

Part 2 Medium- to long-term Growth Strategy

Paving the way for the future with today's actions

Toward realization of a sustainable society—
The Sumitomo Corporation Group's true
value and growth strategy are to embrace
the challenge of changing social structures
and create new value required by the times.

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Message from CFO



Reiji Morooka

Representative Director,
Senior Managing Executive Officer,
Chief Financial Officer

We will complete SHIFT 2023 and work to enhance our corporate value over the medium to long term through dialogue with our stakeholders.

FY2022 performance summary and outlook

In FY2022, we recorded ¥565.3 billion in profit for the year, reaching a record high for the second consecutive year. In the mineral resources business, we saw increased profit from the previous fiscal year due to higher prices for mineral resources and energy and strong performance by the trading business. In the non-mineral resources business, there were some sectors that saw a decline in profit due to the impact of soaring fuel prices and inflation, such as the domestic electricity retail business, but the tubular products business and the construction equipment business were the main drivers of the significant increase in profit.

Free cash flow (post-shareholder return) was negative for

the single fiscal year, but this was due primarily to the increase in working capital resulting from favorable trade, so I see this as a positive. The basic policy of ensuring positive free cash flow (post-shareholder return) for the three-year total under SHIFT 2023 remains unchanged. We will maintain financial discipline by using cash generated from basic profit cash flow and asset replacement to make new investments and return profit to shareholders.

As for our financial position, due to the recording of profit for the year and the impact of depreciation of the yen, shareholders' equity at the end of FY2022 was approximately ¥3,780 billion, an increase of roughly ¥580 billion from the end of the previous fiscal year. As a result, the net debt-equity ratio (DER) came to 0.7 times.

Key financial indicators of SHIFT 2023

	SHIFT 2023			
	FY2021 results	FY2022 results	FY2023 forecasts	3-year total
Profit for the year	¥463.7 billion	¥565.3 billion	¥480 billion	—
Total assets	¥9,582.2 billion	¥10,105.4 billion	Around ¥10,500 billion	—
Shareholders' equity	¥3,197.8 billion	¥3,778.7 billion	Around ¥4,000 billion	—
Net interest-bearing liabilities	¥2,273.7 billion	¥2,484.4 billion	Around ¥2,500 billion	—
Net DER	0.7 times	0.7 times	Around 0.6 times	—
Free cash flow (post-shareholder return)	¥74.7 billion	-¥121.3 billion	¥50 billion	Ensure positive

Message from CFO

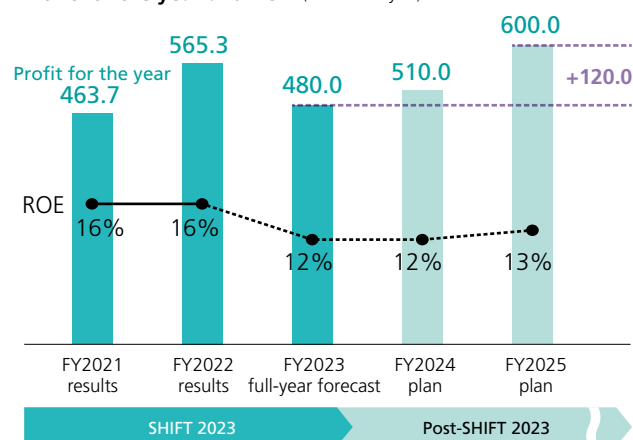
The full-year profit forecast for FY2023 is ¥480 billion. There is growing uncertainty over the future of the global economy due to prolonged inflation and increased financial instability, but we expect the current business environment to continue as it is for the most part. While we expect a decrease in profit in the mineral resources business due to the decline in resource and energy prices, we expect performance of the non-mineral resources business to remain firm at roughly the same level as in FY2022.

Along with this full-year forecast for FY2023, we announced our profit plans for FY2024 and FY2025 of ¥510 billion and ¥600 billion, respectively. To achieve these profit plans, we must complete SHIFT 2023 and steadily implement specific strategies and measures that will lead to growth thereafter.

Completing SHIFT 2023

In my view, there is still halfway through to go in addressing businesses in turnaround and improving the profitability of

Profit for the year and ROE (Billions of yen)



existing businesses. The key issue in the final year of SHIFT 2023 is to give these matters thorough attention. Shifting to a business portfolio that is both highly profitable and resilient through these initiatives, we hope to establish an earnings base for maintaining a return on equity (ROE) of 12 to 15% regardless of the external environment.

Addressing businesses in turnaround

First, we will accelerate the initiatives of the Full Potential Plan^{*1}, a symbol of our structural reform efforts. Of all the businesses for which we established a divestment policy in 2020, we have completed divestment from those with the most significant impact on profit and loss over the past two years. However, there still remain those from which we have not completed the divestment. Although the impact of these businesses on profit and loss is limited, we will recover management resources such as invested capital and human capital by completing the divestment and reallocate them to steady business growth and seeding businesses.

We have also made some progress in turning around large projects such as the Ambatovy Nickel Project, TBC (tire retail and wholesale business in North America), and Fyffes (fresh produce wholesale business in Europe and Americas), but so far that progress has been insufficient.

We will invest companywide resources, including human support from corporate departments in addition to the individual business departments in charge, to accelerate efforts.

^{*1} A system designed to improve the quality of the Group's portfolio, targeting group companies that have yet to achieve the expected results and have room for improvement as well as group companies where further growth is expected. The plan involves establishing specific strategies for maximizing business value and closely monitoring the status of implementation. We will divest from businesses that are not expected to grow.

Improving profitability of existing businesses and expanding earnings base

Under the current medium-term management plan, we have

grouped businesses that share a common strategy into Strategic Business Units (SBUs), regardless of the existing organization, and have set the cost of capital for each SBU to monitor the performance of each business in relation to the invested capital. We also determined to decide the allocation of management resources within the Company on the basis of invested capital, starting in FY2022. This has strengthened our efforts to shift management resources from businesses with limited growth potential to fields where there is high market potential and the Group's strengths can be demonstrated while taking into consideration the return on invested capital (ROIC) of each business in relation to the cost of capital.

I feel that awareness of improving ROIC is being instilled in each SBU through these efforts. We are engaged in thorough discussions at the management level concerning strategies and measures for ROIC. With regard to the SBUs where the ROIC is currently below the weighted average cost of capital (WACC), we are reviewing the timeline and measures required to achieve an ROIC higher than the WACC. For SBUs that already have an ROIC higher than the WACC, we are considering measures to further improve ROIC or expand profitability through increased capital investment. In all SBUs, we will identify effective actions that will lead to improved business value, and establish KPIs and KAs for those actions. We hope to achieve early expansion of the earnings base by implementing a PDCA cycle.

Cost of shareholders' equity and shareholder return

There are various ways to calculate the cost of shareholders' equity, but we believe that if we achieve an ROE level of 12–15%, it will exceed the cost of shareholders' equity, thereby creating added value.

Owing to factors such as progress in structural reforms and

Message from CFO

a favorable external environment, our ROE exceeded 16% for two consecutive years in FY2021 and FY2022, reaching record highs at the same time. Our price-to-book ratio (PBR) had stayed below 1x since around 2008, but since announcing our financial results for FY2022, it has been on a clear upward trend. As of June 2023, it has risen to around 1x. To continue making improvements in this regard, it is essential that we steadily implement the various measures of the current

medium-term management plan SHIFT 2023 to continue producing better results, thereby gaining full recognition of the stability of our medium- to long-term earnings and growth potential by the stock market. Going forward, we will strengthen and accelerate these efforts.

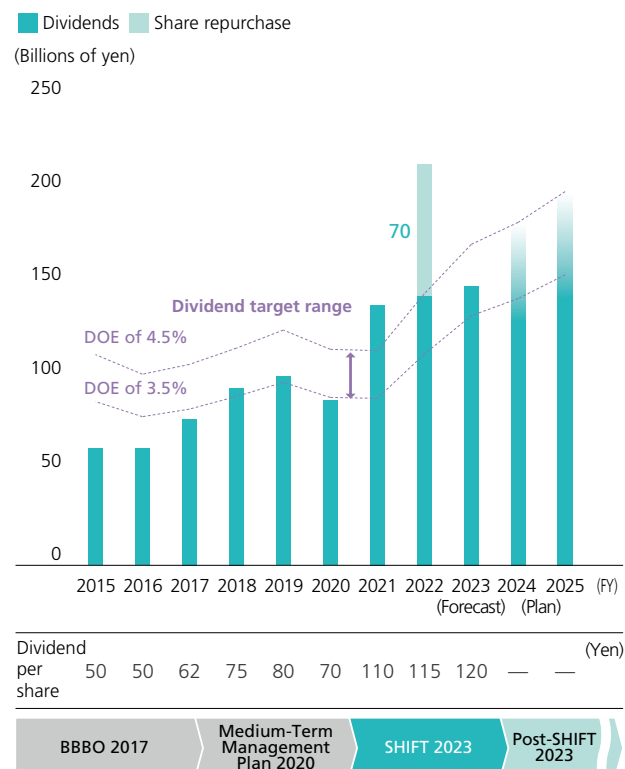
▶ p. 28 Management conscious of cost of capital and stock price

Shareholder return policy

- The annual dividend amount will be determined based on the consolidated dividend payout ratio of 30% within the DOE range of 3.5% to 4.5%, taking into consideration the status of fundamental earnings capacity, cash flows, and other factors (DOE is calculated based on shareholders' equity at the beginning of the year).
- If 30% of the profit for the year exceeds the above range, we will pay dividends or repurchase our shares for the excess portion in a flexible and agile manner (in the case of dividends, the payout ratio will be at least 30% in principle).



Shareholder returns



As for shareholder return, our basic policy is to provide stable shareholder return over the long term, and we aim to increase the amount through medium- and long-term profit growth.

As I explained in last year's message, we have introduced a target range based on the dividend of equity (DOE) ratio in FY2022. I believe that our DOE range method has advantages for shareholders, such as transparency and predictability, as the minimum dividend payout rises as the range shifts upward and shareholders' equity increases. Last year, the 30% level of profit exceeded the upper limit of this DOE range, so we made an additional return by acquiring ¥70 billion in treasury stock.

We will continue to work on further enhancing shareholder return while realizing profit growth over the medium to long term.

Message to our stakeholders

We are making steady progress on the three "shifts" of SHIFT 2023. Going forward, we will focus on addressing businesses in turnaround and improving the profitability of existing businesses as I explained earlier while developing the businesses that will become new earning pillars.

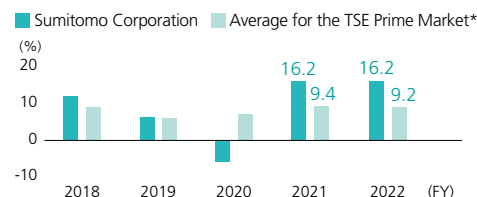
We also believe it is extremely important to thoroughly explain the status and results of those efforts to our shareholders, investors, and other stakeholders to gain their understanding. We will actively engage in dialogue with our stakeholders to enhance their trust in the Company. Moreover, taking into account the suggestions and insights gained through this dialogue, we will refine our strategies and measures to contribute to the Group's sustainable growth, tying that into boosting our value creation capabilities.

Management conscious of cost of capital and stock price

Analysis of current situation

We believe that if we can achieve ROE of 12% to 15%, our profitability will exceed the cost of shareholders' equity, and we will be able to create Economic Value Added (EVA). Thanks to progress in structural reforms and a favorable external environment, we achieved ROE of 16% in both FY2021 and FY2022, and set a new record high for profit. On the other hand, our PBR had remained below 1x from around 2008, but an upward trend has been established since the announcement of our financial results for FY2022, as it has risen to around 1x in June 2023. To continue to improve the PBR, we must obtain sufficient recognition from the stock market for the stability and growth potential of our medium- to long-term earnings. We will steadily implement the measures formulated in the current medium-term management plan SHIFT 2023 and further strengthen and accelerate these initiatives so that we can continue to produce even better results.

ROE

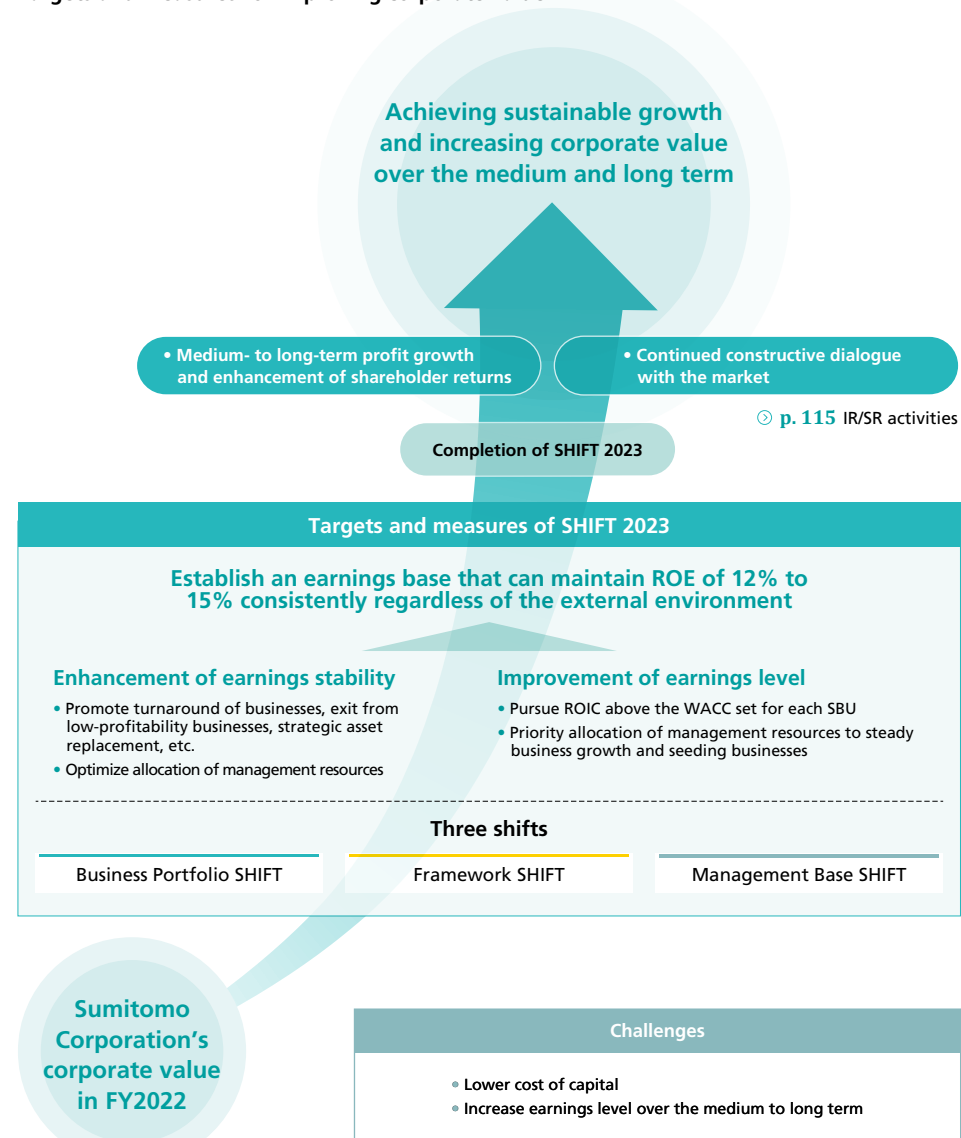


* Data for FY2021 and prior represents the average for the Tokyo Stock Exchange (TSE) First Section.

Initiatives

Aiming to increase corporate value, under SHIFT 2023 we have been working to shift to a highly profitable and resilient business portfolio (Business Portfolio SHIFT), shift the framework supporting this (Framework SHIFT), and shift the management bases (Management Base SHIFT). By steadily advancing the various measures of SHIFT 2023, we will build a system that can maintain ROE of 12% to 15% consistently regardless of the external environment. In terms of shareholder returns, we will achieve medium- to long-term profit growth through the completion of SHIFT 2023, thereby further enhancing these returns. We will enhance disclosure of these initiatives and strive for constructive dialogue with market participants.

Targets and measures for improving corporate value

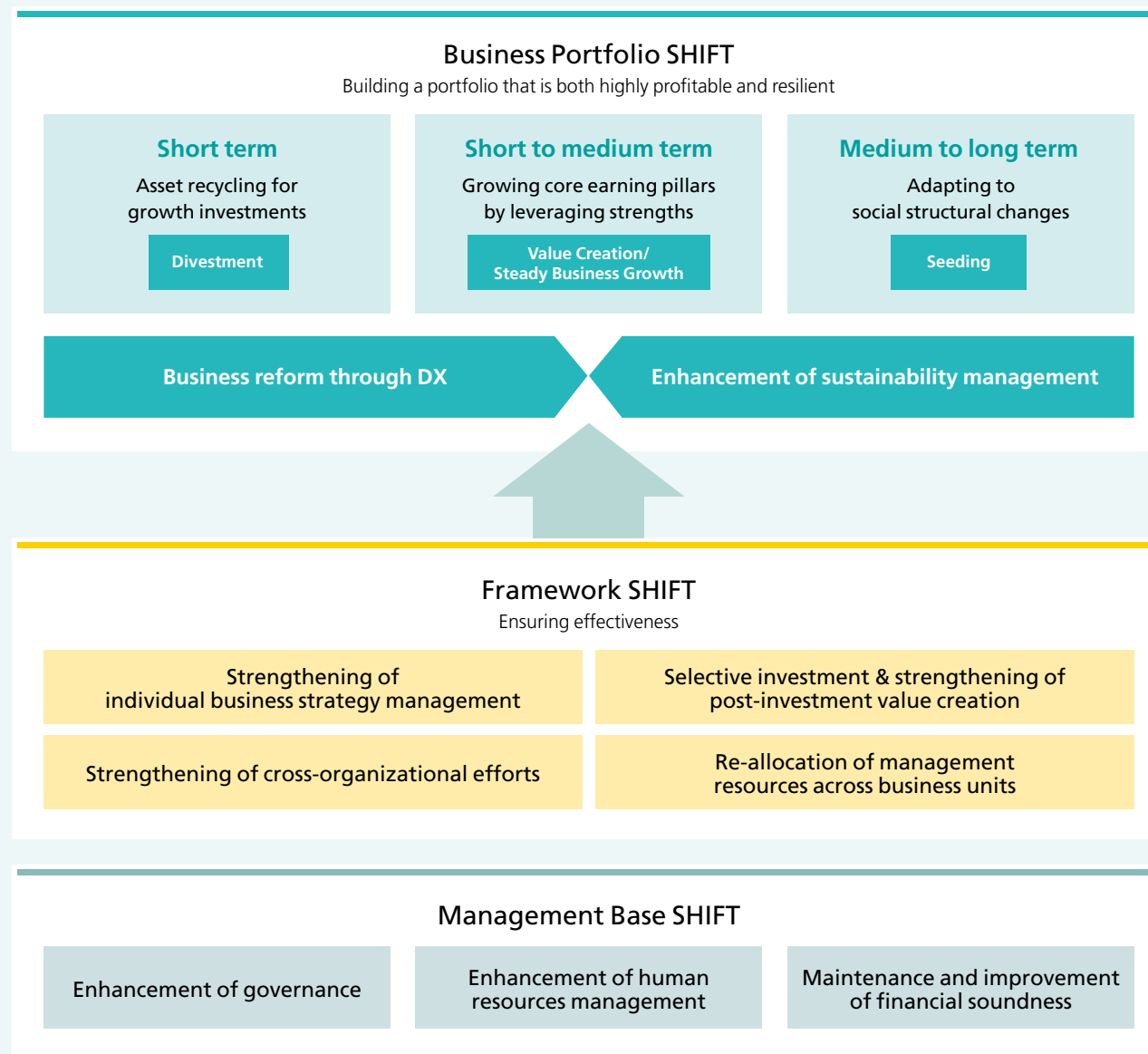


Medium-term management plan SHIFT 2023

Framework SHIFT and Management Base SHIFT completed and progress made on Business Portfolio SHIFT

The Sumitomo Corporation Group's performance deteriorated significantly in FY2020, the final year of the previous medium-term management plan, due in part to the external environment. Given this situation, we have begun working on the three-year medium-term management plan SHIFT 2023 starting in FY2021 to steadily return to a growth trajectory.

