of learning opportunities.
- 100% satisfaction of beneficiaries.
- Continue to have at least 5% of all employees participate annually (scope is Sumitomo Corporation, regional organizations and group companies).

Progress

- Implemented 44 projects for 100SEED activities in 16 countries around the world to address local educational issues
- More than 5% of employees participated at the Head Office and regional organizations in Japan and overseas
- 100SEED received a special award at the 19th Corporate Philanthropy Award in recognition of company-wide efforts involving both employees and management
- Through the "Mirai School" career education support program, provided career education to 3,800 students at 24 high schools
- Through "Pro Bono Educational Support," assisted eight non-profit organizations (NPOs) strengthen their organizational foundations
- Through "Educational Support for a Multi-cultural Symbiotic Society," provided support to eight NPOs and children with foreign roots
- Achieved nearly 100% satisfaction among beneficiary NPOs and high school students

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

Contribute to quality education



Provide quality and equal learning opportunities through 100SEED activities

We have 44 projects underway in 16 countries around the world, in which 765 employees participated in FY2021.

Educational Support for a Multi-cultural Symbiotic Society

Focusing on vulnerable support systems for youths with foreign roots living in Japan, we provide operational support to NPOs that provide them assistance, and we engage in activities that serve to support their learning and career education.

“Mirai School” Career Education Support

Through “on-site classes” delivered by our employees, we provide high school students who do not have a clear image of the connection between their studies and the future career with opportunities to think about their future, thereby contributing to the development of the next generation of leaders.

Pro Bono* Support for Educational NPOs

Utilizing the skills and experience our employees have cultivated through their work, we support NPOs involved in education to enhance their management foundations, thereby contributing to the resolution of a range of educational issues.

* Our business skills and experience are offered free of charge to help meet social challenges



Japan

Overseas

Internships for University Students

In China, our employees give lectures to local university students on the functions of a trading company, providing them with an opportunity for hands-on work experience and to think about connections with future careers and studies, thereby helping to nurture the next generation of human resources who will lead the future.

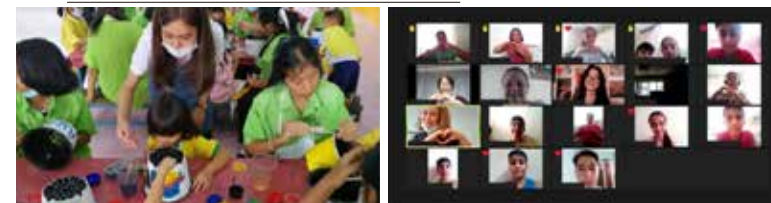
Educational Support That Matches Diverse Needs

Sumitomo Corporation Thailand carries out the following three activities that are designed to provide sustainable education from upstream to downstream: “BUTTON UP” to create equity and quality of education for the primary school students in underprivileged locations, “LIGHT UP” to train acquired skills to teachers to provide quality education, and “POWER UP” to deepen the understanding of university students regarding business.

Bringing Smiles to Children’s Faces through Online Classes—“Mission Earth”

In Turkey, we are involved in a project called “Mission Earth”, which gives lessons to children in middle school, introducing them to the concepts of sustainability and the SDGs in collaboration with a local NPO.

WEB Please refer to the ESG Communication Book (Disclosure Book) for more information on examples of our initiatives around the world.



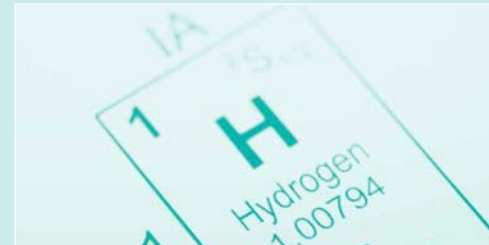
Resolving

Our Efforts to Take on Social Issues

Focusing on resolving the six key social issues, the Sumitomo Corporation Group will contribute to the realization of a sustainable society by creating new value through our business.

