

## Overseas Four Broad Regions

# East Asia

## “What We Aim to Be”

**We will help the Sumitomo Corporation Group advance its growth strategy and become what it aims to be by identifying qualitative changes in East Asia’s economy and exploiting our unique capabilities as a regional organization.**



**Fumihiro Koba**

General Manager for East Asia

## Regional Strategies for Becoming What We Aim to Be

Comprising China, Taiwan, South Korea, and Mongolia, East Asia represents a market with burgeoning potential. In many fields in the region, economic growth and social change is giving rise to new business opportunities. Based on dynamic, timely business management decisions that take advantage of a wide-zone operation system, we will strengthen the earning power of the Group on a global basis by leveraging its global network and information acquired thanks to our strong presence in the region. In particular, we intend to continue focusing management resources on four fields that promise strong growth: mineral resources and energy, automobile-related, domestic consumption, and the environment related and energy saving business. Also, we aim to strengthen our earning power by advancing joint ventures with Chinese companies when they enter overseas markets. For example, we plan to deepen our relationship with China International Marine Containers (Group) Ltd., a world leading supplier of logistics and energy equipment in the logistics and energy fields.

## Initiatives Aimed at Addressing Social Issues

### Advancing Water Treatment Project in Partnership with a Major Company in China

While China has grown into the world's second largest economy, the country's rapid economic growth, industrialization, and urbanization have created serious environmental problems. In response, China's government is taking measures to prevent air, water, and soil pollution. With respect to water, the government announced an action plan for the prevention of water pollution in 2015. This plan calls for the treatment of 95% of sewage in urban areas by 2020 and sets emission standards for each region. To meet the target and standards, the government is promoting the building and upgrading of sewage treatment plants.

In response, the Sumitomo Corporation Group established a joint venture, Eastern Water Co., Limited, with Beijing Capital Co.,

Ltd., China's largest company in the water treatment field. In three Chinese cities, the joint venture treats approximately 380,000 tons of sewage per day. Moreover, in collaboration with Beijing Capital, we are developing new water treatment projects in China. In these projects, we are introducing Japan's water treatment-related technology and exploiting our experience and expertise in overseas infrastructure projects. Among our various environment-related projects in China, we view water treatment projects as one of our highest priority fields. By advancing water treatment projects, we will continue improving China's environment and contributing to the development of local communities.



The sewage treatment plant in Linyi, Shandong

# Asia and Oceania

## "What We Aim to Be"

**We will identify emerging trends and demands in Asia and Oceania's highly dynamic market, work with business partners in each country to create new value and help local communities achieve prosperity and realize dreams.**



**Masao Sekiuchi**

General Manager for Asia & Oceania

## Regional Strategies for Becoming What We Aim to Be

In Asia and Oceania, deregulation in goods and services is set to progress further with the establishment of the ASEAN Economic Community and Trans-Pacific Partnership (TPP) in-principle agreement. Increased development of power, transportation and other social infrastructure, along with a rapidly growing middle class, will generate a wide array of business opportunities. Against this backdrop, the Sumitomo Corporation Group is actively deploying management resources to bring forth new value. For instance, we are strategically positioning retail, food, and agriculture in Asia as key industries to focus on, while strengthening our foothold in India and Myanmar aggressively. Asia and Oceania comprises countries of different cultures and stages of economic development. We will identify each country's social and economic needs, leverage our network in the region, and work with major business partners to steadily advance businesses that are rooted in local communities. Through these activities, we hope to help local communities achieve prosperity and realize dreams.

## Initiatives Aimed at Addressing Social Issues

### Developing Industrial Parks in Asian Countries that Help Advance Companies and Local Communities

The Sumitomo Corporation Group is developing industrial parks in Indonesia, the Philippines, Vietnam, and Myanmar. Our unstinting approach to customer service has earned these industrial parks an impressive reputation among local communities and tenant companies. When selecting candidate sites for industrial parks, as well as surveying ground, soil, and water quality, we carefully evaluate the impact on the living conditions of local residents. Also, we aim to exist in harmony with local communities. Gaining acceptance from local communities as good corporate citizens is important for industrial parks and tenant companies from the viewpoints of enabling tenant companies to conduct business activities with peace of mind and fulfilling corporate social responsibilities through employment of

local residents. With this in mind, we coordinate with tenant companies to contribute to the education and welfare of local communities. For example, we provide stationery to nearby schools and kindergartens, donate fire trucks to municipal authorities, repair aged school buildings, and provide vocational training to local residents. Our goal is to create industrial parks that not only help companies establish bases and conduct business smoothly in Asia but also help develop local communities and invigorate their economies. Based on the track record and experience we have acquired over many years, we will continue developing industrial parks that reflect the needs of each region and country and which enrich tenant companies and help local communities achieve prosperity and realize dreams.



Presenting scholarships to an elementary school near the Thang Long Industrial Park in Vietnam

## Overseas Four Broad Regions

# Europe, the Middle East, Africa, and the Commonwealth of Independent States (CIS)



## “What We Aim to Be”

**We will make an all-out effort to advance business development, organically linking the Sumitomo Corporation Group’s capabilities while strengthening our customer base and information networks even further in Europe, the Middle East, Africa, and the Commonwealth of Independent States (CIS), a region rich in diversity.**



**Kiyoshi Sunobe**

General Manager for Europe, Middle East, Africa & CIS

## Regional Strategies for Becoming What We Aim to Be

Working in Europe, the Middle East, Africa, and the CIS presents us with a wide spectrum of diverse markets with limitless business potential. Although markets in the region are facing a variety of challenges in their respective business environments, we are responding flexibly to market changes based on our networks and are developing businesses that capitalize on each area’s unique characteristics. In Europe, focusing on advances in the development of innovative technology, we are creating businesses in fields related to the environment and innovation. Meanwhile, in Africa and the CIS, we are focusing particular efforts on pioneering in infrastructure-related businesses. Furthermore, in the Middle East, by forging partnerships with major local companies, we are generating business opportunities not only in the energy-related business fields but also across a broad variety of industries.