Under SHIFT 2023, we are working on three "shifts" as shown on the right. Over the past two years, we have mostly completed the Framework SHIFT and the Management Base SHIFT. As the effectiveness of the Business Portfolio SHIFT has improved, we will accelerate efforts in the final year of the plan to realize a business portfolio that is both highly profitable and resilient.



Medium-term management plan SHIFT 2023

Progress on the Business Portfolio SHIFT

The Sumitomo Corporation Group has classified its approximately 50 Strategic Business Units (SBUs) into four categories: Divestment for promoting the recovery of management resources such as funds and human capital, Value Creation for expanding the profitability of existing businesses through value additions and efficiency enhancements without increasing investment capital, Steady Business Growth for incrementally investing capital in areas where the Group's strengths can be leveraged to further expand revenues, and Seeding for growing the next-generation earning pillars with a long-term

perspective. We are making steady progress in the Business Portfolio SHIFT through each SBU's implementation of initiatives appropriate to its role.

Comparing profit for the year in each of the four categories in FY2020, before the start of SHIFT 2023, and in FY2022, we see steady improvement, owing in part to improvement in the external environment.

Seeding

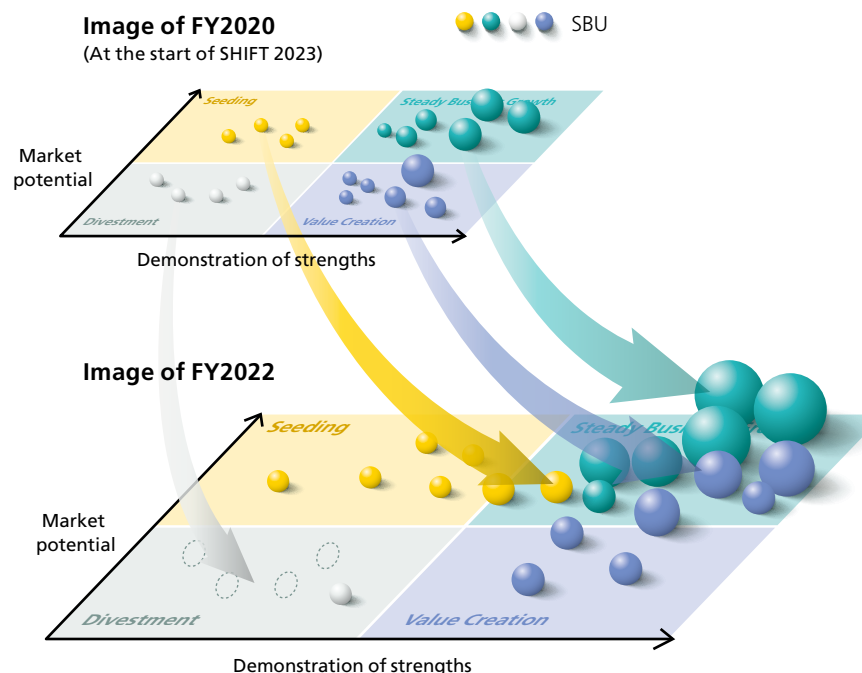
Steadily nurturing the seeds of next-generation businesses from a long-term perspective (next generation of tubular products, large-scale energy storage, etc.)

Results	FY2020	FY2022
Loss for the year	-¥5 billion	-¥10 billion
Invested capital	¥35 billion	¥150 billion

Divestment

Scheduled strategic withdrawals complete (silver, zinc, and lead business in Bolivia, copper and molybdenum mining business in Chile, oil and gas business in the United Kingdom and North Sea, etc.)

Results	FY2020	FY2022
Profit (loss) for the year	-¥25 billion	¥20 billion
Invested capital	¥200 billion	¥0 billion



Steady Business Growth

Progress in initiatives for further growth, including asset accumulation in each SBU (construction equipment-related, healthcare, agriculture, etc.)

Results	FY2020	FY2022
Profit for the year	¥100 billion	¥220 billion
Invested capital	¥3,200 billion	¥3,900 billion

Value Creation

Progress in strengthening resilience and expanding the earnings base by exiting from low-profitability businesses and taking value-creation measures in each SBU (tubular products in North America, media-related, basic chemicals, etc.)

Results	FY2020	FY2022
Profit (loss) for the year	-¥210 billion	¥330 billion
Invested capital	¥2,300 billion	¥3,400 billion

Medium-term management plan SHIFT 2023

Initiatives and results of the three “shifts”

In the medium-term management plan, we are pushing forward in various fields with implementing business reform through DX and enhancement of sustainability management, which are being implemented as common measures for all SBUs as part of the Business Portfolio SHIFT.

Moreover, as part of the Framework SHIFT, we have introduced a framework for optimal companywide allocation of investment capital going beyond divisional boundaries to accelerate

the Business Portfolio SHIFT. As for the Management Base SHIFT, we incorporated non-financial indicators into the executive compensation system and are promoting efforts such as encouraging diverse human resources to practice diversity, equity, and inclusion (DE&I).

Based on these efforts, we will further promote the Business Portfolio SHIFT in the final year of the medium-term management plan.

FY2022 initiatives

Business Portfolio SHIFT

Business reform through DX ● p. 47

- Improve functionality and profitability through DX implementation in existing businesses. Progress in demand/supply forecasting in the domestic supermarket business, advanced data analysis in the healthcare business, expansion of service areas in the drilling efficiency solutions business, etc.
- New business creation from next-generation growth fields and DX: Provision of decarbonized energy systems, mobile payment services, SIM-based IoT infrastructure, DX support services, etc.
- Develop DX promotion know-how externally through private equity funds in which we participate.

Enhancement of sustainability management ● p. 49

- Renewable energy supply expansion target for 2030 revised upwards from more than 3 GW to more than 5 GW.
- Progress on projects in focused areas such as developing carbon-free energy and expanding power & energy services.
- Internal carbon pricing system in place to promptly identify and respond to climate change risks and opportunities.
- Continued efforts to reduce human rights risks in the supply chain and conducted segment-specific human rights due diligence in two segments (four segments in total).

Framework SHIFT

Re-allocation of management resources across business units

- Internal framework replaced to allocate investment capital companywide in an optimum manner to enhance more dynamic shift in the business across the Group.

Management Base SHIFT

Enhancement of governance ● p. 84

- The executive compensation system was upgraded to reflect the stock price growth rate of the Company to align more with shareholders’ interests to share the Company’s medium- to long-term corporate value.
- Non-financial indicators are also reflected in the executive compensation system to further strengthen commitment to the enhancement of sustainability management.

Enhancement of human resources management ● p. 73

- With regard to key human resources, we have implemented various measures for evolving human resources management, including the hiring of external human resources and appointments that are not restricted by age, to further promote DE&I.

Medium-term management plan SHIFT 2023

Measures for completion

Addressing businesses in turnaround

- Continuing to work on the value creation of the Ambatovy Nickel Project, TBC, Fyffes, and others.
- Completion of the divestment of low-profitability businesses.

With regard to the divestment from low-profitability businesses, over the past two years we have divested from a total of 40 companies, but the divestment from some businesses is not yet complete. The impact of these businesses on our profit and loss is limited, but we will complete the divestment in order to recover funds and human capital and allocate them to other SBUs.

We are beginning to see some results in the Ambatovy Nickel Project, a large project in need of a turnaround, TBC, and Fyffes thanks to efforts to bring in experienced management and to review strategies from a medium- to long-term perspective. However, there is still much to be done. We will continue to invest companywide resources and provide human support from corporate departments to secure a turnaround in these projects.

Profitability improvement of existing businesses

- Profitability improvement in SBUs with ROIC below WACC.
- Asset replacement for businesses with poor growth potential.

Starting with the current medium-term management plan, each SBU creates its own growth strategy and sets quantitative plans, KPIs, and KAIIs. However, in some SBUs, there are cases where the ROIC level falls below the individually calculated WACC. For businesses facing such issues, we will steadily improve ROIC by setting more appropriate KPIs and KAIIs that lead to increased business value in each SBU, thoroughly implementing the PDCA cycle, enhancing the support functions provided by corporate departments, and strengthening the execution capabilities of SBUs.

We will also shift management resources such as funds and human capital across divisions to SBUs where our strengths can be leveraged, including asset replacement in businesses with little growth potential, thereby strengthening and growing our earning pillars.

Monetization of next-generation growth fields

- Monitoring from a companywide perspective and providing the necessary support.
- Cultivating core earning pillars through the focused allocation of management resources.

Despite the progress of cross-organizational efforts in various fields, tangible results such as realizing substantial profit have yet to be achieved. We will continue to engage in companywide monitoring of the status of each growth theme and provide support to ensure that each initiative leads to results.

Furthermore, when significantly increasing investment capital in specific areas, including large-scale projects under consideration in fields such as next-generation energy and social infrastructure, we will consider not only the timeline for revenue generation but also the future balance of our portfolio. We will then examine the appropriateness of concentrating management resources in those businesses and grow the ones that will become the face of our Company.

Metal Products

The Metal Products Business Unit has built a supply chain for steel products with optimal conditions for each industry and is also involved in those operations. We will also further contribute to society by improving functions and value through the implementation of measures to address climate change and the utilization of DX.

Katsuya Inubushi
Head of Business Unit



Sekal drilling optimization advice (Norway)



Steel service center (Thailand)



Automotive blanking (U.S.)

SWOT & business environment recognition

Strengths

- Expertise, solution capabilities, and a strong customer network in steel products and tubular products
- Global development of a strong supply chain firmly rooted in each region
- Strategic partnerships with energy majors
- One of the world's largest oil country tubular goods (OCTG) distribution businesses
- Leading market shares in unique segments such as railway products and equipment

Opportunities and examples of initiatives

- Social demand for a decarbonized/recycling-oriented society
- Preparation of infrastructure for urbanization and railways in emerging countries
- Environmental response for various transportation equipment
- Cultivation of the energy transition field, including CCS*, geothermal power, hydrogen power, and offshore wind power, and transformation into next-generation businesses, including digital technology
- Development of construction steel sheet manufacturing business and delivery of railway products and equipment
- Expansion of sales of steel products for EVs

Risks & measures

- Volatile fluctuations in mineral resource, steel raw material, and product prices and fluctuations in the global supply-demand balance
- Structural changes in the industry and transition to alternative materials for existing products in conjunction with energy transition and environmental response
- Further strengthening of resistance to market fluctuations by enhancing regional sales capabilities, including local production for local consumption, consolidating group companies, and reviewing inventory risk profiles
- Cultivation and uncovering of new demand for alternative materials in addition to existing products and cross-sectional response to structural changes in the industry

* Carbon dioxide Capture and Storage. Technology for capturing CO₂, isolating and sequestering it in the ground or seabed, and storing it

Progress in main SBUs

Strategy Category	SBU	Progress/Achievement
Steady Business Growth	Energy & Tubular Products	<ul style="list-style-type: none"> • Improved supply chain management for the energy industry, cultivated tubular product demand for CCS, geothermal power, and hydrogen power, and strengthened relationships with strategic partners, including in the decarbonization business
	Steel Products Business	<ul style="list-style-type: none"> • Enhanced management efficiency through rigorous structural reform and DX and accelerated the cultivation of environmental responses and regional strategies • Shift to a supply chain with materials that contribute to CO₂ reduction and business development
Value Creation	North America Tubular Product Group Companies	<ul style="list-style-type: none"> • Steady progress in structural reforms and strengthening of risk resilience at each group company, and promotion of ESG and DX business at our inventory yard in West Texas

Metal Products

Profit plan through FY2025 (results + trend)

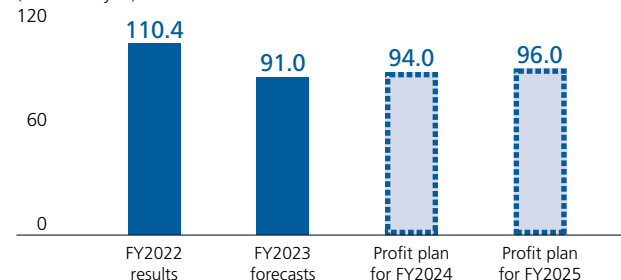
In FY2022, we achieved a significant profit increase of ¥55.2 billion from the previous fiscal year, mainly thanks to steady progress in promoting structural reforms, solid performance in the overseas steel service center business, and favorable market conditions in the North American tubular products business.

In FY2023, on the other hand, we expect profit to decrease compared to the previous fiscal year due to the settling of market conditions and other factors. However, we expect profit to increase for both steel products and tubular products after that going into FY2025.

Specifically, in the Steel Products Business, we aim to raise the existing earnings base by strengthening resilience and withdrawing from unprofitable businesses. At the same time, we expect to generate revenues through M&A in the ESG domain and initiatives in new domains such as the expanding global electrical steel sheet business in conjunction with the shift to EVs. Moreover, in the tubular products business, in addition to expecting a market recovery thanks to firm demand for conventional fossil fuels from the standpoint of energy security, we expect to generate revenues from the expansion of next-generation businesses through DX and the promotion of the energy transition field, including CCS and geothermal power, in response to the global trend toward decarbonization.

Profit for the year

(Billions of yen)



Human resources strategy

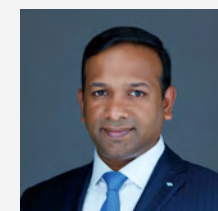
Business challenges and human capital utilization in the Tubular Products Division

Energy companies, the primary customers of the Tubular Products Division, are being asked to overcome and resolve the conflicting “trilemma” of energy security, economic development, and decarbonization.

In the midst of this, the division is engaged in business in two domains, namely short-term oil and gas development and medium- to long-term energy transition. Our strategic partnerships with energy companies, which have been cultivated over a long period of time through tubular product trading and supply chain management (SCM), allow us to capture business needs in the decarbonization field, such as CO₂ storage and hydrogen transport.

The division recognized the major changes in market structure in the 1980s as an opportunity, building up an advantage by developing and providing advanced SCM services using its proprietary inventory management system and expertise. In addition to this, over the past 30 years, we have promoted the hiring and training of a wide range of specialized talent at our business locations all over the world in order to realize sustainable value creation. Their areas of specialization include trading, project management, IT, and quality and safety management. We are now attempting to bring all this knowledge together to open up new fields, going beyond tubular product SCM. We are hiring people with knowledge and experience in the SCM business to play a part in this.

Sumitomo personnel playing active roles at job sites



Jeby George

Department GM of DX & ESG Department,
Tubular Products Group,
Energy Business Division,
Sumitomo Corporation of Americas

I joined Sumitomo Corporation in 2005 and have been involved in the launch and deployment of SCM projects under 19 contracts worldwide. During that time, I have cultivated the ability to develop business operations that encompass everything from the creation of business concepts to analysis and management of various business risks and the generation of added value and profits. I feel that this project management experience has allowed me to earn the trust of energy companies and deepen partnerships, which has led to positive results.

Currently, I am making full use of the mindset and skill set I have acquired to work on initiatives that contribute to the business portfolio transformation pursued by the division as well as the development of CCS/CCUS* projects that form the core of our growth strategy and new businesses that promote sustainability within the tubular products supply chain and drilling operations.

* Carbon dioxide Capture, Utilization and Storage. Technology for effective utilization of captured and stored CO₂

Transportation & Construction Systems

The Transportation & Construction Systems Business Unit seeks to achieve sustainable growth while flexibly expanding, fusing, and advancing our business domains. We will accomplish this through our particular strengths, which include the leasing and financing business, the global reach of our value chains in the ship, automotive, and construction and mining equipment businesses, and our advanced expertise in the aerospace-related business.



Norihiko Nonaka
Head of Business Unit



Aviation business



Automotive business



Construction equipment business

SWOT & business environment recognition

Strengths

- A global group of businesses covering manufacturing, sales, aftermarket, finance, and services in the ship, defense, aerospace, aircraft, automotive, and construction equipment fields
- An industry-leading general leasing and financing business and aircraft leasing business
- Networking and partnerships with key players in each industry

Opportunities and examples of initiatives

- | | |
|---|--|
| <ul style="list-style-type: none"> • Recovery and growth of mobility around the world • Demand for a decarbonized society • Demand for a recycling-oriented society • New business opportunities arising from utilization of DX | <ul style="list-style-type: none"> • Commercial Aviation: Capture recovery and growth trends through acquisition of European aircraft leasing businesses • Ship and Mobility Services: <ul style="list-style-type: none"> - Ship: Develop low CO₂ emission vessels and offshore wind power plant - Mobility Services: Develop EV leasing and energy management business for companies • Commercial Aviation: Enter the used aircraft parts business • Construction Equipment Solution: Promote commercialization of smart construction |
|---|--|

Risks & measures

- | | |
|---|---|
| <ul style="list-style-type: none"> • Rising interest and inflation rates and slowing growth of global economy • Geopolitical risks • Changing lifestyles, mobility patterns, and industrial structures | <ul style="list-style-type: none"> • Enhance profitability through cost reduction and reduce inventory risk by improving the accuracy of demand forecasting using DX • Optimize global portfolio diversification and balance and align with the international community • Develop and provide products and services in anticipation of changes in market needs and industrial structures |
|---|---|

Progress in main SBUs

Strategy Category	SBU	Progress/Achievement
Steady Business Growth	Leasing	<ul style="list-style-type: none"> • Increased prime assets and expanded business areas with a focus on real estate, renewable energy, overseas business, etc.
	Commercial Aviation	<ul style="list-style-type: none"> • Increased operating assets in the aircraft leasing business • Expanded the value chain by entering the aftermarket aircraft parts business
	Automotive Sales & Marketing	<ul style="list-style-type: none"> • Expanded the business by securing the supply and enhancing the sales network • Optimized and increased the efficiency of the supply chain through system development
	Construction Equipment Solution	<ul style="list-style-type: none"> • Executed a growth strategy based on regional expansion, products diversification, customer base expansion, and provision of on-site solutions
Value Creation	Aerospace Defense & Technology	<ul style="list-style-type: none"> • Strengthened and expanded the aerospace, industrial equipment, and information and communications technology (ICT) businesses by making Sumitomo Precision Products Co., Ltd. a wholly owned subsidiary
	Automotive Manufacturing & Engineering	<ul style="list-style-type: none"> • Executed management and business structure reforms in foundry businesses in Japan and the United States • Developed an engineering services business that engages in development work for automotive original equipment manufacturer (OEM), etc.
	Tire	<ul style="list-style-type: none"> • Promoted a turnaround in the tire business in the United States
Seeding	Beyond Mobility	<ul style="list-style-type: none"> • Created new services related to the transportation of people and goods, such as by electric buses, electric taxis, and logistics robots

Transportation & Construction Systems

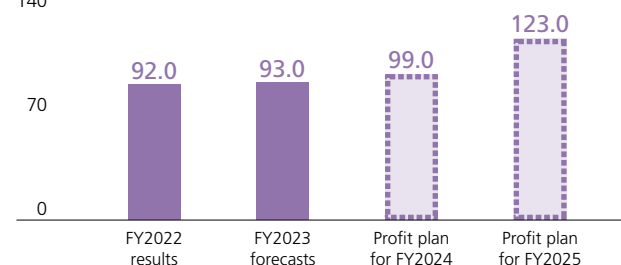
Profit plan through FY2025 (results + trend)

In FY2022, despite the lingering effects of supply chain disruptions and the energy crisis, including the semiconductor shortage and soaring market prices, the domestic leasing and aircraft leasing business, ship business, automotive sales and marketing business, and construction equipment business performed well, firmly capturing the market recovery and supply-demand imbalances.