Hydrogen Business Potential for Achieving Carbon Neutrality

→ P. 30



Summit's Initiative to Achieve a Sustainable Society

→ P. 38



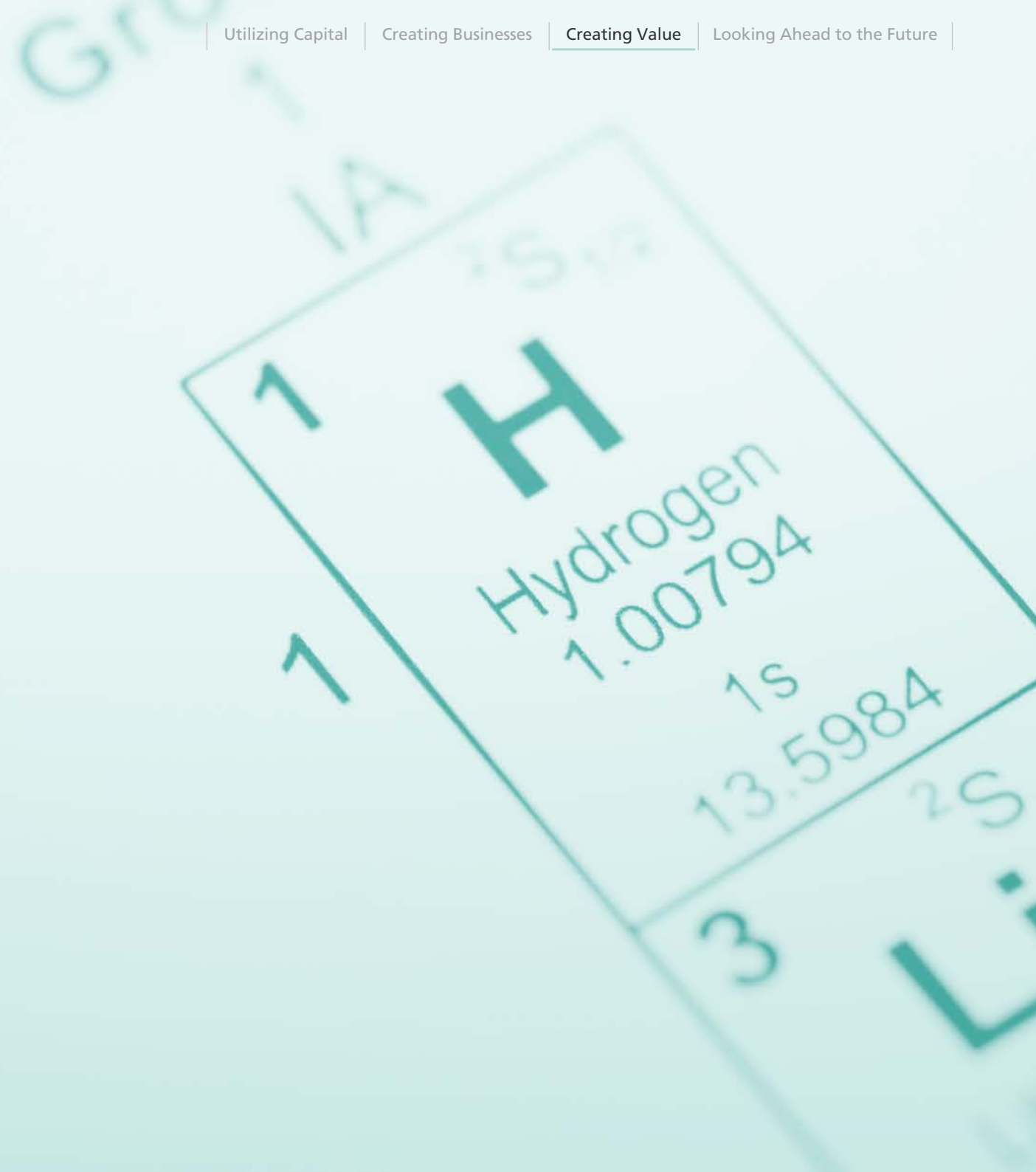
Social Issues

Our Efforts to Take on Social Issues—1

Hydrogen Business Potential for Achieving Carbon Neutrality

The Sumitomo Corporation Group is committed to the hydrogen-related business, as we were one of the first to recognize it as an important key to achieving carbon neutrality.

The commitment to build a next-generation energy system that includes hydrogen is a major step toward the realization of a sustainable society as well as the creation of new businesses for the Group.



Hydrogen business forms the core of our carbon neutrality efforts

Our mission as a corporation is to achieve carbon neutrality by 2050 and realize a sustainable energy cycle. The entire group is working as one to achieve these goals. We began our hydrogen-related business in 2015, and launched our Hydrogen Business Department in 2020. We have taken the lead in efforts aimed at cultivating the hydrogen market, such as our local production for local consumption project in Australia, our creation of a large-scale supply chain in

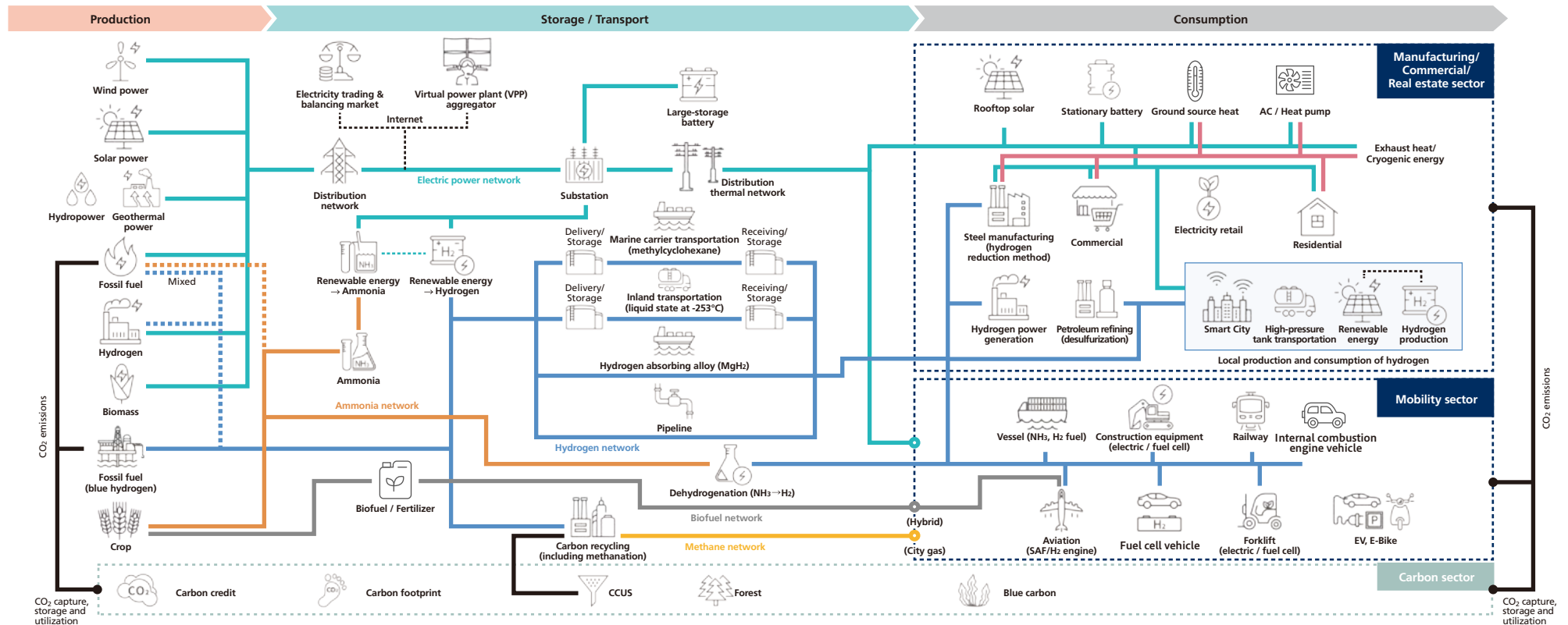
Malaysia, and import and distribution business in Japan's Chubu region. In April 2021, we established the Energy Innovation Initiative (EII) as a business organization optimized for the entire company that contributes to the realization of a carbon-neutral society. Our Hydrogen Business Department is part of the EII business line, and our goal is to create synergy between them.

For realizing a decarbonized society, hydrogen is expected to play a major role in both the power and non-power sectors. In the power sector, it will serve as an effective

method of decarbonizing the base power that contributes to the improvement of renewable energy usage rates. In the non-power sectors, hydrogen will span sectors such as heat sources, chemical materials, and reducing agents. We will leverage our group's business expertise and network, not only for hydrogen but for other next-generation energy sources such as synthetic methane, creating large-scale demand and building value chains.

WEB Please refer to the Integrated Report for more information on the EII.