The Sumitomo Corporation Group’s integrated corporate strength drives development forward, while our regional professionals and local networks support and enable such business development initiatives. In Europe, the Middle East, Africa, and the CIS, we will heighten these capabilities even further and continue forging ahead with ambitious initiatives in this region.

## Initiatives Aimed at Addressing Social Issues

### Aiming to Coexist and Prosper with Madagascar and Contribute to Its Sustained Development

In Madagascar, the Sumitomo Corporation Group is engaged in Ambatovy nickel project, one of the world’s biggest nickel projects, integrating ore extraction through to metal production. Given that this is Madagascar’s largest ever natural resource project, we are paying the utmost attention not only to safety but also to the project’s effect on the environment and society as the project proceeds. For this project, we are conducting an environmental program in collaboration with government bodies as well as NGOs in and out of Madagascar that specialize in environmental conservation. The mine is located in the eastern part of the country on the southern edge of a tropical rainforest, where slash-and-burn farming and hunting have taken a toll on the area’s environment. We are taking steps to ensure that our presence results in no net

loss, and preferably, a net gain of biodiversity for the area’s ecosystem. For example, we have established a buffer zone around the mine and are restoring the surrounding area to protect rare plants and animals. Also, at a site distant from the mine, we have chosen a nature preserve with similar ecological conditions as the mine area.

Further, the project has established the Social Investment Fund of US\$25 million principally tasked with developing social infrastructure. Collaborating with Madagascar’s government, municipal governments, and project partners and drawing on the experience and expertise of those involved in the project, we are selecting and executing infrastructure projects. In addition, we are using the fund to help establish systems and develop personnel to ensure the transparent management and

use of the significant amount of royalties that the project will pay to Madagascar’s national and municipal governments.



Local farmers receiving agricultural training, one of our many projects contributing to the local community

# The Americas

## "What We Aim to Be"

**The Americas is a region filled with infinite opportunity. We identify the characteristics of each market and focus efforts on expanding businesses in fields where we can effectively apply our strengths and take on challenges to drive growth.**



**Toshikazu Nambu**  
General Manager for the Americas

## Regional Strategies for Becoming What We Aim to Be

In the Americas, we mainly deploy management resources in four strategic fields: energy, infrastructure, consumer, and food and agriculture. In fields where we can benefit from the favorable conditions that North America's steady growth provides, we will accumulate high-quality assets and further strengthen the robust foundations and presence of our businesses. Also, through multiple working groups, we are engaged in collaborative projects that span our organization laterally. And, by strengthening relationships with customers and major partners, we are discovering new business opportunities. In Central and South America, a region with abundant potential, we identify particular needs and changing conditions ahead of competitors and build businesses in which we can realize our strengths. We intend to become thoroughly familiar with the market and acquire competence in proposing ideas for developing businesses rooted in the region. At the same time, we emphasize operational excellence. Our goal is to be the most trusted partner with businesses and customers. Through these efforts, we will contribute to the continued growth of the Sumitomo Corporation Group and the enrichment and development of respective regions.

## Initiatives Aimed at Addressing Social Issues

### Investing in a Biomass Fuel Manufacturing Business in Brazil

We concluded an agreement to take a 20% stake in Cosan Biomassa S.A., which is engaged in the manufacture and sale of sugarcane biomass pellets used in biomass power generation. Cosan Biomassa is part of the Cosan Group, a Brazilian conglomerate which owns the world's largest producer of sugar and sugarcane-based ethanol. In May 2016, we began participating in the business management of Cosan Biomassa, which has developed original technology for compression molding into solid fuel pellets, sugarcane residues such as bagasse from sugar mills and left-over straw from sugarcane fields. Commercial production is under way at the company's first plant. However, as a result of our participation in business management, the company plans to expand the plant and step up exports to Japan and Europe

as well as domestic sales in Brazil.

The state of São Paulo, where Cosan Biomassa is headquartered, produces sugarcane residue equivalent to 45 million tons of solid fuel pellets. As the market expands, we plan to increase production capacity to 2 million tons by 2025. Further in the future, we want to ramp up production capacity to 8 million tons—equivalent to 5% of the annual fuel consumption of all coal-fired thermal power plants in Japan.

Plant-derived biomass is a form of renewable energy that is carbon neutral: it does not add to the volume of CO<sub>2</sub> in the atmosphere. The CO<sub>2</sub> it produces when combusted is CO<sub>2</sub> that plants absorbed from the atmosphere through photosynthesis. Because it fuels power generation, reduces fossil fuel use, and curbs CO<sub>2</sub> emissions, plant-derived biomass is an energy resource that will

contribute to the prevention of global warming and the realization of a recycling-based society. By securing and supplying biomass resources, the Sumitomo Corporation Group is helping to promote global warming countermeasures worldwide.



Signing ceremony attended by (from left) the Vice Minister of Foreign Affairs and the Ambassador to Japan