Looking ahead to FY2025, we expect improvement in the business environment and enhanced profitability, so we are forecasting increased profit in many businesses. In leasing-related businesses, we expect to further increase environmental, real estate, and other assets, expand the aircraft leasing business against the backdrop of a full recovery and expansion of demand from the COVID-19 pandemic, and generate revenues in peripheral businesses. In automotive businesses, we will expand sales volumes in key areas of the sales and marketing business. Also, at Sumitomo Mitsui Auto Service Co., Ltd., the largest auto leasing business in Japan, we will work to generate revenues in the overseas business and peripheral businesses such as EV-related items. In the construction and mining systems business, we will work on expanding the business base and improving asset efficiency, especially in the North American market, where infrastructure improvement demand remains robust.

Profit for the year

(Billions of yen)
140



Human resources strategy

Expansion of talent pool

The Transportation & Construction Systems Business Unit leverages the presence in a wide range of industries and multifaceted business expertise of Sumitomo Corporation and group companies to enhance profitability, promote business model reform, and create new value. Playing the leading role in creating value are our diverse talent (human capital). To expand the talent pool, we continually work on mid-career hiring, leadership development, development of managerial talent, and improvement of DX and IT literacy.

Mid-career hiring

Over the past five years, we have hired more than 30 people, including female executive candidates, in order to acquire talent with capabilities that are lacking in our Company. Mid-career hires are playing active roles as leaders in various businesses. For example, a mid-career hire that came from an automobile manufacturer to join the Company in FY2022 established a new business company, Hakobune, Inc., which provides EV and energy management services based on new ideas. We will continue to actively acquire Top-Tier Professionals to lead the unit's strategy and growth.

Leadership development

As an independent initiative, the business unit launched leadership assessments by a specialized human resources agency in FY2019. These assessments are conducted for

approximately 400 employees, from divisional executives to core personnel who will lead the next generation. By objectively identifying the abilities and skills required for their own growth, they are then able to enhance their own leadership and people management skills.

Development of managerial talent

We had been working on it for some time, but in FY2017 we officially established a rotation program (diversity rotations) to develop future managerial talent. So far, we have dispatched a total of 13 individuals to consulting firms and investment funds, developing the leaders that will promote business transformation based on the skills and experience they cultivate through hands-on cross-organizational training.

Improvement of DX and IT literacy

In FY2020, we introduced an online learning platform provided by a human resources development vendor. We built an environment to learn various business skills, including in the specialized fields of DX and IT, and over the course of three years roughly 200 people participated.

To expand our human capital, which is the key to sustainable growth of the business unit, we will work on further enhancing human resources management through various measures.

Infrastructure

The Infrastructure Business Unit will contribute to the development of local communities and economies through the creation of new value to help resolve the challenges of local societies ahead of social changes. We will also promote businesses arising from the pursuit of carbon neutrality and contribute to resolving climate change on a global basis.

Yukihito Honda
Head of Business Unit



Northwind offshore wind farm (Belgium)



Illustration of North Hanoi Sustainable City upon completion (Vietnam)



Operational visualization system at logistics center (Japan)

SWOT & business environment recognition

Strengths

- Presence in the communities and countries of operations and the capabilities to address their respective needs
- Advanced and substantial expertise, industry networks, and customer bases in each business domain
- Structuring capabilities to establish systems for stable business operation
- Project management capabilities backed by an extensive engineering, procurement, and construction (EPC) track record
- Capability to build value chains through collaboration between the business unit's top businesses and internal and external partners

Opportunities and examples of initiatives

- Increased demand for environment-friendly infrastructure businesses such as the renewable power generation business
- Expansion of business opportunities addressing the needs of local communities and the privatization of public infrastructure
- Global manufacturing and supply chain reform
- Start of construction of onshore wind farms in Abukuma, Japan and Egypt and offshore wind farms in France
- Opening of the Bangladesh Industrial Park and expansion of the water infrastructure business in Shandong, China
- Launch of a manufacturing DX service at an industrial park and a logistics human resources allocation optimization service using quantum computing

Risks & measures

- Changes in business conditions or tightened regulations for coal-fired power plants
- Intensification of competitive business environment with the entry of suppliers from emerging countries and new business operators from other industries
- Heightened geopolitical risk and fluctuations in resource prices and the domestic electricity market
- Sustainable power source development initiative for achieving carbon neutrality by 2050
- Selection of suppliers and partners according to the individual needs of customers and optimization of operational efficiency through the use of DX
- Analysis utilizing the global network and intelligence of an integrated trading company, selection of key strategic regions based on geopolitical megatrends, utilization of insurance and financial leverage, and collaboration with governments

Progress in main SBUs

Strategy Category	SBU	Progress/Achievement
Steady Business Growth	Social Infrastructure	<ul style="list-style-type: none"> • Expanded high-quality infrastructure assets that contribute to solutions to the social challenges of local communities - Expanded the water infrastructure business in China
	Renewable Energy IPP	<ul style="list-style-type: none"> • Expanded the renewable energy business in Japan and overseas - Started construction of onshore wind farms in Abukuma, Japan and Egypt and offshore wind farms in France - Launched a baseload renewable energy source development study in Indonesia
	Overseas Industrial Park	<ul style="list-style-type: none"> • Expanded existing businesses, promoted development of new businesses, and enhanced services for tenant companies at industrial parks - Opened new industrial park in Bangladesh and launched sales - Launched a manufacturing DX service for tenant companies, further expanded the rooftop solar power generation business, and opened clinics for employees of these companies
Value Creation	Sumitomo Shoji Machinex	<ul style="list-style-type: none"> • Created new value through industrial equipment sales - Sold and delivered green steel manufacturing systems - Planned launch of sales and maintenance business for air conditioning equipment in Vietnam
	Logistics Business/Design & Solution	<ul style="list-style-type: none"> • Utilized DX for business expansion to address various logistics needs - Launched human resources allocation optimization service for logistics sites through the introduction of quantum computing - Participated in the TradeWaltz trade platform
	Insurance	<ul style="list-style-type: none"> • Designed and provided insurance products to address changes in the global business environment
Seeding	Smart City	<ul style="list-style-type: none"> • Engaged in high-value urban development through introduction of smart services - Promoted a Sustainable City town management feasibility study in northern Hanoi and carried out proof-of-concept experiments on community services for the child-rearing generation - Received order for renewable energy power source combined with EV leasing and launched 5G implementation experiment in Higashi-Hiroshima Smart City

Infrastructure

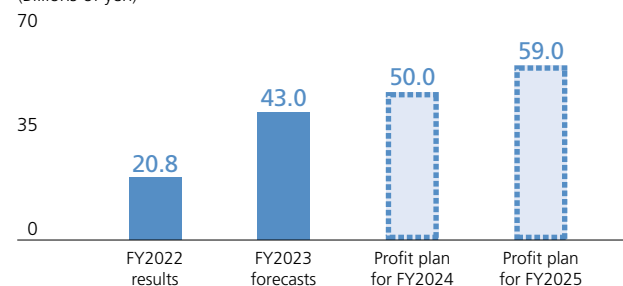
Profit plan through FY2025 (results + trend)

In FY2022, although we benefited from solid profit contributions from our overseas power generation business, we saw a significant decrease in profit compared to the previous fiscal year, due in part to soaring electricity procurement prices in our domestic electricity retail business.

Going into FY2025, we expect a substantial recovery and expansion of profit. In the overseas power generation business, we have factored in an increase in revenues from existing projects entering the contract phase as well as a certain amount of profit contribution from the gradual launch of operations in the renewable energy business currently under development and construction. In the domestic electricity retail business, we changed the business model to one where we do not bear the risk of price fluctuations by revising contract terms, which was the cause of the decrease in profit in FY2022. On top of that, we will work on expanding revenues by leveraging the supply-demand adjustment and energy management capabilities we have cultivated to date. In addition, we expect some new projects to contribute to revenues in the social infrastructure business, in which we are engaged in water, transportation, aviation, port, and Smart City projects. As such, from FY2023 to FY2025 we expect steady profit recovery and growth.

Profit for the year

(Billions of yen)



Human resources strategy

Development of human resources with conceptual creativity

Approach to and policy on talent development

For many years, the business unit has been involved in infrastructure construction projects in various fields, including electricity, railways, logistics, and industrial parks around the world. In many of these cases, we have played the role of consortium or project leader and key partner.

Infrastructure projects are a crucial foundation that supports the industries, economies, and daily lives of people in the respective regions and countries. At the same time, not only are they large in scale but they also often take long periods of 10 to 20 years from development to completion. The key to our success is the rapport and unity we have built with our various stakeholders, including relevant governments, local communities, and business partners. We have produced many highly committed professionals whose mission is to get things done while meeting these expectations.

In today's world, the emphasis is on DX and green transformation (GX) revolutions, and various industry players are pursuing collaboration with each other. It has become increasingly important to possess design thinking capabilities to create new value in addition to the aforementioned elements in order to achieve further growth. To keep pace with these changing times, we are securing and developing talent with varied experiences, diversifying the options for where they engage in their activities, and accelerating the promotion of young people to leadership positions.

Specific initiatives

Notably, we have secured talent with technical capabilities and expertise from various industries, including real estate, renewable energy, and property and casualty insurance. In addition, we have placed specialized technical and strategic teams in major global regions such as Tokyo, Germany, the United Arab Emirates, the United States, and Indonesia. They serve as centers of excellence and have allowed us to establish a global standard professional service framework to take on challenging projects.

We also actively promote young people to president or senior management positions of group companies, tying that into the early development of management talent and the revitalization of the organization.

We will continue to work on the active promotion of diverse talent, implementation of strategic rotations, and enhancement of our global specialized organizations. Through our infrastructure projects around the world, we aim to produce talent that will contribute to the improvement of people's lives and the development of society.



Diverse human resources playing an active role in the Bangladesh Industrial Park project

Media & Digital

The Media & Digital Business Unit aims to create value with impact and scale by utilizing digital technology and data. We will also contribute to enhancing the corporate and social value of the entire Group by leveraging the DX human resources and expertise we have cultivated.



Masaki Nakajima
Head of Business Unit



SCSK, a leading IT solutions provider



JCOM, Multi-channel broadcasting




Safaricom Ethiopia, integrated telecommunications business

SWOT & business environment recognition


Strengths

- SCSK Corporation, a leading IT solutions provider
- JCOM Co., Ltd., with the No. 1 share of the cable TV market in Japan
- Jupiter Shop Channel Co., Ltd., the leading player in the TV shopping market in Japan
- T-Gaia Corporation, with the No. 1 share of the mobile phone distribution market in Japan
- Access to cutting-edge technologies through our global CVC*1 network
- Expertise and network through the overseas telecommunications business

Opportunities and examples of initiatives

- | | | |
|---|---|--|
| <ul style="list-style-type: none"> • Expansion of opportunities to resolve social issues with digital technologies • Growing importance of leveraging digital data amid accelerating social changes • Creation and expansion of new markets with 5G mobile technologies • Multifaceted development through business alliance in various fields with Vodafone Group Plc. |  | <ul style="list-style-type: none"> • DX solutions through collaboration with partners such as SCSK • Business development utilizing cutting-edge technologies • Launched 5G base station sharing services business and local 5G business • Commenced telecommunications services in Ethiopia and investment in DABCO Limited |
|---|---|--|

Risks & measures

- | | | |
|---|---|--|
| <ul style="list-style-type: none"> • Changes in the global industrial structure and consumer behavior as a result of digital disruption • Intensified competition to secure IT and DX human resources across various industries • Competition arising from the fusion between broadcasting and telecommunications • Country risk in businesses based in emerging countries such as changes in policies or regulations |  | <ul style="list-style-type: none"> • Utilization of cutting-edge technologies led by our global CVC bases (five bases) • Expansion of the digital solution business and enhancement of digital related functions • Alignment with Over The Top (OTT) and enhancement of mobile services • Cooperation with national governments and international agencies |
|---|---|--|

*1 Corporate Venture Capital

Progress in main SBUs

Strategy Category	SBU	Progress/Achievement
Steady Business Growth	Digital Business	<ul style="list-style-type: none"> • Promoted joint DX projects with SCSK (GX-related services, etc.) • Enhanced data marketing function with SC Digital Media K.K.*2
	Cable Platform	<ul style="list-style-type: none"> • Enhanced the main services of JCOM (video streaming packages, Wi-Fi services, etc.) • Expanded JCOM's living-related services (online medical consultations, etc.)
Value Creation	Media Commerce & Content	<ul style="list-style-type: none"> • Promoted the media commerce business, such as Jupiter Shop Channel • Promoted the media content business
	Smart Infrastructure	<ul style="list-style-type: none"> • Expanded services in the integrated telecommunications business in Ethiopia (mobile money, etc.)
Seeding	Smart Services	<ul style="list-style-type: none"> • Participated in next-generation digital platform projects (investment in DABCO) • Launched digital financial services in Africa (collaboration with M-KOPA Holdings Limited)
	New Business Investment	<ul style="list-style-type: none"> • Invested in start-up companies through our global CVC bases and promoted business development • Executed DX-related private equity investments
	5G	<ul style="list-style-type: none"> • Promoted the 5G base station sharing services business • Promoted initiatives for local 5G business

*2 The company name will be changed to SC Digital Co., Ltd. on October 1, 2023.

Media & Digital

Profit plan through FY2025 (results + trend)

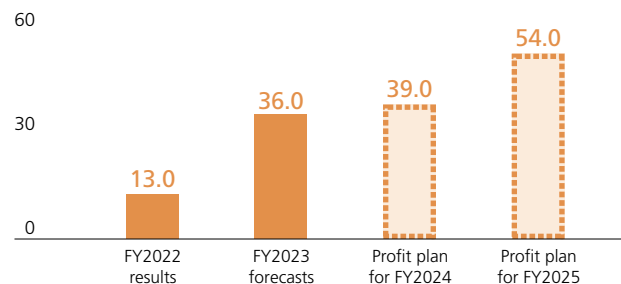
In FY2022, our major domestic group companies performed well for the most part. Meanwhile, the telecommunications business in Myanmar saw a decline in profit due to the deteriorating business environment and increased fuel and other costs. We also incurred start-up costs associated with the launch of the telecommunications business in Ethiopia.

Going into FY2025, we will steadily promote various initiatives. As for major domestic group companies, JCOM, which provides essential infrastructure for daily life (television, internet, telephone, mobile service, and electricity), will expand its services. TV shopping business Jupiter Shop Channel will pursue a customer-oriented approach to expand its customer base. SCSK, which is engaged in system development and IT infrastructure development, will capture ongoing investment demand for digitalization.

As for the overseas telecommunications business, we expect to see improvement in revenues in the telecommunications business in Myanmar. We also anticipate that the current work on network construction, sales network development, and expansion of cities served will contribute to revenues in the telecommunications business in Ethiopia.

Profit for the year

(Billions of yen)



Human resources strategy

Sumitomo personnel playing active roles at job sites



Naoko Deura

Strategy & Growth Team Leader,
Media Commerce Department

Since joining Sumitomo Corporation as a new graduate, I have been involved in business strategy, development, and operations in B2C-related media businesses as well as DX.

After working in administrative operations at the Head Office in the living-related business unit, I shifted roles to take charge of e-commerce business development. I was seconded to a magazine company in which Sumitomo invested, where I launched a women's fashion e-commerce business and took part in marketing operations. Following that secondment, I transferred to take charge of overseas business development at Shop Channel, a major TV shopping channel. There, I negotiated with potential partners in Asia and launched a TV shopping joint venture with leading local companies in Thailand as the first such overseas business. In Thailand, where I was stationed for five years, I worked with local employees and was able to deliver the Group's unique program broadcasts, products, and services to customers nationwide.

While accumulating these hands-on experiences, I developed a desire to deepen my overall knowledge of management, which led me to study business administration and design thinking at business school in the United States, sponsored by the Company.

After returning to Japan, I became a staff member under the Chief Digital Officer and was involved in creating the various initiatives related to companywide DX promotion and operations at the DX Center, which had just been established as a cross-functional organization of the Group. I have since been pursuing value creation companywide through DX.

Today, I lead a team in the Media Division that develops businesses that will become future earning pillars. Through M&A, collaborations, and the extensive assets of Sumitomo Corporation, our aim is to develop new media commerce businesses that deliver exciting products, services, and content to consumers via media, and we hope to expand globally in the future. The market environment is changing rapidly, and competition is fierce. However, I will continue to bring the team together to take on challenges, leveraging the knowledge, networks, and mindset I have cultivated through the companywide DX activities and my on-site experience in launching and operating businesses in Japan and overseas.

Living Related & Real Estate

The Living Related & Real Estate Business Unit will develop businesses that provide products and services that are close to consumers on a global basis while utilizing advanced technology to create new value and lifestyles, thereby contributing to the development of comfortable and exciting infrastructure for life.