Overview of sustainable energy cycle

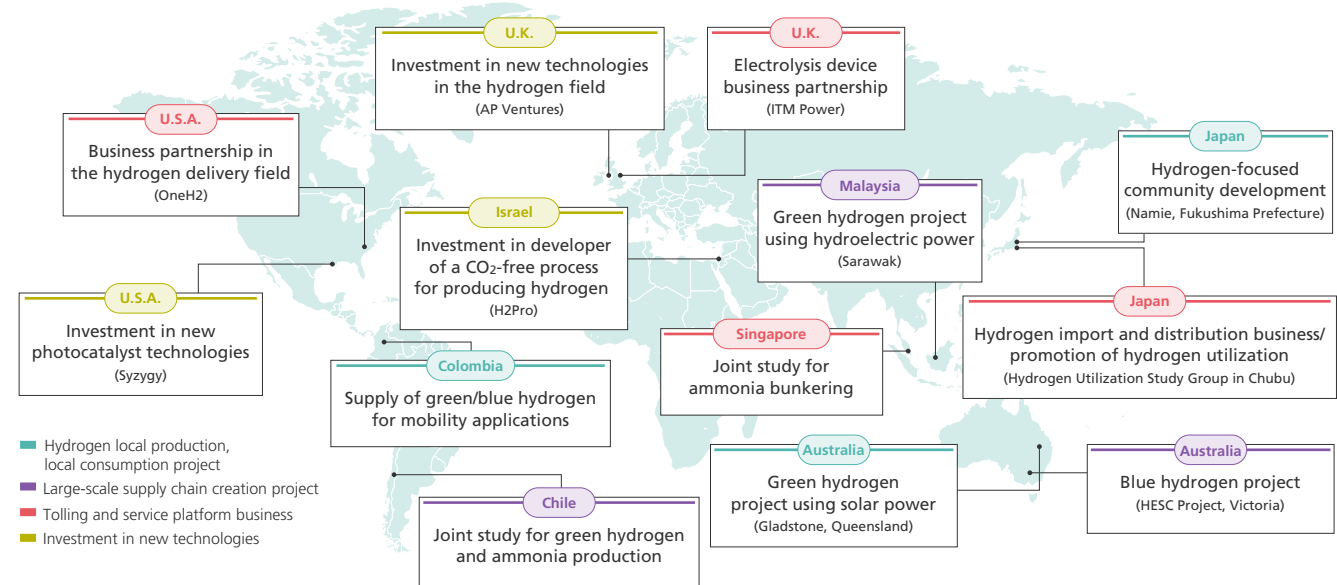


Leveraging our strengths as an integrated trading company to accelerate business development globally

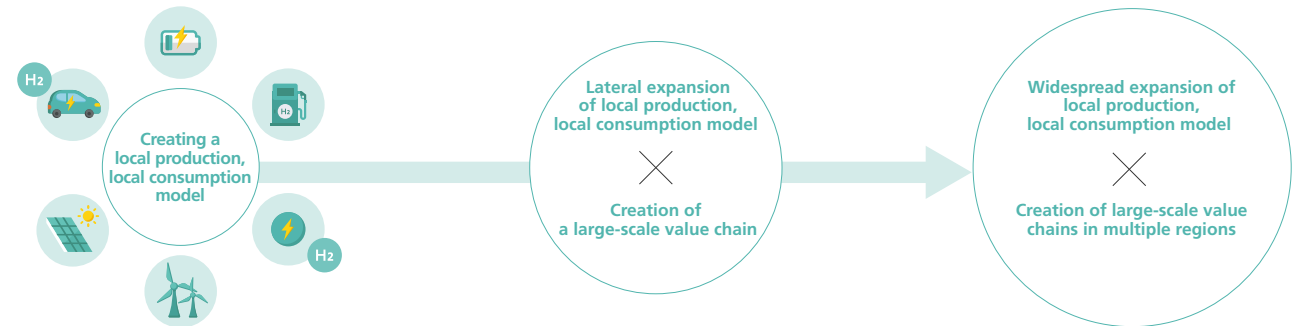
The Sumitomo Corporation Group’s hydrogen business can be broadly divided into three categories: (1) local production of hydrogen for local consumption, (2) creation of large-scale international supply chains, and (3) tolling and service platform business. We conduct business by combining these to meet the needs of individual regions and applications. We also invest in new technologies that lead to future cost breakthroughs, and strive to create a roadmap for commercialization by scaling up and systematizing the technologies. We coordinate with Japanese engineering companies, manufacturers, and other outside partners to create a comprehensive support structure.

Linking supply and demand is vital for the advancement of our projects, so we secure core consumers and develop supply sources. Our biggest strength in the hydrogen business sector is that we have access to the major consumers in almost all the industry sectors around the world through our group’s existing business. We consider that hydrogen has various functions to create synergies among different industries and applications, and enables to promote energy transition and decarbonization. We will nurture our hydrogen business as the future revenue pillar of our group while we create environmental and social value by mitigating climate change and producing sustainable economies.

The main hydrogen-related projects being carried out by Sumitomo Corporation



The outlook for Sumitomo Corporation’s hydrogen business



— 2025

During this phase, we will build a business model in which hydrogen is used where it is produced, eliminating the cost bottleneck of ocean transport. We are currently establishing operations in the Japanese city of Namie, in Fukushima Prefecture, and in the Australian city of Gladstone.

— 2030

During this phase, we will strive to build a global supply chain based on anchor demand. Through our Australian Hydrogen Energy Supply Chain (HESC) Project, we are conducting hydrogen production, liquefaction, and transport verification testing.

2030 and beyond

We target widespread expansion of our local production for local consumption model in various geographical regions. Our global supply chain will aim to provide compound value chains that combine tolling and service platform business.

Examples of Sumitomo Corporation Group's Hydrogen Business Initiatives

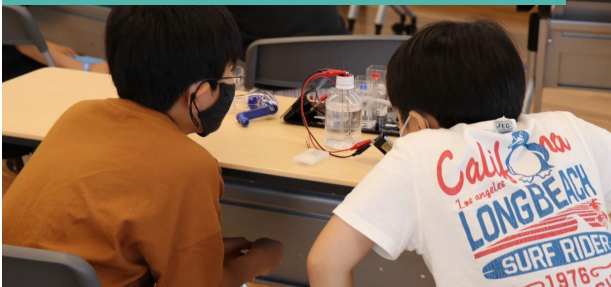
Hydrogen local production, local consumption project



Green hydrogen local production, local consumption project in Gladstone, Australia

In this project, we plan to produce green hydrogen in Gladstone, a concentrated industrial area that is optimally suited for solar power generation. With Rio Tinto alumina refinery as an anchor consumer of this hydrogen, we are also creating further demand for this hydrogen, such as use in the fuel cells used by buses, trucks, ferries, and the like.

Hydrogen local production, local consumption project



Community development project leveraging hydrogen in Namie, Fukushima Prefecture → P.36

We have concluded a collaboration agreement with the town of Namie, using hydrogen to support community development efforts. Through this project, we are promoting the widespread use of hydrogen, rooted in the lifestyles of members of the community, and commercialization studies regarding the creation of a multifunctional hydrogen station.

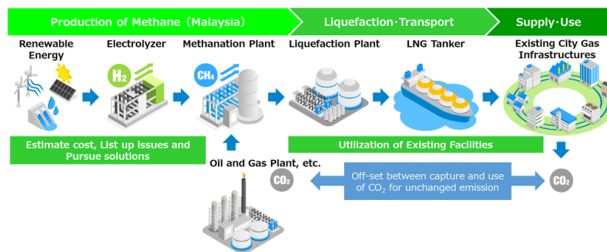
Large-scale supply chain creation project



Green hydrogen project in Sarawak, Malaysia → P.34

This project is using the abundant and inexpensive hydroelectric power in Sarawak to generate green hydrogen that is used locally as well as exported. We plan to generate several tens of thousands of tons of green hydrogen each year, making the site a hydrogen supply base in Asia.