Kotaro Tameda
Head of Business Unit



Utsunomiya Terrace complex urban development project



Summit supermarket chain/
Tomod's drugstore with
dispensing pharmacy




Left: New Zealand carrot juice
manufacturing business
Right: Bird Friendly® coffee

SWOT & business environment recognition

Strengths

- Expertise in retail and healthcare businesses acquired through the management of Summit Inc. and Tomod's Inc.
- Store network located primarily in the Tokyo metropolitan area and access to customers of Summit and Tomod's
- Robust global platform for food distribution and sale
- Extensive track record of developing and managing comprehensive portfolio of real estate projects

Opportunities and examples of initiatives

- | | | |
|---|--|---|
| <ul style="list-style-type: none"> • Expansion of overseas retail market, primarily in emerging countries with a growing middle class • Development of new businesses that lead to greater efficiency in rising medical expenses in Japan and other developed countries, as well as installations of medical infrastructure in emerging countries • Heightened global concerns over SDGs-related issues including food waste and environmental burdens • Focus on real estate in Japan as stable assets |  | <ul style="list-style-type: none"> • Expansion of the retail business in Asia • Expansion of a community-based integrated care business centered on the dispensing pharmacy business and development of the managed care business in emerging countries • Acquisition of various ESG-related certifications that contribute to resolving social issues • Accumulation of prime assets and realization of profitable portfolio |
|---|--|---|

Risks & measures

- | | | |
|---|---|--|
| <ul style="list-style-type: none"> • Decline in consumer confidence due to worsening economic conditions • Extreme weather patterns, infectious diseases, and other factors affecting harvest and sales price in recent years • Changes in global food supply, production, and logistics • Impact on the real estate market caused by capital market fluctuations |  | <ul style="list-style-type: none"> • Building of a highly efficient management structure • Strengthening of resilience through diversification of production areas and upgrading of equipment • Diversification of suppliers and strengthening of procurement, development, and planning/proposal capabilities to suit demand • Early ascertainment of financial market trends, analysis of impact on the real estate market, and timely and appropriate decisions on development, disposition, etc. |
|---|---|--|

Progress in main SBUs

Strategy Category	SBU	Progress/Achievement
Steady Business Growth	Retail	<ul style="list-style-type: none"> • Expanded presence in the Tokyo metropolitan area by aggressively opening and remodeling Summit stores • Enhanced profitability by promoting retail DX measures
	Healthcare	<ul style="list-style-type: none"> • Expanded the drug store and dispensing pharmacy business centered on Tomod's • Developed peripheral domains such as a community-based integrated care business centered on the dispensing pharmacy business • Expanded the customer and management bases in the managed care business • Expanded operations into ASEAN
	Food Distribution	<ul style="list-style-type: none"> • Further strengthened the business of SC Foods Co., Ltd. by coordinating with existing group companies and developing differentiated products • Strengthened the business through closer coordination with the Retail SBU
	Real Estate	<ul style="list-style-type: none"> • Built an optimal portfolio by accumulating prime assets mainly in strategic areas and withdrawing from unprofitable businesses • Steadily implemented B/S management by utilizing external funds such as investment funds and REITs
Value Creation	Global Fresh Produce	<ul style="list-style-type: none"> • Introduced a new management team, promoted the Sustainability Policy, and strengthened initiatives for value-proposition sales to realize early completion of the turnaround plan and further enhance our earning capabilities
	Building Materials and Cement	<ul style="list-style-type: none"> • Further expanded the earnings base of industry-leading group companies through enhanced collaboration with the real estate business

Living Related & Real Estate

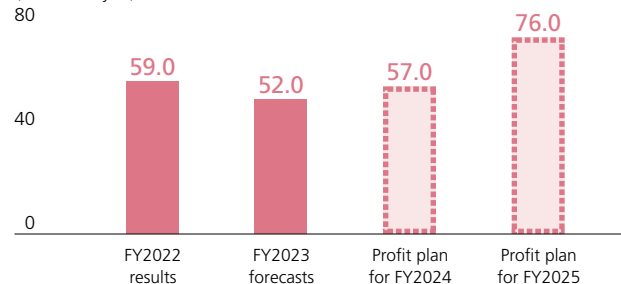
Profit plan through FY2025 (results + trend)

In FY2022, the domestic supermarket business saw a decrease in profit due to a decline in demand for at-home meals associated with the easing of restrictions on movement implemented in response to the COVID-19 pandemic and the impact of soaring electricity prices. However, the real estate business performed well, producing solid results.

Although profit will decrease in FY2023 due to the delivery of the large real estate project in FY2022, we aim to achieve steady growth through FY2025. In the domestic supermarket business, we will implement large-scale store remodeling and work to improve profitability through DX, such as by increasing operational efficiency and reducing losses with AI-based demand forecasting, thereby expanding the revenue base. In the healthcare business, we will increase profit by expanding the revenue bases of the domestic drugstore and dispensing pharmacy business and the overseas managed care business. In the real estate business, we will continue to promote portfolio management handling various areas and asset types. At the same time, we will accumulate prime assets, strengthen the development and sales business, and promote the expansion of funds with high asset efficiency and REIT-related businesses. By doing these, we will further enhance our stable revenue base.

Profit for the year

(Billions of yen)



Human resources strategy

Sumitomo personnel playing active roles at job sites



Mao Yasuda

Retail Business Department No. 1

Over the past few years since joining Sumitomo Corporation, I have learned the basics of business and management from scratch through my responsibilities in overseeing B2B operations. Being at the Head Office, I have also provided support to group companies. Gradually, I developed a strong desire to contribute to the enhancement of business value by heading out to the front lines of the business.

I am currently assigned to Summit, a supermarket chain, where I am in charge of promoting DX. In this work, it is essential to have a deep understanding of the issues and needs at the job site. As such, I often conduct interviews and on-site surveys at stores, and I get to experience the joy that comes from working on the front lines. I also find it both challenging and interesting to be involved in the process of overcoming obstacles one by one by putting my head together with those from group companies who are familiar with the business and digital technology specialists to find the best solutions. It has also led to my personal growth. I will continue to work toward becoming a future-oriented individual who can identify needs and create new business by utilizing both the business acumen I have acquired through my supervisory responsibilities and the knowledge I have gained on the front lines.



Akinari Yamaguchi

Food & Agriculture Business
Department No. 1
CEO, Juice Products New Zealand Ltd.

After joining the Company, I was involved in domestic sales, imports, and exports mostly of agricultural and livestock products. This was followed by work in group company management, new business development, and value creation. I have also been an overseas trainee, been seconded to a group company, and served as manager of domestic sales. Throughout my career, I have acquired extensive knowledge not only of products and industries but also of company operations such as accounting, finance, legal, and labor affairs. I have also formed personal connections within the industry and the Group.

Currently, I am serving as CEO of Juice Products New Zealand, which manufactures fruit and vegetable juices in New Zealand. It is an agricultural business that operates around the clock, and as CEO, I am often required to make immediate and accurate decisions regarding sudden changes in plans, such as factory shutdowns due to adverse weather conditions. To do this, I draw on all the experience, knowledge, and connections I have cultivated in the past. When it comes to running the company, there are some legal, accounting, and labor issues specific to New Zealand, so I add and update knowledge based on my experience in Japan while placing great importance on teamwork, leveraging human capital from inside and outside the company.

Mineral Resources, Energy, Chemical & Electronics

The Mineral Resources, Energy, Chemical & Electronics Business Unit considers the changes brought about by social demand and megatrends for sustainability to be great opportunities. By upgrading our existing businesses and creating new ones, we continue to create social, environmental, and economic value in the fields of mineral resources, energy, chemical and electronics.

Yoshiyuki Sakamoto
Head of Business Unit



MUSA iron ore mining business



High-value-added petrochemical derivative manufacturing business



Agricultural input & service business

SWOT & business environment recognition

Strengths

- Experience and expertise cultivated in operations and business management in the upstream mineral resources and energy field
- Business-building capabilities covering the entire value chain
- Global partner and customer bases
- Competitive advantage in electronics manufacturing services (EMS), agricultural inputs, and aluminum smelting
- Sales network for crop protection products in countries worldwide
- Derivative trading function

Opportunities and examples of initiatives

- Global trend of energy transition
- Changes in demand for a decarbonized/recycling-oriented society
- Higher expectations for improved agricultural productivity
- Development of new business model through participation in the energy transition business in the United Kingdom
- Green initiatives (green aluminum, green steel, green chemicals)
- Strengthening of the agricultural input business and business development in innovative fields

Risks & measures

- Geopolitical risks
- Further increase in awareness of the problem of climate change
- Global pandemics
- Identification of factors affecting the supply chain and other functions and scenario planning
- Initiatives for achieving carbon neutrality by 2050
- Continuation of operations putting safety and security first, leveraging experience with the business continuity plan (BCP) response in the manufacturing business in each region

Progress in main SBUs

Strategy Category	SBU	Progress/Achievement
Steady Business Growth	Aluminum Value Chain	<ul style="list-style-type: none"> • Promoted a business model that generates profit from both investment in aluminum smelting using renewable energy power sources and base metal trading
	Non-Ferrous Metals Value Chain	<ul style="list-style-type: none"> • Shifted management resources to copper, nickel, and other products that are expected to grow in demand, promoted the optimization of the upstream asset portfolio for non-ferrous metals, and enhanced trading functions
	Basic Chemicals	<ul style="list-style-type: none"> • Adjusted the supply-demand balance and strengthened the distribution services function by utilizing the business foundation, including customers, suppliers, manufacturing business, and logistics assets
	Agribusiness	<ul style="list-style-type: none"> • Strengthened the agricultural input business by enhancing products and functions and expanding geographically • Developed and promoted new agriculture-related businesses that capitalize on new technologies and trends (clean farming, smart farming, next-generation food production)
Seeding	Energy Seeding	<ul style="list-style-type: none"> • Implemented initiatives in new energy-related business domains that contribute to mitigation of climate change
	Green Chemicals	<ul style="list-style-type: none"> • Combined existing business base with new technologies that contribute to reducing environmental impact, and promoted the building of a supply chain that contributes to carbon neutrality and the establishment of a circular economy

Mineral Resources, Energy, Chemical & Electronics

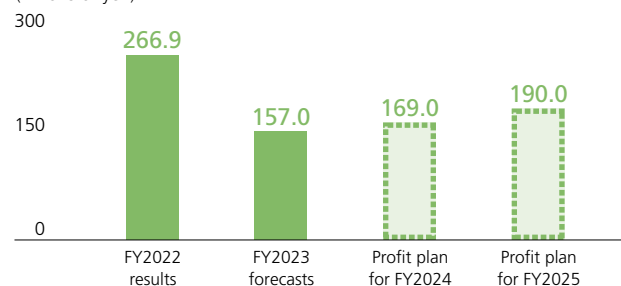
Profit plan through FY2025 (results + trend)

In FY2022, mineral resource and energy market volatility was high due to the situation in Ukraine, among other factors. In the midst of this, we achieved a high level of profit thanks to the execution of stable operations and trading functions in the mining business, the capturing of increased demand and higher prices for agricultural inputs resulting from higher grain market prices, and benefiting from a recovery in demand in the EMS business prompted by easing of the semiconductor shortage.

From now to FY2025, we expect a decline in mineral resources and energy prices in resources-related businesses to lead to a short-term drop in profit. However, we expect a contribution to revenues mainly from the nickel mining and refining business in Madagascar, which is aiming for high and stable operations, and the copper business in Chile, which launched production in 2023. In the chemicals and electronics field, expansion of the business base through geographical expansion in the agribusiness and improvement of profitability through enhanced functionality will drive performance growth. We will also steadily improve profitability through organic growth in the electronics business and expansion of basic chemicals trade.

Profit for the year

(Billions of yen)



Human resources strategy

Human resources management in the Ambatovy Nickel Project

Project outline

Sumitomo Corporation is the largest shareholder and operator of the Ambatovy Nickel Project, which is currently underway in Madagascar. This is one of the world's largest nickel projects, carrying out all production processes from nickel ore mining to base metal refining in the same country. We produce high-grade nickel used in storage batteries for EVs and other applications for which demand is expected to grow, selling it to customers in Japan, Europe, the United States, and Asia.

Currently, we are working on short-, medium-, and long-term issues to strengthen our system for stable and continuous production of high-grade nickel. This includes strengthening initiatives to improve operations and instilling a culture that promotes such improvements, enhancing our regular and preventive maintenance systems, and promoting inter-departmental collaboration. Realizing complex integrated production in Madagascar, which is still growing, will require not only immediate measures but also various long-term initiatives. As such, we are promoting localization at all levels, accumulating knowledge and experience, and working on business management and environmental conservation aimed at co-prosperity and coexistence based on relationships with local communities.

Importance of human resources management

We consider expanding the human capital that preside over the management of our business an important task along with developing and dispatching managerial talent that will lead the business to success. In the mining

business, we place the right talent in the right assignments. They have experience cultivated not only in this project but at multiple sites and operating companies and networks formed in the resources industry, including experience managing the silver, zinc, and lead business at our wholly owned San Cristóbal Mine in Bolivia that we sold in FY2022. We also actively utilize professional human capital from our network to provide the diverse functions required in the mine development business.

We constantly strive to enhance the capabilities of each individual and, as shareholders, we promote independent management by local operating company Ambatovy. Through proactive dialogue and mutual cooperation within the Board of Directors, we aim to build a solid business foundation and create new value.

By fully leveraging the functions of group company management teams and boards of directors, including those of Ambatovy, and our own, we seek to maximize corporate value. Through this pursuit, our global mine development business will provide a stable mineral resource supply worldwide while contributing to the countries and local communities where the mines are located, thereby achieving prosperity and realizing dreams of the people.



On-site inspection with partner Korea Mine Rehabilitation and Mineral Resources Corporation (KOMIR)

Energy Innovation Initiative (EII)

We will contribute to achieving a sustainable society based on the three focused areas of developing carbon-free energy, expanding power & energy services, and CO₂ capture, storage and utilization from a bird's-eye view of decarbonization and recycling energy systems.

Koji Aso
Head of EII



Green hydrogen production business



Domestic on-site solar power generation business



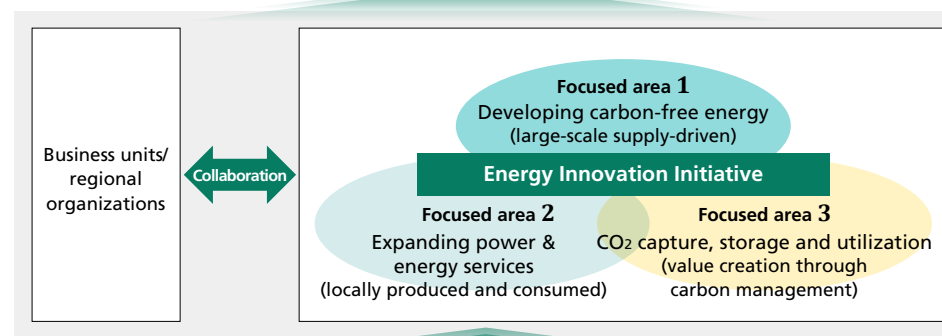
New Zealand forestry business

Overall picture and vision of EII

As EII, we are working to create next-generation energy businesses that contribute to realizing a carbon-neutral society through the development of a decarbonization and recycling-oriented energy system based on three focused areas. In FY2022, we launched an overseas organization to establish a global system and established three new business lines, including the Indonesia Energy Transition Dept. We aim to build a future revenue base for the Group with diverse insights from both internal and external sources and promoting business development through cross-organizational collaboration that goes beyond conventional regional and divisional boundaries.

Creation of new businesses through cross-company collaboration

Creation of next-generation energy businesses

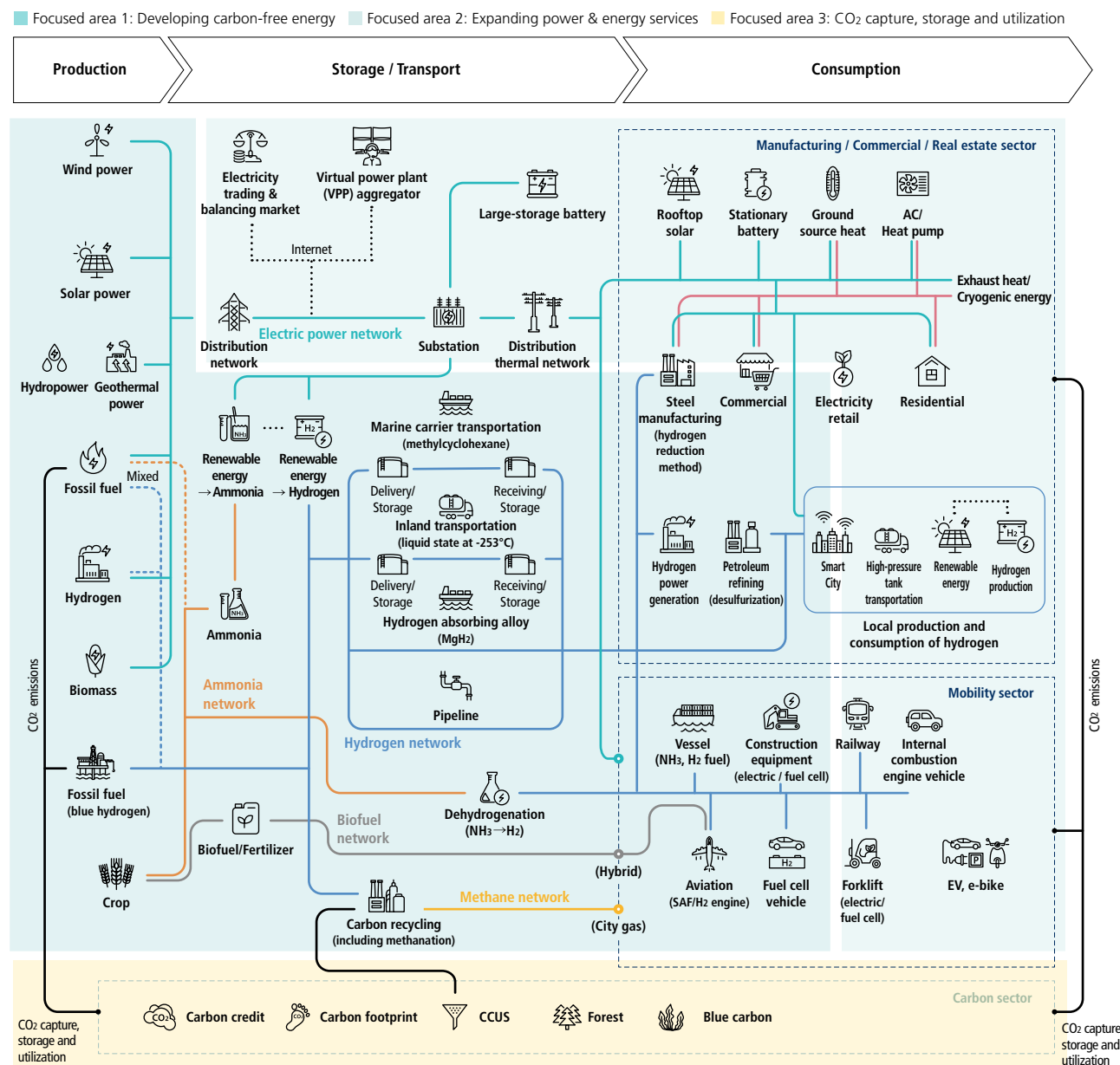


Scale of next-generation energy-related investments by the Sumitomo Corporation Group:
¥1.5trillion (2030 plan)

Results and future initiatives in the three focused areas

Focused area	Theme	Main progress/achievements and future policy
Focused area 1	Hydrogen & ammonia	We are working on major projects such as the hydrogen supply chain development project with Japanese and Australian affiliates while also promoting the clean ammonia business. Please access the news release below for details on our hydrogen-related initiatives. https://www.sumitomocorp.com/en/jp/news/topics/2023/group/20230308
	Next-generation biofuels	New projects are under development, including a low-carbon bioethanol manufacturing project combined with CCS and a bio-jet fuel (sustainable aviation fuel (SAF)) project.
Focused area 2	Green power platform	The domestic corporate solar power purchase agreement (CPPA) distributed/concentrated solar power generation business is expanding steadily, such as for the AEON Group. We are also promoting business development overseas.
	Large-scale energy storage business ● p. 59	Preparations for commercialization are steadily underway, including the construction of a large-scale energy storage station in Chitose City, Hokkaido and the launch of Battery Station Kyushu LLC, a joint project we are carrying out with Kyushu Railway Company (JR Kyushu).
Focused area 3	Forestry business	We will work on new businesses that make full use of our strengths, such as forest management expertise and marketing capabilities, through our ownership of sustainable forest assets.
	Carbon management	We will promote carbon neutrality by participating in carbon credit business rulemaking and developing the CCUS value chain.

Energy Innovation Initiative (EII)



Human resources strategy

Developing talent to design and create innovation businesses

Through inter-organizational collaboration and open innovation, EII aims to promote business development for the creation of decarbonized, recycling-oriented energy systems and to establish future earning projects for the Group in the next-generation energy field. Looking at the entire energy value chain, we will combine the business foundation and functions of the Group to come up with and implement a growth strategy that will contribute to the realization of a carbon-neutral society. We believe it is important to develop talent with the necessary mindset, skills, and expertise to “design and create innovation businesses.”

Since diversity of human resources (DE&I) is also essential for the creation of new business opportunities and business development, we EII have brought together members with diverse backgrounds and expertise from both inside and outside the Company, and currently have more than 200 members globally, including those from overseas organizations. In order to put the formulated strategies into practice, we will focus on creating a system that enables diverse talent to reach their full potential and pursue results as a global EII team, such as by flexibly establishing new organizations when deemed necessary.

Business reform through DX

Message from CDO

Steadily reforming our business through DX

The DX Center, which we established in 2018, drives our efforts to transform business models across the Company by utilizing digital technologies based on business challenges. Under the previous medium-term management plan, we worked on the development of a “DX-ready” environment, including activities to raise internal awareness of DX and promote its spread and the digitalization of on-site operations through robotic process automation (RPA). Under the current medium-term management plan SHIFT 2023, we are promoting DX through unified groupwide efforts. Digital technology is merely a tool for solving problems. It is combining the power of different digital technologies to provide solutions from both a macro perspective that considers the entire industry and a micro perspective that identifies the essence of on-site challenges that will lead to business transformation. Using this approach, we will contribute to the strengthening of each business through DX and the improvement of profitability and creation of value groupwide.

Supporting the achievement of the Business Portfolio SHIFT through expansion of functions

Same as sustainability, DX is an important tool that supports the Business Portfolio SHIFT. Under the current medium-term management plan, we have expanded the functions of the DX Center to bring about a more accelerated and effective Business Portfolio SHIFT, in addition to our continued efforts to implement DX at each SBU. To reform business by utilizing digital technology, it is important to build a system infrastructure to realize it. We have established an IT package called “SC Digital Platform” to enable rapid and advanced system deployment and data analysis. This package is available

to approximately 900 group companies, and we are promoting the Group’s DX by combining it with the human support provided by SCSK.

In addition to our digital technology initiatives, we have launched the Quantum Transformation (QX) Project, which aims to realize social transformation through quantum technology. We are expanding our network and conducting proof-of-concept experiments to prepare for the coming quantum society. We are also engaged in key start-up investments in five global locations (Silicon Valley, Hong Kong/Shanghai, Tel Aviv, London, and Tokyo), focusing on incorporating the latest technology and cultivating new business models. Through this geographical reach, we are enhancing collaboration between the investee start-up companies and the Sumitomo Corporation Group. In this way, along with continuous efforts toward business model transformation, we have been promoting expansion in terms of functionality, establishing a framework for more vigorously promoting the Business Portfolio SHIFT. This is the change in DX within the current medium-term management plan.

Continuing to create value and pursue social reform

Five years have now passed since the establishment of the DX Center. In April of this year, as momentum was being generated throughout the Company and the adoption of DX progressed, we decided to integrate the functions of promoting DX and IT strategies to build a foundation for further value creation activities and enhance technological and specialized capabilities under the Chief Digital Officer (CDO) and the Chief Information Officer (CIO). The aim is to provide more advanced functions and improve profitability utilizing digital technology.

We will continue to promote advanced DX at the on-site level by improving the DX skills of all employees, aiming to further increase the upside potential of each SBU. We will also

utilize the latest technologies, such as generative AI, to achieve advanced data-driven management, tying this into value creation and sustainable growth of the Company. In the coming years, we will work on providing comprehensive solutions not only to the Sumitomo Corporation Group but also to society at large by leveraging our accumulated expertise in areas such as digital technology and data utilization. We are already providing our DX expertise to society through our DX services for Japanese manufacturers in Southeast Asia and our private equity fund. Through the creation of value that is both large in scale and has a huge social impact, we will achieve internal and external business reform and establish our presence as an integrated digital solutions trading company.

Tatsushi Tatsumi

Executive Officer,
Corporate Group,
CDO/CIO



Business reform through DX

Initiatives to promote DX

Building a system for collaboration

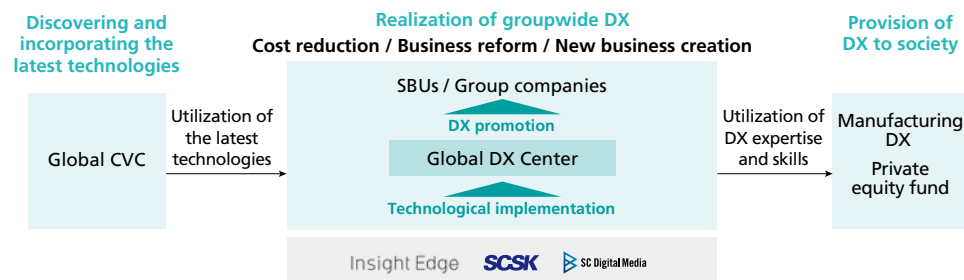
The key to success in DX is having the ability to conceptualize a business that combines knowledge of business sites and digital technology as well as the ability to implement technology to realize the vision. Involving key persons from business sites and having a clear picture of the use of digital technology and its expected effects will lead to the realization of effective DX.

To implement DX in our extensive business portfolio, Sumitomo Corporation has established a collaborative system consisting of three companies: SCSK, which is engaged in the development and integrated operation of digital solutions; SC Digital Media*1, which provides digital marketing functions; and Insight Edge, Inc., a company specializing in DX technology. The SBUs and the DX Center are working to bring about the envisioned outcome and expected effects of DX in terms of both business and digital aspects, promoting groupwide DX with strong technological implementation capabilities.

Insight Edge has more than 30 specialized talent, including data scientists, agile development engineers, UI/UX designers, and data consultants. It provides the engineering functions required for realizing DX. We leverage the strengths of our in-house organizations to not only reduce the time and costs involved in selecting and subsequently contracting with external vendors but also to introduce specialist talent from the problem-identification and measure-planning stages. By repeating the process of quickly developing and improving solutions for a wide range of needs across group companies, including prototype development, AI-driven demand forecasting/anomaly detection, and big data analysis, we are increasing the probability of success in DX.

*1 The company name will be changed to SC Digital Co., Ltd. on October, 1 2023.

Collaborative system for promoting DX



Examples of DX

AI + Drones

Promoting a blue economy business with image analysis algorithms

Together with group companies Sumitomo Corporation Tohoku Co., Ltd., Insight Edge, and Nileworks Inc., Sumitomo Corporation has established a technology for measuring carbon absorption through blue carbon. We have been supporting the acquisition of J Blue Credit®*2 in Hirono Town, Iwate. Blue carbon is carbon from CO₂ absorbed from the atmosphere and sequestered and stored in water and marine environments, primarily by mangroves, seagrasses, and seaweed beds. By combining the drone photography technology of Nileworks, which develops agricultural drones, with image analysis algorithms developed by Insight Edge, we were able to achieve rapid and accurate measurement of carbon absorption, rated as highly reliable in the certification audit. In 2022, we obtained certification for a record-high 3,106.5 tons of CO₂. We will continue to combine group technologies and expertise to develop new businesses utilizing digital technology.

*2 A credit standard operated since 2020 by the Japan Blue Economy (JBE) Association, which certifies credits specializing in the carbon stored in coastal and marine ecosystems ("blue carbon")

Logistics + Quantum technology, AI, and robots

Utilizing our network to implement the latest technologies in our businesses

The logistics industry is facing a number of issues, including labor shortages and low productivity such as the "2024 problem." We are taking on the challenge of solving these issues through DX methods using quantum, AI, and robot technologies. We developed the Smile Board Connect system to promote visualization at warehouse sites. Combining this system with our magiQanneal quantum computer-based logistics optimization platform, we provide a service that optimizes the allocation of on-site workers and improves productivity. Furthermore, in the Robots as a Service (RaaS) business, where we provide high-performance robots on a subscription basis, we have signed an exclusive distributorship agreement with Dexterity, Inc., a U.S.-based company that our CVC discovered and invested in. We are providing their AI robotics solutions domestically. These are examples of DX services realized through the QX Project and CVC. We will continue to leverage the Group's network and organically combine functions to maximize the value provided to customers utilizing digital technologies.

Enhancement of sustainability management

Sustainability management embodying Sumitomo's Business Philosophy

Sustainability management involves two elements, namely "sustainable corporate growth" and "contribution to the development of a sustainable society." We believe that initiatives that align these two elements are the ideal form of corporate activities in the coming era. We can envision a long-term narrative of our value creation by anticipating changes in the future business environment and leveraging their own strengths to accomplish these two elements.

Sumitomo Group companies have inherited Sumitomo's Business Philosophy over the course of generations and have conducted their businesses in accordance with the values therein. The idea that Sumitomo's business must go beyond benefiting Sumitomo itself to also benefit the nation and society is found in the phrase, "benefit for self and others, private and public interests are one and the same," which describes one element of Sumitomo's Business Philosophy. This aligns closely with the values of today's sustainability management. For around 400 years, companies within the Sumitomo Group have emphasized harmony with the public interest and have strived not only to pursue economic benefits but also to conduct management in such a way as to continually serve the common good as their mission while addressing the social issues of the times and changes in the business environment. In today's society, we continue to recognize the enduring importance of management that embodies Sumitomo's Business Philosophy. We are committed to resolving social issues and pursuing the ideal vision of society from a medium- to long-term perspective.

Establishing key social issues and medium- and long-term goals

Based on the philosophy that has been passed on through the generations, in 2020 the Sumitomo Corporation Group identified six key social issues that are particularly relevant to its business activities from among the social issues facing the world. After that, we established medium- and long-term goals to contribute to solutions to each of the issues.

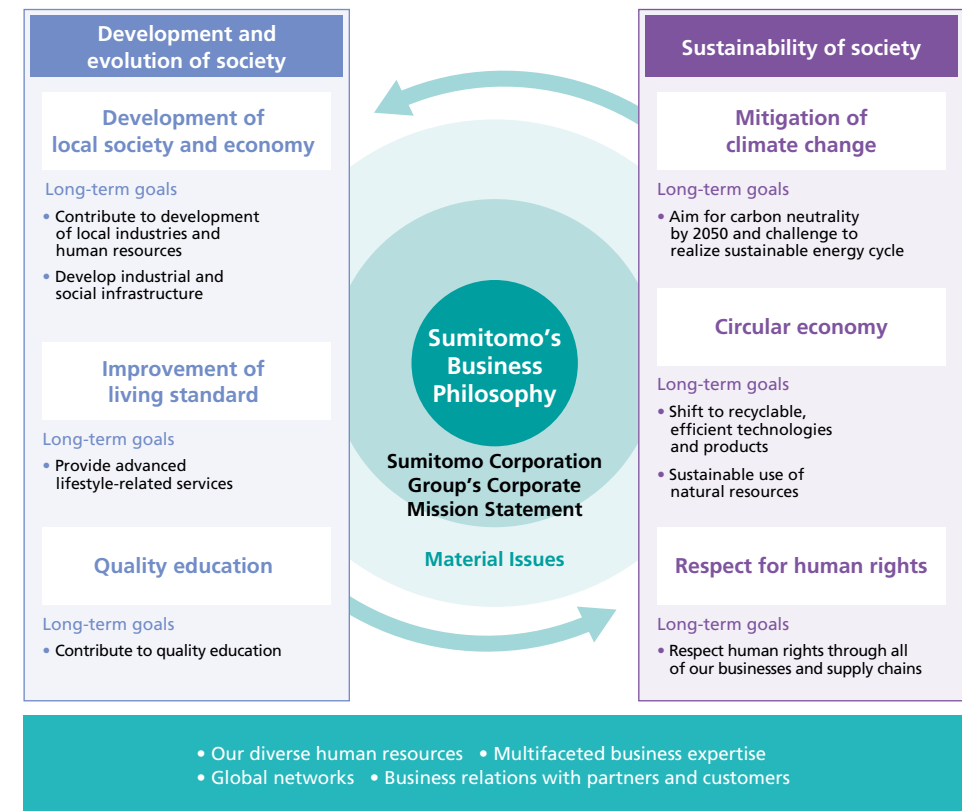
In addition, the current medium-term management plan SHIFT 2023, which was launched in FY2021, further links sustainability management to growth strategies and reflects them in specific initiatives and allocation of management resources. In other words, we will take the demands of society with respect to realizing a sustainable society as opportunities and strive to shift our business portfolio to align with medium- to long-term social structural changes. To that end, along with financial indicators, we thoroughly manage and monitor medium- and long-term goals (non-financial indicators) for key social issues while regularly verifying progress on the action plan.

Specifically, KPIs and KALs are set for the Group's key social issues at the SBU level, where progress is monitored together with the growth strategies of each SBU. Key initiatives and

progress toward achieving medium- and long-term goals are discussed at strategy meetings and other forums and are also monitored regularly by the Corporate Sustainability Committee, an advisory body to the Management Council.

None of these initiatives can be accomplished overnight, but we will continue to create new value through persistent implementation of the management cycle, seeking to simultaneously enhance the Group's corporate value and realize a sustainable society.

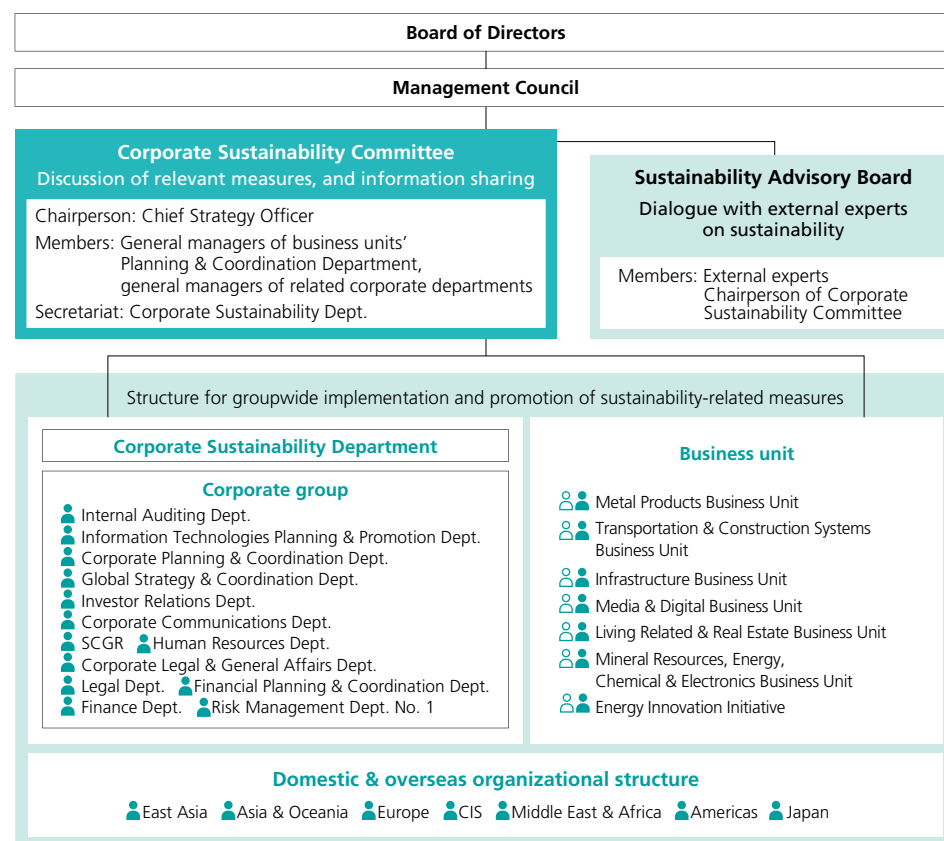
Six key social issues



Enhancement of sustainability management

Corporate sustainability system

The Corporate Sustainability Department is responsible for planning and promoting sustainability internally. Through collaboration among the general managers of each Planning & Coordination Department who are responsible for promoting sustainability in each business unit and sustainability promotion personnel of each Planning & Coordination Department, related corporate departments, and overseas regional organizations, we are implementing sustainability promotion measures throughout the entire Group. At the same time, each business unit, initiative, and regional organization is promoting its own measures based on the uniqueness of their respective businesses and regions.



Person icon Sustainability managers (general managers of business units' Planning & Coordination Department)

Person icon Sustainability staff

Corporate Sustainability Committee

We have established the Corporate Sustainability Committee as an advisory body to the Management Council. For important initiatives related to sustainability promotion, the committee submits agenda items and reports to the Management Council and the Board of Directors for consideration. These initiatives are then promoted at the discretion of the Management Council and under the supervision of the Board of Directors.

Main topics of discussion and reports in FY2022

- Monitoring of medium-term sustainability goals
- Operation of the Corporate Sustainability Committee
- Establishment of Sustainability Advisory Board
- Disclosure based on the TCFD
- Utilization of internal carbon pricing
- GX League
- Status of social and environmental risk management
- Social contribution activities
- Environmental management activities
- Biodiversity-related initiatives
- Initiatives for enhancing disclosure of non-financial information
- Results of ESG rating

Sustainability Advisory Board

We established the Sustainability Advisory Board, consisting of external experts, in March 2023 to obtain advice and recommendations on sustainability management in general.