Large-scale supply chain creation project



Carbon neutral methane production and export project in Malaysia

We are creating a supply chain in which we produce carbon neutral methane using methanation technologies (technology that uses chemical reactions between green hydrogen and CO₂ to produce methane), focused on the Japanese city gas market.

Large-scale supply chain creation project



HESC blue hydrogen project in Australia

We are creating a supply chain in which we produce blue hydrogen from lignite in Victoria, Australia, liquefy it, and transport it to Japan. This is the world's first project involving the large-scale international transport of liquefied hydrogen.

Tolling and service platform business



Hydrogen import and distribution project in Japan's Chubu area

This project aims to create hydrogen import, storage, and delivery infrastructure essential for the large-scale importing of hydrogen. The project's goal is the early establishment of an imported hydrogen acceptance site that will serve as a hydrogen supply hub for consumers in the Chubu area.

Project Report 01

Green Hydrogen Project
in Sarawak, Malaysia

Bakun Dam (An existing dam in Sarawak)

Building a next generation energy supply chain based on green hydrogen, contributing to the mitigation of climate change and the realization of a circular economy

Sumitomo Corporation has long and close ties with the Malaysian state of Sarawak. It is home to companies such as Press Metal, an aluminum smelting company, and Sakura Ferroalloys, a manganese alloy producer in which we have invested that operates using green hydroelectric power. Since 2018, we have worked together with Sarawak's government to explore the potential to create a hydrogen supply hub for Asia by utilizing rich water resources and power in Sarawak. In November 2019, we began a pre-feasibility study with the state government. Other Japanese partners then joined us in 2020, and we have been conducting a feasibility study together with them.

We are studying to produce green hydrogen by using electrolysis devices together with green hydroelectric power

utilizing the area's rich water resources. The plan is to utilize this hydrogen partially within Malaysia while also exporting large amounts to Japan. To export the hydrogen, we first plan to convert it to a carrier and handle it by utilizing existing infrastructure and ships to maintain cost competitiveness while rapidly establishing our supply system. Through this, we intend to capture new hydrogen demand. The geographical proximity of Malaysia and Japan also provides an advantage to this project.



An image of a hydrogen station in Malaysia



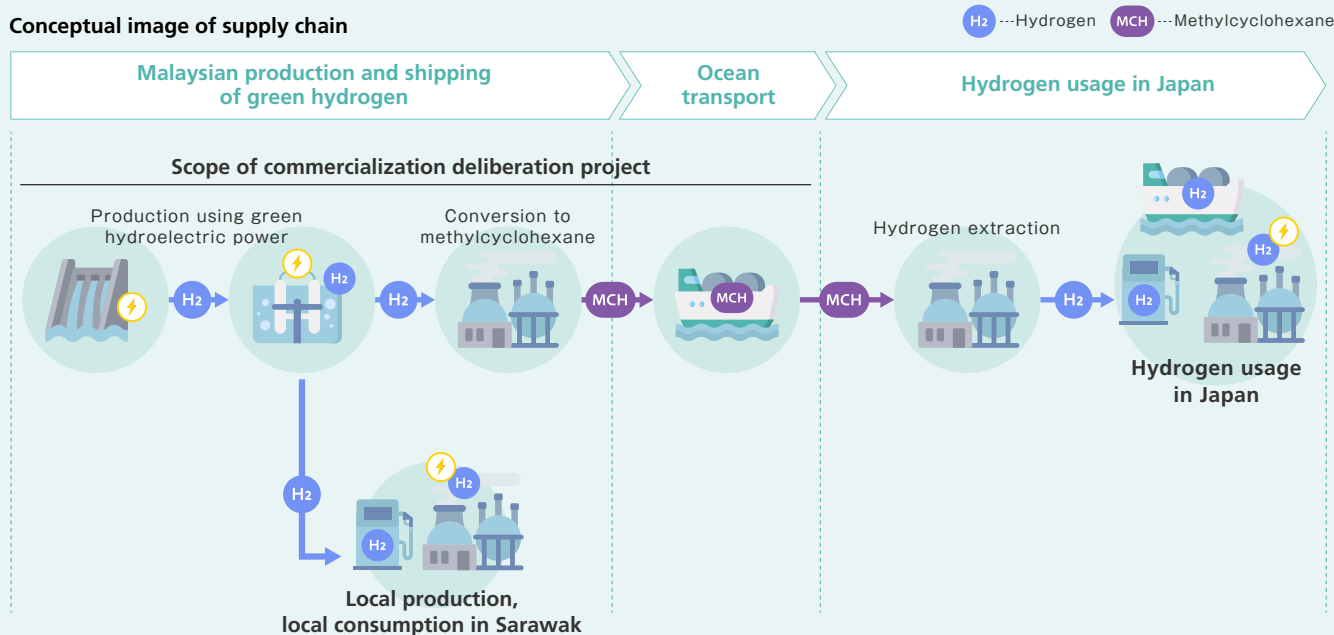
Project Report 01 Green Hydrogen Project in Sarawak, Malaysia

Aiming to achieve carbon neutrality by 2050 through our green hydrogen projects

We are almost completing our feasibility study to establish a CO₂-free green hydrogen supply chain, and expect to start the commercialization from the late 2020s, beginning with the production of hydrogen for consumption within Sarawak. This local production for local consumption project will assist with the decarbonization of the state. It will also contribute

to the development of new local industry, the accrual of technical expertise, the creation of new jobs, and the development of local society and economy. At the same time, the project will also work toward the creation and export of several tens of thousands of tons of hydrogen each year, intended for the Japanese market. This will contribute to the Japanese government’s target of consuming three million tons of hydrogen by the year 2030.

Conceptual image of supply chain



Resolving key social issues

The impacts of this project

Impact 1

Contributions to the mitigation of climate change

Producing green hydrogen using renewable energy (hydroelectric power) will dramatically reduce CO₂ emissions through the entire supply chain, from production site to consumption site, thereby helping mitigate climate change.



Impact 2

Contributions to the development of local society and economy

By starting with local production, local consumption of hydrogen in Malaysia, the project will contribute to the development of new local industry, the accrual of technical expertise, the creation of new jobs, and the development of local society and economy.