Main topics of first meeting in 2023

- Discussion on the next medium-term management plan
- Measures required for the six key social issues
 - Sustainability promotion system and evaluation mechanism

Advisory Board members (March 2023–February 2024)

- Sadayoshi Tobai (Chief Executive Officer, WWF Japan)
- Hidemi Tomita (Managing Director, LRQA Sustainability K.K.)
- Takashi Nawa (Professor, Kyoto University of Advanced Science and Visiting Professor, Hitotsubashi University Graduate School)
- Junko Watanabe (Attorney-at-Law, Nishimura & Asahi)

Key social issues and medium- and long-term goals

Key social issues	Long-term goals	Medium-term goals	Progress
Sustainability of society	Mitigation of climate change > p. 53 	Aim for carbon neutrality by 2050 and challenge to realize sustainable energy cycle	<ul style="list-style-type: none"> Reduce CO₂ emissions of the power generation business by 40% or more by 2035 (of which, reduce 60% or more for coal-fired power generation business); power generation portfolio in 2035 to comprise 20% coal-fired, 50% gas-fired, and 30% renewables*¹ in terms of net ownership generation capacity. Reduce indirect CO₂ emissions*² associated with the fossil fuel upstream business by 90% or more by 2035. Reduce CO₂ emissions in all other businesses*³.
		Reduce the Group's CO₂ emissions 50% or more by 2035 (compared to 2019)	<ul style="list-style-type: none"> Reduced the Group's CO₂ emissions by 12.3% (compared to 2019) Reduced CO₂ emissions of the power generation business by 1.2% (compared to 2019) Power generation portfolio at end of FY2022 comprised 52% coal-fired, 30% gas-fired, and 18% renewables in terms of net ownership generation capacity Reduced indirect CO₂ emissions associated with the fossil fuel upstream business by 41.8% (compared to 2019)
		Establish businesses that will form the foundation for a sustainable energy cycle in society	<ul style="list-style-type: none"> Develop hydrogen and other forms of carbon-free energy, increase supply of renewable energy (5 GW or more by 2030)*⁴, and expand new power and energy services. Expand businesses encouraging electrification, fuel conversion, improved energy and coal efficiency, and energy conservation. Capture, store and utilize CO₂ via carbon recycling, forestry business, CCS, and emissions credit trading, etc.
	Circular economy 	Shift to recyclable, efficient technologies and products	<ul style="list-style-type: none"> Expand use of raw materials derived from recycled or renewable resources. Improve efficiency of product usage and expand businesses that promote longer product life (sharing, sales of used items, leasing, rentals, etc.).
	Sustainable use of natural resources	Use renewable and recyclable raw materials, collect waste, and promote improved efficiency of product usage	<ul style="list-style-type: none"> Secondarily used EV batteries at a large-scale battery energy storage system in Chitose City, Hokkaido with the aim of beginning commercial operation in FY2023 Expanded a subscription service of EV for corporate and private customers, in addition to EV sharing, increasing the user base
	Respect for human rights > p. 56 	Respect human rights through all of our businesses and supply chains	<ul style="list-style-type: none"> Promoted sustainable forest management through due diligence (conduct of supplier survey and on-site inspection, etc.) based on our Forest Management Policy and Sourcing Policy for Forest Products
		Promote and ensure respect for human rights in accordance with the United Nations Guiding Principles on Business and Human Rights and Sumitomo Corporation Group's Human Rights Policy	<ul style="list-style-type: none"> By 2023, achieve 100% participation rate in human rights education based on the Guiding Principles, and 100% implementation rate in regional organizations and subsidiaries. Strengthen risk analysis in human rights due diligence to accurately assess risks in all businesses, including the supply chain, and implement risk mitigation measures by 2025. Establish a more effective grievance mechanism*⁵ based on assessment results.
		Ensure a safe workplace environment	<ul style="list-style-type: none"> Strengthen efforts to achieve zero accidents at major business workplaces, focusing on manufacturing, processing, and projects involving large-scale construction.
		Achieve a diverse organization grounded in mutual respect	<ul style="list-style-type: none"> Provide a safe working environment that is free from discrimination and harassment. Promote human resources management that enables individuals to demonstrate their abilities regardless of nationality, age, gender, sexual orientation, gender identity, or any other attributes or values.
			<ul style="list-style-type: none"> Created a booklet that introduces countermeasures against the most frequent accidents, and distributes it to employees throughout the global tubular organization. Also, provided e-learning for HSSE*⁶ Explicitly added the concept of Equity to the Global Human Resources Management Policy (DE&I), and continued Diversity Weeks (intensively developed programs aimed at permeating and realizing DE&I) and implemented global collaboration




*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: 1.5 GW (1 GW = 1 billion W)

*5 A process that employees, local residents, or other stakeholders can use to lodge complaints regarding human rights violations and other issues related to enterprise's business activities including its supply chain, for resolving such issues

*6 Health, Safety, Security and Environment

Key social issues and medium- and long-term goals

	Key social issues	Long-term goals	Medium-term goals	Progress
Development and evolution of society	Development of local society and economy 	Contribute to development of local industries and human resources Develop industrial and social infrastructure	Develop local industries, create jobs, and develop human resources through the Group's global business operations <ul style="list-style-type: none"> Promote sustainable, highly productive, and value-added industries, and coexist with local communities through business. Create employment and develop management and highly skilled human resources at the Group's business sites. 	<ul style="list-style-type: none"> Promoted the overseas industrial park business (completion of the first phase of the Bangladesh Economic Zones Authority) Conducted job training in collaboration with United Nations Development Programme (UNDP), etc., in Iraq and Libya, reaching a cumulative total of 108 and 507 graduates respectively
	Improvement of living standard 	Provide advanced lifestyle-related services	Deliver advanced lifestyle services that help to solve social issues such as urbanization and aging populations <ul style="list-style-type: none"> Provide more advanced services and new functions that improve the standard of living, such as mobility, media and telecommunications, healthcare services, and Smart City development, based on new technologies and concepts. 	<ul style="list-style-type: none"> The North Hanoi Sustainable City: Obtained approval for urban planning/progressed on land expropriation/concluded a basic agreement with BRG (a partner company) Provided a variety of welfare services (childcare center booking service, health checkups, education, café within the industrial park, etc.) via a digital platform for tenant companies and employees at Thang Long Industrial Parks in Vietnam Provided local 5G infrastructure services, and conducted local 5G proof-of-concept trials with cable TV operators and railroad operators for commercialization
	Quality education 	Contribute to quality education	Provide quality and equal learning opportunities through 100SEED* activities <ul style="list-style-type: none"> Quantitatively expand the scope of learning opportunities. 100% satisfaction of beneficiaries. Continue to have at least 5% of all employees participate annually (scope is Sumitomo Corporation, regional organizations, and group companies). 	<ul style="list-style-type: none"> Through the "Mirai School" career education support program, supported career education for a cumulative total of 10,700 students at 68 high schools across Japan in the three years from 2020 to 2022 More than 5% of employees at the Head Office and regional organizations in Japan and overseas participated in 100SEED activities (In FY2022, 53 projects were implemented in 19 countries.)

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

Identification process of key social issues



Mitigation of climate change

Achieving carbon neutrality at the Sumitomo Corporation Group and in society

Mitigating climate change is a serious challenge that must be overcome to realize a sustainable society. As such, we must make the transition to a society that emits as little CO₂, methane, and other greenhouse gases as possible by converting to renewable energy and other forms of clean energy and conserving energy in industries and households. It will also be necessary to balance residual emissions and absorption of CO₂ to create a sustainable energy cycle by maintaining and recovering CO₂ absorbed by forests, marine plants, and other natural capital and capturing, storing, and utilizing CO₂ through new technologies and business models that consider it a resource.

The Sumitomo Corporation Group has set forth a long-term goal of realizing carbon neutrality within the Group by 2050. In addition to setting milestones to achieve this goal, we are steadily promoting the use of internal carbon pricing and the creation of next-generation businesses centered on the Energy Innovation Initiative (EII).

The decarbonization movement is spreading to diverse industries with a global presence. We will steadily shift our business portfolio by addressing the risks brought about by the accompanying changes in technology and business models while at the same time cultivating the business opportunities presented by the social needs created by those same changes.

News

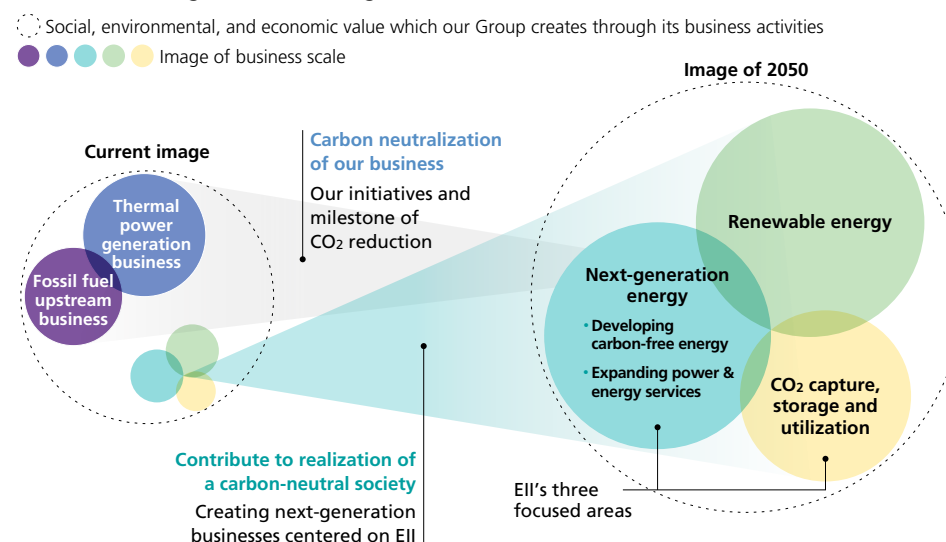
Promoting the utilization of internal carbon pricing (ICP)

While working on early action on potential future risks and opportunities arising from climate change, we are promoting the utilization of internal carbon pricing as a means of accelerating our portfolio shift. We use some scenarios such as the IEA's*1 NZE Scenario*2 to centrally visualize and monitor the Group's carbon emission costs, businesses that have the potential to create environmental value by capturing, storing, and utilizing CO₂, and businesses that contribute to reducing CO₂ emissions. In addition, regarding individual investments, we analyze new and existing investments that are of high importance using those scenarios to check whether or not they will have an impact on future business and how to address it.

*1 International Energy Agency

*2 Net Zero Emissions by 2050 Scenario: A scenario that assumes global achievement of net-zero emissions by 2050 (a 1.5°C increase in temperatures since the Industrial Revolution)

Initiatives to mitigate climate change (business shift)



Basic agreement with state-owned electric company in Indonesia to accelerate energy transition

Demand for electricity is expected to increase fivefold to sevenfold by 2060 in Indonesia as the country's economy and population continue to grow. At the same time, however, it aims to achieve net-zero greenhouse gas emissions, which currently stand at approximately 1.8 billion tons. The Group is accelerating the new development of renewable energy power generation projects and promoting studies on the early transfer or shutdown of existing coal-fired power plants in order to support stable energy supply and carbon neutrality in Indonesia. We will co-create a comprehensive ecosystem, including attracting investment from green industries that require renewable energy.

Upward revision of renewable energy supply expansion target for 2030

Based on the fact that the number of highly feasible pipeline projects is on the rise, we updated our target for net ownership generation capacity from 3 GW or more to 5 GW or more. We will establish businesses that will form the foundation for a sustainable energy cycle through the expansion of the renewable energy power generation business of the Infrastructure Business Unit and the creation of next-generation businesses in a decarbonization and recycling energy system sought by the EII.

Mitigation of climate change

Steadily promoting initiatives for carbon neutrality at the Sumitomo Corporation Group

With regard to the scope of the goal of carbon neutrality within the Group, in addition to Scope 1 and Scope 2 CO₂ emissions at Sumitomo Corporation and its consolidated subsidiaries (approx. 1 million tons), we also include the CO₂ emissions of the power generation business, which emits a large portion of total emissions (approx. 43 million tons), including associated companies (equity method), and indirect CO₂ emissions generated by other organizations with the use of fossil fuel in the fossil fuel upstream business (Scope 3 Category 11; approx. 9 million tons).

Scope of goal of carbon neutrality (2022 results)

	Scope 1 Direct emissions	Scope 2 Indirect emissions from acquired electricity, etc.	Scope 3 Other indirect emissions
Sumitomo Corporation/ Subsidiaries	Approx. 1 million tons (excluding the power generation business)		Fossil fuel upstream business Approx. 9 million tons
Associated companies (equity method)	Power generation business (including facilities under construction) Approx. 43 million tons		

Policy on and approach to our coal-fired power generation business

Sumitomo Corporation policy

- No involvement in any new coal-fired power generation business, neither in Independent Power Producer (IPP) nor EPC, without any exception
- End all coal-fired power generation business by the late 2040s

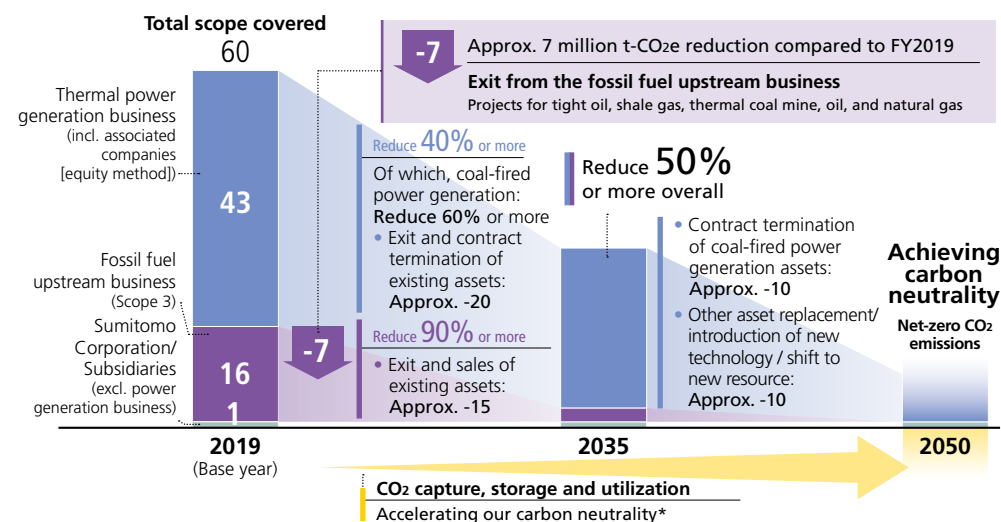
Approach to efforts

From the perspective of our social responsibility, including the development of local communities and economies and our obligation to supply, we will pursue every option, not eliminating the possibility of accelerated withdrawal from the business, while implementing the following efforts to accelerate the decarbonization of our Company and society as a whole.

- Consensus building based on sincere dialogue with host countries, local communities, and other stakeholders
- Pursuit of consideration and efforts toward the decarbonization and low-carbonization of existing facilities
- Maximum support for host countries to shift power sources to renewable energy and other sources

In FY2022, we sold some of our interests in the fossil fuel upstream business and pushed forward with the Business Portfolio SHIFT through promotion of the renewable energy business. At the same time, we began studies on how to promote decarbonization and low-carbonization for our existing coal-fired power generation business. To achieve carbon neutrality within the Group by 2050, we will steadily work toward specific milestones for CO₂ emission reductions.

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



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

Disclosure based on the TCFD

Recognizing the importance of disclosing information related to our initiatives to address climate change issues, we have been supporting the final recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) since March 2019.

We established medium- and long-term goals for mitigating climate change as a key social issue. While making such efforts as reviewing the Group's Policies on Climate Change Issues, in compliance with the framework recommended by the TCFD, we disclose information related to climate change on our corporate website and on our ESG Communication Book (ESG Data). Through opportunities such as ESG briefings, we are striving to engage in further dialogue with stakeholders and continuously enhance information disclosure.

Governance

With regard to the various opportunities and risks related to climate change issues involved in the Group's diverse business activities, the Board of Directors receives periodic reports on strategies in the Group's diverse activities in each business field, their progress, and the status of risks affecting

Mitigation of climate change

the Company's entire business portfolio, and monitors whether appropriate management is being carried out. In addition, the Board of Directors adopts resolutions establishing Policies on Climate Change Issues and discusses the handling of important issues related to the policies.

Strategy

The Group positions its climate change mitigation initiatives as a strategic means to reduce risks and explore business opportunities. We are steadily promoting the Business Portfolio SHIFT accordingly.

In analyzing transition risk scenarios, we recognize that long-term changes in the external environment caused by climate change will bring about various changes in the Group's business environment. In principle, we include businesses involved in sectors where there are expected to be significant changes in the business environment, regardless of their size, within the scope of analysis. In 2023, we added businesses related to new opportunities to the scope of analysis. In the respective scenario analyses for transition risks and physical risks, we confirm our response to the risks and opportunities and strive to enhance information disclosure.

The demand and supply trends in the relevant markets of our businesses, as described in the various scenarios*¹, show that roughly 90% of them would either be neutral or show an increase. Overall, we have confirmed that the markets are stable or expanding under the scenarios. In addition, we analyze our potential risks and opportunities, taking into account external

environmental changes such as the climate-related disclosure standards of ISSB*², technological changes, regulatory introductions, market trends, and other factors. We also monitor our response to those changes and the progress of our portfolio shift.

As for physical risks, in 2023 we identified the forestry business as a field where the risks are relatively significant among our businesses in a wide range of fields and regions. This was in addition to the power generation business, mineral resources and energy concession business, real estate business, and agriculture. Of these, for businesses that we consider particularly susceptible to physical risks, we analyzed the impact using assessment tools that refer to the RCP8.5*³ scenario by the IPCC*⁴, which assumes a 4°C rise by the year 2100, and others.

We have confirmed that in all of these businesses, we are able to manage the risks through confirmation of the impact of local weather and geographical factors on the business at the time of investment, ongoing assessments after participation in the business, clarification of the contractual scope of responsibilities, and liability insurance policies.

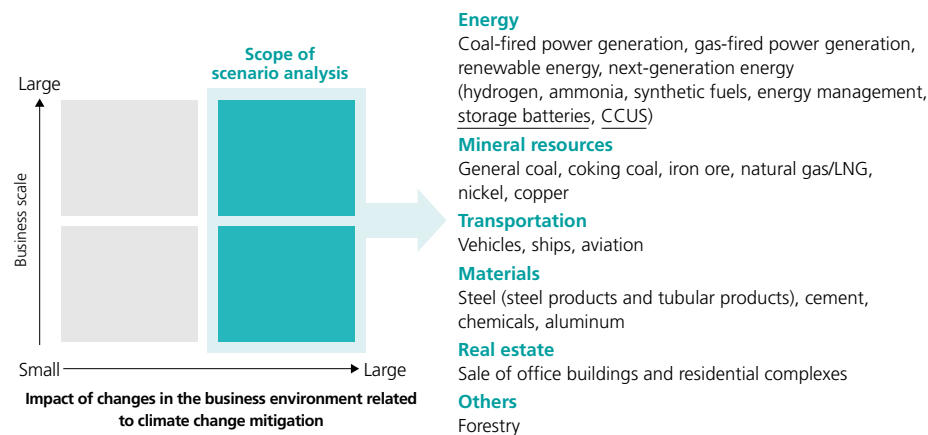
*¹ Using the five scenarios of 1.5–2.5°C described in World Energy Outlook 2022 and Energy Technology Perspective 2023 by the IEA, The Inevitable Policy Response 2021 by the Principles for Responsible Investment (PRI), and other forecasts

*² International Sustainability Standards Board

*³ Representative Concentration Pathway 8.5

*⁴ Intergovernmental Panel on Climate Change

Business sectors identified for transition risk scenario analysis



* Underline indicates new inclusion in scope.

Risk management

The status of the Group's major risks, including confirmation within each business unit, is summarized and reported regularly to the Management Council and the Board of Directors. If there are any unacceptable risks from the perspective of the portfolio as a whole, measures including reduction of exposure are investigated with organizations responsible for risk management.

Metrics and targets

We have established CO₂ emission reduction targets ● p. 54 and are working to achieve carbon neutrality within the Group and in society.



For further details, please visit our ESG Communication Book (ESG Data).
<https://www.sumitomocorp.com/en/jp/sustainability/communication/index.html#data>



Respect for human rights

Our approach to respect for human rights

Through the implementation of human rights due diligence, stakeholder dialogue, internal education, and other such efforts based on the Sumitomo Corporation Group's Human Rights Policy established in May 2020, the Group strives to demonstrate respect for human rights as part of its corporate social responsibility (CSR) and achieve sustainable growth together with society.

Goals and progress

<p>Long- and medium-term goals</p>	<p>Long-term goals</p> <ul style="list-style-type: none"> • Respect human rights through all of our businesses and supply chains <p>Medium-term goals</p> <ul style="list-style-type: none"> • Promote and ensure respect for human rights in accordance with the United Nations Guiding Principles on Business and Human Rights and Sumitomo Corporation Group's Human Rights Policy • Ensure a safe workplace environment • Achieve a diverse organization grounded in mutual respect
<p>Progress in FY2022</p>	<ul style="list-style-type: none"> • Promote and ensure respect for human rights <ul style="list-style-type: none"> - Carried out human rights due diligence for two business units (Infrastructure and Mineral Resources, Energy, Chemical & Electronics) - With the human rights due diligence performed for Media & Digital and Living Related & Real Estate in FY2021, this brings the cumulative total to four business units - Implemented e-learning on business and human rights for all Sumitomo Corporation officers and employees, achieving a 100% participation rate

For further details, please visit our corporate website.



Policy, structure, etc., for respect for human rights
<https://www.sumitomocorp.com/en/jp/sustainability/respect>

Details on initiatives related to key social issues
<https://www.sumitomocorp.com/en/jp/sustainability/management>



Sumitomo Corporation Group's Human Rights Policy

Sumitomo Corporation declares in its Management Principles that it aims to be a global organization that contributes broadly to society and places prime importance on utmost respect for the individual. We will respect human rights to fulfill our CSR, and pursue sustainable growth with society.

Sumitomo Corporation became a signatory in 2009 to the Ten Principles of the United Nations Global Compact, which advocates for values common to its own Management Principles, including those regarding human rights and labor.

We also respect the International Bill of Human Rights and the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, and we operate in accordance with the United Nations Guiding Principles on Business and Human Rights.

1. Scope of application

Sumitomo Corporation endeavors to ensure that all executives and employees within the Group fulfill their responsibility to respect human rights.

In addition, we encourage our suppliers and business partners to accept, understand, and practice this policy so that we can work together to fulfill our social responsibilities, including respect for human rights in the relevant value chain.

2. Human rights due diligence

Sumitomo Corporation strives to identify and to prevent or mitigate any adverse impact on human rights through the application of human rights due diligence processes. Where we identify that our Group's practices have caused or contributed to an adverse impact on human rights, we will endeavor to take appropriate remedial measures.

3. Compliance with relevant laws

Sumitomo Corporation will comply with national and regional laws and regulations applicable to its group operations.

When those laws and regulations are incompatible with internationally recognized human rights, we will seek to employ measures to respect international human rights norms.

4. Stakeholder engagement

Sumitomo Corporation will seek to improve and progress human rights measures through engagement and dialogue with relevant stakeholders.

5. Education

Sumitomo Corporation will appropriately educate its executives and employees within the Group in order to ensure that this human rights policy is understood and implemented effectively.

6. Reporting

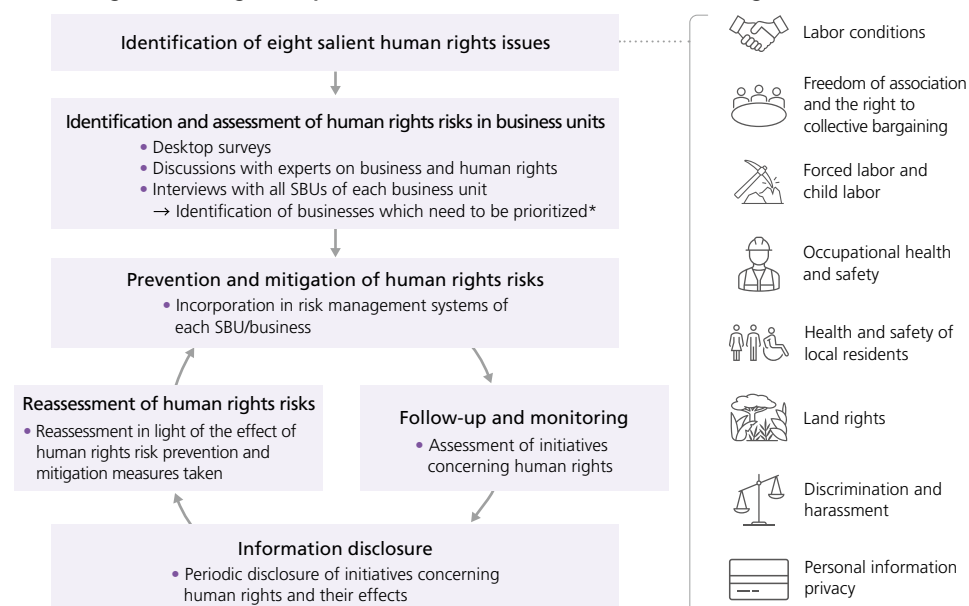
Sumitomo Corporation will disclose appropriate information regarding its efforts to respect human rights.

Respect for human rights

Human rights due diligence in all businesses, including the supply chain

Based on the Sumitomo Corporation Group's Human Rights Policy, we began human rights due diligence in 2020 so that we can identify, prevent, mitigate, and account for how we address any adverse human rights impact of the Group's business activities. Respect for human rights is one of the key social issues of the Sumitomo Corporation Group. As such, we have established a medium- to long-term goal of achieving respect for human rights in all of our businesses, including our supply chain. Our human rights due diligence is carried out via a process in line with international guidance such as the United Nations Guiding Principles on Business and Human Rights and the United Nations Guiding Principles Reporting Framework. We also identified salient human rights issues that should be prioritized in order to evaluate the impact on human rights within the Group and the related risks. Specifically, we have positioned the following as material issues: freedom of association and the right to collective bargaining, forced labor and child labor, discrimination and harassment, occupational health and safety, labor conditions, health and safety of local residents, land rights, and personal information and privacy. These are also related to the five core labor standards of the International Labour Organization.

Human rights due diligence / process of identification of salient human rights issues



* Also promote human rights due diligence in SBUs/businesses other than those identified in human rights due diligence by department.

FY2022 results and future initiatives

In FY2022, we continued our human rights due diligence that was started in FY2021 in the Infrastructure Business Unit and the Mineral Resources, Energy, Chemical & Electronics Business Unit. We identified human rights risks of concern and the status of implementation of prevention measures and mitigation activities taking into account the characteristics of each business. We have begun looking into how to further strengthen measures to address certain human rights risks. In FY2023, we plan to conduct human rights due diligence at other business units as well. At the Media & Digital Business Unit and the Living Related & Real Estate Business Unit, each SBU and business prioritizes the identified human rights risks considering their severity. They then established concrete action plans and are implementing the PDCA cycle. The Corporate Sustainability Department is reinforcing our Group's initiatives to contribute to respect for human rights by supporting each SBU and business' action as needed. Moreover, with regard to human rights education, we conducted e-learning on business and human rights for all Sumitomo Corporation officers and employees in accordance with our medium-term goals. We will continue to conduct human rights due diligence and roll out human rights education to regional organizations and subsidiaries.



For further details, please visit our ESG Communication Book (ESG Data).
<https://www.sumitomocorp.com/en/jp/sustainability/communication/index.html#data>



Comment from an Outside Director

I hope to see the identification of human rights risks and the implementation of mitigation measures to ensure sustainable business growth.

Hisashi Yamazaki, Outside Director



Sumitomo Corporation has promoted initiatives in accordance with the Sumitomo Corporation Group's Human Rights Policy since its announcement in May 2020. Through FY2022, under the direction of the Corporate Sustainability Department and with the cooperation of outside experts, the Company conducted human rights due diligence with respect to four SBUs to identify and assess the risks. Currently, no major problems other than geopolitical issues have been reported. However, it will be necessary to complete human rights due diligence in the remaining departments as soon as possible and, as the next step, to address human rights due diligence at the group company level as well. In light of the increasing global attention on human rights issues in business, when making new investments, it is necessary to continue and enhance efforts to accurately identify human rights risks at the investee alongside investment due diligence. In addition, it is crucial to conduct human rights due diligence after investment execution to prevent and mitigate human rights risks.

Adapting to social structural changes

Resolving key social issues and achieving sustainable growth through business

The social structure is undergoing changes due to climate change, the pandemic, and declining birthrates and aging populations. The Sumitomo Corporation Group has identified social issues that are closely related to these changes and are deeply important as “key social issues” and incorporates them into its management and business strategies.

The Group will take on the challenge of social development and sustainable growth of the Group by evolving each business in line with the major social trends of digitalization and sustainability while pursuing value creation and resolution of key social issues. Through this, we will continue to strengthen our ability to respond to social issues in order to enhance growth potential and sustainability.

Medium-term
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Adapting to social structural changes

Large-scale energy storage business

Related key social issues

Mitigation of climate change

Circular economy



Demonstration facility for EV battery conversion (Namie-machi, Fukushima)



EV battery reuse energy storage facility for power grid in operation (Chitose, Hokkaido)

Social structural changes

Expanding renewable energy to address climate change

The whole world recognizes that mitigation and control of climate change is a pressing issue. It is vital that the switch be made to renewable energy sources that do not emit CO₂, but in Japan the rate of introduction is only around 20%, which is low compared to other countries. One of the reasons for this is the insufficient capacity of transmission lines, or the power grid, operated by electric power companies to deliver electricity from renewable energy.

A robust power grid is necessary to utilize all of the electricity that is generated in fluctuating amounts from renewable energy throughout the day. It is increasingly the case that some electricity from renewable energy has to be abandoned due to insufficient capacity in the power grid.

Sumitomo Corporation's pursuits

Creating an ecosystem that goes beyond the large-scale energy storage business

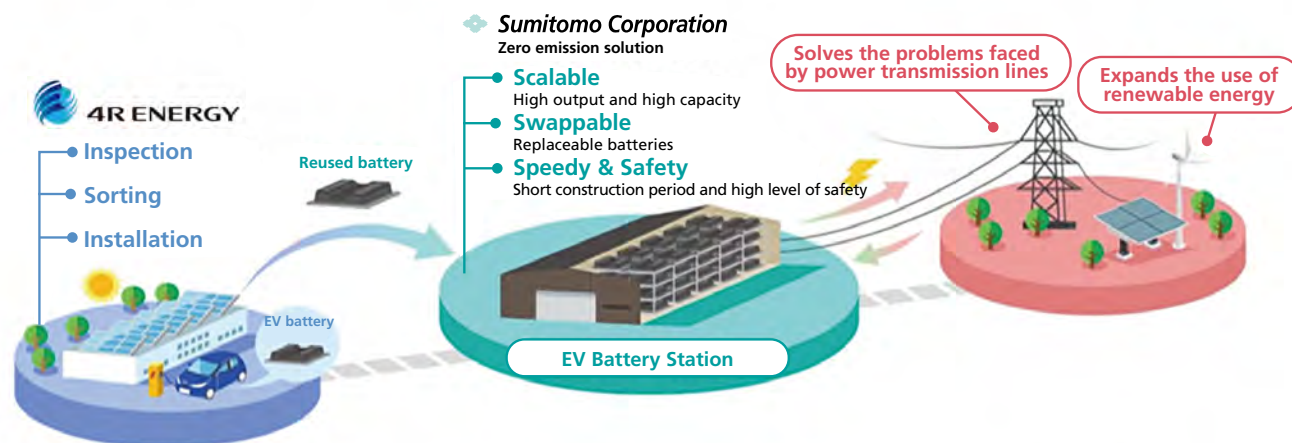
We have been working to realize a large-scale energy storage business that supplements the capacity of the power grid. Toward that end, we have been conducting multiple demonstration projects aiming for social implementation of the

new infrastructure of storing electricity. We have been steadily developing the business environment based on our unique plans, including achieving institutionalization through discussions with government agencies. Beginning in FY2024, our large-scale storage batteries will be connected to the power grid to improve the supply-demand balance and alleviate congestion in the power grid. This will support the expansion of renewable energy.

Our large-scale energy storage business has created

unprecedented value. Specifically, we realized a high-output, high-capacity energy storage business by connecting multiple EV batteries. By not only utilizing the technology and price competitiveness of mass produced EV batteries but also reusing them, we are able to maximize the potential of the resources and reduce the CO₂ generated during the battery manufacturing process. By simultaneously expanding renewable energy and spreading EVs, we will synergistically accelerate carbon neutrality. In addition, we will promote the reuse of batteries, thereby contributing to the realization of a sustainable society.

Conceptual diagram of the EV Battery Station



Adapting to social structural changes

Large-scale energy storage business

Strength-leveraging growth strategy

Expanding the business through demand cultivation and overseas development

Our unique efforts in the energy storage business began with the establishment of 4R Energy in 2010. In 2015, we launched operations at the Koshikishima Energy Storage Center, Japan's first power grid energy storage business, and have confirmed the feasibility of the business. We have since continued to improve the performance of energy storage facilities and develop various programs and markets related to the energy storage business. Our plan is to complete a larger, more efficient energy storage facility in FY2023 and launch operations in FY2024. Gradually rolling out and expanding the power grid energy storage business, we aim to bring to market energy storage facilities with a cumulative total capacity of 100 MW (investing more than ¥20 billion) in Japan by FY2026. In addition, we will develop other uses for storage

batteries and provide storage battery services to distribution targets such as renewable energy power plants and electricity consumers. At the same time, we will ramp up overseas development and further expand the business.

Unique strategy

Vision

- Recognize that large-scale energy storage facilities are essential for expanding renewable energy
- Focus early on expansion of the use of EVs and EV batteries

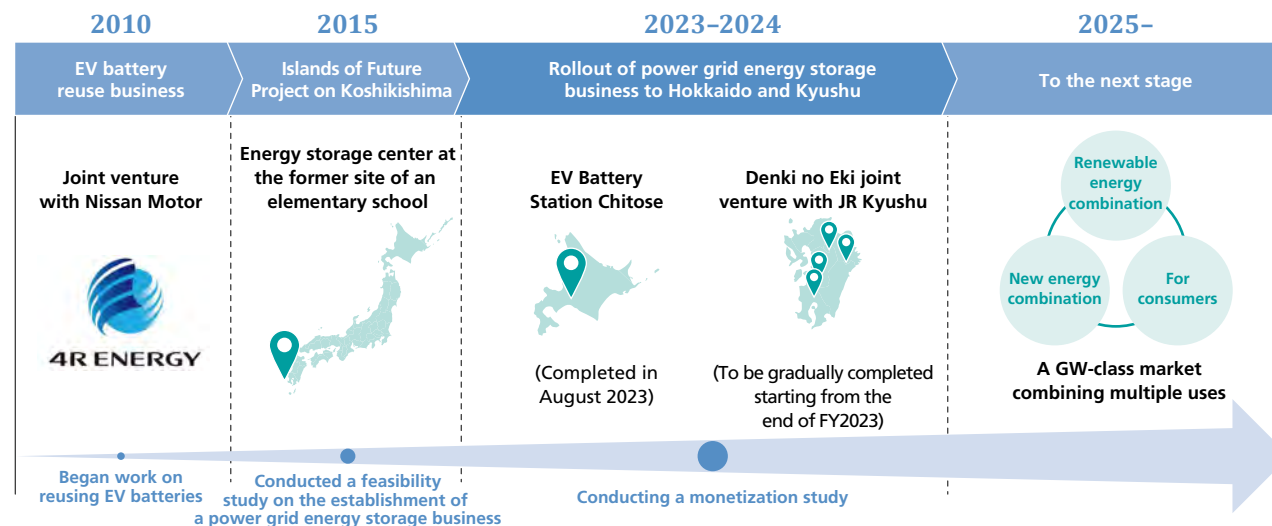
Technological development

- Develop proprietary technology for converting EV batteries for use in large-scale energy storage
- Develop AI-based operations system with the aim of maximizing revenue in the electricity market

Partners

- Secure storage batteries through collaboration with leading EV manufacturer Nissan Motor and leading battery suppliers
- Collaborate with all parties including JR Kyushu and local governments

Large-scale energy storage business road map



Non-financial impact

Mitigation of climate change

- Contribution to the further spread of renewable energy that does not emit CO₂
- Reduction of CO₂ emissions in the battery manufacturing process through reuse and advanced use of EV batteries

Circular economy

- Reuse of batteries in each energy storage business

Number reused

700 batteries

Energy storage (converted into 24 MW/h)

Equivalent to approx. **2,500** households

Financial impact

Cumulative investment up to FY2026

Over ¥20 billion

Introduce a total of 100 MW of energy storage facilities to the domestic market (Expand assets further in FY2027 and beyond)

Target profit by around 2030

Several billion yen

Adapting to social structural changes

Commercial aviation business

Related key social issues

Mitigation of climate change

Circular economy

Development of local society and economy

Improvement of living standard



©Aircraft leased out by SMBC Aviation Capital



VoloCity for air taxi developed by Volocopter

The future of the transportation system sector

Continuing to be an essential presence in society

The movement of people and goods is expected to continue to increase due to population growth, economic growth, and urbanization, primarily in emerging countries. The transportation system sector, which supports such movement, must control and reduce CO₂ emissions generated in the process of providing services. For Sumitomo Corporation, which operates in the transportation system sector, including automobiles, ships, and aircraft, meeting the demand for mobility while reducing its environmental impact is a major challenge and a requirement for growth. Based on the strong belief that overcoming this challenge leads to a future where we continue to be an essential presence in society, we are striving to realize safe, convenient, and sustainable mobility.

In our automotive business, we are engaged in the manufacturing of parts and the sale and leasing of manufactured vehicles along with battery life cycle management, and in our ship business, we are developing fuel ships with low environmental impact, including securing supply sources for hydrogen, ammonia, and other fuels. We are also accelerating specific initiatives in the aviation business.

Social structural changes

Industry facing the challenge of addressing increased demand and the environment

Although aircraft CO₂ emissions only account for roughly 2% of total global emissions, the pace of reduction is slower compared to other fields, so they are expected to increase to approximately 20% of total emissions by 2050. The International Civil Aviation Organization (ICAO) has set goals of improving fuel efficiency by 2% per year and achieving net-zero CO₂ emissions on international flights by 2050. Progress is being made toward decarbonization of the aviation industry. Moreover, in recent years, the number of retired aircraft is on the rise, so there is a need to reuse parts and materials, properly dispose of abandoned equipment, and deal with industrial waste.

Driven primarily by growth in emerging countries, a further increase in global demand is predicted in the aviation industry as passenger demand recovers from the COVID-19 pandemic. There are also countries and regions around the world with serious issues in medical services, disaster prevention infrastructure, urbanization, and traffic congestion. It is hoped that aircraft will be one of the solutions to these issues. As such, there is also growing interest in Advanced Air Mobility (AAM) utilizing electric vehicles for air taxi and drones in low-altitude airspace, which is currently underutilized.