Project Report 02

Community Development Project
Leveraging Hydrogen in Namie,
Fukushima Prefecture

Trial ride on FC PIUS, a hydrogen fuel cell go-kart (Photo credit: Namie Town)

New community development centered on the use of clean energy

The entire population of the town of Namie was forced to evacuate as a result of the Great East Japan Earthquake and the nuclear power plant accident in 2011. In March 2017, evacuation orders were lifted for some areas, and starting in 2020, community development and restoration measures centered on hydrogen began in Namie in conjunction with the completion of the Fukushima Hydrogen Energy Research Field, equipped with a large-scale water electrolysis device hydrogen production facility. Sumitomo Corporation took the lead in searching for ways to contribute to Namie. As a result

Fukushima Hydrogen Energy Research Field
(Photo credit: NEDO)

of our deep exploration of the area's needs, which included on-site interviews, in January 2021 we concluded an agreement with Namie to

cooperate in hydrogen utilization and community development measures. Since then, we have been providing support for the town's community development efforts. This project doesn't simply consist of the introduction of hydrogen infrastructure. Instead, its concept is the popularization and promotion of hydrogen usage rooted in the lifestyles of local residents. We have positioned the project as an opportunity for us to take on new challenges as a corporation with the aim of creating social, environmental, and economic value. Through our initiatives in Namie, we are quantifying environmental value (environmental impact reductions such as reductions in CO₂ emissions) and social value (raising the level of happiness among residents and increasing the amount of population inflow) while verifying hypotheses regarding how these values can contribute to our corporate value.

The agreement defines the project's concept as "Creating an energy shift in Namie that the whole world will want to imitate." Under this concept, Namie and Sumitomo Corporation will lead a shift from existing fossil fuel energy to renewable energy, leveraging distributed clean energy sources such as

hydrogen to perform new community development. This "Fukushima model" will be shared with the rest of Japan and the entire world. Specifically, Namie and Sumitomo Corporation are carrying out three types of initiatives.

1. Community development using hydrogen power

We have carried out hydrogen awareness-raising activities and deliberated regarding the installation of a multifunctional hydrogen station with the aim of enabling members of the community to experience the new value that can be provided by using hydrogen. These awareness-raising activities included the holding of the "1st Namie Hydrogen Festival" in August 2022 to foster a greater familiarity with hydrogen among the residents of Namie. The multifunctional hydrogen station deliberations were conducted by ourselves, Namie's town hall, and related companies with the aim of creating a new type of hydrogen station that not only supplies fuel-cell vehicles with hydrogen, but also contributes to the use of hydrogen in diverse types of mobility (automobiles and micromobility uses such as bicycles and push scooters) and as an energy source for homes and facilities.

Project Report 02 Community Development Project Leveraging Hydrogen in Namie, Fukushima Prefecture

2. System and space creation

We utilize the functions of MIRAI LAB PALETTE*, a forum that we direct and operate in Otemachi, Tokyo, to provide systemic support that helps contribute to a greater influx and long-term retention of residents. For example, PALETTE’s networking event, “Meet up!”, provides a space for interaction and sharing between parties in Namie and PALETTE members.

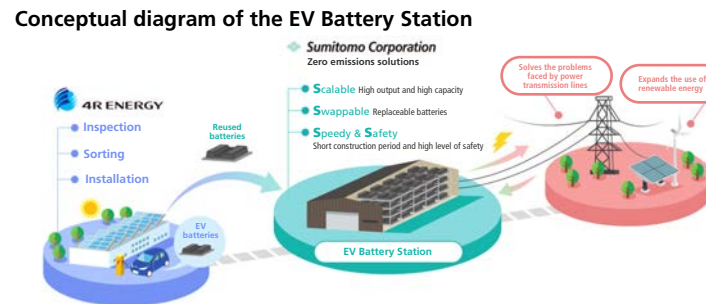
* MIRAI LAB PALETTE: An open innovation laboratory that promotes collaboration in creating new value with partners from a variety of sectors

3. Community development through the Namie Station area improvement project

In September 2021, we concluded our second collaboration agreement, through which we are participating in a Namie Station area improvement project. World-renowned architect Kengo Kuma and Junji Ito, a professor at Tokyo University of the Arts, are involved in building and town design. We are working to make the area a pioneering “100% renewable energy area” which will serve as a hub of local production for local consumption of hydrogen and renewable energy.

Creating a circular economy through the EV storage battery center project

We worked with 4R Energy Corporation, a joint venture between Sumitomo Corporation and Nissan Motor, to develop technologies for using reused batteries formerly from EVs for large-scale power purposes, and in April 2022 we began the operation of “EV Battery Station Namie.” In this project, with the assistance of Fukushima Prefecture commercial development subsidies, we are collaborating with Namie in development activities. We are storing and managing the performance of recovered reused batteries, and at the same time, using them as a battery center to provide supply and demand adjustment services for the power grid as a circular business model. We will continue to verify the usability and reliability of the center’s design, and plan to launch a large-scale battery business for the supply and demand adjustment market in 2024. Through this large-scale battery project, using reused batteries, we are promoting the regional use of renewable energy (local production for local consumption).



Resolving key social issues

The impacts of this project

Impact 1
Contributions to the mitigation of climate change

By promoting community development rooted in the local production for local consumption of clean energy, such as hydrogen, we are significantly reducing CO₂ emissions and helping mitigate climate change.



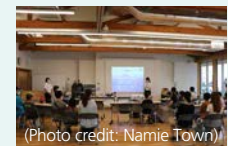
Impact 2
Contributions to the circular economy

By developing technologies for reusing batteries for large-scale power applications and providing supply and demand adjustment services for the power grid through our battery center, we are contributing to the realization of a circular economy.



Impact 3
Contributions to the development of local society and economy

By working together with residents to discover what is truly needed in Namie and tackling individual problems through our projects, we are bringing liveliness to Namie and assisting with its recovery from the Great East Japan Earthquake.





Our Efforts to Take on Social Issues—2

Summit's Initiative to Achieve a Sustainable Society

Summit, the Sumitomo Corporation Group's supermarket, has defined its own management philosophy from Sumitomo's Business Philosophy as "work with all people surrounding the company with sincerity."

By ensuring the safety and security of the everyday food that Summit offers, it aims to enrich the lives of people involved with the company and help them fulfill their dreams, while at the same time creating new values needed in today's world through cooperation with the Sumitomo Corporation Group.

Creating New Supermarkets Needed by Society

Summit, a supermarket that continues to evolve with the local community

Summit, operating 120 stores* in Tokyo, Kanagawa, Chiba, and Saitama, has been committed to community-based service since its first store opened in Tokyo's Setagaya Ward in 1963. Summit has grown to become one of the leading supermarkets in the Tokyo metropolitan area, with FY2020 consolidated sales exceeding ¥300 billion for the first time in its history.

"To make supermarkets in Japan enjoyable" is Summit's business vision. The company has continued to evolve by changing its product lineup, presentation methods, and store designs in response to changes in people's tastes, lifestyles, and competitive environment. Beyond the boundaries of a supermarket, Summit also regards contribution to the local community in various forms as an important part of its business. The company operates "Summit no Mori" through tree planting to help solve the shortage of forestry workers in Tabayama Village in Yamanashi Prefecture, as well as "Summit Farm," in which employees farm on abandoned farmland. In addition, the company values its connections with local residents, such as sponsoring the local professional soccer team, SFIDA Setagaya FC.