Sumitomo Corporation's pursuits

Contributing to the development of aviation infrastructure

Together with the SMBC Group, we are engaged in a world-class aircraft and aircraft engine leasing business to contribute to the development of aviation infrastructure. To achieve carbon neutrality by 2050, we are contributing to fuel saving by converting our leased fleet to fuel-efficient aircraft. Furthermore, in the medium to long term, we plan to work on the stable supply of sustainable aviation fuel (SAF), which will account for roughly 60% of the decarbonization of the aviation industry. In addition to reducing environmental impact at the "entry point" of the life cycle, we started the used aircraft parts and aircraft recycling businesses in FY2022. At the "exit point" of the life cycle, we will establish a circular economy through the effective utilization of resources and energy as well as the reduction of waste.

In the helicopter leasing business, we provide helicopters used for emergency medical service and search and rescue. In January 2023, we invested in Volocopter GmbH, a developer and manufacturer of electric vehicles for air taxi and large drones. We will take the lead in the spread and penetration of AAM, which is expected to be the future of transportation and logistics, and the development of this new social infrastructure.

Adapting to social structural changes

Commercial aviation business

Strength-leveraging growth strategy

Providing new means of air transport and mobility to society

We will leverage our strength of operating a world-class aviation business to support the sustainable growth of the aviation industry and propose new means of air transport and mobility that anticipate future needs.

Strengths

- World's second-largest aircraft leasing company (SMBC AC^{*1})
- World-class aircraft engine and helicopter leasing business
- Partnership with SMBC/SMFL
- Highly liquid portfolio centered on fuel-efficient aircraft
- Global airline network
- Coordination with the EII network in the SAF field
- Knowledge of logistics networks and quantum technology
- Knowledge in the field of AAM, where we are a pioneer

Growth strategy

Portfolio optimization for sustainability/ support for fuel conversion

- Convert fleet of aircraft leasing and aircraft engine leasing companies to fuel-efficient aircraft
- Provide carbon offsets to customer airlines through SMBC AC
- Collaborate with the EII with the aim of ensuring a stable supply of SAF made from biomass-derived material, waste, and used cooking oil
- Early-stage investments in electric and hydrogen-powered aircraft

Efficient aircraft operation/expansion of used aircraft parts and aircraft recycling businesses

- Expand and upgrade used aircraft parts business at Werner Aero (investment executed in 2022)
- Enter the aircraft dismantling and recycling business and reuse/recycle engines, parts, and materials from retired aircraft. Return scrapped metals to the market as secondary alloys
- Improve aircraft utilization by providing spare engines on lease during the maintenance period through SAEL^{*2}

Expansion of helicopter and aircraft leasing business

- Further expand the area and customer base of SMBC AC leveraging the world's second-largest business platform realized through the acquisition of Goshawk Aviation
- Lease helicopters for emergency medical service and search and rescue through SMFL LCI Helicopters Limited

Provision of new means of air transport and logistics

- Expand business and accumulate knowledge in the field of AAM through collaboration with Volocopter (investment executed in 2023)
- Pursue the air taxi operation business in Japan
- Look into replacing truck deliveries with drone deliveries (conduct proof-of-concept in Katsuura City, Chiba)
- Provide unmanned aircraft control systems in the AAM field through OneSky Systems, Inc.

Non-financial impact

Mitigation of climate change

- Reduce the CO₂ emissions of customer airlines by expanding the fleet of new generation fuel-efficient aircraft
- Reduce CO₂ emissions in society through provision of carbon credits and stable supply of SAF

Circular economy

- Contribute to sustainable and stable growth of the aviation industry through reuse and recycling of aircraft parts

Development of local society and economy

- Contribute to the growing demand for transportation of people and goods by providing aircraft through leasing
- Contribute to emergency medical service and search and rescue by providing helicopters through leasing

Improvement of living standard

- Contribute to improved convenience and the creation of a clean future society by providing a new means of air transportation

Financial impact

Profit for the year in FY2022 **¥11.9 billion** → Target profit in FY2030 **¥30.0 billion**

*1 SMBC Aviation Capital Limited *2 SMBC Aero Engine Lease B.V.

Adapting to social structural changes

Overseas industrial park business

Related key social issues

Development of local society and economy

Improvement of living standard



Thang Long Industrial Park II (Vietnam)



School visit to support education of children in poverty (Bangladesh)

Social structural changes

Progress on rebuilding the supply chain and economic growth in emerging countries

The rapid appreciation of the yen following the signing of the Plaza Accord in 1985 prompted many Japanese companies to expand their business overseas. When expanding manufacturing operations overseas, in addition to land, facilities, and infrastructure for plant construction, it is necessary to secure logistics, material procurement, and other functions. Industrial parks equipped with these play an important role for manufacturers expanding overseas.

In recent years, the functions required of industrial parks have been changing as more companies set up operations overseas to restructure and decentralize their global supply chains and capture demand in emerging markets such as Asia.

Sumitomo Corporation's pursuits

Developing industrial parks to contribute to development of local economies and communities

We got an early start developing and operating overseas industrial parks in the 1990s. Since then, we have continued to pursue the development of environments where Japanese

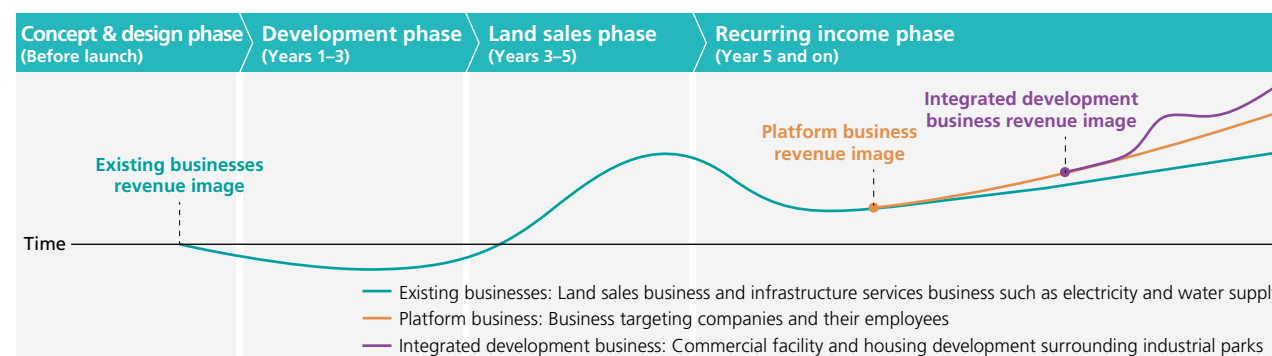
companies can focus on their manufacturing activities and the creation of industries and jobs in the countries and regions where the industrial parks are located. So far, we have developed nine industrial parks in six Asian countries with approximately 600 companies employing roughly 240,000 people.

We have secured sustainable revenues by continually developing overseas industrial parks and selling lots. Through this initiative, we have enhanced our ability to plan and carry out the development of industrial parks that are up to international standards in emerging countries as well as our ability to coordinate with local governments and communities to provide tenant companies with the necessary functions.

We will continue to work on expanding our business model and developing and operating industrial parks that contribute to the sustainable development of local economies and communities.

Moreover, as the areas where our existing industrial parks are located develop, employee income levels also rise, and we are able to provide employees with more business opportunities. The needs of tenant companies are also changing, and additional revenue opportunities present themselves several years after land sales and after the launch of operations by companies. We are also looking into developing commercial facilities and housing near the industrial parks in the future.

Revenue image in the industrial park business



Adapting to social structural changes

Overseas industrial park business

Strength-leveraging growth strategy

Expanding the business domain by leveraging relationships built with local communities

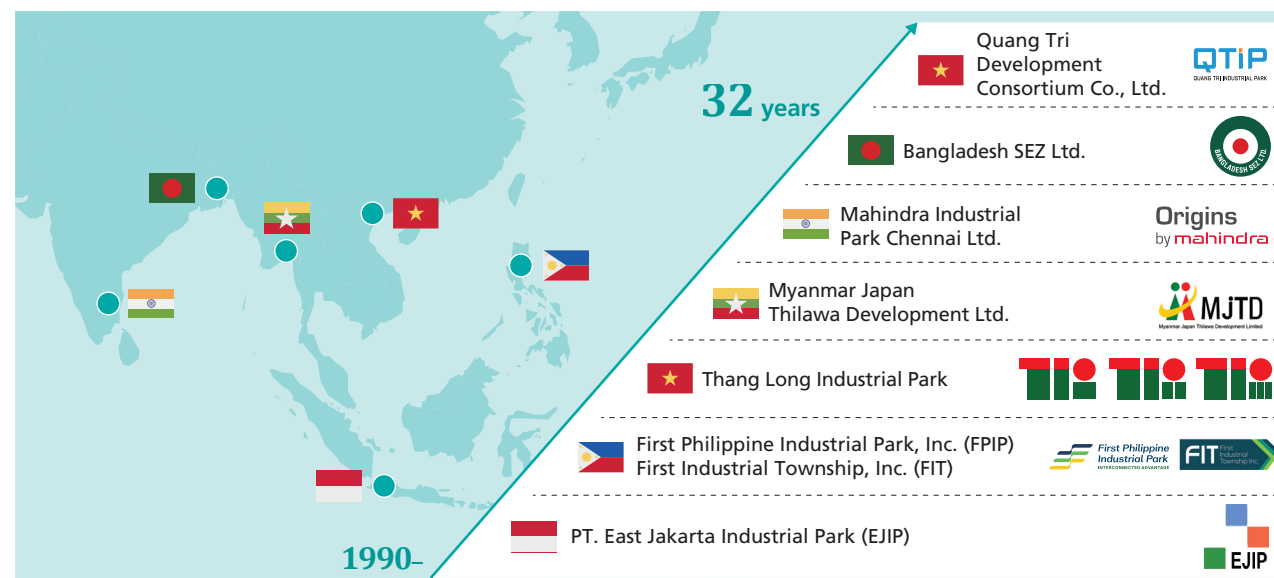
In countries where our existing industrial parks are located, such as Vietnam, economic and social development has progressed compared to when we first set up our operations. Demand has increased for enhanced services to help secure employees, supply of environmentally friendly infrastructure such as electricity, and development of surrounding areas.

As such, we have begun providing new services in the Thang Long Industrial Parks in Vietnam that use the industrial park as a platform. This includes online sales of daily necessities to employees of companies located in the parks and delivery to the parks, online educational services for children and women, and online medical care and sales of health and accident

insurance. We also provide DX services to visualize the operating status of manufacturing equipment and CO₂ emissions and have installed solar power generation equipment on the roofs of plants to supply green power. Leveraging our collective strengths, we are addressing the diverse needs of companies located in the parks.

Launching a new business in an emerging country involves dealing with regulations and permits, and our strength lies in the relationships we have built to date with our tenants, the countries of operation, and local communities through our overseas industrial park business. While continuing to sell lots in industrial parks and supply basic infrastructure, we are looking into a new business using the industrial parks as platforms as a second step along with general development of commercial facilities and housing in the surrounding area as a third step.

Progress and expansion of the overseas industrial park business



Non-financial impact

Development of local society and economy Improvement of living standard

- Further creation of industries and employment through expansion of existing businesses
- Improvement of standards of living through new initiatives
- Contribution to local economies

Plan for FY2030

Industrial park locations	Companies	Number of employees
14 locations	950	350,000

Financial impact

Looking ahead to FY2030, we aim to achieve a profit for the year of ¥10 billion through co-creation with other SBUs in businesses combining existing businesses with the new business using industrial parks as platforms and integrated development business.

Existing industrial park businesses

New business using industrial parks as platforms

+ Integrated development business

Target profit in FY2030

¥10 billion

Adapting to social structural changes

Overseas healthcare business

Related key social issues

Improvement of living standard



Online medical consultation



Insmart reception desk (Vietnam)

Social structural changes

Healthcare needs changing due to aging of societies and technological developments

In recent years, the supply and quality of medical services have not kept pace with the growing medical needs that have arisen against the backdrop of aging societies and increasing lifestyle diseases in Southeast Asia. As a result, issues such as lack of access to appropriate services and long delays in receiving medical care have begun to surface. Moreover, as healthcare costs rise with advances in pharmaceuticals and medical technology, the financial burden on patients, companies, and insurers is increasing. For that reason, demand is expected to grow for primary healthcare and pre-disease/preventive services to address illnesses before they become serious.

In addition, the spread of smartphones and the development of technologies such as big data and AI have also brought about changes in the healthcare environment. The diversification of access to healthcare, including online consultations and at-home medical care, the individualization of medical treatment utilizing such technologies as genomics, and the correction of information asymmetry between doctors and patients are leading to a power shift in healthcare toward the patients themselves. However, the mechanisms for patients to utilize data in a meaningful way have not yet been fully developed.

Sumitomo Corporation's pursuits

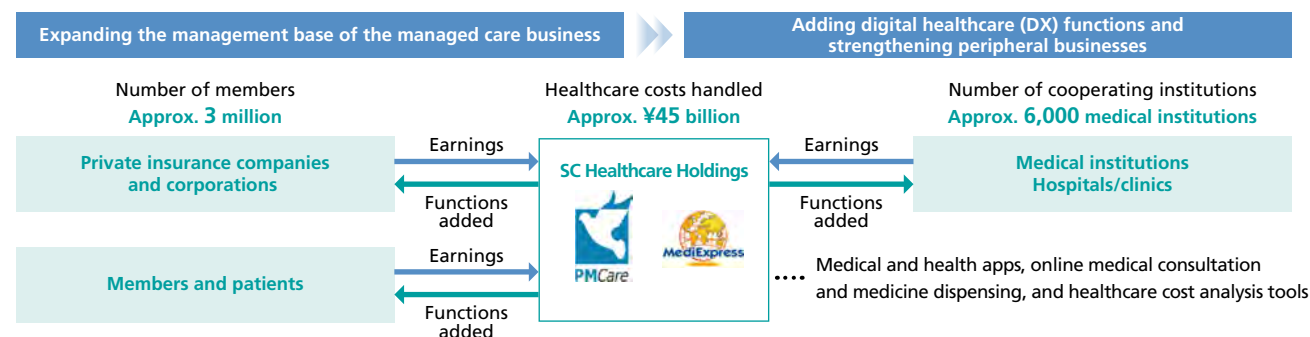
Developing a managed care business contributing to enhancement of healthcare

We invested in a managed care business in Malaysia in 2019 to help enhance the country's healthcare system. "Managed care" refers to a system in which a private health insurance company, a managed care service company, and a medical institution work together to provide medical services. The managed care service companies we invested in and operate play a role in healthcare payment management and healthcare infrastructure. They also focus on providing healthcare cost analysis and control tools that

utilize medical data and promote online medical consultations/drug dispensing and health improvement programs. Against the backdrop of growth in the healthcare market and the need of companies and private insurers to control healthcare costs, demand for our investee companies continues to grow. In fact, SC Healthcare Holdings Sdn. Bhd. has one of the largest market shares in the country.

As a corporate group that brings Malaysian companies, insurers, and medical institutions together, we will provide higher-quality, more efficient healthcare services and help improve individual health management and control and optimize healthcare costs.

Illustration of healthcare services in Malaysia



Adapting to social structural changes Overseas healthcare business

Strength-leveraging growth strategy

Focusing on growth markets and strengthening the business in three phases

In our medium-term management plan SHIFT 2023, we have set forth healthcare as one of the themes of our next-generation growth strategy. We have long been developing drugstores with dispensing pharmacies in Japan and overseas and have also been working to establish comprehensive community care systems and support drug discovery.

Furthermore, we are promoting the advancement of our healthcare business and the expansion of our areas of operation by leveraging the knowledge and network we have built in the healthcare field along with the expertise in local business customs and regulatory compliance accumulated through our many years of doing business in Southeast Asia and the consumer insight we have cultivated in our retail business. Going forward, we will strengthen our business in three phases, focusing on emerging countries in Southeast Asia with high potential for market growth and abundant opportunities for entry.

Developing the overseas healthcare business

Phase 1 Primary healthcare system

We will develop the managed care business as medical infrastructure with connections to a wide range of healthcare providers. After participating in this business in Malaysia in 2019, we entered the business in Vietnam in 2021. Through the collaboration of the DX Center and other organizations, we are expanding into the online medical consultation, drug dispensing, and online pharma businesses.

Phase 2 Pre-disease/preventive treatment services

Based on the primary healthcare system established in Phase 1, we will expand our pre-disease/preventive services such as health checkup services for managed care members and in-house clinics in collaboration with companies.

Phase 3 Healthcare cost control and optimization model

In the medium to long term, we will develop a healthcare cost control and optimization model utilizing the accumulated medical data. We aim to achieve sustainable growth as a company while contributing to patients, medical institutions, insurers, and others by promoting healthcare cost optimization through pre-disease/preventive services, early detection and provision of medical care to managed care members with high risk of disease, clinic referrals, management of the status of care, and more. We signed a collaboration agreement with Roland Berger Pte. Ltd. in 2023. We will work with this company to analyze data accumulated through our managed care business. We also seek to expand and develop our business in the healthcare industry by further growing our ecosystem through collaborations with other diverse players.

Non-financial impact

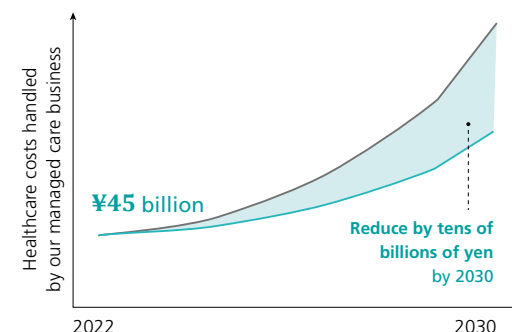
Improvement of living standard

- Provision of appropriate healthcare in the appropriate location
- Contribution to higher quality of life through control and optimization of healthcare costs in each country

Financial impact

Healthcare cost trend and control of healthcare costs

- No efforts made to control or optimize healthcare costs
- Healthcare costs reduced by 5%



Incorporate a portion of the reduction of medical costs (tens of billions of yen) into our profits

Sumitomo personnel tackling challenges in the face of a changing social structure



In the face of a changing social structure, Sumitomo personnel are taking on challenges in creating new value on the front line of our business. The ESG communication website introduces how they are addressing key social issues and working toward sustainable growth. Check out their thoughts and commitment to business as they embrace challenges despite numerous difficulties, while keeping Sumitomo's Business Philosophy as a source of their drive.



For details, please visit our ESG Communication website.
<https://www.sumitomocorp.com/en/jp/sustainability/communication/index.html>



Key social issues being addressed by Sumitomo personnel

Mitigation of climate change



Reducing the automotive industry's CO₂ emissions



Forestry



Large-scale energy storage business



Biomass energy development

Circular economy



Aircraft aftermarket business

Respect for human rights



Roundtable discussion

Development of local society and economy



Integrated telecommunications business in Ethiopia

Improvement of living standard



Next-generation agribusiness

Quality education



Social contribution activity program 100SEED



TOMODACHI Sumitomo Corporation Scholarship Program