* As of April 30, 2022

Redefined mission: "Sharing the source of life"—going beyond providing food

In 2020, Summit announced its mid-term management plan "GO GREEN 2022."

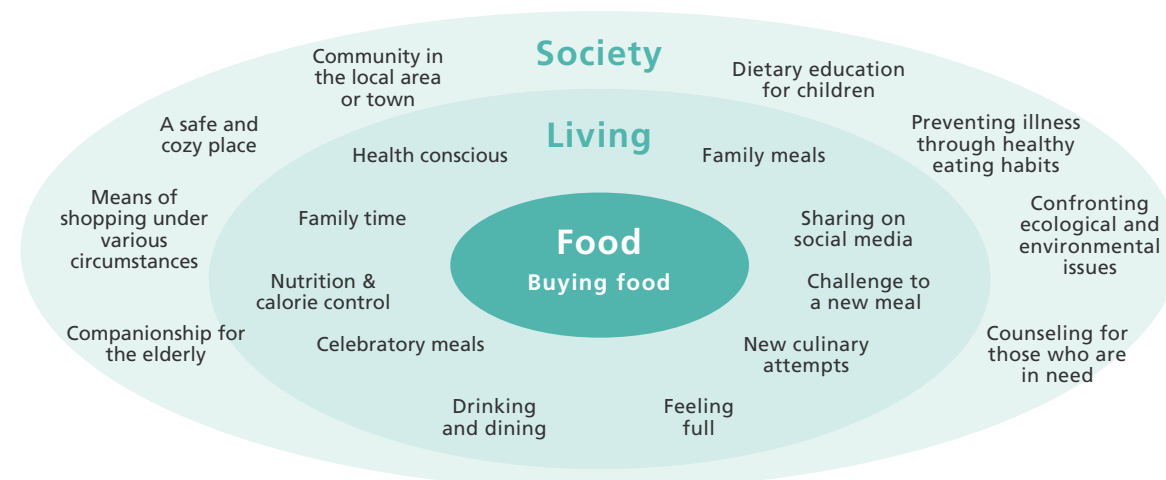
With changes in society, such as lifestyle changes during the COVID-19 pandemic and increased attention to the SDGs, the way people think about food and what the world expects from it have changed significantly. In response to those changes in values, Summit needed to rethink its meaning for the community, customers, business partners, and

employees, and also redefine its business to meet the new needs of society, rather than simply being a place to buy ingredients for meals.

After discussions among its employees, a new mission was defined as "Sharing the source of life." "Source" does not only refer to food, but also to energy and vitality, and this is what Summit aims to share with those who involved in Summit.

WEB Please refer to Summit's corporate website for more information (in Japanese only).

From offering ingredients for meals to "Sharing the source of life"



Employees Making It Their Own Mission

Initiatives at Summit Stores to Resolve Social Issues

The GO GREEN Challenge Declaration is an attempt made in 2021 to explain to those outside Summit in an easy-to-understand manner how Summit will address social and environmental issues. The declaration outlines key topics of social issues to be addressed by the company, including not only environmental issues but also contributions to customers, local communities, and society, as well as making Summit a comfortable and rewarding place to work at for its employees. Summit has put this policy into practice and places

importance on its understanding and implementation in the workplace. The goal of this policy is to have the entire company share how our work contributes to resolving social issues, to develop a sense of empathy, and to respect each other.

To ensure that the declaration does not end up a mere phrase, employees discuss it thoroughly until they gain an understanding, and Summit places emphasis on the fact that each of them must see it as their own business and act on it by putting it into practice.

Details of the GO GREEN Challenge Declaration



Examples of Social Issues Resolved by Employees Who Took the Initiative

Employees come up with ideas for resolving social issues

At each store, employees themselves come up with ideas for a wide variety of initiatives. Moreover, by utilizing tools such as in-house social media, information is actively shared among stores.



Selling vegetables grown in-store

Using a vegetable growing unit developed by the German company Infarm, Summit offers fresh vegetables grown in-store and vegetables delivered directly from farmers in the neighborhood, resulting in a reduction of the environmental impact from logistics.



In-store promotions for learning and fun

Summit plans programs that allow parents and children to learn about environmental issues while enjoying the experience together. Summit also supports the healthy development of children, who will lead the next generation, through store tours and work experience programs for elementary and junior high school students.



Synergy from Collaboration with Sumitomo Corporation Group Companies

Creating New Value Needed Today

Summit aims to grow and create value together with Sumitomo Corporation Group companies while maximizing the strengths of the Group, which has many companies within that have close relationships with consumers.



Collaboration with Tomod's from the Perspective of Food and Health

Summit has opened the Health Community Corner (Ken-komi) in its stores in collaboration with Sumitomo Corporation, Tomod's, which operates a prescription pharmacy chain mainly in the Tokyo metropolitan area, and Sunflower Project, led by Kokubu Group. The Health Community Corner features a measuring equipment and national registered dietitians who give dietary advice based on the results of the measurements, making the store a community place beyond the confines of a supermarket, providing a place where people can casually drop by.



Collaboration with Tomra Japan from the Perspective of Resource Recycling

Summit has installed Tomra Japan's reverse vending machines at some of its stores to collect disposed PET bottles. By using machines to sort, compress, and recycle bottles after collection while considering the environmental impact of logistics, Summit is contributing to the establishment of a "bottle-to-bottle" recycling system. Customers will be able to proactively contribute to resolving environmental problems by participating in the recycling system established by Summit and Tomra Japan.



Utilizing Digital Transformation from the Perspective of Food Loss Reduction

By integrating AI and other digital technologies into a rich array of internal and external data such as product and store information, days of the week, and temperatures obtained from Summit's business infrastructure, it is possible to make advanced forecasts for demand. This enables Summit to control the number of products purchased, the amount of production, and the timing of discounts, with the aim of eliminating food loss and other waste.



Collaboration in the Real Estate Business from the Perspective of Convenient and Comfortable Living

Summit provides more convenient and comfortable living through the Terrace Mall series of large-scale commercial facilities jointly developed and operated by Sumitomo Corporation and Sumisho Urban Development, and by adding Summit and Tomod's to the condominiums under Sumitomo Corporation's Classy House housing project, thereby functioning as a supermarket and pharmacy.



Resolving Key Social Issues for Sumitomo Corporation Group

Impact of Summit's Initiatives

Summit's activities based on the GO GREEN Challenge Declaration are also linked to the resolution of key social issues that Sumitomo Corporation has identified. Here, we introduce Summit's social and environmental activities and their impact on the earth and society.

Impact 1

Contributions to Local Communities and Economic Development



Summit is working to maintain and improve people's health and enrich their lives by providing safe and secure food products.



Summit provides job opportunities and a fulfilling life through job creation, human resources development for employees, and experiential learning for children.

Impact 2

Contributions to the Circular Economy



Summit offers in-store collection (recycling of food trays/paper cartons), and is also implementing initiatives such as using containers and shopping baskets made from recycled plastic bottle caps.



Summit reduces food loss through initiatives including purchasing vegetables that are difficult to sell due to insufficient quality for their shape and size from farmers and using them in deli foods.

Impact 3

Contributions to Climate Change Mitigation



Summit makes energy-saving efforts by adopting methods to keep cool air escaping from refrigerator/freezer equipment, which accounts for 50–60% of electricity consumption, and by switching to LED lighting, which accounts for 10–20%.



Summit is working on a reduction of CO₂ emissions by installing solar power generation systems on the walls or rooftops of some of its stores.

Future of the Sumitomo Corporation Group

“Future Conference,” shaping the Sumitomo Corporation Group 20 to 30 years into the future

A roundtable talk was held for young employees to discuss the theme “Thinking about the future of the Sumitomo Corporation Group in 2050.”

Drawing on their current work, they talked about their ideas for resolving social issues, what they hope to achieve at the Sumitomo Corporation Group, and their visions for the future of the Sumitomo Corporation Group and for themselves.



Okura Yoshiyama

Asia & Oceania Team,
Agri-Inputs & Services Dept.



Kazuma Fujita

Europe and Africa Telecom Business Team No. 1,
Smart Infrastructure Business Dept. No. 2



Aya Ishida

Chief Pharmacist, Pharmacy Dept.
Tomod's

What do you see as the creation of “prosperity” that you experience personally through your daily work?

Fujita: I am currently working on setting up telecommunications business in Ethiopia. The Ethiopian government announced a policy in 2018 allowing foreign investment in telecommunications business. Following a tender process, Sumitomo Corporation was part of a consortium that was awarded a license to operate a telecommunications business in Ethiopia, and preparations are currently underway for the launch of services. I recognize that the creation of prosperity through this telecommunications business is just the first step. Beyond that there is the digitalization of healthcare, agriculture, education, and other sectors based on telecommunications infrastructure, and by succeeding in setting up successful



telecommunications business, our aim is for this to lead to the creation of even greater prosperity. We expect that more than one million new jobs, including both direct and indirect employment, will be created through this project.

Ishida: Last fiscal year, I was assigned to work as a pharmacist at Tomod's, providing dispensing services and medication counseling to patients. Every day, I felt like I was making a difference to each and every patient. Furthermore, since Tomod's was one of the first to offer free PCR testing and antigen testing in response to COVID-19, I thought that Tomod's was also creating prosperity in terms community contribution. Now, I am working at Tomod's headquarters. Drawing on the experiences and insights I gained last fiscal year, as I go about my work, I am thinking about what society needs from drugstores and dispensing pharmacies and about what those services can provide for the enrichment of society. Recently, I have also been working as a leader for a project providing medication counseling to COVID-19-positive patients who visited hospital in the middle of the night and delivering medication to the patients that same day.

Yoshiyama: I work in the Agri-Inputs & Services Department and am involved in the agricultural inputs and services business in Japan. One of the more memorable moments at work was when China imposed export restrictions on fertilizers in October 2021. At the time, I was in charge of procuring raw materials for fertilizers mainly from China, and I immediately negotiated with various other countries. I managed to find another supplier, but now there was a problem with the size of the transport ship, which meant that we could not make the purchase on our own. In the end, I was able to find a partner in Japan and we were able to successfully procure the fertilizer. Since the impact on Japanese agriculture would have been significant if we had failed to complete the purchase, I felt a tremendous sense of



Telecommunications business in Ethiopia: Leveraging its telecommunications business expertise built up in Mongolia and Myanmar, Sumitomo Corporation is partnering with the Vodafone Group to enter the Ethiopian market. Services are scheduled to launch in 2022.



Tomod's: Founded in 1993. A chain of drugstores with dispensing function, currently operating 235 stores (as of August 2022), primarily in the Tokyo metropolitan area. Its aim is to be a “family drugstore” that serves the health and well-being of people in the community.



Agri-Inputs & Services Department: In addition to importing, manufacturing, and selling fertilizers and other raw materials in Japan, China, Australia, and Malaysia, this department is also involved in the agricultural inputs and services business, such as agrochemicals, fertilizers, and seeds, to farmers in Romania, Ukraine, and Brazil.

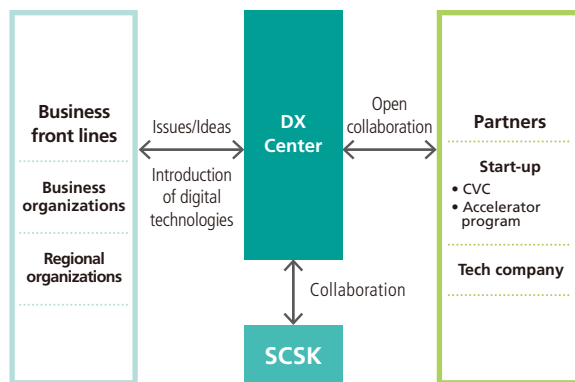
accomplishment in putting the processes for procurement in motion, and I was very happy for the social contribution we were able to make.

What social issues have you noticed in the course of your work, and what are your thoughts on resolving them?

Fujita: There are still plenty of countries around the world like Ethiopia where there is inadequate telecommunications infrastructure. On the other hand, in Africa, the development of telecommunications infrastructure has allowed some countries to leapfrog* others as digitization progresses at a rapid pace. Since digitization also has a considerable impact on the improvement of educational standards and the enrichment of people's lives, I fully recognize the urgent need for the improvement of telecommunications infrastructure in emerging countries.

* Meaning that in emerging countries, where existing social infrastructure has not been developed, new services spread rapidly, skipping ahead of the technological progress made in developed countries

DX promotion system



DX Center: An organization that gathers together internal and external digital talent to accelerate the Sumitomo Corporation Group's DX in close collaboration with SCSK, a leading IT solution provider.

Yoshiyama: Since my student days, I have been involved in research and work on agriculture, and I am particularly aware of issues related to the sustainability of food production. For example, the raw material for phosphoric acid, which is essential for crop growth, is mined as phosphate ore, but when this is spread on fields as fertilizer, about 80% is not absorbed into the crops, and some of it flows from rivers out into the sea. As it takes an inordinate amount of time—more than a million years—for the constituent elements that flow out into the sea to return to the mountains, it is not a sustainable cycle. However, at present, without the use of chemical fertilizers, it is not possible to feed the world's approximately 8 billion inhabitants, and if the population continues to grow at its current rate, before long, the world may not be able to produce enough food. Before this happens, I would like to work on improving the sustainability of food production, including investing in technologies that make effective use of organic fertilizers.

Ishida: In the course of working at Tomod's, I have been keenly aware of the need to make medical care more efficient. For example, since relatively small progress has been made in digitization of the healthcare industry, pharmacies are unable to determine whether a prescription is appropriate or not because it is often impossible to tell the details of the patient's diagnosis or the underlying test values from the prescription alone. While there is growing awareness across the industry for digitization issues such as data sharing, as a company operating in the healthcare business and aiming to be an integrated trading company with strengths in digital solutions, I believe that the Sumitomo Corporation Group needs to take the lead in efforts to promote digital transformation (DX).

Fujita: In terms of healthcare, I am looking forward to a time when medicines that are suited to a person's genetic information and their symptoms will be provided just by doing a full-body scan. Do you see progress being made in



such efforts?

Ishida: Yes, I believe that digitization will also lead to the spread and expansion of "personalized medicine," providing the most efficacious medical care to individuals. For example, if personal genetic information can be registered and managed on IC chips and a system can be developed to provide medical care based on this information, then the quality and accuracy of communication between medical professionals and patients will improve. In addition, since there will no longer be any waste in the provision of treatment and prescription of drugs, lower medical costs can also be expected.

What is your own future vision for the Sumitomo Corporation Group in 2050?

Fujita: Based on my previous experience working in the

Metal Products Business Unit and my current experience working in the development of telecommunications infrastructure, I feel that the Sumitomo Corporation Group must continue to be a business operator. While business operations come in many different forms, the days of simply investing money and expecting to earn a large return are long gone. I believe it is important for the Group itself to be heavily involved in the operation of business in order to improve business value and achieve contributions to the community.

Ishida: I agree with Fujita-san. I also believe that a greater emphasis should be placed on business operations. In this regard, professional expertise is absolutely essential for business operations in healthcare. I have expertise as a pharmacist, but as we expand the healthcare business, there are also times when I recognize the importance of a physician. For this reason, I feel we need to expand the recruitment of specialists. I also believe that the addition of diverse professionals to the Group will help promote D&I and will enhance our organizational strength and competitiveness.

Yoshiyama: In order for our Group to continue growing, I believe it is important for us to pioneer new business,



0 → 1 Challenge: An internal entrepreneurial program in which the Sumitomo Corporation Group encourages the realization of new business ideas conceived by individual employees in the field. (123 applications in FY2021)

regardless of the field. At the same time, on a personal level, I would like to continue taking on the challenge of creating new business in the agricultural sector, and in the future, I hope to raise our Group's profile to the point where it can be said that the Group is taking leadership in the industry and driving improvements in the value of agricultural products and greater efficiencies in farm work.

What challenges can the Sumitomo Corporation Group tackle that will lead to a better future?

Yoshiyama: At the moment, I want to get out into the field and experience firsthand the relevant issues faced by individuals and communities as I go about my work. I don't think this approach will change as I get older and gain more experience. I'm sure that my role will change and new technologies and systems will emerge, but no matter the situation, I hope to always be working on the front lines for the resolution of social issues. Also, in April 2022, a new Agri-Innovation Department was established within our Mineral Resources, Energy, Chemical & Electronics Business Unit. Since this new department will make medium- to long-term investments in food and agriculture, I expect that future-oriented business activities will increase.

Ishida: I want to build a business model for the future that is not bound by existing limitations and which meets anticipated needs. Particularly with regard to personalized medicine, while society as a whole needs to promote it, there is the issue of who will take the lead. I think that, if the Sumitomo Corporation Group can take a leading role, it will lead to the resolution of social issues, and as an individual who has long been involved in healthcare, I will gain a great sense of achievement or satisfaction.

Fujita: I am of the same opinion as Ishida-san, and would like to stay one step ahead of the needs of the times. When I visited Mauritania in Africa in my student days, I heard about

how the octopus catch had increased thanks to technical assistance from a Japanese company and about how a Japanese trading company was exporting the octopus to Japan, and I was reminded once again of the amazing power of the private-sector business. As for the development of telecommunications infrastructure in Ethiopia, in which I am currently involved, I feel that with its proven track record in places such as Mongolia and Myanmar, our Group is best positioned to bring this project to fruition. I hope to continue taking on new challenges that only the Sumitomo Corporation Group, as a trading company, can tackle, and accelerate the creation of value in regions in line with their specific growth phase.

Ishida: Thinking about healthcare from the perspective mentioned by Fujita-san of "challenges that only the



Sumitomo Corporation Group can tackle," I feel that we should aim to provide total solutions that include prevention. Compared to specialized healthcare companies, since our Group has an advantage in business diversity, I think we can make a contribution to health maintenance, prevention, and treatment in all life stages by partnering with departments on food, pharmaceuticals, digital, etc.

To youngsters, do you have hope for 2050?

Ishida: I have feelings of both hope and trepidation about



Sustainability management: Perfect alignment of a sustainable society with the Group's value creation and sustainable growth

2050. Although there is a shared understanding that both society and companies must change, I am worried that change will take time. On the other hand, even now as we try to run toward to change, I am hopeful that I will have the opportunity to lead the change as I transition from a young employee to a mid-level employee with more discretion and more responsibility.

Yoshiyama: My outlook for 2050 is positive. Although there are many social issues that need to be resolved, as technology evolves, new solutions are emerging. I am excited about the possibility of utilizing new technologies to resolve major social issues in the future.

Fujita: I am also basically hopeful for 2050. Going forward, the perspective of resolving social issues will become increasingly important in business activities, and I think will lay the foundation for companies that are doing the right thing and doing something new for that purpose to be recognized fairly. As a consequence, I think that the reputation of the Sumitomo Corporation Group will be enhanced further as we have been faithfully promoting sustainability management for some time.



Global Voice

Sumitomo Corporation Vietnam employee talks about her passion for the project to resolve social issues.



Do Thi Thu Huong

Hanoi Social & Transport
Infrastructure Department,
Sumitomo Corporation Vietnam LLC

Building a Smart City for the next 30 years and beyond

The North Hanoi Smart City (NHSC) project has been developed with a total area of 272 ha in Northern Hanoi by Sumitomo Corporation and the BRG Group*. I am currently in charge of the Smart Community Hub (at the proof of concept stage) in Hanoi City, which is a part of Smart Services in NHSC. The core spirit of the project is to resolve several social issues in Vietnam arising due to the recent rapid urbanization, such as the contaminated environment, lifestyle disease, lack of community space and connectivity, lack of health awareness, lack of a healthy environment for child-raising. Even though the issues are complicated, our cutting-edge six smart solutions—smart living, smart learning, smart mobility, smart energy, smart economy, and smart government—will make it happen to tackle them. Now, I am thrilled to see that my contribution and devotion will be realized in a real and unique Smart City where everyone feels proud to live or work for the next 30 years. I even feel blessed to be able to witness community strength to attract the co-collaboration among investors, companies, organizations, residents, and even visitors to build up a real sustainable Smart City. Ultimately, we shall realize a most civilized and vibrant city in Vietnam for ourselves and for our children's generation.

* BRG Group: A leading conglomerate in Vietnam involved in a wide range of activities in finance, real estate, retail, pharmaceuticals, import and export, etc.

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